

14 December 2022: ASX RELEASE

## Scheme Booklet registered with ASIC

MSL Solutions Limited (**ASX:MSL**) ("**MSL**") refers to its previous announcement that the Supreme Court of New South Wales has made orders approving the convening of a meeting of MSL shareholders ("**Scheme Meeting**") to consider and vote on the proposed acquisition of 100% of the issued share capital of MSL by Plutus Bidco Pty Ltd (ACN 663 418 184) ("**Pemba Bidco**"), an entity controlled by Pemba Capital Partners, by way of a scheme of arrangement ("**Scheme**") and approving the distribution of the explanatory statement in connection with the Scheme ("**Scheme Booklet**").

MSL confirms that the Scheme Booklet has now been registered with the Australian Securities and Investments Commission ("**ASIC**"). A copy of the Scheme Booklet is attached to this announcement and will be made available online at <https://www.msolutions.com/investors/>. A sample of the proxy form for the Scheme Meeting is also attached to this announcement.

The Scheme Booklet contains a copy of the independent expert's report prepared by Leadenhall Corporate Advisory Pty Ltd ("**Independent Expert**").

The Independent Expert has concluded that the Scheme is in the best interests of MSL shareholders, in the absence of a Superior Proposal. The Independent Expert's conclusion should be read in context with the full Independent Expert's report and the Scheme Booklet. The Scheme Booklet (including the Independent Expert's report and Notice of Scheme Meeting) and proxy form will be dispatched to MSL shareholders shortly, in the manner described in the previous announcement.

The MSL Board of Directors continue to unanimously recommend that MSL shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of MSL shareholders. Subject to those same qualifications, each director intends to vote or cause to be voted all MSL shares held or controlled him or her in favour of the Scheme.

MSL shareholders should read the Scheme Booklet in its entirety before making a decision on whether or not to vote in favour of the Scheme.

For more information, please refer to the Scheme Booklet. If you have any questions in relation to the Scheme or the Scheme Booklet, please contact the MSL Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 9415 4860 (if calling from overseas) Monday to Friday between 8.30am and 5.00pm (AEDT).

***This announcement has been approved for distribution by the Board of Directors of MSL Solutions Limited.***

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**For further information, please contact:**

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MSL Solutions Limited

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Website: <https://www.mslsolutions.com/investors/>

### **About MSL Solutions Limited**

MSL Solutions Limited is a leading SaaS technology provider to the sports, leisure and hospitality sectors. We help some of the world's most iconic venues around the world - stadiums & arenas, pubs & member clubs, sporting associations, golf federations and more – to deliver outstanding customer experiences during every engagement.

MSL develops and delivers fully integrated and modular systems that connect customers to venues through mobile and contactless entry, ordering and payment solutions. We seamlessly connect front-of-house to back-office, offering an end-to-end guest engagement platform which provides actionable insights on key success metrics to venues of all sizes.

MSL Solutions has over 8,500 customers with offices in Australia, UK and Denmark. To discover more about MSL, please visit [www.mslsolutions.com](http://www.mslsolutions.com).

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## MSL Solutions Limited

ACN 120 815 778

# SCHEME BOOKLET

for a scheme of arrangement in relation to the proposed acquisition of MSL Solutions Limited (MSL) by Plutus Bidco Pty Ltd (**Pemba Bidco**).

## VOTE IN FAVOUR

The MSL Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.

This Scheme Booklet is important and requires your prompt attention. You should read it in its entirety, and consider its contents carefully, before deciding whether or not to vote in favour of the relevant Scheme Resolution to approve the Scheme. If you are in any doubt about what you should do, you should consult with a financial, legal, taxation or other professional adviser. If you have any questions in relation to the Scheme or this Scheme Booklet, please contact the Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 9415 4860 (if calling from overseas) Monday to Friday between 8.30am and 5.00pm (AEDT).

This Scheme Booklet is made available for persons shown on the MSL Share Register as holding MSL Shares. If you have recently sold all of your MSL Shares, please disregard this Scheme Booklet.

This Scheme Booklet is dated 14 December 2022.

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# Important notice

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## General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting. If you recently sold all of your MSL Shares, please disregard this Scheme Booklet, as you will not be entitled to vote at the Scheme Meeting.

## Defined terms

Capitalised terms used in this Scheme Booklet are defined in Section 10.1. Section 10.2 also sets out some rules of interpretation that apply to this Scheme Booklet. Please note that some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in Section 10.1.

## Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by sub-section 412(1) of the Corporations Act. This Scheme Booklet does not constitute or contain an offer to MSL Shareholders, or a solicitation of an offer from MSL Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act.

## ASIC and ASX

A copy of this Scheme Booklet has been lodged with and registered by ASIC for the purposes of sub-section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with sub-section 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with sub-section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing to approve the Scheme.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

## Important notice associated with Court order under sub-section 411(1) of the Corporations Act

The fact that, under sub-section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how MSL Shareholders should vote (on this matter, MSL Shareholders must reach their own conclusion);
- has prepared, or is responsible for the content of, the explanatory statement; or
- approved, or will approve, the terms of the Scheme.

## Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D.

## Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any MSL Shareholder may appear at the Second Court Hearing, which is expected to be held at 9:15am (AEDT) on Tuesday, 7 February 2023, at the Supreme Court of New South Wales. It is possible that the Second Court Hearing will be held either virtually (online only) or by telephone conference. Details on how to attend the Second Court Hearing will be released by MSL to ASX if the Scheme has been approved at the Scheme Meeting. MSL Shareholders should note that the protocols for attendance at the Second Court Hearing may change at short notice in light of developments relating to the COVID-19 pandemic. Any such change will be announced by MSL to ASX.

Any MSL Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on MSL a notice of appearance in the prescribed form together with any affidavit that the MSL Shareholder proposes to rely on.

The address for service for MSL is c/- Talbot Sayer, Level 27, 123 Eagle St, Brisbane QLD 4000.

### **No investment advice**

This Scheme Booklet has been prepared without reference to the investment objectives, financial and tax situation or particular needs of any MSL Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice.

The MSL Directors encourage you to seek independent financial and tax advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in Section 8, and the views of the Independent Expert as set out in the Independent Expert's Report contained in Annexure A. If you are in doubt as to the course you should follow, you should consult your legal, financial, tax or other professional adviser.

### **Forward looking statements**

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of MSL or Pemba Bidco are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties.

Those risks and uncertainties include factors and risks specific to MSL and/or the industries in which MSL operates, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any

forward looking statement and deviations are both normal and to be expected. Neither MSL nor Pemba Bidco, nor any of their respective affiliates, officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, MSL and Pemba Bidco, and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

### **Responsibility statement**

The information contained in this Scheme Booklet, other than the Pemba Bidco Information and the Independent Expert's Report (as set out in Annexure A), has been prepared by MSL and is the responsibility of MSL. Neither Pemba Bidco nor any of its Related Bodies Corporate, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the MSL Information.

Pemba Bidco has prepared, is responsible for, and has consented to the inclusion in the Scheme Booklet of, the Pemba Bidco Information. Neither MSL nor any of its Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Leadenhall Corporate Advisory Pty Ltd has prepared the Independent Expert's Report (as set out in Annexure A) and takes responsibility for, and has consented to the inclusion in the Scheme Booklet of, that report. Neither MSL nor Pemba Bidco, nor any of their respective Related Bodies Corporate, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of MSL in relation to the information given by them to the Independent

Expert for the purpose of preparing the Independent Expert's Report.

No consenting party has withdrawn their consent before the date of this Scheme Booklet.

### **Foreign jurisdictions**

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions. Persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. MSL disclaims all liability to persons who fail to comply with those restrictions.

This Scheme Booklet has been prepared in accordance with the laws of Australia and accordingly the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

MSL Shareholders who are resident outside of Australia and/or who are nominees, trustees or custodians for beneficial holders resident outside of Australia are encouraged to seek independent advice as to how they should proceed in respect of the Scheme, including specific taxation advice in relation to the Australian and overseas taxation implications of their participation in the Scheme.

### **Charts and diagrams**

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

### **Financial amounts and effect of rounding**

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A number of figures, amounts, percentages, estimates and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet.

Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

### **Timetable and dates**

All times and dates referred to in this Scheme Booklet are times and dates in Brisbane, Queensland, Australia, unless otherwise indicated.

All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change.

### **External websites**

Unless expressly stated otherwise, the content of the websites of MSL and Pemba Capital Partners do not form part of this Scheme Booklet and MSL Shareholders should not rely on any such content.

### **Questions**

If you have any questions in relation to the Scheme or this Scheme Booklet, please contact the Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 9415 4860 (if calling from overseas) Monday to Friday between 8.30am and 5.00pm (AEDT).

### **Supplementary information**

In certain circumstances, MSL may provide additional disclosure to MSL Shareholders in relation to the Scheme after the date of this Scheme Booklet. To the extent applicable, MSL Shareholders should have regard to such supplemental information in determining how to vote in relation to the Scheme.

### **Tax implications of the Scheme**

If the Scheme becomes Effective and is implemented, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australia tax consequences of the Scheme, refer to Section 7. The tax treatment may vary depending on the nature and characteristics of MSL Shareholders and their specific circumstances. Accordingly, MSL Shareholders should seek professional tax advice in relation to their particular circumstances.

### **Privacy**

MSL and its agents and representatives may collect personal information in the process of implementing the Scheme. The type of information that may be collected about you includes your name, contact details and



information on your shareholding in MSL and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist MSL and Pemba Bidco to conduct the Scheme Meeting and implement the Scheme, including to issue the Scheme Consideration. Without this information, MSL may be hindered in its ability to issue this Scheme Booklet and implement the Scheme, including to issue the Scheme Consideration. Personal information of the type described above may be disclosed to the MSL Share Registry, Pemba Bidco and its Related Bodies Corporate, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of MSL, Regulatory Authorities, and where disclosure is otherwise required or allowed by law. MSL Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them.

If you would like to obtain details of the information about you held by the MSL Share Registry in connection with MSL Shares, please contact the MSL Share Registry. MSL Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how MSL collects, uses and discloses personal information is contained in its privacy policy located at <https://www.msolutions.com/wp-content/uploads/2022/05/MSLSolutions-SwiftPOS-Privacy-Policy.pdf>.

**Date of Scheme Booklet**

This Scheme Booklet is dated 14 December 2022.

## Timetable and key dates

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Event	Date
<b>First Court Hearing</b>	9.15am (AEDT) on Tuesday, 13 December 2022
<b>Date of this Scheme Booklet</b>	Wednesday, 14 December 2022
<b>Dispatch Scheme Booklet to MSL Shareholders</b>	Friday, 16 December 2022
<b>Latest time and date for receipt of proxy forms for the Scheme Meeting</b>	10:00am on Sunday, 29 January 2023
<b>Time and date for determining eligibility of MSL Shareholders to vote at the Scheme Meeting</b>	7:00pm (AEDT) on Sunday, 29 January 2023
<b>Scheme Meeting</b>	10:00am on Tuesday, 31 January 2023
<b>Second Court Date</b>	9.15am (AEDT) on Tuesday, 7 February 2023
<b>Effective Date</b> Court order lodged with ASIC and announcement to the ASX MSL Shares are suspended from trading at the close of trading on the ASX	Wednesday, 8 February 2023
<b>Scheme Record Date</b> Record date for determining entitlements to the Scheme Consideration	Friday, 10 February 2023
<b>Implementation Date</b> for the Scheme and issue of the Scheme Consideration	Friday, 17 February 2023

All times and dates in the above timetable are subject to change. MSL may vary any or all of these dates and times and will provide notice of any such variation via an announcement to the ASX.

Certain times and dates are conditional on the approval of the Scheme by MSL Shareholders and by the Court. Any changes will be announced by MSL to the ASX.

# Letter from the Executive Chairman of MSL Solutions Limited

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Dear MSL Shareholder,

On behalf of the MSL Board, I am pleased to provide you with this Scheme Booklet, which outlines details you will need to consider in relation to the proposed acquisition of MSL Solutions Limited (MSL) by Plutus Bidco Pty Ltd (Pemba Bidco).

## Background to the Scheme

On 15 November 2022, MSL announced that it had entered into a Scheme Implementation Agreement with Pemba Bidco, under which Pemba Bidco will acquire 100% of the fully-diluted shares in MSL.

The acquisition is to be conducted by way of scheme of arrangement and is subject the Conditions Precedent, including MSL Shareholder and Court approvals, summarised in Section 4.10(a).

This Scheme Booklet has been sent to you because you are a MSL Shareholder and are being asked to vote on the Scheme.

## Details of the total Scheme Consideration

If the Scheme becomes Effective and is implemented, each Scheme Shareholder will receive a total cash amount of \$0.295 per MSL Share held as at the Scheme Record Date (Scheme Consideration).

The Scheme Consideration of \$0.295 per MSL Share values the equity of MSL at approximately \$119.4 million and represents a:

- 63.9% premium to the ASX closing MSL Share price of \$0.180 on 14 November 2022 (being the last trading day prior to announcement of entry into the Scheme Implementation Agreement);
- 80.7% premium to the \$0.163 one-month VWAP of MSL Shares up to and including 14 November 2022;
- 78.0% premium to the \$0.166 three-month VWAP of MSL Shares up to and including 14 November 2022; and
- 81.4% premium to the \$0.163 six-month VWAP of MSL Shares up to and including 14 November 2022.

## MSL Directors unanimously recommend the Scheme

The MSL Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders. Subject to those same qualifications, each MSL Director who holds MSL Shares intends to vote in favour of the Scheme. The MSL Directors collectively own 26,386,416 MSL Shares, representing approximately 7.2% of the MSL Shares on issue.

In assessing the Scheme, the MSL Board considered the reasons to vote in favour or to not vote in favour of the Scheme, other key considerations and undertook a detailed review of the potential alternatives available to the MSL Group. Key reasons to vote in favour of the Scheme, and reasons why you may choose to vote against the Scheme, are set out in Section 3.

In relation to my recommendation as Executive Chairman of MSL, MSL Shareholders should have regard to the fact that, if the Scheme becomes Effective, 2,341,667 MSL Performance Rights issued to me will vest and be exercised prior to 8.00am (AEDT) on Tuesday, 7 February 2023 (being the Second Court Date).<sup>1</sup> The MSL Board (excluding my vote) does not consider that these benefits are materially sufficient so as to preclude me from providing my recommendation to vote in favour of the Scheme.

### **Independent Expert Report**

The MSL Board has also commissioned an independent expert, Leadenhall Corporate Advisory Pty Ltd (**Independent Expert**), to prepare the Independent Expert's Report in relation to the Scheme. The Independent Expert has concluded that the Scheme in the best interests of MSL Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of the equity of MSL to be in the range of \$0.230 to \$0.266 per MSL Share. The Scheme Consideration of \$0.295 per MSL Share exceeds the Independent Expert's assessed valuation range.

A copy of the Independent Expert's Report is contained in Annexure A.

### **Scheme Meeting**

The Scheme can only be implemented if approved by MSL Shareholders by the Requisite Majorities at the Scheme Meeting which is scheduled for 10:00am on Tuesday, 31 January 2023.<sup>2</sup> The Scheme Meeting will be held in person at Talbot Sayer Lawyers, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000, and via the online platform at <https://meetnow.global/MU7N6LT>.

Your vote is important. In order for the Scheme to proceed, the Requisite Majorities of MSL Shareholders must vote in favour of the Scheme. I therefore strongly encourage you to read this Scheme Booklet carefully and cast an informed vote on the Scheme either by personally participating in the Scheme Meeting or by appointing a proxy, an attorney or, in the case of a MSL Shareholder or proxy who is a corporation, a corporate representative to participate in the Scheme Meeting and vote on your behalf. Section 1.2 of this Scheme Booklet contains further information regarding the Scheme Meeting and your vote.

You should take into consideration all of the information set out in this Scheme Booklet when deciding whether or not to vote in favour of the Scheme. Section 3.2 of this Scheme Booklet summarises the reasons identified by the MSL Board as to why you may not want to vote in favour of the Scheme.

If you have any questions in relation to the Scheme or this Scheme Booklet, please contact the Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 9415 4860 (if calling from overseas) Monday to Friday between 8.30am and 5.00pm (AEDT), or contact your legal, financial, taxation or other professional adviser.

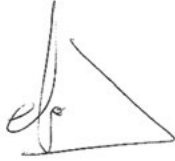
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<sup>1</sup> The monetary value of the 2,341,667 MSL Performance Rights equates to \$690,791.77.

<sup>2</sup> Please note that the Scheme Meeting may be postponed or adjourned, including if satisfaction of Conditions Precedent are delayed. Any such postponement or adjournment will be announced by MSL to the ASX.

On behalf of your Board, I would like to thank you for your support of MSL. Your vote is important and I look forward to your participation at the Scheme Meeting on Tuesday, 31 January 2023.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony Toohy', written over a faint triangular watermark.

**Tony Toohy**  
**Executive Chairman**  
**MSL Solutions Limited**

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## 1. Actions for MSL Shareholders

### 1.1 Carefully read this Scheme Booklet

This Scheme Booklet contains information that is material to your decision whether or not to approve the Scheme by voting in favour of the Scheme Resolution. Accordingly, you should read this Scheme Booklet in its entirety, including the Independent Expert's Report, before making a decision on how to vote on the Scheme Resolution.

If you are in any doubt as to what you should do, you should also consult your legal, financial, tax or other professional adviser. Answers to some common questions are contained in Section 2 titled 'Frequently asked questions'.

If you have any additional questions about the Scheme or the Scheme Booklet, please contact the Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 9415 4860 (if calling from overseas) Monday to Friday between 8.30am and 5.00pm (AEDT).

A copy of the full Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from the ASX website at [www.asx.com.au](http://www.asx.com.au) and on MSL's website at <https://www.msolutions.com/investors/> or by calling the Shareholder Information Line.

### 1.2 Vote on the Scheme Resolution

For the Scheme to proceed, it is necessary that sufficient MSL Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting.

The Scheme Meeting to approve the Scheme is scheduled to be held in person at Talbot Sayer Lawyers, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000 and through an online platform at <https://meetnow.global/MU7N6LT> at 10:00am on Tuesday, 31 January 2023.

Each MSL Shareholder who is registered on the MSL Share Register as the holder of a MSL Share at 7.00pm (AEDT) on Sunday, 29 January 2023 may vote at the Scheme Meeting, by proxy, by attorney or, in the case of a corporation, by corporate representative (subject to restrictions on voting rights set out in the Notice of Scheme Meeting) and will have one vote for each MSL Share they hold.

#### **YOUR VOTE IS IMPORTANT**

Voting is not compulsory. However, the MSL Directors unanimously recommend that MSL Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.

The Independent Expert has concluded that the Scheme is in the best interests of MSL Shareholders, in the absence of a Superior Proposal.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure D.

The fact that the Court has ordered the Scheme Meeting to be convened and has approved this Scheme Booklet required to accompany the Notice of Scheme Meeting does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet, or has any view as to the merits of the Scheme or as to how MSL Shareholders should vote. On these matters, MSL Shareholders must reach their own decision.

In order to proceed, the Scheme Resolution must be passed by the requisite majorities of MSL Shareholders present and voting at the Scheme Meeting (or by proxy, attorney or, in the case of corporate MSL Shareholders, corporate representative) being:

- a majority in number (more than 50%) of MSL Shareholders; and

- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by MSL Shareholders.

The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

### 1.3 How to vote

#### (a) Attending the Scheme Meeting in person

MSL Shareholders may vote by attending the Scheme Meeting at Talbot Sayer Lawyers, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000 and casting a vote during the Scheme Meeting.

#### (b) Attending the Scheme Meeting via the online platform

MSL Shareholders may vote by attending the Scheme Meeting via the online platform at <https://meetnow.global/MU7N6LT>.

#### (c) Voting by proxy

MSL Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must either complete and sign or validly authenticate the personalised Proxy Form which accompanies this Scheme Booklet or lodge their proxy online. A person appointed as a proxy may be an individual or a body corporate.

Proxies participating in the Scheme Meeting will receive an email from the MSL Share Registry prior to the Scheme Meeting containing details of their proxy number which they will need to use for the online registration process. Proxies are asked to log in online 15 minutes prior to the time designated for the commencement of the Scheme Meeting.

To be valid, your Proxy Form(s) must be received by the MSL Share Registry by 10:00am on Sunday, 29 January 2023. For further information on proxy voting, refer to the detailed instructions contained on the Proxy Form.

You can appoint a proxy by:

- lodging your appointment online [www.investorvote.com.au](http://www.investorvote.com.au);
- mailing the Proxy Form to the MSL Share Registry at:  
  
MSL Solutions Limited  
C/- Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia;
- faxing the accompanying Proxy Form to the MSL Share Registry on 1800 783 447 within Australia; or + 61 3 9473 2555 outside Australia; or
- mailing the Proxy Form to MSL's registered office at:  
  
MSL Solutions Limited  
Level 1  
307 Queen Street  
Brisbane QLD 4000  
Australia.

For additional proxy forms, contact the MSL Share Registry on the Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 9415 4860 (if calling from overseas) Monday to Friday between 8.30am and 5.00pm (AEDT).

Note, if you have appointed a proxy and subsequently wish to attend the Scheme Meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you have notified the MSL Share Registry of the revocation of your proxy appointment before the commencement of the Scheme Meeting.

**(d) Voting by attorney**

If voting by attorney, the power of attorney appointing the attorney must be duly signed and specify the name of the MSL Shareholder and the attorney and specify the Scheme Meeting as the meeting at which the appointment may be used.

The power of attorney must be returned in the same manner, and by the same time, as outlined for the Proxy Form.

**(e) Voting by a corporate representative**

A corporate shareholder, or body corporate appointed as a proxy, may appoint an individual as its representative to attend the Scheme Meeting and vote on its behalf. Corporate shareholders or proxies who appoint a representative must provide the representative with a properly executed notice of appointment, which the representative must provide to the MSL Share Registry for the purpose of registration.

A form for corporate representative appointment may be obtained from the MSL Share Registry on the Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 9415 4860 (if calling from overseas) Monday to Friday between 8.30am and 5.00pm (AEDT).



## 2. Frequently asked questions

Question	Response	Reference
<b>What is a scheme of arrangement?</b>	<p>A scheme of arrangement is a statutory arrangement facilitated by Part 5.1 of the Corporations Act between a company and its shareholders.</p> <p>Schemes are commonly used to effect the acquisition of shares in a target company.</p> <p>Schemes must be approved by:</p> <ul style="list-style-type: none"> <li>• a majority in number (more than 50%) of shareholders; and</li> <li>• at least 75% of the total number of votes cast on the scheme resolution by shareholders,</li> </ul> <p>present and voting at the relevant scheme meeting (or by proxy, attorney or corporate representative)<sup>3</sup> and the Court in order to become binding on the target company's shareholders.</p>	Section 4
<b>What is the Scheme I am being asked to consider?</b>	<p>MSL Shareholders are being asked to consider the proposed scheme of arrangement under which it is proposed that Pemba Bidco will acquire 100% of the share capital of MSL, in return for which each Scheme Shareholder will receive the Scheme Consideration.</p> <p>The Scheme requires approval by the Requisite Majorities of MSL Shareholders at the Scheme Meeting, approval by the Court at the Second Court Hearing, and lodgement of a copy of the Court orders with ASIC, in order to become Effective.</p> <p>A copy of the Scheme is contained in Annexure B.</p>	Section 4.1
<b>Why have I received this Scheme Booklet?</b>	<p>You have received this Scheme Booklet because you are a MSL Shareholder. This Scheme Booklet is intended to help you to decide how to vote on the Scheme Resolution which needs to be passed at the Scheme Meeting to enable the Scheme to proceed.</p>	Section 4
<b>What is the Scheme Implementation Agreement and is it binding on me?</b>	<p>The Scheme Implementation Agreement contains various undertakings by MSL and Pemba Bidco to pursue and progress the Scheme. The key terms of the Scheme Implementation Agreement are summarised in Section 4.10.</p> <p>The Scheme Implementation Agreement is binding on MSL only and not on MSL Shareholders. The Scheme will only become binding on MSL Shareholders if and when the Scheme becomes Effective, which will only occur if the Scheme is approved by the Requisite Majorities of MSL Shareholders at the Scheme Meeting, approved by the Court at the Second Court Hearing and a copy of the Court orders are lodged with ASIC. The Scheme will also only become binding if each of the Conditions Precedent are satisfied or waived in accordance with the terms of the Scheme Implementation Agreement.</p>	Section 4.10

<sup>3</sup> The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

Question	Response	Reference
<p><b>How do the MSL Directors intend to vote?</b></p>	<p>The MSL Directors unanimously recommend that MSL Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders. Each MSL Director also will vote any MSL Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting, subject to the same qualifications.</p>	<p>Section 4.5</p>
<p><b>What should I do?</b></p>	<p>MSL Shareholders should read this Scheme Booklet carefully and in its entirety. MSL Shareholders may also choose to consult independent legal, investment, tax or other professional advisers in relation to any of the information contained in this Scheme Booklet.</p> <p>Based on this Scheme Booklet and any independent advice you may receive, you should determine how you wish to vote on the Scheme. You are not obliged to follow the recommendation of the MSL Directors or accept the conclusion of the Independent Expert.</p> <p>You are able to vote by attending the Scheme Meeting, or by appointing a proxy, attorney or, in the case of corporate MSL Shareholders, a corporate representative, to vote on your behalf.</p> <p>Please refer to Section 1.3 and Annexure D for further information on how to vote on the Scheme.</p>	<p>Section 1.3 and Annexure D</p>
<p><b>Who is Pemba Capital Partners?</b></p>	<p>Established in 1998, Pemba Capital Partners is a leading investor in small and mid-sized businesses in Australia and New Zealand. Since inception the investment firm has specialised in partnering with the owners and managers of businesses to help them accelerate growth. Pemba Capital Partners has to date completed over 170 transactions. Its primary sector focus is education and training, business services, healthcare, non-bank financial services and technology.</p> <p>Notable current, as well as prior, software, data and IT services companies owned by Pemba Capital Partners through its investment funds include:</p> <ul style="list-style-type: none"> <li>• <b>Readytech:</b> a leading provider of education, local government and workforce management software solutions.</li> <li>• <b>Bepoz:</b> a leading provider of software, solutions and support systems for the hospitality sector; and</li> <li>• <b>RxPx:</b> a specialist SaaS business that enables prescribing, onboarding and medicine management. RxPx also has a patient community platform.</li> </ul> <p>For additional information about Pemba Capital Partners, please visit Pemba Capital Partners' website at <a href="https://pemba.com.au/">https://pemba.com.au/</a>.</p>	<p>Section 6</p>

Question	Response	Reference
<b>Who is Pemba Bidco?</b>	<p>Pemba Bidco is an Australian proprietary limited company that was incorporated on 27 October 2022 for the purposes of the Scheme.</p> <p>As at the date of this Scheme Booklet:</p> <ul style="list-style-type: none"> <li>Pemba Bidco is a wholly owned subsidiary of Pemba Holdco; and</li> <li>Pemba Holdco is wholly owned by Pemba Fund II.</li> </ul> <p>If the Scheme becomes Effective and is implemented, Pemba Bidco will acquire and will hold (following implementation of the Scheme) all of the MSL Shares.</p>	Section 6
<b>What are Pemba Bidco's intentions for MSL?</b>	The intentions of Pemba Bidco for MSL if the Scheme proceeds are set out in Section 6.5.	Section 6.5
<b>Who is entitled to participate in the Scheme?</b>	Persons who hold MSL Shares on the Scheme Record Date will participate in the Scheme.	Section 4.1
<b>Will I have to pay brokerage fees?</b>	No brokerage fees will be payable on the transfer of Scheme Shares to Pemba Bidco under the Scheme.	Section 3.1(f)
<b>Scheme process</b>		
<b>What do the MSL Directors recommend?</b>	<p>The MSL Directors consider that the Scheme is in the best interests of MSL Shareholders and unanimously recommend that MSL Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.</p> <p>Each MSL Director also will vote any MSL Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.</p> <p>In respect of the recommendation of Tony Toohey, MSL Shareholders should have regard to the fact that, if the Scheme is implemented, Tony Toohey will receive benefits as further detailed in the Letter from Executive Chairman of MSL Solutions Limited at the start of this Scheme Booklet.</p> <p>Sections 9.1 and 9.2 contain further information in relation to the interests of MSL Directors.</p>	Section 4.5 and Letter from Executive Chairman of MSL Solutions Limited
<b>What is the Independent Expert's opinion?</b>	<p>The MSL Directors have engaged Leadenhall Corporate Advisory Pty Ltd to provide an Independent Expert's Report on the Scheme.</p> <p>The Independent Expert has concluded that the Scheme is in the best interests of MSL Shareholders, in the absence of a Superior Proposal.</p>	Section 4.6, and the Independent Expert's Report is set out in full in Annexure A
<b>What alternatives did the MSL Board consider?</b>	<p>The MSL Directors undertook a review of the potential alternatives available to MSL, including continuing to pursue current growth objectives in domestic and global markets operating as a standalone entity listed on the ASX.</p> <p>Having regard to the reasons to vote in favour or against the</p>	N/A

Question	Response	Reference
	<p>Scheme, other key considerations, and the risks as set out in Section 8, the MSL Directors concluded that the proposed Scheme is in the best interests of MSL Shareholders (subject to a Superior Proposal and the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders).</p> <p>The MSL Directors consider that the Scheme Consideration of \$0.295 per MSL Share provides MSL Shareholders with certain and immediate value at a significant premium to share prices prior to the Last Practicable Date.</p>	
<p><b>Why you may consider voting in favour of the Scheme</b></p>	<p>The MSL Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.</p> <p>In addition to this recommendation, reasons why you should consider voting in favour of the Scheme include:</p> <ul style="list-style-type: none"> <li>• the Independent Expert has concluded that the Scheme is in the best interests of MSL Shareholders, in the absence of a Superior Proposal;</li> <li>• the Scheme Consideration offered represents a significant premium over the recent trading price of MSL Shares;</li> <li>• the Scheme provides certainty of value to MSL Shareholder's investment in MSL;</li> <li>• in the absence of a Superior Proposal, MSL's share price may fall in the near-term if the Scheme is not implemented;</li> <li>• since the announcement of signing of the Scheme Implementation Agreement, no Superior Proposal has emerged; and/or</li> <li>• no brokerage or stamp duty will be payable by you for the transfer of your MSL Shares under the Scheme.</li> </ul> <p>Further detail is provided in Section 3.1.</p>	<p>Section 3.1</p>
<p><b>Why you may consider voting against the Scheme</b></p>	<p>Reasons why you might consider voting against the Scheme include:</p> <ul style="list-style-type: none"> <li>• you may disagree with the MSL Directors' unanimous recommendation or the Independent Expert's conclusion and believe that the Scheme is not in your best interests;</li> <li>• you may believe that there is potential for a Superior Proposal to be made in the foreseeable future;</li> <li>• you may wish to confine your investment and exposure to a business with MSL's specific characteristics; and/or</li> <li>• the tax consequences of the Scheme may not suit your current financial circumstances.</li> </ul> <p>Further detail is provided in Section 3.2.</p>	<p>Section 3.2</p>
<p><b>Scheme Consideration</b></p>		
<p><b>What will I receive if the Scheme is implemented?</b></p>	<p>If the Scheme becomes Effective and is implemented, each Scheme Shareholder will be entitled to receive a cash amount of \$0.295 per MSL Share held as at the Scheme Record Date.</p>	<p>Sections 4.2 and 4.7</p>

Question	Response	Reference
<p><b>What premium is being offered to MSL Shareholders?</b></p>	<p>The cash amount of \$0.295 per MSL Share represents a:</p> <ul style="list-style-type: none"> <li>• 63.9% premium to the ASX closing share price of \$0.180 on 14 November 2022 (being the last trading day prior to announcement of entry into the Scheme Implementation Agreement);</li> <li>• 80.7% premium to the \$0.163 one-month VWAP of MSL shares up to and including 14 November 2022;</li> <li>• 78.0% premium to the \$0.166 three-month VWAP of MSL shares up to and including 14 November 2022; and</li> <li>• 81.4% premium to the \$0.163 six-month VWAP of MSL shares up to and including 14 November 2022.</li> </ul>	<p>Letter from Executive Chairman of MSL Solutions Limited and Section 3.1(b)</p>
<p><b>How is Pemba Bidco funding the Scheme Consideration?</b></p>	<p>Pemba Bidco has entered into the Deed Poll to covenant in favour of the Scheme Shareholders to perform its obligations in relation to the Scheme. Those obligations include providing the Scheme Consideration to the Scheme Shareholders in accordance with the Scheme.</p> <p>On the basis of the funding arrangements described in Section 6.4, Pemba Bidco believes that it will be able to satisfy its obligation to provide the Scheme Consideration to Scheme Shareholders as and when it is due under the terms of the Scheme.</p>	<p>Section 6.4 and Annexure C</p>
<p><b>Can I choose to keep my MSL Shares?</b></p>	<p>No. If the Scheme becomes Effective and is implemented, Pemba Bidco will acquire 100% of the MSL Shares on issue (including yours) and you will receive the Scheme Consideration.</p> <p>Provided that the Scheme Resolution is passed by the Requisite Majorities of MSL Shareholders at the Scheme Meeting, the Scheme is approved by the Court at the Second Court Hearing and the Scheme becomes Effective and is implemented, this will occur even if you did not vote on the Scheme or if you voted against the Scheme Resolution.</p>	<p>Section 4.7</p>
<p><b>Can I sell my MSL Shares?</b></p>	<p>Yes, you can sell your MSL Shares on the ASX at any time before the close of trading on the Effective Date.</p> <p>Trading in MSL Shares will be suspended from official quotation on the ASX from the close of trading on the Effective Date. You will not be able to sell your MSL Shares on the ASX after this time.</p> <p>If you sell your MSL Shares on the ASX prior to the Effective Date:</p> <ul style="list-style-type: none"> <li>• you will not receive the Scheme Consideration;</li> <li>• you may be required to pay brokerage on the sale of your MSL Shares; and</li> <li>• there may be different tax consequences for you compared with those consequences that would apply if you disposed of your MSL Shares under the Scheme.</li> </ul>	<p>N/A</p>
<p><b>When will I receive the Scheme Consideration?</b></p>	<p>The \$0.295 per MSL Share Scheme Consideration will be paid on the Implementation Date, which is expected to be Friday, 17 February 2023.</p>	<p>Sections 4.2 and 4.7</p>

Question	Response	Reference
<b>The Scheme Meeting</b>		
<b>What is the Scheme Meeting?</b>	<p>The Scheme Meeting is a meeting of MSL Shareholders to consider the Scheme.</p> <p>The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure D.</p>	Sections 1.2 and 4.3, and Annexure D
<b>Who can vote at this meeting?</b>	MSL Shareholders who are registered on the MSL Share Register at 7.00pm (AEDT) on Sunday, 29 January 2023 will be entitled to vote at the Scheme Meeting.	Section 1.2
<b>When and where will the Scheme Meeting be held?</b>	<p>The Scheme Meeting to approve the Scheme is scheduled to be held in person at Talbot Sayer Lawyers, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000 and through an online platform at <a href="https://meetnow.global/MU7N6LT">https://meetnow.global/MU7N6LT</a> at 10:00am on Tuesday, 31 January 2023.</p> <p>MSL Shareholders wishing to vote, or their proxies or attorneys or in the case of a MSL Shareholder or proxy which is a corporation, corporate representatives, can participate in the Scheme Meeting by logging in online at <a href="https://meetnow.global/MU7N6LT">https://meetnow.global/MU7N6LT</a>.</p> <p>Note, if you have appointed a proxy and subsequently wish to attend the Scheme Meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you have notified the MSL Share Registry of the revocation of your proxy appointment before the commencement of the Scheme Meeting.</p>	Section 1.2
<b>How can I vote if I cannot participate in the Scheme Meeting?</b>	<p>If you would like to vote but cannot participate in the Scheme Meeting, you can vote by:</p> <ul style="list-style-type: none"> <li>• submitting your proxy online at <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> and following the instructions in the enclosed Proxy Form. You will require the information on your Proxy Form to lodge your Proxy Form through the website;</li> <li>• by mailing a completed Proxy Form to the MSL Share Registry at :  MSL Solutions Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia;</li> <li>• appointing an attorney to participate in the Scheme Meeting and vote on your behalf; or</li> <li>• appointing a corporate representative if that option is applicable to you to participate in the Scheme Meeting and vote on your behalf.</li> </ul>	Sections 1.2-1.3
<b>What vote is required to approve the Scheme?</b>	<p>For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities of MSL Shareholders present and voting at the Scheme Meeting (online or by proxy, attorney or, in the case of corporate MSL Shareholders, corporate representative), which is:</p> <ul style="list-style-type: none"> <li>• a majority in number (more than 50%) of MSL Shareholders; and</li> </ul>	Sections 1.2 and 4.4

Question	Response	Reference
	<ul style="list-style-type: none"> <li>at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by MSL Shareholders.</li> </ul> <p>The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.</p>	
<p><b>How will voting at the Scheme Meetings be conducted?</b></p>	<p>Voting at the Scheme Meeting will be conducted by way of a poll.</p> <p>Every MSL Shareholder who is present in person, online or by proxy, corporate representative or attorney at the Scheme Meeting will have one vote for each MSL Share held by them.</p>	<p>Annexure D</p>
<p><b>What if I do not vote at the Scheme Meeting or do not vote in favour of the Scheme Resolution?</b></p>	<p>If you do not vote or vote against the Scheme Resolution, but the Scheme Resolution is approved by the Requisite Majorities of MSL Shareholders, then, subject to the other Conditions Precedent to the Scheme being satisfied or waived, including Court approval, and the Court order being lodged with ASIC, the Scheme will become Effective and binding on all MSL Shareholders, including those who did not vote or voted against the Scheme Resolution.</p> <p>In this case, 100% of MSL Shares will be transferred to Pemba Bidco and each Scheme Shareholder will receive the Scheme Consideration.</p>	<p>Section 3.3(a)</p>
<p><b>What does the Chair of the Scheme Meeting intend to do with undirected proxies held by him?</b></p>	<p>The Chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.</p>	<p>Annexure D</p>
<p><b>When will the result of the Scheme Meeting be known?</b></p>	<p>The result of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting. The result will be accessible from the ASX's website at <a href="http://www.asx.com.au">www.asx.com.au</a>.</p> <p>Even if the Scheme Resolution is passed by the Requisite Majorities of MSL Shareholders at the Scheme Meeting, the Scheme will not become Effective unless and until it is approved by the Court at the Second Court Hearing and the Court order is lodged with ASIC.</p>	<p>Section 4.3</p>
<p><b>Tax Implications of the Scheme</b></p>		
<p><b>What are the Australian tax implications of the Scheme for MSL Shareholders?</b></p>	<p>A summary of the general Australian income tax, stamp duty and GST consequences for MSL Shareholders who participate in the Scheme is set out in Section 7.</p> <p>Each MSL Shareholder's tax position will depend on their particular circumstances. MSL Shareholders are urged to consult their own professional tax advisers as to the specific tax consequences to them of the Scheme, including the applicability and effect of income tax and other tax laws in their particular circumstances.</p>	<p>Section 7.</p>

Question	Response	Reference
<b>Further questions</b>		
<p><b>Are there any conditions that need to be satisfied before the Scheme can proceed?</b></p>	<p>As at the date of this Scheme Booklet, the outstanding Conditions Precedent which must be satisfied or waived (as applicable) before the Scheme can become Effective include:</p> <p><b>ASIC and ASX:</b> before 8.00am (AEDT) on the Second Court Date, ASIC and ASX providing any consents, waivers, relief or approvals which are reasonably necessary to implement the Scheme.</p> <p><b>Shareholder approval:</b> MSL Shareholders approve the Scheme Resolution at the Scheme Meeting.</p> <p><b>Court approval:</b> the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.</p> <p><b>Regulatory intervention:</b> no Court or Regulatory Authority has issued or taken steps imposing a legal restraint or prohibition preventing the Scheme, the Pemba Fund II Acquisition or the Plutus Acquisition and no such order, decree, ruling, other action or refusal is in effect as at 8.00am (AEDT) on the Second Court Date.</p> <p><b>Independent Expert:</b> the Independent Expert does not publicly change its conclusion or withdraw the Independent Expert's Report prior to 8.00am (AEDT) on the Second Court Date.</p> <p><b>Convertible Note:</b> before 8.00am (AEDT) on the Second Court Date the Convertible Notes are converted into MSL Shares such that no Convertible Notes remain on issue.</p> <p><b>MSL Performance Rights:</b> before 8.00am (AEDT) on the Second Court Date, MSL has taken all reasonable steps to ensure that no MSL Performance Rights are in existence at that time.</p> <p><b>Change of control:</b> before 8.00am (AEDT) on the Second Court Date, in respect of each Consent Contract to which a member of the MSL Group is a party, each Consent Counterparty giving its written approval to the transfer of MSL Shares to Pemba Bidco.</p> <p><b>No MSL Prescribed Event:</b> no MSL Prescribed Event occurs between the date of the Scheme Implementation Agreement and 8.00am (AEDT) on the Second Court Date.</p> <p><b>No MSL Material Adverse Effect:</b> no MSL Material Adverse Effect occurs between the date of the Scheme Implementation Agreement and 8.00am (AEDT) on the Second Court Date.</p> <p><b>Representations and warranties:</b> the MSL Representations and Warranties and Pemba Representations and Warranties are true and correct in all material respects at all times between the date of the Scheme Implementation Agreement and as at 8.00am (AEDT) on the Second Court Date, except where expressed to be operative at another date.</p> <p>The Condition Precedent for FIRB approval has been satisfied. Further details regarding the Conditions Precedent are available at Section 4.10(a).</p>	<p>Section 4.10(a)</p>

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Question	Response	Reference
<b>When will the Scheme become Effective?</b>	Subject to the satisfaction or waiver (if applicable) of the Conditions Precedent, the Scheme will become Effective on the date which the Court order approving the Scheme is lodged with ASIC (this is the <b>Effective Date</b> ). This is expected to occur on Wednesday, 8 February 2023.	Section 4.4
<b>What happens if the Scheme does not become Effective?</b>	If the Scheme does not become Effective and is not implemented: <ul style="list-style-type: none"> <li>• you will not receive the Scheme Consideration;</li> <li>• you will retain your MSL Shares; and</li> <li>• MSL will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX.</li> </ul>	Section 4.9
<b>What are the risks associated with an investment in MSL if the Scheme does not proceed?</b>	If the Scheme is not implemented, you will continue to be a MSL Shareholder and participate in the future financial performance of MSL’s business and continue to be subject to the specific risks associated with MSL’s business and other general risks. Details of these risks are set out in Section 8.  The Scheme provides MSL Shareholders with an opportunity to avoid these risks and uncertainties and allows MSL Shareholders to fully exit their investment in MSL and realise certain and immediate value at a significant premium.	Section 8
<b>What happens if a Competing Transaction is proposed?</b>	Since MSL and Pemba Bidco entered the Scheme Implementation Agreement on Monday, 14 November 2022 through to the date of this Scheme Booklet, no Competing Transaction has emerged.  However, if a Competing Transaction is proposed to the MSL Board prior to the Second Court Date, the MSL Board will carefully consider the proposal and determine whether it is a Superior Proposal.  Under the Scheme Implementation Agreement, MSL must notify Pemba Bidco of any Competing Transaction and its terms.	Section 4.10
<b>Under what circumstances is a break fee payable by MSL to Pemba Bidco?</b>	Under the Scheme Implementation Agreement, MSL must pay Pemba Bidco the Break Fee of \$1,195,000 if the Scheme does not proceed because: <ul style="list-style-type: none"> <li>• <b>(Competing Transaction)</b> on or before 30 June 2023, a Competing Transaction is announced and within 12 months the relevant third party completes a Competing Transaction or acquires a Relevant Interest in, an economic interest in or voting power of more than 50% of the MSL Shares or otherwise acquires Control free of any defeating condition.</li> <li>• <b>(change of recommendation)</b> any MSL Director fails to recommend the Scheme or withdraws, adversely changes or qualifies their recommendation or otherwise makes a public statement indicating that he or she will no longer support the Scheme (except where the Independent Expert concludes the Scheme is not in the best interests of MSL Shareholders, or MSL validly terminates the</li> </ul>	Section 4.10(c)

Question	Response	Reference
	<p>Scheme Implementation Agreement in certain circumstances); or</p> <ul style="list-style-type: none"> <li>• <b>(termination)</b> Pemba Bidco validly terminates the Scheme Implementation Agreement in certain circumstances.</li> </ul> <p>Further details regarding the Break Fee are available at Section 4.10(c).</p>	
<p><b>How do I oppose the approval of the Scheme if MSL Shareholders pass the Scheme Resolution?</b></p>	<p>If MSL Shareholders pass the Scheme Resolution at the Scheme Meeting and you wish to oppose the approval of the Scheme at the Second Court Hearing, you should file with the Court and serve on MSL a notice of appearance in the prescribed form together with any affidavit that you wish to rely on, attend the hearing, and indicate your opposition to the Scheme.</p> <p>The address for service for MSL is c/- Talbot Sayer, Level 27, 123 Eagle St, Brisbane QLD 4000.</p>	<p>Section 4.4</p>

### 3. Reasons for voting for and against the Scheme

The MSL Directors consider that the Scheme is in the best interests of MSL Shareholders and unanimously recommend that MSL Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.

In making this recommendation, the MSL Directors have considered the information contained in:

- Section 3.1, 'Reasons to vote in favour of the Scheme';
- Section 3.2, 'Reasons not to vote in favour of the Scheme'; and
- Section 3.3, 'Other key considerations in relation to voting on the Scheme'.

#### 3.1 Reasons to vote in favour of the Scheme

This Section 3.1 summarises the reasons why the MSL Directors believe the Scheme is in the best interests of the MSL Shareholders and have determined to unanimously recommend that MSL Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.

This Section 3.1 should be read in conjunction with Sections 3.2 and 3.3 and the other information contained in this Scheme Booklet, including the Independent Expert's Report.

##### (a) **The Independent Expert has concluded that the Scheme is in the best interests of MSL Shareholders, in the absence of a Superior Proposal**

MSL has appointed Leadenhall Corporate Advisory Pty Ltd as the Independent Expert to provide an independent assessment of the Scheme, including an opinion as to whether the Scheme is in the best interests of MSL Shareholders.

The Independent Expert regards the Scheme to be in the best interests of MSL Shareholders. The Independent Expert has assessed the value of the equity of MSL to be in the range of \$0.230 to \$0.266 per MSL Share.

As the Scheme Consideration of \$0.295 per MSL Share exceeds the Independent Expert's assessed valuation range, the Independent Expert has concluded that the Scheme is in the best interests of MSL Shareholders, in the absence of a Superior Proposal.

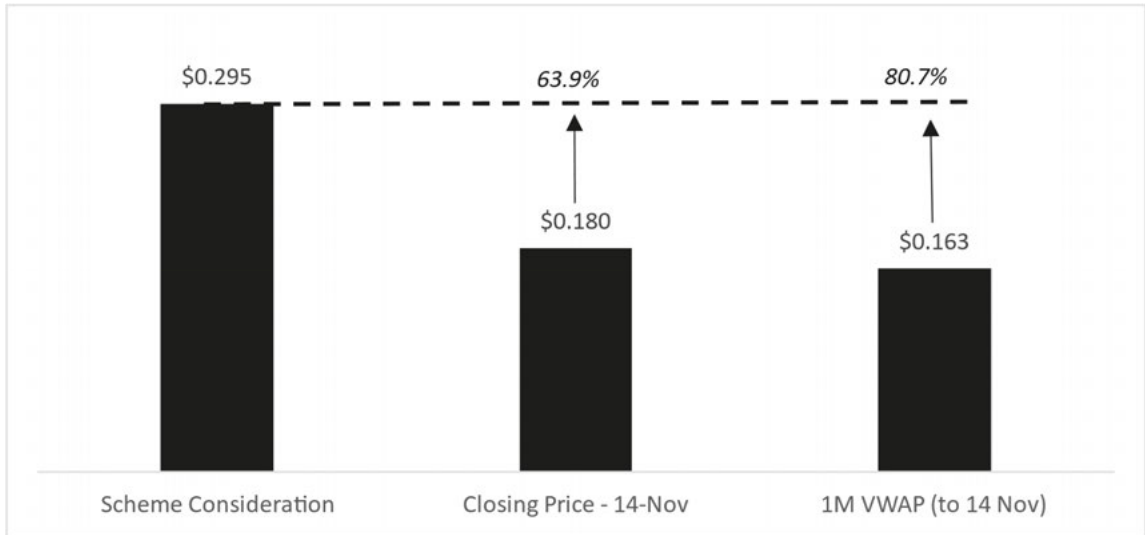
A full copy of the Independent Expert's Report is included in Annexure A of this Scheme Booklet. You should carefully read the Independent Expert's Report in its entirety before making a decision in relation to the Scheme.

##### (b) **The Scheme Consideration offered represents a significant premium over the recent trading price of MSL Shares**

The Scheme Consideration of \$0.295 cash per MSL Share represents a:

- 63.9% premium to the ASX closing price on 14 November 2022; and
- 80.7% premium to the one-month VWAP up to and including 14 November 2022.

The graph below shows the significant premium of the Scheme Consideration to recent MSL Share prices before announcement of signing of the Scheme Implementation Agreement on 15 November 2022.



(c) **The Scheme provides certainty of value to MSL Shareholder’s investment in MSL**

The consideration payable by Pemba Bidco under the Scheme is 100% cash consideration. This provides certainty of value for MSL Shareholders and the opportunity to realise their investment in MSL in full for the Scheme Consideration.

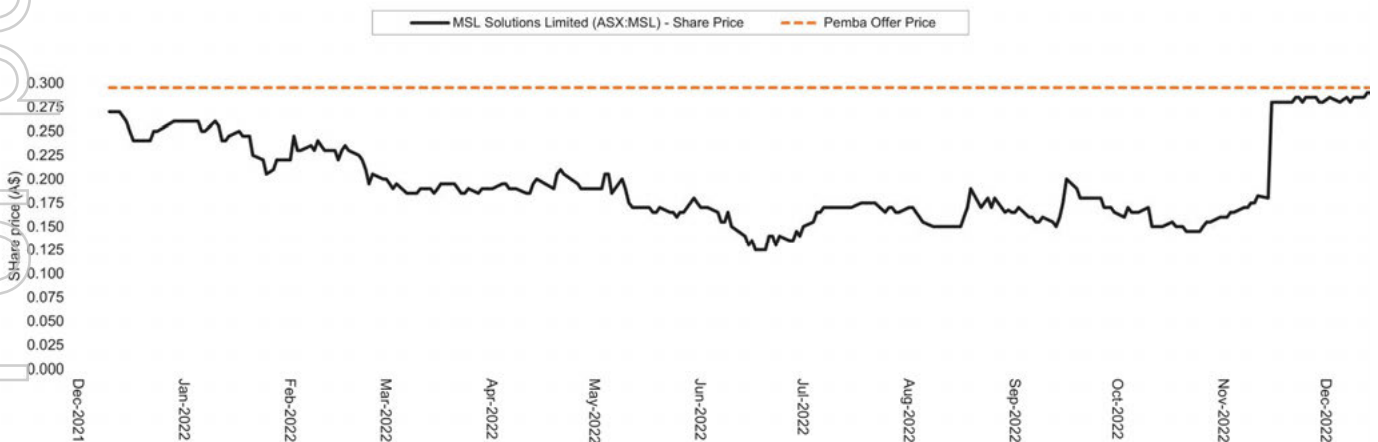
In contrast, if the Scheme does not proceed, the amount which MSL Shareholders will be able to realise for their MSL Shares will be uncertain and MSL Shareholders will continue to be exposed to the risks associated in MSL’s business.

(d) **In the absence of a Superior Proposal, MSL’s share price may fall in the near-term if the Scheme is not implemented**

Prior to the announcement of signing of the Scheme Implementation Agreement, the closing price of MSL Shares was \$0.180 per share on 14 November 2022. On the Last Practicable Date, the closing price of MSL Shares was \$0.290.

In the absence of a Superior Proposal, if the Scheme is not implemented, there is a risk that the price of MSL Shares may fall in the near term.

The graph below shows the closing price of MSL Shares over the 12-month period to the Last Practicable Date.



(e) **Since the announcement of signing of the Scheme Implementation Agreement, no Superior Proposal has emerged**

Since the announcement of signing of the Scheme Implementation Agreement, no Superior Proposal has emerged and the MSL Directors are not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Agreement includes the no-shop provision summarised in Section 4.10(b), other than in certain limited circumstances, and requires MSL to notify Pemba Bidco of any Competing Transaction and its terms. MSL will notify MSL Shareholders if a Superior Proposal is received before the Second Court Date.

(f) **No brokerage or stamp duty will be payable by you for the transfer of your MSL Shares under the Scheme**

You will not incur any brokerage or stamp duty on the transfer of your MSL Shares to Pemba Bidco under the Scheme. It is possible that such charges may be incurred if you transfer your MSL Shares other than under the Scheme.

### 3.2 **Reasons to not vote in favour of the Scheme**

The MSL Directors consider that the Scheme is in the best interests of MSL Shareholders and unanimously recommend that MSL Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.

Notwithstanding this recommendation and this conclusion, MSL Shareholders should read and consider the following reasons not to vote in favour of the Scheme when determining how to exercise their vote at the Scheme Meeting.

(a) **You may disagree with the MSL Directors' unanimous recommendation or the Independent Expert's conclusion and believe that the Scheme is not in your best interests**

Notwithstanding the unanimous recommendation of the MSL Directors and the conclusion of the Independent Expert, you may believe or receive advice that the Scheme is not in your best interests.

MSL Shareholders are not obliged to follow the recommendation of the MSL Board nor to agree with the Independent Expert's conclusion.

(b) **You may believe that there is potential for a Superior Proposal to be made in the foreseeable future**

Since MSL and Pemba Bidco entered into the Scheme Implementation Agreement on Monday, 14 November 2022 through to the date of this Scheme Booklet, no Competing Transaction has emerged. However, MSL Shareholders may consider that a Superior Proposal with better long-term prospects for the MSL businesses could emerge in the foreseeable future. The Scheme becoming Effective and being implemented will mean that existing MSL Shareholders will not receive the benefit of any such Superior Proposal.

The Scheme Implementation Agreement includes the no-shop provision summarised in Section 4.10(b), other than in certain limited circumstances, and requires MSL to notify Pemba Bidco of any Competing Transaction and its terms. MSL will notify MSL Shareholders if a Superior Proposal is received before the Second Court Date.

(c) **You may wish to confine your investment and exposure to a business with MSL's specific characteristics**

MSL Shareholders may wish to keep their MSL Shares and preserve their investment in a publicly listed company with the specific characteristics of MSL, notwithstanding the views expressed by the Independent Expert and the MSL Directors. Sections 4.10(d) and 6 set out further detail on the standalone businesses of MSL and Pemba Bidco respectively.

Implementation of the Scheme may represent a disadvantage if you do not want to change your investment profile. MSL Shareholders should read this Scheme Booklet carefully to understand the implications of the Scheme and should seek investment, legal or other professional advice in relation to their own circumstances.

**(d) The tax consequences of the Scheme may not suit your current financial circumstances**

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your MSL Shares to Pemba Bidco pursuant to the Scheme are not attractive to you.

MSL Shareholders should read the tax implications of the Scheme outlined in Section 7. Section 7 is general in nature and MSL Shareholders should consult with their professional tax adviser regarding their particular circumstances.

**3.3 Other key considerations in relation to voting on the Scheme**

MSL Shareholders should also take into account the following additional considerations in determining how to exercise their vote at the Scheme Meeting.

**(a) The Scheme may be implemented even if you vote against the Scheme or do not vote at all**

If the Scheme is approved by the Requisite Majorities of MSL Shareholders and the Court, all of the other Conditions Precedent to the Scheme are either satisfied or waived (as applicable), and the Scheme becomes Effective, the Scheme will bind all MSL Shareholders. This will include those who did not vote on the Scheme Resolution and those who voted against it, meaning that all MSL Shareholders will receive the Scheme Consideration.

**(b) Implications for MSL and MSL Shareholders if the Scheme is not implemented**

If any Conditions Precedent, including approval by the Requisite Majorities of MSL Shareholders and the Court, are not satisfied or waived (as applicable) prior to the End Date, the Scheme will not proceed.

If the Scheme does not proceed, MSL Shareholders will not receive the Scheme Consideration and will retain their MSL Shares. Additionally, the advantages of the Scheme described in Section 3.1 will not be realised and the potential disadvantages of the Scheme described in Section 3.2 will not arise.

If the Scheme is not implemented, MSL will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX.

MSL has incurred costs in respect of the Scheme prior to the date of this Scheme Booklet, including in relation to the conduct of negotiations with Pemba Bidco, retention of advisers, provision of information to Pemba Bidco, obtaining regulatory review of the Scheme, engagement of the Independent Expert, and preparation of this Scheme Booklet. If the Scheme is not implemented, MSL expects to pay an aggregate of approximately \$600,000 in external transaction costs in connection with the Scheme. Depending on the reasons why the Scheme does not proceed, MSL may be liable to pay a Break Fee of \$1,195,000 to Pemba Bidco. See Section 4.10(c) for further information on the Break Fee.

**(c) Conditionality of the Scheme**

Implementation of the Scheme is subject to the satisfaction or waiver (as applicable) of a number of Conditions Precedent.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Agreement, a copy of which is available on the ASX website at [www.asx.com.au](http://www.asx.com.au) and on MSL's website at <https://www.msolutions.com/investors/>.

As at the date of this Scheme Booklet, the implementation of the Scheme is still subject to a number of Conditions Precedent, which are summarised in Section 4.10(a).

If the Conditions Precedent are not satisfied or waived (as applicable) by the End Date, the Scheme will not proceed.

(d) **Break fees**

Under the Scheme Implementation Agreement, MSL has agreed to pay Pemba Bidco a Break Fee in an amount of \$1,195,000 if conditions outlined under 'Break fee' in Section 4.10(c) are satisfied.

No break fees are payable if the Scheme does not proceed solely because of the Requisite Majorities of MSL Shareholders failing to approve the Scheme at the Scheme Meeting.

See Section 4.10(c) for a more detailed explanation of the circumstances in which a break fee is payable.

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## 4. Overview of the Scheme

### 4.1 Background to the Scheme

On Tuesday, 15 November 2022, MSL announced that it had entered into a Scheme Implementation Agreement with Pemba Bidco, under which it is proposed that Pemba Bidco will acquire all of the issued share capital of MSL pursuant to the Scheme, subject to several Conditions Precedent including MSL Shareholder and Court approvals together with other conditions which are summarised in Section 4.10(a). The Scheme is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire another company.

If the Scheme is approved and becomes Effective and you hold MSL Shares on the Scheme Record Date, you will be bound by the Scheme irrespective of whether you voted against the Scheme Resolution or did not vote on the Scheme Resolution. If the Scheme is not approved, the Scheme will not proceed, and you will not be bound by it.

A copy of the full Scheme Implementation Agreement can be obtained from the ASX website ([www2.asx.com.au](http://www2.asx.com.au)).

### 4.2 Scheme Consideration

Under the Scheme Implementation Agreement, Pemba Bidco agreed MSL Shareholders could receive a total cash amount of \$0.295 per MSL Share held by MSL Shareholders on the Scheme Record Date (payable by Pemba Bidco).

### 4.3 Scheme Meeting

On Tuesday, 13 December 2022, the Court ordered that MSL convene the Scheme Meeting in accordance with the Notice of Scheme Meeting and appointed Tony Toohey Executive Chairman of MSL, to chair the Scheme Meeting. If Mr Toohey is unable or unwilling to act, David Usasz is to act as Chair of the Scheme Meeting. The Court order does not constitute an endorsement of, or any other expression of opinion on, the Scheme or this Scheme Booklet.

The purpose of the Scheme Meeting is for MSL Shareholders to consider whether to approve the Scheme Resolution. MSL Shareholders who are registered on the MSL Share Register at 7.00pm (AEDT) on Sunday, 29 January 2023 are entitled to vote at the Scheme Meeting.

Voting at the Scheme Meeting will be by poll. Instructions on how to attend and vote at the Scheme Meeting (in person, online or by proxy, attorney or corporate representative) are set out in Sections 1.2 and in the Notice of Scheme Meeting in Annexure D.

The result of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting. The result will be accessible from the ASX's website at [www2.asx.com.au](http://www2.asx.com.au).

### 4.4 Approvals required from MSL Shareholders and the Court

The Scheme can only become Effective if it is approved by:

- the Requisite Majorities of MSL Shareholders at the Scheme Meeting; and
- the Court on the Second Court Date.

The **Requisite Majorities** for the Scheme Resolution are set out in section 411(4)(a)(ii) of the Corporations Act, and they are:

- a majority in number (more than 50%) of MSL Shareholders present and voting at the Scheme Meeting (either in person online, or by proxy, representative, attorney, or in the case of a corporation its duly appointed corporate representative, except to the extent the Court orders otherwise under subsection 411(4)(a)(ii)(A) of the Corporations Act and, in that case, in accordance with that Court order); and



- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by MSL Shareholders (either in person, online, or by proxy, representative, attorney or in the case of a corporation its duly appointed corporate representative).

However, the Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

The Scheme Resolution will be voted on by way of poll.

If the Scheme is approved by the Requisite Majorities of MSL Shareholders and all other Conditions Precedent to the Scheme (other than approval of the Court) have been satisfied or waived, MSL will apply to the Court for orders approving the Scheme.

The Corporations Act and the relevant Court rules provide a procedure for MSL Shareholders to oppose the approval of the Scheme by the Court. Any MSL Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on MSL a notice of appearance in the prescribed form together with any affidavit that the MSL Shareholder proposes to rely on. The address for service for MSL is c/- Talbot Sayer, Level 27, 123 Eagle St, Brisbane QLD 4000.

The date for the Second Court Hearing is currently scheduled to be Tuesday, 7 February 2023. Any change to this date will be announced through the ASX and notified on MSL's website.

#### **4.5 Recommendation of MSL Directors**

The MSL Directors consider that the Scheme is in the best interests of MSL Shareholders and unanimously recommend that MSL Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.

Each MSL Director will vote, or procure the voting of, any MSL Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting to be held on Tuesday, 31 January 2023, in the absence of a Superior Proposal.

In considering whether to vote in favour of the Scheme, MSL Directors encourage you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain advice from your legal, financial, tax or other professional advisers on the effect of the Scheme becoming Effective and being implemented.

Each MSL Director's Relevant Interests in MSL Shares are disclosed in Sections 9.1 and 9.2 of this Scheme Booklet.

#### **4.6 Independent Expert's conclusion**

MSL Directors engaged Leadenhall Corporate Advisory Pty Ltd as Independent Expert to consider whether the Scheme is in the best interest of MSL Shareholders. The Independent Expert has concluded that the Scheme is in the best interests of the MSL Shareholders, in the absence of a Superior Proposal. The Independent Expert's Report is contained in Annexure A.

#### **4.7 Implementation of the Scheme**

If the Scheme becomes Effective, Pemba Bidco will acquire all of the MSL Shares and Scheme Shareholders will be paid the Scheme Consideration on the Implementation Date, currently expected to be Friday, 17 February 2023.

For the purposes of paying the Scheme Consideration, Pemba Bidco will deposit in cleared funds, by no later than the Business Day before the Implementation Date, the aggregate Scheme Consideration into the Trust Account.

On the Implementation Date, in consideration for the transfer of each MSL Share to Pemba Bidco, each Scheme Shareholder will be paid by:

- electronic funds transfer into the nominated bank account with an authorised deposit-taking institution in Australia or a registered bank in any other jurisdiction, recorded on the MSL Share Register as at the Scheme Record Date, by making or procuring the making of, a deposit for the relevant amount (denominated in Australian dollars and less any fees charged in respect of the transfer). If you have not previously notified the MSL Share Registry of your nominated bank account or would like to change your existing nominated bank account, you should contact the MSL Share Registry on 1300 552 270 (from within Australia) or +61 (03) 9415 4000 (from outside Australia), prior to the Scheme Record Date; or
- if a Scheme Shareholder does not have a nominated bank account on the MSL Share Register as at the Scheme Record Date, sending an Australian dollar cheque for any such amount by prepaid post to their address recorded in the MSL Share Register as at the Scheme Record Date.

Scheme Shareholders can make their election in respect of payments by electronic funds transfer online at [www.computershare.com.au/easyupdate/MSL](http://www.computershare.com.au/easyupdate/MSL) or by phoning the MSL Share Registry on 1300 552 270 (from within Australia) or +61 (03) 9415 4000 (from outside Australia).

If the whereabouts of a Scheme Shareholder are unknown as at the Scheme Record Date, the Scheme Consideration may be paid into a separate bank account and held until claimed or applied under laws dealing with unclaimed moneys.

#### **4.8 Deemed warranties by Scheme Shareholders**

Under the terms of the Scheme, each Scheme Shareholder warrants to Pemba Bidco and is deemed to have authorised MSL to warrant to Pemba Bidco as agent and attorney for the Scheme Shareholder that:

- as at the Implementation Date, all of their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) transferred to Pemba Bidco under the Scheme are free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) to Pemba Bidco under the Scheme.

#### **4.9 Consequences if the Scheme does not proceed**

If the Scheme is not approved at the Scheme Meeting or all of the Conditions Precedent are not satisfied or waived, the Scheme will not proceed, and:

- MSL will continue to operate as a standalone entity listed on the ASX;
- MSL Shareholders will continue to hold their MSL Shares and share in any benefits and risks of MSL's ongoing business; and
- MSL Shareholders will not receive the Scheme Consideration.

Depending on the reasons why the Scheme does not proceed, MSL may be liable to pay a Break Fee of \$1,195,000 to Pemba Bidco. See Section 4.10(c) for further information on the Break Fee.

The MSL Directors have confidence in MSL's future as an independent entity and its ability to maintain earnings and growth. It is difficult to predict the effect on the MSL Share price if the

Scheme does not proceed but in the absence of a Superior Proposal, there is a risk that the price of MSL Shares may fall in the near term.

Despite the confidence of the MSL Directors in the future of MSL as an independent entity, the MSL Directors consider that the Scheme is in the best interests of MSL Shareholders, in the absence of a Superior Proposal.

#### 4.10 Scheme Implementation Agreement

The Scheme Implementation Agreement sets out the rights and obligations of MSL and Pemba Bidco in connection with the Scheme. A copy of the Scheme Implementation Agreement is available on the ASX website. The key terms of the Scheme Implementation Agreement are summarised below.

##### (a) Conditions Precedent

The Scheme is subject to a number of Conditions Precedent. The following Conditions Precedent which are set out in clause 3.1 of the Scheme Implementation Agreement must be either satisfied or waived in accordance with the terms of the Scheme Implementation Agreement:

- **FIRB approval:** if notice and a no objection notification are required under the FIRB Act to implement the Scheme, before 5:00pm (AEDT) on the Business Day before the Second Court Date either:
  - (i) the Treasurer (or the Treasurer's delegate) has provided a written no objections notification to the Scheme either without conditions or with conditions acceptable to Pemba Bidco; or
  - (ii) following notice of the proposed Scheme having been given to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired;
- If notice and a no objection notification are required under the FIRB Act to implement the Pemba Fund II Acquisition, before 5.00pm (AEDT) on the Business Day before the Second Court Date either:
  - (iii) the Treasurer (or the Treasurer's delegate) has provided a written no objections notification to the Pemba Fund II Acquisition either without conditions or with conditions acceptable to the Pemba Fund II Entities; or
  - (iv) following notice of the proposed Pemba Fund II Acquisition having been given to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired; and
- If notice and a no objection notification are required under the FIRB Act to implement the Plutus Acquisition, before 5.00pm (AEDT) on the Business Day before the Second Court Date either:
  - (v) the Treasurer (or the Treasurer's delegate) has provided a written no objections notification to the Plutus Acquisition either without conditions or with conditions acceptable to the Pemba Fund II Entities; or
  - (vi) following notice of the proposed Plutus Acquisition having been given to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired;
- **ASIC and ASX:** before 8.00am (AEDT) on the Second Court Date, ASIC and ASX issue or provide any consents, waivers, relief or approvals, or have done any other acts, which the parties agree are reasonably necessary or desirable to implement the Scheme, and those

consents, waivers, relief or approvals or other acts have not been withdrawn or revoked at that time;

- **Shareholder approval:** MSL Shareholders approve the Scheme Resolution at the Scheme Meeting by the Requisite Majorities;
- **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- **Regulatory intervention:** no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme and no such order, decree, ruling, other action or refusal is in effect as at 8.00am (AEDT) on the Second Court Date;
- **Independent Expert:** the Independent Expert:
  - issues a report which concludes that the Scheme is in the best interests of Scheme Shareholders before the date on which the Scheme Booklet is lodged with ASIC; and
  - does not publicly change its conclusion in any written update to the Independent Expert's Report or withdraw the Independent Expert's Report prior to 8.00am (AEDT) on the Second Court Date;
- **Convertible Note:** before 8.00am (AEDT) on the Second Court Date the Convertible Notes are converted into MSL Shares, such that no Convertible Notes remain on issue;
- **MSL Performance Rights:** before 8.00am (AEDT) on the Second Court Date, MSL has taken all necessary steps to ensure that there are no outstanding MSL Performance Rights;
- **Change of control:** before 8.00am (AEDT) on the Second Court Date, in respect of each Consent Contract to which a member of the MSL Group is a party, each Consent Counterparty giving its written approval to the transfer of MSL Shares to Pemba Bidco in accordance with the Scheme (including to the change of control of MSL) and waiving any rights it may have to prevent the transfer.
- **No MSL Prescribed Event:** no MSL Prescribed Event occurs between the date of the Scheme Implementation Agreement and 8.00am (AEDT) on the Second Court Date;
- **No MSL Material Adverse Effect:** no MSL Material Adverse Effect occurs or is discovered, announced, disclosed or otherwise becomes known to Pemba Bidco, between (and including) the date of the Scheme Implementation Agreement and 8.00am (AEDT) on the Second Court Date;
- **MSL Representations and Warranties:** the MSL Representations and Warranties are true and correct in all material respects at all times between the date of the Scheme Implementation Agreement and as at 8.00am (AEDT) on the Second Court Date, except where expressed to be operative at another date; and
- **Pemba Representations and Warranties:** the Pemba Representations and Warranties are true and correct in all material respects at all times between the date of the Scheme Implementation Agreement and as at 8.00am (AEDT) on the Second Court Date, except where expressed to be operative at another date.

If the Conditions Precedent are not fully satisfied or waived then the Scheme will not proceed.

As at the date of this Scheme Booklet, the FIRB approval Condition Precedent has been satisfied, and none of the MSL Directors are aware of any circumstances which would cause any of the remaining Conditions Precedent not to be satisfied.

See the Scheme Implementation Agreement and the Glossary in Section 10.1 for the meanings of the defined terms in this Section 4.10(a).

(b) **Exclusivity Provisions**

MSL has agreed to exclusivity provisions in the Scheme Implementation Agreement, as summarised below.

- **No existing discussions:** MSL represents and warrants that, other than the discussions with Pemba Bidco in respect of the Scheme, it is not currently in negotiations or discussions in respect of any Competing Transaction with any person.
- **No-shop:** during the Exclusivity Period, MSL must ensure that neither it nor any of its Representatives directly or indirectly:
  - solicits, invites, encourages or initiates any enquiries, expressions of interest, offers, proposals, negotiations or discussions with any person; or
  - communicates any intention to do any of these things,with a view to, or that may be reasonably expected to encourage or lead to, obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction.
- **No-talk:** subject to the 'Exceptions' provision below, during the Exclusivity Period, MSL must ensure that neither it nor any of its Representatives:
  - negotiates or enters into; or
  - participates in negotiations or discussions with any other person regarding,a Competing Transaction or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by MSL or any of its Representatives or the person has publicly announced the Competing Transaction.
- **Due diligence information:** subject to the 'Exceptions' and 'Further Exceptions' provisions below, during the Exclusivity Period, MSL must not, and must procure that its Representatives do not, in relation to any Competing Transaction or for the purpose of any other person making, formulating, developing or finalising a Competing Transaction:
  - take any action which enables any other person (other than Pemba Bidco and its Representatives and any other person nominated by Pemba Bidco) to undertake due diligence investigations on any member of the MSL Group or their businesses or operations;
  - makes available to any other person, or facilitate access to (other than Pemba Bidco and its Representatives and any other person nominated by Pemba Bidco) (in the course of due diligence investigations or otherwise) any non-public information relating to any member of the MSL Group or their businesses or operations; or
  - make available to any other person, or facilitate access to (other than Pemba Bidco and its Representatives and any other person nominated by Pemba Bidco) (in the course of due diligence investigations or otherwise) any officers or employees of the MSL Group.
- **Exceptions:** the 'no-talk' and 'due diligence-information' exclusivity provisions do not apply to the extent that they restrict MSL or the MSL Board from taking or refusing to take any action with respect to a genuine Competing Transaction (which was not solicited, invited,

encouraged or initiated by MSL in contravention of the 'no-shop' exclusivity provision) provided that the MSL Board has determined, in good faith that:

- after consultation with its financial advisors, such genuine Competing Transaction is, or could reasonably be considered to become, a Superior Proposal; and
  - after receiving written legal advice from its external legal advisers (who must be reputable advisers experienced in transactions of this nature) that failing to respond to such a genuine Competing Transaction would be reasonably likely to constitute a breach of the MSL Board's fiduciary or statutory obligations.
- **Further exceptions:** nothing in the Scheme Implementation Agreement prevents MSL from:
    - engaging with MSL Shareholders (in their capacity as a shareholder of the MSL) in relation to the MSL Group, provided that such engagement does not relate to the MSL soliciting, inviting, encouraging or initiating an actual, proposed or potential Competing Transaction;
    - continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Scheme or its business generally;
    - merely acknowledging receipt of a Competing Transaction; or
    - fulfilling its continuous disclosure requirements.
  - **Notice of unsolicited approach:** during the Exclusivity Period, MSL must promptly inform Pemba Bidco if it or any of its Representatives:
    - receives any unsolicited approach with respect to any Competing Transaction and must disclose to Pemba Bidco all material details of the Competing Transaction, including details of the proposed bidder or acquirer;
    - receives any request for information relating to MSL or any of its Related Bodies Corporate or any of their businesses or operations or any request for access to the books or records of MSL or any of its Related Bodies Corporate, which MSL has reasonable grounds to suspect may relate to a current or future Competing Transaction; and
    - provides any information relating to MSL or any of its Related Bodies Corporate or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction.
  - **Matching right:** during the Exclusivity Period, MSL:
    - must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a third party, MSL or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Transaction; and
    - must use its best endeavours to procure that none of its directors change their recommendation in favour of the Scheme to publicly recommend an actual, proposed or potential Competing Transaction (or recommend against the Scheme), unless:
      - the MSL Board acting in good faith and in order to satisfy what the MSL Board consider to be its statutory or fiduciary duties (having received written advice from its external legal advisers), determines that the Competing Transaction would be or would be likely to be an actual, proposed or potential Superior Proposal;

- MSL has provided Pemba Bidco with the material terms and conditions of the actual, proposed or potential Competing Transaction, including price and the identity of the third party making the actual, proposed or potential Competing Transaction;
- MSL has given Pemba Bidco at least 5 Business Days after the date of the provision of the information referred to above to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction; and
- Pemba Bidco has not announced a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction by the expiry of the 5 Business Day period referred to above.

Each successive modification of any actual, proposed or potential Competing Transaction will constitute a new actual, proposed or potential Competing Transaction for the purposes of the requirements specified in the fifth bullet point above and accordingly MSL must comply with clause requirements specified in the fifth and sixth bullet points above in respect of any new actual, proposed or potential Competing Transaction unless the third to sixth bullet points above (inclusive) apply.

- **Pemba counterproposal:** if Pemba Bidco proposes to MSL, or announces amendments to the Scheme or a new proposal that constitute a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction (**Pemba Counterproposal**) by the expiry of the 5 Business Day period specified in the fifth bullet point in the 'matching right' provision above, MSL must procure that the MSL Board consider the Pemba Counterproposal and if the MSL Board, acting reasonably and in good faith, determines that the Pemba Counterproposal would provide an equivalent or superior outcome for the MSL Shareholders as a whole compared with the Competing Transaction, taking into account all of the terms and conditions of the Pemba Counterproposal, then:
  - MSL and Pemba Bidco must use their best endeavours to agree the amendments to the Scheme Implementation Agreement and, if applicable, the Scheme and Deed Poll that are reasonably necessary to reflect the Pemba Counterproposal and to implement the Pemba Counterproposal, in each case as soon as reasonably practicable; and
  - MSL must use its best endeavours to procure that the Directors continue to recommend the Scheme (as modified by the Pemba Counterproposal) to MSL Shareholders.

The exclusivity provisions do not prevent MSL from considering a Competing Transaction which was not solicited, invited, encouraged or initiated in contravention of the 'no-shop' provision summarised above to determine whether it is a Superior Proposal. See clause 9 of the Scheme Implementation Agreement for full details of the exclusivity provisions.

(c) **Break fees**

MSL has agreed to pay Pemba Bidco a break fee of \$1,195,000 if the Scheme does not proceed because:

- **Competing Transaction:** on or before the End Date (being 30 June 2023 or such other date as agreed in writing by Pemba Bidco and MSL) a Competing Transaction is announced and within 12 months of the End Date the third party who announced or made the Competing Transaction (or any of its Associates):
  - completes a Competing Transaction; or
  - acquires a Relevant Interest in, an economic interest in or voting power of more than 50% of the MSL Share or otherwise acquires Control free of any defeating condition.

- **Change of recommendation:** any MSL Director fails to recommend the Scheme or withdraws their recommendation, adversely changes or qualifies their recommendation or otherwise makes a public statement indicating that he or she no longer supports the Scheme, except where:
  - the change of recommendation or statement is made after the Independent Expert concludes that in the opinion of the Independent Expert the Scheme is not in the best interests of MSL Shareholders (other than where a Competing Transaction has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the transaction contemplated by the Scheme Implementation Agreement);
  - MSL validly terminates the Scheme Implementation Agreement in accordance with clause 12.1(c) (where there is a material breach of a term by either MSL or Pemba Bidco); or
  - MSL validly terminates the Scheme Implementation Agreement in accordance with clause 12.1(f) (where there is a consultation or appeal failure) and the failure to satisfy the relevant Condition Precedent resulted directly from:
    - a breach of the Scheme Implementation Agreement by Pemba Bidco; or
    - a deliberate act or omission of Pemba Bidco.
- **Termination:** Pemba Bidco validly terminates the Scheme Implementation Agreement in accordance with:
  - clause 12.1(c) of the Scheme Implementation Agreement (where there is a material breach of a term by either MSL); or
  - clause 12.1(f) of the Scheme Implementation Agreement (where there is a consultation or appeal failure) and the failure to satisfy the relevant Condition Precedent resulted from a breach of the Scheme Implementation Agreement by MSL or a deliberate act or omission of the MSL.

See clause 10 of the Scheme Implementation Agreement for full details of the Break Fee provisions.

(d) **Termination**

The Scheme Implementation Agreement may be terminated:

- **End Date:** by either MSL or Pemba Bidco, if the Scheme has not become Effective on or before the End Date;
- **Lack of support:** by Pemba Bidco at any time prior to 8.00am (AEDT) on the Second Court Date if any member of the MSL Board changes its recommendation, including any adverse modification to its recommendation, or otherwise makes a public statement indicating that it no longer supports the Scheme (excluding a statement that no action should be taken by MSL Shareholders pending the assessment of a Competing Transaction by the MSL Board);
- **Material breach:** by either Pemba Bidco or MSL at any time prior to 8.00am (AEDT) on the Second Court Date, if the other is in material breach of a term of the Scheme Implementation Agreement (including any representation and warranty not being true and correct), taken in the context of the Scheme as a whole, provided that Pemba Bidco or MSL (as the case may be) has, if practicable, given notice to the other setting out the relevant circumstances and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 8.00am (AEDT) on the Second Court Date) after the time such notice is given;



- **Competing interest:** by Pemba Bidco at any time prior to 8.00 am (AEDT) on the Second Court Date, if a person (other than Pemba Bidco or its Associates or Microequities Asset Management Pty Ltd (or any person who has a Relevant Interest in the MSL Shares held by Microequities Asset Management Pty Ltd as at the date of the Scheme Implementation Agreement)) has a Relevant Interest in more than 10% of the MSL Shares;
- **Superior Proposal:** by MSL at any time prior to 8.00 am (AEDT) on the Second Court Date if the MSL Board determines that a Competing Transaction that was not solicited, invited, encouraged or initiated in breach of the exclusivity provisions is a Superior Proposal and the matching right process for Pemba Bidco has been completed;
- **Consultation or appeal failure:** by either Pemba Bidco or MSL (as applicable) if: a Condition Precedent is not satisfied (or waived) before 8.00am (AEDT) on the Second Court Date; or, if the Court refuses to make orders convening the Scheme Meeting or approving the Scheme where MSL and Pemba Bidco agree; or, an independent senior counsel admitted to the bar in New South Wales advises that, in their opinion, an appeal would have no reasonable prospect of success before the End Date;
- **Agreement:** if agreed to in writing by MSL and Pemba Bidco,

in each case, where expressly permitted by, and in accordance with, the Scheme Implementation Agreement.

See clause 12 of the Scheme Implementation Agreement for full details of the termination provisions.

(e) **Deed Poll**

On 9 December 2022, Pemba Bidco executed the Deed Poll under which Pemba Bidco has effectively agreed to (among other things) provide the Scheme Consideration to each Scheme Shareholder, subject to the Scheme becoming Effective.

A copy of the Deed Poll is attached as Annexure C to this Scheme Booklet.

**4.11 MSL Performance Rights**

(a) **MSL Performance Rights on Issue**

As detailed in the FY22 Annual Report, MSL operates a long-term incentive plan under which MSL Performance Rights are granted to key management personnel to ensure alignment between the performance of such employees to the long-term overall performance of MSL. As at the date of this Scheme Booklet, MSL has 13,969,998 MSL Performance Rights on issue.

Each MSL Performance Rights confers on its holder the entitlement to acquire one MSL Share upon satisfaction of the vesting conditions, as determined by the MSL Board and included in the offer to the eligible employee to participate in the MSL Performance Rights Plan. No amount is payable by the holder of the MSL Performance Right upon vesting.

As set out in Section 9.1, the Executive Chairman of MSL, Tony Toohey, holds 2,341,667 MSL Performance Rights.

(b) **Convertible Notes on issue**

As at the date of this Scheme Booklet, MSL has a total of 4,500,000 Convertible Notes which can be converted by the holder, TC LLC, into 21,655,438 MSL Shares.

(c) **Intended treatment of MSL Performance Rights and Convertible Notes in connection with the Scheme**

Under the terms of the Scheme Implementation Agreement, MSL must put in place arrangements so that:

- 13,969,998 MSL Performance Rights are vested or otherwise dealt with so that there are no MSL Performance Rights on issue by 8.00am (AEDT) on the Second Court Date; and
- 4,500,000 Convertible Notes are converted into 21,655,438 MSL Shares by 8.00am (AEDT) on the Second Court Date.

Under the terms of the Scheme Implementation Agreement, the MSL Board has discretion to determine the treatment of any unvested MSL Performance Rights and the timing of such treatment so that no Performance Rights are in existence at 8.00am (AEDT) on Tuesday, 7 February 2023.

Consistent with the terms of the MSL Performance Rights Plan, the MSL Board (excluding the Executive Chairman, Tony Toohey) has exercised its discretion and determined that all of the MSL Performance Rights will vest and be exercised prior to 8.00am (AEDT) on the Second Court Date and MSL Shares will be issued in respect of those MSL Performance Rights at such time.

The MSL Board (excluding the Executive Chairman, Tony Toohey) made this determination having regard to a range of factors, including the contribution by management to the overall performance of MSL, which the MSL Board believes has been a key factor in making MSL attractive to an acquirer such as Pemba Bidco at the Scheme Consideration offered.

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## 5. Overview of MSL

MSL is a software as a service (SaaS) technology provider to the sports, leisure, and hospitality sectors, providing fully integrated point of sale platforms, technology platforms, and other digital solutions.

### 5.1 Corporate history

A summary of key events in MSL's company history is provided in the table below.

Year	Key event
2006	<ul style="list-style-type: none"><li>MSL incorporated</li></ul>
2007	<ul style="list-style-type: none"><li>Acquisition of Micropower Pty Ltd (Full Venue Enterprise System)</li><li>Acquisition of iseekgolf Pty Ltd</li></ul>
2009	<ul style="list-style-type: none"><li>Acquisition of Palient (Marina Management System)</li></ul>
2013	<ul style="list-style-type: none"><li>Acquisition of Arta I.P, as basis for Zuuse Pty Ltd</li></ul>
2014	<ul style="list-style-type: none"><li>Acquisition of GolfLink Partners Pty Ltd</li></ul>
2015	<ul style="list-style-type: none"><li>PGA Australia appoints MSL Strategic Technology Partner</li><li>Acquisition of Markettown Media Pty Ltd (MPower Media Network)</li><li>Deconsolidation of Zuuse Pty Ltd</li></ul>
2016	<ul style="list-style-type: none"><li>Acquisition of InfoGenesis Pty Ltd</li><li>Acquisition of Rockiet Pty Ltd (trading as Golf Computer Systems)</li><li>Acquisition of DotGolf cloud-based golf management system</li><li>MSL appointed Golf Australia Strategic Technology Partner</li><li>Acquisition of Verteda Holdings Limited (UK)</li><li>Acquisition of GolfBox A/S (Denmark)</li><li>First US client sale</li></ul>
2017	<ul style="list-style-type: none"><li>Acquisition of Pallister Games assets from Ray Pallister Pty Ltd</li><li>Successfully listed on the Australian Stock Exchange</li></ul>
2018	<ul style="list-style-type: none"><li>Acquisition of Xcite Media Pty Ltd</li><li>Acquisition of Pricap Services Pty Ltds</li></ul>
2019	<ul style="list-style-type: none"><li>Board and management changes</li><li>Cost re-alignment</li><li>Capital raisings</li></ul>
2020	<ul style="list-style-type: none"><li>Acquisition of SwiftPOS</li></ul>
2021	<ul style="list-style-type: none"><li>Acquisition of OrderMate</li></ul>

### 5.2 Business model

MSL develops and delivers fully integrated modular systems that connect customers to venues through mobile, ordering and payment solutions. These systems connect front-of-house to back-

office, offering an end-to-end guest engagement platform which provides actionable insights on key success metrics to venues of all sizes.

MSL has over 8,000 clients, spanning four continents with offices in Australia, Denmark and the United Kingdom.

MSL generates revenue from the sale of:

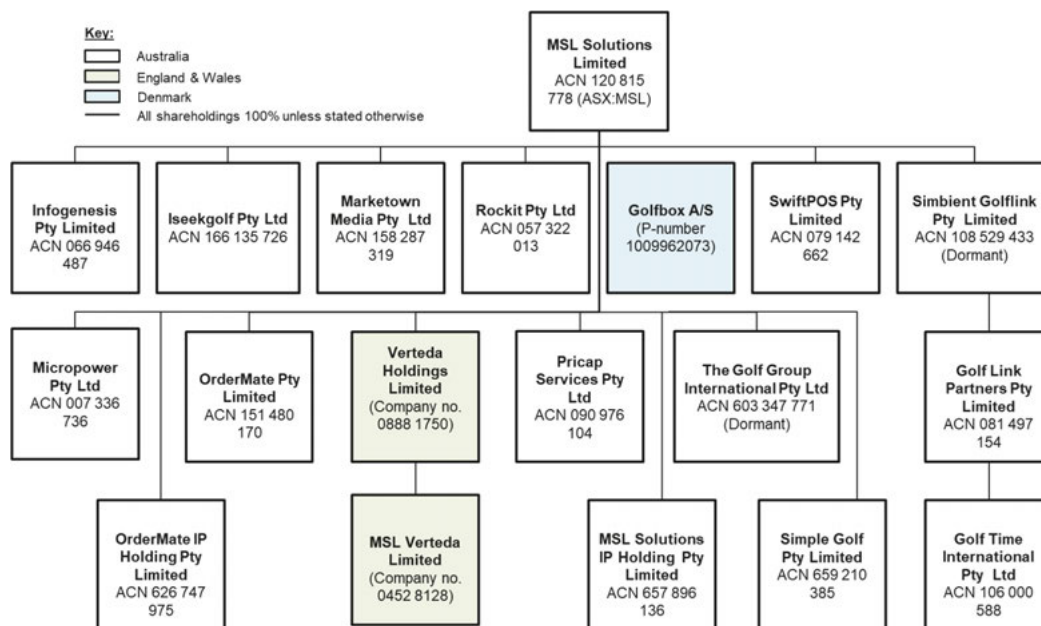
- point-of-sale (POS) platforms, which are fully-integrated and purpose-built for venues (e.g., SwiftPOS and OrderMate);
- golf technology platforms to manage national federations, golf clubs, golf professionals and tournaments;
- third party POS systems, payment systems and the trailing support of revenue of legacy products no longer sold to new customers; and
- other mobile applications that are in the hands of the customer (e.g., OrderAway).

The three key operating segments are summarised in the table below.

	POS	Golf	Digital
<b>Products / service</b>	Providing fully integrated POS systems	Golf membership and golf management software	Mobile applications that are in the hands of consumers (build, partner or facilitate)
<b>Customer Type</b>	<ul style="list-style-type: none"> <li>• <b>Iconic:</b> stadiums, arenas, convention centres (SwiftPOS sold through MSL Direct)</li> <li>• <b>Local:</b> pubs, clubs, fuel stations (SwiftPOS directly or via reseller)</li> <li>• <b>OrderMate:</b> restaurants, fine dining and takeaway</li> </ul>	<ul style="list-style-type: none"> <li>• Golf Australia</li> <li>• Global Golf Federations</li> <li>• Individual Golf Clubs</li> </ul>	Consumers throughout Australia and around the world using apps including: <ul style="list-style-type: none"> <li>• MSL Golf Apps</li> <li>• MSL OrderAway</li> <li>• HH</li> <li>• Doshii</li> </ul>
<b>Revenue model</b>	<ul style="list-style-type: none"> <li>• SwiftPOS - 3 to 5 year contracts (initial sales and recurring fees)</li> <li>• OrderMate - month to month contract (initial sales and recurring fees)</li> </ul>	<ul style="list-style-type: none"> <li>• Subscription / fee per use basis</li> <li>• Initial sales and recurring revenue model (golf management software)</li> </ul>	<ul style="list-style-type: none"> <li>• Transaction fee per order</li> </ul>

### 5.3 Corporate structure

As at 30 June 2022, the structure of the MSL Group is as follows:



## 5.4 MSL Board and senior management

### (a) Board

Name	Role
Tony Toohey	Executive Chairman
Earl Eddings	Non-Executive Director
Dr Richard Holzgrefe	Non-Executive Director
Dr Sarah Kelly OAM	Non-Executive Director
David Trude	Non-Executive Director
David Usasz	Non-Executive Director

### (b) Management

Name	Role
Patrick Howard	Chief Executive Officer
David Marshall	Chief Financial Officer
Tim Morgan	Chief Revenue Officer
Leigh Richardson	Chief Operations Officer
Jason Hold	Chief Technology Officer
Andreas Nørfelt	Chief Executive Officer, Golfbox
Jon Taberner	General Manager, MSL Verteda

## 5.5 Capital structure

As at the date of this Scheme Booklet, the capital structure of MSL is set out below:

- 369,130,362 MSL Shares;
- 13,969,998 MSL Performance Rights; and
- 4,500,000 Convertible Notes which will be converted into 21,655,438 MSL Shares.

All MSL Performance Rights were issued under the MSL Performance Rights Plan.

Details regarding the treatment of MSL Performance Rights and Convertible Notes if the Scheme proceeds are set out in Section 4.11 of this Scheme Booklet.

Refer to Section 9.1 of this Scheme Booklet for details of the MSL Shares and MSL Performance Rights held by or on behalf of the MSL Directors.

## 5.6 Share price history

The closing price of MSL Shares on the ASX on 14 November 2022, being the last trading day prior to the announcement of signing of the Scheme Implementation Agreement, was \$0.180.

The closing price of MSL Shares on the ASX on the Last Practicable Date was \$0.290.

During the three months ending on 14 November 2022:

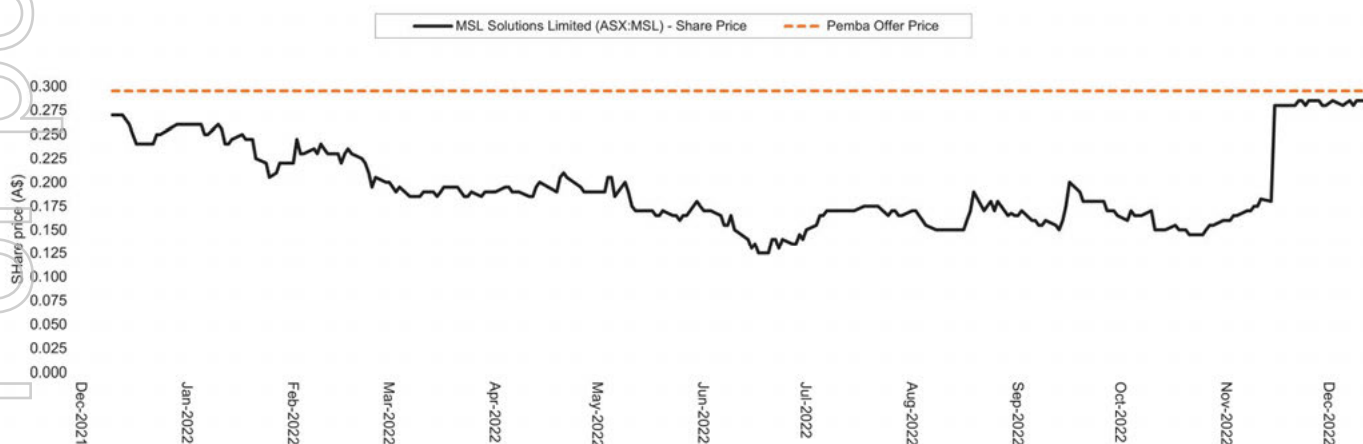
- the highest recorded daily closing price for MSL Shares on the ASX was \$0.20; and
- the lowest recorded daily closing price for MSL Shares on the ASX was \$0.145.

Up to 14 November 2022, the VWAP for MSL Shares was (based on calendar days):

- \$0.163 one-month VWAP of MSL Shares up to and including 14 November 2022;
- \$0.166 three-month VWAP of MSL Shares up to and including 14 November 2022; and
- \$0.163 six-month VWAP of MSL Shares up to and including 14 November 2022.

If the Scheme is implemented, MSL Shareholders will receive \$0.295 cash for each MSL Share, valuing the equity of MSL at approximately \$119.4 million and representing a premium of 63.9% to the closing price for MSL Shares of \$0.180 on 14 November 2022.

The chart below obtained from IRESS market data represents the movements in MSL Share price in the 12-month period leading up to the Last Practicable Date.



## 5.7 Substantial MSL Shareholders

As of the date of this Scheme Booklet, the substantial MSL Shareholders who have notified their interests to the ASX are as below.

Name	Holding	Percentage
Microequities Asset Management Pty Ltd	44,740,301	12.12%
David Penner	23,800,000	6.45%
Portfolio Services Pty Limited	18,953,453	5.13%

## 5.8 Historical financial information

### (a) Historical financial information

This Section 5.8 contains the following historical information of MSL:

- historical consolidated statement of profit and loss and other comprehensive income for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 (**MSL Historical Income Statements**);
- historical consolidated statement of financial position as at 30 June 2020, 30 June 2021 and 30 June 2022 (**MSL Historical Statements of Financial Position**);
- historical consolidated statement of cash flows for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 (**MSL Historical Statements of Cash Flows**),

(together, the **MSL Historical Financial Information**).

This Section 5.8 should be read in conjunction with the rest of this Scheme Booklet, including information on the risk factors set out in Section 8.

### (b) Basis of preparation

The MSL Historical Financial Information presented in this Section 5.8 has been extracted from MSL's consolidated financial statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022. These consolidated financial statements were audited by Grant Thornton Audit Pty Limited in accordance with the Australian Auditing Standards and on which Grant Thornton Audit Pty Limited provided an unqualified audit opinion.

The MSL Historical Financial Information for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022 are general-purpose financial statements, which have been prepared in accordance with AAS and interpretation of the AASB and IFRS as issued by the IASB.

The MSL Historical Financial Information presented in this Section 5.8 has been presented in abbreviated form and consequently does not contain all the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The MSL Historical Financial Information presented in this Section 5.8 should therefore be read in conjunction with the financial statements for the respective periods, including the description of the accounting policies and the notes to those financials statements, all of which are available at <https://www.msolutions.com/investors/> or the ASX website at [www.asx.com.au](http://www.asx.com.au).

The MSL Historical Financial Information is presented in Australian dollars, which is MSL's functional currency. A number of figures, amounts, percentages, prices, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables and commentary may not add due to rounding.

(c) MSL Historical Income Statements

<b>MSL Consolidated Profit or Loss and Other Comprehensive Income (AUD \$'000)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
<b>Revenue</b>			
Revenue	25,058	24,666	33,931
Other income	1,498	26	-
<b>Total Revenue</b>	<b>26,556</b>	<b>24,692</b>	<b>33,931</b>
<b>Expenses</b>			
Cost of sales	(6,622)	(6,024)	(8,325)
Sales and marketing expenses	(4,270)	(3,770)	(4,312)
Customer support and technical services	(4,581)	(3,957)	(4,494)
Research and development expenses	(4,169)	(3,518)	(5,472)
General and administration expenses	(6,055)	(2,906)	(5,947)
Gain on contingent consideration	-	-	1,191
Gain on disposal of right-of-use asset	-	-	56
Gain on sale of business (net of costs)	-	-	98
Other gains and expenses (net)	(13)	(15)	(44)
Net Impairment loss on financial and contractual assets	(44)	(12)	2
Depreciation expense	(59)	(75)	(203)
Amortisation expense – Intangible assets	(4,830)	(3,863)	(4,704)
Amortisation expense – Right-of-use assets	(740)	(567)	(620)
Impairment expense	(10,672)	-	-
Net fair value loss on earnout provisions	-	-	(651)
Transaction and restructuring costs	(932)	-	-
Finance costs	(230)	(428)	(402)
<b>Total Expenses</b>	<b>(43,217)</b>	<b>(25,135)</b>	<b>(33,827)</b>
<b>Profit/ (Loss) before income tax expense</b>	<b>(16,661)</b>	<b>(443)</b>	<b>104</b>
Income tax expense	259	1,329	712
<b>Profit/ (Loss) after income tax expense</b>	<b>(16,402)</b>	<b>886</b>	<b>816</b>
<b>Other comprehensive income/ (loss)</b>			
Foreign currency translation	95	5	305
<b>Other comprehensive income/ (loss) for the year</b>	<b>(16,307)</b>	<b>5</b>	<b>305</b>
<b>Total comprehensive income/ (loss) for the year</b>	<b>(16,307)</b>	<b>891</b>	<b>1,122</b>

(d) MSL Historical Statements of Financial Position

<b>MSL Consolidated Statement of Financial Position (AUD \$'000)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3,806	5,427	9,385



Trade and other receivables	5,015	4,680	3,405
Contract assets	398	336	363
Other current assets	1,159	784	1,103
<b>Total Current Assets</b>	<b>10,378</b>	<b>11,227</b>	<b>14,256</b>

#### Non-Current Assets

Receivables	1,200	809	706
Contract assets	707	363	254
Property, plant and equipment	189	193	127
Right of use asset	2,640	3,623	3,087
Intangible assets	13,543	20,464	25,083
Other non-current assets	34	31	31
<b>Total Non-Current Assets</b>	<b>18,313</b>	<b>25,483</b>	<b>29,288</b>

#### Total Assets

<b>28,691</b>	<b>36,710</b>	<b>43,544</b>
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#### Liabilities

##### Current Liabilities

Trade and other payables	3,363	3,826	3,300
Lease liability	414	435	497
Borrowings	543	1,000	-
Provisions	1,394	1,670	1,952
Income tax payable	-	410	44
Deferred consideration	-	1,065	784
Contract liabilities	5,125	5,414	4,667
<b>Total Current Liabilities</b>	<b>10,839</b>	<b>13,820</b>	<b>11,244</b>

##### Non-Current Liabilities

Borrowings	554	1,250	3,860
Lease Liability	2,601	3,634	3,131
Deferred tax liability	716	224	-
Deferred consideration	-	2,225	1,320
Provisions	96	109	92
<b>Total Non-Current Liabilities</b>	<b>3,967</b>	<b>7,442</b>	<b>8,403</b>

#### Total Liabilities

<b>14,806</b>	<b>21,262</b>	<b>19,647</b>
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#### Net Assets

<b>13,885</b>	<b>15,448</b>	<b>23,897</b>
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#### Equity

Contributed equity	66,186	66,686	73,432
Reserves	2,923	3,100	3,917
Accumulated losses	(55,224)	(54,338)	(53,452)
<b>Total Equity</b>	<b>13,885</b>	<b>15,448</b>	<b>23,897</b>

(e) MSL Historical Statements of Cash Flows

<b>MSL Consolidated Statement of Cash Flows (AUD \$'000)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	26,391	27,940	37,723
Payments to suppliers, employees and others	(28,041)	(22,875)	(32,906)
Restructure costs	(925)	(235)	-
Finance costs	(269)	(359)	(336)
Interest received	112	38	23
Income tax paid	(52)	(59)	(452)
Government grants and tax incentives	661	1,278	34
<b>Net cash flows used in operating activities</b>	<b>(2,123)</b>	<b>5,728</b>	<b>4,086</b>
<b>Cash flows from investing activities</b>			
Capital expenditure	(27)	(79)	(119)
Purchase of intangibles	(1,110)	(1,044)	(862)
Acquisition of subsidiaries, net of cash & cash equivalents	(180)	(4,250)	(4,884)
Loans to other entities	212	424	214
Proceeds for disposal of assets	100	200	200
Deferred consideration payment	652	-	(646)
<b>Net cash flows used in investing activities</b>	<b>(353)</b>	<b>(4,749)</b>	<b>(6,097)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	-	2,561	4,232
repayment of borrowings	(532)	(1,448)	(2,250)
Proceeds from issue of share capital	5,210	-	4,500
Principal element of lease payments	(513)	(458)	(469)
<b>Net cash flows provided by financing activities</b>	<b>4,165</b>	<b>655</b>	<b>6,013</b>
<b>Net cash inflow / (outflow) for the half-year</b>	<b>1,689</b>	<b>1,634</b>	<b>4,002</b>
Cash at beginning of the year	2,130	3,806	5,427
Effective of foreign exchange	(13)	(13)	(44)
<b>Cash at the end of the year</b>	<b>3,806</b>	<b>5,427</b>	<b>9,385</b>

5.9 Material changes in MSL's financial position

To the knowledge of the MSL Directors, the financial position of MSL as at the Last Practicable Date has not materially changed since the year ended 30 June 2022, other than as disclosed elsewhere in this Scheme Booklet or otherwise disclosed to the ASX by MSL.

## 5.10 MSL Directors' intentions for the business of MSL

The Corporations Regulations require a statement by the MSL Directors of their intentions regarding MSL's business and employees. If the Scheme is implemented, unless Pemba Bidco requests otherwise, the existing MSL Directors will resign, and the MSL Board will be reconstituted in accordance with the instructions of Pemba Bidco.

Accordingly, it is not possible for the MSL Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- the continuation of the business of MSL or how MSL's existing business will be conducted;
- any major changes, if any, to be made to the business of MSL; or
- any future employment of the present employees of MSL.

If the Scheme is implemented, Pemba Bidco will own and control all of MSL's securities. The MSL Directors have been advised that the intentions of Pemba Bidco with respect to these matters are set out in Section 6.

If the Scheme is not implemented, the MSL Directors intend to continue to operate MSL in the ordinary course of the business .

## 5.11 Publicly available information

MSL is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. These obligations require MSL to notify the ASX of information about specified matters and events as they arise for the purpose of the MSL making that information available to participants in the market. Specifically, as a company listed on the ASX, MSL is subject to the Listing Rules, which require (subject to some exceptions) continuous disclosure of any information that MSL has that a reasonable person would expect to have a material effect on the price or value of MSL Shares.

ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to the ASX by MSL is available on ASX's website at [www2.asx.com.au](http://www2.asx.com.au).

In addition, MSL is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by MSL may be obtained from ASIC.

MSL Shareholders may obtain a copy of MSL's FY22 Annual Report, FY21 Annual Report and FY20 Annual Report (including the audited financial statements) and 1HFY22 Financial Report from ASX's website at [www2.asx.com.au](http://www2.asx.com.au) or from MSL's website at <https://www.msolutions.com/investors/>.

MSL's announcements to ASX after the lodgement with ASX of its 1HFY22 Financial Report on 17 February 2022 to the Last Practicable Date are listed in the table below.

Date	Announcement
17 February 2022	MSL H1 FY22 Interim Results Announcement
17 February 2022	MSL H1 FY22 Results Presentation
17 February 2022	Confirmation of MSL Solutions Investor Webinar time
14 March 2022	Change of Director's Interest Notice – R Holzgreffe
24 March 2022	Change in substantial holding
31 March 2022	Appointment of Dr Sarah Kelly OAM as Non-Executive Director

Date	Announcement
4 April 2022	Change of Director's Interest Notice – R Holzgrefe
20 April 2022	Change of Director's Interest Notice – D Usasz
26 April 2022	Change of Director's Interest Notice – D Usasz
16 May 2022	Change of Director's Interest Notice – E Eddings
17 May 2022	Notification of cessation of securities – MSL
17 May 2022	Lapse of Unlisted Options
30 May 2022	MSL Business Update & FY22 Forecast
6 June 2022	Change of Director's Interest Notice – E Eddings
4 July 2022	MSL wins Stadiums Queensland POS Contract
10 August 2022	MSL Solutions Investor Webinar – FY22 results
18 August 2022	Preliminary Final Report
18 August 2022	FY22 Annual Financial Report
18 August 2022	Appendix 4G & Corporate Governance Statement
18 August 2022	FY22 Results Announcement
18 August 2022	FY22 Results Investor Presentation
26 August 2022	Notification of cessation of securities – MSL
26 August 2022	Application for quotation of securities – MSL
26 August 2022	Notification regarding unquoted securities – MSL
26 August 2022	Issued & Exercise of Unlisted Performance Rights
26 August 2022	Change of Director's Interest Notice – T Toohey
5 September 2022	Gold Coast Suns select MSL SwiftPOS for Metricon Stadium
28 September 2022	Release of restricted shares
4 October 2022	Date of AGM and Director Nominations
17 October 2022	Becoming a substantial holder
17 October 2022	Notification of cessation of securities – MSL
17 October 2022	Lapse of Unlisted Performance Rights
26 October 2022	Exercise of unlisted options
26 October 2022	Application for quotation of securities
9 November 2022	Notification of cessation of securities - MSL
9 November 2022	Lapse of Unlisted Performance Rights

Date	Announcement
15 November 2022	MSL enters into Scheme Implementation Agreement with Pemba Bidco
18 November 2022	Ceasing to be a substantial holder from ARA
29 November 2022	Chairman & CEO Address to Shareholders
29 November 2022	Results of Meeting
30 November 2022	Update to Company's Constitution
13 December 2022	FIRB approval received for Scheme
13 December 2022	Court approves Scheme Meeting and Scheme Booklet

## 6. Information about Pemba Bidco

### 6.1 Introduction

This Section 6 has been prepared by Pemba Bidco and is the responsibility of Pemba Bidco and forms the Pemba Bidco Information. This Section 6 contains information concerning Pemba Bidco, and outlines how it will fund the Scheme Consideration and its intentions in relation to MSL. MSL Group and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

### 6.2 Overview of Pemba Bidco Group

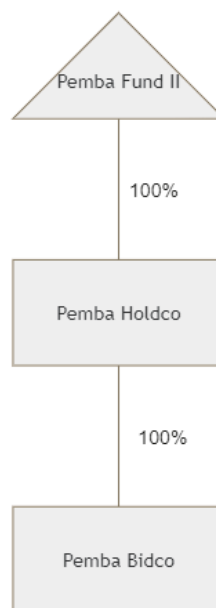
#### (a) Background

The Pemba Bidco Group comprises Pemba Holdco and Pemba Bidco, each of which are Australian proprietary companies limited by shares and were each incorporated on 27 October 2022 for the purposes of the Scheme.

Both Pemba Holdco and Pemba Bidco were incorporated for the purpose of acquiring all MSL Shares under the Scheme. Neither Pemba Holdco nor Pemba Bidco have any trading history, assets or liabilities, other than, in respect of Pemba Bidco only, under the Scheme Implementation Agreement and associated documentation and taking any steps contemplated by those documents.

#### (b) Ownership structure

Pemba Bidco is a wholly owned subsidiary of Pemba Holdco. Pemba Holdco is wholly owned by Pemba Fund II.<sup>4</sup>



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<sup>4</sup> The diagram depicts the ownership structure as at the date of this Scheme Booklet.

(c) **Directors**

As at the date of this Scheme Booklet, the directors of Pemba Bidco are the same as the directors of Pemba Holdco, being Mark Bryan and Magnus Hildingsson. Profiles of the directors of Pemba Bidco are set out below.

<b>Director</b>	<b>Profile</b>
Mark Bryan	Mark is a Partner of Pemba Capital Partners and a director and chair at various Pemba Capital Partners portfolio companies. Mark leads the Pemba Accelerate team which helps founders scale their businesses. Mark has over twenty years' experience at leading investment banks and a wealth advisory business. Mark was previously Head of Research at Wilsons where he led various software IPO's onto the ASX. Mark has also held positions at Bank of America, Deutsche Bank and ABN AMRO. Mark is a Fellow of CPA Australia, a Graduate of the Institute of Company Directors and holds a Bachelor of Arts from the University of East Anglia.
Karl Magnus Fredrik Hildingsson	Magnus is a Managing Director of Pemba Capital Partners and a director of a number of Pemba Capital Partners portfolio companies. Magnus has over twenty years private equity experience in originating, executing and managing investments. Magnus' previous experiences includes roles at Cinven, a leading European private equity manager, Intermediate Capital Group, a global alternative asset manager, and Nomura, a global investment bank. Magnus holds a Bachelor of Science from the London School of Economics.

**6.3 Overview of Pemba Capital Partners**

Established in 1998, Pemba Capital Partners is a leading investor in small and mid-sized businesses in Australia and New Zealand. Since inception the investment firm has specialised in partnering with the owners and managers of businesses to help them accelerate growth. Pemba Capital Partners has to date completed over 170 transactions. Its primary sector focus is education and training, business services, healthcare, non-bank financial services and technology.

Notable current, as well as prior, software, data and IT services companies owned by Pemba Capital Partners through its investment funds include:

- **Readytech:** a leading provider of education, local government and workforce management software solutions.
- **Bepoz:** a leading provider of software, solutions and support systems for the hospitality sector; and
- **RxPx:** a specialist SaaS business that enables prescribing, onboarding and medicine management. RxPx also has a patient community platform.

For additional information about Pemba Capital Partners, please visit Pemba Capital Partners' website at <https://pemba.com.au/>.

## 6.4 Funding the Scheme Consideration

### (a) Maximum Scheme Consideration

If the Scheme becomes Effective, Pemba Bidco intends to fund the Scheme Consideration payable to Scheme Shareholders under the Scheme via a combination of third party debt and equity funding sourced from the Pemba Fund II, Pemba Fund II Senior Commitment Trust, Co-Invest Trust 1 and Co-Investor Trust 2. Any co-investment will be passive in nature and made via vehicles managed and/or advised by Pemba Capital Partners.

Based on the number of MSL Shares on issue as at the date of this Scheme Booklet, the maximum amount that may be required to be paid by Pemba Bidco to fund the Scheme Consideration is approximately \$119.4 million. The aggregate amount available under the equity and debt commitments (as described below) exceeds such maximum amount.

The Scheme is not subject to any financing condition precedent.

On the basis of the arrangements described in this Section 6.4, Pemba Bidco is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will have sufficient funds available to meet its payment obligations under the Scheme.

### (b) Equity Funding

Pemba Bidco has entered into legally binding equity commitment letters with each of:

- Pemba Fund II and Pemba Fund II Senior Commitment Trust (being funds managed and advised by Pemba Capital Partners), under which Pemba Fund II and Pemba Fund II Senior Commitment Trust agree to cause Pemba Bidco to receive the aggregate amount of up to \$25,807,524;
- Co-Invest Trust 1 (being funds managed and advised by Pemba Capital Partners), under which Co-Invest Trust 1 agrees to cause Pemba Bidco to receive the aggregate amount of up to \$38,770,982; and
- Co-Invest Trust 2 (being funds managed and advised by Pemba Capital Partners), under which Co-Invest Trust 2 agrees to cause Pemba Bidco to receive the aggregate amount of up to \$22,154,847,

(together, the **Equity Funding**). The Equity Funding is to be provided for the sole purpose of paying, and to the extent necessary to pay, the Scheme Consideration.

The provision of the Equity Funding is subject to all Conditions Precedent being satisfied or waived and the Scheme becoming Effective.

The investors in each of Co-Invest Trust 1 and Co-Invest Trust 2 have entered into legally binding subscription agreements with Co-Invest Trust 1 and Co-Invest Trust 2.

### (c) Debt facilities

Pemba Bidco has entered into a legally binding debt commitment letter under which Macquarie Bank Limited and National Australia Bank Limited have agreed to provide secured debt facilities in aggregate amount of \$55 million (**Facility**) towards funding the Scheme Consideration and related transaction costs and expenses (among other permitted uses). The availability of the Facility is subject to a number of conditions precedent, which are customary for facilities of this kind and include:

- confirmation that implementation of the Scheme will occur in accordance with the Scheme Implementation Agreement;
- all material authorisations required for the Implementation Date have been obtained and all the Conditions Precedent or other closing deliverables to implementation of the Scheme



have been, or will on the date of the first drawdown under the Facility, be satisfied or waived; and

- there has been no termination of, amendment to, or waiver under the Scheme Implementation Agreement which is materially prejudicial to the interests of the financiers without the prior consent of the financiers (not to be unreasonably withheld).

As at the date of this Scheme Booklet, Pemba Bidco is not aware of any reason why the above conditions precedent will not be satisfied so as to enable the Facility to be drawn for the purpose of funding the Scheme Consideration.

## **6.5 Intentions of Pemba Bidco**

If the Scheme is implemented, Pemba Bidco will hold all of the MSL Shares on issue. This Section 6.5 sets out the intentions of Pemba Bidco with respect to the MSL Group if the Scheme is implemented.

These intentions are based on the facts and information concerning the MSL Group (including certain non-public information made available by MSL to Pemba Bidco prior to the entry into the Scheme Implementation Agreement) and the general business environment that are known to Pemba Bidco at the time of preparation of this Scheme Booklet.

If the Scheme is implemented, Pemba Bidco intends to undertake a detailed review of MSL Group's operations covering strategic, financial and commercial operating matters. Final decisions about the future operating plan and management organisation for MSL Group will be made following the completion of such review and based on the facts and circumstances at the relevant time.

Accordingly, the statements set out in this Section 6.5 are statements of current intention only and may change as new information becomes available or circumstances change.

### **(a) Removal from ASX**

If the Scheme is implemented, it is intended that quotation of MSL Shares on the ASX will be terminated and MSL will be removed from the official list of the ASX on or around the Business Day immediately following the Implementation Date.

### **(b) Board of Directors**

If the Scheme is implemented, the board of directors of MSL and each of its subsidiaries will be reconstituted with effect on and from the Implementation Date. The new directors of MSL are intended to be Magnus Hildingsson and Mark Bryan.

### **(c) Constituent documents**

Pemba Bidco intends to replace MSL's constitution following implementation of the Scheme with a constitution on terms which are typical for a proprietary company limited by shares. This is consistent with the intention that MSL Shares will no longer be publicly listed and MSL will be converted into a proprietary company limited by shares following implementation of the Scheme.

### **(d) Business integration**

Entities controlled by Pemba Capital Partners have entered into arrangements so that, if the Scheme is implemented, Pemba Bidco intends for the MSL Group to be integrated into Oak Holdco (the current holding company of various point of sale systems businesses including Bepoz and IdealPos). Implementation of the integration of MSL Group into Oak Holdco is subject to conditions, which will be satisfied if the Conditions Precedent are satisfied and the Scheme is implemented.

### **(e) Employees**

Pemba Bidco considers employees of the MSL Group to be critical to the future success of the business. Following implementation of the Scheme, Pemba Bidco and Oak Holdco will review the

MSL Group's business operations and organisational structure to ensure the MSL Group has the appropriate mix and level of employees and skills to enhance the business going forward and to enable the business to pursue growth opportunities. Subject to such a review, Pemba Bidco and Oak Holdco will consider the implementation of various initiatives to optimise the productivity of the MSL Group's workforce.

**(f) General**

Except for the changes set out in this Section 6.5, following Implementation, Pemba Bidco intends, based on the information currently known to it:

- to continue the business of the MSL Group; and
- not make any major changes to the business of the MSL Group or the deployment of the MSL Group's assets.

**6.6 Pemba Bidco's and Pemba Capital Partner's interests in MSL Shares**

**(a) Interest in MSL Shares**

As at the date of this Scheme Booklet:

- the Voting Power of Pemba Bidco, Pemba Capital Partners and their Associates in MSL is 0%; and
- Pemba Bidco, Pemba Capital Partners and their Associates have no Relevant Interest in any MSL Shares or any other class of securities of MSL.

**(b) Dealing in MSL Shares in previous four months**

Except for the consideration to be provided under the Scheme, none of Pemba Bidco, Pemba Capital Partners or their Associates has provided or agreed to provide consideration for any MSL Shares under any other transaction during the period four months before the date of this Scheme Booklet.

**(c) Benefits to holders of MSL Shares**

During the four months before the date of this Scheme Booklet, none of Pemba Bidco, Pemba Capital Partners or their Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to vote in favour of the Scheme or dispose of MSL Shares, where the benefit was not offered to all MSL shareholders.

**(d) Benefits to MSL officers**

None of Pemba Bidco, Pemba Capital Partners or their Associates will be making any payment or giving any benefit to any current officers of MSL as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

**(e) No other material information**

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any director of Pemba Bidco, at the date of this Scheme Booklet, which has not previously been disclosed to the MSL shareholders.

As at the date of this Scheme Booklet, Pemba Bidco is not aware of any circumstance which would cause the Conditions Precedent not to be satisfied.

**(f) Regulatory approvals**

Pemba Bidco has obtained the required confirmations and approvals from FIRB in respect of the Scheme.

## 7. Tax implications

### 7.1 Introduction

This Section 7 provides a general overview of the Australian income tax, GST, and stamp duty considerations for MSL Shareholders who:

- hold MSL Shares;
- hold their MSL Shares at the Scheme Record Date;
- participate in the Scheme and dispose of their MSL Shares to Pemba Bidco;
- are either
  - residents of Australia for Australian income tax purposes; or
  - non-residents of Australia for Australian income tax purposes and do not hold their MSL Shares in carrying on a business at or through a permanent establishment in Australia; and
- hold their MSL Shares on capital account for Australian income tax purposes.

The categories of MSL Shareholders considered in this summary are individuals, companies, and trusts (other than superannuation funds, managed investment trusts (“MITs”), pension funds or public trading trusts).

This summary in Section 7 is not applicable to all MSL Shareholders and is not intended to cover MSL Shareholders who:

- hold their MSL Shares on revenue account (for example, trading entities or entities who acquired their MSL Shares for the purposes of resale at a profit) or as trading stock for income tax purposes;
- obtained roll-over relief in connection with the acquisition of their MSL Shares;
- may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations and entities subject to the Investment Manager Regime pursuant to Subdivision 842-I of the ITAA 1997;
- hold performance rights for MSL Shares, or have acquired their MSL Shares through the exercise of options or MSL Performance Rights;
- are under a legal disability;
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their MSL Shares;
- are temporary residents for the purposes of the Australian income tax law; or
- have not been a resident of the same country for income tax purposes for the period they have held their MSL Shares.

This summary is based on the Australian tax law, and practice of the tax authorities at the date of this Scheme Booklet. Australian taxation laws are complex and subject to change periodically, as is their interpretation by the courts and tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the tax laws applicable to the particular circumstances of any particular MSL Shareholder. This summary does not take into account the tax law of countries other than Australia. The precise implications of ownership or disposal of MSL Shares will depend upon each MSL Shareholder’s specific circumstances.

This summary is not a substitute for advice from an appropriate professional adviser having regard to each MSL Shareholder's individual circumstances. All MSL Shareholders are strongly advised to obtain independent professional advice to confirm the tax implications arising from their own specific circumstances.

This summary does not constitute tax advice and should not be relied upon as such.

MSL Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

The information in this Section 7 only deals with a general overview of tax implications for MSL Shareholders and does not constitute "financial product advice" within the meaning of the Corporations Act.

This Section 7 does not take into account the objectives, financial situation or needs of any individual MSL Shareholder. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

## **7.2 General Income Tax Consequences**

If the Scheme is implemented, Pemba Bidco will acquire all of the MSL Shares from MSL Shareholders who hold MSL Shares on the Scheme Record Date and those MSL Shareholders will receive the Scheme Consideration of \$0.295 per MSL Share.

Certain expected key Australian tax issues associated with the above matter are outlined below.

### **(a) Capital gains tax implications associated with the disposal of MSL Shares**

If the Scheme is implemented, MSL Shareholders should be considered to dispose of their MSL Shares to Pemba Bidco under the Scheme for Capital Gains Tax ("CGT") purposes on the Implementation Date. Broadly, this disposal will give rise to CGT Event A1.

### **(b) Capital Gains Event – Residents**

#### *Calculation of Capital Gain or Loss*

MSL Shareholders should be required to determine their capital gain or loss in respect of the disposal of their MSL Shares. MSL Shareholders should make a capital gain on disposal of their MSL Shares to the extent that the capital proceeds received in respect of each MSL Share exceed the cost base per MSL Share. Alternatively, MSL Shareholders should make a capital loss to the extent that the capital proceeds received in respect of each MSL Shares is less than their reduced cost base per MSL Share.

#### *Capital Proceeds*

The capital proceeds from the disposal of the MSL Shares should include the Scheme Consideration received by MSL Shareholders. For the calculation of any capital gain or loss, the capital proceeds received by a MSL Shareholder should be the Scheme Consideration of \$0.295 per MSL Share.

#### *Cost Base and Reduced Cost Base*

The cost base (or reduced cost base) of each MSL Share held by a MSL Shareholder will broadly be:

- the amount of money paid, or value of property given to acquire the MSL Share; plus

- any 'incidental costs' as defined in the CGT provisions; plus
- any non-capital costs not claimed as an income tax deduction; less
- any previous capital returns made by MSL.

#### *Capital Gains Tax Discount*

As the Scheme Consideration is to be provided in cash only, no CGT rollovers should be available to MSL Shareholders in relation to the Scheme.

If a MSL Shareholder is an individual or trustee of a trust and acquired their MSL Shares at least 12 months before the Implementation Date (the date that the relevant CGT event should be taken to have occurred), the amount of the capital gain (after firstly being reduced for any current year capital losses and prior year capital losses) may be reduced by the relevant CGT discount (being 50%). The CGT discount is not available to MSL Shareholders that are companies or non-residents of Australia for income tax purposes.

If the MSL Shareholder that realises the capital gain and is entitled to the CGT discount is the trustee of a trust, the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not corporate entities (with the exception of corporate entities in their capacity as the trustee of a trust) and are Australian residents. The ultimate availability of the discount for the beneficiaries of a trust will depend on the particular circumstances of the trust and its beneficiaries. MSL Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

Additionally, special rules apply to MSL Shareholders who have been non-residents for part of their ownership period and independent professional advice should be sought by MSL Shareholders in these circumstances.

#### *Capital Losses*

Where a MSL Shareholder makes a capital loss on the disposal of their MSL Shares, this loss may be used to offset any other capital gains derived by the MSL Shareholder in the relevant year or carried forward to be offset against capital gains in future years.

Loss recoupment rules apply to companies and trusts which can restrict their ability to use capital losses in future years in certain circumstances. MSL Shareholders should obtain specific advice regarding the operation of these rules where this is relevant.

### **(c) Capital Gains Tax Event – Non-Residents**

#### *Calculation of Capital Gain or Loss*

MSL Shareholders who are non-residents of Australia for income tax purposes and do not hold their MSL Shares through a permanent establishment in Australia, should be able to disregard any capital gain or capital loss that would otherwise arise from the disposal of their MSL Shares to Pemba Bidco.

While the Australian tax law applies in certain circumstances to tax a non-resident on the disposal of interests in an Australian company, this will only occur where the shareholder, together with their associates own at least 10% of the Australian company and more than 50% of the market value of the company's underlying assets is referable to direct or indirect interests in Australian real property. The MSL Directors are of the view that, as at the date of this Scheme Booklet, the interests MSL holds in real property do not exceed 50% of the value of MSL's total assets and the MSL Directors expect this will remain the position as at the Implementation Date, and if that does remain the position as at the Implementation Date these provisions will not apply.

Non-resident shareholders who were previously residents of Australia for income tax purposes and elected to treat their MSL Shares as 'taxable Australian property' on cessation of their residency will have the same CGT consequences on disposal of their MSL Shares as those set out above for residents. Non-resident shareholders however are not entitled to the CGT discount.

It is highly recommended that non-resident MSL Shareholders that are non-resident beneficiaries of a non-fixed trust obtain independent professional advice to confirm the tax implications arising from their own specific circumstances, as CGT may apply to the beneficiary of a discretionary trust on disposal in these circumstances, notwithstanding the shares are not taxable Australian property.

Non-resident shareholders should also consider the taxation implications of the disposal of their MSL Shares in their country of residence.

#### *Foreign Resident Capital Gains Withholding*

The foreign resident capital gains withholding regime can impose an obligation on a purchaser of shares from a non-resident to withhold an amount equal to 12.5% of the purchase price of the asset and remit this amount to the ATO. The withholding obligation will only apply when the shares acquired meet the definition of an 'indirect Australian real property interest'.

The MSL Directors are of the view that, as at the date of this Scheme Booklet, the interests MSL hold in real property are minimal and therefore the MSL Shares do not constitute an indirect Australian real property interest, and the MSL Directors expect this will remain the position as at the Implementation Date. If that does remain the position as at the Implementation Date, no amounts will be required to be withheld by Pemba Bidco from the Scheme Consideration.

### **7.3 Stamp duty**

If the Scheme is implemented, no stamp duty should be payable by MSL Shareholders in relation to the transfer of their MSL Shares to Pemba Bidco under the Scheme.

### **7.4 GST**

If the Scheme is implemented, no GST should be payable by MSL Shareholders in relation to the disposal of their MSL Shares to Pemba Bidco under the Scheme.

## 8. Risk factors

### 8.1 Introduction

In considering the Scheme, you should be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of MSL, the value of MSL Shares and future dividends. These risks will only continue to be relevant to MSL Shareholders if the Scheme does not proceed and MSL Shareholders retain their current investment in MSL. If the Scheme proceeds, MSL Shareholders will receive the Scheme Consideration, will cease to be MSL Shareholders and will no longer be exposed to the risks set out in this Section 8.

Before deciding how to vote you should have a sufficient understanding of these matters and should consider whether continuing to hold MSL Shares is a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme Resolution, it is recommended that you consult your legal, financial or other professional adviser before deciding how to vote.

This Section 8 describes certain key risks associated with MSL and the Scheme including:

- general risks (Section 8.2); and
- specific risks relating to the business of MSL (Section 8.3).

The outline of risks in this Section 8 is a summary only and should not be considered exhaustive. This Section 8 does not attempt to set out every risk that may be associated with an investment in MSL now or in the future. The occurrence or consequences of some of the risks described in this Section 8 may be partially or completely outside the control of MSL.

### 8.2 General risks

MSL is exposed to a number of general risks that could materially adversely affect its assets and liabilities, financial position, financial performance, prospects and potential to make further distributions to MSL Shareholders, and the price and/or value of MSL Shares. General risks that may impact on MSL or the market for MSL Shares include:

- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates and consumer demand;
- changes to government policy, legislation or regulation, including the imposition of any economic sanctions;
- the nature of competition in the markets and industries in which MSL operates;
- natural disasters or catastrophes and other general operational and business risks;
- acts of war and hostilities (including the Russia and Ukraine conflict which remains ongoing as at the date of this Scheme Booklet), acts of terrorism, civil disturbance and other force majeure risks;
- variations in MSL's operating results;
- recommendations by securities analysts;
- changes in investor sentiment and overall performance of the Australian and international stock markets;
- the operating and trading price performance of other comparable listed entities; and

- changes to accounting standards and reporting standards.

Some of these factors could affect MSL's share price regardless of MSL's underlying operating performance.

### **8.3 Specific risks relating to the business of MSL**

#### **(a) COVID-19 risk factor**

The COVID-19 pandemic remained a source of great uncertainty in FY21 and FY22 and continues to have profound global health, social and economic impacts. MSL considers COVID-19 to be a material risk factor that has the potential to alter (positively or negatively) many of the other risks that MSL faces.

#### **(b) Key personnel**

MSL Group's performance depends on the continued employment and performance of senior executives and other key members of management, and its ability to attract and retain skilled workers with the relevant industry and technical experience. If any one of these individuals resigns or becomes unable to continue his or her present role and is not adequately replaced in a timely manner, business operations and the ability to implement MSL Group's growth strategies could be materially disrupted. The loss of a number of key personnel or inability to attract additional personnel may have an adverse effect on MSL Group's financial and operating performance.

#### **(c) Staff turnover**

Staff turnover may occur due to a range of factors including salary pressure, the performance of MSL Group and the availability of career progression opportunities. Staff turnover may adversely affect MSL Group if MSL Group is unable to attract new suitably qualified personnel, or by increased recruitment and training costs or even increased compensation costs associated with attracting and retaining key personnel.

#### **(d) Client base, retention and arrangements risk**

MSL Group operates in a competitive landscape alongside various other SaaS providers. MSL's financial performance depends on its ability to grow its client base and/or its ability to generate revenue from its service offerings. Sales pipeline and contract wins may decline if MSL fails to move with the market or the MSL sales force fails to successfully identify and win new work.

MSL Group may experience greater or less success in attracting new clients, cross-selling services, retaining existing clients and scope of services on commercial terms and benefit from client merger activity than expected/desired.

Some factors that may impact on client base or ability to generate revenue from its service offerings may include:

- scope and quality of service;
- increased competition;
- industry consolidation;
- business and regulatory environment;
- strength of relationships; and/or
- technological disruption and innovation.



**(e) Operations in competitive markets**

The technology industry which MSL Group operates in is a highly competitive and dynamic market and is expected to remain competitive. This may affect organic growth capability and the scope and quality of products and services. There are other potential risks MSL faces, including:

- loss of market share to existing or new entrants to the various markets in which MSL operates;
- margin compression in MSL's operations in comparative markets;
- there being a material adverse effect on MSL's business and financial performance as a result of certain pricing, service or marketing decisions made by MSL as a strategic response to structural changes in the competitive environment;
- other parties developing products or services that compete with MSL or supersede or replace products or services of MSL, or are more competitively priced than MSL's products or services;
- there being unexpected changes in customer demands or expectations for MSL's products or services and MSL being unable to meet any changes to service requirements or value expectations; and
- a failure by MSL to effectively compete may adversely affect its operating performance and financial outcomes.

**(f) Changes in technology**

MSL Group operates in an industry that is constantly evolving and being impacted by new technologies. There is a risk that technologies could be developed which could act as substitutes for the services offered by MSL Group. To remain competitive, MSL Group needs to recognise these developments and to constantly gain relevant knowledge and expertise regarding new emerging technologies. There is no guarantee that MSL Group will be able to effectively keep pace with technological developments. Failure to do so could result in MSL Group finding it increasingly difficult to compete.

**(g) Regulatory risk**

MSL's businesses are influenced and affected by laws, regulations and government policy in each of the jurisdictions in which MSL or its clients operate.

Changes in legislative and administrative regimes and other legal and government policies in Australia and other jurisdictions where the MSL Group operates may have an adverse effect on the assets, operations and ultimately the financial performance of the MSL Group and the market price of MSL Shares.

Changes could affect MSL's ability to achieve business objectives and financial performance. For example, by:

- limiting or removing authority to operate;
- changing how a business operates; and/or
- altering resource requirements, operating efficiency and profitability.

Changes may also provide an opportunity for MSL to generate additional revenue streams by supporting its clients in their regulatory compliance obligations.

**(h) Information systems risk**

MSL Group relies on computer, information, and communications technology and related systems in order to provide services and to properly operate the administrative and compliance aspects of

its business. From time to time, MSL Group experiences system interruptions and delays. MSL Group has processes in place to respond to system interruptions and delays. However, in the event it is unable to regularly deploy software and hardware, effectively upgrade its systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of its systems, the operation of such systems could be interrupted or result in the loss or corruption of data. In addition, MSL Group's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions, including possible unauthorised access to MSL Group's and its customers' proprietary information. MSL Group relies on industry-accepted security measures and technology to securely maintain all confidential and proprietary information on its information systems. MSL Group has devoted, and will continue to devote, resources to the security of its computer systems, however they may still be vulnerable to these threats. A user who circumvents security measures could misappropriate confidential or proprietary information or cause interruptions or malfunctions in operations. As a result, MSL Group may be required to expend significant resources to protect against the threat of these system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches. Any of these events could damage MSL Group's reputation and have a generally material adverse effect on its operating and financial performance.

(i) **Intellectual property**

Any failure by MSL Group to protect project artefacts, know-how, intellectual property and/or related processes could impact its ability to meet its existing contractual obligations or leverage the intellectual property to successfully bid for opportunities with new clients, which may adversely affect the ability of MSL to conduct its business or maintain its profitability.

(j) **Operations in foreign jurisdictions**

MSL Group conducts business in a number of jurisdictions outside of Australia, including the United Kingdom and Denmark. As such, MSL is exposed to a number of multi-jurisdictional risks including those relating to bribery and corruption, labour practices, difficulty in enforcing contracts and uncertainty in the relevant legal and regulatory regimes (including in relation to taxation, foreign investment and the practices of government and regulatory authorities). MSL may suffer a loss resulting from fraud, bribery, corruption or other illegal acts by its personnel. MSL relies on its personnel to follow its policies as well as applicable laws in their activities, but cannot guarantee that conduct such as fraud, bribery and corruption does not occur and if it does, it can result in direct or indirect financial loss, reputational impact or regulatory consequences. Further, as a result of MSL operating in multiple jurisdictions, it is exposed to potentially adverse movements in exchange rates. This means that exchange rate movements, particularly the AUD/GBP and AUD/DKK, may have an adverse impact on MSL Group's financial performance and position.

(k) **Occupational health and safety**

MSL Group employees are at risk of workplace accidents and incidents. In the event that a MSL Group employee is injured in the course of their employment, MSL Group may be liable for penalties or damages. Such workplace accidents and incidents have the potential to harm both the reputation and financial performance of MSL Group.

(l) **Changes in taxation laws and policies**

Changes to income tax (including capital gains tax), goods and services tax, withholding tax, payroll tax, duty or other revenue legislation, case law, ruling or determinations issued by the ATO or other practices of tax authorities may change or adversely affect MSL's profitability and cash flow.

(m) **Insurance risks**

Although insurance is maintained by MSL (which includes namely cyber protection insurance, director and officer liability insurance, and public and products liability insurance), no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims. Insurance of all of the associated risks is not always available and, where available, the costs can be prohibitive. If MSL

incurs uninsured losses or liabilities, its operating and financial performance may be adversely affected.

(n) **Scheme does not proceed**

If the Scheme does not proceed and no other acceptable proposal is received, MSL will continue on a standalone basis and MSL Shareholders will retain their MSL Shares. In these circumstances there is a risk that MSL Shares may trade below their current market price.

MSL Shareholders will also remain exposed to the normal risks inherent in the MSL's business if the Scheme and the acquisition of MSL by Pemba Bidco does not proceed.

If the Scheme is not implemented, MSL expects to pay an aggregate of approximately \$600,000 in external transaction costs in connection with the Scheme. These transaction costs are primarily payable to MSL financial, legal, tax and accounting advisors, the Independent Expert and MSL Share Registry. In addition, under the Scheme Implementation Agreement, MSL is required to pay the Break Fee, being an amount of \$1,195,000 to Pemba Bidco if the Scheme does not proceed in certain circumstances. See Section 4.10(c) for further information on the Break Fee.

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## 9. Additional information

### 9.1 Interests of MSL Directors

#### (a) Securities in MSL held by, or on behalf of, MSL Directors

Except as set out in this Section:

- there are no marketable securities of MSL owned by or on behalf of MSL Directors as at the date of this Scheme Booklet;
- no MSL Director owns, or has any interest in, marketable securities of Pemba Bidco or any other member of the Pemba Bidco Group; and
- there has been no dealing by any of the MSL Directors in any marketable securities of MSL or Pemba Bidco or any other member of the Pemba Bidco Group in the four months preceding the Last Practicable Date.

#### (b) Interests of MSL Directors in marketable securities of MSL

The following table shows the marketable securities of MSL owned by, or on behalf of, each MSL Director, or in which they have a Relevant Interest, as at the Last Practicable Date:

MSL Director	Number of MSL Shares	Percentage of MSL Shares (non-diluted)	Number of Performance Rights
Tony Toohey	1,502,703	0.4%	2,341,667
Earl Eddings	2,465,992	0.7%	Nil
Dr Richard W Holzgrefe	16,823,351	4.6%	Nil
Dr Sarah Kelly	Nil	Nil	Nil
David Trude	1,144,370	0.3%	Nil
David Usasz	4,450,000	1.2%	Nil

All MSL Directors who hold MSL Shares intend to vote in favour of the Scheme, in each case in respect of all MSL Shares owned or Controlled by them in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.

#### (c) Dealings of MSL Directors in MSL securities

The Executive Chairman of MSL, Mr Tony Toohey, acquired 733,333 MSL Shares on 26 August 2022 from the vesting and exercise of 733,333 MSL Performance Rights.

Other than as noted above, no MSL Director acquired or disposed of a Relevant Interest in any MSL securities in the four-month period ending on the date immediately prior to the date of this Scheme Booklet.

#### (d) Interests of MSL Directors in marketable securities of Pemba Bidco

No marketable securities of Pemba Bidco are owned or Controlled by MSL Directors and no such persons are otherwise entitled to such securities as at the date of this Scheme Booklet.

## **9.2 Benefits and agreements**

### **(a) Payments in connection with retirement from office**

If the Scheme is approved by the Court on the Second Court Date, certain eligible employees will be entitled to a payment under the MSL Employee Share Equivalent Plan. The total value of these payments to eligible employees will be approximately \$36,000 (in aggregate).

Other than as disclosed in this Scheme Booklet, there is no payment or other benefit that is proposed to be made or given to any MSL Director or secretary or executive officer of MSL (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in MSL or any of its Related Bodies Corporate.

MSL pays premiums in respect of a directors and officers insurance policy for the benefit of directors and executive officers.

### **(b) No collateral benefits offered by Pemba Bidco in the last four months**

Other than as disclosed in this Scheme Booklet, during the four-month period before the date of this Scheme Booklet, neither Pemba Bidco or any Associate of Pemba Bidco gave, or offered to give or agreed to give a benefit to another person which was likely to induce the other person or an Associate of the other person to:

- vote in favour of the Scheme; or
- dispose of any MSL Shares

which benefit was not offered to all MSL Shareholders.

### **(c) Agreements or arrangements connected with or conditional on the Scheme**

There are no agreements or arrangements made between any MSL Director and another person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as a MSL Shareholder.

### **(d) Benefits under the Scheme**

No MSL Director, secretary or executive officer of MSL (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from Pemba Bidco which is conditional on, or is related to, the Scheme, other than in their capacity as a MSL Shareholder.

### **(e) Interests of MSL Directors in Pemba Bidco contracts**

No MSL Director has an interest in any contract entered into by a member of the Pemba Bidco Group.

## **9.3 Creditors of MSL**

The Scheme, if implemented, is not expected to materially prejudice MSL's ability to pay its creditors as it involves the acquisition of shares in MSL for consideration provided by a third party. No material new liability (other than transaction costs) is expected to be incurred by MSL because of the implementation of the Scheme. MSL has paid and is paying all of its creditors within normal terms and is solvent and trading in an ordinary commercial manner.

## **9.4 Transaction costs**

MSL will incur external transaction costs in connection with the Scheme. Some of these costs are conditional on the Scheme proceeding, and if the Scheme is implemented these will effectively be borne by Pemba Bidco who will have acquired MSL from implementation.

If the Scheme is implemented, MSL expects to pay an aggregate of approximately \$2,600,000 in external transaction costs in connection with the Scheme. If the Scheme is not implemented, MSL expects to pay an aggregate of approximately \$600,000 in external transaction costs in connection

with the Scheme. These transaction costs are primarily payable to MSL financial and legal advisors, the Independent Expert, the MSL Share Registry, and for directors and officers run-off insurance.

These transaction costs do not include any Break Fee that may be payable by MSL (see Section 4.10(c) for information on the circumstances in which a Break Fee may be payable by MSL).

## **9.5 Lodgement of Scheme Booklet**

The Scheme Booklet was given to ASIC on Tuesday, 22 November 2022 in accordance with section 411(2)(b) of the Corporations Act. ASIC takes no responsibility for the content of this Scheme Booklet.

## **9.6 Consents and disclaimers**

Pemba Bidco has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of the Pemba Bidco Information attributed to it in this Scheme Booklet in the form and context in which such information is included in this Scheme Booklet. Pemba Bidco has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the aforementioned information, takes no responsibility for any other part of this Scheme Booklet other than the Pemba Bidco Information.

Leadenhall Corporate Advisory Pty Ltd has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Independent Expert's Report contained in Annexure A. Leadenhall Corporate Advisory Pty Ltd has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Independent Expert's Report contained in Annexure A, takes no responsibility for any other part of this Scheme Booklet.

Talbot Sayer has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Talbot Sayer has not made any statement that is included in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. Talbot Sayer has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

MSL Share Registry has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. MSL Share Registry has not made any statement that is included in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. MSL Share Registry has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

## **9.7 Foreign selling restrictions**

Law may restrict the distribution of this Scheme Booklet outside of Australia and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. MSL disclaims all liabilities to such persons. MSL Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside of Australia.

## **9.8 No other material information known to MSL**

Except as disclosed elsewhere in this Scheme Booklet, so far as the MSL Directors are aware, there is no other information that is:

- material to the making of a decision by a MSL Shareholder whether or not to vote in favour of the Scheme; and

- known to any MSL Director or any director of a Related Body Corporate of MSL at the date of lodging this Scheme Booklet with ASIC for registration.

### 9.9 Supplementary information

MSL will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- a material statement in this Scheme Booklet is materially false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, MSL may circulate and publish any supplementary document by:

- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document on MSL's website at <https://www.msolutions.com/investors/>; or
- making an announcement to ASX,

as MSL, in its absolute discretion, considers appropriate.

## 10. Glossary and interpretation

### 10.1 Glossary

In this Scheme Booklet:

Term	Definition
<b>1HFY22</b>	means the financial half-year ended 31 December 2021.
<b>1HFY22 Financial Report</b>	means the financial report for MSL and its controlled entities for 1HFY22.
<b>AAS</b>	means the Accounting Standards in Australia.
<b>AASB</b>	means the Australian Accounting Standards Board.
<b>ACCC</b>	means the Australian Competition and Consumer Commission.
<b>Accounting Standards</b>	<p>(a) the accounting standards required under the Corporations Act (including the Approved Accounting Standards issued by the AASB) and other mandatory professional reporting requirements issued by the joint accounting bodies (including the Australian Accounting Standards issued either jointly by CPA Australia and the Institute of Chartered Accountants in Australia or by the Australian Accounting Research Foundation on behalf of CPA Australia and the Institute of Chartered Accountants in Australia); and</p> <p>(b) if no accounting standard applies under the Corporations Act or other mandatory professional reporting requirements, the principles set out in the Australian Statements of Accounting Concepts.</p>
<b>Affiliate</b>	<p>means in respect of a person (<b>Primary Person</b>), a person:</p> <p>(a) Controlled directly or indirectly by the Primary Person;</p> <p>(b) Controlling directly or indirectly the Primary Person;</p> <p>(c) directly or indirectly under the common Control of the Primary Person and another person or persons.</p> <p>Control as used in this definition with respect to any person (other than an individual), means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise, and includes the following:</p> <p>(d) direct or indirect ownership of more than 50% of the voting rights of such person; or</p> <p>(e) the right to appoint the majority of the members of the board of directors of such person (or similar governing body) or to manage on a discretionary basis the assets of such person,</p> <p>and, for the avoidance of doubt, and, solely for the purposes of this definition:</p> <p>(f) a general partner is deemed to Control a limited partnership;</p>



	<p>(g) a fund, client or account advised or managed, directly or indirectly, by a person will also be deemed to be Controlled by such person; and</p> <p>(h) a fund, client or account will be deemed to be an Affiliate of the Primary Person if the fund, client or account is advised or managed, directly or indirectly, by a person Controlling directly or indirectly the Primary Person or a person directly or indirectly under the common Control of the Primary Person and another person or persons.</p>
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning set out in section 12 of the Corporations Act.
<b>ASX</b>	means ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
<b>ATO</b>	means the Australian Taxation Office.
<b>Break Fee</b>	means \$1,195,000.
<b>Business Day</b>	means a business day as defined in the Listing Rules.
<b>CGT</b>	has the meaning given in Section 7.2(a).
<b>Co-Invest Trust 1</b>	means Pemba Trusco 1 as trustee for the Pemba Plutus Co-Invest Trust 1.
<b>Co-Invest Trust 2</b>	means Pemba Trusco 2 as trustee for the Pemba Plutus Co-Invest Trust 2.
<b>Competing Transaction</b>	<p>means a proposal, transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed, would mean a person (other than Pemba Bidco or its Affiliates) whether alone or together with its Associates would:</p> <p>(a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of 20% or more of the MSL Shares (other than as custodian, nominee or bare trustee);</p> <p>(b) acquire control of MSL, within the meaning of section 50AA of the Corporations Act;</p> <p>(c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets of or business conducted by the MSL Group; or</p> <p>(d) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with MSL.</p>
<b>Conditions Precedent</b>	means each of the conditions set out in clause 3.1 of the Scheme Implementation Agreement, a summary of which is set out in Section 4.10(a).
<b>Consent Contract</b>	means the document titled “Amended and Restated Technology Services Agreement” between Golf Link Partners Pty Ltd (ACN 081 497 154) and Golf Australia Ltd (ACN 118 151 894) dated 19 November 2016.

<b>Consent Counterparty</b>	means Golf Australia Ltd (ACN 118 151 895) (in respect of the Consent Contract).
<b>Control</b>	has the meaning given in section 50AA of the Corporations Act.
<b>Controlled</b>	when used in the context of Shares Controlled by a MSL Director, means MSL Shares that a MSL Director Controls or which that MSL Director has a Relevant Interest in.
<b>Convertible Notes</b>	mean the 4,500,000 convertible notes issued by MSL to TC LLC having a maturity date of 29 September 2024.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	means the Supreme Court of New South Wales, Sydney Registry, or such other court of competent jurisdiction under the Corporations Act agreed by MSL and Pemba Bidco.
<b>Data Room</b>	means the electronic data room established by MSL in connection with the Scheme, hosted by Ansarada and made available to Pemba Bidco and its Representatives.
<b>Deed Poll</b>	means the deed poll dated 9 December 2022 executed by Pemba Bidco under which Pemba Bidco covenants in favour of the Scheme Shareholders to perform the obligations attributed to Pemba Bidco under the Scheme. A copy of the Deed Poll is set out in Annexure C.
<b>Disclosed</b>	means fairly disclosed: (a) by MSL in the Due Diligence Material; or (b) in any announcement made by MSL on ASX prior to the date of the Scheme Implementation Agreement.
<b>Due Diligence Materials</b>	means the written information disclosed by or on behalf of the MSL and its Subsidiaries (including management presentations and all written responses provided in response to written questions or requests for information) to Pemba Bidco or any of its Representatives in the Data Room prior to the date of the Scheme Implementation Agreement, as evidenced by the Ansarada 'Project Mondello' electronic archive provided by MSL to Pemba Bidco prior to or promptly after the execution of Scheme Implementation Agreement (a copy of such archive to be sent by USB to Pemba Bidco's lawyers immediately following execution of Scheme Implementation Agreement).
<b>EBITDA</b>	means, in respect of MSL Group, consolidated earnings before interest, tax, depreciation and amortisation, calculated in a manner consistent with the methodology applied in accordance with Accounting Standards.
<b>Effective</b>	means, when used in relation to the Scheme, the coming into effect, under sub-section 411(10) of the Corporations Act, of the order of the Court made under sub-section 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no

	time before an office copy of the order of the Court is lodged with ASIC.
<b>Effective Date</b>	means the date on which the Scheme becomes Effective.
<b>Equity Funding</b>	has the meaning given to it in Section 6.4(b) of this Scheme Booklet.
<b>Encumbrance</b>	means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.
<b>End Date</b>	means 30 June 2023 or such other date as agreed in writing by Pemba Bidco and MSL.
<b>Exclusivity Period</b>	means the period from and including the date of the Scheme Implementation Agreement to the earliest of: <ul style="list-style-type: none"> <li>(a) the date of termination of the Scheme Implementation Agreement in accordance with its terms;</li> <li>(b) the End Date; and</li> <li>(c) the Implementation Date.</li> </ul>
<b>FIRB</b>	means the Foreign Investment Review Board.
<b>FIRB Act</b>	means the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
<b>First Court Date</b>	means the first day on which an application is made to the Court for an order under sub-section 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard, with such hearing being the <b>First Court Hearing</b> .
<b>FY20</b>	means the financial year ended 30 June 2020.
<b>FY20 Annual Report</b>	means the annual report for MSL and its controlled entities for FY20.
<b>FY21</b>	means the financial year ended 30 June 2021.
<b>FY21 Annual Report</b>	means the annual report for MSL and its controlled entities for FY21.
<b>FY22</b>	means the financial year ended 30 June 2022.
<b>FY22 Annual Report</b>	means the annual report for MSL and its controlled entities for FY22.
<b>GST</b>	means goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
<b>GST Act</b>	means the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>GST Law</b>	has the same meaning as in the GST Act.

<b>IASB</b>	means the International Accounting Standards Board.
<b>IFRS</b>	means the International Financial Reporting Standards.
<b>Implementation Date</b>	means the fifth Business Day after the Scheme Record Date, or such other date as MSL and Pemba Bidco agree in writing.
<b>Independent Expert</b>	means Leadenhall Corporate Advisory Pty Ltd.
<b>Independent Expert's Report</b>	means the report of the Independent Expert, as set out in Annexure A.
<b>ITAA 1997</b>	means the <i>Income Tax Assessment Act 1997</i> (Cth).
<b>Last Practicable Date</b>	means 13 December 2022, being the last practicable trading day prior to the date of this Scheme Booklet.
<b>Listing Rules</b>	means the official listing rules of ASX.
<b>Material Contract</b>	<p>means a contract or commitment (or any series of related contracts or commitments) excluding the potential contracts or commitments (or any series or related contracts or commitments disclosed by MSL to Pemba Bidco prior to the date of the Scheme Implementation Agreement):</p> <p>(a) having a total contract value to the MSL Group (determined in accordance with the historical accounting policies and principles applied by MSL as at the date of the Scheme Implementation Agreement) of more than \$500,000 excluding any revenue booked by a member of the MSL Group prior to the date of the Scheme Implementation Agreement;</p> <p>(b) having an annual cost to the MSL Group (determined in accordance with the historical accounting policies and principles applied by MSL as at the date of the Scheme Implementation Agreement) of more than \$100,000; and</p> <p>(c) under which any member of the MSL Group supplies a third party on an exclusive basis.</p>
<b>MSL</b>	means MSL Solutions Limited ACN 120 815 778.
<b>MSL Board</b>	means the board of MSL Directors.
<b>MSL Directors</b>	means the directors of MSL, being, as at the date of this Scheme Booklet, the individuals listed in Section 5.4(a).
<b>MSL Group</b>	means MSL and each of its Subsidiaries.
<b>MSL Information</b>	means the information contained in this Scheme Booklet other than the Pemba Bidco Information and the Independent Expert's Report.
<b>MSL Material Adverse Effect</b>	<p>means a Specified Event which has, has had, or is reasonably likely to have, either individually or when aggregated with any Specified Events of a similar kind or category, the effect of:</p> <p>(a) the value of consolidated net tangible assets of the MSL Group (taken as a whole) being reduced by at least \$3,000,000; or</p>

	<p>(b) the value of consolidated EBITDA of the MSL Group being reduced by at least \$650,000,</p> <p>in the 12 month period following the Specified Event (provided that the impact of the Specified Event or Specified Events (as applicable) must be determined after taking into account that are of the same or substantially the same nature which offset, or are reasonably likely to offset, the impact of the Specified Event or Specified Events (as applicable) but does not include:</p> <p>(a) any matter Disclosed;</p> <p>(b) any matter, event or circumstance arising from changes in general economic or political conditions, the securities market in general or law.</p> <p>(c) any change in generally accepted accounting principles of the interpretation of them;</p> <p>(d) any matter arising from the Coronavirus or Covid-19 pandemic (or any mutation, variation, or derivative thereof) including in connection with lockdowns, travel restrictions, quarantining, closures, social distancing restrictions of and on activities, venues and gatherings;</p> <p>(e) any matter arising from any act of terrorism, outbreak or escalation of war (whether or not declared) or major hostilities, an act of God, lightening, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide, other natural disaster or adverse weather conditions or the like; or</p> <p>(f) any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Scheme Implementation Agreement, the Scheme or the transactions contemplated by them.</p>
<b>MSL Performance Rights</b>	<p>means performance rights issued by MSL in accordance with the MSL Performance Rights Plan, which as at the date of this Scheme Booklet are:</p> <p>(a) 600,000 unlisted performance rights issued by MSL expiring 23 September 2023;</p> <p>(b) 1,275,000 unlisted performance rights issued by MSL expiring 1 September 2024;</p> <p>(c) 1,611,665 unlisted performance rights issued by MSL expiring 21 July 2023;</p> <p>(d) 300,000 unlisted performance rights issued by MSL expiring 15 February 2023;</p> <p>(e) 3,133,333 unlisted performance rights issued by MSL expiring 21 July 2024; and</p> <p>(f) 7,050,000 unlisted performance rights issued by MSL expiring 31 August 2025.</p>
<b>MSL Performance Rights Plan</b>	<p>means the performance rights plan adopted by MSL as amended from time to time.</p>
<b>MSL Prescribed Event</b>	<p>means, except to the extent contemplated by the Scheme Implementation Agreement or the Scheme, any of the following events:</p>

- (a) **(conversion)** MSL converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduction of share capital)** MSL or another member of the MSL Group resolves to reduce its share capital in any way;
- (c) **(buy-back)** MSL or another member of the MSL Group:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** MSL makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (e) **(issuing or granting shares or options)** MSL or another member of the MSL Group:
  - (i) issues shares;
  - (ii) grants an option over its shares; or
  - (iii) agrees to make such an issue or grant such an option,
 

in each case to a person outside the MSL Group other than as Disclosed, including (for the avoidance of doubt) any issue of shares by the MSL in order to:

    - (iv) comply with its obligations in clause 4.4 of the Scheme Implementation Agreement in respect of the MSL Performance Rights; or
    - (v) to satisfy the conditions in clause 3.1(g) of the Scheme Implementation Agreement in respect of the Convertible Notes;
- (f) **(securities or other instruments)** MSL or another member of the MSL Group issues or agrees to issue securities or other instruments convertible into shares or debt securities in each case to a person outside the MSL Group;
- (g) **(constitution)** MSL adopts a new constitution or modifies or repeals its constitution or a provision of it;
- (h) **(disposals)** MSL or another member of the MSL Group disposes, or agrees to dispose of, the whole or a substantial part of its business or property;
- (i) **(acquisitions, disposals or tenders)** MSL or another member of the MSL Group
  - (i) acquires or disposes of;
  - (ii) agrees to acquire or dispose of; or
  - (iii) offers, proposes, announces a bid or tenders for, any business, assets, entity or undertaking the value of which exceeds \$150,000;
- (j) **(cash balance)** MSL, on the Business Day immediately prior to the Second Court Date, has a cash balance of less than \$10,000,000 net of any financial indebtedness arising from borrowings from any bank or other financial institution as calculated in a manner which is consistent with past practice, provided that, in calculating the cash balance for the purpose of this provision, all third party costs included as estimated transaction costs in the estimated transaction costs disclosed by MSL to Pemba Bidco prior to the date of the Scheme Implementation

	<p>Agreement and actually paid by MSL are added to MSL's cash balance.</p> <p>(k) <b>(holdback earn out payment)</b> MSL or another member of the MSL Group accelerates payment of the "Holdback Earn-out Payment" as defined in the Share Sale Agreement between Grahame Day and MSL dated 17 November 2020;</p> <p>(l) <b>(capital expenditure)</b> undertake or commit to any capital expenditure in respect of which the cost of the item (or series of related items) exceeds \$150,000 (excluding capitalised research and development costs incurred in the ordinary course of business and in a manner which is consistent with past practice);</p> <p>(m) <b>(Material Contracts)</b> MSL or another member of the MSL Group enters into a contract covered by paragraph (b) of the definition of Material Contract or a contract covered by paragraph (a) of the definition of Material Contract is terminated;</p> <p>(n) <b>(Encumbrances)</b> MSL or another member of the MSL Group creates, or agrees to create, any Encumbrance over or declares itself the trustee of the whole or a substantial part of its business or property; or</p> <p>(o) <b>(Insolvency)</b> the MSL or another member of the MSL Group becomes Insolvent,</p> <p>provided that a MSL Prescribed Event listed in items (a) to (o) will not occur where MSL has first consulted with Pemba Bidco in relation to the event and Pemba Bidco has approved in writing the proposed event.</p>
<b>MSL Representations and Warranties</b>	means the representations and warranties of MSL set out in clauses 9.1 and 11.1 of the Scheme Implementation Agreement.
<b>MSL Share</b>	means an ordinary fully paid share in the capital of MSL.
<b>MSL Share Equivalent Plan</b>	means the share equivalent employee equity plan adopted by MSL on 14 January 2020.
<b>MSL Share Register</b>	means the register of members of MSL maintained in accordance with the Corporations Act.
<b>MSL Share Registry</b>	means Computershare Investor Services Pty Limited.
<b>MSL Shareholder</b>	means each person who is registered as the holder of a MSL Share in the MSL Share Register from time to time.
<b>Notice of Scheme Meeting</b>	means the notice convening the Scheme Meeting, set out in Annexure D.
<b>Oak Holdco</b>	means Oak Holdco Pty Ltd ACN 636 124 313.
<b>Pemba Bidco</b>	means Plutus Bidco Pty Ltd ACN 663 418 184.
<b>Pemba Bidco Information</b>	means the information contained in Section 6.
<b>Pemba Bidco Group</b>	means Pemba Bidco and Pemba Holdco.

<b>Pemba Capital Partners</b>	means Pemba Capital Partners Pty Ltd ACN 121 906 045 and certain funds managed and advised by it.
<b>Pemba Counterproposal</b>	has the meaning given in Section 4.10(b).
<b>Pemba Fund II</b>	means Pemba Capital Fund II, LP.
<b>Pemba Fund II Acquisition</b>	means the acquisition of shares in Oak Holdco by the Pemba Fund II Entities.
<b>Pemba Fund II Entities</b>	means each of Pemba Fund II, Pemba Fund II Senior Commitment Trust, Co-Invest Trust 1 and Co-Invest Trust 2.
<b>Pemba Fund II Senior Commitment Trust</b>	Pemba Trusco 1 as trustee for the Pemba Fund II Senior GP Commitment Trust.
<b>Pemba Holdco</b>	means Plutus Holdco Pty Ltd ACN 663 417 749.
<b>Pemba Representations and Warranties</b>	means the representations and warranties of Pemba Bidco set out in clause 11.6 of the Scheme Implementation Agreement.
<b>Pemba Trusco 1</b>	means Pemba Trusco 1 Pty Ltd ACN 648 986 832.
<b>Pemba Trusco 2</b>	means Pemba Trusco 2 Pty Ltd ACN 663 671 083.
<b>Plutus Acquisition</b>	means the acquisition of 100% of the shares in Pemba Holdco by Willow Bidco or a Related Body Corporate of Willow Bidco and the issue of ordinary shares in Oak Holdco to the Pemba Fund II Entities in consideration for that acquisition.
<b>PPSA</b>	means the <i>Personal Property Securities Act 2009</i> (Cth).
<b>Proxy Form</b>	means the proxy form for the Scheme Meeting, which accompanies this Scheme Booklet.
<b>Regulatory Authority</b>	includes: <ul style="list-style-type: none"> <li>(a) ASX, ACCC, ASIC and the Takeovers Panel;</li> <li>(b) a government or governmental, semi-governmental or judicial entity or authority;</li> <li>(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and</li> <li>(d) any regulatory organisation established under statute.</li> </ul>
<b>Related Body Corporate</b>	has the meaning given in section 50 of the Corporations Act.
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Representatives</b>	means, in relation to a party to the Scheme Implementation Agreement: <ul style="list-style-type: none"> <li>(a) a Related Body Corporate or an Affiliate;</li> <li>(b) a director, officer or employee of the party or any of the party's Related Bodies Corporate or Affiliates; or</li> </ul>



	(c) an adviser to the party or any of the party's Related Bodies Corporate or Affiliates, where an "adviser" means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity and who has been engaged by that entity.
<b>Requisite Majorities</b>	has the meaning given in Section 4.4.
<b>Scheme</b>	means the scheme of arrangement between MSL and the Scheme Shareholders as set out in Annexure B.
<b>Scheme Booklet</b>	means this scheme booklet, including each attachment.
<b>Scheme Consideration</b>	means the consideration to be provided by Pemba Bidco to each Scheme Shareholder for the transfer to Pemba Bidco of each Scheme Share, being for each MSL Share held by a Scheme Shareholder as at the Scheme Record Date an amount of \$0.295 per Scheme Share.
<b>Scheme Implementation Agreement</b>	means the Scheme Implementation Agreement dated 14 November 2022 between Pemba Bidco and MSL relating to implementation of the Scheme, as announced to the ASX on 15 November 2022.
<b>Scheme Meeting</b>	means the meeting of MSL Shareholders to be convened by the Court under section 411(1) of the Corporations Act in respect of the Scheme.
<b>Scheme Record Date</b>	means 7:00pm (AEDT) on the second Business Day following the Effective Date or such other date as MSL and Pemba Bidco agree.
<b>Scheme Resolution</b>	means the resolution to be put to the Scheme Meeting to approve the Scheme.
<b>Scheme Shareholder</b>	means a MSL Shareholder as at the Scheme Record Date.
<b>Scheme Shares</b>	means all MSL Shares held by the Scheme Shareholders as at the Scheme Record Date.
<b>Second Court Date</b>	means the date on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
<b>Second Court Hearing</b>	means the Court hearing on the Second Court Date.
<b>Shareholder Information Line</b>	means the information line available to MSL Shareholders, being 1300 916 762 (within Australia) or +61 3 9415 4860 (if calling from overseas), operated by the MSL Share Registry Monday to Friday between 8.30am and 5.00pm (AEDT).
<b>Specified Event</b>	means an event, occurrence or matter that: <ul style="list-style-type: none"> <li>(a) occurs after the date of the Scheme Implementation Agreement;</li> <li>(b) occurs before the date of the Scheme Implementation Agreement but is only announced or publicly disclosed after the date of the Scheme Implementation Agreement; or</li> </ul>

	(c) will or is likely to occur after the date of the Scheme Implementation Agreement and which has not been publicly announced prior to the date of the Scheme Implementation Agreement.
<b>Subsidiary</b>	<p>of an entity means another entity which:</p> <p>(a) is a subsidiary of the first entity within the meaning of the Corporations Act; and</p> <p>(b) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares or would be, if the first entity was required to prepare consolidated financial statements.</p> <p>A trust may be a subsidiary (and an entity may be a subsidiary of a trust) if it would have been a subsidiary under this definition if that trust were a body corporate. For these purposes, a unit or other beneficial interest in a trust is to be regarded as a share.</p>
<b>Superior Proposal</b>	<p>means a Competing Transaction which the MSL Board, acting in good faith, and after taking advice from its legal and financial advisers, determines is:</p> <p>(a) reasonably capable of being completed taking into account all aspects of the Competing Transaction, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and</p> <p>(b) of a higher financial value and is more favourable to MSL Shareholders than the Scheme, taking into account all aspects of the Competing Transaction, including the identity, reputation and financial condition of the person making such proposal, and relevant legal, regulatory and financial matters.</p>
<b>Taxes</b>	mean means taxes, levies, imposts, charges and duties (including stamp and transaction duties) paid, payable or assessed as being payable by any authority together with any fines, penalties and interest in connection with them.
<b>Tax Act</b>	means the <i>Income Tax Assessment Act 1936</i> (Cth) or the <i>Income Tax Assessment Act 1997</i> (Cth), or both as the context requires.
<b>Treasurer</b>	means the Treasurer of Australia.
<b>Trust Account</b>	means an Australian dollar denominated trust account with an Authorised Deposit-taking Institution (as defined by the <i>Banking Act 1959</i> (Cth)) operated by MSL (or the MSL Share Registry) as trustee for the Scheme Shareholders.
<b>Voting Power</b>	has the meaning given in the Corporations Act.
<b>VWAP</b>	means the volume weighted average price.
<b>Willow Bidco</b>	means Willow Bidco Pty Ltd ACN 636 125 463.

## 10.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act, unless inconsistent with the meaning given in Section 10.1;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) a reference to a Section or annexure is a reference to a Section of or an annexure to this Scheme Booklet as relevant;
- (g) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (h) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (i) a reference to time is a reference to time in Brisbane, Australia;
- (j) a reference to writing includes facsimile and email transmissions; and
- (k) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

# Annexure A – Independent Expert’s Report



## MSL SOLUTIONS LTD

PROPOSED ACQUISITION BY PLUTUS BIDCO PTY LTD

INDEPENDENT EXPERT’S REPORT AND FINANCIAL SERVICES GUIDE  
13 DECEMBER 2022



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For personal use only



13 December 2022

The Directors  
MSL Solutions Limited  
Level 1  
307 Queen Street  
Brisbane QLD 4000

Dear Directors,

## Independent Expert's Report for MSL Solutions Limited

### 1. Introduction

MSL Solutions Limited ("**MSL**") is a public company listed on the Australian Securities Exchange ("**ASX**") that is engaged in the development of software for point of sale ("**POS**") and golf course management. As at 14 November 2022, MSL had a market capitalisation of approximately \$60.9 million.

Pemba Capital Partners ("**Pemba**") is an Australian private equity fund that invests in small and medium sized businesses in Australia and New Zealand. Plutus Bidco Pty Ltd ("**Bidder**") is an entity controlled by Pemba.

On 14 November 2022, MSL and Bidder entered into an agreement for Bidder to acquire MSL for cash consideration of \$0.295 per MSL share ("**Consideration**"), via a scheme of arrangement ("**Proposed Transaction**").

Further details of the Proposed Transaction are set out in Section 1 of our detailed report.

### 2. Purpose of the report

Whilst there is no statutory requirement, in order to assist shareholders evaluate the Proposed Transaction, the directors of MSL have engaged Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**") to prepare an independent expert's report assessing whether the Proposed Transaction is in the best interests of MSL's shareholders ("**Shareholders**"). This report is to be included in the scheme booklet regarding the Proposed Transaction.

Further information regarding our scope and purpose is set out in Section 2 of our detailed report.

### 3. Basis of evaluation

In order to assess whether the Proposed Transaction is in the best interests of Shareholders, we have:

- ◆ Assessed the fairness and reasonableness of the Proposed Transaction
- ◆ Assessed it as fair, if the value of the Consideration offered is greater than, or equal to, the value of a MSL share on a control basis
- ◆ Assessed it as reasonable if it is fair, or despite not being fair, the advantages to Shareholders outweigh the disadvantages
- ◆ Assessed the Proposed Transaction as in the best interests of Shareholders if it is either *fair and reasonable* or *not fair but reasonable*.

Further details of the basis of evaluation are provided in Section 2 of this report.

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[office@leadenhall.com.au](mailto:office@leadenhall.com.au)

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#### 4. The Proposed Transaction is fair

##### Assessed value of MSL

We have assessed the fair market value of a MSL share using a sum of the parts (“SOTP”) analysis whereby we have separately assessed the value of MSL’s golf and POS businesses. A summary of the valuation analysis for each business is set out below.

##### Golf

We have applied a capitalisation of future maintainable earnings (“CFME”) approach to determine the assessed enterprise value of MSL’s golf business (“MSL Golf”). In determining the enterprise value of MSL Golf we have:

- ◆ Selected a maintainable earnings before interest, tax, depreciation and amortisation (“EBITDA”) of \$3.5 million to \$3.7 million based on recent historical and forecast earnings
- ◆ Applied an EBITDA multiple of 6.0x to 6.5x times the selected maintainable earnings. The multiple range is based on the trading multiples of listed companies with similar businesses to MSL Golf and prices paid in recent transactions for businesses comparable to MSL Golf.

##### POS

We have applied a discounted cash flow (“DCF”) approach as the primary method to determine the assessed enterprise value of MSL’s POS business (“MSL POS”). In preparing our DCF analysis we considered a Low Case and a High Case as follows:

- ◆ **Low case:** the low case assumes OrderMate gains market share in Australian cities outside its dominant Melbourne market, SwiftPOS experiences continued strong growth through resellers and MSL sales, including moderate success in winning further large stadia contracts in APAC, while the UK business focusses on transitioning UK customers to SwiftPOS with moderate success.
- ◆ **High case:** the high case assumes a higher level of success in large stadia in APAC, with a lower level of attrition, and greater success at transitioning UK customers to SwiftPOS.

In applying the DCF analysis we have adopted a discount rate of 14.5% to 15.5% and a terminal growth rate of 6.0%. Further details of the key assumptions applied are set out in detail in Section 6.2.

As a cross-check to our DCF approach, we have compared the revenue multiples implied by the outputs of our DCF analysis to the revenue multiples observed in the share trading and transactions involving broadly comparable companies. This provided further support for the assessed values from our DCF analysis.

Based on the above analysis, we have assessed the value of an MSL share to be \$0.230 to \$0.266 per share, on a control basis.

##### Comparison to Consideration

We have assessed whether the Proposed Transaction is fair by comparing our assessed fair market value of a MSL share (on a control basis) with the Consideration. This comparison is set out in the table below.

**Figure 1: Assessment of fairness**



Source: Leadenhall analysis

Since the value of the Consideration exceeds our assessed value of an MSL share on a control basis, the Proposed Transaction is fair.

Further details of our valuation of MSL are provided in Sections 6, 7 and 8 of our detailed report.

## 5. The Proposed Transaction is reasonable

We have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, the advantages to the Shareholders outweigh the disadvantages. We have therefore considered the following advantages and disadvantages of the Proposed Transaction to Shareholders.

### *Advantages*

The main advantages of the Proposed Transaction are:

- ◆ **Consideration represents a significant premium to recent MSL share trading:** The Consideration represents a premium of 71% to the volume weighted average price ("VWAP") of MSL shares on 14 November (the day before the Proposed Transaction was announced). This is higher than the generally observed range for control premiums of between 20% and 40% and at the higher end of the range observed for transactions in the information technology sector in Australia of between 1% and 100%.
- ◆ **Share price is likely to fall if the Proposed Transaction does not proceed:** since the announcement of the Proposed Transaction, MSL shares have traded approximately in line with the Consideration. This is considerably higher than trading prices before the announcement of the Proposed Transaction. If the Proposed Transaction is not approved, it is likely that trading prices will fall, at least in the short-term.
- ◆ **No superior offers:** We are not aware of any competing proposals to acquire MSL by any third party. There would be an opportunity for any other interested party to put forward a competing offer prior to the scheme meeting being held. In these circumstances, the board and Shareholders, would need to consider the competing offer before concluding on the Proposed Transaction.

### *Disadvantages*

The main disadvantages of the Proposed Transaction are:

- ◆ **Participation in future growth:** If the Proposed Transaction proceeds, Shareholders will no longer hold an interest in MSL and will therefore not participate in any future value created by the company. In particular, Shareholders may not consider this to be an optimal time to sell their interest in MSL, given the growth potential of MSL from the full integration of recent acquisitions and the continued organic growth opportunities for the business.
- ◆ **Potential special value available to Pemba:** Pemba owns complementary businesses in the POS sector. Pemba may therefore be able to generate synergies in excess of the listed company cost synergies which have been considered in our valuation analysis. However, as the Consideration is higher than our valuation range, we consider that it is likely that a proportion of the synergy benefits expected to be realised by Pemba are reflected in the Consideration.
- ◆ **Tax leakage:** If Shareholders approve the Proposed Transaction this will like accelerate tax leakage on this investment that would otherwise be deferred in the absence of the Proposed Transaction. The tax implications may vary for individual shareholders. Shareholders should seek their own independent advice as to any potential tax implications of the Proposed Transaction.

### *Conclusion on reasonableness*

As the Proposed Transaction is fair, it is also reasonable. Further details of our considerations of the reasonableness of the Proposed Transaction are set out in Section 9.2 of our detailed report.

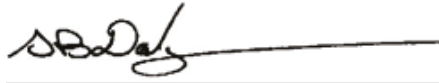
## 6. Opinion

As we have concluded that the Proposed Transaction is fair and reasonable to Shareholders, it is also in their best interests, in the absence of a superior offer.

Yours faithfully



Dave Pearson  
**Director**



Simon Dalgarno  
**Director**

*Note: All amounts stated in this report are in Australian dollars unless otherwise stated.  
Tables in this report may not add due to rounding.*

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**LEADENHALL CORPORATE ADVISORY PTY LTD**

ABN 11 114 534 619

**Australian Financial Services Licence No: 293586**

***FINANCIAL SERVICES GUIDE***

Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**" or "**we**" or "**us**" or "**our**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

**Financial Services Guide**

In providing this report, we are required to issue this Financial Services Guide ("**FSG**") to retail clients. This FSG is designed to help you to make a decision as to how you might use this general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

**Financial Services We are Licensed to Provide**

We hold Australian Financial Services Licence 293586 which authorises us to provide financial product advice in relation to securities (such as shares and debentures), managed investment schemes and derivatives.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product. Our report will include a description of the circumstances of our engagement and the party who has engaged us. You will not have engaged us directly but will be provided with a copy of the report because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial service licensee authorised to provide the financial product advice contained in that report.

**General Financial Product Advice**

The advice produced in our report is general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

**Benefits that We May Receive**

We charge fees for providing reports. These fees will be agreed with the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Leadenhall is entitled to receive a fixed fee of \$70,000 (excl. GST) for preparing this report. This fee is not contingent upon the outcome of the Proposed Transaction.

Except for the fees referred to above, neither Leadenhall, nor any of its directors, consultants, employees or related entities, receive any pecuniary or other benefit, directly or indirectly, for or in connection with the provision of this report.

**Remuneration or Other Benefits Received by our Employees, Directors and Consultants**

All our employees receive a salary. Our employees are eligible for bonuses which are not based on the outcomes of any specific engagement or directly linked to the provision of this report. Our directors and consultants receive remuneration based on time spent on matters.

### **Independence**

In the previous two years we have provided accounting compliance services (predominantly the valuation of acquired intangible assets for financial reporting purposes) to a number of companies that funds managed or advised by Pemba Capital Partners have invested in. This work did not involve Leadenhall participating in setting the terms of, or any negotiations leading to, the Proposed Transaction and constitutes a minor part of Leadenhall's total revenue. We therefore consider ourselves to be independent for the purpose of this engagement, in accordance with *Regulatory Guide 112: Independence of Experts*.

### **Referrals**

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the reports that we are licensed to provide.

### **Complaints Resolution**

As the holder of an Australian Financial Services Licence, we are required to have a system in place for handling complaints from persons to whom we have provided reports. All complaints must be in writing, to the following address:

Leadenhall Corporate Advisory Pty Ltd  
GPO Box 1572  
Adelaide SA 5001

Email: [office@leadenhall.com.au](mailto:office@leadenhall.com.au)

We will try to resolve your complaint quickly and fairly and will endeavour to settle the matter within 14 days from the time the matter is brought to our attention.

If you do not get a satisfactory outcome, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution services that are free to consumers and can be contacted as follows:

Website: [www.afca.org.au](http://www.afca.org.au)

By post: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

### **Compensation Arrangements**

Leadenhall holds professional indemnity insurance in relation to the services we provide. The insurance cover satisfies the compensation requirements of the Corporations Act 2001.

13 December 2022

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## 1 THE PROPOSED TRANSACTION

### 1.1 Background

MSL is an ASX listed company that operates a POS and golf course management software business. Further details of MSL's operations are provided in Section 4 of this report, Pemba is a leading investor in small and mid-sized businesses in Australia and New Zealand. Since inception in 1988, the investment firm has specialized in partnering with the owners and managers of businesses to help them accelerate growth. Pemba has to date completed over 170 transactions. Their primary sector focus is education and training, business services, healthcare, non-bank financial services and technology.

On 14 November 2022, MSL and Bidder, an entity controlled by Pemba as at the date of this report, entered into a scheme implementation agreement under which MSL and Bidder have agreed to implement the Proposed Transaction for Bidder to acquire all of issued share capital in MSL.

### 1.2 Consideration

The cash consideration from Bidder pursuant to the Proposed Transaction is \$0.295 per share.

The offer is on a fully diluted basis and assumes that all MSL performance rights, options and convertible notes are vested, exercised and/or converted (as applicable) prior to the completion of the Proposed Transaction. We note that all MSL options on issue were exercised on 25 October 2022.

For the Proposed Transaction to become effective the following conditions need to be met:

- ◆ Shareholder approval which requires both a majority by number of Shareholders and 75% of the votes cast, at the meeting due to be held in early February 2023, to be in favour of the Proposed Transaction.
- ◆ Approval by the Court.
- ◆ Foreign Investment Review Board approval.
- ◆ An independent expert concluding (and continuing to conclude) that the Scheme is in the best interest of Shareholders.
- ◆ Certain convertible notes issued by MSL being converted to MSL shares.
- ◆ No performance rights remaining on issue in MSL.
- ◆ Various other conditions precedent (regulatory approvals, no adverse changes etc.).

Further detail in relation to the conditions precedent are set out in Section 3.1 of the Scheme Implementation Agreement.

## 2 SCOPE

### 2.1 Purpose of the report

The Proposed Transaction is to be implemented by a scheme of arrangement under Section 411 of the Corporations Act 2001 ("s411"). Under s411 the scheme must be approved by shareholders as described in Section 1 above.

Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cwlth) ("**Part 3**") and *Regulatory Guide 60: Schemes of arrangement* ("**RG60**") prescribes the information to be provided to shareholders in relation to schemes of arrangement. Part 3 requires this to include an independent expert's report stating whether a proposed scheme is in the best interest of shareholders of the company subject to the scheme if, prior to the proposed scheme of arrangement, either:

- ◆ The other party to the scheme is entitled to more than 30% of the voting shares in the company which is subject to the scheme
- ◆ A director of the corporation that is the other party to the scheme is also a director of the company that is the subject of the scheme.

As MSL and Bidder do not have any directors in common and Bidder does not currently hold shares in MSL, there is no formal requirement for an independent expert's report in relation to the Proposed Transaction. However, the directors of MSL have engaged Leadenhall to prepare an independent expert's report as if it were required under Part 3, to assist Shareholders in evaluating the Proposed Transaction.

### 2.2 Basis of evaluation

#### Introduction

There is no legal definition of the expression '*in the best interests*'. However, *Regulatory Guide 111: Content of Expert Reports* ("**RG111**") issued by ASIC provides guidance on its meaning. RG111.19 requires an expert to assess whether a scheme of arrangement involving a change of control is '*fair and reasonable*'. A transaction would be '*in the best interests*' of shareholders if it is either '*fair and reasonable*' or '*not fair but reasonable*'. As the Proposed Transaction is a control transaction, we have adopted this approach.

RG111 requires a separate assessment of whether a control transaction is '*fair*' and whether it is '*reasonable*'. We have therefore considered the concepts of '*fairness*' and '*reasonableness*' separately. The basis of assessment selected and the reasons for that basis are discussed below.

#### Fairness

In accordance with RG111.11, we have assessed the Proposed Transaction as fair if the consideration offered to Shareholders is equal to, or greater than, the value of a MSL share. The value of a MSL share has been determined on a control basis (i.e. including a control premium). This is consistent with the requirement of RG111.11 that the comparison for a takeover must be made assuming a 100% interest in the target company.

We have assessed the values of a MSL share and the consideration offered at fair market value, which is defined by the International Glossary of Business Valuation Terms as:

*The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.*

While there is no explicit definition of value in RG111, this definition of fair market value is consistent with basis of value described at RG111.11 and common market practice.

Special value is defined as the amount a specific purchaser is willing to pay in excess of fair market value. A specific purchaser may be willing to pay a premium over fair market value as a result of potential economies of scale, reduction in competition or other synergies they may enjoy arising from the acquisition of the asset. However, to the extent a pool of hypothetical purchasers could all achieve the same level of synergies the value of those synergies may be included in fair market value. Special value is typically not considered in forming an opinion on the fair market value of an asset. Our valuation of MSL does not include any special value.

### Reasonableness

In accordance with RG111, we have defined the Proposed Transaction as being reasonable if it is fair, or if, despite not being fair, Leadenhall believes that there are sufficient reasons for Shareholders to vote for the Proposed Transaction. We have therefore considered whether the advantages to Shareholders of the Proposed Transaction outweigh the disadvantages. To assess the reasonableness of the Proposed Transaction we have considered the following significant factors recommended by RG111.13:

- ◆ The size of existing shareholding blocks in MSL
- ◆ The liquidity of the market in MSL's shares
- ◆ Taxation losses, cash flow or other benefits through achieving 100% ownership of MSL
- ◆ Any special value of MSL to Bidder
- ◆ The likely market price of MSL shares if the Proposed Transaction is rejected
- ◆ The value of MSL to an alternative bidder and the likelihood of an alternative offer

We have also considered other significant advantages and disadvantages to Shareholders of the Proposed Transaction.

### 2.3 Individual circumstances

We have evaluated the Proposed Transaction for Shareholders as a whole. We have not considered its effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the Proposed Transaction is in their best interests. If in doubt investors should consult an independent financial adviser about the impact of the Proposed Transaction on their specific financial circumstances.

## 3 INDUSTRY PROFILE

### 3.1 Introduction

MSL operates in three primary industry segments:

- ◆ POS solutions for stadiums and large entertainment venues
- ◆ POS solutions for hospitality / restaurant venues
- ◆ Golf course management software solutions.

Below we have summarised some of the key industry trends in each of these market segments.

### 3.2 Global POS market

POS refers to the place where a customer pays for goods or services. The POS industry can be split into the sale of two components:

- ◆ **Hardware:** which includes physical assets such as monitors / tablets, barcode scanners, receipt printers, and cash drawers.
- ◆ **Software:** the software that provides the point-of-sale functionality.

Industry revenue is derived from the sale of hardware and software subscriptions and/or contracts. Hardware sales typically result in once off upfront revenue, with software subscriptions and contracts generating revenue on a recurring basis. Industry operators can either own the software intellectual property ("IP") or operate as software resellers. Software resellers operate on lower margins than IP owners, however they do not incur the expense of maintaining the existing software and developing new software / functionality to remain competitive in the market.

The global POS terminals market was valued at US\$85.2 billion in 2020, of this approximately US\$9.26 billion is attributable to POS software sales. The overall POS terminals market is forecast to achieve a compound annual growth rate ("CAGR") of 8.5% between 2022 and 2030 whilst growth in POS software revenue is forecast to be slightly higher at a CAGR of 9.5%. The majority of this growth is expected to come from growth in mobile POS solutions<sup>1</sup>. In Australia, the POS market is anticipated to grow at a CAGR of more than 10%<sup>2</sup> between 2020 and 2024 on the back of technological advancements in hardware and software solutions.

The COVID-19 pandemic has changed the business landscape meaning businesses have migrated to modern POS technology at a more rapid rate. Upgrading POS solutions to facilitate online orders and payments as well as enhanced data analytics to understand and meet new customer expectations is driving industry growth.

### 3.3 Global smart stadium market

A smart stadium uses technology solutions to maximise operational efficiency. The smart-stadium consists of parking, smart ticketing system, crowd management system, wifi network, emergency response and interactive fan enablement. Advanced POS solutions are part of the movement towards smart stadiums. The smart stadium market was valued at US\$6.8 billion<sup>3</sup> in 2020 and expected to achieve a CAGR of 21.5% between 2021 and 2026. Some of the growth drivers include:

- ◆ Fans increasingly expecting a more intuitive and interactive experience
- ◆ Use of technology to increase spend per head whilst fans are on site
- ◆ An increasing number of sporting events and new stadiums
- ◆ Movement towards green energy solutions.

Research conducted by Oracle<sup>4</sup> shows that fans are increasingly demanding digital features to enhance their entertainment experience as set out in the figure below. Offering premium experiences, gives customers the opportunity to create a more bespoke stadium experience which ultimately increases in-stadium spend.

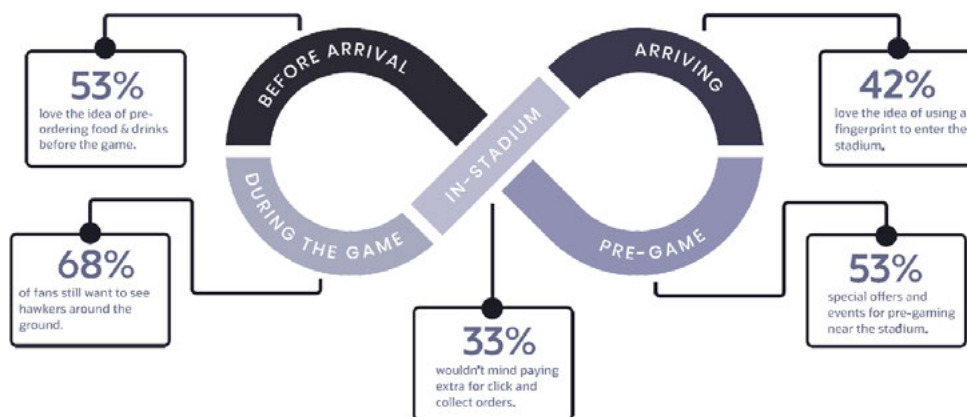
<sup>1</sup> Grandview Research

<sup>2</sup> TechSci Research

<sup>3</sup> Mordor Intelligence

<sup>4</sup> Stadiums without borders: Sports and entertainment trends in 2022 and beyond, Oracle

Figure 2: Fan stadium experience expectations



Source: Oracle

Stadium attendees are embracing technology that reduce human interaction and wait times at stadium concession venues. Research shows that the most frustrating aspects of stadium food and beverage experience are long lines to make an order, slow service and errors in orders. As a result, for the first time ever, over half of fans prefer using technology over interacting with staff during live stadium events and 70% agree that service jobs can be replaced by technology solutions.

Currently Europe dominates the smart stadium market with rapid adoption of technological solutions for security management, fan connectivity, process digitisation and automation and contactless ordering in payment. North America is the second largest market, whilst Asia / Pacific (Australia, India, China and Japan) is expected to be the highest growth market over the next five years.

Modern POS systems developed specifically for the stadium market play an integral role in the move towards smart stadiums. These POS systems can include:

- ◆ Integration with ticketing provider
- ◆ Gift and loyalty programs
- ◆ Pre-event ticketholder interactions through smartphone applications that can include parking recommendations and personal offers of food, beverage and merchandise
- ◆ Pre-ordering and mobile ordering from concession stands allowing customer to avoid long stadium queues
- ◆ Contactless and cashless ordering options through self-service kiosks and mobile payment readers
- ◆ Digital menus and signage allowing for event-based pricing
- ◆ Real-time data on inventory levels, automated vendor orders and customised restock functions
- ◆ Real-time data to allow for efficient staffing.

The window of opportunity for stadium operators to capture revenue is short, making reliance on only cloud-based systems particularly risky relative to on-premise solutions.

### 3.4 Global restaurant POS market

The global restaurant POS market was valued at \$15.2 billion<sup>5</sup> in 2021 and is expected to grow at a CAGR of 7.4% between 2022 and 2029. Key growth drivers include:

- ◆ **Market shift towards remote ordering in pick-up/delivery:** the COVID-19 pandemic accelerated a market shift towards remote ordering and pick-up / delivery food service. A 2022 Oracle study<sup>6</sup> shows that 59% of consumers (global average) will spend more if click and collect is available, 63% said it positively impacts where they eat and 44% said it made them more loyal. This has resulted in a need for

<sup>5</sup> Data Bridge Market Research  
<sup>6</sup> Restaurant Scene 2022, Oracle



rapid technological advances that requires POS systems to integrate with an increasing number of ordering / delivery applications and has driven restaurants to upgrade to POS solutions that provide this functionality.

- ◆ **Other technological advancements:** modern POS systems have emerged that offer functionality beyond the capture of transactions. New functionality includes all aspects of restaurant management from front-of-house bookings and order takings to back of house kitchen and inventory management. The integration of all of these activities into a centralised system is driving the demand for modern integrated POS systems.
- ◆ **Cloud based POS:** the emergence of cloud based POS had increased the adoption of modern POS systems due to the relatively low cost, ease of installation and ease of use.
- ◆ **Rise of data analytics:** modern POS systems can capture and present customer data to business owners, allowing them to establish trends and provide personalised offers to customers.

### 3.5 Golf course management software industry

Golf is a popular recreational activity across the globe which has seen significant growth in participation rates because of the COVID-19 pandemic which restricted participation in many other sports and leisure activities. In the US, more than 25 million people played a round of golf in 2020, including 3 million new players (a record-breaking number of new players). In FY21, 1.2 million people played golf in Australia, representing 5.7% of the adult population and an increase of 21% on the prior year. In 2021 there were an estimated 10.6 million golfers across Europe, with 73% of European markets registering an increase in player numbers between 2019 and 2021. However, the increase in player numbers is not expected to be sustained as COVID-19 restrictions are relaxed across the globe. Golfers played across approximately 15,500 courses in the US, 1,500 in Australia and 9,000 in Europe.

Golf course management software is an on-site solution that helps golf course operators streamline membership management, tee times, course maintenance schedules, inventory and financial reporting. The global golf course management software market was worth US\$285.6 million in 2020 and is projected to grow at a CAGR of 11.97% to US\$660.67 million by 2028<sup>7</sup>. This growth is attributed to increased digitalisation of golf course management and an increasing number of younger players seeking easy to use digital interfaces. The golf course management software market is highly fragmented, with local developers in most of the well populated markets.

The golf course software market can be segmented into cloud and on-premises products. There has been high growth in the cloud segment primarily due to increased functionality and decreased upfront costs which is particularly attractive to smaller and not-for-profit clubs. North America dominates demand for golf course software due to the number of golf courses and participants as well as a willingness to introduce new technology. However, in the short to medium term the Latin American market is expected to have the highest growth rate due to an increase in the number of golf courses, golf participation, golf tourism and being behind the North American market in terms of the adoption of new technology.

### 3.6 Key success factors

The key success factors in each market segment are similar and primarily relate to:

- ◆ **Technology:** modern, intuitive technology that helps drive efficiency, is customised to the needs of each market and integrates with other businesses processes (e.g. customer orders, accounting and inventory management).
- ◆ **Scale:** sufficient scale is required to be able to maintain investment in technology to ensure technology functionality remains competitive. Ultimately scale should lead to profitability, although many large players in the market are yet to achieve positive earnings.
- ◆ **Relationships:** effective customer service and support is required to maintain relationships with existing customers to reduce churn and the costs associated with acquiring new customers.

<sup>7</sup> All golf software market data and forecasts are attributable to Adroit Market Research unless otherwise noted

## 4 PROFILE OF MSL

### 4.1 Background

MSL is an ASX listed company specialising in the provision of POS and related venue management systems into a wide variety of hospitality and sporting venues. Between 2006 and 2018 MSL made a large number of small acquisitions to increase scale in the POS and Golf software markets and predominantly acted as a reseller of POS solutions. The company listed on the ASX in 2017. Poor performance associated with difficulty integrating the large number of small acquisitions resulted in a new management team being appointed. Since then, strategic focus has pivoted away from reseller arrangements to acquiring POS intellectual property through two strategic acquisitions, SwiftPOS and OrderMate in 2020 and 2021 respectively.

### 4.2 Overview of operating segments

MSL has three key operating segments as summarised in the table below:

**Table 1: Overview of MSL's operating segments**

	POS	Golf	Digital
<b>Products / service</b>	Providing fully integrated POS systems	Golf membership and golf management software	Mobile applications that are in the hands of consumers (build, partner or facilitate)
<b>Customer type</b>	<ul style="list-style-type: none"> <li>◆ <b>Iconic:</b> stadiums, arenas, convention centres (SwiftPOS sold through MSL direct)</li> <li>◆ <b>Local:</b> pubs, clubs and fuel stations (SwiftPOS directly or via reseller)</li> <li>◆ <b>OrderMate:</b> restaurants, fine dining and takeaway</li> </ul>	<ul style="list-style-type: none"> <li>◆ Golf Australia</li> <li>◆ Global golf federations</li> <li>◆ Individual golf clubs</li> </ul>	Consumers throughout Australia and the world using apps, including: <ul style="list-style-type: none"> <li>◆ MSL golf apps</li> <li>◆ MSL OrderAway</li> <li>◆ HungryHungry</li> <li>◆ Doshii</li> </ul>
<b>Key Metrics</b>	<ul style="list-style-type: none"> <li>◆ Over 7,500 POS venues deployed across 28 countries</li> <li>◆ Over \$14 billion in annual transaction value</li> <li>◆ Modular system deployed on mobile, tablet, phone and kiosk</li> </ul>	<ul style="list-style-type: none"> <li>◆ Over 1,000 customer organisations globally (federations and clubs)</li> <li>◆ 1.9 million golfer handicaps managed in nine countries</li> <li>◆ 6 million rounds of golf booked</li> <li>◆ 10.7 million rounds of golf processed for world handicap system in Australia in FY22</li> </ul>	Using MSL's digital solutions: <ul style="list-style-type: none"> <li>◆ 37% increase in order value compared to traditional POS</li> <li>◆ 123 locations in FY22</li> </ul>
<b>Revenue model</b>	<ul style="list-style-type: none"> <li>◆ SwiftPOS – 3 to 5 year contracts (initial sales and recurring fees)</li> <li>◆ OrderMate – month to month contract (initial sales and recurring fees)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Subscription / fee per use (Federations)</li> <li>◆ Initial sales and recurring fees (golf management software)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Transaction fee per order</li> </ul>
<b>FY22 revenue</b>	\$24.2 million (71%)	\$8.3 million (25%)	\$1.4 million (4%)

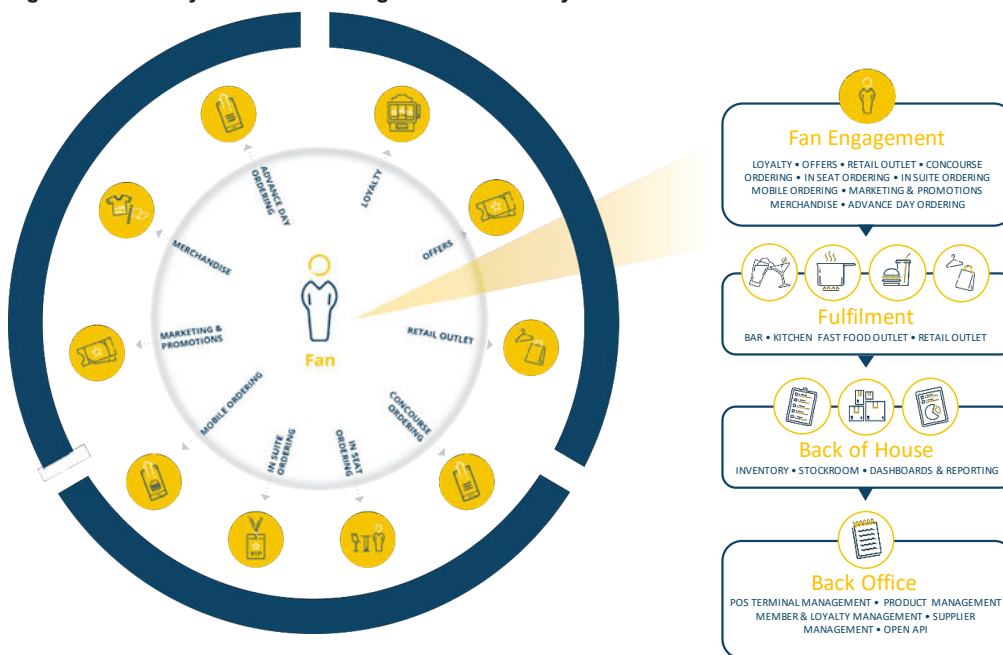
Source: MSL

More detailed information on the key products within each segment is set out below.

### 4.3 POS

MSL's POS segment provides fully integrated POS systems to enterprise level and local entertainment and hospitality venues primarily in Australia and the United Kingdom. Through its SwiftPOS and OrderMate products, MSL's POS system connects customers to venues using mobile and contactless entry, ordering, and payment solutions. It extends and modernises the traditional POS offering beyond payment terminals to a fully integrated system as set out in the figure below.

**Figure 3: Summary of MSL's POS segment functionality**



Source: MSL

#### SwiftPOS

Upon acquisition in November 2020 SwiftPOS added immediate scale to the MSL business, contributing \$4 million in gross margin in FY22, and an increase of over 1,000 venues serviced by MSL. SwiftPOS is currently used in over 5,000 venues across 28 countries and is distributed through direct sales and an extensive reseller network of 40 companies. SwiftPOS is sold on a SaaS or perpetual license (license fee paid upfront with recurring support income) basis under three-to-five-year contracts.

SwiftPOS provides POS solutions to larger scale stadium, arena, pubs and clubs markets. SwiftPOS is sold into these markets either direct by MSL or through authorised resellers. SwiftPOS is Australia's leading hospitality and retail POS systems solution. Whilst there is an industry trend towards cloud-based systems, SwiftPOS is able to operate offline to ensure that there are no system outages during crucial trading times for customers (enterprise level venues generally have small windows of high traffic trading during events that would be severely adversely impacted by any POS outages during these busy times).

SwiftPOS is a feature rich and robust POS system, ensuring venues can continue to evolve and grow using the SwiftPOS framework over time. Some of its key features are set out below.

- ◆ Multi venue enterprise platform
- ◆ Seamless offline operation for redundancy
- ◆ Grouping by enterprise, venue, outlet, terminal and product
- ◆ SQL database for powerful reporting
- ◆ Member loyalty, rewards and campaigns
- ◆ Sophisticated promotions engine
- ◆ Stored value vouchers and gift cards
- ◆ Mobile ordering in-seat and at-table self service
- ◆ Customer screen advertising
- ◆ Kitchen video screens and digital menu boards
- ◆ Restaurant reservations and table tracking
- ◆ Suites and catering management
- ◆ Open API to connect to third party systems
- ◆ All in one 'real time' POS, stock and inventory system
- ◆ Powerful, customisable reporting and business intelligence with over 300 reports
- ◆ Complete electronic journal of all sales
- ◆ Clerk logon / log off
- ◆ Supplier / vendor management with electronic interface
- ◆ Staff management
- ◆ Staff security wristbands
- ◆ Integrated EFTPOS
- ◆ Comprehensive context sensitive help from POS, Back Office and online

Since SwiftPOS was acquired, MSL has tendered for seven stadium / enterprise contracts in Australia and has been the successful candidate on each occasion. Some of SwiftPOS's current major clients are listed below:

- ◆ Suncorp Stadium
- ◆ The Gabba
- ◆ Eden Park Auckland
- ◆ RAC (Perth) Arena
- ◆ Metricon Stadium
- ◆ AAMI Park (Melbourne)
- ◆ Brisbane Racing Club
- ◆ International Convention Centre (Sydney)
- ◆ Brisbane Entertainment Centre
- ◆ Blundstone Arena

As at 30 June 2022, MSL had a backlog of \$2.4 million of contracts won in FY22 with revenue to be recognised in FY23. The majority of the sale backlog is related to SwiftPOS contracts. In addition to the backlog, MSL has identified significant opportunities that will arise from the gradual expiration of reseller contracts, primarily in the UK market. Historically MSL has operated as a reseller of POS systems in the UK. Since the acquisition of SwiftPOS, there is now an opportunity for MSL to leverage their established relationships with venue management to sell SwiftPOS into these venues at a higher margin to MSL as the existing contracts come to an end. There are no contracted terms that preclude MSL from targeting previous reseller clients for future SwiftPOS sales. Some of MSL's key relationships in the UK are set out below:

- ◆ **ASM Global Stadia:** in April 2021 MSL signed a five-year agreement covering 22 venues to install over 900 terminals and is operating Kappture POS software.
- ◆ **Manchester City FC:** in July 2021 MSL signed a three-year deal to deliver more than 405 POS terminals operating Kappture software to Manchester City Football Club's Etihad Stadium and the Academy Stadium.
- ◆ **Arsenal Football Club:** MSL supports Agilysis POS system.
- ◆ **Manchester United Football Club:** MSL supports Agilysis POS system.

Key competitors of MSL in the stadium/enterprise market are Bepoz (particularly gaming), Task (recently acquired by Plexure), Oracle, NCR, IdealPOS and Agilysis.

### OrderMate

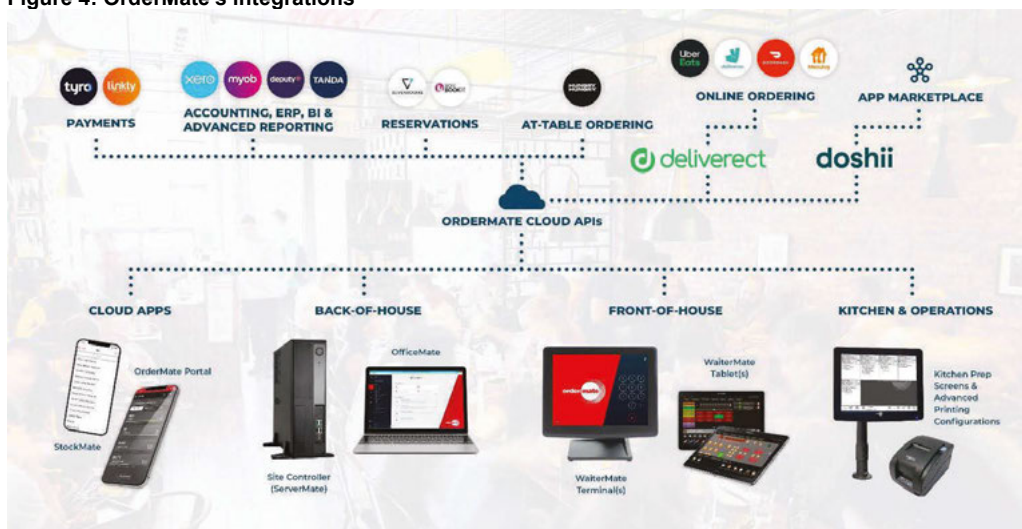
Acquired in September 2021, OrderMate provides POS services to Australian food and beverage venues, enabling efficient ordering, transactions and payments to over 2,400 restaurant, fine dining and café venues, primarily in the Melbourne market. In the nine months from acquisition to 30 June 2022 OrderMate increased monthly SaaS revenue by 150%, added 142 new businesses to the platform (excluding customer attrition) and executed 371 new sales to existing customers (e.g. additional hardware and software). As part of this growth OrderMate has increased its presence in the Sydney and Brisbane markets, whilst retaining market dominance in Melbourne. The restaurant POS market is highly fragmented with many small local players as well as large international POS providers such as Oracle. Competitors include NCR, Square, HML and Lightspeed. Lightspeed is OrderMate's main competitor. OrderMate is sold as a SaaS for a monthly fee and has a 30-day notice period for termination.

OrderMate is a comprehensive POS system that retails the following core products to customers:

- ◆ **ServerMate:** on premise application that communicates between all software applications, cloud-based services and in-venue hardware devices.
- ◆ **OfficeMate:** back of house software configuration for menu management, stock and user management and in venue daily operational tasks such as till reconciliation and stock taking. OrderMate provides a full reporting suite.
- ◆ **WaiterMate:** front of house software used on touch computers and tablets with full table service, phone orders, online orders, take away / delivery management and quick service for bars and counter areas.
- ◆ **TouchPrep xPress:** kitchen touch screen for displaying and organising the flow of orders into various prep areas (e.g. kitchen, bar, coffee machine etc.)
- ◆ **ControlCentre and Cloud Portal:** web responsive, cloud-based dashboards, key metrics and reports. WebApp and desktop browser compatible.
- ◆ **StockMate:** native App for iOS, used for roaming in venue while stocktaking. Syncs stocktake data back to OfficeMate for live stock reporting and inventory management.
- ◆ **Business Central:** cloud-based, multisite menu management with multi venue consolidated reporting for groups and franchises.
- ◆ **Cloud Services and APIs:** in addition to OrderMate's core product offering there are a range of API layers that broker data between venues, including sales and transaction data, menu and ordering APIs, marketing services, reservations, gift cards and vouchers, loyalty and general data endpoints.

The diagram below sets out OrderMate's integration with internal and external products:

**Figure 4: OrderMate's integrations**



Source: MSL

## 4.4 Golf

MSL offers various technology solutions to the golf market assisting golf clubs through comprehensive operations software and international golfing federations through management of local applications of the world handicapping system and tournament management.

MSL's golf management software provides small and large clubs in Australia with the following functionality:

- ◆ **Member portal:** online member portal for tee bookings that update in real time. Members can access their accounts, make payments and book golf in one convenient location. Member interface features include account details, account payment, club event booking, POS ordering, global wallet, bookings and results, hold by hole scores and competition schedules.
- ◆ **Competition management:** comprehensive competition management to easily set annual event calendars and create recurring competitions across different competition types.
- ◆ **Live leader board:** displays competition leader board on in house screens and live updates as scores are returned.
- ◆ **Scorecard scanning:** returns scores efficiently across competition types. Inbuilt signature verification and score check allows players to submit accurate scores.
- ◆ **Tee sheets:** Live tee sheet that allows operation staff to track and manage bookings and control tee sheet set up on any device.
- ◆ **Integrations:** integrated with MSL's membership products to ease administration. Provides for prize vouchers to be updated at close of competition to member accounts that flow through to POS.

MSL also provides comprehensive golf club membership software, that integrates with the golf management software, and provides the following key features:

- ◆ **Database management:** complete source member information with easy set up and comprehensive information including allergen and contact information. Members can be organised across a range of customisable categories.
- ◆ **Subscription management:** easily manage the member subscription process for annual billing, including electronic invoices, or direct debit payment plans including integration with buy now pay later provider, Openpay.
- ◆ **General ledger integration:** integrated with MSL's finance solution as well as Xero and MYOB. This ensures no double handling of transactions and maximised financial reporting on member activities.
- ◆ **Reporting:** provides a comprehensive range of reports that can be customised for each venue. Reports are generated quickly and target the information users want to see.

MSL's club management software solutions currently support 68% of Australian golf clubs, either directly by MSL or indirectly through Golf Australia, and generates revenue through SaaS subscriptions, support and maintenance and contracted Golf Australia revenue.

MSL's GolfBox tournament management software is used by clubs and federations across Australia and Europe and provides the following key features:

- ◆ **Online entry:** allows competitors to enter and pay online. Organisers can set opening and closing times for entries with handicap validation at time of entry.
- ◆ **Event website:** develops a customised event webpage that provides only entry, event information and live leader boards that update as scores are returned.
- ◆ **Live leader board:** tour style live leader board for TV screens or large on course screens. Scrolls through the leader board and updates in real time.
- ◆ **Start lists:** auto generate start lists for events or use the customised drag and drop feature. Alert payers to the draw via email or SMS.
- ◆ **Live scoring:** mobile live scoring feature that allows players to use their own devices to submit their scores during the round.
- ◆ **Event reports:** comprehensive list of exportable reports to manage events. Create scorecards, buggy signs, pin sheets and pace of play sheets.
- ◆ **Easy and flexible administration:** the cloud-based solution means event set up can be done at any time. Build events in minutes with a comprehensive step by step process.
- ◆ **Matchplay and interclub:** digitise matchplay events and create interclub pennant competitions via the interclub module.

MSL's GolfBox tournament software generates revenue through SaaS subscriptions.

In addition to golf club management software and tournament management software, MSL also partners with a number of golf federations across Australia and Europe to provide centralised handicap system solutions. Key golf federation partners are set out below:

- ◆ Golf Australia
- ◆ PGA of Sweden
- ◆ Golf Union of Iceland
- ◆ Swiss Golf
- ◆ Danish Golf Union
- ◆ Finnish Golf Union
- ◆ Latvian Golf Federation
- ◆ Norwegian Golf Federation

MSL's handicap technology has successfully transitioned more than one million golfers to the world handicap system which officially launched in 2020. The world handicap system unifies six handicap systems into a single global system that enables golfers to play and compete on a fair and equitable basis, in any format, on any course, anywhere around the world. MSL's technology has been instrumental in assisting national federations to transition to this new system and MSL is the only golf technology provider that has a full solution for world handicap system, golf management system and tournament management system.

MSL has long term (up to five years) contracts with national golf federations to provide world handicap system software support for which an annual fee is received.

#### 4.5 Digital

MSL's digital segment provides mobile applications that are in the hands of their venue's customers. MSL operates as a builder, partner or facilitator of these applications throughout Australia and internationally. MSL currently has the following active applications and partnerships:

- ◆ **OrderAway:** provides small to large scale venues with a seamless self-service ordering platform which allows for both in-venue and outside venue ordering through customised QR codes. The OrderAway app is owned by MSL
- ◆ **MSL Scoring App:** digital companion to MSL's golf management system. The Scoring App offers clubs and golfers an alternative to paper-based scorecard printing and scanning in favour of a digital experience to enter competitions, select your playing partner and enter scores live on course. The Scoring App is owned by MSL.
- ◆ **Doshii and Deliverect:** are third party platforms that integrate POS systems with digital food ordering and delivery apps (e.g. Mr Yum and Hungry Hungry) to reduce mistakes and double handling of orders by the venue.
- ◆ **HungryHungry and me&u:** these third-party solutions provide at table ordering and payment solutions for hospitality venues. HungryHungry is integrated with OrderMate and me&u is integrated with SwiftPOS.
- ◆ **Tyro:** Tyro is a third party payment provider that integrates into both OrderMate and SwiftPOS.

Each application or partnership derives revenue on a per transaction basis, primarily as a small percentage of the transaction value, except for the MSL Scoring App which derives revenue from licensing fees from golf club customers of MSL.

#### 4.6 Outlook

MSL has identified a number of opportunities to continue their strong growth in the short to medium term. These opportunities include:

- ◆ Transition legacy reseller arrangements to SwiftPOS solutions to increase margin. Whilst movement away from legacy solutions may result in short term revenue loss, the medium term and long term revenue and margin gain are expected to be material.
- ◆ Continued growth in OrderMate through locational diversification.
- ◆ Further digital opportunities to leverage MSL's strong transaction base to develop further revenue sharing partnerships.
- ◆ Potential for vertical integration into payment processing (longer term opportunity).

## 4.7 Key personnel

The Board of Directors of MSL comprises:

**Table 2: Directors of MSL**

Directors	Experience
<p><b>Tony Toohey</b> Executive Director and Chairman</p>	<p>Tony was appointed as an Executive Director and Chairman in September 2019. Tony is a senior executive with over 35 years in the gaming, hospitality, leisure and technology industries. Tony is the former Managing Director, CEO &amp; Executive Chairman of ASX listed Intecq &amp; eBet Limited. Tony also served as GM Business Development Gaming at Tabcorp from 2016 until July 2018.</p>
<p><b>Earl Eddings</b> Non-executive Director</p>	<p>Earl is currently the Managing Director of The Riskcom Group and served as a Chairman and Director of Cricket Australia from 2008 to 2021. He was a Director of Cricket Victoria from 2006 to 2015 and held the position of Deputy Chairman from 2008 to 2015. Earl was also a Director of the Kerry Packer Foundation and a Director of the International Cricket Council. He is a Fellow of the Governance Institute of Australia and Graduate of the AICD. Previously he was Managing Director for WSP Asia Pacific and Managing Director of ASX listed Greencap before it's sale to Wesfarmers.</p>
<p><b>Dr Richard Holzgrefe</b> Non-executive Director</p>	<p>Richard joined MSL from VLRQ Pty Ltd where he served as a Director from 1998 to 2004. He was a Director of Kenlynn Property Syndicates Pty Ltd from 1997 to 2000 and co-founded The BOH Dental Group in 1976. He was Chairman of Verton Technologies Aust Pty Ltd from 2017 to 2021 and is a Director of Holmac Holdings Pty Ltd. Richard holds a Bachelor of Dental Science degree from the University of Queensland.</p>
<p><b>Dr Sarah Kelly OAM</b> Non-executive Director</p>	<p>Sarah has over 20 years' experience within the sports, tourism, professional services and education sectors. Sarah is an Associate Professor in Law and Marketing at the University of Queensland and an experienced commercial lawyer. Sarah currently serves as a non-executive director on several boards including as Deputy Chair of the Brisbane Lions AFL Football Club, Deputy Chair of Tourism and Events Queensland, ASX listed company Australian Family Lawyers and as a member of the Brisbane 2032 Games organising board.</p>
<p><b>David Trude</b> Non-executive Director</p>	<p>David has over 40 years' experience as a senior corporate executive within the banking and securities industries. He was formerly Managing Director, Australian Chief Executive Officer/Country Manager of Credit Suisse Australia. He has served as Chairman of Baillieu Holst Limited since 2010, is Chairman of Waterford Retirement Village, Hansen Technologies Limited and East West Line Parks Pty Limited, a member of the Board of Chi-X Australia Pty Ltd and non-executive Director of Acorn Capital Investment Fund Limited. David holds a Bachelor of Commerce Degree from the University of Queensland and holds a number of memberships with professional associations.</p>
<p><b>David Usasz</b> Non-executive Director</p>	<p>David has over 40 years' experience in business in Australia and Hong Kong, including over 20 years as a partner of PriceWaterhouseCoopers. He has been involved in tax, mergers and acquisitions advice and corporate advisory consultancy specialising in corporate reorganisations. He has previously held the positions of Non-Executive Chairman of Queensland Mining Corporation, GARDA Diversified Property Fund and GARDA Capital Group and Smiles Inclusive and Non-Executive Director of Cromwell Property Group. David was also a Non-Executive Director of Queensland Investment Corporation (QIC) and URBIS Group. David holds a Bachelor of Commerce from the University of Queensland and is a Fellow of CAANZ.</p>

Source: MSL



## 4.8 Financial performance

The audited statements of financial performance of MSL for the financial years ("FY") ended 30 June 2019 to 30 June 2022 are set out in the table below.

**Table 3: MSL's financial performance**

\$'m	FY19	FY20	FY21	FY22
Recurring revenue	17.6	17.9	17.1	20.1
Non-recurring revenue	10.1	7.2	7.6	13.8
<b>Revenue</b>	<b>27.8</b>	<b>25.1</b>	<b>24.7</b>	<b>33.9</b>
Total cost of sales	(7.8)	(6.6)	(6.0)	(8.3)
<b>Gross margin</b>	<b>20.0</b>	<b>18.5</b>	<b>18.7</b>	<b>25.6</b>
<i>Gross margin %</i>	<i>72%</i>	<i>74%</i>	<i>76%</i>	<i>75%</i>
<b>Operating expenses</b>				
Sales and marketing expenses	(6.3)	(4.3)	(3.8)	(4.3)
Customer support and technical services	(7.6)	(4.6)	(4.0)	(4.5)
Research and development expenses	(5.7)	(4.2)	(3.5)	(5.5)
General and administration expenses	(5.9)	(6.1)	(2.9)	(5.9)
Impairment expense	(11.5)	(10.7)	-	-
Other gains and losses	3.0	1.4	(0.0)	0.7
Transaction and restructuring costs	(0.2)	(0.9)	-	-
<b>Total operating expenses</b>	<b>(34.3)</b>	<b>(29.3)</b>	<b>(14.2)</b>	<b>(19.6)</b>
<b>EBITDA</b>	<b>(14.3)</b>	<b>(10.8)</b>	<b>4.5</b>	<b>6.0</b>
Depreciation and amortisation expense	(4.9)	(5.6)	(4.5)	(5.5)
<b>EBIT</b>	<b>(19.1)</b>	<b>(16.4)</b>	<b>(0.0)</b>	<b>0.5</b>
Interest expenses	(0.0)	(0.2)	(0.4)	(0.4)
<b>Profit / (Loss) before tax</b>	<b>(19.2)</b>	<b>(16.7)</b>	<b>(0.4)</b>	<b>0.1</b>
Income tax benefit / (expense)	1.2	0.3	1.3	0.7
<b>Profit / (Loss) after tax</b>	<b>(17.9)</b>	<b>(16.4)</b>	<b>0.9</b>	<b>0.8</b>
<b>Normalisations</b>				
Impairment expense	11.5	10.7	-	-
Other gains and losses	(3.0)	(1.4)	0.0	(0.7)
COVID-19 related government subsidies	-	-	(1.0)	(0.0)
Transaction and restructuring costs	0.2	0.9	-	-
Other	(0.1)	(0.3)	(0.4)	-
<b>Reported normalised EBITDA</b>	<b>(5.6)</b>	<b>(0.9)</b>	<b>3.1</b>	<b>5.3</b>
<i>EBITDA margin</i>	<i>n/a</i>	<i>n/a</i>	<i>13%</i>	<i>16%</i>

Source: MSL

In relation to the historical financial performance of MSL set out above, we note the following:

- ◆ Revenue declined from FY19 to FY21 as management exited non-core businesses to implement a new strategy going forward. New sales were also adversely impacted by COVID-19 during this period. Key to the new strategy were the acquisitions of SwiftPOS and OrderMate in November 2020 and September 2021 respectively. The increasing contributions of these acquisition more than off-set declining sales in legacy revenue streams in FY22 resulting in overall revenue growth of 37% in that year.
- ◆ Revenue is comprised of recurring and non-recurring revenue from customer contract and subscription annuities, booking fees, system installations, software fees and royalties, hardware fees and advertising. The revenue from these services relate to the sale of MSL's proprietary software in addition to reseller fees generated from the sale of third-party software. In the future, a greater proportion of revenue is expected to be derived from higher margin sales of proprietary software. Recurring revenue is recognised over the contractual period to which it relates, and non-recurring revenue recognised at a point in time.

- ◆ A cost rationalisation process began in FY20 in an effort to manage operating expenses as a ratio of recurring revenues. This resulted in a significant decline in operating expenses between FY19 and FY21.
- ◆ Other gains and losses primarily relate to the sale of non-core businesses in FY19 and FY20 and net gains on contingent consideration / earnout provisions in FY22.
- ◆ Depreciation and amortisation expenses are primarily attributable to amortisation associated with intangibles assets (customer relationships and software).
- ◆ Impairment charges are recognised against the goodwill carried in the venue and golf cash generating units ("CGU's") in FY19 and FY20 (we note that the reported CGU's changed in FY21).

#### 4.9 Financial position

The audited statements of financial position as at 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 are set out in the table below.

**Table 4: MSL's financial position**

\$'m	30/06/2019	30/06/2020	30/06/2021	30/06/2022
	Audited	Audited	Audited	Audited
<b>Current assets</b>				
Cash	2.3	3.8	5.4	9.4
Receivables	5.6	5.0	4.7	3.4
Contract assets	1.8	0.4	0.3	0.4
Other current assets	0.9	1.2	0.8	1.1
<b>Total current assets</b>	<b>10.6</b>	<b>10.4</b>	<b>11.2</b>	<b>14.3</b>
<b>Non-current assets</b>				
Non-current receivables	0.6	1.2	0.8	0.7
Contract assets	0.8	0.7	0.4	0.3
Property, plant and equipment	0.2	0.2	0.2	0.1
Right of use asset	-	2.6	3.6	3.1
Intangible assets	28.0	13.5	20.5	25.1
Other non-current assets	1.4	0.0	0.0	0.0
<b>Total non-current assets</b>	<b>31.1</b>	<b>18.3</b>	<b>25.5</b>	<b>29.3</b>
<b>Total assets</b>	<b>41.6</b>	<b>28.7</b>	<b>36.7</b>	<b>43.5</b>
<b>Current liabilities</b>				
Payables	(4.7)	(3.4)	(3.8)	(3.3)
Lease liability	-	(0.4)	(0.4)	(0.5)
Borrowings	(0.8)	(0.5)	(1.0)	-
Employee entitlements	(1.4)	(1.4)	(1.7)	(2.0)
Other current liabilities	(6.5)	(5.1)	(6.9)	(5.5)
<b>Total current liabilities</b>	<b>(13.5)</b>	<b>(10.8)</b>	<b>(13.8)</b>	<b>(11.2)</b>
<b>Non-current liabilities</b>				
Non-current borrowings	(0.9)	(0.6)	(1.3)	(3.9)
Non-current provisions	-	(2.6)	(3.6)	(3.1)
Deferred tax liabilities	(2.1)	(0.7)	(0.2)	-
Other non-current liabilities	(0.3)	(0.1)	(2.3)	(1.4)
<b>Total non-current liabilities</b>	<b>(3.3)</b>	<b>(4.0)</b>	<b>(7.4)</b>	<b>(8.4)</b>
<b>Total liabilities</b>	<b>(16.7)</b>	<b>(14.8)</b>	<b>(21.3)</b>	<b>(19.6)</b>
<b>Net assets</b>	<b>24.9</b>	<b>13.9</b>	<b>15.4</b>	<b>23.9</b>

Source: MSL

In relation to the historical financial position of MSL set out above, we note the following:

- ◆ Cash includes term deposits supporting bank guarantees to property bonds of \$354k (FY22).
- ◆ Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The decrease in trade receivables between FY19 and FY20 is primarily due to an increase in provisions for credit loss. The decrease in FY22 was due to improved collections.
- ◆ Contract assets represent services provided under contract that are yet to be paid for. There was a significant decrease in current contract assets in FY20 due to an unwinding of existing contracts and a reduced proportion of contracts that have trailing cash collections from FY20 onwards. Since then, current and non-current contract assets have remained fairly stable.
- ◆ A right of use asset was recognised in FY20 after the introduction of AASB16. The right of use asset represents the present value of remaining lease payments, discounted at MSL's incremental borrowing rate.
- ◆ Intangible assets include software, brands and trademarks, and customer contracts.
- ◆ Other non-current assets included deferred tax and other non-current assets.
- ◆ Trade payables have decreased as a result of the cost reduction program implemented by the current management team in FY20.
- ◆ Other current liabilities include income tax payable, deferred consideration and contract liabilities. The deferred consideration relates to the SwiftPOS acquisition and has a maximum cap of \$4.2 million (carried at \$2.1 million at 30 June 2022 after a payment of \$0.3 million in FY22). Contract liabilities arise where payments have been made under contracts for which services have not yet been provided.
- ◆ Borrowings are comprised of 4.5 million convertible notes, with a face value of \$1.00 each at 0% interest issued by MSL on 30 September 2002. The notes are convertible into ordinary shares of the parent entity, at any time at the option of the holder at a rate of \$0.2078 per note, or repayable on 29 September 2024. The convertible notes are held at amortised cost with \$3.9 million recognised as non-current borrowings and \$0.5 million recognised in the equity reserve account in FY22.
- ◆ Deferred tax liabilities are primarily in relation to temporary differences attributable to lease liabilities, tax losses, PP&E and employee benefits.
- ◆ Other non-current liabilities include deferred consideration (SwiftPOS acquisition as per other current liabilities above) and provisions for employee benefits.

## 4.10 Cash flows

The audited statements of cash flows for the periods ended 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 are set out in the table below.

**Table 5: MSL's cash flows**

\$'m	FY19	FY20	FY21	FY22
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of GST)	30.5	26.4	27.9	37.7
Payments to suppliers, employees and others (inclusive of GST)	(36.4)	(28.0)	(22.9)	(32.9)
Restructure costs	-	(0.9)	(0.2)	-
Finance costs	(0.1)	(0.3)	(0.4)	(0.3)
Interest received	0.1	0.1	0.0	0.0
Income tax paid	-	(0.1)	(0.1)	(0.5)
Government grants and tax incentives	-	0.7	1.3	0.0
<b>Net cash flows from operating activities</b>	<b>(5.9)</b>	<b>(2.1)</b>	<b>5.7</b>	<b>4.1</b>
<b>Cash flows from investing activities</b>				
Capital expenditure	(0.1)	(0.0)	(0.1)	(0.1)
Purchase of intangibles	(0.4)	(1.1)	(1.0)	(0.9)
Acquisition of subsidiaries, net of cash & cash equivalents	(3.8)	(0.2)	(4.3)	(4.9)
Loans to other entities	-	0.2	0.4	0.2
Proceeds for disposal of assets	-	0.1	0.2	0.2
Proceeds from disposal of investment	4.2	0.7	-	-
Deferred consideration payment	-	-	-	(0.6)
<b>Net cash (used by)/ provided by investing activities</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>(4.7)</b>	<b>(6.1)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	1.6	-	2.6	4.2
Repayment of borrowings	(0.0)	(0.5)	(1.4)	(2.3)
Proceeds from issue of share capital	-	5.4	-	4.5
Costs paid on issuance of share capital	-	(0.2)	-	-
Principal element of lease payments	-	(0.5)	(0.5)	(0.5)
<b>Net cash used by financing activities</b>	<b>1.6</b>	<b>4.2</b>	<b>0.7</b>	<b>6.0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4.5)</b>	<b>1.7</b>	<b>1.6</b>	<b>4.0</b>
Cash and cash equivalents at the beginning of the financial year	6.6	2.1	3.8	5.4
Effect of foreign exchange	(0.1)	(0.0)	(0.0)	(0.0)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2.1</b>	<b>3.8</b>	<b>5.4</b>	<b>9.4</b>

Source: MSL

In relation to the historical cash flows of MSL set out above, we note the following:

- ◆ After a significant change in strategy following the appointment of a new management team in late 2019, MSL generated positive operating cash flow in FY21 and FY22.
- ◆ Payments for acquisitions related to deferred and contingent consideration on a number of historical acquisitions in FY19, SwiftPOS in FY21 and OrderMate in FY22.
- ◆ In FY19 MSL sold its interest in Zuuse Pty Ltd, a software company servicing the infrastructure, building and asset management sectors, resulting in a \$4.2 million cash inflow.
- ◆ The only remaining external borrowings are the convertible notes issued in September 2021, resulting in a net cash inflow of \$4.2 million.
- ◆ MSL's cash balance has increased in FY20 following a capital raising and from FY21 as the new strategic direction has had a positive impact on operating cash flow.

## 4.11 Capital structure and shareholders

As at 15 November 2022, MSL had a total of 369,130,362 ordinary shares on issue. The following table sets out details of MSL's substantial shareholders as at that date:

**Table 6: MSL's substantial shareholders**

Shareholder	No. of shares held	% substantial ownership
Microequities Asset Management Pty Ltd	44,740,301	12.1%
David Penner	23,800,000	6.4%
Ariadne Australia Ltd.	18,953,453	5.1%
Forager Funds Management Pty Ltd.	18,133,297	4.9%
<b>Substantial shareholders</b>	<b>185,233,417</b>	<b>28.6%</b>
Other shareholders	263,503,311	71.4%
<b>Total</b>	<b>369,130,362</b>	<b>100.0%</b>

Source: MSL

As at 15 November 2022, MSL also had the following securities on issue:

- ◆ 13,969,998 unlisted performance rights (with nil exercise price and expiration dates between February 2023 and August 2025).
- ◆ 4,500,000 convertible notes issued to an entity controlled by Taubman Capital as part of the capital raising to fund the OrderMate acquisition in October 2021. The convertible notes have a conversion price of \$0.2078 and a maturity date of 29 September 2024. Conversion of the convertible notes is a condition precedent of the Proposed Transaction and would result in the issue of 21,655,438 ordinary MSL shares.

The Proposed Transaction is offered on a fully diluted basis. As such the number of shares assumed to be on issue for the purpose of the Proposed Transaction is 404,755,798.

## 4.12 Share trading

The following chart shows the recent market trading of MSL shares to the announcement of the Proposed Transaction:

**Figure 9: MSL's recent share trading**



Source: S&P Capital IQ

In relation to the recent trading of MSL's shares we note the following:

- ◆ Shares were moderately liquid, with an average daily value traded of approximately \$48,505 at a VWAP of \$0.21 over the 12 months to the announcement of the Proposed Transaction. The average daily volume represents approximately 0.06% of ordinary shares on issue.

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- ◆ Share trading volumes increased in November 2021 following MSL's announcement of the acquisition of OrderMate and the offer for existing shareholders to participate in a Share Purchase Plan.
- ◆ There was a sharp increase in volumes traded in mid-November 2021 following an oversubscribed share purchase plan and positive trading update earlier that month.
- ◆ There was increased trading on 30 May 2022 (over 2 million shares transacted) after a positive business update and FY22 forecast earnings announcement on that date.
- ◆ In the one-year period to the announcement of the Proposed Transaction, MSL shares traded at a high of \$0.28 on 17 November 2021 and a low of \$0.125 in mid-June 2022. Overall, the share price has trended down, despite positive operating performance. This is consistent with the directional movement in the overall SaaS sector over the same period.

## 5 VALUATION METHODOLOGY

To estimate the fair market value of MSL, we have considered common market practice and the valuation methodologies recommended in RG 111. There are a number of methods that can be used to value a business including:

- ◆ The discounted cash flow method
- ◆ The capitalisation of future maintainable earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and availability of the required information. A detailed description of these methods and when they are appropriate is provided in 0.

### 5.1 Selected methodology

Given that MSL's golf and POS businesses operate in different sectors and have substantially different historical profitability and growth trajectories, we consider that it is most appropriate to conduct a sum of the parts analysis whereby the golf and POS businesses are valued separately. The individual values of the golf and POS businesses are then added together, and net debt deducted, to determine the total equity value of MSL.

In selecting an appropriate valuation methodology for the MSL POS business ("**MSL POS**") and the MSL golf business ("**MSL Golf**") we have considered the following:

- ◆ Neither MSL Golf or MSL POS are asset-based businesses nor investment holding companies. Asset based methods are generally not appropriate for operating businesses as they ignore the value of most internally generated intangible assets.
- ◆ MSL POS is in the early-stages of a growth phase in its development after completion of transformational acquisitions of Swift POS and Order Mate. We have therefore considered the value of MSL POS having regard to the following methodologies:
  - **Discounted cash flow analysis:** Given the near-term growth expectations of the business, this is our preferred methodology as the timing and quantum of growth and investment initiatives can be explicitly considered. We have prepared a long-term cash flow model in conjunction with MSL management which we consider is appropriate for the purposes of our assessment.
  - **Capitalisation of revenues:** Our preferred approach to cross check the value of the business is with reference to an earnings multiple, since earnings are considered the best proxy for measuring a company's underlying financial performance and cash flows. However, revenue multiples are widely used to benchmark the value of technology companies such as MSL POS since MSL and its peers have limited history of generating positive earnings. Furthermore, the comparable transactions in the sector have limited reliable information on earnings multiples. We have therefore considered capitalisation of revenue as a cross-check to our DCF analysis of MSL POS.
- ◆ MSL Golf has relatively stable historical and expected earnings and there are a number of transactions (market trading and M&A) involving companies with broadly comparable businesses to MSL Golf allowing the capitalisation of earnings approach to be adopted. We have therefore utilised capitalisation of future maintainable earnings ("**CFME**") as the primary approach to estimate the value of MSL Golf. As MSL Golf has an indefinite life, expectations of relatively stable earnings and no long-term forecasts, there is little additional benefit from a discounted cash flow analysis over a CFME analysis.
- ◆ MSL has previously received unsolicited offers for a portion of MSL Golf. We have considered this offer in our analysis of the value of MSL Golf.
- ◆ An analysis of share market trading cannot be performed in relation to MSL POS or MSL Golf on a stand alone basis. However, we have considered an analysis of share market trading of the combined value of MSL POS and MSL Golf as a broad cross-check to the sum of the parts valuation.

## 6 VALUATION OF MSL POS

### 6.1 Introduction

We have assessed the fair market value of MSL POS using the discounted cash flow method with cross-checks by reference to capitalisation of revenues. These are discussed below.

### 6.2 Discounted cash flow analysis

#### 6.2.1 Approach

In order to determine the value of MSL POS (on a control basis) using the discounted cash flow method, we considered the following:

- ◆ Projected cash flows for the business
- ◆ An appropriate discount rate
- ◆ Terminal value beyond the projected cash flow period.

These are discussed below.

#### 6.2.2 Projected cash flows

##### Introduction

MSL management have not prepared detailed long-term projections for the business beyond FY23. In conjunction with MSL management we have considered the FY23 Budget cash flow analysis and prepared a detailed build-up of longer-term projections up until FY26 which we consider is appropriate for valuation purposes as reasonably representative of the assumptions that could be adopted by a potential acquirer of MSL POS ("LCA Model").

In preparing the LCA Model we have discussed the key assumptions with MSL management. We have considered supporting information, available market data and other relevant information in order to determine the reasonableness of the cash flow projections and considered the residual risks associated with achieving the projections. Based on these discussions and analysis, we consider the assumptions adopted in the LCA Model to be reasonable for the purposes of our analysis.

The detailed projections are not included in this report due to commercial sensitivity. However, the key assumptions underpinning the projections and the information considered in assessing the reasonableness of these assumptions are discussed below.

##### Assumptions

MSL POS has experienced strong growth in the OrderMate and SwiftPOS products since their acquisition, while at the same time there has been a contraction in sales of other legacy products. The LCA Model reflects management's expectation of that trend continuing into FY23, together with the benefit of having secured high value stadia contracts. Revenue and expense projections from FY24 until FY26 (the "Projection Period") reflect a continuation of the existing track record of growth of the OrderMate and SwiftPOS products together with strong short-term growth in the POS market in Australia, continued success in winning stadia contracts in Australia, and a transition from legacy products in the UK market to MSL's SwiftPOS offering.

In preparing the analysis we have considered two broad scenarios over the Projection Period as follows:

- ◆ **Low case:** the low case assumes OrderMate gains market share in Australian cities outside its dominant Melbourne market, SwiftPOS experiences continued strong growth through resellers and MSL sales, including moderate success in winning further large stadia contracts in APAC while the UK business focusses on transitioning customers to SwiftPOS with moderate success.
- ◆ **High case:** the high case assumes a higher level of success in large stadia in APAC, with a lower level of attrition, and greater success at transitioning UK customers to SwiftPOS.



Other detailed model assumptions are summarised below:

**Table 7: LCA Model assumptions**

Item	Low Case	High Case
<b>Revenue and gross margin - OrderMate</b>	<ul style="list-style-type: none"> <li>◆ Non-recurring revenue in FY23 is consistent with the run-rate since acquisition and grows over the Projection Period at 8% p.a. declining to 6% p.a. by FY26</li> <li>◆ Recurring revenue grows at 15% p.a. over the Projection Period, building cumulatively from new sales, and consistent with a churn rate in line with survivorship rates in the Australian food and beverage industry</li> <li>◆ Gross margins for the POS business in the Asia Pacific Market with sales of OrderMate remain consistent with historical and FY23 budget levels</li> </ul>	<ul style="list-style-type: none"> <li>◆ As per low case</li> </ul>
<b>Revenue and Gross Margin – SwiftPOS resellers</b>	<ul style="list-style-type: none"> <li>◆ SwiftPOS reseller revenue increases from 12% in FY23 to 15% before falling to 12.3% by FY26</li> <li>◆ Gross margins remain consistent with historical and FY23 budget levels</li> </ul>	<ul style="list-style-type: none"> <li>◆ As per low case</li> </ul>
<b>Revenue and Gross Margin – other APAC POS</b>	<ul style="list-style-type: none"> <li>◆ Other APAC POS includes revenue from sales of SwiftPOS, Agilysys and other legacy products</li> <li>◆ Revenue from Agilysys product declines to zero through FY23 and FY24</li> <li>◆ Non-recurring revenue is generated increasingly from new sales of SwiftPOS and grows from \$4.8m in FY22 to \$7.2m in FY23, including the recognition of significant revenue on a large stadia contract with Qld Stadiums. Other than the Qld Stadiums contract, non-recurring hardware and software sales in FY23 exceed FY22 by 11%, reflecting an increased pipeline of opportunities. In the Projection Period, we assume MSL win large stadia contracts similar in size to Qld Stadiums in FY25, and other non-recurring revenue grows at 10% p.a.</li> <li>◆ Recurring revenue grows at 28% in FY24 and FY25, slowing to 18% in FY26, reflecting cumulative increases from new sales, less a churn rate of 4% p.a.</li> <li>◆ Churn rates are consistent with historical contract losses and are in line with survivorship rates of larger enterprises in the Australian food and beverage industry</li> <li>◆ Gross margins remain consistent with historical and FY23 budget levels</li> </ul>	<ul style="list-style-type: none"> <li>◆ MSL win large stadia contracts similar in size to Qld Stadiums in both FY24 and FY25</li> <li>◆ Churn rates on recurring revenue are lower at 3% p.a.</li> </ul>
<b>Revenue and Gross Margin – UK</b>	<ul style="list-style-type: none"> <li>◆ In FY23 Agilysys support is discontinued. Any cost savings are passed onto customers operating the Agilysys software, maintaining the existing margins</li> <li>◆ Over the Projection Period MSL is assumed to convert 50% of the Agilysys contracts to SwiftPOS at discounted prices. The remaining 50% are assumed to convert to another POS supplier</li> </ul>	<ul style="list-style-type: none"> <li>◆ MSL is able to retain and convert 75% of the Agilysys contracts to SwiftPOS with pricing similar to FY22 Agilysys pricing.</li> <li>◆ New SwiftPOS contract wins of \$170,000 p.a.</li> </ul>

Item	Low Case	High Case
	<ul style="list-style-type: none"> <li>MSL retain existing contracts operating the Kappture POS software at gross margins consistent with historical rates</li> <li>New SwiftPOS contract wins of \$85,000 p.a. over the projection period. New SwiftPOS upfront and recurring revenue generate gross margins consistent with margins received in APAC</li> </ul>	
<b>Overhead, support and other operating costs</b>	<ul style="list-style-type: none"> <li>These expenses predominantly reflect headcount costs for sales and marketing, customer service and support and corporate services</li> <li>Other costs include IT &amp; infrastructure, rent and office costs, corporate board and ASX listing costs, insurance, and professional services</li> <li>Costs increase in line with inflation</li> </ul>	<ul style="list-style-type: none"> <li>As per low case</li> </ul>
<b>R&amp;D and Capital expenditure</b>	<ul style="list-style-type: none"> <li>Development costs are predominantly headcount and remain consistent with the current staffing structure</li> <li>Salary costs increase in line with inflation</li> </ul>	<ul style="list-style-type: none"> <li>As per low case</li> </ul>

#### Other assumptions

Other general assumptions applied in LCA Model include:

- Inflation in Australia ranging from 2.5% to 5.25% in the Projection Period in line with Reserve Bank of Australia ("RBA") forecasts and the midpoint of the RBA target range. Inflation in the UK ranging from 1.95% to 5.50% in the Projection Period in line with Bank of England forecasts and target inflation rate.
- A blended effective tax rate of 25% reflecting Australian and UK tax rates and the benefit of research and development tax offsets.
- Working capital includes receivables and payables as well as contract assets and liabilities to reflect timing differences between the recognition of income and the provision of services. Working capital is typically positive, albeit relatively low and is projected to increase with revenue growth.
- Synergies include costs savings in respect of board and ASX listing costs.

#### Reasonableness of assumptions

While we have not undertaken a review of management projections in accordance with AUS 804 – The Audit of Prospective Financial Information, we have discussed the key assumptions with management. Based on this analysis we consider these assumptions to be reasonable for the purposes of our analysis. We note that any reasonable alternate assumptions adopted would not change our conclusions on the Proposed Transaction.

We note that preparing projections for MSL POS is subject to a range of uncertainty including:

- The projections and the underlying assumptions have not been approved by the board of MSL nor reviewed by an investigating accountant for reasonableness or accuracy of compilation and application of assumptions.
- Projections are inherently uncertain, particularly for a company in a growth phase such as MSL POS, in particular as the business is transitioning from legacy products to leverage the enhanced product suite from the acquisitions of SwiftPOS and OrderMate. Actual results may be significantly more or less favourable than set out in LCA Model. We do not warrant or otherwise guarantee the achievability of these projections.

#### 6.2.3 Discount rate

We have applied a discount rate of 14.5% to 15.5% (nominal, post-tax, WACC) to the projected cash flows. We calculated the discount rate using the capital asset pricing model based on the assumptions set out in Appendix 5.

### 6.2.4 Terminal value

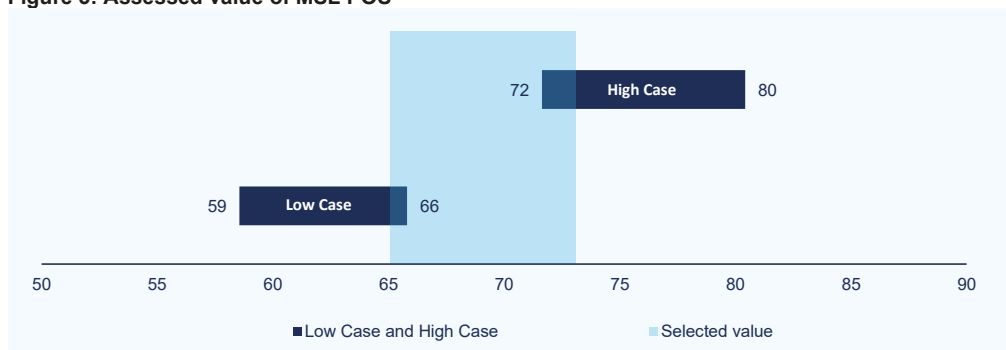
The terminal value represents the value of the cash flows beyond the projection period. Terminal values are calculated based on the expected long-term growth rate of future cash flows. We have selected a terminal growth rate of 6%, after considering the following factors:

- ◆ Inflation expectations and central bank target inflation bands.
- ◆ Potential for real growth beyond the Projection Period from continued growth in existing POS markets, further success in stadia and other large venue tenders in existing markets together with opportunities to lever existing relationships to enter the US market, opportunities to expand the offering in the UK market to pubs and clubs and the ability to monetise the processed transaction value via relationships with payment providers and third-party apps. In determining the terminal growth rate we also considered a gradual reduction in the growth rate in revenue/cash flows over a longer discrete period of 12 years towards long-term inflation which resulted in a similar outcome.

### 6.2.5 Discounted cash flow summary and conclusion

Based on the analysis above, we have assessed the enterprise value of MSL POS to be in the range of \$65.1 million to \$73.1 million as summarised in the chart below:

Figure 5: Assessed value of MSL POS



Source: Leadenhall analysis

The low end of this range is based on the high end of the Low Case whereas the high end of the range is based on the low end of the High Case.

## 6.3 Revenue multiple cross-check

### 6.3.1 Introduction

Multiples of EBITDA, EBITA and EBIT are commonly used to value the whole business for acquisition purposes where gearing is in the control of the acquirer. However, earnings based approaches are only appropriate where a company, and the comparable companies or transactions used as a market benchmark, have a demonstrated history of generating stable earnings or reasonable adjustments can be made to demonstrate profitability.

Many of the comparable companies considered in our analysis currently exhibit high levels of growth and significant investment in customer acquisition and R&D. Therefore, most of the comparable companies and transactions had no or limited history of profitability.

We have selected revenue as an appropriate measure for cross-checking our DCF analysis of MSL POS since:

- ◆ Despite some companies generating positive earnings, due to the significant operating leverage and growth expected for these companies, the implied earnings multiples of EBITDA and EBIT are very high which limits the ability to select an appropriate multiple within a reasonable range.
- ◆ Significant publicly available data exists in respect of revenue multiples for listed companies and comparable transactions.

### 6.3.2 Implied MSL POS revenue multiple

The revenue multiples implied by our MSL POS DCF analysis are set out in the table below:

**Table 8: MSL POS implied revenue multiples**

	Low	High
Historical (all revenue)	2.7x	3.0x
Forecast (all revenue)	2.2x	2.5x
Historical (recurring revenue)	5.2x	5.9x
Forecast (recurring revenue)	5.2x	5.8x

Source: Leadenhall analysis

As MSL has a relatively significant component of implementation and other one-off revenues compared to a number of the comparable listed companies we have considered the implied multiples on both bases.

### 6.3.3 Multiples

#### Overview

The multiples selected to apply to maintainable earnings implicitly reflect expectations about future growth, risk and the time value of money all compensated for in a single number. Multiples can be derived from three main sources:

- ◆ Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX.
- ◆ Transactions involving companies engaged in the same or similar lines of business.
- ◆ It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations. This approach is generally used when the first two are not possible.

We have considered the first two approaches as there is sufficient publicly available data to conduct this analysis.

#### Trading multiples

The following table sets out the historical and forecast revenue multiples, for publicly listed companies that operate businesses with similar business models to MSL POS. We have separated the comparable companies into two categories:

- ◆ **Australian SaaS companies:** Australian based software companies that predominantly operate under a SaaS business model.
- ◆ **POS companies:** companies that operate POS software businesses.

**Table 9: Trading multiples of comparable companies**

Company	Country	Market Cap (A\$m)	Revenue multiple		Revenue Growth		EBITDA	
			Current	Forecast	Current	Forecast	Current	Forecast
MSL Solutions Limited	Australia	59	1.6x	1.4x	11%	11%	6	7
<b>Australian SaaS</b>								
WiseTech Global Limited	Australia	17,245	21.7x	17.8x	23%	22%	403	509
Xero Limited	Australia	10,327	7.8x	6.5x	31%	20%	272	361
Pro Medicus Limited	Australia	6,088	50.9x	41.7x	25%	22%	88	110
PEXA Group Limited	Australia	2,438	9.9x	9.0x	-4%	10%	109	116
Life360, Inc.	Australia	1,179	3.2x	2.3x	124%	42%	(60)	(10)
Infomedia Ltd	Australia	408	2.7x	2.4x	8%	9%	53	60
Bigtincan Holdings Limited <sup>1</sup>	Australia	376	2.7x	2.4x	17%	13%	35	42
ReadyTech Holdings Limited <sup>1</sup>	Australia	370	3.8x	3.3x	33%	15%	56	65
ELMO Software Limited <sup>1</sup>	Australia	329	3.2x	2.5x	28%	24%	22	31
Serko Limited	Australia	285	4.9x	3.1x	132%	58%	(29)	(13)
Nitro Software Limited <sup>1</sup>	Australia	273	3.3x	2.9x	46%	16%	(23)	(13)
Nuix Limited	Australia	219	1.2x	1.1x	5%	9%	21	37
Volpara Health Technologies Limited	Australia	155	4.6x	3.5x	32%	29%	(8)	6
Dubber Corporation Limited	Australia	140	1.6x	1.1x	65%	43%	(40)	(24)
Janison Education Group Limited	Australia	135	2.9x	2.4x	18%	21%	5	10
Task Group Holdings Limited	Australia	124	2.1x	1.8x	89%	16%	4	14
EROAD Limited	Australia	122	1.1x	1.0x	44%	10%	34	44
LiveHire Limited	Australia	71	4.5x	2.6x	94%	70%	(5)	3
Whispir Limited	Australia	57	0.4x	0.4x	-3%	11%	(6)	5
<b>Average</b>			<b>7.0x</b>	<b>5.7x</b>				
<b>Median</b>			<b>3.2x</b>	<b>2.5x</b>				
<b>Average (excluding outliers)</b>			<b>3.3x</b>	<b>2.6x</b>				
<b>Median (excluding outliers)</b>			<b>3.2x</b>	<b>2.4x</b>				
<b>International Comparable Companies</b>								
Toast, Inc.	United States	13,367	2.9x	2.2x	73%	33%	(176)	(31)
Shift4 Payments, Inc.	United States	3,843	1.9x	1.4x	59%	37%	414	553
Lightspeed Commerce Inc.	Canada	3,414	2.0x	1.6x	50%	26%	(60)	5
Agilysys, Inc.	United States	2,299	7.7x	6.7x	34%	15%	45	56
PAR Technology Corporation	United States	909	2.5x	2.3x	33%	9%	(34)	(10)
Task Group Holdings Limited	United States	124	2.1x	1.8x	89%	16%	9	15
TransAct Technologies Incorporated	United States	95	1.1x	1.0x	57%	9%	(8)	(3)
<b>Average</b>			<b>2.9x</b>	<b>2.4x</b>				
<b>Median</b>			<b>2.1x</b>	<b>1.8x</b>				

Source: S&P CapIQ as at 7 December 2022

Notes:

1. Share price as at date prior to announcement of potential takeover offer.

It should be noted that these multiples are based on trading of minority positions. In contrast, we are considering the value of MSL POS on a control basis. Therefore, consideration must be given to observed control premiums in the Australian market and the impact on the minority trading multiples, of the comparable companies, if applied. Further information on control premiums is provided in Appendix 6.

We consider that the above analysis is broadly supportive of the MSL POS DCF valuation for the following reasons:

- ◆ The Australian SaaS companies, have a slightly higher average multiple than the international POS companies. We consider that the international POS companies are more comparable to MSL POS.
- ◆ Most of the international POS companies are much larger than MSL POS, all other things being equal, larger companies trade on higher multiples.
- ◆ The most comparable company is Task Group in terms of operations and size. Task is a direct competitor of MSL in the stadium/enterprise POS market. If a control premium of 30% was applied to Task, the resulting current and forecast revenue multiples would be 3.1x and 2.5x respectively. This is slightly higher than the implied revenue multiple for MSL POS. This is likely due to Task deriving a higher proportion of revenue from recurring sources (73.6% recurring, 22.4% from consulting activities and 4.0% from hardware sales in FY22).

### Transaction multiples

In addition to our analysis of trading multiples, we have also reviewed relevant transaction multiples. The table below shows the multiples from relevant transactions involving POS software companies where data is publicly available.

**Table 10: Comparable transaction multiples**

Date	Target	Acquirer	EV (\$m)	Revenue multiple		Adjusted multiple	
				Historical	Forecast	Historical	Forecast
1/10/2021	Task	Plexure	120.0	9.8x	4.4x	3.9x	1.8x
11/03/2021	Vend Limited	Lightspeed	533.3	14.5x	n/a	5.8x	n/a
1/12/2020	Upserve, Inc.	Lightspeed	551.8	10.2x	n/a	4.1x	n/a
25/11/2020	Shopkeep, Inc.	Lightspeed	808.8	11.9x	n/a	4.8x	n/a
7/01/2020	Gastrofix GmbH	Lightspeed	164.8	9.0x	n/a	3.6x	n/a
1/11/2019	Kounta Pty Ltd	Lightspeed	63.0	6.8x	n/a	2.7x	n/a

Source: S&P CapIQ and company announcements

The observed multiples from comparable transactions are control multiples. Therefore, no adjustment for a control premium is required. These multiples also include any value paid for synergies, including any special value.

The most recent comparable transaction occurred in October 2021. Since this time there has been a dramatic decline in the value and trading multiples of listed SaaS and POS companies and Australia and internationally. In respect of the listed Australian SaaS companies (inclusive of MSL), the average historical and forecast revenue multiples declined by 50% and 43% respectively between October 2021 and October 2022. The decline was even greater for the identified POS companies with the average historical and forecast revenue multiples falling by 72% and 69% respectively. Assuming transaction multiples would have been similarly affected, we have presented an adjusted multiple for the identified comparable transaction that assumes enterprise values decreased by 60% (approximate mid-point of Australian SaaS and POS listed company decline).

We consider that the above analysis is broadly supportive of the MSL POS DCF valuation for the following reasons:

- ◆ The most comparable transactions in terms of size are Kounta and Task. The adjusted Kounta multiple is in line with the historical revenue multiple of MSL POS. Task significantly underperformed in FY21 (the year on which the historical multiple is based), with revenue slightly below the preceding year. Therefore, we consider the adjusted forecast multiple to be more reliable.
- ◆ The other comparable targets are much larger than MSL, all other things being equal, larger companies tend to trade on higher multiples. As such it is not unreasonable that the larger transactions traded on higher adjusted multiples than the implied revenue multiples for MSL POS.

### Conclusion

Based on the analysis set out above, we consider that the revenue multiples implied by our DCF analysis provide broad support for our assessed value of MSL POS under the DCF approach.

## 6.4 Conclusion

As our cross-check is broadly support of the primary DCF analysis, we have selected an enterprise value for MSL POS in the range of \$65.1 million to \$73.1 million.

## 7 VALUATION OF MSL GOLF

We have assessed the fair market value of MSL Golf using the capitalisation of future maintainable earnings method which requires consideration of the following factors:

- ◆ An appropriate level of maintainable earnings
- ◆ An appropriate earnings multiple
- ◆ The value of any non-operating assets and liabilities
- ◆ Relevant cross-checks.

These considerations are discussed in more detail below.

### 7.1 Maintainable earnings

The following measures of earnings are often used for business valuations:

- ◆ **Revenue:** mostly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.
- ◆ **EBITDA:** most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.
- ◆ **EBITA:** in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.
- ◆ **EBIT:** while commonly used in practice, multiples of EBITA are usually more reliable than EBIT multiples as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).
- ◆ **NPAT:** relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g., financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value the whole business for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing a minority interest in a company as the investor has no control over the level of debt.

We have selected EBITDA as an appropriate measure for MSL Golf because:

- ◆ Earnings multiples based on EBITDA, EBITA and EBIT are not affected by different financing structures which impact multiples of net profit after tax.
- ◆ Third party forecasts of EBITA for comparable companies are not readily available, making EBITA multiples difficult to apply.
- ◆ Publicly available data for comparable transactions is primarily based on multiples of EBITDA.

When considering an appropriate level of future maintainable earnings, it is important to base the analysis on a maintainable level of earnings which includes adjustment for any non-recurring items as these items will not impact the ongoing earnings of the business.

#### 7.1.1 Normalised EBITDA

The table below sets out historical normalised EBITDA for MSL Golf:

**Table 11: Historical EBITDA for MSL Golf**

\$'000	FY21	FY22
Revenue	8,758	8,270
<b>EBITDA</b>	<b>3,654</b>	<b>3,724</b>
<i>EBITDA margin</i>	<i>42%</i>	<i>45%</i>

Source: MSL and Leadenhall analysis

In relation to the normalised EBITDA presented above, we note:

- ◆ For management reporting purposes, the Australian golf business is included in the Australia Pacific segment and has minimal direct expenses. As such, based on discussions with management, we have allocated corporate, customer support and research and development expenses between MSL golf and MSL POS based on relative revenue contribution (corporate) and headcount contribution (customer support and research and development).
- ◆ To cross-check the accuracy of the allocated expenses, we have compared the resulting EBITDA margins of the overall golf business to the historical EBITDA margins of the GolfBox business of 46% in FY21 and 42% in FY22. Given the margins are relatively consistent this provides support for the expense allocation.

### 7.1.2 Maintainable EBITDA

In selecting an appropriate level of maintainable EBITDA for MSL Golf, we have considered the following key factors:

- ◆ Actual FY21 and FY22 EBITDA.
- ◆ Budgeted FY23 EBITDA, which is expected to be slightly lower than FY22 EBITDA. The decline in recurring revenue (and EBITDA) is primarily attributable to a transition from legacy products in the Australian golf business.
- ◆ The business is mature with limited growth prospects but relatively stable profitability. Some growth opportunities exist for the business, in particular expanding the customer base in Europe in the near-term and potentially other markets (such as the US) over the longer-term.
- ◆ Historical EBITDA margins for GolfBox as well as the overall golf business which have been consistently between 42% and 46%.

After considering historical and forecast earnings, we have selected maintainable EBITDA for MSL Golf in the range of \$3.5 million to \$3.7 million.

## 7.2 Earnings multiple

### 7.2.1 Overview

The multiples selected to apply to maintainable earnings implicitly reflect expectations about future growth, risk and the time value of money all compensated for in a single number. Multiples can be derived from three main sources:

- ◆ Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX.
- ◆ Transactions involving companies engaged in the same or similar lines of business.
- ◆ It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations. This approach is generally used when the first two are not possible. We have not considered this approach in valuing MSL Golf.

We have considered the first two approaches as there is sufficient publicly available data to conduct this analysis.



## 7.2.2 Trading multiples

The following table sets out the historical and forecast trading EBITDA multiples, for the publicly listed companies that operate businesses with similar business models to MSL Golf. We note that there are no listed golf software companies and as such we have focused on companies that provide enterprise resource management software solutions in other industries.

**Table 12: Trading multiples of comparable companies**

Company	Country	Market Cap (A\$m)	EBITDA multiple		Revenue Growth		EBITDA margin	
			Historical	Forecast	Historical	Forecast	Historical	Forecast
<b>Australian ERM</b>								
Technology One Limited	Australia	4,377	36.3x	20.8x	18%	12%	32%	44%
Hansen Technologies Limited	Australia	983	16.5x	10.2x	-4%	3%	21%	32%
ELMO Software Limited <sup>1</sup>	Australia	329	n/a	16.4x	32%	24%	18%	22%
ReadyTech Holdings Limited <sup>1</sup>	Australia	370	26.6x	9.5x	56%	15%	19%	35%
Gentrack Group Limited	Australia	233	234.4x	13.3x	10%	8%	1%	12%
COSOL Limited	Australia	107	13.5x	n/a	44%	n/a	17%	n/a
Reckon Limited	Australia	68	3.0x	4.4x	1%	5%	40%	37%
Xref Limited	Australia	56	39.0x	n/a	29%	n/a	7%	n/a
JCurve Solutions Limited	Australia	20	17.0x	n/a	44%	n/a	6%	n/a
<b>International ERM</b>								
Intuit Inc.	United States	162,757	36.6x	18.1x	39%	12%	25%	40%
Roper Technologies, Inc.	United States	68,647	24.9x	21.1x	26%	10%	38%	41%
Bill.com Holdings, Inc.	United States	17,416	n/a	96.1x	193%	31%	-36%	9%
Paylocity Holding Corporation	United States	16,430	103.3x	26.1x	46%	22%	13%	31%
Ceridian HCM Holding Inc.	United States	14,652	21.8x	15.7x	-2%	8%	22%	24%
The Sage Group plc	United Kingdom	14,349	1,023.1x	35.7x	29%	17%	1%	20%
EngageSmart, Inc.	United States	3,841	139.3x	38.2x	57%	26%	8%	16%
ATOSS Software AG	Germany	1,836	40.3x	28.5x	11%	16%	29%	31%
SignUp Software AB (publ)	Sweden	277	59.7x	28.0x	20%	28%	14%	19%
Asure Software, Inc.	United States	251	63.3x	13.8x	23%	10%	5%	15%
Mintra Holding AS	Norway	135	25.2x	8.2x	20%	5%	13%	37%
House of Control Group AS	Norway	94	n/a	32.0x	47%	17%	-38%	10%

Source: S&P CapIQ as at 7 December 2022

Notes:

1. Share price as at date prior to announcement of potential takeover offer.
2. Historical refers to the last completed financial year for which data is available. Forecast data is for the next incomplete financial year and is based on the consensus broker estimate sourced from S&P CapIQ.
3. A short description of each of the comparable companies is set out in Appendix 4.

It should be noted that these multiples are based on trading of minority positions. In contrast, we are considering the value of MSL Golf on a control basis. Therefore, consideration must be given to observed control premiums in the Australian market and the impact on the minority trading multiples, of the comparable companies, if applied. Further information on control premiums is provided in Appendix 6.

In addition to considering the differences between minority and control multiples, we have also considered the following factors in determining an appropriate earnings multiple to apply to the valuation of MSL Golf:

- ◆ MSL Golf is considerably smaller than the majority of the comparable companies. All other things being equal, smaller companies trade on lower multiples. JCurve and Xref are the most comparable in terms of size. However, both of these companies have much higher historical growth. Given the relatively higher growth profile of these companies we expect that MSL Golf would trade on a lower multiple as, all other things being equal, higher growth companies tend to trade on higher multiples.
- ◆ MSL Golf's historical EBITDA margin has been between 42% and 45%. The most comparable company in terms of EBITDA margin and lifecycle is Reckon. Reckon has been selling off non-core businesses over the past few years which has resulted in negative revenue and EBITDA growth. However, Reckon is considerably larger than MSL Golf and as such MSL Golf would likely trade on a lower multiple.
- ◆ Most of the international comparable companies have much higher growth than MSL Golf. The most comparable is Mintra Holdings which has forecast revenue growth of 2% and forecast EBITDA margin of 35%. However, as with Reckon, Mintra is significantly larger than MSL Golf and as such MSL Golf would likely trade on a lower multiple.

- ◆ Overall, we expect that a reasonable multiple for MSL Golf would be lower than the comparable trading companies, even after considering an appropriate control premium, due to its smaller size and generally lower growth expectations.

### 7.2.3 Transaction multiples

In addition to our analysis of trading multiples, we have also reviewed relevant transaction multiples. The table below shows the multiples from relevant transactions where data is publicly available. We note there has been a considerable amount of transaction activity in the golf software sector in the United States. However, as these transactions were conducted between private companies, there is limited publicly available data on transaction multiples so we have not included these in our report. As such, we have focused on transactions involving broader enterprise resource management software businesses that service other sectors.

**Table 13: Comparable transaction multiples**

Date	Target	Acquirer	EV (\$m)	EBITDA multiple		EBIT multiple		Revenue	EBITDA margin
				Historical	Forecast	Historical	Forecast		
3/08/2022	Work Management Solutions	COSOL Limited	9.0	n/a	n/a	n/a	3.6x	n/a	n/a
1/08/2022	Accountants Practice Management	Access UK Limited	100.0	8.4x	n/a	n/a	n/a	21.7	55%
25/07/2022	IT Vision	ReadyTech Holdings	23.1	9.2x	n/a	n/a	n/a	12.5	20%
12/04/2022	Frontline Technologies Group	Roper Technologies, Inc.	5,430.6	n/a	19.0x	n/a	n/a	n/a	n/a
22/11/2021	Clarita Solutions	COSOL Limited	11.5	5.1x	n/a	n/a	n/a	10.1	22%
1/04/2021	VizuAll, Inc.	Xytech Systems Corporation	7.6	n/a	n/a	12.1x	n/a	10.8	n/a
23/03/2021	Open Office and McGirr	ReadyTech Holdings	54.0	n/a	8.7x	n/a	n/a	n/a	n/a
5/03/2021	ReckonDocs	NowInfinity	13.0	4.3x	n/a	n/a	n/a	5.0	60%
1/06/2019	Sigma Systems Canada	Hansen Technologies Limited	154.7	8.2x	n/a	n/a	n/a	73.7	26%

Source: S&P CapIQ and company announcements

The observed multiples from comparable transactions are control multiples. Therefore, no adjustment for a control premium is required. These multiples also include any value paid for synergies, including any special value.

We have considered the following factors in relation to the above transaction multiples in determining an appropriate earnings multiple to apply to the valuation of MSL Golf:

- ◆ The IT Vision transaction has the highest historical EBITDA multiple despite being one of the smaller transactions. This is likely due to relatively high growth expectations (e.g. in order to meet earn-out targets, EBITDA growth of 100% over four years is required).
- ◆ Accountants Practice Management and ReckonDocs have high EBITDA margins. Accountants Practice Management is significantly larger than MSL Golf and thus is likely to trade on a higher multiple. Conversely, ReckonDocs is smaller, had declining revenue and ageing technology. On this basis, we expect that MSL Golf would trade on a higher multiple than ReckonDocs.
- ◆ Clarita Solutions and Sigma Systems have lower EBITDA margins than MSL Golf. Clarita Solutions is also smaller than MSL Golf, thus we expect that MSL Golf would trade on a higher multiple. Conversely, Sigma Systems is larger than MSL Golf, therefore, despite lower margins, we expect the MSL Golf would trade on a lower multiple.
- ◆ OpenOffice has relatively high growth, with forecast revenue growth in the mid teens for FY21. This growth trajectory likely contributed to a higher multiple.
- ◆ In general, multiples for technology companies have been re-rated downwards over the last 12 months. As a result, we have put more emphasis on more recent available transactions as they are more likely to be representative of the current environment.
- ◆ Overall, it is reasonable to expect that MSL Golf would trade at a higher multiple than Clarita Solutions and a lower multiple than Accountants Practice Management.

#### 7.2.4 Conclusion

We have selected a capitalisation multiple of 6.0x to 6.5x EBITDA to value MSL Golf on a control basis. Our key considerations in selecting the appropriate multiple are summarised below:

- ◆ We have given the most weight to the transaction multiples and consider that a reasonable transaction multiple would be above the EBITDA multiple of Clarita Solutions (5.1x) and below the transaction multiple for Accountants Practice Management (8.4x). These multiples are based on historical earnings and as such an equivalent multiple applied to forecast earnings would be lower.
- ◆ We have been provided with details of an indicative unsolicited offer recently received for the GolfBox business. The EBITDA multiple put forward in this offer is in line with the selected EBITDA multiple.
- ◆ The selected EBITDA multiple is less than the comparable company trading multiples. We do not consider this to be unreasonable given the comparable trading companies are generally larger in size and have higher growth expectations.

Based on the selected maintainable earnings and EBITDA multiple, the enterprise value of MSL Golf is set out below:

**Table 14: MSL Golf enterprise value**

(\$'m)	Low	High
Maintainable earnings	3.5	3.7
EBITDA multiple	6.0x	6.5x
<b>Enterprise value</b>	<b>21.0</b>	<b>24.1</b>

Source: Leadenhall analysis

## 8 VALUE OF MSL

### 8.1 Enterprise value

The enterprise value of MSL is the sum of the assessed value of MSL Golf and MSL POS as set out in the table below:

**Table 15: MSL enterprise value**

('m)	Low	High
MSL POS	65.1	73.1
MSL Golf	21.0	24.1
<b>Total enterprise value</b>	<b>86.1</b>	<b>97.2</b>

Source: Leadenhall analysis

### 8.2 Non-operating assets and liabilities

In order to assess the equity value of MSL, it is necessary to identify any non-operating assets and liabilities not used in generating the enterprise value. These can be:

- ◆ **Surplus assets:** assets held by the company that are not utilised in its business operation. This could be investments, unused plant and equipment held for resale, or any other assets not required to run the operating business. It is necessary to ensure that any income from surplus assets (i.e. rent / dividends) is excluded from the business value.
- ◆ **Non-operating liabilities:** liabilities of a company not directly related to its current business operations, although they may relate to previous business activities, for example claims against the entity.
- ◆ **Surplus cash / net debt:** comprising of surplus cash held by the company, less debt used to fund a business.

Each of these factors are considered below.

#### 8.2.1 Surplus assets

We have identified the following surplus assets:

**Table 16: Surplus assets**

('m)	Low	High
R&D tax credits	1.0	1.3
Tax losses	-	1.7
<b>Total surplus assets</b>	<b>1.0</b>	<b>3.0</b>

Source: MSL and Leadenhall analysis

#### R&D tax credits

Through the normal course of business, MSL generates R&D tax credits that offset tax payable. The estimated balance of R&D tax credits as at 30 June 2022 (latest information available) was \$1.3 million (management have advised there has been no material change in the balance since 30 June 2022). We have slightly reduced this amount at the low end of our valuation range to allow for discounting if the tax credits are not utilised in the immediate term.

We note that the value for future R&D tax credits generated is accounted for at a lower effective tax rate of 25%, utilised in our DCF valuation of MSL POS.

### Tax losses

The estimated balance of tax losses as at 30 June 2022 (latest information available) was \$3.5 million (tax effected). Management have advised there has been no material change in the balance since 30 June 2022. Furthermore, management have advised that a material portion of the carried forward tax losses were acquired as a result of the SwiftPOS and OrderMate transactions. Prior to the Proposed Transaction, MSL was in the process of securing tax advice as to whether the same business test has been satisfied in relation to these transactions. At the date of writing, this advice has not been finalised and there is significant uncertainty as to whether the carried forward tax losses of SwiftPOS and OrderMate will be available for use by MSL. There is further uncertainty as to whether any acquirer will satisfy the same tests after the acquisition of MSL. If the tests are satisfied it is likely that the tax losses will be subject to an available fraction which would extend the period over which the losses could be utilised (possibly significantly).

Given the uncertainty around whether these losses may be utilised at all, and the period over which they could be utilised, we have included no value for the tax losses at the low and 50% of the FY22 balance at the high end.

### 8.2.2 Non-operating liabilities

We have identified the following non-operating liabilities:

**Table 17: Non-operating liabilities**

('m)	Low	High
Deferred consideration	(3.9)	(2.2)
Transaction costs	(1.0)	(1.0)
<b>Total non-operating liabilities</b>	<b>(4.9)</b>	<b>(3.2)</b>

Source: MSL

#### Deferred consideration

The deferred consideration relates to earn-out provisions for the acquisitions of SwiftPOS. The high end of the valuation range is the book value as at 30 September 2022 and the low end is the maximum possible earn-out payment less amounts already paid.

#### Transaction costs

Management estimated costs associated with the transaction of which we expect approximately \$1.0 million are unpaid as at 30 September 2022 (latest available balance sheet date) and unavoidable if the Proposed Transaction does not proceed.

### 8.2.3 Net cash

The net cash position of MSL as at 30 September (latest available balance date) is set out in the table below:

**Table 18: Surplus cash**

('m)	Low	High
Cash	10.6	10.6
Proceeds from exercise of options	0.1	0.1
Borrowings	-	-
<b>Surplus cash</b>	<b>10.7</b>	<b>10.7</b>

Source: MSL

#### Proceeds from exercise of options

On 26 October 2022, 1,019,440 unlisted MSL options were exercised at an exercise price of \$0.1125.

### Borrowings

On 30 September 2022, MSL had borrowings of \$3.9 million which related to convertible notes on issue. A condition precedent of the Proposed Transaction is that the convertible notes are converted. As such, we have assumed that the convertible notes are converted, and that the borrowings balance is nil.

#### 8.2.4 Number of Shares

The following table sets out the number of MSL shares on issue on a fully diluted basis.

**Table 19: MSL share capital on a fully diluted basis as at 15 November 2022**

('m)	Low
Current ordinary shares on issue	369.1
Shares issued on conversion of convertible notes	21.7
Performance rights	14.0
<b>Total MSL shares</b>	<b>404.8</b>

Source: MSL

### 8.3 Equity value

Based on the preceding analysis, the value of an MSL share on a control basis is set out in the table below.

**Table 20: Value of an MSL share**

	Equity Value (control basis) (\$'m)	
	Low	High
MSL POS	65.1	73.1
MSL Golf	21.0	24.1
<b>Calculated enterprise value on a control basis</b>	<b>86.1</b>	<b>97.2</b>
Surplus assets	1.0	3.0
Non-operating liabilities	(4.9)	(3.2)
Surplus cash	10.7	10.7
<b>Assessed equity value on a control basis</b>	<b>93</b>	<b>108</b>
Ordinary shares on issue (millions)	404.8	404.8
<b>Assessed value per ordinary share on a control basis (\$)</b>	<b>0.230</b>	<b>0.266</b>

Source: Leadenhall analysis

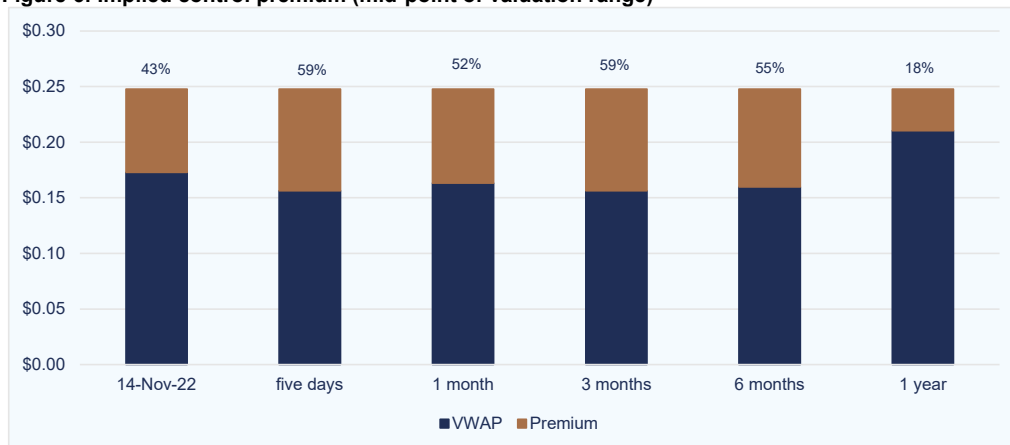
### 8.4 Analysis of share trading cross-check

Market trading in MSL shares prior to the announcement of the Proposed Transaction on 15 November 2022 provides an indication of the market's assessment of the value of MSL on a minority basis. We have presented an analysis of recent trading in MSL shares in Section 4.12 above. When assessing market trading, it is necessary to consider whether the market is informed and liquid. In this regard, we note:

- ◆ Share trading in MSL has been moderately liquid over the past year, with an average daily value traded of approximately \$48,505 at a VWAP of \$0.21 over the period. The average daily volume represents approximately 0.06% of ordinary shares on issue. Whilst this represents modest liquidity, it is below the level at which many institutional investors may wish to trade and may be seen as a deterrent for other significant investors.
- ◆ MSL is a listed company with continuous disclosure obligations under the ASX Listing Rules, thus the market is reasonably informed about its activities.

As a result of these factors, we consider the market trading to be reasonably well-informed but only moderately liquid. We have therefore undertaken only a high-level analysis of share market trading by assessing the level of control premium implied by our mid-point valuation range compared to the VWAP of a MSL share over various periods during the year leading up to the announcement of the Proposed Transaction, as set out in the figure below.

**Figure 6: Implied control premium (mid-point of valuation range)**



Source: S&P CapIQ and Leadenhall analysis

The generally observed range for control premiums is between 20% and 40%. In addition, the average takeover premium observed for transactions in the information technology sector in Australia between 2007 and 2017 ranged from 1% to 100%. Further information on observed control premiums and takeover premiums is included in Appendix 6.

We consider the implied control premiums to be reasonable since:

- ◆ The software sector generally attracts larger premiums due to the scalability of these businesses across different business models and the attractiveness of recurring revenue to potential acquirers.
- ◆ Prior to the Proposed Transaction MSL may not have been valued in line with its intrinsic value due to the difficulty in the market properly assessing the value of its component parts, particularly MSL Golf.

### 8.5 Valuation conclusion

Based on the analysis set out above, we have determined that value of an MSL share, on a control basis, to be in the range of \$0.230 to \$0.266 per share.

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## 9 EVALUATION

### 9.1 Fairness

In order to assess whether the Proposed Transaction is fair, we have compared our assessed fair market value of an MSL share on a control basis (i.e. including a control premium) with the consideration to be paid. This comparison is shown in the figure below:

**Figure 7: Assessment of fairness**



Source: MSL and Leadenhall analysis

As the value of a MSL share on a control basis is less than the Consideration offered, we have assessed the Proposed Transaction as fair.

### 9.2 Reasonableness

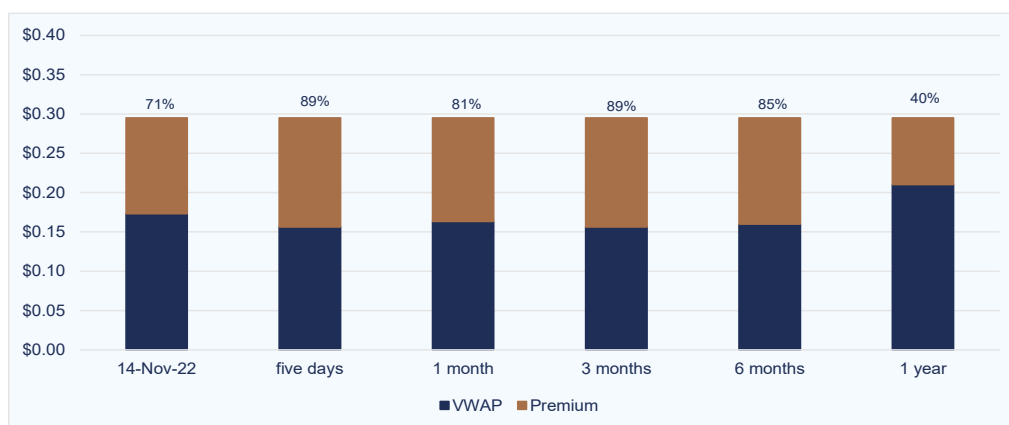
We have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, there are sufficient reasons for MSL's Shareholders to vote for the proposal. We have therefore considered the following advantages and disadvantages of the Proposed Transaction to Shareholders.

#### 9.2.1 Advantages

##### Consideration represents a significant premium to recent share trading in MSL shares

The Consideration represents a premium of 71% to trading in MSL shares as at 14 November 2022 (the last trading day prior to announcement of the Proposed Transaction) as set out below:

**Figure 8: Control premium implied by purchase price**



Source: MSL and Leadenhall analysis



The generally observed range for control premiums is between 20% and 40%. In addition, the average takeover premium observed for transactions in the information technology sector in Australia between 2007 and 2017 ranged from 1% to 100%. Further information on observed control premiums and takeover premiums is included in Appendix 6.

This premium reflects the additional rights and entitlements of 100% ownership of a company including determining dividend policy and strategy, appointing management and the board, disposing assets as well as implementing cost rationalisation and realising other synergy benefits. The implied control premiums for MSL are above the high end of the generally observed range and within the range of premiums observed in the information technology sector.

Having regard to the above, we consider that MSL Shareholders are being compensated for the fact that 100% control of MSL will pass to Bidder if the Proposed Transaction proceeds.

#### **Share price is likely to fall if the Proposed Transaction does not proceed**

Since the announcement of the Proposed Transaction, MSL shares have traded approximately in line with the Consideration. This is considerably higher than trading prices before the announcement of the Proposed Transaction. If the Proposed Transaction is not approved, it is likely the trading price will fall, at least in the short-term.

#### **No superior offers**

We are not aware of any competing proposals to acquire MSL by any third party. There would be an opportunity for any other interested party to put forward a competing offer prior to the scheme meeting being held. In these circumstances, the board and Shareholders, would need to consider the competing offer before concluding on the Proposed Transaction.

#### **Support from the directors**

The Directors have stated that they unanimously support the Proposed Transaction and have indicated their intention to vote in favour of the Proposed Transaction if no superior offer is received, subject to the independent expert concluding that the Proposed Transaction is in the best interests of Shareholders.

The Directors currently control 7.1% of MSL's shares on a fully diluted basis.

## **9.2.2 Disadvantages**

#### **Participation in future growth**

If the Proposed Transaction proceeds, Shareholders will no longer hold an interest in MSL and will therefore not participate in any future value created by the company over and above that reflected in the Consideration. In particular, Shareholders may not consider this to be an optimal time to sell their interest in MSL due to the potential for the share price of MSL to increase in the future from the market acknowledging the recent repositioning of business as well as near-term growth expected from the recent acquisitions of SwiftPOS and OrderMate and continued growth in the market and MSL's market share.

However, as our assessed value of MSL shares is lower than the Consideration, we consider that the present value of MSL's future growth potential is reflected in the Consideration.

#### **Potential special value available to Bidder**

Funds managed and advised by Pemba hold interests in complementary businesses in the POS sector (namely Bepoz, Idealpos and Deliverit).

Bidder has not provided any specific guidance on the level of synergies it expects to realise if the Proposed Transaction proceeds. However, if the Proposed Transaction is approved and implemented, MSL will be delisted from the ASX which will result in public company costs (such as director fees, listing fees, etc) being eliminated. We have incorporated these cost savings in our assessed value range for MSL.

In addition, it is possible that Bidder may be able to realise other benefits from back office cost savings as well as potential revenue synergies. It is therefore possible that Bidder may be able to realise synergy benefits in excess of other market participants.

As discussed above, our assessed valuation range incorporates a premium for control. Since the Consideration is higher than our valuation range we consider that it is likely a proportion of the synergy benefits expected to be realised by Bidder are reflected in the Consideration.

Furthermore, the Consideration implies a control premium in excess of the general range of control premiums and towards the high end of the transactions in the sector.

**Tax leakage**

If Shareholders approve the Proposed Transaction this will like accelerate tax leakage on this investment that would otherwise be deferred in the absence of the Proposed Transaction. The tax implications may vary for individual shareholders. Shareholders should seek their own independent advice as to any potential tax implications of the Proposed Transaction.

**9.3 Opinion**

The Proposed Transaction is fair and reasonable to Shareholders. As such, we consider the Proposed Transaction to be in the best interests of Shareholders in the absence of a superior offer.

An individual shareholder's decision in relation to the Proposed Transaction may be influenced by their own particular circumstances. If in doubt, the shareholder should consult an independent financial adviser.

## APPENDIX 1: GLOSSARY

Term	Meaning
AFCA	Australian Financial Complaints Authority
AIFRS	Australian equivalent to international financial reporting
APAC	Asia-Pacific Region
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
AUD	Australian Dollar
Bidder	Plutus Bidco Pty Ltd
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
CFME	Capitalisation of future maintainable earnings
CGU	Cash Generating Unit
Consideration	Cash consideration of \$0.295 per share offered by Bidder to acquire MSL
Corporations Act	The Corporations Act 2001
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
Fair market value	The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms' length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY	Financial year
IP	Intellectual property
IPO	Initial public offering
Item 7	Item 7 of Section 611 of the Corporations Act
LCA Model	DCF valuation model prepared by Leadenhall
Leadenhall	Leadenhall Corporate Advisory Pty Ltd
MSL	MSL Solutions Limited
MSL Golf	The golf business operated by MSL
MSL POS	The POS business operated by MSL
NPAT	Net profit after tax
P / E	Price to Earnings
PBT	Profit before tax
Pemba	Pemba Capital Partners Pty Ltd
POS	Point of sale
Proposed Transaction	The acquisition of MSL by Bidder
R&D	Research and Development
RBA	Reserve Bank of Australia
RG111	Regulatory Guide 111: Content of Expert Reports
RG60	Regulatory Guide 60: Schemes of arrangement
RG74	Regulatory Guide 74: Acquisitions Approved by Members
Section 606	Section 606 of the Corporations Act 2001
SOTP	Some of the parts analysis

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<b>Term</b>	<b>Meaning</b>
Shareholders	Current non-associated shareholders of MSL
SaaS	Software as a Service
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

## APPENDIX 2: VALUATION METHODOLOGIES

In preparing this report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- ◆ The discounted cash flow method
- ◆ The capitalisation of earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

The selection of an appropriate valuation method to estimate fair market value should be guided by the actual practices adopted by potential acquirers of the company involved.

### Discounted cash flow method

#### Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- ◆ A forecast of expected future cash flows
- ◆ An appropriate discount rate

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

#### Use of the discounted cash flow method

A discounted cash flow approach is usually preferred when valuing:

- ◆ Early stage companies or projects
- ◆ Limited life assets such as a mine or toll concession
- ◆ Companies where significant growth is expected in future cash flows
- ◆ Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if:

- ◆ Reliable forecasts of cash flow are not available and cannot be determined
- ◆ There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

## Capitalisation of earnings method

### Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- ◆ A level of future maintainable earnings
- ◆ An appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

- ◆ **Revenue** – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.
- ◆ **EBITDA** - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.
- ◆ **EBITA** - in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.
- ◆ **EBIT** - whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).
- ◆ **NPAT** - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company.

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources. Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. It is also possible to build a multiple from first principles.

### Use of the capitalisation of earnings method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- ◆ There are no suitable listed company or transaction benchmarks for comparison
- ◆ The asset has a limited life
- ◆ Future earnings or cash flows are expected to be volatile
- ◆ There are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets

## Asset based methods

### Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- ◆ Orderly realisation
- ◆ Liquidation value
- ◆ Net assets on a going concern basis
- ◆ Replacement cost
- ◆ Reproduction cost

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

The asset / cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

#### **Use of asset based methods**

An asset-based approach is a suitable valuation method when:

- ◆ An enterprise is loss making and is not expected to become profitable in the foreseeable future
- ◆ Assets are employed profitably but earn less than the cost of capital
- ◆ A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- ◆ It is relatively easy to enter the industry (for example, small machine shops and retail establishments)

Asset based methods are not appropriate if:

- ◆ The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- ◆ A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

#### **Analysis of share trading**

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

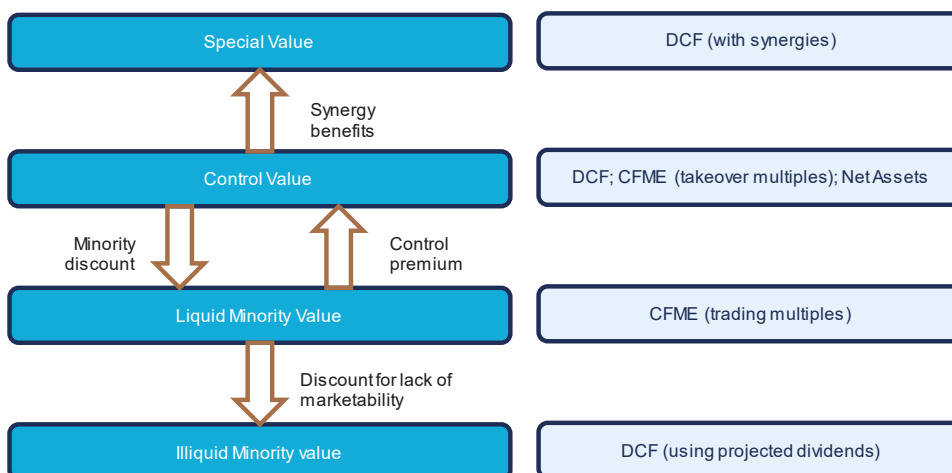
#### **Industry specific rules of thumb**

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as eyeballs for internet businesses, numbers of beds for hotels etc. These methods are typically fairly crude and are therefore usually only appropriate as a cross-check to a valuation determined using an alternative method.

## APPENDIX 3: LEVELS OF VALUE

### Background

When valuing a company there are various conceptual levels of value that can be determined depending on the method selected and the assumptions applied. These levels are highlighted in the diagram below. It is important to be aware of the level of value determined by any valuation technique and to ensure that it is consistent with the subject of the valuation.



The key differences between these levels of value are the control premium and the discount for lack of marketability. The opposite of a control premium is a minority discount (also known as a discount for lack of control).

Each of these levels of value and the valuation techniques for deriving them are discussed below. It is also possible to determine the value at any of the levels by starting at a different level of value and then applying the relevant discounts and/or premiums to obtain the required level of value. For example, an illiquid minority value could be determined by using a discounted cash flow method to determine a control value and then deducting an appropriate minority discount and a discount for lack of marketability.

### Special value

The highest level of value is referred to as special value. This is the value of a company to a particular purchaser, where that purchaser is able to enjoy benefits of owning the company that are not available to other potential owners. Special value is not typically observed as a buyer would not benefit its own shareholders if it paid the full amount of special value in a transaction. However, in contested takeover situations transactions often take place at a price that is higher than the stand-alone control value, meaning the value of some synergies is paid by the bidder to the target's shareholders. The definitions of Fair Market Value specifically excludes any special value.

Special value can be estimated using a discounted cash flow analysis. This analysis would include the expected synergy benefits in the forecast cash flows.



## Control value

The next level of value is the stand-alone control value. This represents the value of the whole of an entity, without considering any potential synergy benefits. The benefits of controlling an enterprise are discussed further in Appendix 6. A control value can be determined using one of the following approaches:

- ◆ Discounted cash flow (using free cash flow to the business or to equity)
- ◆ Capitalisation of earnings, using multiples for comparable transactions
- ◆ Capitalisation of earnings, using multiples derived from first principles (analogous to a discounted cash flow)
- ◆ A net asset based approach

It is possible that transactions involving comparable entities include some element of payment for synergies. Thus, using multiples determined by this method may provide a valuation that is higher than a stand-alone control value. It is therefore necessary to consider the nature of the buyer and the details of the transaction before accepting a comparable transaction as evidence of a control value.

## Liquid minority value

This is the most frequently observed level of value as it is consistent with market trading on public exchanges. It can be determined directly by the application of the capitalisation of maintainable earnings, where the multiple used is determined based on market prices of comparable companies.

## Illiquid minority value

This represents a minority holding in a private company. Such a stake can be difficult to sell and often offers little ability to influence the operations of the business. This level of value is mostly commonly estimated by reference to a higher level of value and the application of discounts. However, it can be estimated directly either by considering comparable transactions involving similar assets or the application of a discounted cash flow analysis based on expected cash flows to the minority owner. In some cases the shareholders' agreement can restrict the transfer and sale of shares to third parties which increases the applicable discount.

## APPENDIX 4: COMPARABLE COMPANIES

The following company descriptions are extracted from descriptions provided by S&P Capital IQ.

Company	Description
Agilysys, Inc.	Agilysys, Inc., together with its subsidiaries, operates as a developer and marketer of hardware and software products and services to the hospitality industry in North America, Europe, the Asia-Pacific, and India.
Bigtincan Holdings Limited	Bigtincan Holdings Limited operates as a sales enablement automation company.
COSOL Limited	COSOL Limited, together with its subsidiaries, provides information technology services in Australia.
Damstra Holdings Limited	Damstra Holdings Limited operates as an enterprise protection software provider in Australia, the United States, New Zealand, and internationally.
Dubber Corporation Limited	Dubber Corporation Limited provides unified call recording and voice intelligence cloud solutions worldwide.
ELMO Software Limited	Elmo Software Limited provides software-as-a-service, cloud-based human resource (HR), payroll, and expense management solutions in Australia, New Zealand, the United Kingdom, and internationally.
Gentrack Group Limited	Gentrack Group Limited, together with its subsidiaries, engages in the development, integration, and support of enterprise billing and customer management software solutions for the energy and water utility, and airport industries in Australia, New Zealand, the United Kingdom, and internationally.
Hansen Technologies Limited	Hansen Technologies Limited develops, integrates, and supports billing systems software for the energy and utilities, and communications and media sectors.
Infomedia Ltd	Infomedia Ltd, a technology company, develops and supplies electronic parts catalogues, service quoting software, and e-commerce solutions for the automotive industry worldwide.
Janison Education Group Limited	Janison Education Group Limited provides online assessment software, assessment products, and assessment services in Australia and internationally.
JCurve Solutions Limited	JCurve Solutions Limited provides enterprise resource planning (ERP) and telecommunications expense management solutions in Australia, New Zealand, and South East Asia.
Life360, Inc.	Life360, Inc. develops and delivers a mobile application in the United States and internationally.
Lightspeed Commerce Inc.	Lightspeed Commerce Inc. provides commerce enabling Software as a Service (SaaS) platform for small and midsize businesses, retailers, restaurants, and golf course operators in Canada, the United States, Australia, the Netherlands, and internationally.
LiveHire Limited	LiveHire Limited provides online talent acquisition software solutions to enterprises in Australia, New Zealand, and North America.

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Company	Description
LiveTiles Limited	LiveTiles Limited provides software as a service solution.
MSL Solutions Limited	MSL Solutions Limited provides software as a service solution for sports, leisure, and hospitality sectors worldwide.
Nitro Software Limited	Nitro Software Limited operates as a document productivity software company in Australia and internationally.
Nuix Limited	Nuix Limited provides investigative analytics and intelligence software solutions in the Asia Pacific, Europe, the Middle East, Africa, and the Americas.
PAR Technology Corporation	PAR Technology Corporation, together with its subsidiaries, provides technology solutions to the restaurant and retail industries worldwide.
PaySauce Limited	PaySauce Limited provides cloud-based employment and payment solutions to SMEs in New Zealand, Australia, and the Pacific Islands.
PEXA Group Limited	PEXA Group Limited operates a digital property settlements platform in Australia.
Pro Medicus Limited	Pro Medicus Limited engages in the development and supply of healthcare imaging software and services to hospitals, diagnostic imaging groups, and other related health entities in Australia, North America, and Europe.
ReadyTech Holdings Limited	ReadyTech Holdings Limited provides SaaS technology for education and work pathways, workforce solutions, and government and justice markets in Australia.
Reckon Limited	Reckon Limited provides software solutions in Australia, the United States, and internationally.
Serko Limited	Serko Limited, a Software-as-a-Service technology business, provides online travel booking software solutions and expense management in New Zealand, Australia, North America, Europe, and internationally.
Shift4 Payments, Inc.	Shift4 Payments, Inc. provides integrated payment processing and technology solutions in the United States.
Task Group Holdings Limited	Task Group Holdings Limited develops and deploys cloud-based transactional management and mobile customer engagement solutions primarily for the hospitality sector.
Technology One Limited	Technology One Limited researches, develops, markets, sells, implements, and supports integrated enterprise business software solutions worldwide.
Toast, Inc.	Toast, Inc. operates a cloud-based and digital technology platform for the restaurant industry in the United States and Ireland.
TransAct Technologies Incorporated	TransAct Technologies Incorporated designs, develops, and markets transaction-based and specialty printers and terminals in the United States and internationally.
Volpara Health Technologies Limited	Volpara Health Technologies Limited provides breast imaging analytics software products in New Zealand.

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Company	Description
Whispir Limited	Whispir Limited, a communications intelligence company, offers communications-as-a service platform in Australia, New Zealand, Asia, and North America.
WiseTech Global Limited	WiseTech Global Limited provides software solutions to the logistics execution industry worldwide.
Xero Limited	Xero Limited, together with its subsidiaries, operates as a software as a service company in New Zealand, Australia, the United Kingdom, and internationally.
Xref Limited	Xref Limited engages in the development of human resources technology that automates the candidate reference process for employers in Australia, Canada, the United Kingdom, New Zealand, and the United States.

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## APPENDIX 5: DISCOUNT RATE

The selected discount rate applied in our discounted cash flow analysis for MSL POS has been determined using the weighted average cost of capital. We have estimated the cost of equity component with the capital asset pricing model.

### Post-tax cost of equity ( $K_e$ )

The CAPM is based on the assumption that investors require a premium for investing in equities rather than in risk-free investments (such as government bonds). The cost of equity,  $K_e$ , is the rate of return that investors require to make an equity investment in a firm.

The cost of equity capital under CAPM is determined using the following formula:

$$K_e = R_f + \beta \times (R_m - R_f) + \alpha$$

The components of the CAPM formula are:

**Table 21: Components of CAPM**

Input	Definition
$K_e$	The required post-tax return on equity
$R_f$	The risk-free rate of return
$R_m$	The expected return on the market portfolio
EMRP	The market risk premium ( $R_m - R_f$ )
$\beta$	The beta, the systematic risk of a stock (this is an equity or levered beta)
$\alpha$	The specific company risk premium

Each of the components in the above equation is discussed below.

### Risk-free rate ( $R_f$ )

The relevant risk-free rate of return is the return on a risk-free security, typically over a long-term period. In practice, long dated government bonds are an acceptable benchmark for the risk-free security. We have selected a risk-free rate of 3.76%, being the yield on 10-year Australian Government bonds as at 31 October 2022.

### Equity market risk premium (EMRP)

The EMRP ( $R_m - R_f$ ) represents the additional return that investors expect from an investment in a well-diversified portfolio of assets (such as a market index). It is the excess return above the risk-free rate that investors demand for their increased exposure to risk, when investing in equity securities.

Leadenhall undertakes a review of the EMRP at least every six months, taking account of market trading levels and industry practice at the time. Our most recent analysis of the implied EMRP in Australia was in June. As a result, we are currently recommending an EMRP of 6.25% for Australia.

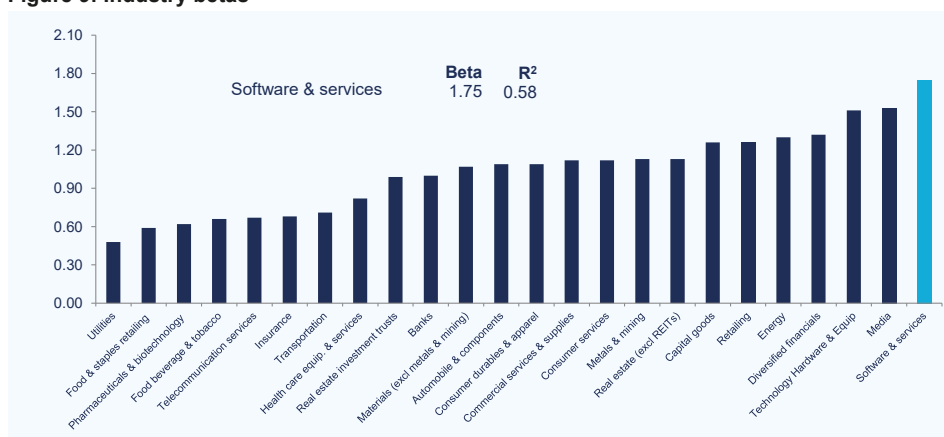
**Beta estimate ( $\beta$ )**

**Description**

The beta factor is a measure of the risk of an investment or business operation, relative to a well-diversified portfolio of assets. The only risks that are captured by beta are those risks that cannot be eliminated by the investor through diversification. Such risks are referred to as systematic, undiversifiable or uninsurable risk.

Beta is a measure of the relative riskiness of an asset in comparison to the market as a whole – by definition, the market portfolio has an equity beta of 1.0. The equity betas of various Australian industries listed on the Australian Stock Exchange are reproduced below.

**Figure 9: Industry betas**



Source: SIRCA as at June 2022 (latest available)

Betas derived from share market observations represent equity betas, which reflect the degree of financial gearing of the company. In order to eliminate the impact of differing capital structures, analysts often 'unlever' observed betas to calculate an asset beta. The selected asset beta is then 'relevered' with a target level of debt. The asset betas of companies comparable to MSL are included in the following table.

**Table 22: Comparable company betas**

Company	Country	Market Cap (A\$m)	Gearing D/EV <sup>1</sup>	Asset Beta		R	
				SIRCA	LH	SIRCA	LH <sup>3</sup>
MSL Solutions Limited	Australia	59	-1%	3.47	1.35	0.14	0.07
<b>Australian SaaS</b>							
WiseTech Global Limited	Australia	18,864	-3%	2.58	1.86	0.33	0.20
Xero Limited	Australia	11,717	0%	1.97	1.54	0.55	0.40
Pro Medicus Limited	Australia	5,829	-1%	1.71	0.90	0.19	0.06
PEXA Group Limited	Australia	2,743	6%	n/a	n/a	n/a	n/a
Life360, Inc.	Australia	1,291	-11%	1.85	2.51	0.15	0.27
Nitro Software Limited	Australia	502	-7%	0.62	0.28	0.03	0.01
ELMO Software Limited	Australia	462	-8%	1.01	2.15	0.25	0.27
Infomedia Ltd	Australia	462	-11%	0.71	0.95	0.05	0.10
Bigtincan Holdings Limited	Australia	403	-19%	1.90	2.06	0.19	0.24
ReadyTech Holdings Limited	Australia	370	10%	1.36	0.92	0.22	0.16
Serko Limited	Australia	323	-17%	1.82	1.80	0.24	0.28
Nuix Limited	Australia	181	-5%	n/a	1.82	n/a	0.14
Volpara Health Technologies Limited	Australia	170	-9%	1.74	1.69	0.17	0.17
EROAD Limited	Australia	128	6%	3.58	2.74	0.66	0.37
Janison Education Group Limited	Australia	110	-11%	1.93	1.71	0.24	0.22
Task Group Holdings Limited	Australia	105	-16%	n/a	1.70	n/a	0.09
Dubber Corporation Limited	Australia	95	-10%	3.03	1.56	0.28	0.08
LiveHire Limited	Australia	74	-22%	1.26	(0.29)	0.04	0.00
LiveTiles Limited	Australia	58	-11%	3.98	2.13	0.35	0.23
Whispir Limited	Australia	52	-17%	2.23	0.12	0.13	0.00
Damstra Holdings Limited	Australia	44	4%	3.88	0.99	0.02	0.04
<b>Average (excluding outliers<sup>2</sup>)</b>			<b>-7%</b>	<b>1.55</b>	<b>1.59</b>		
<b>Median (excluding outliers<sup>2</sup>)</b>			<b>-9%</b>	<b>1.74</b>	<b>1.70</b>		
<b>POS</b>							
Toast, Inc.	United States	17,833	-3%	n/a	1.99	n/a	0.39
Lightspeed Commerce Inc.	Canada	4,470	-12%	n/a	2.73	n/a	0.23
Shift4 Payments, Inc.	United States	3,933	12%	n/a	1.31	n/a	0.28
Agilysys, Inc.	United States	2,476	-9%	n/a	0.50	n/a	0.03
PAR Technology Corporation	United States	1,227	3%	n/a	1.38	n/a	0.22
Task Group Holdings Limited	Australia	105	-16%	n/a	1.57	n/a	0.06
TransAct Technologies Incorporated	United States	63	-9%	n/a	0.93	n/a	0.04
<b>Average (excluding outliers<sup>2</sup>)</b>			<b>-5%</b>	<b>n/a</b>	<b>1.28</b>		
<b>Median (excluding outliers<sup>2</sup>)</b>			<b>-9%</b>	<b>n/a</b>	<b>1.35</b>		

Source: S&P Capital IQ as at 31 October 2022; SIRCA as at 30 June 2022

Notes:

1. Gearing levels represent the five-year average gearing levels.

2. The outliers are highlighted in grey and have been excluded from the average and median calculations.

**Selected beta ( $\beta$ )**

In selecting an appropriate beta for MSL POS, we have considered the following:

- ◆ The industry equity beta for the software and services industry is 1.75.
- ◆ The average asset beta for comparable Australian SaaS companies is between 1.55 and 1.59, excluding outliers.
- ◆ The average asset beta for comparable POS companies is 1.28. We consider the POS companies to be more comparable to MSL POS than the Australian SaaS companies.

- ◆ The industry equity betas are less directly relevant in terms of business models than the comparable company betas, however they do have a much higher R<sup>2</sup> and as such we still consider the industry betas to be a relevant benchmark for comparison to the calculated equity beta.
- ◆ As a result of these considerations, we have selected an asset beta between 1.30 and 1.40 for MSL, which is in line with the average of the comparable POS companies. This equates to an equity beta of 1.40 after applying our selected gearing level of 0% to 10%. Our selected gearing level takes into consideration MSL POS's long-term need for leverage to fund its growth and maximise returns to shareholders, constrained by the lack of ability to support significant levels of debt given its poor relatively low cash generation on a stand alone basis. The selected gearing level is within the range of the comparable companies' gearing levels.

**Specific company risk premium (α)**

**Size premium**

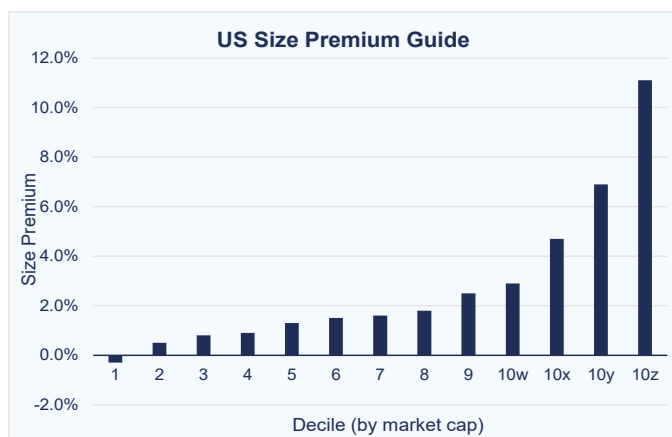
The size premium is the additional return that investors require for the risks of investing in small businesses. To date, whilst it has not been possible to isolate the specific causes of size premiums (other than simply size), many factors have been suggested, including:

- ◆ Depth of management
- ◆ Reliance on key personnel
- ◆ Weak market position
- ◆ Reliance on key customers
- ◆ Reduced access to capital
- ◆ Deeper pool of investors for larger companies
- ◆ Reliance on key suppliers
- ◆ Lack of geographic diversification
- ◆ Limited access to technology
- ◆ Absence of broker analysis
- ◆ Supplier concentration
- ◆ Investors in large companies often more diversified

The size premium can be observed in earnings multiples of listed companies, with large companies trading on higher multiples than small companies, all else being equal. Size premiums are observed consistently across time, across different markets and across a very wide range of company values.

A number of studies have been undertaken attempting to measure the size premium, in particular in the US. The Duff & Phelps Cost of Capital Navigator is an online application that provides guidance in estimating cost of capital. It contains calculations of the size premium for each decile of market capitalisation. As the size premium is most significant for very small companies, the tenth decile is then further divided into four equal segments. The following chart summarises the size premium data from the Duff & Phelps Cost of Capital Navigator.

**Table 23: Evidence of size premium**



Source: Duff & Phelps Cost of Capital Navigator, data through 31 December 2018  
 Note: The first decile represents the largest companies while the 10z decile represents the smallest companies by market capitalisation.



As mentioned above, the existence of the size premium has been well documented. However, there are limited studies setting out the appropriate bands of size premium and the quantum of size premium applicable to each band. For this reason, the above table should be taken as broad support for the size effect and not an exact guide to the extent of any particular discount or premium that should be applied. Although there is considerable evidence from the US, in the Australian context, the relatively small size of the Australian equity market makes it more difficult to observe the existence of this phenomenon.

Leadenhall and others have conducted a number of high-level studies which have confirmed the existence of the size effect in the Australian market. However, we are not aware of any Australian studies that have been performed with the same detail and rigour as the US studies, such as the Duff & Phelps data presented above. Based on the evidence from US studies and our knowledge of prices actually paid in Australian transactions, from which a discount rate can be implied, we believe the size premium ranges in the below table are appropriate. This table should be taken as a guide to the appropriate size premium for a given business and needs to be considered in conjunction with the specific circumstances of a particular business.

**Table 24: Leadenhall size premium bandings**

Size Premium Guide for Australia				
Size	Mkt Cap Range (AU\$m)		Size Premium	
	Low	High	Low	High
Largest	4,000	Above	-	-
Large	1,000	4,000	-	1.0%
Mid-cap	300	1,000	1.0%	2.0%
Low-cap	100	300	2.0%	3.0%
Small-cap	50	100	3.0%	5.0%
Micro-cap	10	50	5.0%	8.0%
Medium private <sup>1</sup>	5	10	8.0%	11.0%
Small private <sup>1</sup>	2	5	11.0%	15.0%
Smallest <sup>1</sup>	-	2	15.0%	20.0%

Source: Leadenhall analysis

Note 1: We do not generally consider the CAPM model to be reliable for entities of this size as they often do not meet the background assumptions underpinning the CAPM. In particular investors are often not diversified, and it is rarely possible to lend or borrow stock of entities this size (i.e. a market for shorting these stocks). These suggested size premiums are therefore presented as an approximate guide only as alternate models, studies and rules of thumb are commonly utilised for these types of companies.

Based on our analysis, MSL POS would be considered a small-cap public company and as such we have adopted a size premium of 3.0%.

#### **Other company specific risks**

The specific company risk premium adjusts the cost of equity for company specific factors, including unsystematic risk factors such as reliance on key customers, reliance on key suppliers, existence of contingent liabilities etc that are not already factored into the size premium. We consider that these factors are reflected in either the cash flow forecasts or adjustments to size premium discussed above for MSL POS. We have therefore not applied a specific risk premium for the Proposed Transaction valuation.

#### **Dividend Imputation**

Since July 1987, Australia has had a dividend imputation system in place, which aims to remove the double taxation effect of dividends paid to investors. Under this system, domestic equity investors receive a taxation credit (franking credit) for any tax paid by a company. The franking credit attaches to any dividends paid out by a company and the franking credit offsets personal tax. To the extent the investor can utilise the franking credit to offset personal tax, then the corporate tax is now not a real impost. It is best considered as a withholding tax for personal taxes. It can therefore be argued that the benefit of dividend imputation should be added to any analysis of value.

However, in our view, the evidence relating to the value that the market ascribes to imputation credits is inconclusive. There are diverse views as to the value of imputation credits and the appropriate method that should be employed to calculate this value. Due to the uncertainty surrounding the extent to which acquirers of assets factor in dividend imputation, we have not factored in dividend imputation.

### Conclusion on cost of equity

The following table sets out our cost of equity estimate for MSL based on the assumptions and inputs discussed above:

**Table 25: Estimated cost of equity for MSL**

Cost of Equity		
	Low	High
Risk free rate ( $R_f$ )	3.76%	3.76%
Asset beta ( $\beta_A$ )	1.30	1.40
Equity beta ( $\beta_E$ )	1.41	1.40
Equity market risk premium (EMRP)	6.25%	6.25%
Size premium ( $\alpha_{size}$ )	3.0%	3.0%
Specific risk premium ( $\alpha_c$ )	0.0%	0.0%
<b>Assessed cost of equity (<math>k_e</math>)</b>	<b>15.6%</b>	<b>15.5%</b>

Source: Leadenhall analysis

### Post-tax weighted average cost of capital (WACC)

WACC reflects the rate of return expected for an asset, adjusted for its underlying funding structure, such as relative components of debt and equity, calculated as follows:

$$WACC = (K_e \times E/V) + (K_d \times D/V + (1 - t_c))$$

The components of the WACC formula are:

**Table 26: Components of WACC**

Input	Definition
<b>WACC</b>	The post-tax weighted average cost of capital
<b><math>K_e</math></b>	The required post-tax return on equity
<b><math>t_c</math></b>	The corporate tax rate
<b><math>K_d</math></b>	The required pre-tax return on debt
<b>D</b>	The market value of debt
<b>E</b>	The market value of equity
<b>V</b>	The market value of business, where $V = D + E$

Each of the components in the above equation is discussed below.

#### Cost of equity ( $K_e$ )

The required post-tax return on equity as assessed in the preceding section.

#### Corporate tax rate ( $t_c$ )

The corporate tax rate is 30% in Australia and 19% in the United Kingdom. Furthermore, MSL consistently generates R&D tax credits which reduces the effective tax rate of MSL. We have adopted a blended tax rate of 25%, based on relative gross profit contribution of Australia and the United Kingdom and expectations regarding continued generation of R&D tax credits, in calculating the WACC for MSL POS.

### Cost of debt capital ( $K_d$ )

The cost of borrowing is the expected future borrowing cost of the relevant project and/or business. We have assessed the cost of debt capital for MSL POS to be between 7.0% and 7.25%, based on current indicative lending rates for businesses of similar size as MSL POS.

### Debt and equity mix

The selection of an appropriate capital structure is a subjective exercise. The tax deductibility of the cost of debt means that the higher the proportion of debt, the lower the WACC for a given cost of equity. However, at significantly higher levels of debt, the marginal cost of borrowing would increase due to the greater risk which debt holders are exposed to. In addition, the cost of equity would also be likely to increase due to equity investors requiring a higher return given the higher degree of financial risk that they have to bear.

Ultimately for each company there is likely to be a level of debt/equity mix that represents the optimal capital structure for that company. In estimating the WACC, the debt/equity mix assumption should reflect what would be the optimal or target capital structure for the relevant asset. We have selected a debt to enterprise value of 0% to 10% which takes into consideration MSL POS's long-term need for leverage to fund its growth and maximise returns to shareholders, constrained by the lack of ability to support significant levels of debt given its relatively low cash flow generation. The selected gearing level is within the range of the comparable companies' gearing levels.

### Calculation of WACC

The table below summarises the post-tax, nominal discount rate we have derived for MSL POS, based on the assumptions and inputs discussed above.

**Table 27: Estimated WACC for MSL POS**

Discount Rate Summary		
	Low	High
Risk free rate ( $R_f$ )	3.76%	3.76%
Asset beta ( $\beta_A$ )	1.30	1.40
Equity beta ( $\beta_E$ )	1.41	1.40
Equity market risk premium (EMRP)	6.25%	6.25%
Size premium ( $\alpha_{size}$ )	3.0%	3.0%
Specific risk premium ( $\alpha_c$ )	0.0%	0.0%
<b>Assessed cost of equity (<math>k_e</math>)</b>	<b>15.6%</b>	<b>15.5%</b>
Cost of debt ( $K_d$ )	7.0%	7.3%
Gearing (D/V)	10.0%	0.0%
Tax rate ( $t$ )	25.0%	25.0%
<b>Calculated WACC</b>	<b>14.5%</b>	<b>15.5%</b>
<b>Selected WACC</b>	<b>14.5%</b>	<b>15.5%</b>

Source: Leadenhall analysis

## APPENDIX 6: CONTROL PREMIUM

The outbreak of COVID-19 and the consequential general decline in share prices is likely to have an impact on implied control premiums in the current environment. Although there is anecdotal evidence from previous economic downturns of control premiums being higher than the long-term average in times of economic distress, it is difficult to quantify the impact of the current environment on long-term estimates based on currently available data. We have therefore presented our analysis of control premiums prior to the outbreak of COVID-19 noting that any reasonable range of control premiums does not impact our conclusion.

### Background

As discussed above, the difference between the control value and the liquid minority value of a security is the control premium. The inverse of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders agreements and other legal constraints), including the ability to:

- ◆ Appoint or change operational management
- ◆ Appoint or change members of the board
- ◆ Determine management compensation
- ◆ Determine owner's remuneration, including remuneration to related party employees
- ◆ Determine the size and timing of dividends
- ◆ Control the dissemination of information about the company
- ◆ Set strategic focus of the organisation, including acquisitions, divestments and any restructuring
- ◆ Set the financial structure of the company (debt / equity mix)
- ◆ Block any or all of the above actions

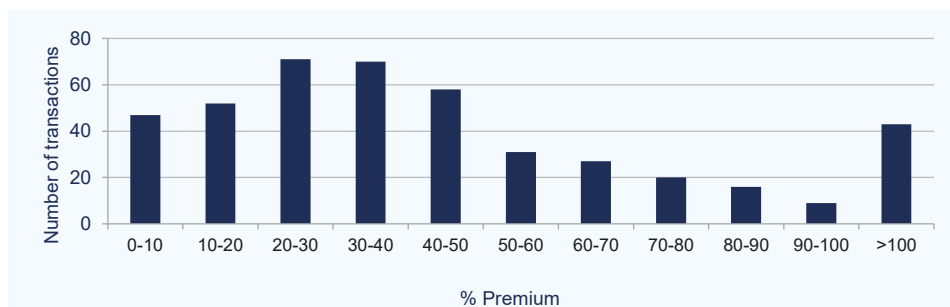
The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

### Takeover Premiums

#### Dispersion of premiums

The following chart shows the spread of premiums paid in takeovers between 2007 and 2017. We note that these takeover premiums may not be purely control premiums, for example the very high premiums are likely to include synergy benefits, while the very low premiums may be influenced by share prices rising in anticipation of a bid.

Figure 10: Takeover premium by size



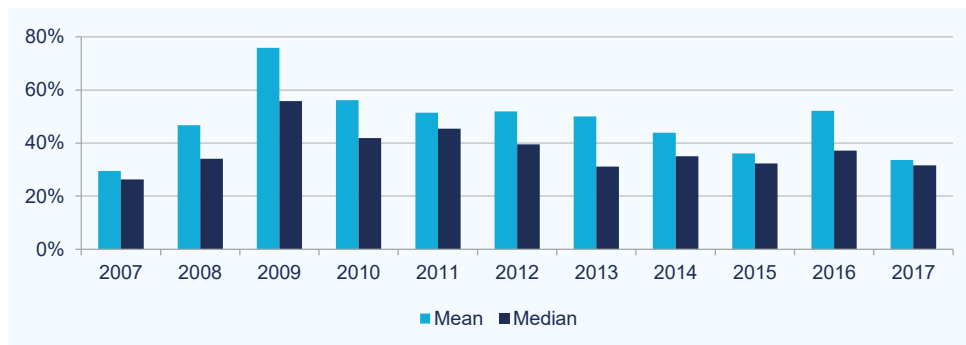
Sources: S&P Capital IQ, Leadenhall analysis

This chart highlights the dispersion of premiums paid in takeovers. The chart shows a long tail of high premium transactions, although the most common recorded premiums are in the range of 20% to 40%, with approximately 65% of all premiums falling in the range of 0% to 50%.

### Premiums over time

The following chart shows the average premium paid in completed takeovers compared to the price one month before the initial announcement.

**Figure 11: Average takeover premium (1 month)**



Sources: S&P Capital IQ, Leadenhall analysis

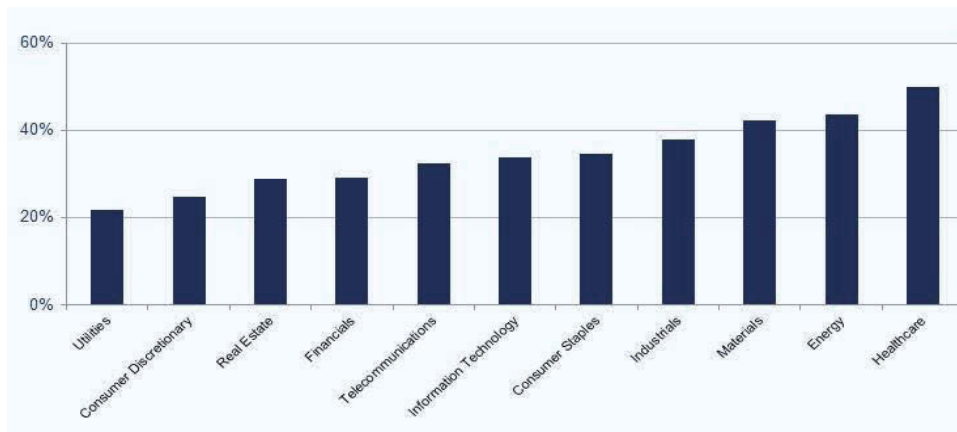
Note: The average premiums presented above exclude transactions with implied control premiums below zero and transactions which we consider to be outliers.

The chart indicates that while premiums vary over time, there is no clearly discernible pattern. The mean is higher than the median due to a small number of high premiums.

### Premiums by industry

The following chart shows the average takeover premium by industry, compared to the share price one month before the takeover was announced. Most industries show an average premium of 20% to 40%.

**Figure 12: Average takeover premium (2007 to 2017)**



Sources: S&P Capital IQ, Leadenhall analysis

Note: The average premiums presented above exclude specific transactions with implied control premiums below zero or over 100% which we consider to be outliers.

Key factors that generally lead to higher premiums being observed include:

- ◆ Competitive tension arising from more than one party presenting a takeover offer.
- ◆ Favourable trading conditions in certain industries (e.g. recent mining and tech booms).
- ◆ Significant synergistic special or strategic value.
- ◆ Scrip offers where the price of the acquiring entity's shares increases between announcement and completion.

## Industry Practice

In Australia, industry practice is to apply a control premium in the range of 20% to 40%, as shown in the following list quoting ranges noted in various independent experts' reports.

- ◆ Deloitte - 20% to 40%
- ◆ Ernst & Young - 20% to 40%
- ◆ Grant Samuel - 20% to 35%
- ◆ KPMG - 25% to 35%
- ◆ Lonergan Edwards - 30 to 35%
- ◆ PwC - 20% to 40%

The range of control premiums shown above is consistent with most academic and professional literature on the topic.

## Alternative View

Whilst common practice is to accept the existence of a control premium in the order of 20% to 40%, certain industry practitioners (particularly in the US) disagree with the validity of this conclusion. Those with an alternate viewpoint to the fact that very few listed companies are acquired each year as evidence that 100% of a company is not necessarily worth more than the proportionate value of a small interest. Those practitioners agree that the reason we see some takeovers at a premium is that if a company is not well run, there is a control premium related to the difference in value between a hypothetical well run company and the company being run as it is.

## Impact of Methodologies Used

The requirement for an explicit valuation adjustment for a control premium depends on the valuation methodology and approach adopted and the level of value to be examined. It may be necessary to apply a control premium to the value of a liquid minority value to determine the control value. Alternatively, in order to estimate the value of a minority interest, it may be necessary to apply a minority discount to a proportional interest in the control value of the company.

### Discounted cash flow

The discounted cash flow methodology generally assumes control of the cash flows generated by the assets being valued. Accordingly, such valuations reflect a premium for control. Where a minority value is sought a minority discount must therefore be applied. The most common exception to this is where a discounted dividend model has been used to directly determine the value of an illiquid minority holding.

### Capitalisation of earnings

Depending on the type of multiple selected, the capitalisation of earnings methodology can reflect a control value (transaction multiples) or a liquid minority value (listed company trading multiples).

### Asset based methodologies

Asset based methodologies implicitly assume control of the assets being valued. Accordingly, such valuations reflect a control value.

## Intermediate Levels of Ownership

There are a number of intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- ◆ 90% - can compulsory purchase remaining shares if certain conditions are satisfied
- ◆ 75% - power to pass special resolutions
- ◆ 50% - gives control depending on the structure of other interests (but not absolute control)
- ◆ 25% - ability to block a special resolution
- ◆ 20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- ◆ < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

#### 50%

For all practical purposes, a 50% interest confers a similar level of control to holdings of greater than 50%, at least where the balance of the shares is listed and widely held. Where there are other significant holders, such as in a 50/50 joint venture, 50% interests involve different considerations depending upon the particular circumstances.

Strategic parcels do not always attract a control premium. In fact, if there is no bidder, the owner may be forced to sell the shares through the share market, usually at a discount to the prevailing market price. This reflects the fact that the sale of a parcel of shares significantly larger than the average number of shares traded on an average day in a particular stock generally causes a stock overhang, therefore there is more stock available for sale than there are buyers for the stock and in order to clear the level of stock available, the share price is usually reduced by what is referred to as a blockage discount.

#### 20% to 50%

Holdings of less than 50% but more than 20% can confer a significant degree of influence on the owner. If the balance of shareholders is widely spread, a holding of less than 50% can still convey effective control of the business. However, it may not provide direct ownership of assets or access to cash flow. This level of holding has a strategic value because it may allow the holder significant influence over the company's management, possibly additional access to information and a board seat.

#### <20%

Holdings of less than 20% are rarely considered strategic and would normally be valued in the same way as a portfolio interest given the stake would not be able to pass any ordinary or special resolution on their own if they were against the interests of the other shareholders. Depending on the circumstances, a blockage discount may also apply.

As explained above, the amount of control premium or minority discount that would apply in specific circumstances is highly subjective. In relation to the appropriate level of control premium, Aswath Damodaran notes "the value of controlling a firm has to lie in being able to run it differently (and better)". A controlling shareholder will be able to implement their desired changes. However, it is not certain that a non-controlling shareholder would be able to implement changes they desired. Thus, following the logic of Damodaran and the fact that the strategic value of the holding typically diminishes as the level of holding decreases, the appropriate control premium for a non-controlling shareholder should be lower than that control premium for a controlling stake.

#### Key Factors in Determining a Reasonable Control Premium

Key factors to consider in determining a reasonable control premium include:

- ◆ **Size of holding** – Generally, larger stakes attract a higher control premium
- ◆ **Other holdings** – The dispersion of other shareholders is highly relevant to the ability for a major shareholder to exert control. The wider dispersed other holdings are, the higher the control premium
- ◆ **Industry premiums** – Evidence of premiums recently paid in a given industry can indicate the level of premium that may be appropriate
- ◆ **Size** – medium sized businesses in a consolidating industry are likely to be acquired at a larger premium than other businesses
- ◆ **Dividends** – a high dividend pay-out generally leads to a low premium for control
- ◆ **Gearing** – a company that is not optimally geared may attract a higher premium than otherwise, as the incoming shareholder has the opportunity to adjust the financing structure
- ◆ **Board** – the ability to appoint directors would increase the control premium attaching to a given parcel of shares. The existence of independent directors would tend to decrease the level of premium as this may serve to reduce any oppression of minority interests and therefore support the level of the illiquid minority value
- ◆ **Shareholders' agreement** - the existence and contents of a shareholder's agreement, with any protection such as tag along and drag along rights offered to minority shareholders lowers the appropriate control premium.

## APPENDIX 7: QUALIFICATIONS, DECLARATIONS AND CONSENTS

### Responsibility and purpose

This report has been prepared for MSL's shareholders for the purpose of assessing whether the Proposed Transaction is in Shareholder's best interests. Leadenhall expressly disclaims any liability to any shareholder, or anyone else, whether for our negligence or otherwise, if the report is used for any other purpose or by any other person.

### Reliance on information

In preparing this report we relied on the information provided to us by MSL being complete and accurate and we have assumed it has been prepared in accordance with applicable Accounting Standards and relevant national and state legislation. We have not performed an audit, review or financial due diligence on the information provided. Drafts of our report were issued to MSL's management for confirmation of factual accuracy.

### Prospective information

To the extent that this report refers to prospective financial information, we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Leadenhall's consideration of this information consisted of enquiries of MSL's personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with Australian Auditing Standards, or any other standards. Nothing has come to our attention as a result of these enquiries to suggest that the financial projections for MSL, when taken as a whole, are unreasonable for the purpose of this report.

We note that the forecasts and projections supplied to us are, by definition, based upon assumptions about events and circumstances that have not yet transpired. Actual results in the future may be different from the prospective financial information of MSL referred to in this report and the variation may be material, since anticipated events frequently do not occur as expected. Accordingly, we give no assurance that any forecast results will be achieved. Any future variation between the actual results and the prospective financial information utilised in this report may affect the conclusions included in this report.

### Market conditions

Leadenhall's opinion is based on prevailing market, economic and other conditions as at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon the conclusion reached in this report.

As a valuation is based upon expectations of future results it involves significant judgement. Although we consider the assumptions used and the conclusions reached in this report are reasonable, other parties may have alternative expectations of the future, which may result in different valuation conclusions. The conclusions reached by other parties may be outside Leadenhall's preferred range.

### Indemnities

In recognition that Leadenhall may rely on information provided by MSL and its officers, employees, agents or advisors, MSL has agreed that it will not make any claim against Leadenhall to recover any loss or damage which it may suffer as a result of that reliance and that it will indemnify Leadenhall against any liability that arises out of Leadenhall's reliance on the information provided by MSL and its officers, employees, agents or advisors or the failure by MSL and its officers, employees, agents or advisors to provide Leadenhall with any material information relating to this report.

### Qualifications

The personnel of Leadenhall principally involved in the preparation of this report were Dave Pearson, BCom., CA, CFA, CBV, M.App.Fin, Andrew Steere BBus, MCom, CA, GradDipAppFin, Simon Dalgarno, B.Ec, FCA, F.FINSIA and Katy Lawrence, BCom., CA, GradDipAppFin, CA BV Specialist.

This report has been prepared in accordance with "APES 225 – Valuation Services" issued by the Accounting Professional & Ethical Standards Board and this report is a valuation engagement in accordance with that standard and the opinion is a Conclusion of Value.

### Independence

Leadenhall has acted independently of MSL. Compensation payable to Leadenhall is not contingent on the conclusion, content or future use of this report.



## Annexure B – Scheme

KING & WOOD  
MALLESONS  
金杜律师事务所

# Scheme of Arrangement

Dated 2022

MSL Solutions Limited (ACN120 815 778) (“**Target**”)

Scheme Participants

**King & Wood Mallesons**

Level 61  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
Australia  
T +61 2 9296 2000  
F +61 2 9296 3999  
DX 113 Sydney  
[www.kwm.com](http://www.kwm.com)

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## Scheme of Arrangement

### Details

#### Parties

<b>Target</b>	<b>Name</b>	<b>MSL Solutions Limited</b>
	ACN	120 815 778
	Formed in	Queensland, Australia
	Address	Level 1, 307 Queen Street Brisbane Queensland 4000
	Email	<a href="mailto:pat.howard@mslsolutions.com">pat.howard@mslsolutions.com</a>
	Attention	Pat Howard
<b>Scheme Participants</b>	Each person registered as a holder of fully paid ordinary shares in Target as at 5.00pm on the Record Date.	
<b>Governing law</b>	New South Wales	

## General terms

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### 1 Definitions and interpretation

#### 1.1 Definitions

Unless the contrary intention appears, these meanings apply:

**ACCC** means the Australian Competition and Consumer Commission.

**Affiliate** means in respect of a person (**Primary Person**), a person:

- (a) Controlled directly or indirectly by the Primary Person;
- (b) Controlling directly or indirectly the Primary Person;
- (c) directly or indirectly under the common Control of the Primary Person and another person or persons.

Control as used in this definition with respect to any person (other than an individual), means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise, and includes the following:

- (d) direct or indirect ownership of more than 50% of the voting rights of such person; or
- (e) the right to appoint the majority of the members of the board of directors of such person (or similar governing body) or to manage on a discretionary basis the assets of such person,

and, for the avoidance of doubt, and, solely for the purposes of this definition:

- (f) a general partner is deemed to Control a limited partnership;
- (g) a fund, client or account advised or managed, directly or indirectly, by a person will also be deemed to be Controlled by such person; and
- (h) a fund, client or account will be deemed to be an Affiliate of the Primary Person if the fund, client or account is advised or managed, directly or indirectly, by a person Controlling directly or indirectly the Primary Person or a person directly or indirectly under the common Control of the Primary Person and another person or persons.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited or the market operated by it, as the context requires.

**Bidder** means Plutus Bidco Pty Ltd (ACN 663 418 184).

**Business Day** means a business day as defined in the Listing Rules.

**CHES** means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

**Control** has the meaning given in section 50AA of the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed in writing by Bidder and Target.

**Deed Poll** means the deed poll dated on or about the date of this Scheme executed by Bidder substantially in the form of Annexure B of the Scheme Implementation Agreement or as otherwise agreed by Bidder and Target under which Bidder covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

**Details** means the section of this document headed "Details".

**Effective** means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

**Effective Date** means the date on which the Scheme becomes Effective.

**Encumbrance** means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the PPSA, or any agreement to create any of them or allow them to exist.

**End Date** means 30 June 2023 or such other date as is agreed by Bidder and Target.

**Immediately Available Funds** means a bank cheque or other form of cleared funds acceptable to Target.

**Implementation Date** means the fifth Business Day following the Record Date or such other date as Target and Bidder agree.

**Listing Rules** means the Listing Rules of the ASX.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Record Date** means the second Business Day following the Effective Date or such other date as Target and Bidder agree.

**Register** means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

**Registry** means the provided or share registry services to Target.

**Registered Address** means, in relation to a Target Shareholder, the address shown in the Register.

**Regulatory Authority** includes:

- (a) ASX, ACCC, ASIC and the Takeovers Panel;

- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

**Scheme** means this scheme of arrangement between Target and Scheme Participants under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions that are:

- (a) agreed in writing by Target and Bidder (with any such amendments to be in accordance with the principles in the definition of 'Scheme' in the Scheme Implementation Agreement), and approved by the Court; or
- (b) made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Target and Bidder.

**Scheme Consideration** means \$0.295 paid in respect of each Scheme Share to be provided by Bidder to Scheme Participants under the terms of this Scheme for the transfer to Bidder of their Scheme Shares.

**Scheme Implementation Agreement** means the scheme implementation agreement dated 14 November 2022 between Target and Bidder under which, amongst other things, Target has agreed to propose this Scheme to Target Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to this Scheme.

**Scheme Meeting** means the meeting of Target Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Target Shareholders will vote on this Scheme.

**Scheme Participant** means each person who is a Target Shareholder as at 5.00pm on the Record Date.

**Scheme Share** means a Target Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Target Shares issued on or before the Record Date.

**Second Court Date** means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

**Share Scheme Transfer** means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

**Target Share** means a fully paid ordinary share in the capital of Target.

**Target Shareholder** means each person registered in the Register as a holder of Target Shares.

**Trust Account** means the trust account operated by or on behalf of Target to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.2 of this Scheme.

## 1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (e) a reference to "**person**" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Sydney time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (j) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (k) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (l) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (m) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day;
- (n) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

---

## 2 Preliminary

### 2.1 Target

Target is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Queensland; and



- (c) admitted to the official list of the ASX and Target Shares are officially quoted on the stock market conducted by ASX.

As at the date of the Scheme Implementation Agreement, Target's issued securities are:

- (d) Target Shares: 369,130,362;
- (e) performance rights: 13,969,998; and
- (f) convertible notes: 4,500,000.

## 2.2 Bidder

Bidder is:

- (a) a proprietary company limited by shares; and
- (b) incorporated in Australia and registered in New South Wales, Australia.

## 2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Bidder, Target will procure Bidder to provide the Scheme Consideration to Target on behalf of each Scheme Participant in accordance with the terms of this Scheme;
- (b) all Scheme Shares, together with all rights and entitlements attaching to Scheme Shares as at the Implementation Date, will be transferred to Bidder on the Implementation Date; and
- (c) Target will enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme with the result that Bidder will hold all Target Shares.

## 2.4 Scheme Implementation Agreement

Target and Bidder have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.

## 2.5 Deed Poll

Bidder has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

---

## 3 Conditions precedent

### 3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, the Deed Poll not having been terminated;

- (b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Agreement having been satisfied or waived (other than the conditions precedent in clause 3.1(d) (Court approval) of the Scheme Implementation Agreement) in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Target and Bidder having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and
- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

### **3.2 Conditions precedent and operation of clause 5**

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

### **3.3 Certificate in relation to conditions precedent**

Target and Bidder must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and clause 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

---

## **4 Scheme**

### **4.1 Effective Date**

Subject to clause 4.2 this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

### **4.2 End Date**

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

unless Target and Bidder otherwise agree in writing.

---

## **5 Implementation of Scheme**

### **5.1 Lodgement of Court orders with ASIC**

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, Target must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Bidder and Target agree in writing.

### **5.2 Transfer and registration of Target Shares**

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.3 of this Scheme and Bidder having provided Target with written confirmation of the provision of the Scheme Consideration:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Scheme Participant (other than acts performed by Target as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:
  - (i) Target delivering to Bidder a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
  - (ii) Bidder duly executing the Share Scheme Transfer and delivering it to Target for registration; and
- (b) as soon as practicable after receipt of the duly executed Share Scheme Transfer, Target must enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

### **5.3 Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

### **5.4 Title and rights in Target Shares**

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Target of Bidder in the Register as the holder of the Scheme Shares.

### **5.5 Scheme Participants' agreements**

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme. In relation to such transfer, each Scheme Participant also provides the authorities and acknowledgements in clause 10.3.

## 5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to Bidder and is deemed to have authorised Target to warrant to Bidder as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Bidder under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Bidder under the Scheme.

## 5.7 Transfer free of encumbrances

To the extent permitted by law, all Target Shares (including any rights and entitlements attaching to those shares) which are transferred to Bidder under this Scheme will, at the date of the transfer of them to Bidder, vest in Bidder free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

## 5.8 Appointment of Bidder as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.3 of this Scheme, on and from the Implementation Date until Target registers Bidder as the holder of all of the Target Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints Target as attorney and agent (and directs Target in such capacity) to appoint Bidder and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to Target Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)); and
- (b) must take all other actions in the capacity of the registered holder of Target Shares as Bidder directs.

Target undertakes in favour of each Scheme Participant that it will appoint Bidder and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

---

## 6 Scheme Consideration

### 6.1 Consideration under the Scheme

On the Implementation Date, Target must procure Bidder to pay (or procure the payment of) the Scheme Consideration to the Scheme Participants in accordance with clauses 6.2, 6.3 and 6.4 of this Scheme.

## 6.2 Satisfaction of obligations

The obligation of Target to procure payment of the Scheme Consideration pursuant to clause 6.1 of this Scheme will be satisfied by Target procuring Bidder no later than the Business Day before the Implementation Date to deposit (or procure the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Bidder's account).

## 6.3 Payment of Scheme Consideration

On the Implementation Date, subject to receipt of the Scheme Consideration from Bidder in accordance with clause 6.2 of this Scheme, Target must pay to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to Bidder on the Implementation Date by that Scheme Participant from the Trust Account.

Unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.3 of this Scheme must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 5.00pm on the Record Date.

## 6.4 Unclaimed monies

Target may cancel a cheque issued under clause 6.3 of this Scheme if the cheque:

- (a) is returned to Target; or
- (b) has not been presented for payment within 6 months after the date on which the cheque was sent.

During the period of 1 year commencing on the Implementation Date, on request from a Scheme Participant, Target must reissue a cheque that was previously cancelled under this clause 6.4. Bidder is entitled to the benefit of any interest accruing on unclaimed Scheme Consideration.

## 6.5 Orders of a court or Regulatory Authority

In the case of notice having been given to Target (or the Registry) of an order made by a court of competent jurisdiction or other Regulatory Authority:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.3 of this Scheme, then Target must procure that payment is made in accordance with that order or otherwise by law; or
- (b) which would prevent Target from dispatching payment to any particular Scheme Participant in accordance with clause 6.3 of this Scheme, Target will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with clause 6.3 of this Scheme is permitted by that order or otherwise by law,

and the payment or retention by Target (or the Registry) will constitute full discharge of Target's obligations under clause 6.3 with respect of the amount so

paid or retained until, in the case of clause 6.6(b), it is no longer required to be retained.

#### **6.6 Joint holders**

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Participants by Bidder must be payable to the joint holders and be sent to the holder whose name appears first in the Register as at 5.00pm on the Record Date; and
- (b) any other document required to be sent under this Scheme must be sent to the holder whose name appears first in the Register as at 5.00pm on the Record Date.

#### **6.7 Fractional entitlements**

Where the calculation of the Scheme Consideration to be provided to a Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, the fractional entitlement will be rounded up or down to the nearest cent and, for the avoidance of doubt, fractional entitlements of 0.5 of a cent will be rounded up.

#### **6.8 Foreign resident capital gains withholding**

- (a) If Bidder determines, having regard to legal advice, that Bidder is liable to pay an amount to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) in respect of the acquisition of Transferring Shares from a Scheme Participant (being the **Relevant Amount**), then Bidder is entitled to withhold the Relevant Amount before making the payment to the Scheme Participant, and payment of the reduced amount and payment of the Relevant Amount to the relevant taxation authority pursuant to clause 6.8 will be taken to be full payment of the Relevant Amount for the purpose of this Scheme, including clause 6.3.
- (b) Bidder must pay the Relevant Amount so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Participant, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Participant.

---

## **7 Dealings in Scheme Shares**

### **7.1 Determination of Scheme Participants**

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by Target if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before 5.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 5.00pm on the Record Date at the place where the Register is kept,

and Target will not accept for registration, nor recognise for any purpose (except a transfer to Bidder under this Scheme and any subsequent transfer by Bidder or

its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

## **7.2 Register**

Target must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before 5.00pm on the Record Date.

## **7.3 No disposals after Effective Date**

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

Target will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after 5.00pm on the Record Date (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title).

## **7.4 Maintenance of Target Register**

For the purpose of determining entitlements to the Scheme Consideration, Target will maintain the Register in accordance with the provisions of clause 7 until the Scheme Consideration has been paid to the Scheme Participants and Bidder has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

## **7.5 Effect of certificates and holding statements**

Subject to provision of the Scheme Consideration and registration of the transfer to Bidder contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after 5.00pm on the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Bidder and its successors in title). After 5.00pm on the Record Date, each entry current on the Register as at 5.00pm on the Record Date (other than entries in respect of Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

## **7.6 Details of Scheme Participants**

Within 3 Business Days after the Record Date Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 5.00pm on the Record Date are available to Bidder in such form as Bidder reasonably requires.

## **7.7 Quotation of Target Shares**

Suspension of trading on ASX in Target Shares will occur from the close of trading on ASX on the Effective Date.

## **7.8 Termination of quotation of Target Shares**

After the Scheme has been fully implemented, Target will apply:

- (a) for termination of the official quotation of Target Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

---

## 8 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Target and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;
- (b) enforcing the Deed Poll against Bidder,

and Target accepts such appointment. The Target, as attorney and agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 8 to all or any of its directors or officers (jointly, severally or jointly and severally).

---

## 9 Notices

### 9.1 No deemed receipt

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Registry.

### 9.2 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

---

## 10 General

### 10.1 Variations, alterations and conditions

Target may, with the consent of Bidder (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose, and each Scheme Participant agrees to such variations, alterations or conditions which Target has consented to.

### 10.2 Further action by Target

Target will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

### 10.3 Authority and acknowledgement

Each Scheme Participant:



- (a) irrevocably consents to Target and Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Target Shares constituted by or resulting from this Scheme;
- (c) agrees to, on the direction of Bidder, destroy any holding statements or share certificates relating to their Target Shares; and
- (d) acknowledges that this Scheme binds Target and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Target.

#### **10.4 No liability when acting in good faith**

Neither Target nor Bidder, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

#### **10.5 Enforcement of Deed Poll**

Target undertakes in favour of each Scheme Participant to enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Scheme Participants.

#### **10.6 Stamp duty**

Bidder will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme, and will indemnify each Scheme Participant against any liability arising from its failure to pay such stamp duty.

---

### **11 Governing law**

#### **11.1 Governing law and jurisdiction**

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

#### **11.2 Serving documents**

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.

## Annexure C – Deed Poll

KING & WOOD  
MALLESONS  
金杜律师事务所

### Deed Poll

Dated 2022

Given by Plutus Bidco Pty Ltd (ACN 663 418 184) ("**Bidder**")

In favour of each registered holder of fully paid ordinary shares in MSL Solutions Limited (ACN 120 815 778) ("**Target**") as at 5.00 pm on the Record Date ("**Scheme Participants**")

**King & Wood Mallesons**  
Level 61  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
Australia  
T +61 2 9296 2000  
F +61 2 9296 3999  
DX 113 Sydney  
www.kwm.com

## Deed Poll

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## Deed Poll

### Details

#### Parties

<b>Bidder</b>	Name	Plutus Bidco Pty Ltd
	ACN	ACN 663 418 184
	Address	C/- Pemba Capital Partners Level 45, Gateway, 1 Macquarie Place Sydney NSW 2000
	Email	<a href="mailto:MarkB@Pemba.com.au">MarkB@Pemba.com.au</a>
	Attention	Mark Bryan

**In favour of** Each registered holder of fully paid ordinary shares in Target as at 5.00 pm on the Record Date.

**Governing law** New South Wales

<b>Recitals</b>	<b>A</b>	The directors of Target have resolved that Target should propose the Scheme.
	<b>B</b>	The effect of the Scheme will be that all Scheme Shares will be transferred to Bidder.
	<b>C</b>	Target and Bidder have entered into the Scheme Implementation Agreement.
	<b>D</b>	In the Scheme Implementation Agreement, Bidder agreed (amongst other things) to provide the Scheme Consideration to Target on behalf of the Scheme Participants, subject to the satisfaction of certain conditions and on the terms and conditions of the Scheme Implementation Agreement.
	<b>E</b>	Bidder is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme and to provide the Scheme Consideration in accordance with the Scheme.

# Deed Poll

## General terms

---

### 1 Definitions and interpretation

#### 1.1 Definitions

Unless the contrary intention appears, these meanings apply:

**Authorised Officer** means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property;
- (c) it is subject to any arrangement (including a deed of company arrangement or scheme of arrangement), assignment, moratorium, compromise or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this document);
- (d) an application or order has been made (and in the case of an application which is disputed by the person, it is not stayed, withdrawn or dismissed within 14 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in any of the above paragraphs;
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this document reasonably deduces it is so subject);
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to any of the things described in the above paragraphs happens in connection with that person under the law of any jurisdiction.

**Details** means the section of this Deed Poll headed "Details".

**Scheme** means the proposed scheme of arrangement between Target and Scheme Participants under which all the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Bidder and Target, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Target and Bidder in accordance with clause 10.1 of the Scheme.

**Scheme Implementation Agreement** means the scheme implementation agreement dated 14 November 2022 between Target and Bidder under which, amongst other things, Target has agreed to propose this Scheme to Target Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to this Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme.

### 1.2 General interpretation

Clause 1.2 of the Scheme applies to this document.

### 1.3 Nature of deed poll

Bidder acknowledges that:

- (a) this document may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Bidder.

---

## 2 Conditions precedent and termination

### 2.1 Conditions precedent

Bidder's obligations under clause 4 are subject to the Scheme becoming Effective.

### 2.2 Termination

Bidder's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Agreement is terminated in accordance with its terms.

### 2.3 Consequences of termination

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Bidder is released from its obligations to further perform this document except those obligations contained in clause 7.2 and any other obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Bidder in respect of any breach of this document which occurs before it is terminated.

---

### 3 Performance of obligations generally

Bidder must comply with its obligations under the Scheme Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme, subject to and in accordance with the terms of the Scheme Implementation Agreement and the Scheme.

---

### 4 Scheme Consideration

#### 4.1 Scheme Consideration

Subject to clause 2, Bidder undertakes in favour of each Scheme Participant to pay the Scheme Consideration to the Trust Account on behalf of each Scheme Participant in accordance with the Scheme, and undertakes to perform all other actions attributed to it under the Scheme.

#### 4.2 Manner of payment

Bidder's obligation to provide the Scheme Consideration to Target on behalf of each Scheme Participant is satisfied by Bidder, no later than the Business Day before the Implementation Date, depositing (or procuring the deposit of) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Bidder's account).

#### 4.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be sent to Scheme Participants by Bidder must be payable to the joint holders and be sent to the holder whose name appears first in the Register as at 5.00pm on the Record Date; and
- (b) any other document required to be sent under the Scheme must be sent to the holder whose name appears first in the Register as at 5.00pm on the Record Date.

---

### 5 Representations and warranties

Bidder represents and warrants that:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
  - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;
  - (ii) any law binding on or applicable to it or its assets; or

- (iii) any Encumbrance or document binding on or applicable to it;
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and
- (f) **(solvency)** is not Insolvent.

---

## 6 Continuing obligations

This document is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Bidder has fully performed its obligations under this document; or
- (b) the earlier termination of this document under clause 2.2.

---

## 7 Costs

### 7.1 Costs

Bidder agrees to pay all costs in respect of the Scheme (including, in connection with the transfer of Target Shares to Bidder in accordance with the terms of the Scheme) except for amounts covered by clause 7.2.

### 7.2 Stamp duty and registration fees

Bidder:

- (a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnifies each Scheme Participant against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.2(a).

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## 8 Notices

Notices and other communications in connection with this document must be in writing. They must be sent to the address or email address referred to in the Details and (except in the case of email) marked for the attention of the person referred to in the Details. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.



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## **9 General**

### **9.1 Variation**

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by Target and Bidder in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Bidder must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

### **9.2 Partial exercising of rights**

Unless this document expressly states otherwise, if Bidder does not exercise a right, power or remedy in connection with this document fully or at a given time, it may still exercise it later.

### **9.3 Remedies cumulative**

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

### **9.4 Assignment or other dealings**

The Bidder and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of Bidder and Target.

### **9.5 Further steps**

Bidder agrees to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this document and the transactions contemplated by it.

---

## **10 Governing law and jurisdiction**

### **10.1 Governing law and jurisdiction**

The law in force in the place specified in the Details governs this document. Bidder submits to the non-exclusive jurisdiction of the courts of that place.

### **10.2 Serving documents**

Without preventing any other method of service, any document in an action in connection with this document may be served on Bidder by being delivered or left at Bidder's address set out in the Details.

**EXECUTED** as a deed poll

For personal use only

## Deed Poll

### Signing page

DATED: 9 December 2022

EXECUTED by **Plutus Bidco Pty Ltd**  
in accordance with section 127(1) of  
the Corporations Act 2001 (Cth) by  
authority of its directors:

  
.....  
Signature of director

Karl Hildingsson  
.....  
Name of director (block letters)

  
.....  
Signature of director/company  
secretary

Mark Bryan  
.....  
Name of director/company secretary  
(block letters)

**Deed Poll**

Annexure A - Scheme

# Annexure D – Notice of Scheme Meeting

## Notice of Scheme Meeting

MSL Solutions Limited ACN 120 815 778 (**MSL**) hereby gives notice that by an order of the Supreme Court of New South Wales (**Court**) made on Tuesday, 13 December 2022 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of the holders of fully paid ordinary shares in MSL (**MSL Shareholders**) will be held:

Date: Tuesday, 31 January 2023

Time: 10:00am (AEST)

Venue: Talbot Sayer Lawyers, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000 and online via online platform at <https://meetnow.global/MU7N6LT>,

### (Scheme Meeting).

Further information on how to participate and vote in the Scheme Meeting is set out in sections 6, 7 and 9 of the explanatory notes that accompany and form part of this notice.

### Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve a scheme of arrangement (with or without any modifications, alterations or conditions as approved by the Court to which MSL and Plutus Bidco Pty Ltd (**Pemba Bidco**) agree in writing) proposed to be made between MSL and MSL Shareholders.

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part. Additional information about the Scheme Meeting is set out in the explanatory notes that accompany and form part of this notice. Capitalised terms used but not defined in this notice have the defined meanings set out in section 10.1 of the Scheme Booklet, unless the context otherwise requires.

### Scheme Resolution

The Scheme Meeting will be asked to consider and, if thought fit, pass the following resolution (**Scheme Resolution**):

*'That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme (the terms of which are contained in and more particularly described in the Scheme Booklet of which this Notice of Scheme Meeting forms part), is approved (with or without modifications, alterations or conditions as approved by the Court to which MSL and Pemba Bidco agree in writing) and the MSL Board is authorised, subject to the terms of the Scheme Implementation Agreement, to (a) agree to any such modifications, alterations or conditions, and (b) subject to approval of the Scheme by the Court, implement the Scheme with any such modifications, alterations or conditions.'*

### Chair of the Scheme Meeting

The Court has directed that Tony Toohey, Executive Chairman of MSL, to act as Chair of the Scheme Meeting and that if Mr Toohey is unable or unwilling to act, David Usasz is to act as Chair of the Scheme Meeting and has directed the Chair to report the result of the Scheme Resolution to the Court.

Dated 14 December 2022

**By order of the Court and the MSL Board.**

For personal use only

**Andrew Ritter**  
Company Secretary  
MSL Solutions Limited

357765

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## Explanatory notes for the Scheme Meeting

### 1. General

These explanatory notes relate to the Scheme and should be read in conjunction with the Scheme Booklet dated 14 December 2022 and the Notice of Scheme Meeting. These explanatory notes and the Scheme Booklet form part of the Notice of Scheme Meeting. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution. A copy of the Scheme is set out in Annexure B of the Scheme Booklet. Capitalised terms used but not defined in the Notice of Scheme Meeting have the defined meanings set out in section 10.1 of the Scheme Booklet unless the context otherwise requires

### 2. Meeting Format

The Scheme Meeting will be held as a hybrid meeting. This means that MSL Shareholders and their authorised proxies, attorneys and corporate representatives will be able to attend the Scheme Meeting in person at Talbot Sayer Lawyers, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000 or participate in the Scheme Meeting online at <https://meetnow.global/MU7N6LT>.

Due to the public health risks as a result of COVID-19, we encourage you to participate in the Scheme Meeting virtually via the online platform. MSL Shareholders who participate in the Scheme Meeting via the online platform will be able to watch the Scheme Meeting live, cast an online vote on real time and ask questions online.

In the lead up to the Scheme Meeting, MSL will be closely monitoring the changing COVID-19 situation and associated health restrictions. If it becomes necessary or appropriate to make alternative arrangements for the holding of the Scheme Meeting, we will release further information on the ASX and on MSL's website at <https://www.msolutions.com/investors/>.

Further details on how to participate in the Scheme Meeting via the online platform are set out in section 6 below.

MSL Shareholders who are unable to, or do not wish to, participate in the Scheme Meeting, or will not have access to a device or the internet, are encouraged to submit a directed proxy vote as early as possible and in any event by 10:00am on Sunday, 29 January 2023 following the instructions below. Even if you plan to attend the Scheme Meeting, we encourage you to submit a directed proxy vote so that your vote will be counted if for any reason you cannot join the Scheme Meeting (for example, if there is an issue with your internet connection on the day of the Scheme Meeting).

An archived recording of the webcast will also be available to MSL Shareholders after the Scheme Meeting at <https://www.msolutions.com/investors/>.

### 3. Required Voting Majorities

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of MSL Shareholders present and voting (either in person, online or by proxy, attorney or, in the case of corporate MSL Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution at the Scheme Meeting by MSL Shareholders present and voting (either in person, online or by proxy, attorney or, in the case of corporate MSL Shareholders, body corporate representative).

#### **4. Court approval**

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) must be approved by an order of the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC. If the Scheme Resolution put to the Scheme Meeting is passed by the Requisite Majorities and the other conditions to the Scheme (other than approval by the Court) are satisfied or waived (where applicable) in accordance with the Scheme Implementation Agreement, MSL intends to apply to the Court on Tuesday, 7 February 2023 for the necessary orders to give effect to the Scheme.

#### **5. Eligibility to vote**

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the MSL Board has determined that the time for determining eligibility to vote at the Scheme Meeting is 7:00pm (AEDT) on Sunday, 29 January 2023. Only those MSL Shareholders entered on the MSL Share Register at that time will be entitled to participate in and vote at the Scheme Meeting, in person, online, by proxy or attorney, or in the case of a corporate MSL Shareholder, by a body corporate representative. Share transfers registered after that time will be disregarded in determining voting entitlements at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to MSL Shareholders entitled to participate in and vote at the Scheme Meeting.

#### **6. Participation in the Scheme Meeting**

##### **6.1 Participating via the online platform**

MSL Shareholders and their authorised proxies, attorneys and corporate representatives can participate in and vote at the Scheme Meeting via the online platform at <https://meetnow.global/MU7N6LT>. The online platform may be accessed via a computer or mobile or tablet device with internet access.

The online platform will allow MSL Shareholders and their authorised proxies, attorneys and corporate representatives to watch the Scheme Meeting live, cast an online vote and ask questions online.

To participate and vote online, MSL Shareholders will need their Security Reference Number (**SRN**) or Holder Identification Number (**HIN**) and their postcode or country of residence (if outside Australia). Proxyholders should obtain their proxy code by calling the MSL Share Registry on 1300 552 270 (or from outside Australia, +61 3 9415 4000) between 8:30am and 5:30pm (AEDT), Monday to Friday excluding public holidays.

Participants will be able to log in to the online platform 30 minutes before the start of the Scheme Meeting. It is recommended that Participants log in at least 15 minutes before the scheduled start time for the Scheme Meeting.

Please monitor MSL's website and ASX announcements, where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.

##### **6.2 Participating in person**

For MSL Shareholders who attend the Scheme Meeting in person, MSL will be observing social distancing and any other government requirements that apply at the time. Attendance at the Scheme Meeting in person is subject to any COVID-19 restrictions that may be applicable on the day.

All persons attending are asked to arrive at least 30 minutes prior to the time the Scheme Meeting commences, so that either their shareholding can be checked against the MSL Share Register, or any power of attorney or certificate of appointment of corporate representative verified, and their attendance noted. In

the lead up to the Scheme Meeting, MSL will be closely monitoring the COVID-19 situation. If it becomes necessary or appropriate to make alternative or supplementary arrangements to hold the Scheme Meeting to those set out in this notice, MSL Shareholders will be given as much notice as possible. Information relating to alternate arrangements will be communicated to shareholders by way of an announcement to the ASX and published on MSL's website at <https://www.msolutions.com/investors/>.

## 7. How to vote

The Chair of the Scheme Meeting intends to put the Scheme Resolution set out in the agenda to a poll at the Scheme Meeting. Voting results will be announced on the ASX as soon as practicable after the Scheme Meeting. The Chair considers voting by poll to be in the interests of the shareholders as a whole and is a way to ensure the views of as many shareholders as possible are represented at the Scheme Meeting.

If you are a MSL Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **by attending the Scheme Meeting in person**, at the offices of Talbot Sayer Lawyers, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000;
- **by attending the Scheme Meeting via the online platform**, by participating and voting via the online platform during the Scheme Meeting at <https://meetnow.global/MU7N6LT>;
- **by proxy**, by completing and submitting the Proxy Form in accordance with the instructions on that form. To be valid, your proxy appointment must be received by the MSL Share Registry by 10:00am (AEST) on Sunday, 29 January 2023;
- **by attorney**, by appointing an attorney to participate in and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the MSL Share Registry by 10:00am (AEST) on Sunday, 29 January 2023; or
- **by corporate representative**, in the case of a body corporate, appointing a body corporate representative to participate in and vote at the Scheme Meeting on your behalf, and providing a duly executed "Appointment of Corporate Representative" form (in accordance with sections 250D of the Corporations Act) prior to the Scheme Meeting in accordance with section 9.5 below.

## 8. Jointly held securities

If you hold MSL Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote at the Scheme Meeting, only the vote of the holder whose name appears first on the MSL Share Register will be counted.

See also the comments in section 9.3 below regarding the appointment of a proxy by persons who jointly hold MSL Shares.

## 9. Voting

### 9.1 Voting online during the Scheme Meeting

To vote online, you must participate in the Scheme Meeting via the online platform at <https://meetnow.global/MU7N6LT>.

Online voting will be open between the start of the Scheme Meeting and the closing of voting as announced by the Chair during the Scheme Meeting.

If you intend to use the online platform, then before the Scheme Meeting we recommend that you ensure the online platform works on your device.



## 9.2 Voting in person during the Scheme Meeting

MSL Shareholders and their authorised proxies, attorneys and corporate representatives who are attending the Scheme Meeting in person may vote using the paper voting card provided at the Scheme Meeting.

## 9.3 Voting by proxy

If you are unable to participate and vote at the Scheme Meeting, you may appoint an individual or a body corporate as a proxy to attend the Scheme Meeting in person or online and vote.

A MSL Shareholder entitled to participate in and vote at the Scheme Meeting may appoint a person to participate in and vote at the Scheme Meeting as their proxy at any time between the date of this notice and 10:00am (AEST) on Sunday, 29 January 2023. To do so, they should either mark the box under 'Appoint a Proxy' in Step 1 of the Proxy Form to appoint the Chair of the Scheme Meeting as their proxy, or insert the name and email address of their chosen proxy in the space provided. Please refer to section 9.6 of this Notice of Scheme Meeting below for further details in relation to how to submit a Proxy Form.

The following applies to proxy appointments:

- a proxy need not be another MSL Shareholder, and may be an individual or a body corporate;
- if a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative (in accordance with sections 250D of the Corporations Act) to exercise its powers as proxy at the Scheme Meeting in accordance with section 9.6 below;
- a MSL Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint up to two proxies and may specify the proportion or number of votes each proxy may exercise. If you wish to appoint a second proxy, a second hard copy Proxy Form should be used and you should clearly indicate on the second Proxy Form that it is a second proxy and not a revocation of your first proxy. Both Proxy Forms should be returned together in the same envelope. If you wish to appoint two proxies using hard copy Proxy Forms, you will need to obtain a second Proxy Form. You may obtain an additional Proxy Form from the MSL Share Registry. Where two proxies are appointed, each proxy should be appointed to represent a specified proportion of the MSL Shareholder's voting rights. If a MSL Shareholder appoints two proxies and the appointment does not specify the proportion or number of the MSL Shareholder's votes, each proxy may only exercise half of that MSL Shareholder's votes;
- if you hold MSL Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of the joint holders must sign the Proxy Form; and
- each proxy will have the right to vote on the poll and also to ask questions at the Scheme Meeting.

If you have appointed a proxy and participate in and vote at the Scheme Meeting, the authority of your proxy to participate and vote, on your behalf, is automatically suspended. However, if you view the live webcast of the Scheme Meeting as a 'visitor' or attend the Scheme Meeting in person as a 'visitor', you will not revoke your proxy appointment.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the MSL Share Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways in section 9.6 below.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after they have considered the matters discussed at the Scheme Meeting.

If you do not direct your proxy how to vote on the Scheme Resolution, the proxy may vote, or abstain from voting, as they think fit. If you instruct your proxy to abstain from voting on an item of business, they are directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the Requisite Majorities.

If you return your Proxy Form:

- without identifying a proxy on it, you will be taken to have appointed the Chair of the Scheme Meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not participate in the Scheme Meeting, the Chair of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form.

The Chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of MSL Shareholders.

#### **9.4 Voting by attorney**

You may appoint an attorney to participate in and vote at the Scheme Meeting on your behalf. Your attorney need not be another MSL Shareholder. Each attorney will have the right to vote on the poll and also to ask questions at the Scheme Meeting.

The power of attorney appointing your attorney to participate in and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (that is, MSL Solutions Limited), and the attorney, and also specify that the appointment may be used at the Scheme Meeting. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the MSL Share Registry before 10:00am (AEST) on Sunday, 29 January 2023 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways specified for Proxy Forms in section 9.6 below.

A validly appointed attorney wishing to participate in and vote at the Scheme Meeting via the online platform will require the appointing MSL Shareholder's name and postcode and the SRN/HIN of the shareholding in order to access the online platform. A validly appointed attorney wishing to participate in and vote at the Scheme Meeting in person will need to register their attendance and identify themselves as an attorney on the day of the Scheme Meeting in person at the registration desk at Talbot Sayer Lawyers, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000.

#### **9.5 Voting by corporate representative**

A body corporate that is a MSL Shareholder, or that has been appointed as a proxy, must appoint an individual to act as its representative at the Scheme Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The 'Appointment of Corporate Representative' form may be obtained from the MSL Share Registry on the Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 6415 4860 (outside Australia) Monday to Friday between 8.30am to 5.00pm (AEDT). The form of appointment may set out restrictions on the representative's powers.

The form of appointment must be received by the MSL Share Registry prior to the Scheme Meeting. MSL Shareholders may submit the certificate in any of the ways specified for Proxy Forms in section 9.6 of this Notice of Scheme Meeting, except that a form of appointment of corporate representative cannot be lodged online or by mobile device.

If a form of appointment is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been received by the MSL Registry.

A validly appointed corporate representative wishing to participate in and vote at the Scheme Meeting via the online platform will require the appointing MSL Shareholder's name, the SRN/HIN of the shareholding, proxy code and postcode or country of residence (if outside Australia) in order to access the online platform. A validly appointed corporate representative wishing to participate in and vote at the Scheme Meeting in person must bring a "Certificate of Appointment of Corporate Representative". A form of the certificate may be obtained from the MSL Share Registry on the Shareholder Information Line on 1300 916 762 (within Australia) or +61 3 6415 4860 (outside Australia) Monday to Friday between 8.30am to 5.00pm (AEDT).

To appoint a proxy, you should complete and submit the Proxy Form in accordance with the instructions on that form. To be effective, proxy appointments must be received by way of completed Proxy Forms by the MSL Share Registry by 10:00am (AEST) on Sunday, 29 January 2023 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the following ways:

(a) **online: at [www.investorvote.com.au](http://www.investorvote.com.au) (as detailed in the Proxy Form)**

(b) **by mailing the Proxy Form to the MSL Share Registry at:**

**MSL Solutions Limited**

C/- Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

(c) **by fax to the MSL Share Registry on:**

1800 783 447 (within Australia) or + 61 3 9473 2555 (outside Australia).

(d) **mailing the Proxy Form to MSL's registered office at:**

MSL Solutions Limited  
Level 1, 307 Queen Street  
Brisbane QLD 4000

Proxy Forms received after 10:00am (AEST) on Sunday, 29 January 2023 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) will be invalid.

If a Proxy Form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed Proxy Form unless the power of attorney or other authority has previously been received by the MSL Share Registry.

#### **10. Questions**

MSL Shareholders will have a reasonable opportunity to ask questions during the Scheme Meeting.

MSL Shareholders who prefer to register questions in advance of the Scheme Meeting are also invited to do so by submitting questions online at [investor@mslsolutions.com](mailto:investor@mslsolutions.com).

MSL Shareholders are requested to restrict themselves to two questions or comments initially, and further questions will be considered if time permits. Questions and comments may be moderated to avoid repetition and to make them more concise.

The Chair of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may not be sufficient time available during the Scheme Meeting to address all of the questions raised. Please note that individual responses will not be sent to MSL Shareholders.

#### **11. Technical difficulties**

Technical difficulties may arise during the course of the Scheme Meeting. The Chair has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chair will have regard to the number of MSL Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, MSL Shareholders are encouraged to lodge a directed proxy in advance of the Scheme Meeting even if they plan to attend the Scheme Meeting online by 10:00am (AEST) on Sunday, 29 January 2023.

#### **12. Advertisement**

Where this Notice of Scheme Meeting is advertised unaccompanied by the remainder of the Scheme Booklet, a copy of the full Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from the ASX website at [www.asx.com.au](http://www.asx.com.au) and on MSL's website at or by calling the Shareholder Information Line on **1300 916 762** (within Australia) or **+61 3 9415 4860** (outside Australia) Monday to Friday between 8.30am to 5.00pm (AEDT).

For personal use only

**MSL.**  
SOLUTIONS



**MSL Solutions Limited**  
ACN 120 815 778

MSL

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 916 762 (within Australia)  
+61 3 9415 4860 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEST) Sunday, 29 January 2023.**

# Proxy Form

## How to Vote on Items of Business

All your shares will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the Scheme Meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number shares for each in Step 1 overleaf.

**A proxy need not be a shareholder of the MSL Solutions Limited.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE SCHEME MEETING

### Corporate Representative

If a representative of a corporate shareholder or proxy is to participate in the Scheme Meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a shareholder/s of MSL Solutions Limited hereby appoint

the Chairman of the Scheme Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Scheme Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Scheme Meeting, as my/our proxy to act generally at the Scheme Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of MSL Solutions Limited to be held at the offices of Talbot Sayer, Level 27, Riverside Centre, 123 Eagle Street Brisbane QLD 4000 and virtually via <https://meetnow.global/MU7N6LT> on Tuesday, 31 January 2023 at 10:00am (AEST) and at any adjournment or postponement of that meeting. If you wish to direct your proxy how to vote on the item of business - see Step 2 below.

### Step 2 Item of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

For Against Abstain

'That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme (the terms of which are contained in and more particularly described in the Scheme Booklet of which this Notice of Scheme Meeting forms part), is approved (with or without modifications, alterations or conditions as approved by the Court to which MSL and Pemba Bidco agree in writing) and the MSL Board is authorised, subject to the terms of the Scheme Implementation Agreement, to (a) agree to any such modifications, alterations or conditions, and (b) subject to approval of the Scheme by the Court, implement the Scheme with any such modifications, alterations or conditions.'

The Chairman of the Scheme Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on the resolution, in which case an ASX announcement will be made.

### Step 3 Signature of Shareholder(s)

*This section must be completed.*

Individual or Shareholder 1

Sole Director & Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of meeting & proxy communications electronically

MSL

999999A



Computershare

