

17 November 2020: ASX RELEASE

MSL Solutions acquires point-of-sale leader SwiftPOS

Highlights:

- **MSL acquires point-of-sale software company SwiftPOS for \$4.25 million in cash and \$0.5m in shares plus \$750k, 12 month deferred payment and earn-out**
- **Acquisition is EBITDA earnings accretive with over \$1.5 million² in EBITDA and positive cashflows**
- **Integration synergies and significant cross-sell opportunities are anticipated to be \$100K over the first full year**
- **Acquisition adds over \$2.3 million¹ or an increase of 12% to MSL's annual recurring revenue, with maintainable recurring revenue a significant value driver for MSL**
- **SwiftPOS is one of Australia's leading hospitality and retail point-of-sale technology solution providers used in more than 4,000 venues around the world**
- **Acquisition grows MSL's customer base by more than 300% from 1,220 venues to more than 5,000 and aligns with the Company's strategy to own all the IP for its end-to-end guest engagement solutions**
- **MSL is the largest reseller of SwiftPOS in Australia, has worked with SwiftPOS since 2010 and has a deep understanding of the technology and its strategic fit within the MSL product suite**

Strategic rationale

Based in Brisbane with more than 23 years of experience as a POS software solutions provider, SwiftPOS is Australia's leading hospitality and retail point-of-sale systems solution, with a footprint spanning 4,000 venues across 26 countries.

The acquisition is transformative for MSL's footprint, growing its customer base from approximately 1,220 venues to more than 5,000, while increasing MSL's breadth through an extensive reseller network.

SwiftPOS consistently achieves annual net profit after tax of approximately \$1 million². Integration into the MSL Group is expected to unlock cost synergies to expand SwiftPOS' profit contribution to a range of \$1.25 million to \$1.5 million per annum.

The acquisition positions MSL to significantly grow its recurring revenue, adding more than \$2.3 million¹ per year based on current trading levels. SwiftPOS' recurring revenue is expected to grow further in FY21.

MSL Chief Executive Officer Pat Howard said MSL's acquisition of SwiftPOS made sense given the synergies between the two businesses.

Mr Howard said:

"As the largest reseller of SwiftPOS, MSL is very familiar with the product's technical and commercial merits. We're excited about the opportunities that this acquisition will open to us, particularly in international markets, where SwiftPOS has established a competitive presence in 26 countries.

“Owning SwiftPOS’ IP rather than reselling it will enable MSL to generate a greater level of sales, gross margin and provide our customers with greater confidence and certainty in the technical roadmap. It opens up the ability to combine MSL’s IP with that of SwiftPOS as well as extend market channels for SwiftPOS-only products. Most importantly, this acquisition is accretive to customers, margins, cashflow and earnings for MSL.

“We look forward to welcoming Grahame Day and the SwiftPOS team to our group and will prioritise jointly advancing our point-of-sale offering, setting a clear roadmap for continued development of our technology to the benefit of our customers.”

Given the recent strong performance and cash position, MSL will initially fund the acquisition from existing cash reserves. However, the Company is currently finalising a debt facility to provide up to \$2.5 million of loan facility to support the acquisition at market competitive rates, this facility is expected to be in place in early December 2020.

SwiftPOS founder and Managing Director Grahame Day will transition to the role of General Manager, SwiftPOS at MSL as part of the transaction and will have responsibility for maintaining relationships with the reseller network. MSL will also integrate all 17 current SwiftPOS employees into its workforce, to be located at the Company’s Brisbane premises.

The transaction completed today, 17th November 2020.

Material Terms of the Acquisition

MSL will purchase all outstanding shares in SwiftPOS Pty Ltd via a Share Sale Agreement on the following terms:

- \$4.25 million on completion;
- \$500,000 of MSL ordinary shares based on a 10-day VWAP prior to completion³;
- \$750,000 Holdback payable on the first anniversary, subject to Net Tangible Asset and warranties adjustments; and
- 3 Year maximum Earnout of \$4.2 million based on agreed gross margin growth.

¹Net of MSL licence fees paid to SwiftPOS in FY20

²Based on SwiftPOS unaudited FY20 accounts

³Subject to escrow arrangements with one third released annually on each anniversary

Approved for distribution by the Board of Directors of MSL Solutions Limited

For further information, please contact:

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About MSL Solutions Limited

MSL Solutions Limited (ASX: MSL) is a SaaS technology provider which operates in the sports, leisure and hospitality sectors. Some of the world’s most iconic stadium and large event venues, sports and entertainment companies and Profession Golfers’ Associations (PGAs) rely on MSL Solutions every day. We create the systems that connect every department of a business, from point of sale and membership to marketing, providing real time visibility on staff levels, customer engagement, profit and revenue.

MSL Solutions has over 1,220 customers with offices in Australia, UK and Denmark. To discover more about MSL, please visit www.mclsolutions.com.