

28 March 2024

## Letter to Shareholders regarding the General Meeting

Dear Shareholder,

Notice is given that a General Meeting (**Meeting**) of shareholders of MCS Services Limited (ASX:MSG) will be held as follows:

**Time and date:** 11:00 am (WST) on Monday 29 April 2024

**Location:** The offices of Stantons International, 40 Kings Park Rd, West Perth WA

As permitted by the *Corporations Act 2001* (Cth), the Company will not be dispatching physical copies of the Notice of Annual General Meeting (**Notice**) unless a shareholder has requested a hard copy. Instead, the Notice can be viewed and downloaded from the ASX or the Company's website.

For shareholders that have not elected to receive notices by email, a copy of your personalised proxy form is enclosed for your convenience. Please complete and return the proxy form to the Company's share registry, Automic, using any of the following methods:

**Online:** <https://investor.automic.com.au/#/loginsah> or scan the QR Code available on the proxy form.

**By mail:** Automic, GPO Box 5193, Sydney NSW 2000, Australia

**In person:** Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

**By email:** [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

Your proxy voting instruction must be received by 11:00 am (AWST) on Saturday 27 November 2024, being not later than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Notice is important and should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. If you have difficulties obtaining a copy of the Notice, please contact the Company's share registry, Automic, on 1300 288 664 (within Australia) or +61 2 9698 5414 (overseas).

For further information, please contact: Jonathan Asquith, Company Secretary on 0438 885 055.

This Announcement has been authorised for market release by the Board of MCS.



Chamber of Commerce  
and Industry WA



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**MCS SERVICES LTD**

**ACN 119 641 986**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 11:00AM (WST)

**DATE:** 29 April 2024

**PLACE:** Stantons International, 40 Kings Park Road West Perth WA

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 11:00AM (WST) on 27 April 2024.***

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## **BUSINESS OF THE MEETING**

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### **AGENDA**

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#### **1. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, under and for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the sale by the Company of 100% of the ordinary shares in MCS Security Group Pty Ltd (ACN 114 919 925) to Vibrant Services Pty Ltd (ACN 161 262 540) (**Vibrant Services**), on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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#### **2. RESOLUTION 2 – ISSUE OF SHARES TO NON-EXECUTIVE DIRECTOR – BOB KUCERA.**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,111,110 Shares to Bob Kucera (or their nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

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#### **3. RESOLUTION 3 – ISSUE OF SHARES TO NON-EXECUTIVE DIRECTOR – MATTHEW WARD.**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 194,444 Shares to Matthew Ward (or their nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

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#### **4. RESOLUTION 4 – ISSUE OF SHARES TO NON-EXECUTIVE DIRECTOR – GEOFFREY MARTIN.**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 972,220 Shares to Geoffrey Martin (or their nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

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**5. RESOLUTION 5 – ISSUE OF SHARES TO MANAGING DIRECTOR – PAUL SIMMONS.**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 987,767 Shares to Paul Simmons (or their nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

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**6. RESOLUTION 6 – ISSUE OF SHARES TO NON-EXECUTIVE DIRECTOR – ADAM GOULDING.**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 583,332 Shares to Adam Goulding (or their nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

**Voting Prohibition Statements**

**Resolution 2 – Approval for issue of Shares to related party in lieu of remuneration – Bob Kucera**

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 2 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy, even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

<p><b>Resolution 3</b> – <b>Approval for issue of Shares to related party in lieu of remuneration</b> – <b>Matthew Ward</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 2 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(c) the proxy is either:</p> <ul style="list-style-type: none"><li>(iii) a member of the Key Management Personnel; or</li><li>(iv) a Closely Related Party of such a member; and</li></ul> <p>(d) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:</p> <p>(c) the proxy is the Chair; and</p> <p>the appointment expressly authorises the Chair to exercise the proxy, even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p><b>Resolution 4</b> – <b>Approval for issue of Shares to related party in lieu of remuneration</b> – <b>Geoffrey Martin</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 2 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(e) the proxy is either:</p> <ul style="list-style-type: none"><li>(v) a member of the Key Management Personnel; or</li><li>(vi) a Closely Related Party of such a member; and</li></ul> <p>(f) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:</p> <p>(d) the proxy is the Chair; and</p> <p>the appointment expressly authorises the Chair to exercise the proxy, even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p><b>Resolution 5</b> – <b>Approval for issue of Shares to related party in lieu of remuneration</b> – <b>Paul Simmons</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 2 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.</p>

	<p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(g) the proxy is either:</p> <ul style="list-style-type: none"> <li>(vii) a member of the Key Management Personnel; or</li> <li>(viii) a Closely Related Party of such a member; and</li> </ul> <p>(h) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:</p> <p>(e) the proxy is the Chair; and</p> <p>the appointment expressly authorises the Chair to exercise the proxy, even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p><b>Resolution 6 – Approval for issue of Shares to related party in lieu of remuneration – Adam Goulding</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 2 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(i) the proxy is either:</p> <ul style="list-style-type: none"> <li>(ix) a member of the Key Management Personnel; or</li> <li>(x) a Closely Related Party of such a member; and</li> </ul> <p>(j) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:</p> <p>(f) the proxy is the Chair; and</p> <p>the appointment expressly authorises the Chair to exercise the proxy, even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>

**Voting Exclusion Statement**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

**Resolution 1 – Disposal of Main Undertaking**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Vibrant Services (or any of its associates) or any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a Shareholder) (each, an **Excluded Party**). However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 2 – Approval for issue of Shares related party in lieu of remuneration – Bob Kucera**

Bob Kucera (or their nominee) and any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 3 –  
Approval for issue  
of Shares related  
party in lieu of  
remuneration –  
Matthew Ward**

Matthew Ward (or their nominee) and any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 4 –  
Approval for issue  
of Shares related  
party in lieu of  
remuneration –  
Geoffrey Martin**

Geoffrey Martin (or their nominee) and any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.



<p><b>Resolution 5 – Approval for issue of Shares related party in lieu of remuneration – Paul Simmons</b></p>	<p>Paul Simmons (or their nominee) and any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.</p> <p>However, this does not apply to a vote cast in favour of the Resolution by:</p> <ul style="list-style-type: none"><li>(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or</li><li>(b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or</li><li>(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:<ul style="list-style-type: none"><li>(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and</li><li>(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li></ul></li></ul>
<p><b>Resolution 6 – Approval for issue of Shares related party in lieu of remuneration – Adam Goulding</b></p>	<p>Adam Goulding (or their nominee) and any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.</p> <p>However, this does not apply to a vote cast in favour of the Resolution by:</p> <ul style="list-style-type: none"><li>(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or</li><li>(b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or</li><li>(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:<ul style="list-style-type: none"><li>(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and</li><li>(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li></ul></li></ul>

**Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and

- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

#### **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Automic Group or the Company will need to verify your identity.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 438 885 055.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

ASX takes no responsibility for the contents of this Notice.

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### 1. BACKGROUND TO DISPOSAL OF THE MAIN UNDERTAKING

#### 1.1 Conditional Sale Agreement

As announced by the Company on 2 February 2024 the Company has entered into a share sale agreement to sell its security business, by way of the sale of 100% of the shares in MCS Security Group Pty Ltd (ACN 114 919 925) (**Security Business**) to Vibrant Services for cash consideration of \$3,000,001, subject to Shareholder approval (**Sale Agreement**). The Security Business is a wholly owned subsidiary of the Company and a leading supplier of security services at commercial property sites and retail shopping centres, principally in the Perth metropolitan and regional country areas of Western Australia. The sale will allow the Company to re-evaluate its strategic directions and inject funds to accomplish the next phase of its operations and refocus on ensuring that shareholders are rewarded going forward.

The purchaser, Vibrant Services has extensive security operations in the eastern states and the addition of the Security Business will allow it to create a competitive national organisation. Vibrant Services provides security services in the events, education, critical infrastructure, industrial and manufacturing, corporate and retail sectors, where it directly employs its staff on a fulltime, part-time or casual basis. The purchaser also provides comprehensive risk management services where it analyses risk for an entity as part of a comprehensive risk management process.

The sale of the Security Business the subject of the Sale Agreement, constitutes a disposal of the Company's main undertaking (**Disposal**) (the subject of Resolution 1).

A summary of the material terms and condition precedents of the Sale Agreement is set out in Schedule 1 to this Notice.

The purpose of Resolution 1 is to seek Shareholder approval for the Disposal in accordance with Listing Rule 11.2 and, more generally, to provide Shareholders with an opportunity to vote in favour or against the Disposal.

Shareholders should refer to Section 2.2 for a summary of Listing Rule 11.2 and the implications for the Company if Shareholder approval for the Disposal is not obtained.

#### 1.2 General Background on Company and reason for Proposed Sale

The Company is an Australian public company that owns 100% of the shares in the Security Business. The Company was founded in 2005 and has since via the Security Business provided a wide range of security services across various industries within Perth metropolitan area, regional Western Australia and the Northern Territory.

Further details of the Company's recent activities involving the Security Business and other business operations are available on the Company's ASX platform (ASX:MSG).

The Company's decision to undertake the sale of the Security Business was made after thorough and diligent evaluation from the Company's board as to the merits of the sale or retention of the Security Business, with the Company's primary aims being to preserve value for its shareholders, but in particular in view of:

- the continued shift toward major security contracts being awarded at a national rather than state level;
- the increased pressures created by work force availability and labour costs;
- economies of scale; the reality of maintaining a business of this size, compared to the necessary costs of maintaining an ASX listed public company operating on a state-based level rather than a national level in the security sector.

### 1.3 Security Business

*For further information with respect to the Security Business and/or the financial position of the Company, please refer to the Company's ASX Announcements dated 29 September 2023, 31 October 2023, 31 January 2024 and 29 February 2024. The Company confirms that it is not aware of any new information or data that materially affects the information included in its previous announcement with respect to the Security Business.*

### 1.4 Financial effect, advantages and disadvantages of the Disposal

#### 1.4.1 Financial effect and use of proceeds

The impact of the Disposal on the Company is set out in the pro forma balance sheet contained in Schedule 2.

The proceeds received under the Disposal will be applied to repaying the Company's outstanding loans and other liabilities as detailed in the Company's most recent financial statements (ASX Announcement 29 February 2024). No additional cash will be raised as a result of the Disposal. The Company will also:

- (a) continue to operate the traffic management business; and
- (b) continue to investigate and pursue further opportunities that may enhance shareholder value.

The Company's assets and liabilities proposed to be sold (based on 31 December 2023 audit reviewed financial statements), as set out in the pro-forma balance sheet in Schedule 1 under the Sale Agreement are as follows:

Assets held for sale	Value (\$)
Cash and cash equivalent	428,326
Trade and other receivables	4,601,210
Other assets	436,643
Property, plant and equipment	334,953

<b>Total</b>	<b>5,810,642</b>
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These above assets represent 58% of the total assets of the Company as at 31 December 2023.

<b>Liabilities held for sale</b>	<b>Value (\$)</b>
Trade and other payable	3,812,067
Loans and financing	1,372,873
Provisions	2,034,386
<b>Total</b>	<b>7,219,326</b>

\* **Note:** Further financial information in relation to the Company is set out in the Annual Report for the year ended 30 June 2023 and the Company's most recent financial statements

The Company has undertaken to ensure that immediately after settlement the net commercial value of the assets and liabilities sold will be \$Nil.

#### **1.4.2 Advantages**

The Directors consider that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Disposal:

As a result of the Disposal, the Company's total debt will be reduced from approximately \$3,330,775 to \$932,102 representing a circa 72% reduction. The Disposal represents an opportunity for the Company to stabilise its financial position, which has been a key objective of the Board.

The Directors believe that the Disposal is in the best interests of Shareholders and the Company collectively and the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Disposal:

- (a) the Company will not have the operational costs or contingent liabilities associated with the Security Business following the settlement of the Disposal;
- (b) the proposed Disposal will significantly reduce the Company's cash burn and assist in removing the Company's debt burden whilst retaining its ability to operate; and
- (c) the capital structure of the Company will not be affected by the Disposal.

#### **1.4.3 Disadvantages**

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Disposal:

- (a) the Company will be disposing of its main undertaking in the Security Business, which may not be consistent with the investment objectives of all Shareholders;
- (b) the size of the Company's tangible asset base and operating activities will be reduced significantly as a result of the Disposal;
- (c) potential operating revenue attributable to the Security Business will not be able to be realised by the Company if the Disposal occurs; and

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- (d) the Company will not be able to realise any other potential competing bid for the Security Business in the event such an offer was to arise following completion of the Disposal.

## **1.5 The Company's intentions post-settlement**

### **1.5.1 Direction and business model**

The Company confirms that it intends to:

- (a) continue the traffic management business,;
- (b) to investigate and pursue further opportunities that may enhance shareholder value.

If the Company is to pursue an opportunity which is deemed to be a significant change in nature and/or scale of the activities of the Company, the Company will then be required to:

- (a) obtain shareholder consent for the transaction in accordance with ASX Listing Rule 11.1.2; and
- (b) re-comply with ASX's initial public offering (IPO) admission criteria outlined in Chapters 1 and 2 of the ASX Listing Rules.

### **1.5.2 Compliance with Listing Rule 12.1**

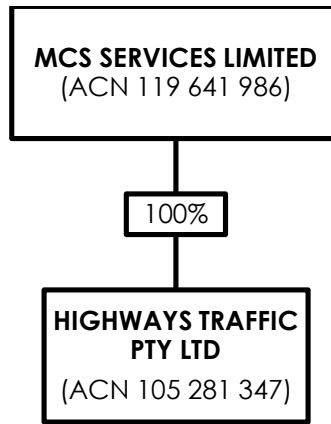
The Company notes that under Listing Rule 12.1 and as detailed under section 4.7 of ASX Guidance Note 12, an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing. As the Disposal is a disposal of the Company's main undertaking, the Company must be able to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued listing and the continued quotation of its securities.

If the Company is unable to do so, or an agreement is made for the sale of the traffic management business, essentially leaving cash as the Company's only asset, the Company shall have a period of up to six months to identify and make an announcement to acquire a new business.

If the Company is not able to make an announcement of its intention to acquire a new business, within that six-month period, ASX will generally suspend the quotation of its securities at the end of that six-month period.

### **1.5.3 Group structure**

Upon completion of the Disposal, the corporate structure of the Company will change to the extent that the Company will no longer own the currently wholly owned subsidiary MCS Services Group Pty Ltd (ACN 114 919 925) and the group structure will be as follows:



**1.6 Indicative timetable**

Subject to the ASX Listing Rules and Corporations Act requirements, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

Event	Date*
Executed Heads of Agreement	18 January 2024
Notice of Meeting for the Disposal sent to Shareholders	28 March 2024
Shareholder Meeting to approve the Disposal	29 April 2024
Satisfaction/waiver of all conditions in Sale Agreement	29 April 2024
Settlement of Disposal	29 April 2024
Expected date for suspension of MCS Securities shares from trading on ASX	18 July 2024

\*Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

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**2. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING**

**2.1 General**

This Notice of Meeting has been prepared to seek Shareholder approval for the matters required to complete the Disposal for the purposes of ASX Listing Rule 11.2. The ASX takes no responsibility for the contents of the Notice.

**2.2 ASX Listing Rule 11.2**

Subject to Resolution 1 passing, the Company is proposing to proceed with the Disposal.

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. The Disposal is a disposal of the Company's main undertaking for these purposes.

Resolution 1 seeks the required Shareholder approval to the Disposal on the terms of the Sale Agreement under, and for the purposes of, ASX Listing Rule 11.2.

If Resolution 1 is passed, the Company will be able to proceed with the Disposal, with the consequential effects on the Company outlined in Section 1.4.

If Resolution 1 is not passed, the Company will not be able to proceed with the Disposal which may result in the Company being unable to pursue strategies to find better opportunities for growth for Shareholders (as set out in Section 1.5.1)

All items required to be disclosed to Shareholders to obtain approval under ASX Listing Rule 11.2 is set out in this Notice. The Directors are not aware of any other commercial information that is material to the question of whether Shareholders should approve the Resolution.

For the reasons set out above, the Directors recommend that Shareholders vote in favour of the Resolution.

Vibrant Services is not a related party of the Company, and Shareholder approval for the Disposal is not required for the purposes of ASX Listing Rule 10.1.

### 2.3 Directors' interests and recommendations

None of the below listed Directors have a material interest in the outcome of Resolution 1 other than as a result of their interest, if any, arising solely in the capacity as Shareholders.

The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares	Options	Performance Rights	Percentage (%) (Undiluted)	Percentage (%) (Fully Diluted)
Bob Kucera	512,909	3,000,000	Nil	0.26%	1.67%
Matthew Ward	1,047,875	3,000,000	Nil	0.53%	1.93%
Geoffrey Martin	860,000	3,000,000	Nil	0.43%	1.84%
Adam Goulding	13,917,510	Nil	Nil	7.03%	6.62%

Each of the Directors listed above (**Independent Directors**) intends to vote all of their Shares in favour of Resolution 1.

The Independent Directors do not have any material interest in the outcome of the Resolution other than as a result of their interest arising solely in the capacity as Shareholders.

Paul Simmons is not considered independent for the purpose of providing a recommendation to Shareholders on Resolution 1. Paul Simmons has a relevant interest in the securities of the Company as set out in the following table:

Director	Shares	Options	Performance Rights	Percentage (%) (Undiluted)	Percentage (%) (Fully Diluted)
Paul Simmons	38,046,812	Nil	Nil	19.21%	18.11%

The Independent Directors have approved the proposal to put Resolution 1 to Shareholders.



Having regard to the advantages and disadvantages of the Disposal above, each Independent Director intends to vote all of their Shares in favour of Resolution 1.

Based on the information available, the Independent Directors consider that the proposed Disposal is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1 in the absence of a superior proposal.

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### **3. RESOLUTION 2, 3, 4 AND 5 – APPROVAL TO ISSUE OF SHARES TO RELATED PARTY DIRECTORS – IN LIEU OF DIRECTORS’ FEES**

#### **3.1 General**

The Company has agreed, subject to obtaining Shareholder approval to issue Shares to Bob Kucera, Matthew Ward, Geoffrey Martin, Paul Simmons and Adam Goulding (together, the **Related Parties**):

- (a) 1,111,110 Shares to Bob Kucera (or their nominee);
- (b) 194,444 Shares to Matthew Ward (or their nominee);
- (c) 972,220 Shares to Geoffrey Martin (or their nominee);
- (d) 987,767 Shares to Paul Simmons (or their nominee); and
- (e) 583,332 Shares to Adam Goulding (or their nominee);

(together, the **Related Party Shares**), in lieu of directors' fees, totalling \$41,411 during the period 1 October 2023 to 31 December 2023, payable to the Related Parties as at 29 February 2024.

Resolutions 2, 3, 4, 5 and 6 seeks Shareholder approval for the issue of the Related Party Shares.

#### **3.2 Director Recommendation**

Each Director has a material personal interest in the outcome of Resolutions 2, 3, 4, 5 and 6 on the basis that all of the Directors (or their nominees) are to be issued Shares should Resolutions 2, 3, 4, 5 and 6 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on 2, 3, 4, 5 and 6 of this Notice.

#### **3.3 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit. Bob Kucera, Matthew Ward, Geoffrey Martin, Paul Simmons and adam

Goulding are related parties of the Company by virtue of being or having been Directors.

As the Related Party Shares are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Related Party Shares. Accordingly, Shareholder approval for the issue of the Related Party Shares in respect of the Participation is sought in accordance with Chapter 2E of the Corporations Act.

### **3.4 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Related Parties fall within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 2, 3, 4 and 5 require Shareholder approval for the issue of the Related Party Shares under and for the purposes of Listing Rule 10.11.

### **3.5 Technical information required by Listing Rule 14.1A**

If Resolutions 2, 3, 4 and 5 are passed, the Company will be able to proceed with the issue of the Related Party Shares within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 2, 3, 4 and 5 are not passed, the Company will not be able to proceed with the issue of the Related Party Shares and instead will be required to pay the Related Parties, an equivalent amount in cash.

### 3.6 Technical Information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 2, 3, 4 and 5:

- (a) the Shares will be issued to the Related Parties and will be comprised of the following:
  - (a) 1,111,110 Shares, with each Share valued at 1.5 cents to Bob Kucera (or his nominee) pursuant to Resolution 2;
  - (b) 194,444 Shares, with each Share valued at 1.5 cents to Matthew Ward (or his nominee) pursuant to Resolution 3;
  - (c) 972,220 Shares, with each Share valued at 1.5 cents to Geoff Martin (or his nominee) pursuant to Resolution 4; and
  - (d) 987,767 Shares, with each Share valued at 1.5 cents to Paul Simmons (or his nominee) pursuant to Resolution 5;
  - (e) 583,332 Shares, with each Share valued at 1.5 cents to Adam Goulding (or their nominee) pursuant to Resolution 6,

each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of Bob Kucera, Matthew Ward, Geoffrey Martin and Paul Simmons and Adam Goulding each being or having been a Director.

- (b) the maximum number of Shares to be issued is 3,848,873 Shares (being the nature of financial benefit proposed to be given) and will be allocated in the proportions set out above;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (d) the Related Party Shares will be issued in lieu of directors' fees payable to each of Bob Kucera, Matthew Ward, Geoffrey Martin, Paul Simmons and Adam Goulding which remain outstanding for the period ending 29 February 2024;
- (e) the deemed issue price of the Related Party Shares is based on an average share price over the accrual period of the directors fees being approximately 1.5 cents;
- (f) the Shares will be fully paid ordinary shares in the capital of the Company and be issued on the same terms and conditions as the Company's existing fully paid ordinary shares;
- (g) the total remuneration package for each of the Directors in the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year Ending 2024	Previous Financial Year Ended 2023
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Bob Kucera,	\$82,709 <sup>1</sup>	\$82,709 <sup>1</sup>
Matthew Ward	\$11,667 <sup>2</sup>	\$77,709 <sup>2</sup>
Geoffrey Martin	\$77,709 <sup>3</sup>	\$77,709 <sup>3</sup>
Paul Simmons	\$252,055 <sup>4</sup>	\$252,055 <sup>4</sup>
Adam Goulding	\$20,417	\$Nil

**Notes:**

1. Salaries/Fees + Equity-settled share-based payments.
2. Salaries/Fees + Equity-settled share-based payments.
3. Salaries/Fees + Equity-settled share-based payments.
4. Salaries/Fees
5. Salaries/Fees
6. Salaries/Fees
7. Salaries/Fees
8. Salaries/Fees + Equity-settled share-based payments.

- (h) the Related Party Shares are not being issued under an agreement;
- (i) the relevant interests of the Related Parties in securities of the Company are set out below:

**As at the date of this Notice**

Related Party	Shares	Options	Undiluted	Fully Diluted
Bob Kucera	512,909	3,000,000	0.26%	1.67%
Matthew Ward	1,047,875	3,000,000	0.53%	1.93%
Geoffrey Martin	860,000	3,000,000	0.43%	1.84%
Paul Simmons	38,046,812	Nil	19.2%	18.11% <sup>3</sup>
Adam Goulding	13,917,510	Nil	7.03%	6.62%

**Post issue of Shares to Related Parties**

Related Party	Shares <sup>1</sup>	Options <sup>2</sup>	Undiluted	Fully Diluted
Bob Kucera	512,909	3,000,000	0.26%	2.16%
Matthew Ward	1,047,875	3,000,000	0.53%	1.98%

Geoffrey Martin	860,000	3,000,000	0.43%	2.26%
Paul Simmons	38,046,812	Nil	19.2%	18.24%
Adam Goulding	13,917,510	Nil	7.0%	6.78%

**Notes:**

1. Fully paid ordinary shares in the capital of the Company (ASX:MSG).
2. Comprising Bob Kucera, Matthew Ward and Geoffrey Martin's Options – unlisted options expiring November 2025, convertible at 6 cents.

- (j) If 3,848,873 Shares are issued this will increase the number of Shares on issue from 198,099,652 (being the total number of Shares on issue as at the date of this Notice) to 201,948,525 (assuming that no further Shares are issued and no Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.9%;
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.039	20 February 2023
Lowest	\$0.003	5 March 2024
Last	\$0.005	5 March 2024

- (l) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 2, 3, 4, 5 and 6; and
- (m) Voting prohibition and exclusion statements are included in Resolutions 2, 3, 4, 5 and 6; to the Notice.

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## GLOSSARY

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**ASX** means the Australian Securities Exchange.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means MCS Services Ltd (ACN 119 641 986).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Disposal** has the meaning set out in 1.1

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Listing Rules** means the Listing Rules of ASX.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Sale Agreement** has the meaning given in Section 1.1.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – MATERIAL TERMS OF THE SALE AGREEMENT

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The material terms of the Sale Agreement are as follows:

- (a) **Disposal:** Vibrant Services has agreed to acquire (free from encumbrances) all of the issued capital in the security Business (**Shares**), which are currently 100% owned by the Company.
- (b) **Consideration:** In consideration of the Disposal, Vibrant Services has agreed to pay to the Company \$3,000,001.
- (c) **Conditions to the Sale Agreement:** Completion of the Sale Agreement is conditional on (inter alia):
  - (a) completion of commercial, legal and financial due diligence by the Vibrant Services of the Company's business and operations, to the satisfaction of the Vibrant Services, as soon as practicable, but in any event no later than 17 February 2024.
  - (b) the Company receiving all shareholder and regulatory approvals in accordance with the ASX listing rules and the Corporations Act to enable it to implement the Transaction; and
  - (c) other conditions precedent as agreed by the parties and set out in the transaction documents.
- (d) **Settlement:** Title and risk in the Shares shall pass to Vibrant Services on settlement of the Disposal. Settlement will occur on the date upon which the last of the conditions precedent under the Sale Agreement has been satisfied or waived (or such other date as the parties agree).
- (e) **Warranties:** The Sale Agreement includes customary warranties and indemnities given by the Company (as vendor) and, separately, Vibrant Services (as purchaser) for a transaction of this type.

## SCHEDULE 2 – PRO FORMA BALANCE SHEET

	MCS 31 DEC 2023	Sale of MCS Security Assets / Liabilities (Note A)	Proceeds (Note B)	Settlement Adjustment (Note C)	Bank Loan repayment (Note D)	Transaction Adjustments	PRO FORMA
<b>Current assets</b>							
Cash and cash equivalents	1,182,398	(428,836)	3,000,001	(1,093,741)	(1,025,800)	451,624	1,634,022
Trade and other receivables	6,530,428	(4,881,483)				(4,881,483)	1,648,945
<b>Total current assets</b>	<b>7,712,826</b>	<b>(5,310,319)</b>	<b>3,000,001</b>	<b>(1,093,741)</b>	<b>(1,025,800)</b>	<b>(4,429,859)</b>	<b>3,282,967</b>
<b>Non-current assets</b>							
Property, plant and equipment	1,739,271	(272,844)				(272,844)	1,466,427
Goodwill	304,108	(62,108)				(62,108)	242,000
<b>Total non- current assets</b>	<b>2,219,749</b>	<b>(491,322)</b>				<b>(491,322)</b>	<b>1,728,427</b>
<b>Total assets</b>	<b>9,932,575</b>	<b>(5,801,641)</b>	<b>3,000,001</b>	<b>(1,093,741)</b>	<b>(1,025,800)</b>	<b>(4,921,181)</b>	<b>5,011,394</b>
<b>Current liabilities</b>							
<b>Trade and other payables</b>	(5,208,860)	3,812,067				3,812,067	(1,396,793)
<b>Loans and other financing</b>	(2,031,609)	1,282,826			267,600	1,550,426	(481,183)
<b>Provisions</b>	(2,128,967)	1,710,443				1,710,443	(418,524)
<b>Total current liabilities</b>	<b>(9,369,436)</b>	<b>6,805,336</b>			<b>267,600</b>	<b>7,072,936</b>	<b>(2,296,500)</b>
<b>Total liabilities</b>	<b>(11,024,386)</b>	<b>7,219,326</b>			<b>1,025,800</b>	<b>8,245,126</b>	<b>(2,779,260)</b>
<b>Net assets</b>	<b>(1,091,811)</b>	<b>1,417,685</b>	<b>3,000,001</b>	<b>(1,093,741)</b>	<b>0</b>	<b>3,323,945</b>	<b>2,232,134</b>
<b>Equity</b>							
Issued capital	18,393,661					-	18,393,661
Share option and Performance right reserve	384,134					-	384,134
Accumulated losses	(22,490,624)					3,323,945	(19,166,679)
Profit reserve	2,621,018					-	2,621,018
<b>Total equity</b>	<b>(1,091,811)</b>					<b>3,323,945</b>	<b>2,232,134</b>



By way of the provision of explanation and context for the above Transaction Adjustments, the following notes are of relevance:

**Note A**

*To remove MCS Security assets & liabilities from the Group*

**Note B**

*Gross Proceeds for sale of MCS Security, as per the Heads of Agreement*

**Note C**

*MCS Security being sold on \$nil Net Asset basis (after adjustment for contingent Long Service Leave), and funding from Seller*

**Note D**

*Repayment of corporate bank loan used to part fund acquisition of Highways Traffic in Oct 2022*

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