

MSL Solutions Ltd (ASX: MSL)

Investor Presentation
23rd February 2021



MSL Solutions Ltd (ASX: MSL)

- A leading SaaS technology platform provider to the sports, leisure and hospitality sectors
- Iconic portfolio of brands with Golfink partners, SwiftPOS, MSL-Verteda and Golfbox
- We help venues around the world – **stadiums & arenas, pubs & member clubs, sporting associations, golf clubs and golf federations, marinas and more** – to deliver outstanding customer experiences during every engagement
- Following our acquisition of leading retail point-of-sale (POS) platform developer SwiftPOS, we now own and govern our tech roadmap and can provide full end-to-end guest engagement solutions, helping MSL to compete for and attract larger enterprise customers

5,000+ Customers | 30+ Countries | 118 Employees



Our Clients

- Iconic venues from stadia and large event venues, sports and entertainment companies and Profession Golfers' Associations (PGAs) from around the world rely on MSL Solutions every day to serve patrons, fans and members
- We serve investors, venues, integrators, partners and our customers across industries including Stadiums & Arenas, Clubs & Pubs, Member Clubs (Golf, Marina, Private), Education Campuses and Sport Associations
- MSL Solutions has over 5,000 customers with offices in Australia, UK and Denmark

| Stadia and Arenas | Member-Based Organisations (MBOs) |
|--|--|
|       |       |
| Golf Clubs & Associations | Other Hospitality & Leisure |
|      |      |

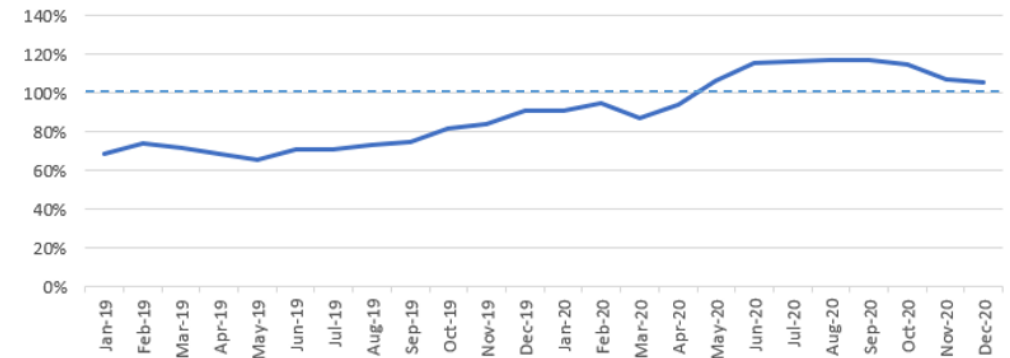
MSL Key Points

- EBITDA growth in H1 FY21:
 - EBITDA positive in H1 FY21 *(before the positive impact of government assistance)*
 - Operational cash flow positive throughout FY21
 - OPEX improved by right-sizing: headcount costs -19% on pcp
 - Recurring revenue consistently exceeding OPEX since April 2020 *(on a 3 month trailing basis)*
 - SwiftPOS contributing strongly: \$1.8m annual EBITDA run rate since mid-November 2020 acquisition
- End-to-end technology ownership, continued improvement in financial performance and stronger balance sheet (\$2.81m cash at 31 Dec 2020) have all enabled MSL to improve pipeline and strategically position itself for larger enterprise opportunities

Core metric: Recurring Sales vs OPEX

- Our customers have differing payment cycles depending on the product, region or customers
- Invoicing has been traditionally annual, although Covid conditions has converted many customers to be billed monthly or quarterly
- Examples of different invoicing:
 - MSL's largest partner, Golf Australia pay monthly;
 - MSL's InfoGenesis customers in Australia are billed annually in June with payments received through Q1
 - Circa 80% of MSL's customers in the UK are billed annually in December
 - Golfbox in Denmark has 97% of all its revenue already contracted for FY21
- New sales will have a mixture of recurring revenue, professional services and in some cases hardware

3 Month Trailing Recurring Revenue to OPEX



The chart above indicates the continuous improvement that MSL has achieved in bolstering its base of recurring business while maintaining a tight focus on cost efficiencies

Benefits of SwiftPOS Acquisition

- SwiftPOS is Australia's leading hospitality and retail point-of-sale technology solution providers used in more than 4,000 venues and in 26 countries
- November 2020 acquisition grew 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
- MSL now owns and governs its technology roadmap in POS, helping to win new enterprise deals
- MSL now works with rather than competes against 40 SwiftPOS reselling companies, broadening our sales reach
- Acquisition adds over \$2.3m (+12%) to MSL's annual recurring revenue, with maintainable recurring revenue a significant value driver for MSL



Following completion of the acquisition, SwiftPOS is achieving stronger than expected financial performance, contributing EBITDA of \$240k between mid November 2020 acquisition and 31 December 2020 (\$1.8 million annual EBITDA run rate).

Leveraging the established SwiftPOS reseller network creates strong opportunity for increased sales of MSL products without increasing operational costs.

MSL SwiftPOS Mobile Order Platform



A true cloud-based SaaS solution that extends SwiftPOS to provide clients with a best of breed, flexible patron web app.

MSL Connect takes care of accessing on-premise systems using a secure venue-initiated connection.



Takes a light-touch browser approach, allowing the web app to run on a variety of low spec devices, leveraging SwiftPOS' feature-rich functionality, scalability and resilience



**SCAN TO
ORDER**



**Scan the QR code above
with your mobile phone
to experience MSL's
Order Platform for
yourself, powered by
SwiftPOS**

Venue Solutions and Progress with Partnerships

- Fully integrated POS systems connecting front of house to back office - Integrated with eCommerce, inventory, workforce management and gaming solutions
 - Contactless Visitor Entry - Electronic registration with a QR code
 - In-seat, At-table & Delivery via Click'n'Order - Order & Pay using a mobile device
 - Real Time Data & Analytics
- ✓ New long-term partnerships secured with Addvance IT/Kappture, OpenPay Group Ltd (ASX OPY) and Me&U
 - ✓ Partnership with ASM Global expanded in September 2020 with 5-year deal to cover RAC (Perth) Arena: an encouraging indicator of the market in which we can now compete strongly

ASM GLOBAL / RAC ARENA

"We look forward to having MSL help ASM Global take a huge step forward in bringing a world class POS solution to RAC Arena... Deepening our relationship with MSL helps ASM Global to standardise our solutions across our venue footprint, and we look forward to continuing our long and successful partnership."

Jamie Abraham, IT Manager, ASM Global / RAC Arena



INDEPENDENT LIQUOR GROUP (ILG)

"ILG is committed to providing market leading supplier choice to our members. We look forward to partnering with MSL to provide our members with access to market leading POS technology to enable them to continue to provide excellent service to their customers."

Pat Kenny, NSW/VIC Sales Manager, ILG



INDIVIDUAL RESTAURANTS

"We are now able to be on the front foot, to see what people are ordering and get more transactional information than we've ever had before...We know who our top spenders are based on their visits and their spend through the system but they don't necessarily have to be a member."

Adam Purslow, IT Director, Individual Restaurants

INDIVIDUAL
RESTAURANTS

Golf Solutions and Progress

- Golf Management Systems (GMS)
 - Golf Lesson Booking System
 - Golf Tournament Management (TMS)
 - Golf Association Management
 - Central Database of Handicaps
 - World Handicap System (WHS)
- ✓ World handicapping successfully launched to 1 million golfers across 6 countries including Australia, with several European associations to follow
 - ✓ SOGO Sports partnership to integrate mobile scoring app
 - ✓ Long-term partner of Golf Australia with a contract out to 2025

MSL is the only company exporting the full solution of WHS, GMS and TMS

NORWEGIAN GOLF FEDERATION

"We are very pleased with this new 5-year agreement with GolfBox. It ensures that we continue to be at the forefront of golf technology advancements as a Federation, but more importantly the updated agreement also provides further access to GolfBox to Norwegian Golf Clubs."

**Tors Anders-Hansen, General Secretary,
Norwegian Golf Federation**



**Norwegian
Golf Federation**



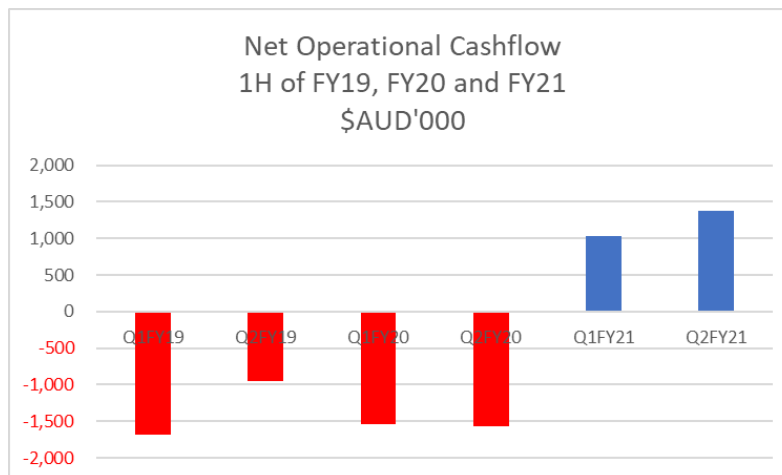
Improving Financials: P&L

- Earnings growth continued in H1 FY21: EBITDA inclusive of government COVID-19 relief during the period was \$1.683 million, a \$2.844 million improvement from H1 FY20
- MSL achieved \$0.719 million in EBITDA excluding government COVID-19 relief during the period (an improvement of \$1.880 million from H1 FY20)
- Australia and Denmark have both rebounded well reporting growth in earnings, with Golfbox revenue up 10.6% from the pcp and APAC sales pipeline continuing to strengthen
- UK results remain subdued but new opportunities are emerging with increasing confidence in the UK with vaccine roll out

| Consolidated summary of results for the half year ended 31 December 2020 | Dec-20 | Dec-19 |
|---|----------------|-----------------|
| Statutory results | A\$'000 | A\$'000 |
| Revenue and other income | 11,678 | 12,909 |
| Other Income | 14 | 17 |
| Cost of sales | (2,838) | (3,702) |
| Gross margin | 8,854 | 9,224 |
| Operating expenses | (8,135) | (10,385) |
| EBITDA before Govt Subsidies | 719 | (1,161) |
| Government Subsidies # | 964 | - |
| EBITDA * | 1,683 | (1,161) |
| Depreciation & amortisation | (2,504) | (2,833) |
| Restructure and transaction costs | - | (936) |
| Expected credit loss - prior period | - | (616) |
| Impairment expense | - | (10,672) |
| EBIT | (821) | (16,218) |
| Net finance income/(costs) | (198) | (139) |
| NPBT | (1,019) | (16,357) |
| Income tax benefit | 23 | 776 |
| NPAT | (996) | (15,581) |

Improving Financials: Cash Flow

- 1H FY21 operational cashflow of \$2.404m, inclusive of \$1.197m in government subsidies – the first time a positive operational cashflow has been achieved in the first half since ASX listing, acknowledging that cash receipts are still yet to return to pre-COVID levels
- Cash balance of \$2.8m after SwiftPOS acquisition, coupled with \$2.5m Export Finance Australia loan facility, provide strength and flexibility to pursue larger deals



| | Dec-20 A\$'000 | Dec-19 A\$'000 |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 12,687 | 14,451 |
| Payments to suppliers, employees and others | (9,902) | (15,696) |
| Restructure Costs | (235) | (936) |
| Finance costs | (142) | (165) |
| Interest received | 18 | 27 |
| Income tax paid | (22) | - |
| Net cash flows used in operating activities | 2,404 | (2,319) |
| Cash flows from investing activities | | |
| Capital expenditure | (19) | (14) |
| Acquisition of subsidiaries, net of cash & cash equivalents | (4,250) | (180) |
| Proceeds for disposal of assets | 100 | - |
| Payment for research and development activities | (540) | (508) |
| Proceeds from disposal of investment | 212 | 652 |
| Net cash flows used in investing activities | (4,497) | (50) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 2,561 | - |
| Repayment of borrowings | (1,198) | (362) |
| Principal element of lease payments | (250) | (273) |
| Proceeds from issue of share capital | - | 5,431 |
| Costs paid on issuance of share capital | - | (221) |
| Net cash flows provided by financing activities | 1,113 | 4,575 |
| Net cash inflow / (outflow) for the half-year | (980) | 2,206 |
| Cash at beginning of the year | 3,806 | 2,130 |
| Effect of foreign exchange | (12) | 10 |
| Cash at end of the half-year | 2,814 | 4,346 |

Improving Financials: Segment View

- As of H1 FY21, MSL reports its segment performance on a geographic basis
- Australia and Denmark have both rebounded well reporting growth in earnings, with Golfbox revenue up 10.6% from the pcg and APAC sales pipeline continuing to strengthen
- UK results remain subdued but new opportunities are emerging with increasing confidence in the UK with vaccine roll out
- Each segment is now standalone EBITDA positive, augmented by our removal of \$1m in half-yearly corporate overheads

Segment Revenue and Adjusted EBITDA

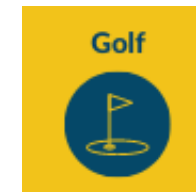
| Six months ended 31 December 2020 | APAC | UK | Denmark | Total |
|-----------------------------------|---------|---------|---------|---------|
| | A\$'000 | A\$'000 | A\$'000 | A\$'000 |
| Revenue from external customers | 7,019 | 2,833 | 1,826 | 11,678 |
| Timing of revenue | | | | |
| Over Time | 4,517 | 2,257 | 1,667 | 8,441 |
| At a point in time | 2,502 | 576 | 159 | 3,237 |
| Other revenue | 14 | - | - | 14 |
| EBITDA before corporate overheads | 2,359 | 226 | 907 | 3,492 |
| Corporate overheads | | | | (1,809) |
| EBITDA after corporate overheads | | | | 1,683 |

| Six months ended 31 December 2019 | APAC | UK | Denmark | Total |
|-----------------------------------|---------|---------|---------|---------|
| | A\$'000 | A\$'000 | A\$'000 | A\$'000 |
| Revenue from external customers | 7,289 | 3,969 | 1,651 | 12,909 |
| Timing of revenue | | | | |
| Over Time | 4,845 | 2,475 | 1,529 | 8,849 |
| At a point in time | 2,444 | 1,494 | 122 | 4,060 |
| Other revenue | 17 | - | - | 17 |
| EBITDA before corporate overheads | 560 | 342 | 743 | 1,645 |
| Corporate overheads | | | | (2,806) |
| EBITDA after corporate overheads | | | | (1,161) |

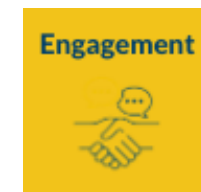
Investment Highlights Entering 2021

- Diverse revenue streams providing cloud and on-premise member engagement solutions
- A global book of sticky recurring business based on blue-chip clients: \$23.8m revenue in CY20, with 73% recurring
- Improving cash and earnings performance: operating cashflow and EBITDA positive in H1 FY21 before government COVID-19 support
- Large addressable target markets - stadia, arenas, golf facilities, clubs & pubs and member-based organisations – with focused strategy to boost penetration from current share across all industries of 5%
- Growth in value of our customers, partnerships and end-users to adjacent service providers, e.g premium in-seat services (newly partnered with Me&U)
- Full impact of FY20 is being realised in FY21, with tighter operational focus, significant decrease in operating costs and several drivers of sustainable growth, with ownership/provision of the tech underpinning full end-to-end guest engagement solutions

Clients



Services



Corporate Snapshot

| ASX Stock Code | MSL |
|---|----------------|
| Listing date | 3 May 2017 |
| FY20 revenue | \$25.1m |
| Cash balance as at 31 Dec 2020 | \$2.8m |
| Share price as at 19 Feb 2020 | \$0.13 |
| Shares on issue | 329.27m |
| Options (30.8c, 30 May 2021) | 1.07m |
| Options (35c, 15 May 2022) | 0.3m |
| Options (11.25c, 14 Jan 2023) | 1.02m |
| Perf rights (nil ex price, 30 Jul 2022, 21 Jul 2023, 23 Sep 2023, 1 Sep 2024) | 9.96m |
| Fully diluted shares | 341.6m |
| Fully diluted market cap | \$44.4m |

12-month share price performance and volume



Experienced and invested leadership team

| KMP | Role | Shares held |
|-----------------------------|-------------------------|-----------------------------|
| Mr Tony Toohey | Executive Chairman | 2.7m rights |
| Mr Pat Howard | Chief Executive Officer | 0.65m (0.2%) 2.2m rights |
| Mr Earl Eddings | Non-Executive Director | 3.1m (0.9%) |
| Mr David Usasz | Non-Executive Director | 3.5m (1.1%) |
| Dr Richard Holzgrefe | Non-Executive Director | 16.8m (5.1%) |
| Mr David Trude | Non-Executive Director | 1.0m (0.3%) |

Top shareholders

| Rank | Name | Units | % |
|------|--|---------------|--------------|
| 1 | Forager Funds Management Pty Ltd | 24.7m | 7.5% |
| 2 | Microequities Asset Management Pty Ltd | 22.3m | 6.8% |
| 3 | Portfolio Services Pty Ltd (Ariadne) | 18.8m | 5.7% |
| 4 | David Penner | 17.4m | 5.3% |
| 5 | Dr Richard Holzgrefe | 16.8m | 5.1% |
| | Other Top 20 | 86.4m | 26.2% |
| | Total Top 20 | 186.4m | 56.6% |

Directors and Key Management



Tony Toohey
Executive Director &
Chairman



Dr Richard W Holzgrefe
Director, Non Executive



David Trude
Director, Non Executive



Earl Eddings
Director, Non Executive



David Usasz
Director, Non Executive



Pat Howard
CEO



David Marshall
CFO & COO



Jason Hold
EGM, R&D



Sarah Crealy
EGM, HR



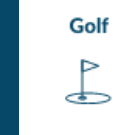
Malcolm Foort
Head of Product

Contact Us

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