

**COSOL Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	COSOL Limited
ACN:	635 371 363
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	53.6% to	34,674,046
	up	-	-
Profit from ordinary activities after tax attributable to the owners of COSOL Limited	up	21.5% to	3,158,305
	up	-	-
Profit for the half-year attributable to the owners of COSOL Limited	up	21.5% to	3,158,305

*Dividends*

The Directors have declared a 1 cent interim dividend payable to all ordinary shareholders for the current financial year. The dividend will be fully franked. The record date for the entitlements to this dividend will be 12 April 2023 with the payment 12 May 2023.

*Comments*

The profit for the consolidated entity after providing for income tax amounted to \$3,158,305 (31 December 2021: \$2,599,286).

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(4.84)</u>	<u>(4.91)</u>

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**4. Control gained over entities**

Name of entities (or group of entities)	Work Management Solutions Pty Ltd and it's Subsidiary
Date control gained	1 August 2022

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**5. Dividends**

*Current period*

The Directors have declared a 1 cent interim dividend payable to all ordinary shareholders for the current financial year. The dividend will be fully franked. The record date for the entitlements to this dividend will be 12 April 2023 with the payment 12 May 2023.

A final dividend for the year ended 30 June 2022 of 1 cent (2021: 1 cent) per ordinary share was paid on 7 November 2022 (record date 10 October 2022).

**COSOL Limited**  
**Appendix 4D**  
**Half-year report**

*Previous period*

The Directors declared a \$0.0092 interim dividend payable to all ordinary shareholders for the previous financial year. The dividend was fully franked. The record date for the entitlements to this dividend was 31 March 2022 with the payment 15 April 2022.

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**6. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

The results for COSOL Americas Inc (previously AddOns Inc) are prepared in accordance with Australian Accounting Standards (AAS).

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**7. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**8. Attachments**

*Details of attachments (if any):*

The Interim Report of COSOL Limited for the half-year ended 31 December 2022 is attached.

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**9. Signed**



Signed \_\_\_\_\_

Date: 21 February 2023

Geoffrey Lewis  
Chairman

**COSOL Limited**

**Interim Report - 31 December 2022**

**ACN 635 371 363**

**COSOL Limited**  
**Directors' report**  
**31 December 2022**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of COSOL Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

**Directors**

The following persons were directors of COSOL Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Geoffrey James Lewis (Chairman)  
Gerald Peter Strautins  
Grant Anthony Pestell  
Stephen Edward Oliver Johnston  
Benjamin Thomas Buckley (Managing Director)

**Dividends**

The Directors have declared a 1 cent interim dividend payable to all ordinary shareholders for the current financial year. The dividend will be fully franked. The record date for entitlements to this dividend will be 12 April 2023 with the payment 12 May 2023.

Dividends paid during the financial half-year were as follows:

	<b>Consolidated</b>	
	<b>For the half year ended 31 December 2022</b>	<b>For the half year ended 31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Final dividend for the year ended 30 June 2022 of 1 cent (2021: 1 cent) per ordinary share	<u>1,475,797</u>	<u>1,329,717</u>

**Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$3,158,305 (31 December 2021: \$2,599,286).

Revenue for the consolidated entity for the half-year amounted to \$34,670,634 (31 December 2021: \$22,565,486)

**Significant changes in the state of affairs**

**Acquisition of Work Management Solutions Pty Ltd**

On 1 August 2022, COSOL Limited acquired Work Management Solutions Pty Ltd ("WMS") and its Subsidiary Asset Management Learning Academy Pty Ltd ("AMLA"), a Perth-based business that delivers business advisory and technical consulting services to resources and utilities sectors.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**COSOL Limited**  
**Directors' report**  
**31 December 2022**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Geoffrey Lewis  
Chairman

21 February 2023

## Auditor's Independence Declaration

To those charged with the governance of Cosol Limited

As auditor for the review of Cosol Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd



**Rafay Nabeel**  
Director

21 February 2023

**COSOL Limited**  
**Contents**  
**31 December 2022**

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	23
Independent auditor's review report to the members of COSOL Limited	24

**General information**

The financial statements cover COSOL Limited as a consolidated entity consisting of COSOL Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is COSOL Limited's functional and presentation currency.

COSOL Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Murcia Pestell Hillard Lawyers  
Suite 183 Level 6,  
580 Hay Street  
Perth WA 6000

**Principal place of business**

1/490 Adelaide Street,  
Brisbane City  
QUEENSLAND 4000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 February 2023.

**COSOL Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
		<b>For the half year ended 31 December 2022</b>	<b>For the half year ended 31 December 2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3	34,670,634	22,565,486
Other income	4	31,352	9,401
Interest income		3,412	3,638
<b>Expenses</b>			
Cost of sales		(20,390,446)	(12,718,561)
Depreciation and amortisation expense	5	(137,863)	(219,598)
Salaries & Wages		(6,076,986)	(3,799,014)
Share based payments	25	(90,000)	(64,206)
Operating and General Expenses		(3,210,360)	(2,198,648)
Finance costs		(347,801)	(112,611)
<b>Profit before income tax expense</b>		4,451,942	3,465,887
Income tax expense	6	(1,293,637)	(866,601)
<b>Profit after income tax expense for the half-year attributable to the owners of COSOL Limited</b>		3,158,305	2,599,286
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of COSOL Limited</b>		<u>3,158,305</u>	<u>2,599,286</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	24	2.15	1.93
Diluted earnings per share	24	2.13	1.82

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**COSOL Limited**  
**Statement of financial position**  
**As at 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December</b>	<b>30 June 2022</b>
		<b>2022</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,219,090	6,216,777
Trade and other receivables		17,372,794	8,295,671
Inventories		57,289	134,485
Prepayments and other current assets	7	7,142,306	4,821,661
<b>Total current assets</b>		<u>30,791,479</u>	<u>19,468,594</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	264,773	251,390
Right-of-use assets	9	1,495,543	255,224
Intangibles	10	46,456,291	39,757,403
Deferred tax		933,831	639,234
<b>Total non-current assets</b>		<u>49,150,438</u>	<u>40,903,251</u>
<b>Total assets</b>		<u>79,941,917</u>	<u>60,371,845</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		5,607,864	5,089,114
Bank loans	11	2,000,000	3,303,800
Lease liability	12	447,532	102,294
Income tax		860,424	536,581
Employee benefits	13	1,328,227	1,173,383
Deferred consideration and other provisions		3,870,359	2,150,802
Accrued and other liabilities	14	12,452,232	5,536,184
<b>Total current liabilities</b>		<u>26,566,638</u>	<u>17,892,158</u>
<b>Non-current liabilities</b>			
Bank loans	15	12,967,262	5,781,645
Lease liability		1,099,577	189,183
Deferred tax		52,994	157,201
Deferred consideration		-	1,875,000
<b>Total non-current liabilities</b>		<u>14,119,833</u>	<u>8,003,029</u>
<b>Total liabilities</b>		<u>40,686,471</u>	<u>25,895,187</u>
<b>Net assets</b>		<u>39,255,446</u>	<u>34,476,658</u>
<b>Equity</b>			
Issued capital	16	29,113,301	26,132,220
Reserves		715,083	599,884
Retained profits		9,427,062	7,744,554
<b>Total equity</b>		<u>39,255,446</u>	<u>34,476,658</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**COSOL Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2022**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share based payment reserve \$</b>	<b>Foreign exchange reserve \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	20,029,972	314,903	(13,975)	4,845,346	25,176,246
Profit after income tax expense for the half-year	-	-	-	2,599,286	2,599,286
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	2,599,286	2,599,286
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	5,475,000	-	-	-	5,475,000
Share-based payments (note 25)	-	134,502	-	-	134,502
Foreign currency translation	-	-	74,841	-	74,841
Adjustment to tax on listing fees for equity issue	(30,766)	-	-	-	(30,766)
Dividends paid (note 17)	-	-	-	(1,329,717)	(1,329,717)
Balance at 31 December 2021	<u>25,474,206</u>	<u>449,405</u>	<u>60,866</u>	<u>6,114,915</u>	<u>32,099,392</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share based payment reserve \$</b>	<b>Foreign exchange reserve \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	26,132,220	428,556	171,328	7,744,554	34,476,658
Profit after income tax expense for the half-year	-	-	-	3,158,305	3,158,305
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	3,158,305	3,158,305
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 16)	3,000,000	-	-	-	3,000,000
Share-based payments (note 25)	-	90,000	-	-	90,000
Foreign currency translation	-	-	25,199	-	25,199
Adjustment to tax on listing fees for equity issue	(18,919)	-	-	-	(18,919)
Dividends paid (note 17)	-	-	-	(1,475,797)	(1,475,797)
Balance at 31 December 2022	<u>29,113,301</u>	<u>518,556</u>	<u>196,527</u>	<u>9,427,062</u>	<u>39,255,446</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**COSOL Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
		<b>For the half year ended 31 December 2022</b>	<b>For the half year ended 31 December 2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		33,323,731	24,932,023
Payments to suppliers and employees (inclusive of GST)		<u>(30,536,014)</u>	<u>(20,777,366)</u>
		2,787,717	4,154,657
Interest received		3,412	3,638
Other revenue		31,352	9,401
Interest and other finance costs paid		(347,801)	(112,611)
Income taxes paid		<u>(1,266,313)</u>	<u>(497,580)</u>
Net cash from operating activities	23	<u>1,208,367</u>	<u>3,557,505</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	21	(3,311,099)	(6,637,514)
Payments for prior period's business acquisition	21	(2,155,443)	(2,795,381)
Payments for property, plant and equipment	8	(60,172)	(115,197)
Payments for intangibles	10	<u>(42,524)</u>	<u>(350,722)</u>
Net cash used in investing activities		<u>(5,569,238)</u>	<u>(9,898,814)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	16	-	694,234
Proceeds from bank loan		15,467,262	9,795,381
Repayment of bank loan		(9,585,445)	(1,232,950)
Share issue transaction costs		(18,919)	-
Dividends paid	17	(1,475,797)	(1,329,717)
Repayment of lease liabilities		<u>(49,327)</u>	<u>(154,289)</u>
Net cash from financing activities		<u>4,337,774</u>	<u>7,772,659</u>
Net increase/(decrease) in cash and cash equivalents		(23,097)	1,431,350
Cash and cash equivalents at the beginning of the financial half-year		6,216,777	4,184,432
Effects of exchange rate changes on cash and cash equivalents		25,410	34,602
Cash and cash equivalents at the end of the financial half-year		<u><u>6,219,090</u></u>	<u><u>5,650,384</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 2. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into two operating segments: COSOL Asia Pacific and COSOL North America. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

*Intersegment transactions*

Intersegment transactions were made at market rates. These transactions consist of consultancy services. Intersegment transactions are eliminated on consolidation.

*Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 2. Operating segments (continued)**

*Operating segment information*

	COSOL Asia Pacific \$	COSOL North America \$	Total \$
<b>Consolidated - For the half year ended 31 December 2022</b>			
<b>Revenue</b>			
Sales to external customers	29,517,259	5,153,375	34,670,634
Intersegment sales	334,793	-	334,793
Total sales revenue	29,852,052	5,153,375	35,005,427
Other revenue	3,400	12	3,412
Total segment revenue	29,855,452	5,153,387	35,008,839
Intersegment eliminations			(334,793)
<b>Total revenue</b>			<b>34,674,046</b>
<b>EBITDA</b>			
Depreciation and amortisation	3,792,584	1,141,610	4,934,194
Interest revenue	(65,411)	(72,452)	(137,863)
Finance costs	3,400	12	3,412
	(343,043)	(4,758)	(347,801)
<b>Profit before income tax expense</b>	<b>3,387,530</b>	<b>1,064,412</b>	<b>4,451,942</b>
Income tax expense			(1,293,637)
<b>Profit after income tax expense</b>			<b>3,158,305</b>

	COSOL Asia Pacific \$	COSOL North America \$	Total \$
<b>Consolidated - For the half year ended 31 December 2021</b>			
<b>Revenue</b>			
Sales to external customers	18,473,484	4,092,002	22,565,486
Intersegment sales	1,616,047	-	1,616,047
Total sales revenue	20,089,531	4,092,002	24,181,533
Other revenue	3,628	10	3,638
Total segment revenue	20,093,159	4,092,012	24,185,171
Intersegment eliminations			(1,616,047)
<b>Total revenue</b>			<b>22,569,124</b>
<b>EBITDA</b>			
Depreciation and amortisation	3,023,497	770,961	3,794,458
Interest revenue	(136,562)	(83,036)	(219,598)
Finance costs	3,628	10	3,638
	(120,108)	7,497	(112,611)
<b>Profit before income tax expense</b>	<b>2,770,455</b>	<b>695,432</b>	<b>3,465,887</b>
Income tax expense			(866,601)
<b>Profit after income tax expense</b>			<b>2,599,286</b>

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>For the half year ended 31 December 2022 \$</b>	<b>For the half year ended 31 December 2021 \$</b>
Rendering of services	31,693,786	19,763,171
Product sales	2,976,848	2,802,315
<b>Revenue</b>	<b>34,670,634</b>	<b>22,565,486</b>

**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>For the half year ended 31 December 2022</b>	<b>For the half year ended 31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Government grants	-	236
Reimbursement of expenses	31,352	9,165
	<u>31,352</u>	<u>9,401</u>
Other income	<u><u>31,352</u></u>	<u><u>9,401</u></u>

**Note 5. Depreciation and amortisation expense**

	<b>Consolidated</b>	
	<b>For the half year ended 31 December 2022</b>	<b>For the half year ended 31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Depreciation on property, plant and equipment	48,686	59,890
Amortisation of right-of-use assets	69,427	139,958
Amortisation of website	19,750	19,750
	<u>137,863</u>	<u>219,598</u>
	<u><u>137,863</u></u>	<u><u>219,598</u></u>

**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 6. Income tax expense**

	<b>Consolidated</b>	
	<b>For the half year ended 31 December 2022 \$</b>	<b>For the half year ended 31 December 2021 \$</b>
<i>Income tax expense</i>		
Current tax	1,485,872	1,032,591
Adjustment recognised for prior periods	-	2,576
Deferred tax - origination and reversal of temporary differences	<u>(192,235)</u>	<u>(168,566)</u>
Aggregate income tax expense	<u>1,293,637</u>	<u>866,601</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	<u>4,451,942</u>	<u>3,465,887</u>
Tax at the statutory tax rate of 30% (2021: 25%)	1,335,583	866,472
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	42,343	25,953
State taxes	-	18,208
Intercompany creditor adjustment	-	(3,025)
Deductible equity raising costs	<u>(18,919)</u>	<u>(15,766)</u>
	1,359,007	891,842
Adjustment recognised for prior periods	-	2,576
Difference in overseas tax rates	<u>(65,370)</u>	<u>(27,817)</u>
Income tax expense	<u>1,293,637</u>	<u>866,601</u>
	<b>Consolidated</b>	
	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
<i>Amounts charged directly to equity</i>		
Deferred tax assets	<u>18,919</u>	<u>30,766</u>

**Note 7. Current assets - Prepayments and other current assets**

	<b>Consolidated</b>	
	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
Accrued revenue	3,217,279	2,802,266
Prepayments	1,576,893	580,710
Other current assets	<u>2,348,134</u>	<u>1,438,685</u>
	<u>7,142,306</u>	<u>4,821,661</u>

**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 8. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	24,759	24,623
Less: Accumulated depreciation	<u>(15,854)</u>	<u>(13,971)</u>
	<u>8,905</u>	<u>10,652</u>
Fixtures and fittings - at cost	39,155	24,845
Less: Accumulated depreciation	<u>(9,799)</u>	<u>(8,770)</u>
	<u>29,356</u>	<u>16,075</u>
Computer equipment - at cost	351,006	321,397
Less: Accumulated depreciation	<u>(180,890)</u>	<u>(152,030)</u>
	<u>170,116</u>	<u>169,367</u>
Office equipment - at cost	265,229	243,796
Less: Accumulated depreciation	<u>(208,979)</u>	<u>(189,251)</u>
	<u>56,250</u>	<u>54,545</u>
Low value asset pool - at cost	2,379	2,379
Less: Accumulated depreciation	<u>(2,233)</u>	<u>(2,103)</u>
	<u>146</u>	<u>276</u>
Computer software - at cost	3,014	2,964
Less: Accumulated depreciation	<u>(3,014)</u>	<u>(2,489)</u>
	<u>-</u>	<u>475</u>
	<u><u>264,773</u></u>	<u><u>251,390</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Buildings and improvements \$	Computers \$	Furniture and fixtures \$	Low value asset pool \$	Office equipment \$	Computer software \$	Total \$
Balance at 1 July 2022	10,652	169,367	16,075	276	54,545	475	251,390
Additions	-	27,777	14,316	-	18,079	-	60,172
Exchange differences	74	1,239	-	-	570	14	1,897
Depreciation expense	<u>(1,821)</u>	<u>(28,267)</u>	<u>(1,035)</u>	<u>(130)</u>	<u>(16,944)</u>	<u>(489)</u>	<u>(48,686)</u>
Balance at 31 December 2022	<u><u>8,905</u></u>	<u><u>170,116</u></u>	<u><u>29,356</u></u>	<u><u>146</u></u>	<u><u>56,250</u></u>	<u><u>-</u></u>	<u><u>264,773</u></u>



**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 9. Non-current assets - right-of-use assets**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Land and buildings - right-of-use	2,213,583	902,627
Less: Accumulated depreciation	<u>(718,040)</u>	<u>(647,403)</u>
	<u><u>1,495,543</u></u>	<u><u>255,224</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>\$</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July 2022	255,224	255,224
Additions	1,304,959	1,304,959
Exchange differences	4,787	4,787
Depreciation expense	<u>(69,427)</u>	<u>(69,427)</u>
Balance at 31 December 2022	<u><u>1,495,543</u></u>	<u><u>1,495,543</u></u>

**Note 10. Non-current assets - Intangibles**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	<u>45,559,052</u>	<u>38,882,938</u>
System development - at cost	<u>844,572</u>	<u>802,048</u>
Website - at cost	118,500	118,500
Less: Accumulated amortisation	<u>(65,833)</u>	<u>(46,083)</u>
	<u>52,667</u>	<u>72,417</u>
	<u><u>46,456,291</u></u>	<u><u>39,757,403</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Goodwill</b>	<b>System</b>	<b>Website</b>	<b>Total</b>
	<b>\$</b>	<b>Development</b>	<b>\$</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2022	38,882,938	802,048	72,417	39,757,403
Additions	-	42,524	-	42,524
Additions through business combinations (note 21)	6,676,114	-	-	6,676,114
Amortisation expense	<u>-</u>	<u>-</u>	<u>(19,750)</u>	<u>(19,750)</u>
Balance at 31 December 2022	<u><u>45,559,052</u></u>	<u><u>844,572</u></u>	<u><u>52,667</u></u>	<u><u>46,456,291</u></u>

**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 11. Current liabilities - bank loans**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Bank loans	2,000,000	3,303,800
	<u>2,000,000</u>	<u>3,303,800</u>

Refer to note 18 for further information on financial instruments.

**Note 12. Current liabilities - lease liability**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Lease liability - rent right-of-use	413,285	88,893
Lease liability - equipment	34,247	13,401
	<u>447,532</u>	<u>102,294</u>

Refer to note 18 for further information on financial instruments.

**Note 13. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Annual leave	1,014,445	914,077
Long service leave	303,971	244,923
Employee benefits	9,811	14,383
	<u>1,328,227</u>	<u>1,173,383</u>

**Note 14. Current liabilities - Accrued and other liabilities**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Payroll tax payable	728,009	394,975
Superannuation payable	720,511	307,827
GST payable	2,495,631	790,881
Accrued expenses	1,812,013	962,724
Deferred revenue	2,155,643	2,234,205
Other current liabilities	4,540,425	845,572
	<u>12,452,232</u>	<u>5,536,184</u>

**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 15. Non-current liabilities - bank loans**

The consolidated entity has secured new finance facilities totalling \$19.5 million with Westpac Banking Corporation during the financial half-year. This comprises a term debt facility of \$8,000,000 (interest only), \$8,000,000 (principal plus interest over the term), a multi-option facility of \$3,250,000 and a corporate credit card facility of \$250,000. The term of these facilities is 4 years and have been secured against the Company and are subject to the group continuing to meet several performance covenants. As at 31 December 2022, the group was in compliance with all these covenants.

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Bank loans	<u>12,967,262</u>	<u>5,781,645</u>

Refer to note 18 for further information on financial instruments.

**Note 16. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December</b>	<b>30 June 2022</b>	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>147,579,711</u>	<u>141,919,333</u>	<u>29,113,301</u>	<u>26,132,220</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2022	141,919,333		26,132,220
Issue of shares	3 August 2022	5,660,378	\$0.53	3,000,000
Adjustment to tax effect of listing fees		-	\$0.00	(18,919)
Balance	31 December 2022	<u>147,579,711</u>		<u>29,113,301</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 17. Equity - dividends**

Dividends paid during the financial half-year were as follows:

	<b>Consolidated</b>	
	<b>For the half</b>	<b>For the half</b>
	<b>year ended</b>	<b>year ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Final dividend for the year ended 30 June 2022 of 1 cent (2021: 1 cent) per ordinary share	<u>1,475,797</u>	<u>1,329,717</u>

**Note 18. Financial instruments**

**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

**Market risk**

*Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

	31 December 2022		30 June 2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
<b>Consolidated</b>				
Bank loans	5.00%	<u>14,967,262</u>	5.05%	<u>9,085,445</u>
Net exposure to cash flow interest rate risk		<u>14,967,262</u>		<u>9,085,445</u>

For the consolidated entity the bank loans outstanding, totalling \$14,967,262 (2021: \$10,812,431), are principal and interest payment loans. Monthly cash outlays of approximately \$60,000 (2021: quarterly cash outlays of approximately \$90,000) are required to service the interest payments. Minimum principal repayments of \$2,000,000 (2021: \$3,196,000) are due during the financial year ending 30 June 2023.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

**Note 18. Financial instruments (continued)**

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 19. Contingent liabilities**

The parent entity had no contingent liabilities as at 31 December 2022.

**Note 20. Related party transactions**

*Parent entity*

COSOL Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 22.

*Transactions with related parties*

The following transactions occurred with related parties:

Mr Pestell, a non-executive Director, is Managing Director and part owner of, and has significant influence over, Murcia Pestell Hillard Lawyers, the consolidated entity's Australian legal adviser. Murcia Pestell Hillard Lawyers is not a material services supplier to the consolidated entity and the consolidated entity is not a material client of Murcia Pestell Hillard Lawyers. During the financial period, the consolidated entity paid fees as below in connection with the provision of legal services. These transactions occurred within a normal customer-supplier relationship and on terms and conditions no more favourable than those available to other parties on an arms-length basis.

During the financial half-year, fees were paid for accounting services by the consolidated entity to a party related to a key management personnel employee. These transactions were on a normal commercial basis.

	<b>Consolidated</b>	
	<b>For the half year ended 31 December 2022</b>	<b>For the half year ended 31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Payment for goods and services:		
Payment for services from other related party - legal services	174,429	163,456
Payment for services from other related party - accounting services	60,000	-

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 21. Business combinations**

On 1 August 2022, COSOL Limited acquired 100% of the ordinary shares of Work Management Solutions Pty Ltd ("WMS") and its Subsidiary Asset Management Learning Academy Pty Ltd ("AMLA") for the total consideration of \$8,667,803. This is a Perth-based business that delivers business advisory and technical consulting services to the resources and utilities sectors. The consideration amount is settled by COSOL Limited through issuance of shares amounting to \$3,000,000, cash consideration amounting to \$3,667,803, and assumed earn out consideration \$2,000,000. The acquisition was in line with COSOL's stated objective of moving to become a global player in the enterprise asset management services space. The acquisition resulted in goodwill of \$6,676,114 to be recognised in the consolidated financial statements. The acquired business contributed revenues of \$8,946,091 and profit after tax of \$759,778 to the consolidated entity for the period from 1 August 2022 to 31 December 2022.

Details of the acquisition are as follows:

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	356,704
Trade receivables	2,899,176
Prepayments	174,290
Other current assets	634,255
Deferred tax asset	102,285
Trade payables	(660,372)
Accrued expenses	(515,055)
Employee benefits	(147,095)
Other liabilities	<u>(852,499)</u>
Net assets acquired	1,991,689
Goodwill	<u>6,676,114</u>
Acquisition-date fair value of the total consideration transferred	<u><u>8,667,803</u></u>
Representing:	
Cash paid or payable to vendor	3,667,803
COSOL Limited shares issued to vendor	3,000,000
Contingent consideration	<u>2,000,000</u>
	<u><u>8,667,803</u></u>
Acquisition costs expensed to profit or loss	<u><u>176,320</u></u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	8,667,803
Less: cash and cash equivalents	(356,704)
Less: contingent consideration	(2,000,000)
Less: shares issued by company as part of consideration	<u>(3,000,000)</u>
Net cash used	<u><u>3,311,099</u></u>

**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 22. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2022 %	30 June 2022 %
COSOL Australia Pty Limited	Australia	100.00%	100.00%
COSOL Americas Inc (previously AddOns Inc)	USA	100.00%	100.00%
Clarita Solutions Pty Ltd	Australia	100.00%	100.00%
Work Management Solutions Pty Ltd	Australia	100.00%	-
Asset Management Learning Academy Pty Ltd	Australia	100.00%	-

**Note 23. Reconciliation of profit after income tax to net cash from operating activities**

	Consolidated	
	For the half year ended 31 December 2022 \$	For the half year ended 31 December 2021 \$
Profit after income tax expense for the half-year	3,158,305	2,599,286
Adjustments for:		
Depreciation and amortisation	137,863	219,597
Share-based payments	90,000	134,502
Foreign currency differences	(6,895)	35,130
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(3,644,782)	670,288
Decrease in inventories	77,196	38,845
Decrease/(increase) in deferred tax assets	(192,312)	164,172
Increase in accrued revenue	(415,013)	(458,546)
Increase in prepayments	(821,893)	(166,930)
Increase in other operating assets	(2,808,360)	(130,456)
Increase in trade payables	2,308,846	887,002
Increase in provision for income tax	323,843	391,536
Decrease in deferred tax liabilities	(104,207)	(186,687)
Increase in employee benefits	7,749	69,582
Increase/(decrease) in other provisions	(155,443)	6,751
Increase/(decrease) in other operating liabilities	3,253,470	(716,567)
Net cash from operating activities	<u>1,208,367</u>	<u>3,557,505</u>

**Note 24. Earnings per share**

	<b>Consolidated</b>	
	<b>For the half year ended 31 December 2022</b>	<b>For the half year ended 31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax attributable to the owners of COSOL Limited	<u>3,158,305</u>	<u>2,599,286</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	2.15	1.93
Diluted earnings per share	2.13	1.82
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	146,564,535	134,416,794
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>1,546,628</u>	<u>8,672,826</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>148,111,163</u>	<u>143,089,620</u>

**Note 25. Share-based payments**

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

The options granted as part of the COSOL Limited employee share option plan are as laid out below:

	Number of options	Weighted average exercise price	Number of options For the half year ended	Weighted average exercise price For the half year ended
	31 December 2022	31 December 2022	31 December 2021	31 December 2021
Outstanding at the beginning of the financial half-year	8,087,500	\$0.70	9,337,500	\$0.61
Granted	750,000	\$0.81	750,000	\$0.95
Exercised	<u>-</u>	\$0.00	<u>(2,000,000)</u>	\$0.36
Outstanding at the end of the financial half-year	<u>8,837,500</u>	\$0.71	<u>8,087,500</u>	\$0.70



**COSOL Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 25. Share-based payments (continued)**

Tranche	Grant date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ other	Balance at the end of the period
Tranche 2 Mr McGowan	24/04/2020	\$0.415	900,000	-	-	-	900,000
Tranche 3 Mr McGowan	24/04/2020	\$0.415	900,000	-	-	-	900,000
Tranche 2 Mr Buckley	24/04/2020	\$0.415	600,000	-	-	-	600,000
Tranche 3 Mr Buckley	24/04/2020	\$0.415	600,000	-	-	-	600,000
Tranche 1 Senior Leadership Team	01/07/2020	\$0.61	668,750	-	-	-	668,750
Tranche 2 Senior Leadership Team	01/07/2020	\$0.70	668,750	-	-	-	668,750
Tranche 4 Mr Buckley	17/11/2020	\$0.90	1,500,000	-	-	-	1,500,000
Tranche 5 Mr Buckley	17/11/2020	\$1.00	1,500,000	-	-	-	1,500,000
Tranche 3 Senior Leadership Team	02/12/2021	\$0.95	750,000	-	-	-	750,000
Tranche 4 Senior Leadership Team	13/07/2022	\$0.96	-	750,000	-	-	750,000
			<u>8,087,500</u>	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>8,837,500</u>

During the financial half-year, 750,000 share options were issued to the Senior Leadership Team. These options were valued using a Black-Scholes option model as they can only be exercised at the end of the applicable service period and have a relatively short life. They were valued based on a 45% volatility, 0.22% (Tranche 1) and 1.22% (Tranche 2) risk free rate and a share price at grant date of \$0.58.

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 1.26 years (2021: 2.02 years).

**COSOL Limited**  
**Directors' declaration**  
**31 December 2022**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Geoffrey Lewis  
Chairman

21 February 2023

## Independent Auditor's Review Report

To the members of Cosol Limited Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Cosol Limited ('the Company') and its controlled entities (collectively referred to as 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the director's declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying 31 December 2022 financial report of the Group has not been prepared, in all material respects, in accordance with Australian Accounting Standards and the *Corporation Act 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Responsibility of Management for the Financial Report

Management of the Group are responsible for the preparation and fair presentation of the 31 December 2022 financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control management determine is necessary to enable the preparation and fair presentation of the 31 December 2022 financial report that is free from material misstatement, whether due to fraud or error.

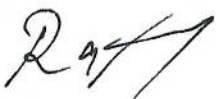
#### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the financial report has not been prepared, in all material respects in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd



Rafay Nabeel

Director

21 February 2023  
Perth