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MSL Solutions Ltd

Investor Presentation

August 2018



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All figures in this document are in Australian dollars (AUD) unless stated otherwise.

Executing on Growth Strategy

MPower Connect Collaboration Platform
Redefining the Sport, Leisure & Hospitality Industry Globally

FY18 FINANCIAL RESULTS HIGHLIGHTS

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REVENUE CAGR
57%
FY16
FY18

47% OPERATING
STICKY
RECURRING
ANNUITIES

50% REVENUE
FROM
INTERNATIONAL
FY18 FIRST YEAR

FY18: 5.7M
SPEND ON
R&D ALL
EXPENSED

REDUCING S&M AS
14% OF REVENUE
FY 18: **14%**
FY 17: **20%**

17%
OPERATING
REVENUE

FY18
REVENUE
GROWTH **44%** **20%** ORGANIC
INORGANIC
24%

LARGE, GROWING & FRAGMENTED GLOBAL MARKET



STADIA & ARENAS

- Global smart stadium market to reach revenues of \$20Bn by 2024 growing at CAGR 22% due to enhanced fan engagement
(Infoholic Research)
- **10,000+** venues globally
(Frost & Sullivan)
- Iconic venue clients in UK, Australia & Europe including over **60%** of English Premier League (EPL) venues
- MSL has **less than 1%** of total addressable market (TAM)



GOLF FACILITIES

- R&A/USGA new **World Handicap System** announced for 2020
- Global market of **33,000+** facilities
- MSL presence in Australia & Europe
- Paid per member to run handicaps in Australia
- MSL has **less than 3%** of the total addressable market (TAM)



CLUBS (MBO's)

- Membership-based organisations.
- **12,000+** venues in Australia
(Frost & Sullivan)
- **50,000+** venues in UK
- **500+** venues as customers in Australia including:
 - Sport / Leagues clubs
 - Private City clubs
 - Marinas
 - RSL's
- MSL has **less than 5%** of the total addressable market (TAM)



ASSOCIATED MBO'S

- **Growth** into venues that have operations similar to a Club MBO and need to drive long-term engagement & loyalty:
 - Restaurant Franchise Groups
 - Boutique Hotels
 - Retirement Living
 - Theme Parks
 - Sport Associations
- MSL has **less than 1%** of the total addressable market (TAM)

MPOWER MSL – OUR VISION

MSL exists to drive Engagement for Sports, Leisure and Hospitality businesses.

We know consumers demand a premium, personalised experience when engaging with venues.

With our industry first collaboration technology platform, our venues increase customer engagement which drives income growth and sustainability.

200 | 
**Businesses
of Tomorrow**
2018 WINNER

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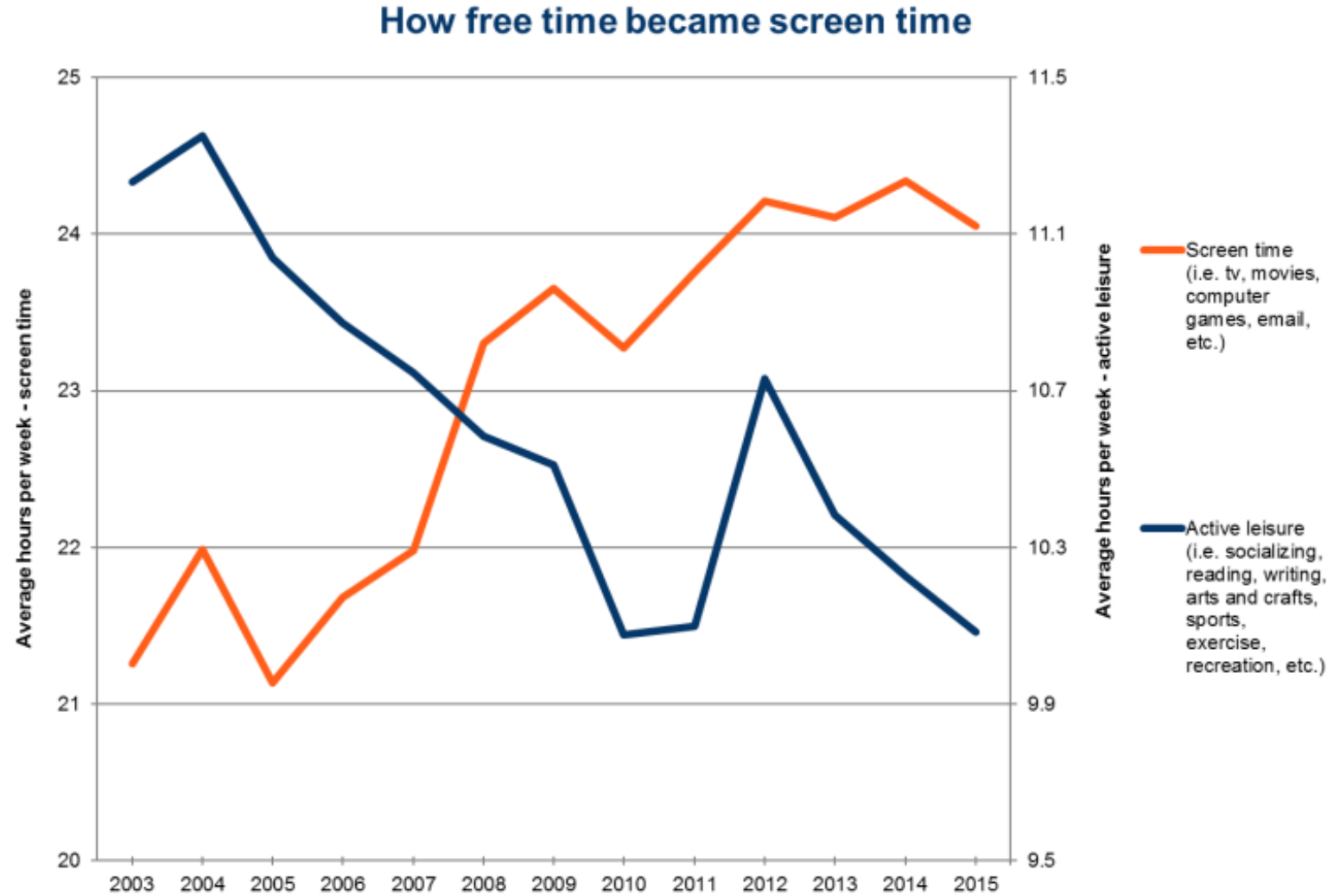
DIGITAL IS TRANSFORMING WHAT WE DO WITH OUR LEISURE TIME



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CHANGING TIMES – HOW FREE TIME BECAME SCREEN TIME

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Source: Bureau of Labor Statistics 2003-2015 ATUS-CPS

BROOKINGS

M-POWER MSL

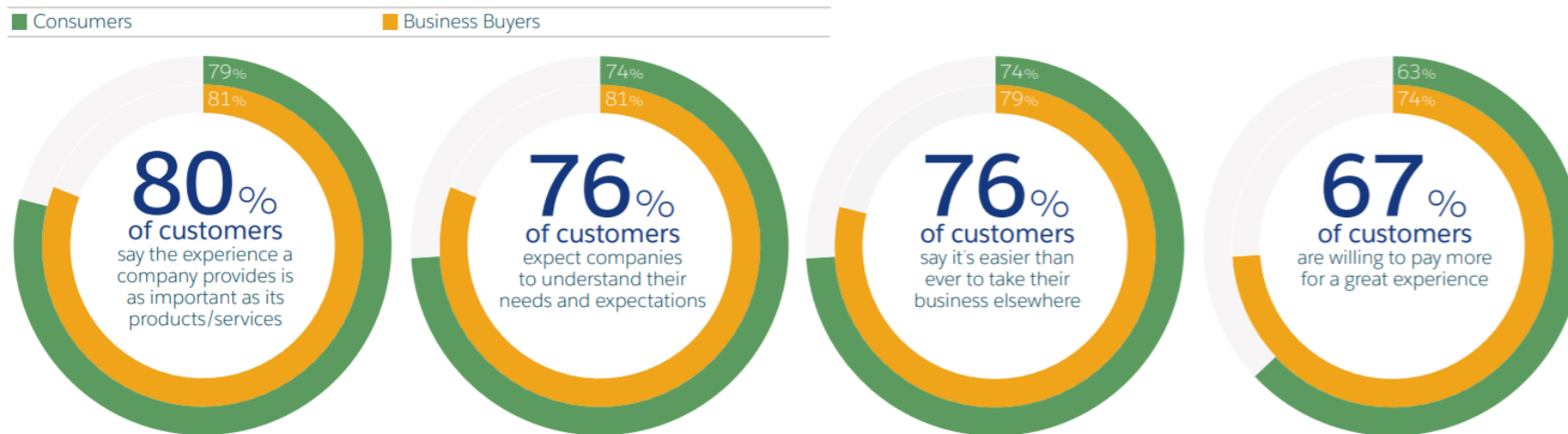
CUSTOMER LOYALTY IS THE NEW BATTLEGROUND

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Customer expectations are at an all-time high.
Experience impacts the bottom line, for better or worse.

With 80% of a retailer's business typically coming from 20% of its customers, identifying your most valuable customers and understanding their shopping habits is critical to cultivating loyal, brand enthusiasts.

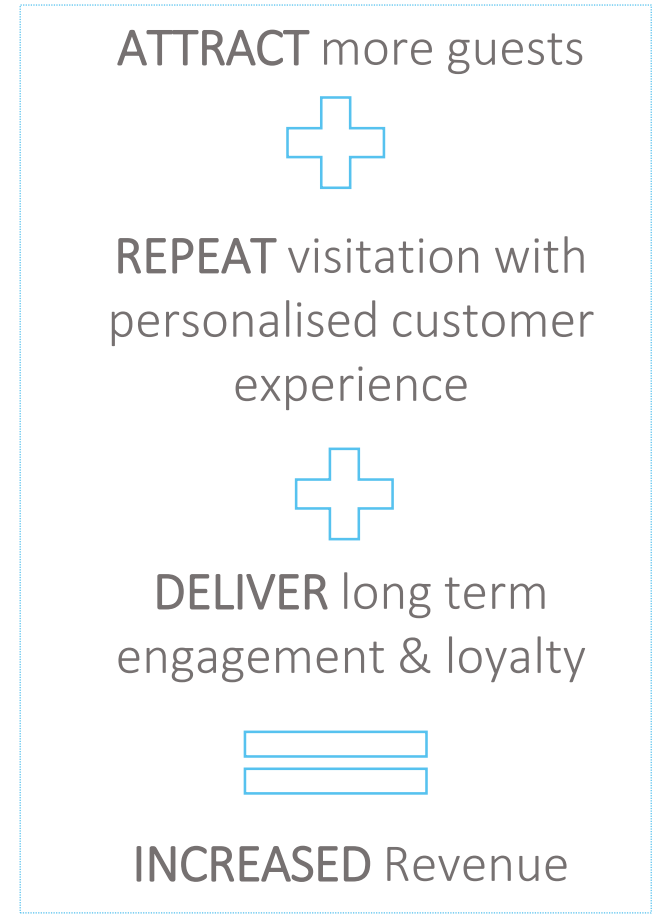
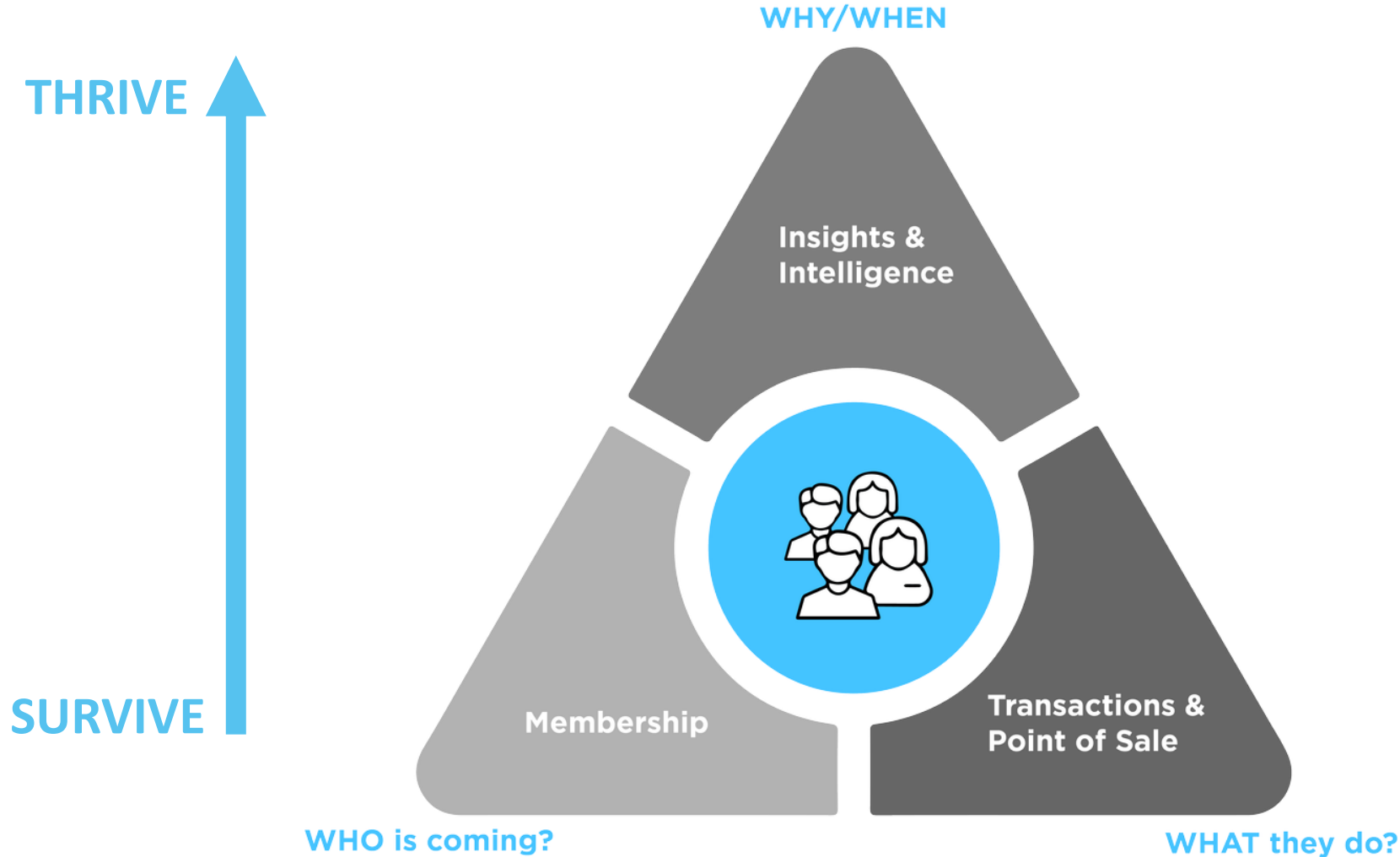
47% of retailers do not currently have any process in place to communicate the most valuable customer status to their associates before the point of checkout.



*REPORT: State of the Connected Customer – Second Edition 2018: Salesforce

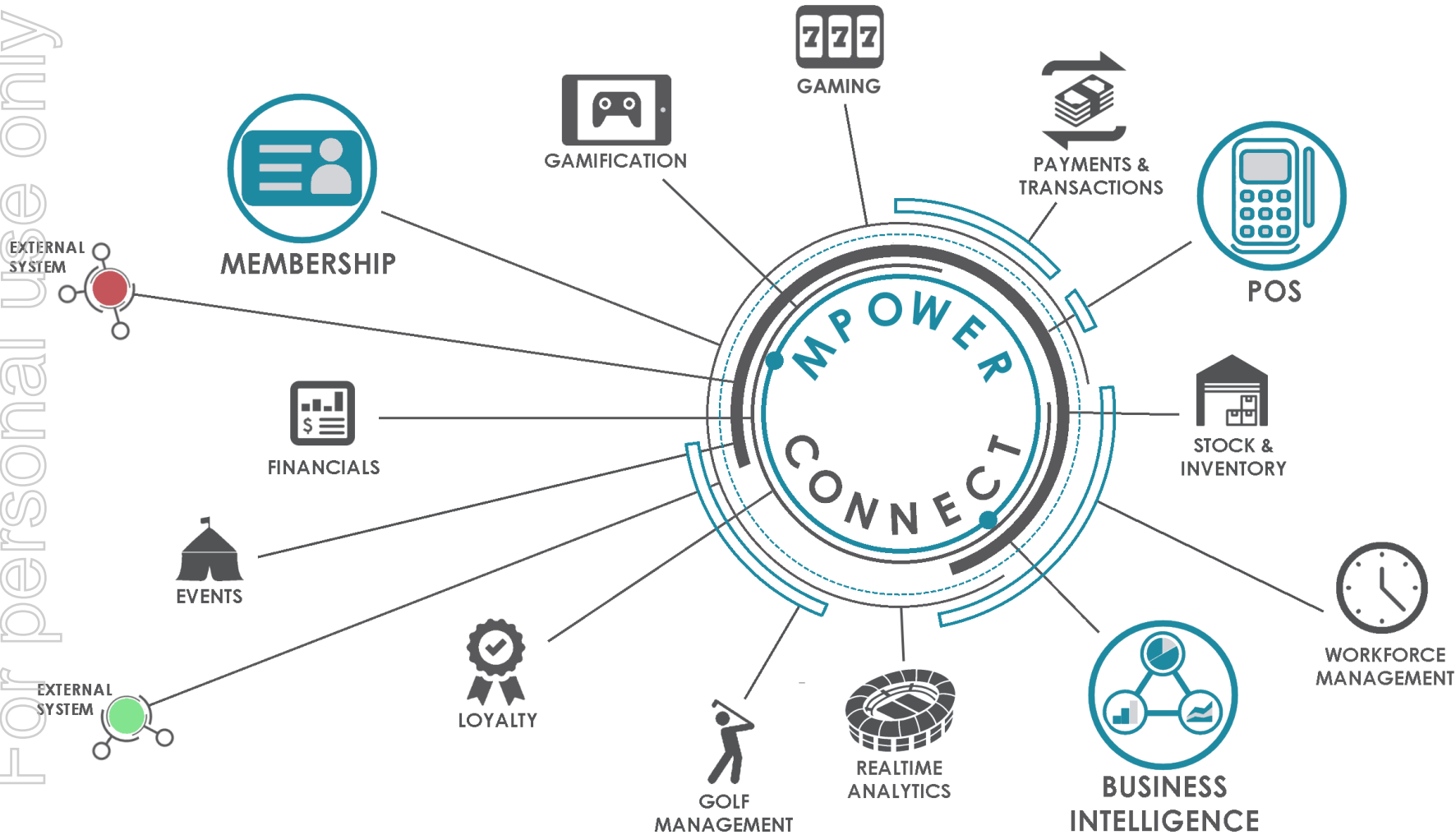
THE STRATEGY – UNIQUE PLATFORM THAT DRIVES ENGAGEMENT

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INDUSTRY FIRST – MPOWER CONNECT INDUSTRY PLATFORM

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- Create competitive advantage through increased business agility with MSL's Connect industry platform.
- Customers have flexibility to select one or many modules, and increase modules over time as they mature on their customer experience programs.
- MPower Connect open API network allows easy partnering with other technology solutions to amplify the value of their investment with MSL Connect.
- Acquisitions provide a key entry point to new customers and synergies by adding the MPower Connect modules over time for their venue.

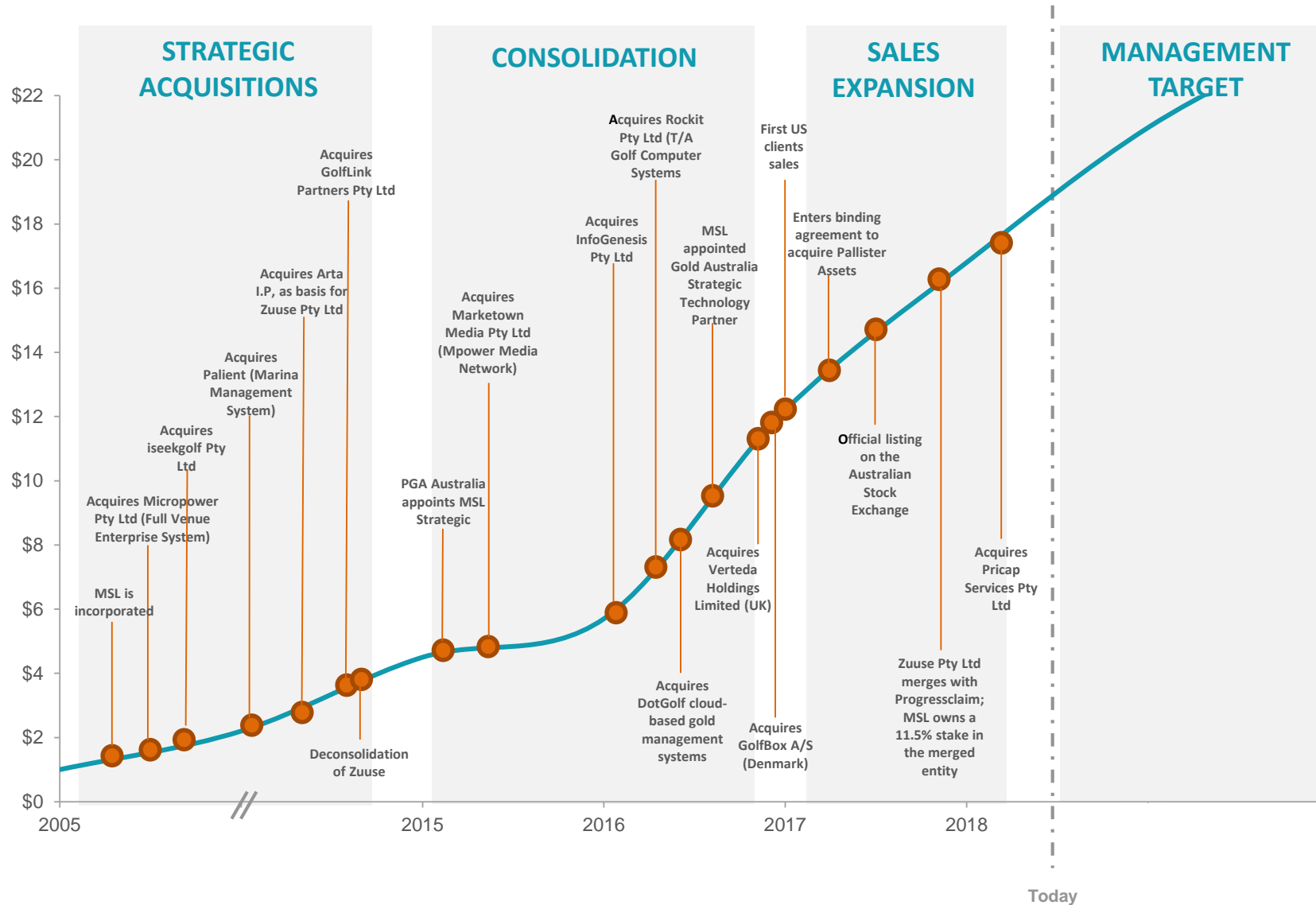
KEY METRICS FOR INTERNATIONAL GROWTH

AUD \$m's	FY16	FY17	FY18	Description
Revenue Growth	30%	110%	44%	Total Revenue including Recurring Annuities (customer support & SaaS Subscriptions) and Non-Recurring Revenue (upfront licence fees, services, hardware & advertising)
Organic Growth	14%	17%	20%	
Acquisition Growth	16%	93%	24%	
Recurring Revenue	5.7	12.1	15.8 (31%)	Recurring annuity contracts – note customer churn rates annually are less than 5%
Support Annuity	4.8	7.4	9.2 (25%)	
- SaaS / Subscriptions	0.9	4.7	6.6 (40%)	
Annual Recurring Revenue (ARR)			16.8	ARR is the forward looking annuity value contracted at a point in time.
Support ARR			9.2	
SaaS / Subscriptions ARR			7.6	
Customer Venues		2,066	2,406 (16%)	Customer venues using MSL software modules from the MPower Connect technology stack at period end.
Organic Growth			4%	
Acquisition Growth			12%	
R&D Expense (see Note 1)	1.3	4.3	5.7	Amount of spend on innovation including investment in future commercialisable research & development.
- % of Revenue	12%	18%	17%	
S&M Expense	3.2	4.6	4.8	Amount of sales & marketing headcount, commission and non-headcount programs spend in the year.
- % of Revenue	28%	20%	14%	

Note 1: A number of comparable technology companies capitalise R&D expense and then amortise this over a 5 to 10 year period. MSL policy to expense R&D in the year it is incurred above the EBITDA line.

RECURRING REVENUE GROWTH

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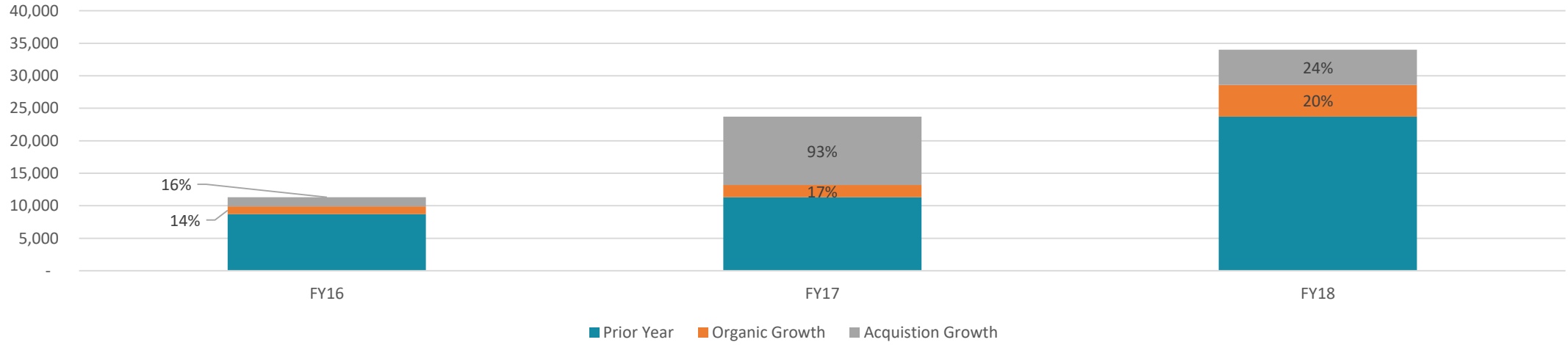


- Represents recurring annual customer support contracts and SaaS subscription annual fees
- Growth in FY18 44%
 - 20% organic
 - 24% acquisitions
- Annualised Recurring Revenue (ARR) as at 30 June 2018 is \$16.8m. This will be a key measure at each period end.
- Expect growth trend to continue over the next 5 years

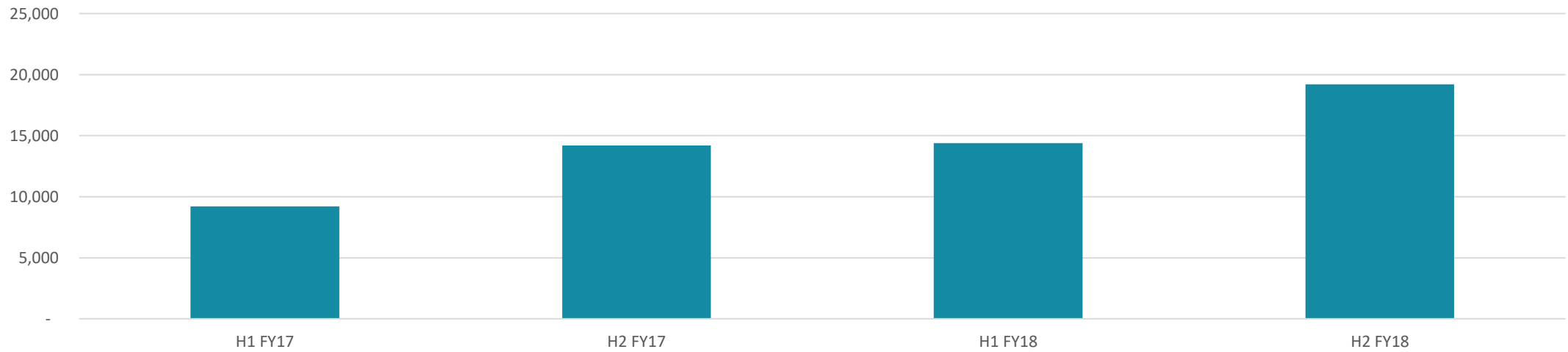
REVENUE

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Growth Profile



Revenue Seasonality

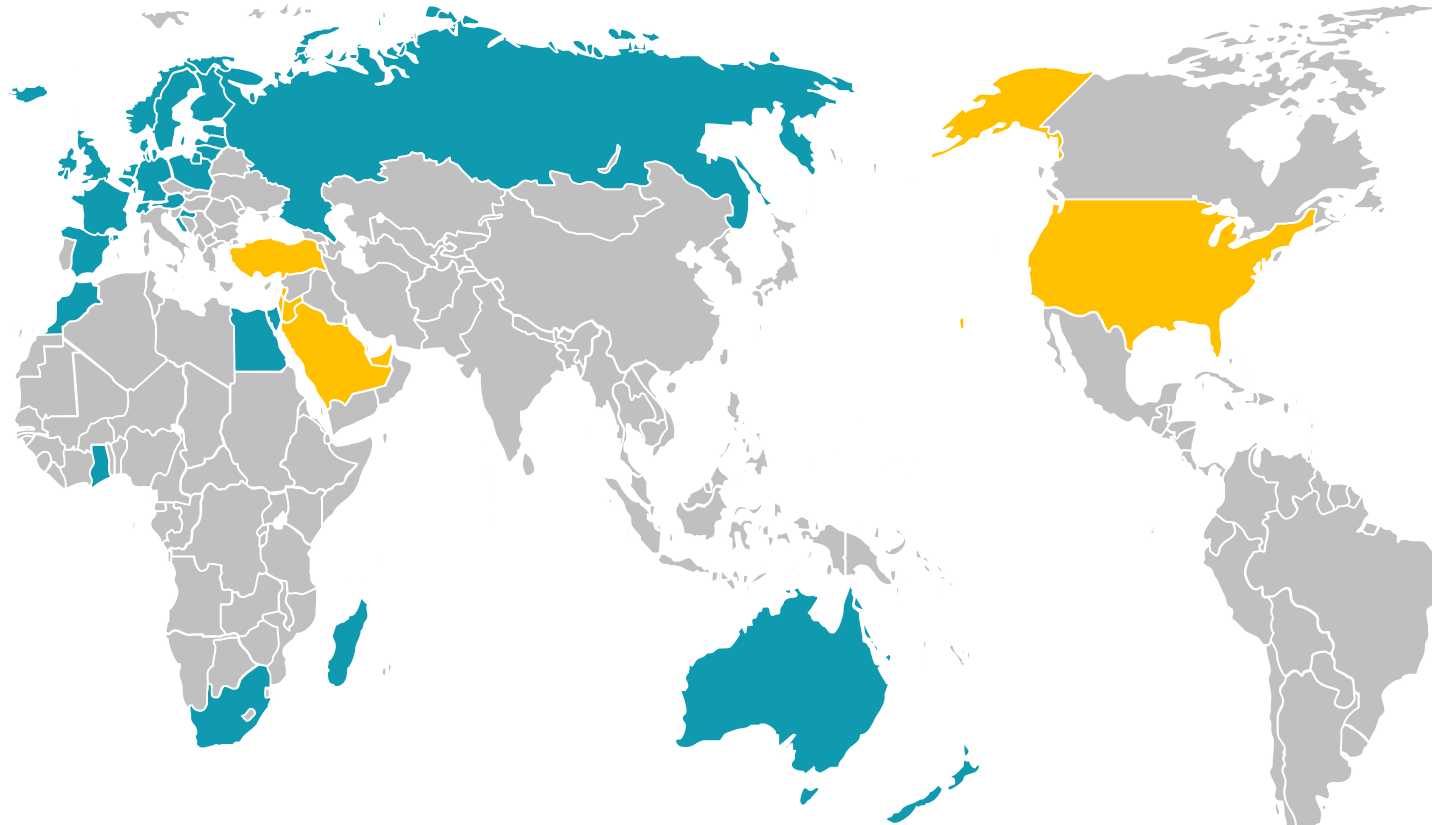


GROWTH STRATEGIES – ORGANIC & BY ACQUISITION

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25+ Countries | 2400+ Clients | 7 Offices | 150 Employees



Growth in customers organically & via strategic acquisitions

Trend toward 75%+ revenue international

Trend toward 75%+ revenue annualized recurring

Increase revenue per customer



Financial Results

INCOME STATEMENT

A\$m	FY17 Statutory Actual	FY18 Half-Year Guidance	FY18 Statutory Actual	FY18 Variance Forecast
Revenue	23.4	34.0	33.6	(0.4)
Other Income	0.7	1.5	1.5	-
Total Revenue & Income	24.1	35.5	35.1	(0.4)
Cost of Sales	(5.4)	(9.5)	(9.0)	0.5
Gross Margin	18.7	26.0	26.1	0.1
Customer Services & Technical Costs	(3.8)	(5.4)	(5.4)	-
Sales & Marketing Costs	(4.6)	(4.8)	(4.8)	-
Research & Development Costs	(4.3)	(4.0)	(5.4)	(1.4)
General & Administration Expenses	(4.0)	(5.4)	(5.3)	0.1
Adjusted¹ EBITDA	2.1	6.4	5.2	(1.2)
Significant One-Off Costs	(8.8)	(0.3)	(0.3)	-
Transaction Costs	(1.0)	(0.2)	(0.6)	(0.4)
EBITDA	(7.7)	5.9	4.3	(1.6)
Depreciation, Interest & Tax	0.8	-	0.3	0.3
NPATA	(6.9)	5.9	4.6	(1.3)
Amortisation	(4.1)		(4.5)	
NPAT	(11.0)		0.1	
Adjusted¹ NPATA	2.9	5.9	5.6	(0.3)

Key Notes:

- **Research & Development** – an additional \$1.4m was invested in solution innovations commercialisable in the future. \$5.7m total R&D spend offset by \$0.3m tax credit.
 - Note that a number of comparative technology companies on the ASX capitalise R&D expenditure and take through the amortisation line over a 5-10 year period. Adjusted EBITDA excluding R&D in FY18 would be \$10.6m.
- **Transaction Costs** – costs relate to XciteMedia & Pricap completed in H2, and other acquisitions not completed or in progress.
- **Tax** – includes benefit from R&D incentives and lower offshore corporate tax rates
- **Amortisation** - relates to the identified acquisition intangibles such as customer contracts only, no capitalised R&D.

(1) Adjusted EBITDA and Adjusted NPATA excludes significant expense items of \$0.9m predominately relating to transaction related expenses, and includes other income from the release of an earn out provision (FY18: \$0.5m, FY17: \$0.7m) and gain on the sale of Zuuse shares (FY18: \$0.6m, FY17: Nil).

BALANCE SHEET

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A\$m	June 2017	June 2018
Cash & cash equivalents	11.9	6.6
Trade & other receivables	7.2	8.5
Assets held for sale	2.2	1.9
Property, Plant & Equipment	0.3	0.2
Intangible assets	41.9	43.3
Other assets	0.8	1.0
Total Assets	64.3	61.6
Trade and other payables	(7.3)	(6.1)
Provisions	(6.7)	(4.4)
Borrowings	(0.2)	-
Deferred tax liability	(3.5)	(2.3)
Deferred revenue	(5.9)	(6.0)
Total Liabilities	(23.6)	(18.8)
Net Assets	40.6	42.8

Key Notes:

- Strong balance sheet - Cash of \$6.6m, No Loan Debt;
- Assets held for sale relate to Zuuse Pty Ltd. Other receivables include a non-current loan owing from Zuuse of \$0.8m.
- Intangible assets relate to acquired businesses
- Deferred consideration on business combinations included in other payables and provisions
- Net deferred tax liability of \$2.3m includes \$1.5m asset related to tax losses, \$4.2m liability related to intangible assets and a net asset of \$0.4m for timing differences

CASHFLOW

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A\$m	FY17	FY18
Receipts from Customers and incentives	22.8	37.5
Payments to suppliers	(23.2)	(37.0)
Net finance costs	0.0	0.1
Tax paid	(0.1)	(0.2)
Net Operating Cash Flow	(0.5)	0.4
Capex	(1.8)	(0.1)
Acquisitions of subsidiaries	(18.7)	(5.9)
Proceeds from disposal of investment	0.1	0.9
Net Investing Cash Flow	(20.4)	(5.1)
Repayment of borrowings	(0.2)	(0.2)
Net proceeds on issue of share capital	14.0	(0.2)
Net proceeds on issue of converting notes	16.2	-
Net Financing Cash Flow	30.0	(0.4)
Net Cash Flow Movement for the Year	9.1	(5.1)
Net Cash Balance	11.7	6.6

Key Notes:

- No Debt; Positive Operating Cash Flow for FY18
- Non-cash items in 2017 represent fair value of converting notes and share-based payments
- Comments on Working Capital Movement in Operating Cash Flow Bridge to EBITDA:
 - \$1.6m of prior year IPO related expenses incurred in Q1 FY18;
 - \$3.0m in payments on FY18 sales deferred post 30 June 2019;
 - \$0.6m of Transaction Expenses carried in Operating Cashflow per technical accounting standards despite being related to Investing Activities such as acquisitions and Zuuse sell-down.

Appendix

Segment results

MSL GROUP SUMMARY	MPower Venue			MPower Golf			MPower Media			MPower BI			Corporate			MSL TOTAL		
STATUTORY RESULTS (A\$'000s)	FY18	FY17	Variance	FY18	FY17	Variance	FY18	FY17	Variance	FY18	FY17	Variance	FY18	FY17	Variance	FY18	FY17	Variance
Annuity Revenue	7,589	6,830	759	6,978	4,784	2,194	784	164	620	474	300	174	0	0	0	15,825	12,078	3,747
Other Revenue	13,068	7,478	5,590	2,728	2,805	(77)	544	689	(145)	1,435	359	1,076	1,461	707	754	19,236	12,038	7,198
Total Revenue	20,657	14,308	6,349	9,706	7,589	2,117	1,328	853	475	1,909	659	1,250	1,461	707	754	35,061	24,116	10,945
3rd Party COGS	(8,151)	(5,039)	(3,112)	(766)	(321)	(445)	(35)	0	(35)	(62)	(49)	(13)	0	0	0	(9,014)	(5,409)	(3,605)
Overheads	(9,749)	(7,054)	(2,695)	(5,848)	(6,010)	162	(593)	(591)	(2)	(748)	(723)	(25)	(3,976)	(2,258)	(1,718)	(20,914)	(16,636)	(4,278)
Total Expenses	(17,900)	(12,093)	(5,807)	(6,614)	(6,331)	(283)	(628)	(591)	(37)	(810)	(772)	(38)	(3,976)	(2,258)	(1,718)	(29,928)	(22,045)	(7,883)
Adjusted EBITDA	2,757	2,215	542	3,092	1,258	1,834	700	262	438	1,099	(113)	1,212	(2,515)	(1,551)	(964)	5,133	2,071	3,062
Significant items													(918)	(9,844)	8,926	(918)	(9,844)	8,926
Depreciation													(154)	(167)	13	(154)	(167)	13
Amortisation													(4,557)	(4,122)	(435)	(4,557)	(4,122)	(435)
Interest													(214)	(21)	(193)	(214)	(21)	(193)
Tax													798	1,063	(265)	798	1,063	(265)
NPAT	2,757	2,215	542	3,092	1,258	1,834	700	262	438	1,099	(113)	1,212	(7,560)	(14,642)	7,082	88	(11,020)	11,108
Adjusted NPATA	2,757	2,215	542	3,092	1,258	1,834	700	262	438	1,099	(113)	1,212	(2,085)	(676)	(1,409)	5,563	2,946	2,617