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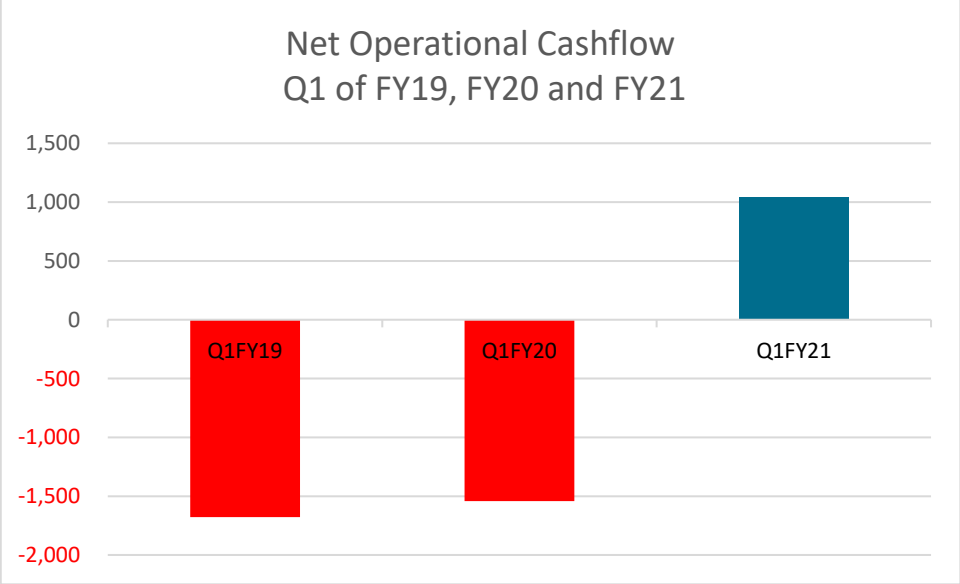
15 October 2020: ASX RELEASE

Business Update and Appendix 4C – Q1 FY21

Sports, leisure and hospitality SaaS technology provider MSL Solutions Limited (ASX: MSL, "MSL" or "the Company") is pleased to provide its Appendix 4C cash flow report for the quarter ended 30 September 2020. In this quarter, the Company's financial and operating performance has continued to recover from the impact of COVID-19 with a return to generation of positive operational cashflow.

Highlights:

- **MSL delivers its best quarterly cash performance in more than two years, generating $1.026 million in net operational cashflow including $0.9m in targeted government subsidies and $155k in restructuring charges as MSL continues to reset its Operating Expenses to match its Recurring Revenue in the United Kingdom**
- **Cash receipts increased to $6.7 million, up 27.7% quarter-on-quarter driven by strong customer engagement and new contract wins**
- **MSL signs five-year deal to deliver its modern point-of-sale (POS) solutions into RAC Arena in Perth, building on existing relationship with venue operator ASM Global and generating majority upfront revenue for MSL**
- **Revenue sharing Merchant Agreement signed as part of strategic partnership with leading 'buy now pay later' (BNPL) payment solution provider Openpay Group Ltd (ASX: OPY), with initial three-year contract outlining a phased rollout of Openpay's BNPL offering to MSL's Golf customers in Australia and first revenues generated during Q1 FY21**
- **Integration agreement signed with me&u to provide at-table and in-seat ordering and payment services**
- **Cash position of $4.8 million as at 30 September 2020, an increase of $958k from 30 June 2020**
- **MSL has achieved a Q1 positive cashflow for the first time since listing highlighting a significant milestone in the turnaround of the business**



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Operational Performance

The Company delivered positive operational cashflow of $1.026 million in Q1 FY21. This represents the best quarterly operating cash performance by MSL for more than two years.

MSL has delivered a positive operational cash performance in the first 9 months of CY20 which represents an improvement of more than $4 million compared to the first 9 months of CY19.

The Company's latest quarterly cash performance is particularly pleasing as it comes on the back of strong growth in cash receipts, which increased by 27.7% quarter-on-quarter to $6.7 million, and also in light of the Company's achievement of positive operational cashflow even before its receipt of government subsidies targeted to mitigate COVID-19's impact.

In August, MSL announced it had signed a revenue sharing Merchant Agreement with leading 'buy now pay later' (BNPL) payment solution provider Openpay Group Ltd (ASX: OPY, 'Openpay').

Openpay is a well-established player in the fast-growing global market for BNPL payment solutions. Openpay partners with merchants to provide repayment plans to customers in-store, in-app and online, allowing customers to purchase what they want and need while spreading repayments over time with no interest costs.

The three-year agreement will see MSL integrate Openpay's BNPL offering with MSL's golf and membership products on a phased basis. This allows participating golf clubs to include Openpay's BNPL plans as a payment option for member subscription fees whilst enhancing golf clubs' operating cashflows. MSL generated its first revenues under this agreement during Q1 FY21.

In September, MSL announced it had signed a multi-year contract with Australia's largest venue operator, ASM Global, to provide its integrated point of sale (POS) and transaction management platform to RAC Arena. The contract will see MSL implement a platform which integrates market-leading software from SwiftPOS with MSL's mobile POS solution.

More than 100 fixed terminals and 60 mobile tablet devices will be installed to extend RAC Arena's POS capabilities across their entire arena and corporate suites. The platform will enhance guest engagement at the arena and deliver a superior customer experience for all RAC Arena guests.

The contract generates majority upfront revenue for MSL, along with associated subscriptions over the initial 5-year term.

During the quarter, MSL signed an Integration Agreement with Meandu Australia Holdings Pty Ltd ("me&u"), which provides a leading mobile ordering & payment app for cafes, restaurants and bars.

Under the two-year agreement, me&u and MSL will work together to enable hospitality venues within MSL's network across Australia to integrate with me&u's app which provides at-table ordering and payment services to merchants in the food and beverage industry. Under the agreement, MSL will earn revenue from setup, referrals and transaction commission fees based on sales generated following successful referrals of customers from MSL to me&u.

MSL Solutions CEO, Pat Howard, said:

"We are pleased to see reward for effort in the actions we have taken to improve our cash performance quarter by quarter. Our focus on a sustainable business has positioned us well for the future and we are seeing new revenue generated off the new cost base.

FY21 presents MSL with strong opportunities as clubs and venues increasingly recognise that our technology solutions can increase efficiency and therefore safety so that they can adapt and thrive in a post-COVID environment."

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Corporate

MSL issued its Corporate Governance Statement and Appendix 4G during the quarter.

In accordance with Listing Rule 4.7C, payments of $117k made to related parties and their associates, included in item 6.1 of the Appendix 4C, are for Director fees and salaries (including superannuation and short-term incentive payments) paid to MSL Directors.

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

For further information, please contact:

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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 Profession 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.

Appendix 4C

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

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Name of entity

MSL Solutions Limited

ABN	**Quarter ended ("current quarter")**
96 120 815 778	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	6,690	6,690
1.2	Payments for		
	(a) research and development	(962)	(962)
	(b) direct costs of sales	(1,413)	(1,413)
	(c) sales, advertising and marketing	(959)	(959)
	(d) customer and technical services	(1,247)	(1,247)
	(e) general and administration	(1,880)	(1,880)
	(f) other working capital costs	-	-
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	14
1.5	Interest and other costs of finance paid	(73)	(73)
1.6	Income taxes received/(paid)	95	95
1.7	Government grants and tax incentives*	916	916
1.8	Other (Restructuring Costs)	(155)	(155)
1.9	**Net cash from / (used in) operating activities**	**1,026**	**1,026**

* In Q1FY21, the Company received Australian Federal Government Jobkeeper payments of $652k, Australian Federal Cashflow Boost of $75k and UK Government Coronavirus Job Retention Scheme payments of $AUD 189k.

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(2)	(2)
	(d) investments		
	(e) intellectual property	(257)	(257)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses	50	50
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	212	212
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**3**	**3**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5	Proceeds from borrowings	61	61
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Principal component of lease repayments)	(133)	(133)
3.10	**Net cash from / (used in) financing activities**	**(72)**	**(72)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,806	3,806
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,026	1,026

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3	3
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(72)	(72)
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	**Cash and cash equivalents at end of period**	**4,764**	**4,764**

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	4,407	3,419
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits supporting bank guarantees to property bonds)	357	387
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,764**	**3,806**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	117
6.2	Aggregate amount of payments to related parties and their associates included in item 2	N/A

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	1,180	1,180
7.2	Credit standby arrangements		
7.3	Other (bank overdrafts)	491	-
7.4	**Total financing facilities**	1,671	1,180

7.5	**Unused financing facilities available at quarter end**	491

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. The Company had received approval from Westpac under the banks COVID-19 relief to defer monthly amortisation payments for 6 months. During this period, interest continued to accrue and be capitalised against the loan balance. The facility term has been extended a further 6 months to April 2022 to maintain the monthly amortisation payments. The balance owing as at 30 September 2020 is $1.18 mil.

The Bank overdrafts are held by the UK entities (£150k) and the Danish entity (DKK 1.0m) respectively.

The UK bank overdraft of £150k is with Royal Bank of Scotland and is secured by a first ranking debenture over the UK entities of MSL Group with an interest rate on drawn funds at B + 3.3%.

The Danish bank overdraft of DKK 1.0m is with Danske Bank and is unsecured with an interest rate on drawn funds at 4.5%.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,026
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,764
8.3	Unused finance facilities available at quarter end (Item 7.5)	491
8.4	Total available funding (Item 8.2 + Item 8.3)	5,255
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	N/A

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: Not applicable

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?

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Answer: Not applicable

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: Not applicable

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: 15 October 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.

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