

7 December 2021

Millennium purchases 49% interest in Codee Cleaning Services

Millennium Services Group (ASX:MIL) is pleased to announce that it has entered into contractual arrangements (pursuant to which it has a conditional right) to purchase a 49% interest in Codee Cleaning Services (Codee) based in Perth, Western Australia.

A summary of the contractual arrangements is set out in the schedule following this announcement.

Codee is an Indigenous owned business and will continue to be majority owned, managed and controlled as an indigenous enterprise by Craig Grainger, who will be managing director and chief executive officer of Codee following completion of the transaction. Codee currently provides cleaning and maintenance services to a broad range of customers including government, commercial, schools and retail environments in Western Australia.

Under the commercial arrangements, Millennium will acquire 49% of Codee, with the Codee name and brand retained under the leadership of Founding Executive Director, Craig Grainger.

These arrangements provide opportunities for Codee to work in alliance with Millennium to further develop and grow its cleaning business whilst providing meaningful employment, education, and economic opportunities for Australia's First People.

The arrangements also support Millennium's commitment to build a more diverse and inclusive workplace and to work respectfully and in partnership with Aboriginal and Torres Strait Islander organisations and peoples.

Comments from Codee Founder and Executive Director, Craig Grainger:

"This investment and associated commercial arrangement make not only strategic and commercial sense for Codee, but I believe the cultural understanding and fit is right. I have been searching for an appropriate corporate partner in the sector who shares the vision for the growth and future of the business but importantly, respects and will support the foundations and approach which has made Codee a successful indigenous enterprise to date."

"I have worked very hard to build the business but recognise that I need an appropriate partner to help me take it to the next level."

"This union has been a while in the making and developed over a lengthy period of interaction and very open discussions with Millennium. This is about continuing to grow the Codee business in the right way and maintaining its heritage."

"Codee and Millennium have a shared emphasis on providing clients with consistently high-quality services with best sustainable practices in the cleaning industry."

"We are a proud indigenous owned and managed organization. Codee will continue to be so, striving to play its part in creating better employment outcomes and opportunities for our communities."

Comments from Millennium CEO, Scott Alomes

"The arrangement with Codee is an exciting, and unique, opportunity for Millennium to continue to deliver on an important pillar of its strategy; to diversify our portfolio of businesses and operations."

"The arrangement makes sense on many levels and is a partnership born of strong cultural alignment which further enhances the engagement with our communities and our customers."

"In 2016 we reviewed our Aboriginal and Torres Straits Islander engagement policy with a clear focus on looking for opportunities to partner with businesses owned by Indigenous people. This partnership is consistent with the approach taken then and provides a template for further investments and partnerships where we can achieve such alignment as we have with Codee."

"Craig has built a great business and the Millennium team look forward to working with and supporting Craig and his team in the next phase of Codee's growth. Craig is a talented and successful leader and together, we will continue to grow a strong and authentic business."

As our Chairman, Stuart Grimshaw, outlined in his address at our recent AGM, we continue to see opportunities in operating more efficiently and growing our presence, not only across the geographies in which we operate, but in adjacencies to the businesses and industries that we currently serve. This venture with Codee confirms our commitment to the growth of our Company that will also benefit our customers and our shareholders."

For further information please contact:

Scott Alomes
CEO
Millennium Services Group
Tel: 0456 729 247

Craig Grainger
Director
Codee Cleaning
Tel: 1300 012 412

SCHEDULE – SUMMARY OF CONTRACTUAL ARRANGEMENTS

The Company has entered into a share sale agreement (**SSA**) with Craig Grainger and Golden Child Productions Pty Ltd (**Vendor**), a company controlled by Craig Grainger, pursuant to which it has a conditional right to acquire a 49% interest in Codee (**Acquisition**) on the terms and conditions set out below. The Company has also entered into a shareholders agreement (**SHA**) with Codee, the Vendor and Craig Grainger, which sets out the rights and obligations of the parties with respect to management of the Codee business.

Conditions Precedent	The acquisition of a 49% interest in Codee by the Company is subject to and conditional upon receipt by Codee of written confirmation from Supply Nation (Australia's leading database of verified Indigenous businesses) that Codee will maintain its status as a 'certified supplier' on Supply Nation's Indigenous Business Direct Register following completion of the Acquisition. This condition has been satisfied.
Consideration	In consideration for the Acquisition, the Company will pay to the Vendor: - on completion of the Acquisition, a cash sum of \$1,112,800; - subject to Codee's gross revenue for the 12 months ended 31 December 2022 being no less than \$2,046,370, a cash sum of \$139,100; and - subject to Codee's gross revenue for the 6 months ended 30 June 2023 being no less than \$1,023,185, a cash sum of \$139,100. In the event that account receivables of Codee in the sum of \$122,751 are not received within 6 months from completion, the Vendor must repay any amounts not received to the Company as an adjustment to the purchase price.
Board of Directors and Decisions	On completion of the Acquisition, Scott Alomes will be appointed as a director of Codee and Millennium will have a right under the SHA to appoint a second nominee to the board of Codee for so long as the Company and the Vendor are the only shareholders of Codee. Thereafter, each shareholder will have a right to appoint one nominee for every 20% interest they hold in Codee. Any resolution of the board or shareholders of Codee can only be passed if Craig Grainger (or another nominee of the Vendor) votes in favour of the relevant resolution.
Transfer Restrictions	The SHA contains customary pre-emptive rights in respect of any transfer of shares by either party, provided that: - no proposed transferee will be permitted in circumstances where has made any public statement or taken any action which is derogatory of Aboriginal culture or tradition; - where the Company is the transferor, the proposed transferee is consented to in writing by the Vendor (not to be unreasonably withheld or delayed); and - where the Vendor is the transferor, the proposed transferee is an Aboriginal or Torres Strait Islander person (or an entity owned by such a person) and is consented to in writing by the Company (not to be unreasonably withheld or delayed).

The SSA and SHA otherwise include customary terms for agreements of their nature, including confidentiality provisions, representations, warranties, indemnities, dividend policy and limitations on liability and a non-compete given by the Vendor and Craig Grainger.