

MSL Solutions Limited (ASX: MPW) Completes Acquisition of Pallister Games Assets

Tuesday, 30th May 2017: As set out in the Company's Prospectus, MSL entered into an agreement on 22 March 2017 to acquire additional member engagement assets from Ray Pallister Pty Ltd, subject to final MSL Board approval and completion of the Company's IPO. The agreed purchase includes all of the assets necessary to operate and provide the software product known as 'Pallister Games' and the 'Online Merchant Shop'.

The Board of Directors of MSL are pleased to advise that the acquisition of Pallister Games member engagement assets has been completed.

MSL Managing Director and Chief Executive Officer, Craig Kinross: "Venue and club needs are centred around improving their revenues, and how IT solutions can facilitate this. Key to this is improving the member/guest experience and looking at revenue diversification opportunities."

We are excited about the addition of the Pallister Games assets to the MSL MPower suite of products. It is proven in over 45 venues in NSW, and has a lot of flexibility in relation to how the games can be deployed when it is integrated with the MPower platform including on the floor of the venue, at point of sale, on a kiosk or website or even on the members' app for the venue."

Ray Pallister Chief Executive Officer, Luke Pallister: "We are proud of what we have created in the market with our Pallister Games assets. Based upon our knowledge of the market, linking the games with the leading MSL MPower platform was a natural evolution for the product to ensure it can scale across multiple pub and club markets. This will be a great result for our existing customers, and allows for much greater opportunities worldwide with the MSL customer base."

We look forward to moving to the next phase, and working with the MSL team to ensure its success."

Highlights

- Pallister Games service upgraded in April 2017 with complete integration to the MSL MPower platform, providing enhanced features and new revenue stream opportunities for venues;
- Acquisition adds 45+ customer contracts and \$400k+ in annualised gross profits;
- Purchase price is \$1.6million in cash, plus performance earn-outs from FY18 to FY20 payable in cash/shares. The purchase price is at an EBITDA multiplier of between 2.0x and 5.0x.

The products acquired are already licensed for use in over 45 clubs throughout NSW, and allow clubs to promote member attendance and participation by programmatically awarding prizes or loyalty incentives.

The products are protected by patent and MSL expect to benefit from this acquisition by:

- extending sales of the products outside NSW through MSL's existing customer base;
- monthly recurring revenues protected by customer agreements;
- packaging the products with other existing MSL member engagement products for clubs; and
- the deal is expected to be revenue, profit and EPS accretive.

Since execution of the agreement the Pallister Games service has been upgraded in April 2017 to include new games, a catalogue of 10,000+ music videos and the ability for venues to run advertising through

their screens offering a new revenue stream for Pallister Games venues through sharing advertising revenue.

The games are an important strategic modular addition to the MPower Media Buying Club. The Buying Club platform improves a venues loyalty program engagement and facilitates unique offers to venues and their members by national retailers and local merchants. The Pallister Games integration also allows venues to load prizes “from the floor” direct into member/patron loyalty accounts.

Further enhancements being delivered include full integration for deployment of the of the games on Point of Sale advertising screens and on a venues membership app, further enabling the member/guest engagement experience.

The purchase price for the acquisition is a completion payment of \$1.6 million payable in cash. There is an earn-out payment of up to \$750,000 in respect of each of FY18, FY19 and FY20 calculated based on achievement of incremental EBITDA margins generated from the Pallister Games assets as follows:

- \$300,000 annual earn-out if EBITDA contribution to MSL exceeds \$500,000;
- Bonus earn-out of 30% of EBITDA contribution to MSL exceeding \$500,000 per annum.

Earn-out payments may be paid by the Company (at its discretion) in either cash or by the issues of Shares in the Company determined using the 10-day volume weighted average price of Shares during the period ending on the final day of the relevant financial year.

The Ray Pallister business development team will continue to assist marketing the Pallister Games and MSL Buying Club services to the pub and club markets during the earn-out period.

Ends

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About MSL Solutions Limited

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 Platform. MSL has a head office in Brisbane and offices in Sydney, Melbourne, UK and Denmark. To discover more about MSL please visit www.mpowermsl.com.

About MPower Platform

MSL's MPower Platform connects member organisations' business software and data needs to improve guest engagement, loyalty, gain business efficiencies and improve governance. MSL provides scalable full venue business software applications and data solutions integrated through the MPower core integration architecture. This means that MSL can provide solutions to both small and large organisations and associations. MSL provides cloud based SaaS, hosted and on-site deployed software, data and loyalty/media solutions.

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