

ASX RELEASE

MSL SOLUTIONS 2018 HALF YEAR RESULTS

28 February 2018: MSL Solutions Limited (ASX: MPW) (**MSL** or the **Company**) is pleased to announce its half year results for the financial period ended 31 December 2017 (**HY18**).

MSL's vision is to develop loyal communities and empower sports, leisure and hospitality businesses with its world leading software and data platform.

The board and management team are pleased with the stable and consistent performance of the business. In addition to growth by acquisition and diversity of global footprint, the Company also expects organic growth to continue as we deepen our strategic partnership with our customers to meet their evolving needs. The Company expects to achieve its full year FY18 forecast of \$35.5 million revenue, \$6.45 million and \$5.9 million NPATA.

HIGHLIGHTS

Strategy to grow into a large addressable international market:

- Large global fragmented market spending \$7.6bn on technology per annum;
- Key sales segments of Stadia; Clubs; Golf; Sports Associations and Other Hospitality; and
- Momentum in Australasia, UK/Europe; growth prospects in the US & UAE markets.

Platform for growth:

- Strong balance sheet, with no debt and cash reserves of \$6.5 million;
- Track record of delivery, with a CAGR on statutory revenue of 60% since FY15; and
- Currently qualifying acquisition opportunities in the Australian and UK markets.

Results in line with expectations:

- Revenue of \$14.4 million for the half-year; and
- Recurring annuity revenue 52% of total revenue, an increase of 30%.

Financial Performance

MSL has made significant progress during the half-year, closing new sales in Europe, Australia and the United States. Additionally, the Company remains focussed on progressing its investments, acquiring quality customers, improving productivity, managing costs with discipline and investing in its people and technology.

Operating revenue was \$14.4 million for the half year, which is in line with expectations. During the period, \$7.5 million or 52% of operating revenue was recurring annuity revenue, which represents a continued and consistent upward trend.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) before significant items was a minor loss of \$0.2 million, largely due to the timing of non-recurring revenue from customer implementations, when compared to the prior reporting period.

During the period, MSL has continued to invest in research and development on its proprietary software and data solutions, spending approximately 16% of its revenue, which is above typical industry benchmarks, supporting our future growth initiatives. The company policy is to expense all research and development costs to the profit and loss statement. Subsequent to the end of the period, MSL also acquired the assets of Xcite Media to further enhance our MPower Media platform.

The Company expects to achieve the FY18 targets, reporting 41% of its projected annual revenue for the first half, which is in line with expectations, as previously reported. It is important to note the seasonality of the business and its impact on the results.

Commenting on the Company's progress, Craig Kinross, CEO of MSL Solutions said: "We are excited about the growth opportunities that exist in our targeted sales segments, and I am pleased to confirm that we remain on track and that the business continues to deliver. We are a global company with a large addressable market and demonstrable benefits for our customers."

"We have developed a strong sales pipeline that provides us with additional opportunities to grow and add value. However, as explained ours is a seasonal business and the sales pipeline is historically weighted more strongly to the second half."

"The business and industry fundamentals remain strong and we continue to realise the long-term value of our investment in operating costs and acquisitions which will translate into long-term shareholder value."

"We continue to invest strongly in research and development on our platforms to add further value to the unique requirements of our customers, which are predominately member-based organisations."

"Our proprietary products define our success and helps to drive the sustainability of our sport, leisure and hospitality customers. We pride ourselves on being a customer-centric organisation, which ultimately drives our success and reputation in the market."

Operations and Key Sales Segments

The Company continues to accelerate revenue generation across all key streams including: annuity fees, software licensing, database media revenue and booking and transaction fees, enjoying a high level of recurring revenue, providing the Company with great confidence to take advantage of growth opportunities.

During the first half, the MPower Venue international business secured its first European stadium outside the UK, successfully deploying our stadium solutions into the new Atletico Madrid stadium 'Wanda'. This amplified our customer base of leading European football teams with iconic customers, including around 50% of the English Premier League stadiums in the UK. In the Australian MPower Venue business, an upgrade at Village Roadshow (a long-term customer in Australia) for the inaugural TopGolf site occurred on the Gold Coast in Queensland, which we hope will become a global benchmark for TopGolf as they execute on their rapid global expansion plans.

The key highlights for the MPower Golf business included the expansion of MSL's tournament platform into Singapore becoming the official scoring system for the Singapore Golf Association (SGA) for all national tournaments over the next three years, further boosting our presence in South East Asia. The GolfBox tournament platform is now used by 16 national Golf Federations. Internationally, an agreement was signed for European PGA's to endorse our GolfBox ProPlanner and GolfBox Tournament software solutions, removing a prior long-term relationship with a US company. The PGA's of Europe are based at the Belfry in the UK. Securing this prestigious contract required great collaboration between our UK and Denmark teams.

Another key highlight for MSL was the endorsement of MSL's BI solution by Max (a Tatts Group Company) as part of Max Roadshow across Queensland, showcasing the integration between MPower BI and the Max gaming platform. The partnership between MPower MSL and MAX has allowed clients to realise increased visibility into business and finance analytics, emphasising the focus on member behaviour to drive additional revenue opportunities.

For the MPower Media business, MSL and Community First Credit Union formed an industry leading arrangement in July 2017, which entails the provision of a VISA debit card provided by CFCU integrated into the MPower MSL Buying Club product. The CFCU arrangement enhances the Buying Club

offerings, placing the platform in an industry leading position, by allowing loyalty points to be exchanged into currency. The CFCU Visa component went live during the period at St. George Motor Boat Club in Sydney.

Acquisition strategy

MSL has demonstrated a strong track record of successfully acquiring good businesses and integrating these into the core operations. MSL uses acquisitions to enter new markets and new geographies, acquire new software capabilities and knowledge, acquire new customer bases and ultimately develop cross-sell opportunities among acquisitions and existing sales segments. We believe the acquisition of complementary software companies to be an efficient and relatively low-cost growth strategy to build our presence and expand our customer base.

MSL's key criteria for assessing acquisitions are:

- Growth of the marketplace of clients;
- Filling a gap in relation to technology or staff capabilities;
- Positively improve EBITDA; and
- Complement the international profile of MSL.

The Company is currently at advanced stages with a number of acquisition opportunities and looks forward to providing an update in due course.

Conference Call

An investor briefing and Q&A session to discuss the half-year results will be held at 11am (AEST) today. Dial-in details to participate in the conference call:

Toll free (within Australia):	1800 908 299
Australia local:	+61 2 9007 8048
Conference ID:	654456

For further information, please contact:

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About MSL Solutions Limited

MSL Solutions Limited (ASX: MPW) is an Australian based global provider of hosted, software as a service (**SaaS**) and on-site deployed solutions to clients in the sport, leisure and hospitality sector. MSL services member organisations across APAC, EMEA and North America through its MPower Platform. MSL has a head office in Brisbane and offices in Sydney, Melbourne, UK and Denmark. To discover more about MSL please visit www.mpowermsl.com.

About MPower Platform

MSL's MPower Platform connects member organisations' business software and data needs to improve guest engagement, loyalty, gain business efficiencies and improve governance. MSL provides scalable full venue business software applications and data solutions integrated through the MPower core integration architecture. This means that MSL can provide solutions to both small and large organisations and associations. MSL provides cloud based SaaS, hosted and on-site deployed software, data and loyalty/media solutions.