MSL Solutions Limited

FY2017 Results Presentation

31st August 2017

M•POWER MSL

FY2017 Highlights…

Operating Revenue

$23.7 MILLION

110% ▲

50+ Venues using cloud SaaS MPower BI

ASX LISTING

4th MAY 2017

$3.3 MILLION

Pro-Forma EBITDA Pre Significant Items

$4.3M spend on **R&D**

68% Australian adults linked to membership organisation

2,000+ Clients; **20+** Countries

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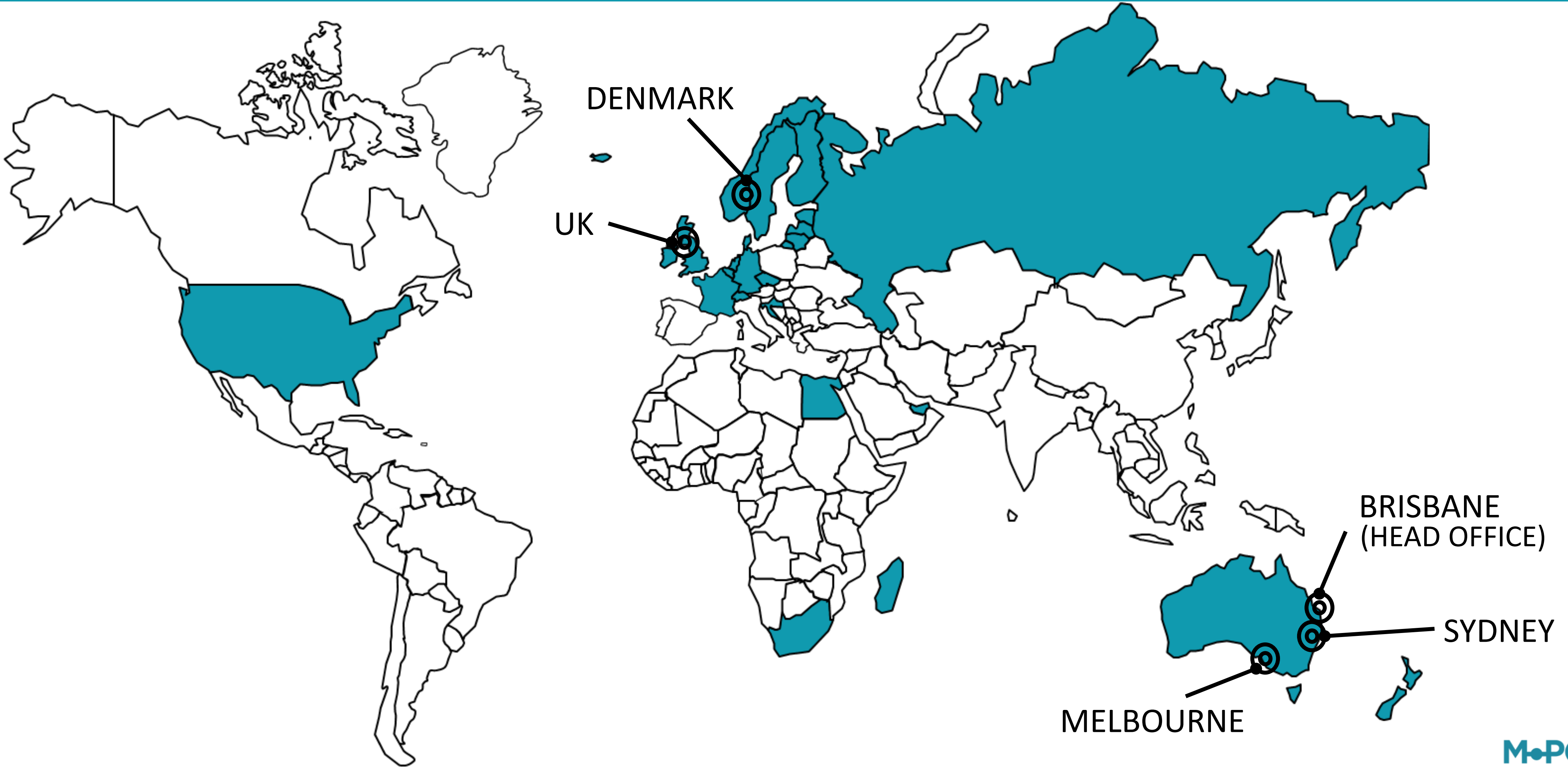
FY2017 MSL transformed into global player in the sport, leisure and hospitality software sector…

2000+ clients l 20+ countries l 5 offices l 130+ staff



Our Board…

Strengthened governance & capabilities with new appointments in FY2017

New Appointments

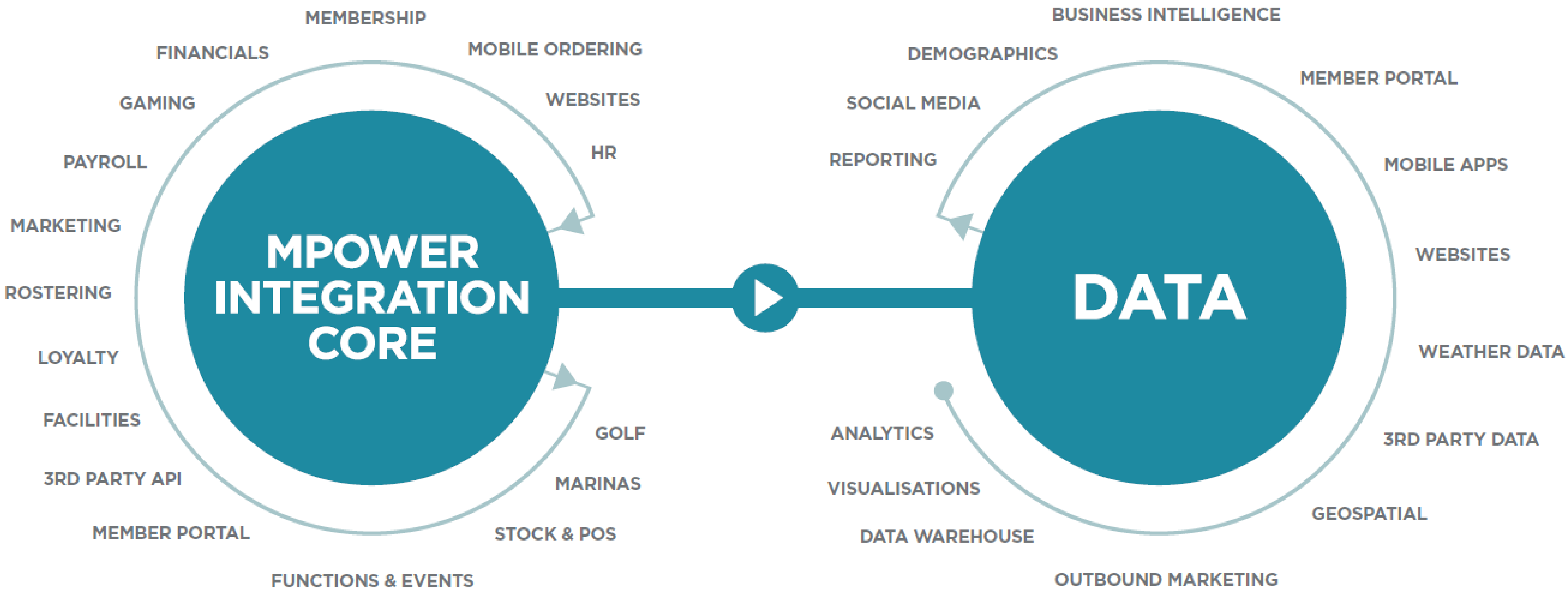
- **David Trude** – March 2017
  - *Chair of Remuneration Committee*
- **Kaylene Gaffney** – March 2017
  - *Chair of Audit & Risk Committee*
- **Andrew Ritter** – April 2017
  - *Company Secretary*
  - *Appointed CFO in August 2017*

Existing

- **John Down**
  - *Chairman*
- **Craig Kinross**
  - *Managing Director & CEO*
- **Richard Holzgrefe**
  - *Non-Executive Director*
- **Ian Daly**
  - *Non-Executive Director*

MSL continued to enhance the MPower platform…

FY2017 R&D Investment of $4.3 million; 18% of Revenue…all expensed



Financial Dashboard...

Result before Significant Items – (Note 1)

Revenue	NPATA	EBITDA	Net Cash
$23.7 m	$2.5 m	$1.6 m	$11.7 m
110% ▲	194% ▲	243% ▲	346% ▲

Pro-Forma Result – (Note 2)

Revenue	NPATA	EBITDA	Net Cash
$28.7 m	$4.0 m	$3.3 m	$11.7 m

Note 1: Result before significant one-off income and expense items outlined in note 5 of the financial statements. Refer slide 23 note 1 for detail.

Note 2: Results before significant one-off income and expense items and normalised for a full-year of the Verteda and GolfBox acquisitions made during the year. Refer slide 23 note 1 and note 2 for detail.

Revenue…

	Results before significant items:	Pro-forma result (Note 1):
FY17	Revenue **$23.7 m** 110% ▲	Revenue **$28.7 m** 7% ▲ from constant currency
FY16 Constant Currency **(note 2)**	Revenue **$11.3 m**	Revenue **$26.8 m**
FY16	Revenue **$11.3 m**	Revenue **$29.3 m**

Highlights:

- Strong organic growth in all key sales segments
- 51% of revenue is recurring annuities
- Appointment of Chief Revenue Officer to drive global growth and synergies
- AUD / GBP currency movement 25% between FY16 & FY17, offset by natural hedges on expense lines
- First US customer December 2016, First European stadium outside of UK

Note 1: Result before significant one-off income and expense items per note 5 in the financial statements and normalised for a full-year of the Verteda and GolfBox acquisitions made during the year. Refer slide 23 note 1 and note 2 for detail.

Note 2: Adjusts FY16 using FY17 exchange rates. GBP exchange rate FY17 0.60 (FY16: 0.47); DKK exchange rate FY17 5.30 (FY16: 5.06)

EBITDA…

	Results before significant items:	Pro-forma result (Note 1):
FY17	**EBITDA** **$1.6 m** 243% ▲	**EBITDA** **$3.3 m** 21% ▲ from constant currency
FY16 Constant Currency **(note 2)**	**EBITDA** **$0.5 m**	**EBITDA** **$2.8 m**
FY16	**EBITDA** **$0.5 m**	**EBITDA** **$3.4 m**

Highlights:

- Higher margin growth with cloud SaaS solutions
- AUD / GBP currency movement 25% between FY16 & FY17, have natural hedges on expense lines
- Significant one-off expense items of $9.2 million associated with material European acquisitions, convertible notes and ASX IPO
- R&D spend of $4.3 million all expensed, common for software companies to capitalise

Note 1: Result before significant one-off income and expense items per note 5 in the financial statements and normalised for a full-year of the Verteda and GolfBox acquisitions made during the year. Refer slide 23 note 1 and note 2 for detail.

Note 2: Adjusts FY16 using FY17 exchange rates. GBP exchange rate FY17 0.60 (FY16: 0.47); DKK exchange rate FY17 5.30 (FY16: 5.06)

Segment – MPower Venue …

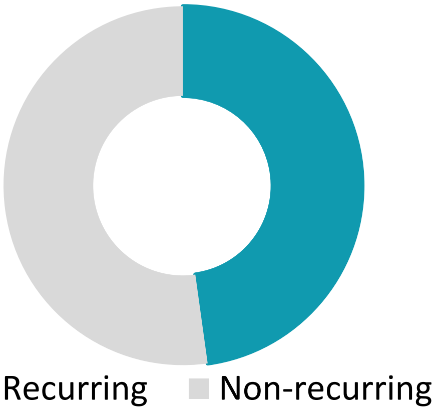
	Segment Result:	Segment Adjusted: (Note 1)
FY17	Revenue **$15.8 m** 112% ▲	EBITDA **$2.4 m** 60% ▲
FY16	Revenue **$7.4 m**	EBITDA **$1.5 m**

Note 1: Segment adjusted as outlined in note 2 of the financial statements

Key Highlights / Wins:

- Integration of the Verteda (UK) business
- First sales of Australian products into UK Verteda customers
- First US customer in December 2016
- First European stadia outside of UK

Revenue



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Segment – MPower Venue continued…

Registered Clubs (excluding Golf)

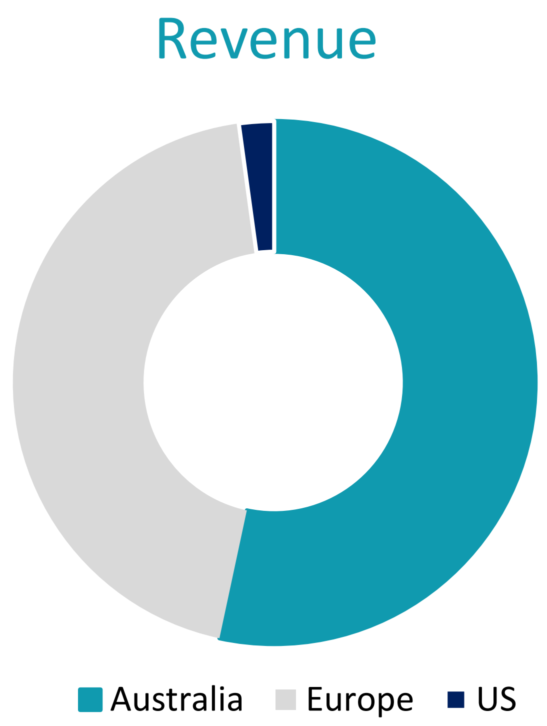
	APAC	EMEA	NAM	Total
Total	**194**	**4**		**198**
Marina	53			53
Private Clubs	26	2		28
Social Clubs	115	2		117

Stadia and Arenas

	APAC	EMEA	NAM	Total
Total	**10**	**62**		**72**
Stadiums	4	39		43
Arenas	6	23		29

Other Hospitality and Entertainment Venues

	APAC	EMEA	NAM	Total
Total	**43**	**271**	**14**	**328**
Hotel/resort	18	158	4	180
Theme Parks	1	6		7
Retail	24	107	10	141



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Segment – MPower Golf...

	Segment Result:	Segment Adjusted: (Note 1)
FY17	**Revenue** **$6.4 m** 87% ▲	**EBITDA** **$1.3 m** 187% ▲
FY16	**Revenue** **$3.4 m**	**EBITDA** **$0.5 m**

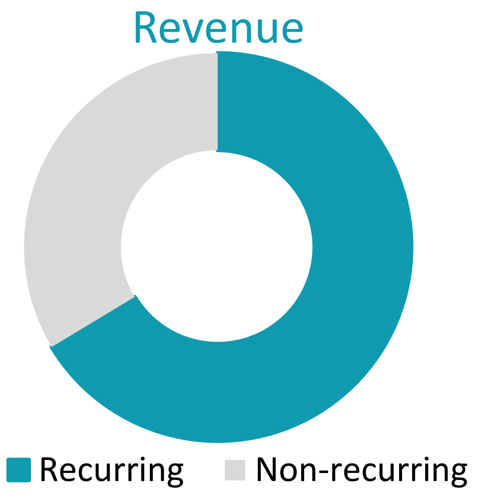
Note 1: Segment adjusted as outlined in note 2 of the financial statements

Golf Clubs & Associations

	APAC	EMEA	NAM	Total
Total	**528**	**940**	**0**	**1,468**
Golf Clubs	524	917		1,441
Associations	4	23		27

Key Highlights / Wins:

- Integration of the GolfBox acquisition
- First UK club customer
- Appointed Strategic Technology Partner of Golf Australia in October 2016

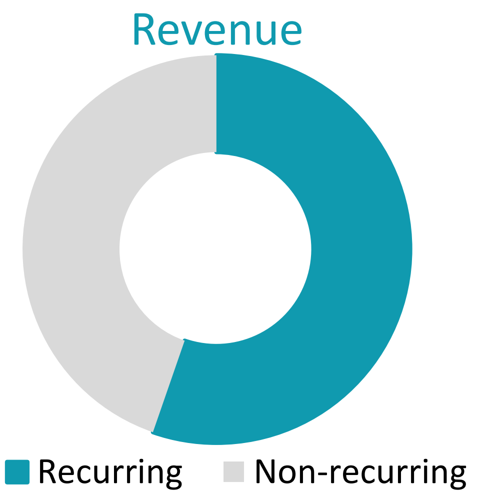


Segment – MPower BI…

	Segment Result:	Segment Adjusted: (Note 1)
FY17	**Revenue** **$0.7 m** 378% ▲	**EBITDA** **$(0.1) m** n/a
FY16	**Revenue** **$0.1 m**	**EBITDA** **$0.1 m**

Key Highlights:

- First enterprise sale
- 35 clients covering 51 venues at Jun-17
- Golf Australia commitment to roll out base level solution to 1,600 golf clubs in Australia



Note 1: Segment adjusted as outlined in note 2 of the financial statements

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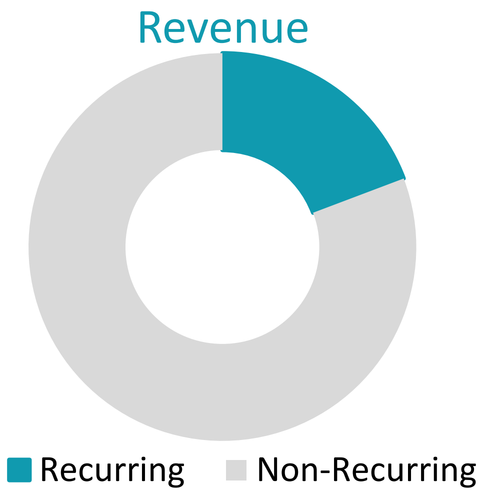
Segment – MPower Media…

	Segment Result:	Segment Adjusted: (note 1)
FY17	**Revenue** **$0.9 m** 182% ▲	**EBITDA** **$0.3 m** n/a ▲
FY16	**Revenue** **$0.3 m**	**EBITDA** **$0.0 m**

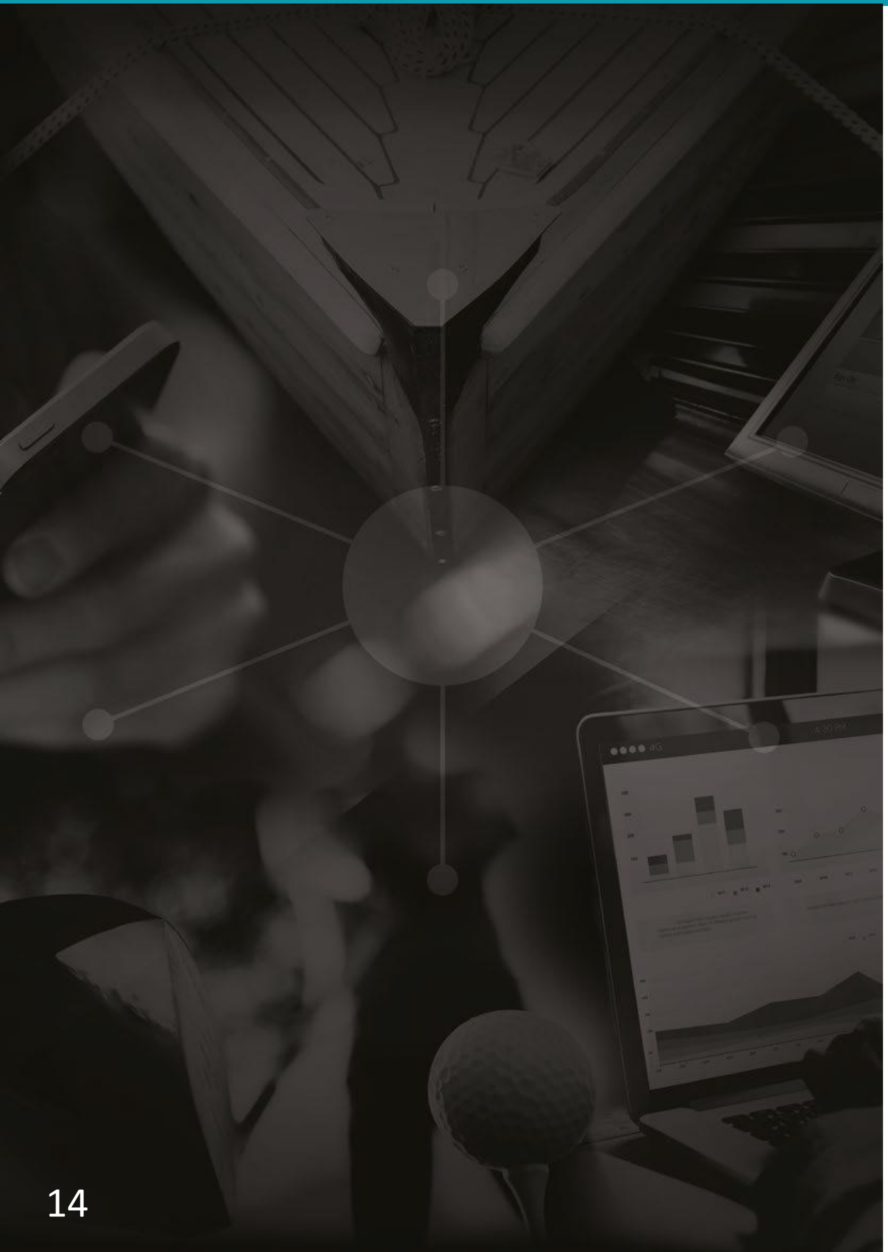
Note 1: Segment adjusted as outlined in note 2 of the financial statements

Key Highlights:

- Integration of Pallister Games to the loyalty/media platform
- 59 venues at Jun-17
- Execution of reseller agreement with a major hospitality company



Acquisitions…



- MSL has a strong track-record of successfully acquiring good businesses and integrating these into the core operations.

- MSL uses acquisitions to enter new markets, acquire new software capabilities and knowledge, acquire new customer bases and leverage synergies.

- MSL is pursuing a number of opportunities in a fragmented market of software providers.

- On 7th July, MSL announced its intent to acquire Pricap subject to due diligence. Pricap provides solutions to 125+ clubs in the sports, leisure & hospitality market, predominantly in the Australian golf sector. The due diligence activity is still being completed.

Subsequent event
– Zuuse Investment…

- MSL holds a 30% interest in Zuuse for sale. The asset is carried on the balance sheet at $2.2m at a share price of 6c per share

- Zuuse has publicly raised $1.5m at 15.5c on a valuation of $21m in August.

- Zuuse are also in a process to merge with a company called Progressclaim. The merger is proposed for completion by 14 September.

Outlook…

MSL reconfirm prior forecast guidance for FY2018

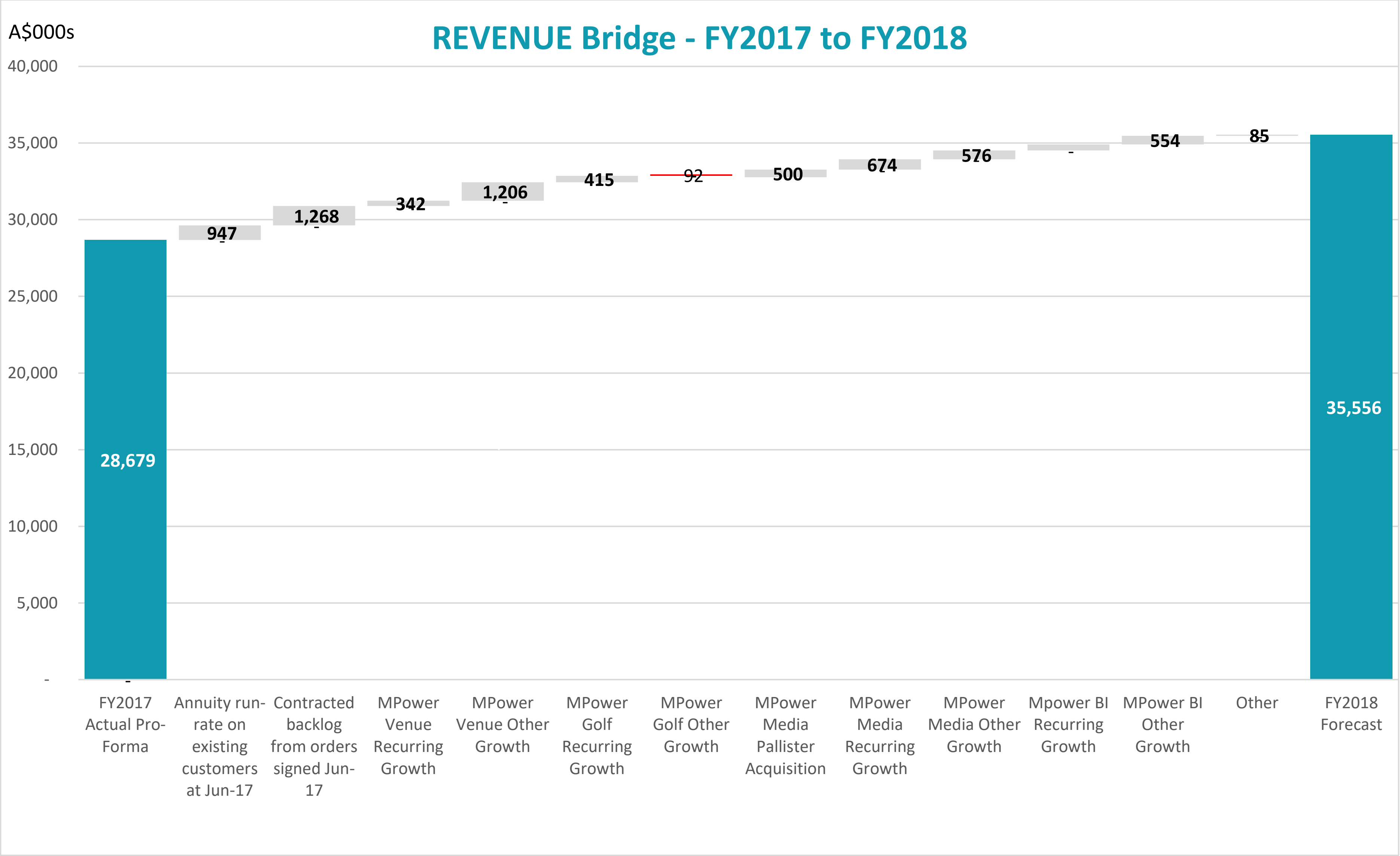
A$m	FY17 Pro-forma Results (note 1)	FY18 Prospectus Forecast
Revenue	28.7	35.6
Cost of Sales	(6.9)	(9.5)
Gross Margin	21.8	26.1
Gross Margin %	*76%*	*73%*
Operating Expenses	(18.1)	(19.6)
Other Income & Expenses	(0.3)	-
EBITDA	3.3	6.5
NPATA	4.1	5.9
NPAT	(0.1)	(0.5)

Note 1: Results before significant one-off income and expense items outlined in note 5 of the financial statements and normalised for a full-year of the Verteda and GolfBox acquisitions made during the year. Refer slide 23 note 1 and note 2 for detail.

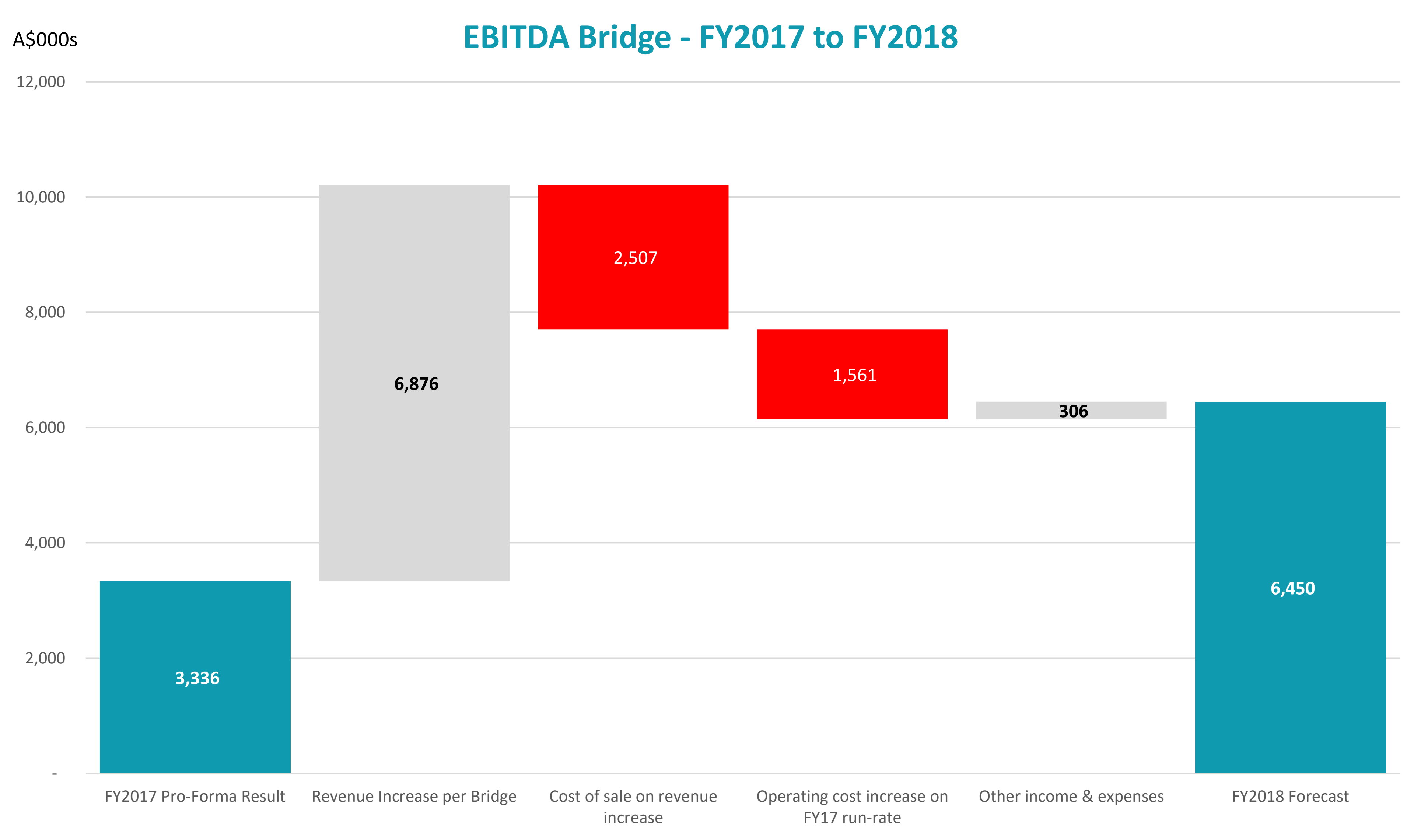
Commentary:

- $6.9m of revenue growth is forecast per the bridge on slide 17, and attributable to:
  - $2.3m run-rate increase for customers contracted at Jun-17
  - $1.6m (8%) growth in MPower Venue clients
  - $0.5m growth in MPower Golf SaaS products
  - $0.5m related to the Pallister acquisition
  - $1.2m MPower Media sponsors and growth in loyalty customers
  - $0.7m growth in Business Intelligence SaaS solution
- The gross margin is expected to be maintained within a 72% to 78% range based upon the mix of revenue growth identified above.
- Operating expenses are forecast to grow $1.5m (8%).
- EBITDA margin growth driven by improved scale of operations and new SaaS solutions.

Revenue Bridge…



EBITDA Bridge…



Appendix

Income Statement…

A$m	FY17 Statutory Actual	FY16 Statutory Actual
Revenue	**23.7**	**11.3**
Cost of Sales	(5.4)	(1.9)
Gross Margin	18.3	9.4
Operating Expenses	(20.0)	(9.0)
Other Income & Expenses	(5.0)	(0.1)
EBITDA	**(6.7)**	**0.3**
Depreciation	(0.2)	(0.1)
Interest	(0.8)	(0.2)
Tax	1.0	0.5
NPATA	**(6.7)**	**0.5**
Amortisation	(4.1)	(1.9)
NPAT	**(10.8)**	**(1.4)**

Key Notes:

- FY17 EBITDA includes $8.3 million of one-off significant income & expense items as outlined in note 5 in the financial statements (FY16: expense of $0.3 million)
- Interest is predominantly finance costs related to capital raising of converting notes released at the time of the IPO
- Tax includes R&D tax incentives of $0.7m in FY17
- Amortisation relates to the acquisition of intangibles.

Balance Sheet…

A$m	June 2017	June 2016
Cash & cash equivalents	11.9	2.8
Trade & other receivables	7.2	3.9
Assets held for sale	2.2	2.3
Property, Plant & Equipment	0.3	0.2
Intangible assets	41.4	15.8
Other assets	0.8	0.4
Total Assets	**63.8**	**25.4**
Trade and other payables	(7.1)	(4.7)
Provisions	(6.7)	(2.9)
Borrowings	(0.2)	(0.3)
Deferred tax liability	(3.5)	(2.5)
Deferred revenue	(5.4)	(2.9)
Total Liabilities	**(22.9)**	**(13.3)**
Net Assets	**40.9**	**12.1**

Key Notes:

- Strong balance sheet.
  - Cash of $11.9m, No Loan Debt;
  - Current ratio of 1.3 (1.9 excluding deferred revenue)
- Assets held for sale relate to Zuuse Pty Ltd, being held at 6c per share. Other receivables include a loan owing from Zuuse of $0.8m.
- Intangible assets relate to acquired businesses
- Other payables include $2.3m of deferred consideration on business combinations
- Net Deferred tax liability includes $0.8m asset related to tax losses, $4.7m liability related to intangible assets and a net asset of $0.4m related to timing differences

Cashflow…

A$m	FY17	FY16
EBITDA	**(6.7)**	**0.3**
Working capital	(1.4)	0.4
Non-cash items	7.7	-
Tax paid	(0.1)	-
Net Operating Cash Flow	**(0.5)**	**0.7**
Capex	(0.3)	(1.0)
Free Cash Flow	**(0.8)**	**(0.3)**
Business combinations	(20.2)	(0.7)
Net proceeds on issue of share capital	14.0	5.6
Net proceeds on issue of converting notes	16.2	-
Net Cash Flow Movement for the Year	**9.1**	**2.1**
Net Cash Balance	**11.7**	**2.6**

Key Notes:

- Net cash inflow of $9.1m for the year
- Strong cash balance of $11.9m at June 2017 with no loan debt

Note 1: Non-cash items in 2017 represent fair value of converting notes and share-based payments.

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Reconciliation of Statutory to Results Before Significant Items…

A$m	FY17 Statutory Actual	FY17 Significant Items (note 1)	FY17 Results Before Significant Items	FY17 Pro-Forma Adjustments (note 2)	FY17 Pro-Forma Results	FY17 Pro-Forma Forecast (note 3)	Variance (note 4)
Revenue	**23.7**	**-**	**23.7**	**5.0**	**28.7**	**29.3**	**(0.6)**
Cost of Sales	(5.4)	-	(5.4)	(1.5)	(6.9)	(7.9)	1.0
Gross Margin	**18.3**	**-**	**18.3**	**3.5**	**21.8**	**21.4**	**0.4**
Operating Expenses	(20.0)	3.6	(16.4)	(1.7)	(18.1)	(16.5)	(1.6)
Other Gains & Expenses	(5.0)	4.7	(0.3)	-	(0.3)	(0.3)	-
EBITDA	**(6.7)**	**8.3**	**1.6**	**1.7**	**3.3**	**4.5**	**(1.2)**
Depreciation	(0.2)	-	(0.2)	(0.1)	(0.3)	(0.2)	(0.1)
Interest	(0.8)	0.8	-	-	-	-	-
Tax	1.0	-	1.0	(0.1)	0.9	(0.2)	1.1
NPATA	**(6.7)**	**9.2**	**2.5**	**1.5**	**4.0**	**4.1**	**(0.1)**
Amortisation	(4.1)	-	(4.1)	-	(4.1)	(4.9)	0.8
NPAT	**(10.8)**	**9.2**	**(1.6)**	**1.5**	**(0.1)**	**(0.8)**	**0.6**

Note1: Significant Items include (per note 5 in the financial statements):
- Fair value on converting notes - $(4.3)m
- Unrealised FX losses - $(0.3)m
- Management IPO Bonus - $(3.3)m
- Transaction costs - $(1.0)m
- Gain on earn-out reversals - $0.7m
- Finance costs - $(0.8)m

Note 2: Pro-Forma Adjustments relate to normalising for a full-year in the accounts of the Verteda & GolfBox acquisitions as outlined in the Prospectus:
- GolfBox – NPAT of $0.6m
- Verteda – NPAT of $0.9m

Note 3: Pro-Forma Forecast
- Prospectus forecast adjusted for significant one-off item of transaction costs of $0.6m in order to be consistent with FY17 treatment in accounts of significant items

Note 4: Variance FY17 Pro-Forma
- Operating expenses – includes $1.8m pre-acquisition costs for Verteda & GolfBox
- Tax – includes $0.7m R&D tax incentive
- Amortisation – relates to finalisation of acquisition accounting

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