

25 August 2021: ASX RELEASE

MSL achieves EBITDA of \$3.1m and \$4.5m in positive operating cash flow

Annual Report and Appendix 4E for the year ended 30 June 2021

Highlights

- MSL Solutions Limited (ASX:MSL) delivers strong earnings with FY21 EBITDA of \$3.1 million (exclusive of government subsidies) a \$4.1 million improvement on FY20 EBITDA loss of \$0.94 million. EBITDA is \$4.2 million with the inclusion of government subsidies, marking the first positive EBITDA year since 2018
- Strong cash performance, generating net cash from operations of \$4.5 million excluding government subsidies after four consecutive quarters generating positive operating cash. A \$7.3 improvement on FY20 operating cash, excluding government subsidies
- Net Profit after Tax for FY21 of \$0.9 million compared to a loss in FY20 of \$16.4 million
- Revenue of \$24.7m in FY21 was a 1.6% decrease on FY20 resulting from a Covid challenged environment in the UK and Europe plus product and services rationalisation which has been reflected in the EBITDA improvements
- SwiftPOS acquisition, completed in November 2020 and now fully integrated, has resulted in a 20%+ increase in FY21 revenue on a like-for-like basis. SwiftPOS is placed in over 5,000 locations across 28 countries

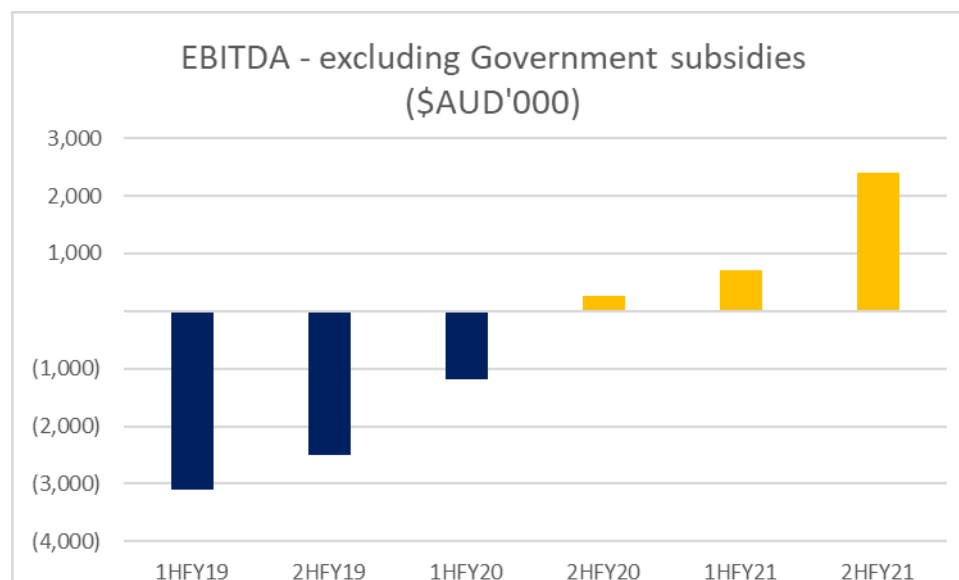
Expansion of blue chip client base across a number of stadiums, racecourse and arenas operated by the world's largest venue management company, ASM Global, both domestic and international locations

- Broadening the partnership network with the inclusion of
 - OpenPay adding exposure to buy now, pay later services.
 - Doshii extending our reach to growth platforms such as Deliveroo etc.
 - Revenue share with Me&U, Tyro, Till Payments, Windcave all with access to MSL POS solutions.
- Golf brands continue to maintain market dominance in key areas including GolfLink handicapping in Australia, while GolfBox has continued to improve its profitability despite the disruptions in Europe
- New Digital revenue streams have been created in FY21, with 77 new locations generating access to 221,000 unique transactions valued at over \$12m of transactions. All systems interact and rely on MSL existing POS solutions
- Strong balance sheet with cash at end of period of \$5.4m and \$1.2m in undrawn loan facilities

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Sports, leisure and hospitality SaaS technology provider MSL Solutions Limited (ASX: MSL, “MSL” or “the Company”) is pleased to provide its Annual Report and Appendix 4E for the year ended 30 June 2021.

Continued half on half EBITDA growth



Financial and operational performance

MSL produced a return to positive earnings and operating cash flow in the 2021 financial year, delivering two key financial milestones as efficiency and growth initiatives offset ongoing disruptions from COVID-19.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$4.2 million for the 12 months followed an EBITDA loss of \$59,000 in the prior financial year. Excluding Government subsidies, the Company reported EBITDA of \$3.1 m compared to a loss of \$940k in 2020.

Following the improvement in EBITDA, the Net Profit after Tax also improved to \$0.9 million following a loss of \$16.4 million in FY20. The income tax benefit for FY21 of \$1.3 million is a result of the Company’s view of the probable utilisation of deferred tax assets in FY22.

Cash generated from operations (excluding government subsidies) increased to \$4.5 million, up from a cash loss of \$2.8 million in 2020. Including COVID-related support and subsidies, MSL delivered an operating cash surplus of \$5.7 million in FY21. This final EBITDA outcome is over a \$600,000 improvement on the guidance provided on the 26th July 2021 with the Appendix 4C. Following the lodgement of the Company’s Appendix 4C and in light of the positive operating cashflow over the past 4 quarters, the ASX has released the Company from its obligation to lodge quarterly activities/cashflow Appendix 4C.

Revenue fell slightly as businesses across MSL’s key markets were impacted by public health measures at different times during the year and as the Company optimised its product suite. MSL generated revenue of \$24.7 million in the year, marginally down from \$25.1 million in FY20.

MSL ended the period with cash of \$5.4 million and available additional liquidity of \$1.2 million in undrawn loan facilities.

The acquisition of SwiftPOS in November 2020 was pivotal for MSL. As the largest reseller of SwiftPOS before the acquisition, the Company used its detailed knowledge of the international POS software solutions provider to quickly integrate the business. Revenue generated by SwiftPOS increased by 20%+ in FY21 on a like-for-like basis.

The year also marked an expansion in MSL's blue-chip customer base and partnership network especially with the world's largest venue management company, ASM Global. Highlights of the ASM relationship in FY21 include the rolling out of POS solutions across the RAC Arena in Perth and 22 venues across the UK.

The extension of MSL's relationship with ASM, as the world's largest venue management and services company, offered a clear demonstration the competitiveness of MSL's products on an international basis.

The Company also formed partnerships with buy now, pay later (BNPL) provider OpenPay and hospitality software marketplace and provider Doshii in FY21.

Through the agreement with Openpay, MSL was able to add a BNPL payment option to its golf and membership products. This allowed participating golf clubs to include Openpay's BNPL plans as a payment option for member subscription fees whilst enhancing golf clubs' operating cashflows.

The partnership with Doshii, which is backed by Commonwealth Bank's x15ventures, expanded the range of enterprise software services available to MSL's client base while delivering new business development and marketing opportunities. The agreement enables MSL's POS clients to connect directly to the likes of Deliveroo, Mr Yum, OrderUp and Mobi2Go, along with MSL's existing partner networks such as Me&U.

The markets in which MSL's Golf segment operates continued to see growth in participation during the year boosted by a resurgence in the sport in Australia, lifting membership numbers for Golf Australia. The Company's European subsidiary, Golfbox, continued to improve its profitability, despite the pandemic, through ongoing contracts with long-term partner federations in Norway, Switzerland and Denmark, among others.

Outlook

MSL enters FY22 in a position of strength. The trajectory of MSL's financial performance continues to reflect the Company's international growth boosted by a high-profile client base. The new contract announced in July 2021 with the internationally-renowned City Football Group (CFG), whose portfolio includes Manchester City FC and its home base Etihad Stadium, reinforced MSL's prospects in the year ahead especially within the UK market.

In August 2021:

- MSL signed Trafalgar Entertainment's Sydney Royal Theatre. Trafalgar have a further 12 major live production theatres in the UK and are looking to further expand their international presence in this sector. MSL POS solutions have the adaptability to work across multiple sectors and allow for integrated ticket and services solutions
- MSL signed a 5-year deal with the O'Brien Group to provide the SwiftPOS platform to AAMI Park. MSL will provide over 140 Terminals with software and support to the iconic Melbourne Stadium.
- MSL completed its first direct sale in the UK with SwiftPOS. The sale to Brighton i360, the 162m iconic observation tower emphasises the flexibility in MSL's offering in different global markets.

The Company's momentum will continue to benefit from the growing market for enterprise software-as-a-service (SaaS) products among hospitality and venue businesses. The digitisation trend across businesses of all sizes servicing patrons and attendees in pubs, clubs, entertainment venues and stadiums shows no sign of slowing after the COVID-19 pandemic accelerated uptake, complementing the growth outlook from the Company's internal initiatives.

With a strong cash position and robust recurring revenues, the Company remains focused on delivering organic growth while exploring acquisition and partnership opportunities that offer the capacity to strengthen the Company's technology platform and product mix.

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MSL Solutions CEO, Pat Howard, said:

“We are proud of the results we have achieved in the 2021 financial year. Against a backdrop of ongoing disruptions, MSL delivered robust earnings and operational cash flow and, in so doing, met a multi-year objective to lift these metrics back into positive territory.

“We are now looking forward to delivering on our growth plans heading into FY22 from a lean but competitive operational foundation. With leading international companies like ASM Global and City Football Group having selected MSL to support their operations in the last 12 months, our opportunities for growth, both organic and otherwise, are favourable.

“As a Brisbane-based enterprise SaaS provider servicing the sports and leisure markets, we are also excited and optimistic about the award of the 2032 Olympics and Paralympics to our home city.”

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

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About MSL Solutions Limited

MSL Solutions Limited (ASX: MSL) is a leading SaaS technology provider to the sports, leisure and hospitality sectors. We help some of the world's most iconic venues around the world—stadiums and arenas, pubs and member clubs, sporting associations, golf federations, and more—to deliver outstanding customer experiences during every engagement.

MSL develops and delivers fully integrated and modular systems that connect customers to venues through mobile and contactless entry, ordering and payment solutions. We seamlessly connect front-of-house to back-office, offering an end-to-end guest engagement platform which provides actionable insights on key success metrics to venues of all sizes.

MSL Solutions has over 5,000 customers with offices in Australia, UK and Denmark. To discover more about MSL, please visit www.mslsolutions.com.