

31 January 2020: ASX RELEASE

Appendix 4C – Q2 FY2020

MSL Solutions Limited (ASX: MPW) (“MSL or “the Company”) has today lodged its Appendix 4C cash flow report for the quarter ended 31 December 2019.

The cash flow results for Q2 FY2020 are attached and reflects two successful capital raisings via a share placement to institutional and sophisticated investors and a share purchase plan to eligible shareholders both completed in the quarter and raised a combined \$5.431 million.

The Company intends to release its interim financial report for the 6 months to 31 December 2019 on 28 February 2020.

Ends

For further information, please contact:

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About MSL Solutions Limited

MSL Solutions Limited (ASX: MPW) operates in the sports, leisure and hospitality sectors. Some of the world’s iconic sports and entertainment companies and PGA’s rely on MPower MSL every day. We create the systems that connect every department of a business from point of sale and membership to marketing and real time visibility on staff levels, customer engagement, profits and revenue. MPower MSL has 1,220+ customers with offices in Australia, UK and Denmark. To discover more about MPower MSL please visit www.mpowermsl.com.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

MSL Solutions Limited

ABN

96 120 815 778

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,476	14,451
1.2 Payments for		
(a) research and development	(1,383)	(2,955)
(b) direct costs of sales	(2,129)	(3,953)
(c) sales, advertising and marketing	(1,094)	(2,371)
(d) customer and technical services	(1,442)	(3,143)
(e) general and administration	(2,001)	(4,350)
(f) other working capital costs	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	27
1.5 Interest and other costs of finance paid	(29)	(55)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	40	40
1.8 Other (provide details if material)	(3)	(797)
1.9 Net cash from / (used in) operating activities	(1,565)	(3,106)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses (see Item 10)	-	(180)
(c) property, plant and equipment	(10)	(14)
(d) investments	-	-
(e) intellectual property	-	29
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	55	623
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	45	458

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,431	5,431
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(215)	(215)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(255)	(362)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,961	4,854

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	892	2,130
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,565)	(3,106)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	45	458

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,961	4,854
4.5	Effect of movement in exchange rates on cash held	13	10
4.6	Cash and cash equivalents at end of period	4,346	4,346

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,087	937
5.2	Call deposits	3	-
5.3	Bank overdrafts	(75)	(349)
5.4	Other (provide details)	331	304
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,346	892

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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Amounts included in item 6.1 are fees paid to Directors of the Company during the period.

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,261	1,261
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	1,261	1,261

7.5 Unused financing facilities available at quarter end

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company put in place a \$2m facility with Westpac in October 2018, with an indicative interest rate of 6.6% and amortisation of the limit over 36 months. There are no financial covenants and the facility is secured by a GSA over the Australian entities of the MSL Group.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,565)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,346
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,346
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.8

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2020

Authorised by: By order of the Board



Andrew Ritter (Company Secretary)
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.