

22 August 2019: ASX RELEASE

MSL Solutions Limited (ASX:MPW) commences Company Overhaul and Restructure

Highlights:

- **Board and Management changes**
- **Significant reduction in OPEX – FY20**
- **Return to profitability and positive operating cash flow**
- **Balance Sheet adjustments**

Following the previously announced strategic review, MSL Solutions Limited (“MSL or “the Company”) has commenced a program to right-size, restructure and refocus the company to return the business to profitability and positive operating cashflow.

Board Changes:

- Current Chairman, Mr. John Down, and Director, Mr. Ian Daly, will retire at the end of August 2019, with Messrs Richard Holzgrefe, David Trude and Earl Eddings continuing to serve on the Board; and
- Mr. Tony Toohey, former Managing Director & CEO of Intecq & eBet Limited, appointed as Executive Director & Chairman, effective 1 September 2019.

Management Changes:

- Current CEO & Managing Director, Mr. Craig Kinross, transitions to a new role as Director of Strategy targeting key strategic growth opportunities for the Group;
- Mr. Pat Howard joins as the Company’s new CEO, commencing immediately to drive strong execution in operations across the business; and
- COO, CTO & General Manager M&A departed the Company during August 2019.

Reduction in operating expenditure (“OPEX”):

The right-sizing of the Company’s operations in FY20’s OPEX as compared to FY19 is forecast to reduce as follows:

- \$5m to \$6m (19-23%) decrease in headcount costs and overall business operating expenses across all operations;
- Initial target objective is to bridge the gap between OPEX incurred and recurring revenues;
- Restructuring costs related to headcount reduction are estimated at \$0.9m to \$1.2m, incurred during FY20; and
- Returning the company to profitability and generating positive operating cashflow.

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Refocus / Core Activities:

Retiring Chairman, Mr. John Down, confirmed the importance of being able to attract a new executive team to drive the realignment and right-sizing of the business. This is geared to return the Company to profitability and positive operating cashflow through customer focus, driving sales and recurring revenues in our core sectors of Golf, Stadia and Hospitality out of Australia, UK and Europe.

Customers remain at the core of our business and this program will continue to ensure MSL delivers innovation and improved customer support to be industry leaders.

The Company has already withdrawn from the non-core activities of UAE operations and Retirement Living, and the Company will continue to assess all activities, products and cease or divest/expand on a case by case basis.

Balance Sheet Review:

- The Company, as part of its strategic review, will reduce its capitalisation of software development costs for FY19 from \$2.1m (as advised in the Appendix 4C and unaudited results announcement on 15 July 2019) to \$0.45m. Going forward the Company expects to continue to capitalise software development expenditure annually across the Group; and
- Subject to final audit review, the Company expects to incur an impairment charge of between \$10m to \$12m of Goodwill in the FY19 financial statements. There is no impairment expected to the carrying value of the existing Software and Customer Contract assets.

Craig Kinross – New Role Focus:

After seven years as Managing Director & CEO, taking the Company from its small beginnings in Australian clubs, Craig Kinross is transitioning to a new role as Director of Strategy. In this capacity Craig will continue to work with the business and report directly to the Board, being focused on targeting key strategic growth opportunities for MSL. Initially this role will be based out of the UK to take advantage of current opportunities. This new role allows Craig to focus on driving initiatives in line with the Company's vision and strategic objectives to achieve MPower MSL's potential in the global market. Please refer to the attached Appendix regarding the information required under ASX Listing Rule 3.16.4.

About:**Pat Howard**

Pat is an experienced senior executive and director with previous roles as COO of the ASX listed Cromwell Property Group, and Executive General Manager with Cricket Australia and Rugby Australia. A demonstrated history of driving change, delivering outcomes and enhancing people and business performance across a diverse portfolio including sport, entertainment, health, retail, property, industrial relations and funds management. Pat has Pharmacy, Applied Finance, AICD and MBA qualifications. Please refer to the attached Appendix regarding the information required under ASX Listing Rule 3.16.4.

Tony Toohey

Tony is a highly accomplished senior executive with over 35 years in the gaming, hospitality, leisure and technology industries with a proven track record of success in creating sustainable competitive advantage and a strong platform for continuing growth. Tony is the former Managing Director, CEO & Executive Chairman ASX listed Intecq & eBet Limited. Intecq / eBet Limited was acquired by Tabcorp in Dec 2016 for \$128 million. Tony served as GM Business Development Gaming Tabcorp from 2016 until July 2018. The necessary information will be disclosed as appropriate under ASX Listing Rule 3.16.4.

MPower MSL

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.

Appendix

Material Terms of Employment Agreement - Pat Howard

Key Terms	Detail
Position	Chief Executive Officer (CEO)
Commencement Date	19 August 2019
Term	Employed on a permanent full-time basis from the Commencement Date until terminated in accordance with the Employment Agreement. Probation period of six months applies from the Commencement Date. If the Employee's Position changes, the remainder of the terms and conditions in this document continue to apply, unless the Employee and Employer enter into a new written agreement to replace this document.
Notice Period	The Company and Executive may terminate without cause by providing six (6) months' written notice. The Executive may be terminated immediately for serious misconduct.
Fixed Remuneration	\$295,000 per annum (inclusive of superannuation).
Short-Term incentive (STI)	30% of Fixed Remuneration issued annually, with Key Performance Indicators (KPI's) in line with driving Company performance. Payment will be made as 20% cash STI and 10% equity. The equity STI (via an on-market share purchase) requires the Executive to remain in employment with the Company for a further 12 months after the KPI has been assessed as achieved.
Long-Term Incentive (LTI)	<ul style="list-style-type: none"> 1,000,000 Performance Rights in the Company with a two (2) year vesting period from the Commencement Date; and 20% of Fixed Remuneration issued annually as Performance Rights under the Company's Performance Rights Plan, subject to vesting conditions (which are currently a minimum share price hurdle and four (4) year service period).
Payments on Termination	Employee or by the Employer at any time by either of them giving to the other six (6) months' written notice. The Company can make a payment in lieu of Notice Period.
Other Terms	The Employment Agreement contains standard terms and conditions for agreements of this nature, including provisions relating to leave entitlements, confidential information and intellectual property.

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Material Terms of Employment Agreement – Craig Kinross

Key Terms	Detail
Position	Director of Strategy
Commencement Date	20 August 2019
Term	Continues current employment in the newly created position maintaining the same Notice Period and Termination provisions with a review instigated after the initial six (6) month period.
Notice Period	The Company and Executive may terminate without cause at the end of the initial six (6) month review period by providing three (3) months' written notice. The Executive may be terminated immediately for serious misconduct.
Fixed Remuneration (unchanged)	\$300,000 per annum (inclusive of superannuation).
Short-Term Incentive (STI)	Incentive structure that is based on Strategic Revenue deals and M&A transactions (less transaction costs). The first \$75,000 of incentives calculated will be covered within the base Fixed Remuneration.
Long-Term Incentive (LTI) (unchanged)	560,000 Performance rights issued on 5 December 2018 remain. Vesting date is 30 June 2022, and the vesting condition is subject to the Company achieving a TSR of 10% compounding per annum from a base price of \$0.25 per security (minimum share price of \$0.35 per security to be achieved by the vesting date).
Payments on Termination (unchanged)	Employee or by the Employer at any time by either of them giving to the other three (3) months' written notice. The Company can make a payment in lieu of the Notice Period.
Other Terms	The Employment Agreement contains standard terms and conditions for agreements of this nature, including provisions relating to leave entitlements, confidential information and intellectual property. The role will mostly be domiciled in the United Kingdom during the initial review period.

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