

ASX RELEASE

MSL SOLUTIONS PRODUCES STRONG Q3 CASH FLOW RESULT

HIGHLIGHTS

- **Operating cash flow of \$1.3 million for the quarter, and \$2.2 million for the financial year-to-date (unaudited, adjusted for one-off items);**
- **Strong balance sheet with \$7.3 million in cash and no debt;**
- **Good momentum continued in Q3 with new business secured;**
- **Accelerated investment incurred in the first half for international growth opportunities, gaining traction in the second half;**
- **Acquisition of Pricap finalised, with further qualified acquisition opportunities being progressed;**
- **Zuuse sell-down progressing; MSL accepting trades at 65c valuing the asset at \$6.4m;**
- **Supported by a strong pipeline, the Company remains focussed on progressing towards the FY18 forecast, confirming the Company is well positioned for FY19 and beyond.**

30 April 2018: MSL Solutions Limited (ASX: MPW) (**MSL or the Company**) has today lodged its Appendix 4C Report and is pleased to provide a review of the Company's progress for the quarter ended 31 March 2018.

MSL exists to work with Sport, Leisure and Hospitality fan-based businesses to develop loyal communities with our venue platform solution. We believe that everyone wants a premium, personalised experience being part of a community organisation.

Financial Performance

MSL Solutions continues to successfully deploy its world-leading, proprietary open architecture SaaS software and data platform to the sports, entertainment and leisure industries, accelerating growth across markets in Europe and Australia, and new opportunities in the Middle East and the US. Additionally, the Company remains focussed on delivering the value of the Pricap acquisition, following a detailed due diligence process and sales agreement, as announced to market on 27 April 2018.

In addition to the cash flow results to date, the Company is also pleased with its continued high growth in recurring annuity revenue, with a 34% increase when compared to the prior corresponding year-to-date period.

Commenting on the Company's progress, Craig Kinross, CEO of MSL Solutions said: "The cornerstone to our success is consistency of and the upward trend around recurring annuity revenue, and our ability to build lasting, dependable relationships with our customers. Our business model provides us with distinctive advantages that serve to achieve strong, predictable revenue growth and sustain long-term cash profits to drive long-term shareholder value."

"The trust afforded to us by our customers minimises churn and builds highly prized brand loyalty and stability, in an otherwise volatile market environment. It provides a greater degree of transparency and helps us build scale for both customers and our business."

"As we have previously explained, the sales pipeline is weighted more strongly to the second half and this remains a consistent trend. In Q3 we delivered substantial sales and we received increased cash receipts off the back of new sales revenue and from annual billing of our Venue customers."

"Our unique technology platform and business model has allowed us to successfully add value via acquisitions, and we are excited as to how Pricap will contribute to our growth ambitions to realise value across the enterprise."

MSL continues to invest strongly above industry benchmarks in research and development, and the Company's conservative position remains that this is fully expensed despite the fact this is an investment in future economic growth.

In recent years MSL's international growth has largely been centred in Europe, with almost half of our revenue now generated offshore. Our solutions appear ready to penetrate the US & UAE markets. As we approach this growth offshore we find ourselves being pulled into opportunities in these new geographies and we continue to invest in pursuing these markets.

Balance sheet and capital management

As previously communicated, the Company is committed to selling down its stake in Zuuse, which is currently being held for sale. The balance sheet carries our investment at a cost of \$2.2 million. MSL is currently accepting trades at 65c per share, valuing the asset at \$6.4 million, and will continue to convert its holding to cash to further strengthen its balance sheet.

The business currently carries no debt and has approximately \$7.3 million cash in the bank.

Outlook

The Board and management team are pleased with the performance of the business across all disciplines, as it continues to enhance its competitive position and build a strong platform for sustainable growth. 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. With a focus on diligence and discipline, the Company remains focussed on progressing towards the full year FY18 forecast of \$35.5 million revenue and \$5.9 million NPATA.

Ends

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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

MSL Solutions Limited

ABN

96 120 815 778

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	YTD (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,375	27,042
1.2 Payments for		
(a) research and development	(1,148)	(3,160)
(b) direct costs of sales	(2,570)	(6,689)
(c) sales, advertising and marketing	(1,385)	(3,815)
(d) customer and technical services	(1,738)	(4,908)
(e) general and administration	(1,713)	(4,910)
(e) other working capital costs	(488)	(1,474)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	71
1.5 Interest and other costs of finance paid	-	(6)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
(a) Prepaid & one-off costs	-	(734)
(b) Managements bonuses from FY17	-	(880)
1.9 Net cash from / (used in) operating activities	1,340	538

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(113)
(b) businesses (see item 10)	(425)	(4,379)
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	YTD (9 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)	(160)	(185)
2.6 Net cash from / (used in) investing activities	(598)	(4,677)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(129)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(9)	(182)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(9)	(311)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	6,520	11,741
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,340	538
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(598)	(4,677)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(9)	(311)

Consolidated statement of cash flows		Current quarter \$A'000	YTD (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2	(36)
4.6	Cash and cash equivalents at end of quarter	7,255	7,255

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	7,255	6,520
5.2	Call deposits		
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,255	6,520

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

146

Fees and salaries paid to Directors and the Managing Director.

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1,148
9.2 Direct costs of sales	2,816
9.3 Sales, advertising and marketing	1,385
9.4 Customer and technical services	1,738
9.6 General and administration	1,713
9.7 Other working capital	400
9.7 Other (acquisition payments)	100
9.8 Total estimated cash outflows	9,300

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Rokit Pty Ltd	
10.2 Place of incorporation or registration	Australia	
10.3 Consideration for acquisition (deferred instalment)	\$50,000	
10.4 Total net assets	\$279,049	
10.5 Nature of business	IT infrastructure sales and support and computer hardware sales.	
10.1 Name of entity	Xcite Media Pty Ltd	
10.2 Place of incorporation or registration	Australia	
10.3 Consideration for acquisition (initial payment)	\$375,000	
10.4 Total net assets	\$475,000	

10.5	Nature of business	IT infrastructure sales and support and computer hardware sales.
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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.

Sign here: 

Date: 30 April 2018

Company Secretary

Print name: Andrew Ritter

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.