

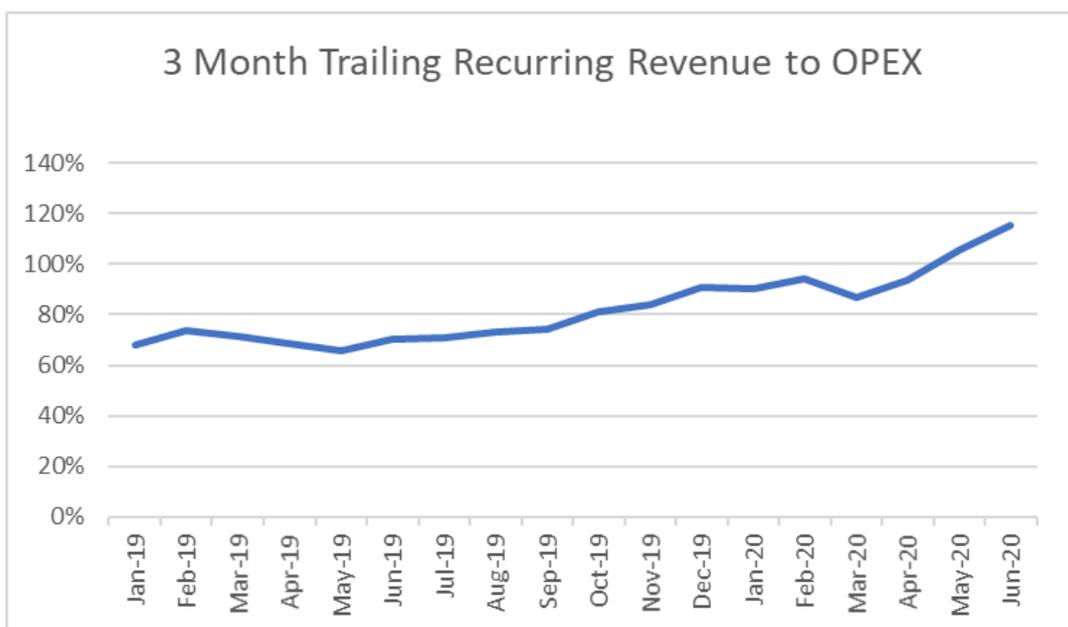
25th August 2020: ASX RELEASE

**FY20 Preliminary Final Report and Appendix 4E  
MSL achieves 83% improvement in EBITDA**

Sports, leisure and hospitality SaaS technology provider MSL Solutions Limited (ASX: MSL, or “the Company”) is pleased to provide the Company’s Preliminary Final Report and Appendix 4E for the year ending 30 June 2020.

**Highlights:**

- **Substantial earnings turnaround, with FY20 EBITDA loss of (\$0.9) million representing a \$4.7 million or 83% year-on-year improvement**
- **Positive EBITDA of \$0.25 million achieved in 2HFY20**
- **Resilient recurring revenue of \$17.9 million, with growth in MSL’s Golf and Venue operations in EMEA**
- **Closing Cash position of \$3.8 million as at 30 June 2020, with undrawn standby facilities available of \$0.5 million.**
- **Efficiency gains in FY20 resulted in a \$3.3 million (18%) decrease in headcount expenses before government subsidy benefits**
- **Management expects headcount expenses to decrease a further 5-10% in FY21 as the full year benefits of FY20 management decisions are realised**
- **MSL secured new long-term partnerships with AIT Kappture and OpenPay to support the Company’s growth strategy. In conjunction with the establishment of MPowerMSL UK and new COVID-19 ready products, MSL has laid the groundwork to deliver continued improvement in revenue and profitability in FY21**



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## Financial and operational performance

In FY20, MSL achieved year-on-year growth in recurring revenue, expanding the Company's contracted base to \$17.9 million. This result was enabled by focusing on customer engagement while the business underwent extensive restructuring.

The chart above indicates the continuous improvement that MSL has achieved in bolstering its base of recurring business while maintaining a tight focus on cost efficiencies.

Total revenue of \$25.1 million decreased by (9.8%) from FY19, exacerbated by the COVID 19 trading environment in Q4FY20. The ongoing decrease in second half operating expenses resulted in a positive EBITDA of \$0.25 million in H2FY20. This EBITDA result excludes government wage subsidies of \$881k.

This result was led by resilience in MSL's world-leading Golf business, particularly in EMEA, and growth in the recurring revenue base of the Company's EMEA Venue operations.

The Company had a Closing Cash position of \$3.8 million as at 30 June 2020, with undrawn standby facilities available of \$0.5 million.

## Strategy delivery

Following the Company's board and management refresh in Q1FY20, MSL focused on establishing and executing a program to right-size and refocus the business to return MSL to profitability and positive operating cashflow. This program saw the Company optimise both its cost base and its product suite, exiting some non-core and non-recurring sources of revenue. The Company is pleased to report that this program has yielded positive growth in key performance metrics and positioned MSL well to succeed in its chosen markets.

MSL Solutions CEO, Pat Howard, said:

*"Management joined MSL in the first quarter of FY20 with an objective to right size the business and return the Company to profitability. Even allowing for COVID-19, we continue to deliver against this objective, in the second half of FY20 achieving a positive EBITDA result. The improvement in our cash performance and position has enabled us to invest in attractive markets which is driving expansion of our customer base.*

*"FY21 presents MSL with an enormous opportunity. There is a clear and pressing need for clubs and venues to adopt new technology in order to re-open safely and to stay open – in essence, to adapt.*

*"COVID-19 has been a force of creative disruption, as the pandemic has encouraged us to develop and deliver new products which benefit our customers by providing non-traditional methods of engaging with their guests and members. Our products boost engagement and insight in a way that allows our customers to match reduced operational revenue with a more appropriate cost base.*

*"We are now seeing encouraging signs of growth in activity with our customers and larger partners as the market increasingly adopts our safe and efficient technology solutions. We look forward to building in FY21 on the momentum we have gathered throughout 2020".*

**Outlook**

MSL's key focus areas for FY21 are:

- Return to revenue growth by expanding sales through partnerships that integrate with our own products
- Leveraging our global blue-chip customer base to improve their operations
- Control operating expenses as a ratio of recurring revenue
- Continue to review and optimise the portfolio of products and businesses
- Assess opportunities to transition from a reseller model to owning our own intellectual property
- Continue to convert and improve the quality and strength of our pipeline

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

**For further information, please contact:**

Patrick Howard (CEO) / David Marshall (CFO & COO)  
MSL Solutions Limited

Phone: 1800 679 701 or +61 7 3512 3510 (outside Australia)

Email: [investor@mpowermsl.com](mailto:investor@mpowermsl.com)

Website: <http://mpowermsl.com/contact/>

**About MSL Solutions Limited**

MSL Solutions Limited (ASX: MSL) is a SaaS technology provider which operates in the sports, leisure and hospitality sectors. Some of the world's most iconic stadium and large event venues, sports and entertainment companies and Professional Golfers' Associations (PGAs) rely on MSL Solutions every day. We create the systems that connect every department of a business, from point of sale and membership to marketing, providing real time visibility on staff levels, customer engagement, profit and revenue.

MSL Solutions has over 1,220 customers with offices in Australia, UK and Denmark. To discover more about MSL, please visit [www.mpowermsl.com](http://www.mpowermsl.com).

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