

ASX RELEASE

Q3 FY19 Cash Report and Business Update

30 April 2019: 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 2019 ("Q3 FY19").

Highlights:

- Cash balance of \$3.4 million as at 31st March 2019, up from \$1.4 million at end of Q2.
- SaaS Recurring Revenue up 31% on prior corresponding period.
- Annual Recurring Revenue (ARR) of \$18 million at 31st March 2019. ARR growth continues in line with company strategies, as the most important driver of company value into the future.
- Strong investment in Research & Development of \$4.7m (Mar 18: \$3.4m) and Sales & Marketing of \$4.9m (Mar 18: \$3.6m). Overall investment in these functions is \$2.6m higher than the prior corresponding period as part of the intended strategy to accelerate future growth.
- Zuuse non-core asset sell-down accelerating. At 31st March 2019, sales of \$2.7 million have been finalised and proceeds received with commitments for further sales of \$1.2 million in Q4.
- Earl Eddings, current Managing Director of the Riskcom Group and Chairman of Cricket Australia, appointed as a Director.

Q3 FY19 Business Update:

The key metrics table, is updated below for Q3 FY19:

AUD \$m's	FY17 12 months to June 2017	FY18 ¹ 12 months to June 2018	FY18 Q3	FY19 Q3	Notes
1. Annual Recurring Revenue (ARR)	14.1	16.8	15.7	18.0	
- Support ARR	10.3	9.2	8.8	10.0	
- SaaS / Subscriptions ARR	3.8	7.6	6.9	8.0	
2. Recurring Revenue	12.1	15.8	11.3	13.2	SaaS / Subscription up 40% on the prior corresponding period.
- Support Annuity	7.4	9.2	6.8	7.3	
- SaaS / Subscriptions	4.7	6.6	4.5	5.9	
3. Total Revenue	23.4	32.5	22.2	20.0	Company intended transition to more valuable long-term SaaS / Subscription contracts continues to gain momentum.
- Recurring Revenue	12.1	15.8	11.3	13.2	
- Capital Revenue	11.3	16.7	10.9	6.8	
4. R&D Expense	4.3	5.7	3.4	4.7	Increased R&D expense to target new opportunities e.g. World Golf Handicap, UAE localisation
- % of Revenue	18%	18%	15%	24%	
5. S&M Expense	4.6	4.8	3.6	4.9	Increased investment in growth initiatives across Australia, UK, UAE and US.
- % of Revenue	20%	15%	16%	25%	
6. Adjusted NPATA	2.9	5.0	(0.8)	(0.7)	In line with normal market practice, the Company has updated its policy of expensing 100% of R&D costs during the period and will capitalise approximately 30% of R&D costs in FY19.
Adjusted EBITDA	2.1	4.2	(0.4)	(2.7)	

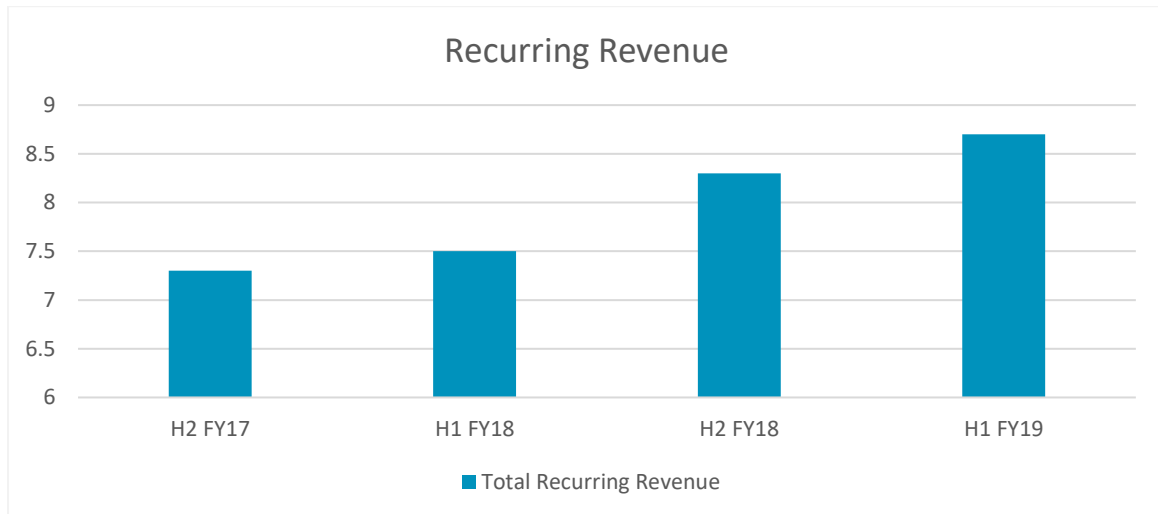
1. FY18 has been restated as noted in Note 1a) of the interim financial statements for the period ended 31 December 2018.

Operational business update

- **Continued growth in Recurring Revenue**

MSL annual recurring revenue (ARR) as at 31st March is \$18 million.

Globally there is a trend to move technology contracts to recurring SaaS / Subscription contracts. Customers are more in tune buying on this basis, and technology companies are attracting valuations in excess of 7 times forward-looking annual recurring revenue based upon the mid to long term value of these types of contracts. The lifetime contract value of a recurring SaaS deal is more than double that of an upfront capital sale, despite the current period revenue and profit not being reflected.



- **Company continuing to gain momentum with new business in international markets**

Examples of multi-year six-figure contract wins during the quarter:

- European Federation – Central database & world handicap system;
- Australian Hospitality group – PoS & Business Intelligence partner;
- UK Exhibition & Conference Centre;
- Tier 1 Australian Entertainment Centre - part of global group;
- Australian Group of Iconic Event Venues;
- Australian Casino - part of global food service and hospitality group;
- English Premier League Venue.

- **Strategic Growth Plan**

MSL remain focused on executing its strategic growth plan to:

- Increase market share in the international markets;
- Rapid and manageable transition to more valuable SaaS revenues; and
- Upsell existing clients on more modules.

- **Board Strengthened**

MSL welcomes Earl Eddings as a new Non-Executive Director, effective immediately. Earl brings a wealth of experience growing successful businesses in international markets, as well as considerable industry knowledge of member-based organisations in the Sport, Leisure & Hospitality sectors. Earl is currently Managing Director of Riskcom Group and Chairman of Cricket Australia.

- **FY19 Guidance**

The Company believes that the previous guidance range of \$1.5-3.6 million Adjusted EBITDA and \$2.3-3.9m Adjusted NPATA for FY19 remains achievable, subject to the timing of revenue recognition of sales orders expected to close by 30 June 2019. In addition, operating cashflow combined with cash proceeds from Zuuse share sales is expected to be positive.

Ends

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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 Connect Platform. MSL has a head office in Brisbane and offices in Australia, UK and Denmark. To discover more about MSL please visit www.mpowermsl.com.

About MPower Connect

MPower Connect, the industry-first collaboration platform, connects member organisations' business software and data needs to improve guest engagement and loyalty whilst improving operational efficiency and profitability. Our customers can select one or more modules and increase their footprint as they develop the intentional customer experience. MSL provide solutions to both small and large organisations and associations which can be deployed as a cloud-based SaaS, hosted or on-site deployed software.