



COSOL LTD
Annual Report 2023

Unlocking asset potential globally



COSOL LTD FY23 FINANCIAL HIGHLIGHTS

Revenue

55.7%

↑ UP YOY

(\$M)



Contents

IFC COSOL Ltd FY23 Financial Highlights

02 Chairman's Letter

04 CEO's Report

08 Business Overview

10 Business Overview

12 Our Signature Solutions & Proprietary Software

14 Major Client Overview

16 Client Showcase

18 Celebrating Our People

19 Community Showcase

20 Board of Directors

22 Executive Team

24 Directors' Report

28 Remuneration Report (Audited)

38 Auditor's Independence Declaration

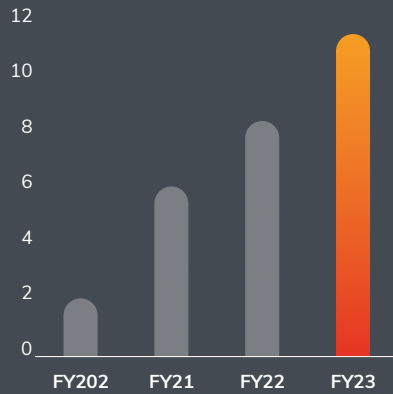
39 Financial Report

EBITDA

37.4%

↑ UP YOY

Group EBITDA (\$M)

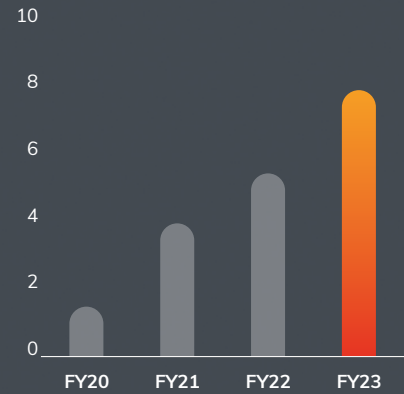


NPAT

44.3%

↑ UP YOY

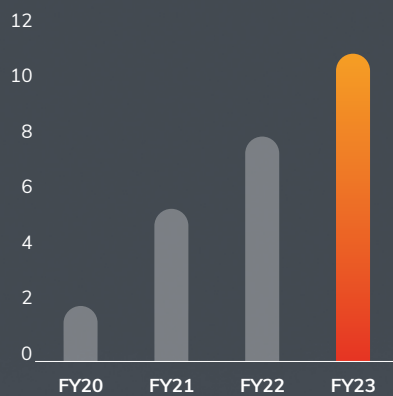
Group NPAT (\$M)



EBIT

37.0%

↑ UP YOY

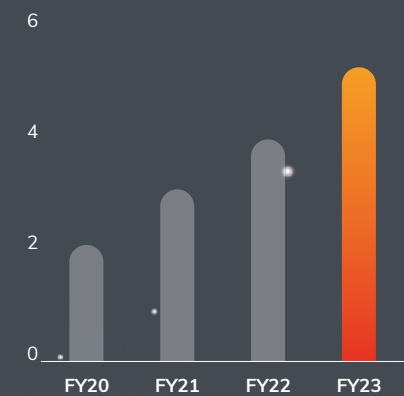


EPS

35.5%

↑ UP YOY

Group EPS (cents)



CHAIRMAN'S LETTER



Geoffrey Lewis
Chairman

Dear fellow shareholder

It is with great pleasure I present to you the Annual Report of COSOL Limited for 2023, a year of significant growth for your Company when we set new foundations to maintain the trajectory through FY24 and beyond.

Driving strong growth in revenue and earnings via organic and acquisitive growth has always been our primary objective. I am delighted that COSOL recorded substantial organic growth across all key measures in FY23.

At the same time, we delivered an acquisitive growth opportunity where we made strategic and financial sense and integrated them into our business with only positive impacts on our core operations.

2023 was a watershed year for COSOL as the Company moved to a new scale of operations with new major customers in exciting new markets and geographies. I am happy to report your Company is now well on its way to becoming the pre-eminent provider of asset management software and services in Australia and in valuable markets internationally.

These are markets with vast relevance and significance as owners of heavy asset networks deploy every available resource at eliminating waste and inefficiencies, protecting their bottom lines and boosting their ESG credentials.

Most pleasing is that COSOL's growth has been achieved with no compromise to operating margins and profitability – the basis for long-term sustainable growth that rewards our investors now and into the future.

Two ongoing challenges for public companies are demonstrating an ability to manage the business successfully and, at the same time, drive value for investors. COSOL is well positioned to deliver on these commitments as market understanding grows of our operational capability and strategic position.

The acquisition of Work Management Solutions (WMS) in August 2022 gave COSOL important capacity expansion and took us into new customer markets where there has been evident appetite for our existing core services.

The same will apply to AssetOn, which COSOL has contracted to acquire in September 2023, that also brings in a blue-chip portfolio of clients that can benefit enormously from our ecosystem of technology and people.

FY24 will see COSOL continue to focus on organic growth and continue to be active in assessing potential acquisitions.

As we grow further, we will continue to reward our shareholders through dividends and we maintain our policy of distributing up to 50% of NPAT.

We are also grateful for the support we have received from shareholders old and new, with several new Australian institutional investors joining the COSOL register over the past 12 months. Our mission is to deliver for our shareholders through diligently managing the growth of COSOL and actively pursuing all corporate and growth opportunities that come our way.

In closing I would like to thank fellow Board members for their contribution and the Management team in all locations around the world for their dedication and commitment to COSOL.



“

2023 was a watershed year for COSOL as the Company moved to a new scale of operations with new major customers in exciting new markets and geographies.

CEO'S REPORT



Scott McGowan
CEO

I am pleased to present our CEO report for the fiscal year 2023, highlighting the achievements and strategic initiatives of our asset management solutions and services company.

This year has been marked by strong organic performance, complemented by an earnings accretive acquisition. Our unwavering commitment to innovation, customer satisfaction and operational excellence has propelled us to new heights, positioning us as a leader in the industry.

**Significant
contract wins
and extensions**



**Our unwavering
commitment to
innovation, customer
satisfaction, and
operational**



Organic Highlights:

Our organic growth remains strong with FY23 witnessing a substantial increase in both top-line revenue and bottom-line profitability. We grew organically in Asia-Pacific and we saw strong growth in both revenue and margins in North America.

Our signature solutions continued to gain traction in the market enabling our clients to optimise their asset management strategies, enhance operational efficiency and drive superior financial performance. The dedication of our talented teams, relentless focus on client needs and continuous product enhancements have played a pivotal role in achieving our results in FY23.

Earnings Accretive Acquisitions:

We have continued to demonstrate our ability to execute on our strategy and deliver an acquisition, Work Management Solutions, during the fiscal year, each contributing significantly to our earnings and expanding our footprint in key markets. These acquisitions have not only broadened our product portfolio but also facilitated cross-selling opportunities and access to new customer segments. As a result, we have further solidified our position as a comprehensive solutions provider in the asset management ecosystem.

Strategic
acquisition –
Work
Management
Solutions
(WMS)





Our dedication to innovation remains unwavering, and we are committed to continuously enhancing our solutions to meet evolving market demands

OneCOSOL Transformation Project:

A milestone achievement during this fiscal year has been the successful execution of the OneCOSOL transformation project. This initiative was undertaken to streamline operations and create synergies across the businesses we acquired optimising resource allocation, improving scalability and enhancing overall organisational agility. The integration process was meticulous and thorough resulting in a cohesive and unified operational structure that leverages the strengths of each acquired entity while maintaining a consistent customer experience.

Strategic Outlook:

The industries we cater to are currently facing significant challenges when it comes to asset reliability. Largely due to supply chain constraints, workforce skill and availability and lasting effects of COVID, we find ourselves in a unique market position aligned to the growth of COSOL and its capabilities.

We are well-positioned to capitalise on the opportunities that lie ahead before us. Our dedication to innovation remains unwavering, and we are committed to continuously enhancing our solutions to meet evolving market demands. We will continue to explore avenues for growth, both organically and through strategic acquisitions, always focusing on maximising value for our shareholders.

In conclusion, I extend my heartfelt appreciation to our dedicated employees, valued clients, and supportive partners and shareholders who have been instrumental in our achievements during FY23. As we enter the next fiscal year, we remain steadfast in our commitment to delivering exceptional value, fostering innovation and driving sustained growth.

Financial Highlights



Revenue Growth

Revenue of \$75.1 million increased by \$26.9 million (55.7%) compared to the prior year revenue. The revenue growth was a combination of organic growth of \$8.9 million (18.4%) and acquisition growth.



Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Earnings Before Interest, Tax, Depreciation and Amortisation of \$11.6 million increased by \$3.2 million (37.4%) when compared to the prior year.



Dividend

The Directors declared an interim dividend of \$0.01 to all ordinary shareholders for the half year to 31 December 2022 which was paid in May 2023. The Directors have declared a final dividend of \$0.0146 dividend payable to all ordinary shareholders for the current financial full year. The dividend will be fully franked.



Earnings Per Share (EPS)

The basic earnings per share of 5.43 cents grew by 35.5% from 4.01 cents for the prior year showing the strong underlying earnings of the business and disciplined acquisition strategy.



Net Profit after Tax

Net Profit after Tax of \$8.0 million increased by \$2.5 million an increase of 44.3% on the prior year.

BUSINESS OVERVIEW

Our story

Whilst COSOL Limited was listed on the ASX in January 2020, its operating entities have been established leaders in their field for over 20 years.

2000

COSOL Australia was established as a business focused on asset intensive industries including energy, utilities, defence, mining and mineral processing with a focus on Enterprise Asset Management (EAM) software platforms and specialising in data management to drive business improvements.

JANUARY

2020

COSOL Limited listed on the Australian Securities Exchange after raising \$12 million. Successfully acquired COSOL Australia Pty Ltd on 16 January 2020.

DECEMBER

2019

COSOL Limited formed.

AUGUST

2020

Exceeded the financial performance forecast in its IPO prospectus.



OCTOBER
2020

Acquired AddOns Inc, expanding our market leading managed services capability in Hitachi Ellipse through the use of proprietary IP and solutions, in particular COSOL Evergreen. Based in the US, AddOns provided us with a platform for growth into the US market.

AUGUST
2022

Acquired Work Management Solutions (WMS), a Western Australia-based advisory and technical consulting services company with associated proprietary technology platforms expanding COSOL's offering to deliver a unique end to end Asset Management as a service.

NOVEMBER
2021

Acquired Clarita Solutions Pty Ltd, a dynamic digital solutions company with specialist skills in IBM's Maximo (a leader in the Gartner Magic Quadrant for EAM software platforms) committed to transforming Enterprise Asset Management (EAM) operations.

BUSINESS OVERVIEW

Our services and solutions

COSOL is a global provider of asset management solutions for asset-intensive organisations that span across people, process, systems and data elements of the asset management framework to drive quantifiable business improvements.

COSOL provides advice, operational expertise and business optimisation outcomes to help clients achieve economic and sustainable improvements in their business operations and supply chain.

COSOL's signature solutions and proprietary software used in combination with best-of-breed technologies and 20+ years industry, technical and functional expertise provides clients with an asset management capability that is vertically integrated, technology enabled and optimised for performance.

Experts in the building and optimising asset information ecosystems, COSOL have specialist capabilities in IBM Maximo Application Suite, Hitachi

Ellipse, SAP, Esri's GIS stack and InterPro's EZMaxSuite, and work with system integrators such as IBM, Accenture, DXC, Deloitte and EY.

Drawing on all of COSOL's unique expertise and end-to-end solution capabilities, we are the first provider of Asset Management as a Service – a complete outsourced solution for asset management operations.

Systems partners



We are the first provider of Asset Management as a Service – a complete outsourced solution of asset management.



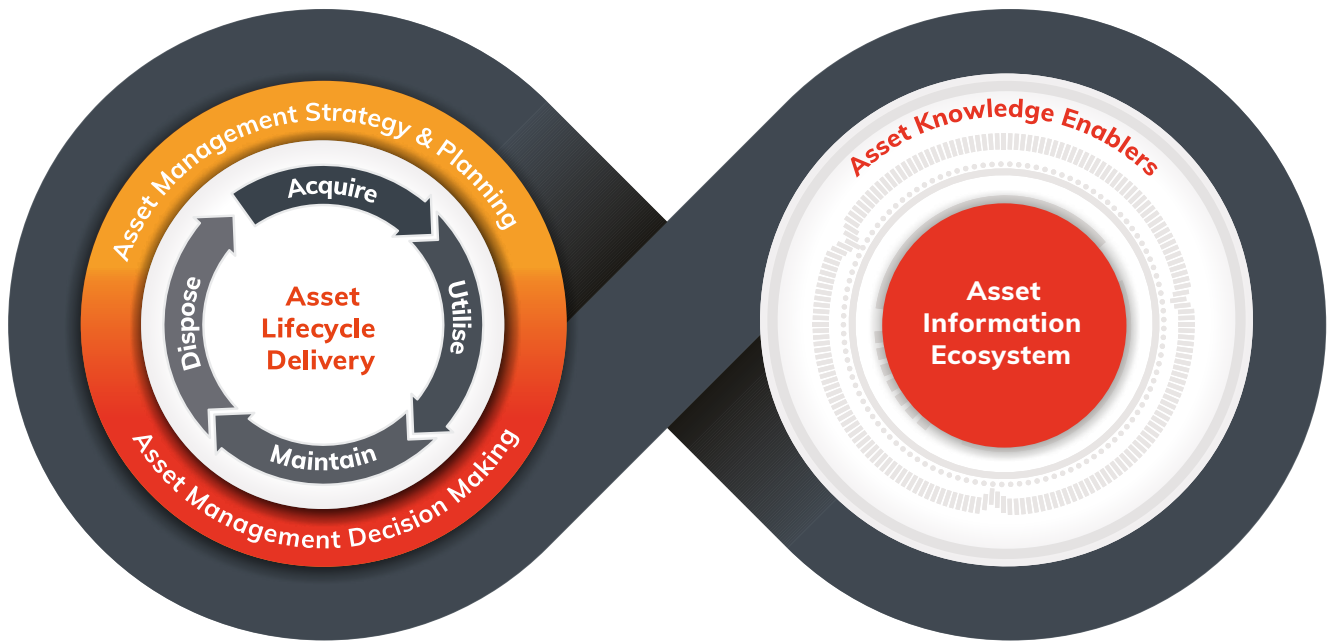
PEOPLE

We help ensure the right people with the right asset management skills are in place to apply industry best practice processes and effectively manage assets aided by data-based insights.



DATA

We help put data at the heart of an organisation to connect physical assets with their digital representations and enable fact-based, forward focussed decisions.



PROCESS

We help embed asset management industry best practices and automate processes to drive efficiency, innovation and continuous improvement.



SYSTEMS

We build and optimise asset information ecosystems by integrating best of breed technologies and automations to support business processes, create efficient workforces, optimise assets and enable predictive maintenance.

SIGNATURE SOLUTIONS

Our Signature Solutions and Proprietary Software help maximise our clients enterprise software investments and streamline the delivery of complex digital and data projects.

Application Managed Support
Asset Management
Learning Academy
Work Stream Manager

EAM Market Assessments
Data Quality Assessments
RPCConnect

Asset Management as a Service
Enterprise Asset Management as a Service
Asset Information Ecosystem Roadmaps



OUR SIGNATURE SOLUTIONS & PROPRIETARY SOFTWARE

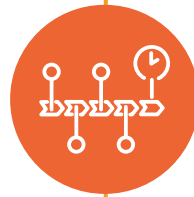
Proprietary digital solutions drive growth opportunities

The expansion of COSOL's signature solutions and proprietary software portfolio continues to drive growth opportunities. Valued by clients as IP which can maximise their enterprise software investments and streamline the delivery of complex digital and data projects, COSOL's proprietary digital solutions portfolio includes:



Asset Management as a Service (AMaaS)

The complete outsourced solution utilising COSOL's end-to-end AMaaS solution and services. Enables clients to manage risk, the lifecycle performance of assets and all associated costs in one solution.



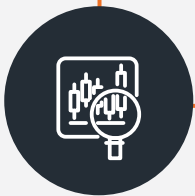
Asset Information Ecosystem Roadmaps

Charts a journey of maturity-building initiatives to help clients achieve their asset management objectives across people, process, systems and data.



EAM as a Service (EAMaaS)

With EAMaaS, access your EAM software through a web browser and mobile client while we take care of the security, backups, availability and performance.



EAM/ERP Market Assessment

Enables an informed business decision about suitability of best-of-breed EAM or ERP systems with our unbiased independent assessment and report that will save time, risk and costs.



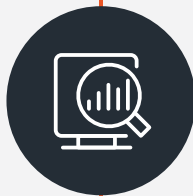
RPConnect®

A flexible solution for measuring data quality, migrating data from disparate systems and vaulting legacy data that strengthens digital capabilities and migrates future risks and costs.



Application Managed Support

Optimise system performance with timely and knowledgeable technical support services available when your people and organisation need it most.



Data Quality Assessment

Understand your legacy data and gain clear insights into what's required to cleanse and migrate your data to reduce the risk and cost associated with data migration projects.



Work Stream Manager

An App to review and reassess asset management process and execution maturity. Benchmark against standards and targets to aid continuous process improvement.



Asset Management Learning Academy

Develops the capabilities and knowledge of our clients people to achieve sustainable asset performance with training tailored to organisation's objectives.

MAJOR CLIENT OVERVIEW

Natural Resources



RioTinto

GLENCORE

 **AngloAmerican**

Newmont

ARCH

DE BEERS GROUP

Energy and Water




**Energy
Queensland**

cleanCO
queensland

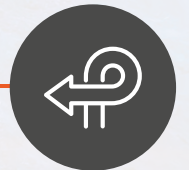
PowerWater

 **Unitywater**

Transgrid

Taswater

Public Infrastructure



Government and Defence



Australian Government
Defence



Queensland
Government



Public Transport
Authority

CLIENT SHOWCASE



Australian Government
Defence



Defence Department utilises COSOL's RPCConnect® for data migration

COSOL continues to deliver value for the Australian Department of Defence with a new contract secured to deliver services under the Defence Enterprise Resource Planning Program (ERP Program) in partnership with IBM. This contract win follows COSOL's previous Defence work which commenced in April 2021.

At the core of this service delivery engagement to the Australian Department of Defence is COSOL's proprietary RPCConnect® Software, which is Defence-cleared to deliver data migration services across the Department's widespread asset portfolio. RPCConnect® facilitates the safe, efficient migration of data from legacy systems to new platforms primed to achieve maximum efficiency and savings from the management of large, asset-intensive networks.



Asset Management Improvement with COSOL's Remote Asset Management Centre (ARC)

COSOL is providing Asset Management Improvement services to support Glencore's Koniambo Nickel Smelter (KNS) to improve asset reliability at their Koniambo site in New Caledonia. Currently underway as part of a 12-month engagement, the key outcome of this project is to improve KNS's equipment program maintenance (PMs) and SAP master data with an initial focus on Bill of Materials (BOMs) and Production Resources and Tools (PRTs). In addition, COSOL is also performing physical verification of the physical assets and their representation within the KNS CMMS. Through the improvement of KNS's equipment strategies, tactics, and master data to the appropriate physical asset, COSOL is helping deliver measurable improvements in the reliability of Koniambo Met Plant and Power Station.

Carried out through a combination of onsite and remote work activities through COSOL's Remote Asset Management Centre (ARC), COSOL can deliver a cost-effective solution for KNS that not only limits the impact on their existing onsite teams but enables them to benefit from COSOL's expertise across the asset management framework.

COSOL's Remote Asset Management Centres, located in Brisbane and Perth, Australia, brings together the shared expertise and knowledge from across COSOL to carry out tasks remotely and cost-effectively for clients including, reliability engineering and analysis, equipment strategies and tactics development, master data developing, documentation development and technical writing including of safe work instructions, plus ERP/EAM Systems Administration and Managed Support.



COSOL's RPConnect® at the core of Transgrid's digital system transformation

Transgrid operates and manages the high voltage electricity transmission network in NSW and the ACT (Australia), connecting generators, distributors and major end users. Transgrid's network is the backbone of the National Energy Market, enabling energy trading between Australia's three largest states along the east coast.

COSOL is at the heart of Transgrid's Digital Core System Transformation using our proprietary software RPConnect® which facilitates the safe, efficient migration of data from legacy systems to new platforms. COSOL continues to partner closely with Transgrid, extending this relationship in December 2022.

A testament to the value COSOL delivers to Transgrid is in the increase in the scope of work being provided throughout the year including the Application Managed Support of their legacy platform.



COSOL delivers a streamlined maintenance and planning solution for Australia's largest diversified rail freight services provider

COSOL's asset management systems team has been working with Pacific National for over 10 years to deliver IBM Maximo Enterprise Asset Management (EAM) system optimisation, licensing, continuous improvements, mobility, asset conditioning monitoring solutions, and managed support.

Pacific National is the largest provider of diversified rail freight services in Australia. They haul a variety of freight including coal, intermodal containers, steel, and a range of bulk commodities and materials that keep the region's economy, businesses, and households running. They operate nationally with approximately 3,500 staff in over 100 sites across Australia.

As part of the continuous improvement program for Pacific National, COSOL recently implemented a maintenance planning and scheduling solution and online tools to help ensure the right maintenance work was being carried out, at the right time, with the right tools, materials and people.

For Pacific National, this streamlined solution will see an increase in asset availability, streamlined maintenance forecasting, and planning, a reduction in overdue maintenance, maximised labour productivity and facility throughput, plus increased efficiencies in Opex and Capex budgetary planning.

CELEBRATING OUR PEOPLE

Welcome back Max Rogers

In January 2023, we were delighted to welcome Max Rogers back to the COSOL family following five months of recovery from an accident that left Max impaired from the neck down.



Max Rogers has been a valuable executive leader at COSOL since 2020 when COSOL acquired AddOns Inc, the North American managed services, hosting, and application support company founded by Max in 2003. From 2020 until late 2022, Max held the role of CEO of COSOL Americas and has recently returned as COSOL's Principal Solution Architect.

Max has always inspired others with his strong personal drive, determined attitude, strong leadership skills, and positive outlook on life. Additionally, Max has always been very active and physically strong, with a love for hunting, golfing, and biking, as well as a background as a university wrestler. All of these physical and mental traits have contributed to his achievements throughout his personal and professional life and, importantly, to his ongoing recovery from his life-changing accident in 2022.

"When I was 7 years old, I recall a friend of my dad's fell off a horse and became a quadriplegic. I vividly remember thinking, 'Oh gosh, that is horrible.

I never want that to happen to me," Max recalls. "I never would have thought that 44 years later my worst nightmare would happen and change the course of my life forever."

"As I lay in a hospital bed trying to process what had happened, it was the support from friends and colleagues that gave me strength and hope that I could get through this. My first conscious recollection was of Scott McGowan, CEO of COSOL, and Board Director Ben Buckley at my bedside. Both had postponed their return to Australia to lend their full support to me, which I was incredibly grateful for. From there, friends and colleagues donated money and offered their time to help me set up a new house to aid in my recovery."

Choosing to return to work at COSOL as Principal Solution Architect and wellness ambassador has provided Max with a new sense of purpose and drive, while the COSOL global team continues to benefit from Max's vast knowledge and experience in asset management.

COSOL's Executive General Manager, Annette Henry, recalls her brief time

with Max in Denver, USA, "Max has the most amazing mindset. He is a natural coach and mentor, and his many experiences, when woven together, are very compelling. His life stories and experiences continue to be inspiring, and we don't want to keep that to ourselves."

Drawing on all his experiences and in true Max style, he is determined to inspire and help others. "The most significant lesson I have learned is the importance of mental health and the need to take a breath to enjoy all aspects of life. It is always easier to have a better outlook when you have the right balance in life – and ensuring that work does not take over our lives."

Max believes that the better your attitude, the better your influence will be on people. "I hope to provide people with an opportunity to reflect. I place a lot of value on shared experiences and feel that through my story and as a wellness ambassador at COSOL, I can, in some way, make a difference in other people's lives by helping them find balance, push through adversity, and enjoy all that life has to offer."

COMMUNITY SHOWCASE



University Engineering Scholarship

Clarita Solutions – a COSOL company, launched a university scholarship program back in 2020 to financially support high-achieving engineering and IT students studying at the Charles Darwin University (CDU) in Australia's Northern Territory.

CDU is a multi-sector university that provides training and education to more than 21,000 students across its eight campuses and centres in the Northern Territory and Australia. It is one of Australia's top-performing universities with 92.5% of Engineering

& Technology graduates securing full-time employment within four months of completing their studies.

Now in its third year, the COSOL CDU Engineering Scholarship, delivered in partnership with CDU has helped support three Engineering Science students who displayed high academic performance, a passion for their course, and a strong intention to use their skills through ongoing employment in the Northern Territory on graduation.

The scholarship provides each successful student with \$2,500 per semester towards tuition costs, something that recipients acknowledged was invaluable for their studies, citing that the scholarship helped allocate more time and focus on their studies by easing the financial burden of university and reducing the need for outside employment to fund the costs of their degrees.



Supporting Women in Digital

COSOL has been involved with Women in Digital for the past five years. This is our second year sponsoring the Champion of Change award category which celebrates impact-orientated individuals using digital technology to drive change and create social good.

In November 2022 we were pleased to see the Champion of Change award go to Kate Kirwin. Kate is the Founder of She Codes, a for-purpose organisation connecting women to career pathways in technology through coding workshops and programs.

Kate's passion for supporting women in STEM saw her found She Codes in 2015 when she was just 21. Kate's passion, determination and impact has helped build a pipeline of talented women in tech to fill the technical jobs of the future.

COSOL is proud to be part of a movement showcasing and celebrating diversity and inclusion – and explicitly recognising the achievements of women in digital.

Pictured: Kate Kirwin receiving her Champion of Change award from COSOL's Annette Henry.



BOARD OF DIRECTORS



Geoffrey Lewis

Chairman

Geoff Lewis has over 20 years' experience in the global delivery of IT services and outsourcing. He established ASG Group Limited (formerly ASX listed, ASX:ASZ), an IT business solutions provider, in 1996 and was its Managing Director until it was acquired in late 2016 for \$350 million by Japanese multinational IT services and consulting business Nomura Research Institute, Ltd. Geoff was appointed as a director on 10 September 2019.



Ben Buckley

Managing Director

Ben Buckley was appointed as Managing Director of COSOL Limited in October of 2020 after joining COSOL Limited as an external consultant to work on corporate strategy and mergers and acquisitions. He has previously held senior leadership roles, including as chief executive officer and chief operating officer with major domestic and international firms. Over three decades he has worked for Nike, Foxtel, Electronic Arts, AFL and FFA, as well as BKD Executive Leaders, an executive search and recruitment firm.



Lisa Wynne

Company Secretary

Lisa Wynne has a Bachelor Business and is a Fellow of the Governance Institute of Australia and a Member of the Institute of Chartered Accountants. Her experience includes over 15 years of board level experience across the commercial sector with a particular focus on the finance, accounting, corporate services, technology, and resources industries across ASX and TSX listed companies. Her background includes roles as a Non-Executive Director for Dempsey Minerals Limited responsible for strategic governance and operational planning, and as Director and Owner of Blue Horse Corporate and Sila Consulting.



Stephen Johnston CA

Non-Executive Director

Stephen Johnston has significant international experience in investment, corporate finance, mergers and acquisitions and commercial management gained over 25 years in Australian industrial and investment organisations. Stephen was the managing director and founder shareholder of Schutz DSL Group, an industrial packaging group with operations in Australia and south east Asia, and was an independent non-executive director of ASG Group Limited (formerly ASX listed, ASX:ASZ), an IT business solutions provider, until it was acquired in late 2016 for \$350 million by Japanese multinational IT services and consulting business Nomura Research Institute, Ltd. Stephen was appointed as a director on 10 September 2019.



Grant Pestell LLB

Independent Non-Executive Director

Grant Pestell was a founding director and has been the managing director of Perth-based legal firm Murcia Pestell Hillard since 2000. He has extensive experience advising both listed and private companies, particularly in the ICT, energy and resources and mining services industries. Grant is regularly involved in and advises on complex commercial disputes, strategic contract negotiations, mergers and acquisitions, risk management and large-scale financing. Grant was an independent non-executive director of ASG Group Limited (formerly ASX listed, ASX:ASZ), an IT business solutions provider, until it was acquired in late 2016 for \$350 million by Japanese multinational IT services and consulting business Nomura Research Institute, Ltd. Grant was appointed as a director on 7 August 2019.



Gerald Strautins

Independent Non-Executive Director

Gerald Strautins has extensive executive, mergers and acquisitions, consulting, programme and business management experience, with particular strength in formulating, implementing and managing strategic managed service/outsourcing operations and transformation initiatives. Gerald's strategic business consultancy and corporate management experience was gained through extensive work in Australia, Europe and Asia. He was the Executive – Strategy and M&A of ASG Group Limited (formerly ASX listed, ASX:ASZ), an IT business solutions provider, and was responsible for the strategic direction of the organisation, while also completing in excess of \$500 million in mergers and acquisitions transactions. Gerald was appointed as a director on 4 October 2019.

EXECUTIVE TEAM



Scott McGowan

Chief Executive Officer

Scott is the Chief Executive Officer of the COSOL Group and is a highly experienced business executive with a demonstrated ability to lead diverse teams of professionals to new levels of success in highly competitive markets. Scott has over 20 years' experience in both start-ups and global multinational corporations and possesses strong technical and business qualifications with an impressive track record in strategic planning, organic business growth and the integration of acquisitions to deliver strategic value.



Anthony Stokes

Chief Financial Officer

Anthony Stokes was appointed as Chief Financial Officer in July 2022. A highly credentialed finance executive with more than 20 years' experience, Anthony has a wealth of experience in highly competitive and regulated environments. Anthony's most recent position was General Manager, Financial Planning & Analysis at Virgin Australia, where he worked in senior roles since 2011 across finance, transformation and commercial roles. This included playing a key role in the sale process and transition to Bain Capital's ownership. Anthony previously worked at KPMG in Deal Advisory Services with significant experience across mergers and acquisitions and equity capital markets transactions.



Matt Glasner

Chief Operating Officer

Matt is a seasoned business leader and Non-Executive Director with 20 years of successful transformation and leadership experience. Matt's previous roles include Chief Commercial Officer for Global ASX listed Integrated Research, Managing Director APAC for First Advantage and Managing Director Experian Marketing Services ANZ. Matt brings solid strategic and tactical expertise across sales and marketing, operations, organisational structure, change management and leadership. Matt graduated from the University of Birmingham, England with a Bachelor of Engineering (Honours) and is a Graduate of the Australian Institute of Company Directors.



Annette Henry

Executive General Manager

Annette joined COSOL as the CEO of Clarita Solutions. In her new role, Annette is focused on growing the COSOL business globally. Annette is a successful entrepreneur with over 28 years working in software solutions, business management and managing strategic vendor/partner relationships. Annette possesses strong leadership and organisational skills combined with business acumen and common sense. Annette has experience growing a company from start-up, shepherding it through mergers and acquisitions, grown shareholder value and demonstrated strong corporate economic growth through strategic sales. Annette has strong operational management and IT product and service development capability combined with her corporate governance experience.



DIRECTORS' REPORT

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 year ended 30 June 2023.

Directors

The following persons were directors of COSOL Limited during the whole of the financial 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)

Directors' Interests in Shares and Options of COSOL

The Directors hold relevant interests in the following shares and other securities of COSOL as at the date of this Directors' Report:

Director	Shares	Options
G Lewis	24,250,000	–
S Johnston	24,250,000	–
G Pestell	2,500,000	–
G Strautins	3,000,000	–
B Buckley	235,000	4,176,652
	54,235,000	4,176,652

Principal activities

During the financial year the principal continuing activities of the consolidated entity were the provision of information technology services.

The consolidated entity utilises proprietary software and services to deliver solutions for clients operating in asset-intensive industries, with a particular focus on resource and capital-intensive enterprise asset management (EAM) and infrastructure-focused systems.

The consolidated entity aims to optimise business processes and reduce business expenditure for its clients by providing digital business solutions, including business process and strategic reviews, implementation of enterprise resource planning (ERP)/EAM solutions, data migration and ongoing support services.

Dividends

The directors have declared a final dividend of \$0.0146 per ordinary share at record date, 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 20 October 2023 with payment on 6 November 2023.

DIRECTORS' REPORT CONTINUED

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 \$	2022 \$
Fully franked interim dividend for the year ended 30 June 2023 of \$0.01 (2022: \$0.0092) per ordinary share	1,475,797	1,303,850
Fully franked final dividend for the year ended 30 June 2022 of \$0.01 (2021:\$0.01) per ordinary share	1,475,797	1,329,717
	2,951,594	2,633,567

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$7,986,327 (30 June 2022: \$5,532,775).

A review of the operations of the consolidated entity during the financial year is set out in the Chairman's Report within the Annual Report and forms part of this Directors' Report, and should be read in conjunction with the following:

Key highlights include:

- Acquired Work Management Solutions Pty Ltd (WMS) expanding the group's offerings in business advisory and technical consulting services;
- Extended Department of Defence relationship to partner with IBM in delivering services under the Defence Enterprise Resource Planning Program (ERP Program) and were awarded a new strategic contract with Glencore's Koniambo Nickel project to establish an Asset Reliability Centre and deliver operational efficiencies;
- Revenue of \$75.1 million increased by \$26.9 million (55.7%) compared to the prior year with organic growth of \$8.8 million (18.4%); and
- The directors declared an interim dividend of \$0.01 per ordinary share to all ordinary shareholders for the half year ended 31 December 2022 which was paid in May 2023. The directors have declared a final dividend of \$0.0146 per ordinary share to all ordinary shareholders for the current financial year. The dividend will be fully franked.

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 year.

Matters subsequent to the end of the financial year

Acquisition of AssetOn Group

COSOL Limited announced on 3 August 2023 that it had entered into a binding Share Purchase Agreement to acquire 100% of the issued shares in two entities, AssetOn Group Pty Ltd and OnPlan Technologies Pty Ltd ("AssetOn Group"). AssetOn Group provides asset maintenance software and services to organisations with large scale asset networks in mining, energy, utilities and manufacturing. COSOL will pay up to \$29 million for AssetOn Group, consisting of \$18 million in cash, \$4 million in scrip and up to a further \$7 million earn-out component contingent on achieving earn-out hurdles.

DIRECTORS' REPORT CONTINUED

The upfront cash component will be funded through a placement of 19.6 million new fully paid ordinary shares to raise gross proceeds of \$15 million and a \$4.6 million drawdown on COSOL's expanded debt facilities. Earn-out consideration, to the extent paid, will be funded from a combination of operating cash flow and available debt capacity or a portion paid in scrip at COSOL's election.

Chief Operating Officer

Matthew Glasner was appointed Chief Operating Officer on 1 July 2023.

Likely developments and expected results of operations

The Directors and management of the consolidated entity intend to continue operations as conducted during the financial year and in a manner consistent with the consolidated entity's business model and growth strategy (which includes organic and acquisitive growth).

The entity's operations are centred around the management of physical assets for its customers, with the aim of enhancing the performance and lifespan of these assets while simultaneously eradicating inefficiencies with the aim of decreasing maintenance and repair costs, limiting downtime, and achieve the highest return on investment. For the year ended 30 June 2023, 38% of the entity's revenue was derived from advisory and professional services, 27% from products and product-led services, and 35% from managed services. Clients in the natural resources sector contributed approximately 50% of revenue for the year, with the remaining clientele operating across utilities, government, defence, and public infrastructure sectors. From a geographical standpoint, 84% of the entity's revenue for the year originated from our Australian operations, while the US operations contributed the remaining 16%.

The entity's relationships with its customers and suppliers are governed by its contractual arrangements with those parties. Any failure to maintain, renew or replace key contracts and arrangements on commercially acceptable terms, or any failure by a party to perform its obligations under such contracts or arrangements, could have a material adverse effect on the Company and the financial and operational performance of the entity.

The Directors and management of the consolidated entity intend on growing the entity both organically and, as opportunities present themselves, through potential acquisitions of complementary and synergistic businesses.

While the entity will attempt to undertake all reasonable and appropriate due diligence in respect of any acquisition opportunities, there is a risk that the due diligence and analysis may be incomplete or inaccurate, warranties or indemnities cannot be obtained, or that the benefits and synergies the entity anticipates receiving from such acquisitions may not be realised due to a variety of factors.

DIRECTORS' REPORT CONTINUED

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Economic, Environment and Social Sustainability Risks

The consolidated entity does not consider that it has any material exposures to environmental and social sustainability risks.

COSOL's IPO prospectus disclosed the risks that may have a material impact on its financial performance and the market price for its shares. This disclosure included possible material exposure to a decline in economic conditions and the general economic outlook.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

Director	Full Board		Nomination and Remuneration Committee		Risk Committee		Audit Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
G Lewis	12	12	N/A	–	N/A	–	N/A	–
S Johnston	12	12	1	1	N/A	–	3	3
G Strautins	12	12	1	1	2	2	N/A	–
G Pestell	12	12	N/A	–	2	2	3	3
B Buckley	12	12	N/A	–	N/A	–	N/A	–

N/A = not a member of the relevant committee

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The key management personnel of the consolidated entity during the financial year were the Directors of the Company, and the Chief Executive Officer and Chief Financial Officer of COSOL Australia Pty Ltd.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements; and
- Share-based compensation.

Principles used to determine the nature and amount of remuneration

The remuneration policy of the consolidated entity has been designed to align KMP objectives with shareholders' interests and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas regarding the consolidated entity's financial results. The Board believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best KMP to run and manage the consolidated entity, as well as create alignment between the goals and interests of Directors, management and shareholders.

Remuneration levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and management for the consolidated entity. The remuneration structures are designed to attract suitably qualified candidates, fairly and responsibly reward the achievement of strategic and financial performance objectives, and incentivise the creation of value for shareholders. The remuneration mix for KMP includes fixed compensation, short and long-term incentives (including equity-based compensation) and superannuation contributions, except that non-executive Directors do not receive equity-based compensation.

The Company's Nomination and Remuneration Committee reviews compensation levels on an annual basis which considers the individual performance of KMP and the performance of the consolidated entity. The Nomination and Remuneration Committee may engage external consultants to provide advice on remuneration matters and to assist it in making remuneration decisions. No external remuneration consultant was engaged during the financial year.

The consolidated entity has designed separate and distinct remuneration structures for non-executive Directors and other KMP (including executive Directors).

Non-Executive Directors

The consolidated entity's policy is to remunerate non-executive Directors based on market practices, duties and accountability, with independent external advice sought when required. The fees paid to non-executive Directors is reviewed annually, and the current maximum aggregate amount of fees that can be paid to non-executive Directors is \$600,000 per annum which can be increased only with prior shareholder approval. The non-executive Directors do not receive additional fees for serving on committees of the Board, and are not entitled to any termination benefits or retirement (other than superannuation) benefits.

REMUNERATION REPORT (AUDITED) CONTINUED

Other KMP (including executive Directors)

The Board's policy for determining the nature and amount of remuneration for other KMP including executive Directors is to reward those personnel based on their position and responsibility, subject to annual reviews. The remuneration structure includes fixed base pay, short-term incentives, long-term incentives (including equity-based compensation), and other remuneration such as superannuation and long service leave.

This structure implements the consolidated entity's practice of directly linking incentive components of the remuneration of KMP and other management personnel to the performance of the consolidated entity through total shareholder return, EBITDA, sustainable business practices and EBIT and return on capital measures, and is designed to ensure continued and sustainable growth in the consolidated entity's business, financial and share price performance.

Remuneration Report Approval

This Remuneration Report for the financial year ended 30 June 2023 will be put to shareholders for approval at COSOL's AGM which will be held during November 2023.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 18 November 2021, where the shareholders approved a maximum annual aggregate remuneration of \$600,000.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Other	
2023	\$	\$	\$	\$	\$	\$	\$	\$
Directors:								
G Lewis	102,692	–	–	10,802	–	–	–	113,494
S Johnston	71,885	–	–	7,561	–	–	–	79,446
G Pestell	77,000	–	–	–	–	–	–	77,000
G Strautins	71,885	–	–	7,561	–	–	–	79,446
B Buckley	445,000	–	–	–	–	33,835	–	478,835
KMP:								
S McGowan	452,663	21,992	–	32,945	–	7,533	–	515,133
A McVinish	94,737	–	–	3,287	–	–	–	98,024
A Stokes	305,257	–	–	24,611	–	–	–	329,868
	1,621,119	21,992	–	86,767	–	41,368	–	1,771,246

Andrew McVinish resigned as Chief Financial Officer effective 1 August 2022. Anthony Stokes was appointed Chief Financial Officer on 1 August 2022.

REMUNERATION REPORT (AUDITED) CONTINUED

2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Other	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled		
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Directors:</i>								
G Lewis	80,949	–	–	8,095	–	–	–	89,044
S Johnston	56,410	–	–	5,641	–	–	–	62,051
G Pestell	63,138	–	–	–	–	–	–	63,138
G Strautins	56,410	–	–	5,641	–	–	–	62,051
B Buckley	360,000	–	–	–	–	56,145	–	416,145
<i>KMP:</i>								
S McGowan	294,592	181,249	–	23,789	–	22,405	–	522,035
A McVinish	217,179	–	–	21,718	–	8,883	–	247,780
	1,128,678	181,249	–	64,884	–	87,433	–	1,462,244

REMUNERATION REPORT (AUDITED) CONTINUED

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Scott McGowan
Title:	Chief Executive Officer
Agreement commenced:	16 January 2020
Term of agreement:	Until agreement is validly terminated in accordance with its terms.
Details:	<p>Notice period: either party may terminate the agreement without cause by providing the other party with no less than 6 months' written notice. Mr McGowan may terminate if a material breach of the agreement by COSOL Australia is not remedied within 14 days of receiving notice. COSOL Australia may terminate the agreement with no less than 3 months' written notice where Mr McGowan is absent for more than 3 months in any rolling 12 month period, or immediately with cause in circumstances considered standard for agreements of this nature in Australia, including serious or persistent breaches of the agreement, grave misconduct or wilful neglect in the discharge of his duties under the agreement.</p> <p>Salary: \$400,000 per annum (inclusive of statutory superannuation)</p> <p>Cash short-term performance-based incentive: up to \$200,000 per annum (inclusive of statutory superannuation), payable on the following terms:</p> <ul style="list-style-type: none"> • 25% incentive payment based on delivery of annual target EBIT for COSOL Asia Pacific; • 25% incentive payment based on delivery of annual target EBIT for COSOL North America; • 25% incentive payment based on delivery of acquisitions that equate to target annualised EBIT contributions; and • 25% incentive payments based on delivery of Hitachi Asia Pacific Group Managed Services Agreement target outcomes. <p>Expenses: The consolidated entity will reimburse Mr McGowan for all reasonable expenses incurred by him in the performance of his duties in connection with the consolidated entity.</p> <p>Leave: The agreement otherwise contains leave entitlements, termination and confidentiality provisions and general provisions considered standard for an agreement of this nature.</p>
Name:	Anthony Stokes
Title:	Chief Financial Officer
Agreement commenced:	1 August 2022
Term of agreement:	Until agreement is validly terminated in accordance with its terms.
Details:	<p>Notice period: either party can terminate this agreement by giving 3 months' written notice. COSOL can terminate the agreement immediately for a material breach of the agreement.</p> <p>Salary: \$350,000 per annum (exclusive of statutory superannuation).</p> <p>Cash short-term incentives: up to \$100,000 per annum (inclusive of statutory superannuation), payable on the following terms:</p> <ul style="list-style-type: none"> • 80% incentive payment based on delivery of annual target EBIT for COSOL Group; and • 20% incentive payment based on delivery of the Employee's performance measures.

REMUNERATION REPORT (AUDITED) CONTINUED

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

The Company has entered into agreements with its Directors, and agreed the following remuneration:

Director	Annual remuneration inclusive of superannuation
G Lewis	110,000
S Johnston	77,000
G Pestell	77,000
G Strautins	77,000
B Buckley	420,000
	761,000

The Directors each serve until retirement, subject to re-election as required by the Company's constitution and the Corporations Act 2001.

Share-based compensation

Issue of shares

During the financial year, the Company did not issue any ordinary shares (2022: 2,000,000 ordinary shares at \$0.3625 per share) to directors or key management personnel as a result of the exercise of options (there are no amounts unpaid on the shares issued).

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
S McGowan Tranche 2	832,046	17 November 2020	31 August 2022 and 1 September 2022	15 October 2022	\$0.4150	\$28,812
S McGowan Tranche 3	900,000	17 November 2020	31 August 2023 and 1 September 2023	15 October 2023	\$0.4150	\$25,500
B Buckley Tranche 2	593,329	17 November 2020	31 August 2022 and 1 September 2022	15 October 2022	\$0.4150	\$19,208
B Buckley Tranche 3	600,000	17 November 2020	31 August 2023 and 1 September 2023	15 October 2023	\$0.4150	\$17,000
B Buckley Tranche 4	1,500,000	17 November 2020	17 November 2020 and 29 September 2024	29 September 2024	\$0.9000	\$123,978
B Buckley Tranche 5	1,483,323	17 November 2020	17 November 2020 and 29 September 2024	29 September 2024	\$1.0000	\$115,662
A Stokes Tranche 1	800,000	30 June 2023	15 October 2023	1 August 2026	\$0.8300	\$54,658

REMUNERATION REPORT (AUDITED) CONTINUED

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
A Stokes Tranche 2	600,000	30 June 2023	15 October 2024	1 August 2026	\$0.8300	\$40,994
A Stokes Tranche 3	600,000	30 June 2023	15 October 2025	1 August 2026	\$0.8300	\$40,994

Options granted carry no dividend or voting rights. The key terms, including performance conditions, of the options granted are detailed below.

Mr McGowan and Mr Buckley:

Performance milestones:

- 20% of each tranche based on total shareholder return indexed against the ASX Small Industrials Index (50% vest if TSR equals the Index, and an additional 4% vest for each 1% by which the TSR exceeds the Index);
- 40% of each tranche based on achieving strategic initiatives as defined by the Board (including non-financial measures) (4% vest for each percentile achieved above the 75th percentile); and
- 40% of each tranche based on achieving budgeted EBIT and ROC for COSOL Australia Pty Ltd (4% vest for each percentile achieved above the 75th percentile).

Clawback:

The Board reserves the right to “claw back” vested options in the event that material errors in satisfaction of performance milestones are discovered.

Mr Stokes:

The option holder must remain employed by COSOL and its related companies. Any options which do not vest will automatically lapse.

Performance milestones:

- 20% of each tranche based on total shareholder return indexed against the ASX Small Industrials Index (50% vest if TSR equals the Index, and an additional 4% vest for each 1% by which the TSR exceeds the Index);
- 40% of each tranche for M&A targets hitting their budget or business case numbers (4% vest for each percentile achieved above the 75th percentile); and
- 40% of each tranche based on COSOL Limited achieving budgeted NPAT and ROC (4% vest for each percentile achieved above the 75th percentile).

Clawback:

The Board reserves the right to “claw back” vested options in the event that material errors in satisfaction of performance milestones are discovered.

The performance milestones applicable to the LTI options granted to KMP during the financial year were chosen because they create an appropriate link between the KMP’s remuneration and the performance of the consolidated entity, and deliver on an objective of encouraging continued and sustainable growth in the consolidated entity’s business, financial and share price performance.

In respect of TSR, the ASX Small Industrials Index, as an external factor for determining satisfaction of a performance milestone, was chosen as it is an index containing a number of peer companies in the IT sector and companies of a size and financial performance that the consolidated entity is striving to achieve.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT CONTINUED

Shares under option

Unissued ordinary shares of COSOL Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
17 November 2020	15 October 2023	\$0.4150	1,193,329
17 November 2020	15 October 2023	\$0.4150	1,732,046
17 November 2020	2 September 2023	\$0.7000	93,750
17 November 2020	29 September 2024	\$0.9000	1,500,000
17 November 2020	10 November 2025	\$1.0000	1,483,323
2 December 2021	2 September 2024	\$0.9500	750,000
13 July 2022	31 March 2026	\$0.8100	750,000
30 June 2023	1 August 2026	\$0.8300	2,000,000
30 June 2023	1 August 2026	\$0.8900	2,000,000
			11,502,448

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

During the financial year, the Company did not issue any ordinary shares (2022: 2,000,000 ordinary shares at \$0.3625 per share) to directors or key management personnel as a result of the exercise of options (there are no amounts unpaid on the shares issued).

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

DIRECTORS' REPORT CONTINUED

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 33 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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.

Auditor

Elderton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Geoffrey Lewis
Chairman

22 August 2023

AUDITOR'S INDEPENDENCE DECLARATION

ELDERTON AUDIT PTY LTD

Auditor's Independence Declaration

To those charged with the governance of COSOL Limited

As auditor for the audit of COSOL Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of COSOL Limited and the entities it controlled during the year.

Elderton Audit Pty Ltd.

Elderton Audit Pty Ltd

Rafay

Rafay Nabeel

Director

22 August 2023

Perth

Limited Liability by a scheme approved under Professional Standards Legislation

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FINANCIAL REPORT

38	Statement of profit or loss and other comprehensive income
39	Statement of financial position
40	Statement of changes in equity
41	Statement of cash flows
42	Notes to the financial statements
83	Directors' declaration
84	Independent auditor's report
89	Shareholder information
93	Corporate directory

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 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

Unit 1, 490-500 Adelaide Street,
Brisbane City QLD 4000

Principal place of business

Unit 1, 490-500 Adelaide Street,
Brisbane City QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 August 2023. The directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	Consolidated	
		2023 \$	2022 \$
Revenue	4	75,102,347	48,236,369
Other income	5	47,246	207,624
Interest income		8,798	5,942
Expenses			
Cost of Sales		(48,292,503)	(29,697,331)
Depreciation and amortisation expense	6	(516,474)	(390,814)
Salaries & Wages		(8,323,979)	(5,646,035)
Share based payments		(92,156)	(167,993)
Operating and General Expenses		(6,839,541)	(4,490,009)
Finance costs		(924,451)	(430,786)
Profit before income tax expense		10,169,287	7,626,967
Income tax expense	7	(2,182,960)	(2,094,192)
Profit after income tax expense for the year attributable to the owners of COSOL Limited	29	7,986,327	5,532,775
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		93,125	185,303
Other comprehensive income for the year, net of tax		93,125	185,303
Total comprehensive income for the year attributable to the owners of COSOL Limited		8,079,452	5,718,078
		Cents	Cents
Basic earnings per share	40	5.43	4.01
Diluted earnings per share	40	5.08	3.78

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Consolidated	
		2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	4,564,847	6,216,777
Trade and other receivables	9	17,601,216	8,295,671
Inventories	10	91,965	134,485
Prepayments and other receivables	11	7,467,403	4,821,661
Total current assets		29,725,431	19,468,594
Non-current assets			
Property, plant and equipment	12	378,677	251,390
Right-of-use assets	13	2,327,105	255,224
Intangibles	14	45,250,191	39,757,403
Deferred tax	15	1,175,513	639,234
Total non-current assets		49,131,486	40,903,251
Total assets		78,856,917	60,371,845
Liabilities			
Current liabilities			
Trade and other payables	16	3,383,041	5,089,114
Bank loans	17	2,000,000	3,303,800
Lease liabilities	18	492,741	102,294
Income tax	19	–	536,581
Employee benefits	20	1,603,397	1,173,383
Deferred consideration	21	1,875,000	2,150,802
Accrued and other liabilities	22	13,927,586	5,536,184
Total current liabilities		23,281,765	17,892,158
Non-current liabilities			
Bank loans	23	10,632,708	5,781,645
Lease liabilities	24	1,927,337	189,183
Deferred tax	25	356,274	157,201
Deferred consideration	26	–	1,875,000
Total non-current liabilities		12,916,319	8,003,029
Total liabilities		36,198,084	25,895,187
Net assets		42,658,833	34,476,658
Equity			
Issued capital	27	29,094,381	26,132,220
Reserves	28	785,165	599,884
Retained profits	29	12,779,287	7,744,554
Total equity		42,658,833	34,476,658

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

Consolidated	Issued capital \$	Share based payment reserve \$	Foreign exchange reserve \$	Retained profits \$	Total equity \$
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 year	–	–	–	5,532,775	5,532,775
Other comprehensive income for the year, net of tax	–	–	185,303	–	185,303
Total comprehensive income for the year	–	–	185,303	5,532,775	5,718,078
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 27)	5,247,741	–	–	–	5,247,741
Share-based payments (note 41)	888,426	113,653	–	–	1,002,079
Adjustment to tax on listing fees for equity issue	(33,919)	–	–	–	(33,919)
Dividends paid (note 30)	–	–	–	(2,633,567)	(2,633,567)
Balance at 30 June 2022	26,132,220	428,556	171,328	7,744,554	34,476,658

Consolidated	Issued capital \$	Share based payment reserve \$	Foreign exchange reserve \$	Retained profits \$	Total equity \$
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 year	–	–	–	7,986,327	7,986,327
Other comprehensive income for the year, net of tax	–	–	93,125	–	93,125
Total comprehensive income for the year	–	–	93,125	7,986,327	8,079,452
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 27)	3,000,000	–	–	–	3,000,000
Share-based payments (note 41)	–	92,156	–	–	92,156
Adjustment to tax on listing fees for equity issue	(37,839)	–	–	–	(37,839)
Dividends paid (note 30)	–	–	–	(2,951,594)	(2,951,594)
Balance at 30 June 2023	29,094,381	520,712	264,453	12,779,287	42,658,833

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	Consolidated	
		2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		74,704,917	50,629,975
Payments to suppliers and employees (inclusive of GST)		(66,282,401)	(41,081,123)
		8,422,516	9,548,852
Interest received		8,798	5,942
Other revenue		47,246	207,624
Interest and other finance costs paid		(924,451)	(430,786)
Income taxes paid		(2,811,670)	(1,643,544)
Net cash from operating activities	39	4,742,439	7,688,088
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	36	(3,311,099)	(6,637,514)
Final payments for prior period's business acquisition	36	(2,150,802)	(3,051,635)
Payments for property, plant and equipment	12	(227,152)	(115,146)
Payments for intangibles	14	(1,013,249)	(765,318)
Net cash used in investing activities		(6,702,302)	(10,569,613)
Cash flows from financing activities			
Proceeds from issue of shares	27	–	854,507
Proceeds from borrowings		14,632,708	9,795,381
Repayment of bank loans		(11,085,445)	(2,959,936)
Repayment of lease liabilities		(308,890)	(268,860)
Share issue transaction costs		(37,839)	–
Dividends paid	30	(2,951,594)	(2,633,567)
Net cash from financing activities		248,940	4,787,525
Net increase/(decrease) in cash and cash equivalents		(1,710,923)	1,906,000
Cash and cash equivalents at the beginning of the financial year		6,216,777	4,184,432
Effects of exchange rate changes on cash and cash equivalents		58,993	126,345
Cash and cash equivalents at the end of the financial year	8	4,564,847	6,216,777

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 35.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of COSOL Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. COSOL Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is COSOL Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific revenue recognition criteria must also be met before revenue is recognised:

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where any one of the above conditions are not met, revenue is recognised at a point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Revenue is recognised in the statement of profit or loss and other comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur and the revenue and costs, if applicable, can be measured reliably.

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue is recognised in the profit or loss when significant risk and reward of ownership have been transferred to the customer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and amount of revenue can be measured reliably.

The Group assessed its revenue streams and the following measurement methods have been identified and adopted in the preparation of these financial statements:

Revenue streams	Measurement methods
Sale of licenses	Revenue for licenses sold is recognised at a point in time.
Set-up and support activities	Revenue is recognised for arrangements involving software including implementation support over time until the implementation services are completed.
Maintenance services	Revenue is recognised throughout the period of the maintenance contract, i.e. over time.
Consulting services	Revenue is recognised over the time spent on the provision of the consulting services.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

COSOL Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line or diminishing value basis, as appropriate to the type of asset, to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

Website

Significant costs associated with the development of the revenue generating aspects of the website, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of three years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Monte Carlo or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Monte Carlo or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of COSOL Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 1. Significant accounting policies continued

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Monte Carlo or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 2. Critical accounting judgements, estimates and assumptions continued

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 2. Critical accounting judgements, estimates and assumptions continued

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 2. Critical accounting judgements, estimates and assumptions continued

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two geographic region of Americas (including USA, Canada and South America) and Australia (including the rest of the world). The Australian segment is formed by the three entities (two were subject to earn out targets in during the year). The consolidated entity is focussed on a single operating model and with the ability to deploy the resources remotely there was an increase in the extent of inter company revenue with Australian segment consultants providing capacity to the Americas segment, this work was charged on commercial terms with the ultimate customer invoiced by the Americas segment.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 3. Operating segments continued

Major customers

During the year ended 30 June 2023 approximately 25% (Period ended 30 June 2022: 30%) of the consolidated entity's external revenue was derived from sales to two major customers (Period ended 30 June 2022: two major customers) in the COSOL Asia Pacific segment.

Operating segment information

Consolidated – 2023	COSOL Asia Pacific \$	COSOL North America \$	Total \$
Revenue			
Sales to external customers	63,041,642	12,060,705	75,102,347
Intersegment sales	966,844	–	966,844
Total sales revenue	64,008,486	12,060,705	76,069,191
Other revenue	8,775	23	8,798
Total segment revenue	64,017,261	12,060,728	76,077,989
Intersegment eliminations			(966,844)
Total revenue			75,111,145
EBITDA	8,694,204	2,907,210	11,601,414
Depreciation and amortisation	(370,909)	(145,565)	(516,474)
Interest revenue	8,775	23	8,798
Finance costs	(915,881)	(8,570)	(924,451)
Profit before income tax expense	7,416,189	2,753,098	10,169,287
Income tax expense			(2,182,960)
Profit after income tax expense			7,986,327
Assets			
Segment assets	75,458,461	4,682,713	80,141,174
Intersegment eliminations			(1,284,257)
Total assets			78,856,917
Liabilities			
Segment liabilities	35,979,728	1,502,613	37,482,341
Intersegment eliminations			(1,284,257)
Total liabilities			36,198,084

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 4. Revenue

	Consolidated	
	2023 \$	2022 \$
Rendering of services	65,691,613	41,933,260
Product sales	9,410,734	6,303,109
Revenue	75,102,347	48,236,369

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2023 \$	2022 \$
Geographical regions		
Asia Pacific	61,746,082	38,706,838
North America	12,060,705	8,469,277
Europe, Middle East & Africa	1,251,128	801,700
Rest of world	44,432	258,554
	75,102,347	48,236,369

Note 5. Other income

	Consolidated	
	2023 \$	2022 \$
Government grants	–	150,000
Reimbursement of expenses	47,246	57,624
Other income	47,246	207,624

Note 6. Depreciation and amortisation expense

	Consolidated	
	2023 \$	2022 \$
Depreciation on property, plant and equipment	102,884	112,651
Amortisation of right-of-use assets	374,090	238,663
Amortisation of website costs	39,500	39,500
	516,474	390,814

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 7. Income tax expense

	Consolidated	
	2023 \$	2022 \$
Income tax expense		
Current tax	2,855,209	2,397,682
Deferred tax – origination and reversal of temporary differences	(48,932)	(263,654)
Under/(Over) Provision for Prior Year – current tax	(623,317)	(114,198)
Under/(Over) Provision for Prior Year – deferred tax	–	74,362
Aggregate income tax expense	2,182,960	2,094,192
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	10,169,287	7,626,967
Tax at the statutory tax rate of 30%	3,050,786	2,288,090
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of due diligence costs	–	44,375
Entertainment expenses	37,049	21,255
Share-based payments	27,647	50,398
Non assessable income	–	(45,000)
Deductible equity raising costs	(37,839)	(37,839)
Other costs	(23,663)	–
	3,053,980	2,321,279
Under/(Over) Provision for Prior Year – current tax	(623,317)	(114,198)
Difference in overseas tax rates	(245,427)	(129,393)
Reduction in company tax rates recognised through P&L	–	(57,858)
Under/(Over) Provision for Prior Year – deferred tax	–	74,362
Effects of differences in foreign exchange translation rate	(2,276)	–
Income tax expense	2,182,960	2,094,192
	Consolidated	
	2023 \$	2022 \$
<i>Amounts charged directly to equity</i>		
Deferred tax assets (note 15)	37,839	33,919

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 8. Cash and cash equivalents

	Consolidated	
	2023 \$	2022 \$
Cash on hand	360	360
Cash at bank	4,564,487	6,216,417
	4,564,847	6,216,777

Note 9. Trade and other receivables

	Consolidated	
	2023 \$	2022 \$
Trade receivables	18,375,027	8,635,108
Less: Allowance for expected credit losses	(773,811)	(339,437)
	17,601,216	8,295,671

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$434,374 (Period ended 30 June 2022: \$181,682) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2023 \$	2022 \$
Opening balance	339,437	157,755
Additional provisions recognised	434,374	181,682
Closing balance	773,811	339,437

Note 10. Inventories

	Consolidated	
	2023 \$	2022 \$
Stock on hand – at cost	91,965	134,485

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 11. Prepayments and other receivables

	Consolidated	
	2023 \$	2022 \$
Accrued revenue	4,562,039	2,802,266
Prepayments	1,057,934	580,710
Income tax receivable	159,089	–
Other current assets	1,688,341	1,438,685
	7,467,403	4,821,661

Note 12. Property, plant and equipment

	Consolidated	
	2023 \$	2022 \$
Leasehold improvements – at cost	39,180	24,623
Less: Accumulated depreciation	(17,811)	(13,971)
	21,369	10,652
Fixtures and fittings – at cost	49,389	24,845
Less: Accumulated depreciation	(10,099)	(8,770)
	39,290	16,075
Computer equipment – at cost	471,345	321,397
Less: Accumulated depreciation	(214,403)	(152,030)
	256,942	169,367
Office equipment – at cost	293,171	243,796
Less: Accumulated depreciation	(232,168)	(189,251)
	61,003	54,545
Low value asset pool – at cost	2,379	2,379
Less: Accumulated depreciation	(2,306)	(2,103)
	73	276
Computer software – at cost	3,079	2,964
Less: Accumulated depreciation	(3,079)	(2,489)
	–	475
	378,677	251,390

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 12. Property, plant and equipment continued

Reconciliations

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

Consolidated	Buildings and improvements \$	Computers \$	Furniture and fixtures \$	Low value asset pool \$	Office equipment \$	Computer software \$	Total \$
Balance at 1 July 2021	15,054	121,436	13,466	559	89,001	1,738	241,254
Additions	–	104,057	5,789	–	5,300	–	115,146
Exchange differences	368	3,595	–	–	3,583	95	7,641
Depreciation expense	(4,770)	(59,721)	(3,180)	(283)	(43,339)	(1,358)	(112,651)
Balance at 30 June 2022	10,652	169,367	16,075	276	54,545	475	251,390
Additions	14,240	145,695	25,630	–	41,587	–	227,152
Exchange differences	101	2,312	–	–	606	–	3,019
Depreciation expense	(3,624)	(60,432)	(2,415)	(203)	(35,735)	(475)	(102,884)
Balance at 30 June 2023	21,369	256,942	39,290	73	61,003	–	378,677

Note 13. Right-of-use assets

	Consolidated	
	2023 \$	2022 \$
Land and buildings – right-of-use	2,810,504	902,627
Less: Accumulated depreciation	(483,399)	(647,403)
	2,327,105	255,224

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 13. Right-of-use assets continued

Reconciliations

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

Consolidated	Land and buildings – right-of-use \$	Total \$
Balance at 1 July 2021	214,531	214,531
Additions	278,426	278,426
Exchange differences	930	930
Depreciation expense	(238,663)	(238,663)
Balance at 30 June 2022	255,224	255,224
Additions	2,437,491	2,437,491
Exchange differences	8,480	8,480
Depreciation expense	(374,090)	(374,090)
Balance at 30 June 2023	2,327,105	2,327,105

Note 14. Intangibles

	Consolidated	
	2023 \$	2022 \$
Goodwill – at cost	43,401,977	38,882,938
Development – at cost	1,773,952	802,048
Website – at cost	159,845	118,500
Less: Accumulated amortisation	(85,583)	(46,083)
	74,262	72,417
	45,250,191	39,757,403

The Group performed the annual impairment test in June 2023. The Group considers the relationship between its equity market capitalisation and the net assets shown on the balance sheet, among other factors, when reviewing for indicators of impairment. No indicators of impairment are noted. In considering the carrying value of goodwill, the Directors have adopted a value-in-use methodology to determine the recoverable amounts of each CGU which confirms that no impairment charge is necessary.

The recoverable amounts of each CGU have been determined based on value-in-use calculation that uses the cash flow budgets over a one year period, followed by an extrapolation of expected cash flows for the CGUs over a four year period using the growth rates determined by management and the assumptions outlined below. The present value of the expected cash flow and a terminal value for each segment is determined by applying a suitable discount rate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 14. Intangibles continued

Key assumptions used in value in use calculations and sensitivity to changes in assumptions:

- Management's key assumption is that stable economic conditions prevail for the foreseeable future. Cash flow projections reflect stable profit margin previously achieved and that no material deterioration in the cash margin is anticipated. The sensitivity analysis undertaken considers each key assumption in isolation and does not take into account any remedial action that may be taken if, for example, margins were to deteriorate.

The calculation of each CGU is most sensitive to the following assumptions:

- **Gross profit margins** – are based upon the FY24 budgets and margins achieved in the current year. Gross profit margins are the most sensitive margin to the value-in-use calculation.
- **Cost price inflation** – has been based upon publicly available information.
- **Growth rate estimates** – it has been acknowledged that technological change, macro-economic factors and action of competitors can impact on growth rate assumptions. Growth rates for revenue and costs have been assumed post year 4 at 3%. If terminal growth was to reduce to zero, in real terms, then it is estimated that a goodwill impairment charge is unlikely.
- **Discount rates** – represent the current market risks, taking into consideration the time value of money and specific risks not incorporated in the cash flow forecasts. The discount rate is based upon the weighted average cost of capital (WACC). WACC is assessed taking into account the expected return on investment by investors, the cost of debt servicing plus beta factors for industry risk. The Directors have adopted a WACC of 14% which is applied to the forecast pre-tax cash flows after capital expenditure of each CGU.

Reconciliations

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

Consolidated	Goodwill \$	System Development \$	Website \$	Total \$
Balance at 1 July 2021	24,270,721	–	111,917	24,382,638
Additions	–	802,048	–	802,048
Additions through business combinations (note 36)	16,598,328	–	–	16,598,328
Remeasurement adjustments	(1,986,111)	–	–	(1,986,111)
Amortisation expense	–	–	(39,500)	(39,500)
Balance at 30 June 2022	38,882,938	802,048	72,417	39,757,403
Additions	–	971,904	41,345	1,013,249
Additions through business combinations (note 36)	4,519,039	–	–	4,519,039
Amortisation expense	–	–	(39,500)	(39,500)
Balance at 30 June 2023	43,401,977	1,773,952	74,262	45,250,191

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 15. Deferred tax

	Consolidated	
	2023 \$	2022 \$
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	661,980	420,838
Other provisions	438,104	107,498
Right-of-use assets	15,371	–
Blackhole expenses	4,761	8,782
Borrowing costs	15,076	25,381
Other deferred tax assets	2,382	1,058
	1,137,674	563,557
Amounts recognised in equity:		
Transaction costs on share issue	37,839	75,677
Deferred tax asset	1,175,513	639,234
Movements:		
Opening balance	639,234	603,370
Credited to profit or loss (note 7)	169,953	69,783
Charged to equity (note 7)	(37,839)	(33,919)
Additions through business combinations (note 36)	404,165	–
Closing balance	1,175,513	639,234

Note 16. Trade and other payables

	Consolidated	
	2023 \$	2022 \$
Trade payables	3,383,041	5,089,114

Refer to note 31 for further information on financial instruments.

Note 17. Bank loans

	Consolidated	
	2023 \$	2022 \$
Bank loans	2,000,000	3,303,800

Refer to note 31 for further information on financial instruments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 18. Lease liabilities

	Consolidated	
	2023 \$	2022 \$
Lease liability – rent right-of-use	478,817	88,893
Lease liability – equipment	13,924	13,401
	492,741	102,294

Refer to note 31 for further information on financial instruments.

Note 19. Income tax

	Consolidated	
	2023 \$	2022 \$
Provision for income tax	–	536,581

Note 20. Employee benefits

	Consolidated	
	2023 \$	2022 \$
Annual leave	1,128,250	914,077
Long service leave	459,336	244,923
Employee benefits	15,811	14,383
	1,603,397	1,173,383

The employee benefits provision represents fringe benefit tax payable within 12 months.

The annual and long service leave provisions represent entitlements owing to current employees. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 21. Deferred consideration

	Consolidated	
	2023 \$	2022 \$
Deferred consideration – current	1,875,000	2,150,802

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 21. Deferred consideration continued

Movements in provisions

Consolidated – 2023	Deferred consideration – current \$
Carrying amount at the start of the year	2,150,802
Payment in relation to acquisition of Clarita Solutions Pty Ltd	(1,875,000)
Payment in relation to acquisition of COSOL Americas Inc	(275,802)
Change from current to non-current (note 26)	1,875,000
Carrying amount at the end of the year	1,875,000

Note 22. Accrued and other liabilities

	Consolidated	
	2023 \$	2022 \$
Payroll tax payable	86,241	394,975
Superannuation payable	619,014	307,827
GST payable	1,765,869	790,881
Accrued expenses	1,844,761	962,724
Deferred revenue	3,684,746	2,234,205
Other current liabilities	5,926,955	845,572
	13,927,586	5,536,184

Note 23. Bank loans

The consolidated entity has secured new finance facilities totalling \$17.5 million with Westpac Banking Corporation during the financial year. This comprises a term debt facility of \$8,000,000 (interest only), \$6,000,000 (principal plus interest over the term), a multi option facility for \$3,250,000 and a corporate credit card facility for \$250,000, with \$12,632,708 drawn as at the balance date. The term of these facilities is 4 years and have been provided on a secured basis and are subject to the Group continuing to meet several performance covenants. As at 30 June 2023, the Group was in compliance with all these covenants.

	Consolidated	
	2023 \$	2022 \$
Bank loans	10,632,708	5,781,645

Refer to note 31 for further information on financial instruments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 23. Bank loans continued

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2023 \$	2022 \$
Bank loans	12,632,708	9,085,445

Assets pledged as security

The bank overdraft and loans are secured against the assets of the consolidated entity.

Financing arrangements

Unrestricted access was available at 30 June 2023 to the following lines of credit:

	Consolidated	
	2023 \$	2022 \$
Total facilities		
Bank loans – multi option facility	3,250,000	3,250,000
Bank loans – term debt facility	14,000,000	12,000,000
Corporate credit cards	250,000	250,000
	17,500,000	15,500,000
Used at the reporting date		
Bank loans – multi option facility	–	–
Bank loans – term debt facility	12,632,708	9,085,445
Corporate credit cards	19,275	8,453
	12,651,983	9,093,898
Unused at the reporting date		
Bank loans – multi option facility	3,250,000	3,250,000
Bank loans – term debt facility	1,367,292	2,914,555
Corporate credit cards	230,725	241,547
	4,848,017	6,406,102

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 24. Lease liabilities

	Consolidated	
	2023 \$	2022 \$
Lease liability – equipment	1,927,337	189,183

Refer to note 31 for further information on financial instruments.

Note 25. Deferred tax

	Consolidated	
	2023 \$	2022 \$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Property, plant and equipment	76,027	34,229
Prepayments	1,780	–
Other deferred tax liabilities	268,592	101,247
Intangibles	9,875	21,725
Deferred tax liability	356,274	157,201
Movements:		
Opening balance	157,201	276,710
Charged/(credited) to profit or loss (note 7)	199,073	(119,509)
Closing balance	356,274	157,201

Note 26. Deferred consideration

	Consolidated	
	2023 \$	2022 \$
Deferred consideration	–	1,875,000

Refer note 21 for further information on deferred consideration.

Note 27. Issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares – fully paid	147,579,711	141,919,333	29,094,381	26,132,220

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 27. Issued capital continued

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	131,771,695		20,029,972
Issue of shares – exercise of share options	29 September 2021	1,200,000	\$0.3625	435,000
Issue of shares in business combination	19 November 2021	7,951,123	\$0.6600	5,247,741
Issue of shares – exercise of share options	22 November 2021	800,000	\$0.3625	290,000
Issue of shares – exercise of share options	24 June 2022	196,515	\$0.5500	109,086
Adjustment for fair value attributable to share options converted		–	\$0.0000	54,340
Adjustment to tax effect of listing fees		–	\$0.0000	(33,919)
Balance	30 June 2022	141,919,333		26,132,220
Issue of shares in business acquisition	3 August 2022	5,660,378	\$0.5300	3,000,000
Adjustment to tax effect of listing fees		–	\$0.0000	(37,839)
Balance	30 June 2023	147,579,711		29,094,381

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.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 28. Reserves

	Consolidated	
	2023 \$	2022 \$
Foreign currency reserve	264,453	171,328
Share-based payments reserve	520,712	428,556
	785,165	599,884

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 29. Retained profits

	Consolidated	
	2023 \$	2022 \$
Retained profits at the beginning of the financial year	7,744,554	4,845,346
Profit after income tax expense for the year	7,986,327	5,532,775
Dividends paid (note 30)	(2,951,594)	(2,633,567)
Retained profits at the end of the financial year	12,779,287	7,744,554

Note 30. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 \$	2022 \$
Fully franked interim dividend for the year ended 30 June 2023 of \$0.01 (2022: \$0.0092) per ordinary share	1,475,797	1,303,850
Fully franked final dividend for the year ended 30 June 2022 of \$0.01 (2021: \$0.01) per ordinary share	1,475,797	1,329,717
	2,951,594	2,633,567

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 30. Dividends continued

Franking credits

	Consolidated	
	2023 \$	2022 \$
Franking credits available at the reporting date based on a tax rate of 30%	3,492,715	988,538
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	(3,946)	1,736,316
Franking credits available for subsequent financial years based on a tax rate of 30%	3,488,769	2,724,854

Note 31. 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.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2023	2022	2023	2022
Australian dollars				
US dollars	0.6734	0.7217	0.6630	0.6889

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 31. Financial instruments continued

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	2023 \$	2022 \$	2023 \$	2022 \$
US dollars	3,104,639	2,598,519	996,232	1,223,959

The consolidated entity had net assets denominated in foreign currencies of \$2,108,406 (assets of \$3,104,639 less liabilities of \$996,232) as at 30 June 2023 (2022: \$1,374,560 (assets of \$2,598,519 less liabilities of \$1,223,959)). The expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last twelve months of each year and the spot rate at each reporting date, is not considered to be a material risk. The actual foreign exchange gain for the year ended 30 June 2023 was \$42,718 (2022: gain of \$51,413).

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 and interest rate swap contracts outstanding:

Consolidated	2023		2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank loans	4.87%	12,632,708	5.05%	9,085,445
Net exposure to cash flow interest rate risk		12,632,708		9,085,445

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the consolidated entity the bank loans outstanding, totalling \$12,632,708 (2022: \$9,085,445), are principal and interest payment loans. Quarterly cash outlays of approximately \$185,000 (2022: \$100,000) are required to service the interest payments. The expected volatility of interest rates, as assessed using market data and analysts' forecasts, is not considered to be a material risk. In addition, minimum principal repayments of \$2,000,000 (2023: \$3,303,800) are due during the year ending 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 31. Financial instruments continued

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.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

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 one year.

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$434,374 (2022: \$181,682) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023. Refer to note 9 for further information on expected credit losses.

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.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2023 \$	2022 \$
Bank loans – multi option facility	3,250,000	3,250,000
Bank loans – term debt facility	1,367,292	2,914,555
Corporate credit cards	230,725	241,547
	4,848,017	6,406,102

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 31. Financial instruments continued

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	–	3,383,041	–	–	–	3,383,041
<i>Interest-bearing – variable</i>						
Bank loans	4.87%	2,000,000	2,000,000	8,632,708	–	12,632,708
Lease liability	4.96%	492,741	574,094	1,353,243	–	2,420,078
Total non-derivatives		5,875,782	2,574,094	9,985,951	–	18,435,827

Consolidated – 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	–	5,089,115	–	–	–	5,089,115
<i>Interest-bearing – variable</i>						
Bank loans	5.05%	3,303,800	3,303,800	2,477,845	–	9,085,445
Lease liability	4.00%	102,294	189,183	–	–	291,477
Total non-derivatives		8,495,209	3,492,983	2,477,845	–	14,466,037

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 32. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2023 \$	2022 \$
Short-term employee benefits	1,643,111	1,309,927
Post-employment benefits	86,767	64,884
Share-based payments	41,368	87,433
	1,771,246	1,462,244

Note 33. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Elderton Audit Pty Limited, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2023 \$	2022 \$
Audit services –		
Audit of the financial statements	45,000	45,000
Other services –		
Half year review	13,500	13,200
Audit of the acquisition of Work Management Solutions Pty Ltd as at 31 July 2022	8,000	–
	21,500	13,200
	66,500	58,200

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 34. Related party transactions

Parent entity

COSOL Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 37.

Key management personnel

Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the directors' report.

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 but not control 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 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.

	Consolidated	
	2023 \$	2022 \$
Payment for goods and services:		
Payment for services from other related party – legal services	276,074	296,450
Payment for services from other related party – accounting services	119,034	–

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2023 \$	2022 \$
Current payables:		
Trade payables to other related party	–	100,161

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 35. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 \$	2022 \$
Profit after income tax	481,030	6,775,703
Total comprehensive income	481,030	6,775,703

Statement of financial position

	Parent	
	2023 \$	2022 \$
Total current assets	2,993,539	1,245,845
Total assets	51,166,769	42,932,024
Total current liabilities	8,774,739	6,543,834
Total liabilities	19,407,447	11,775,376
Net assets	31,759,322	31,156,648
Equity		
Issued capital	29,113,301	26,132,220
Share-based payments reserve	520,712	428,556
Retained profits	2,125,309	4,595,872
Total equity	31,759,322	31,156,648

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 36. 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 \$6,667,803. 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 and cash consideration amounting to \$3,667,803. 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 \$4,519,039 to be recognised in the consolidated financial statements. The acquired business contributed revenues of \$17,990,794 and profit before tax of \$1,697,149 to the consolidated entity for the period from 1 August 2022 to 30 June 2023.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	356,704
Trade receivables	2,899,176
Prepayments	174,290
Other current assets	489,112
Deferred tax asset	404,166
Trade payables	(660,372)
Employee benefits	(147,095)
Accrued expenses	(515,055)
Other liabilities	(852,162)
Net assets acquired	2,148,764
Goodwill	4,519,039
Acquisition-date fair value of the total consideration transferred	6,667,803
Representing:	
Cash paid or payable to vendor	3,667,803
COSOL Limited shares issued to vendor	3,000,000
	6,667,803
Acquisition costs expensed to profit or loss	176,320
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	6,667,803
Less: cash and cash equivalents	(356,704)
Less: shares issued by company as part of consideration	(3,000,000)
Net cash used	3,311,099

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 37. 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	
		2023 %	2022 %
COSOL Australia Pty Limited	Australia	100.00%	100.00%
COSOL Americas Inc (previously AddOns Inc)	USA	100.00%	100.00%
Clarita Solutions Pty Limited	Australia	100.00%	100.00%
Work Management Solutions Pty Ltd	Australia	100.00%	–
Asset Management Learning Academy Pty Ltd	Australia	100.00%	–

During the financial year, AddOns Inc changed its name to COSOL Americas Inc.

Note 38. Events after the reporting period

Acquisition of AssetOn Group

COSOL Limited announced on 3 August 2023 that it had entered into a binding Share Purchase Agreement to acquire 100% of the issued shares in two entities, AssetOn Group Pty Ltd and OnPlan Technologies Pty Ltd (“AssetOn Group”). AssetOn Group provides asset maintenance software and services to organisations with large scale asset networks in mining, energy, utilities and manufacturing. COSOL will pay up to \$29 million for AssetOn Group, consisting of \$18 million in cash, \$4 million in scrip and up to a further \$7 million earn-out component contingent on achieving earn-out hurdles. The upfront cash component will be funded through a placement of 19.6 million new fully paid ordinary shares to raise gross proceeds of \$15 million and a \$4.6 million drawdown on COSOL’s expanded debt facilities. Earn-out consideration, to the extent paid, will be funded from a combination of operating cash flow and available debt capacity or a portion paid in scrip at COSOL’s election.

Chief Operating Officer

Matthew Glasner was appointed Chief Operating Officer on 1 July 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity’s operations, the results of those operations, or the consolidated entity’s state of affairs in future financial years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 39. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2023 \$	2022 \$
Profit after income tax expense for the year	7,986,327	5,532,775
Adjustments for:		
Depreciation and amortisation	516,474	390,781
Share-based payments	92,156	113,653
Foreign currency differences	22,633	50,420
Change in operating assets and liabilities:		
Increase in trade and other receivables	(6,406,369)	(1,257,740)
Decrease in inventories	42,520	5,504
Increase in deferred tax assets	(132,113)	(35,864)
Increase in accrued revenue	(1,759,773)	(771,200)
Decrease/(increase) in prepayments	(302,934)	454,186
Decrease in other operating assets	239,456	1,017,482
Increase/(decrease) in trade and other payables	(1,389,004)	3,529,982
Increase/(decrease) in provision for income tax	(695,670)	606,021
Increase/(decrease) in deferred tax liabilities	199,073	(119,509)
Increase in employee benefits	282,919	162,009
Decrease in other provisions	(2,150,802)	(1,097,326)
Increase/(decrease) in other operating liabilities	8,197,546	(893,086)
Net cash from operating activities	4,742,439	7,688,088

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 40. Earnings per share

	Consolidated	
	2023 \$	2022 \$
Profit after income tax attributable to the owners of COSOL Limited	7,986,327	5,532,775

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	147,067,950	138,043,550
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	10,003,307	8,382,568
Weighted average number of ordinary shares used in calculating diluted earnings per share	157,071,257	146,426,118

	Cents	Cents
Basic earnings per share	5.43	4.01
Diluted earnings per share	5.08	3.78

Note 41. 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.

Set out below are summaries of options granted under the plan:

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Outstanding at the beginning of the financial year	8,087,500	\$0.7000	9,337,500	\$0.6100
Granted	4,750,000	\$0.8521	750,000	\$0.9500
Exercised	–	\$0.0000	(2,000,000)	\$0.3600
Expired	(1,335,052)	\$0.6427	–	\$0.0000
Outstanding at the end of the financial year	11,502,448	\$0.7695	8,087,500	\$0.7000
Exercisable at the end of the financial year	4,502,448	\$0.7356	3,000,000	\$0.9500

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 41. 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	17/11/2020	\$0.4150	900,000	–	–	(67,954)	832,046
Tranche 3 Mr McGowan	17/11/2020	\$0.4150	900,000	–	–	–	900,000
Tranche 2 Mr Buckley	17/11/2020	\$0.4150	600,000	–	–	(6,671)	593,329
Tranche 3 Mr Buckley	17/11/2020	\$0.4150	600,000	–	–	–	600,000
Tranche 1 Senior Leadership Team	17/11/2020	\$0.6100	668,750	–	–	(668,750)	–
Tranche 2 Senior Leadership Team	17/11/2020	\$0.7000	668,750	–	–	(575,000)	93,750
Tranche 4 Mr Buckley	17/11/2020	\$0.9000	1,500,000	–	–	–	1,500,000
Tranche 5 Mr Buckley	17/11/2020	\$1.0000	1,500,000	–	–	(16,677)	1,483,323
Tranche 3 Senior Leadership Team	02/12/2021	\$0.9500	750,000	–	–	–	750,000
Tranche 1 Senior Leadership Team	13/07/2022	\$0.8100	–	750,000	–	–	750,000
Tranche 1 Mr Stokes	30/06/2023	\$0.8300	–	800,000	–	–	800,000
Tranche 2 Mr Stokes	30/06/2023	\$0.8300	–	600,000	–	–	600,000
Tranche 3 Mr Stokes	30/06/2023	\$0.8300	–	600,000	–	–	600,000
Tranche 1 Senior Leadership Team	30/06/2023	\$0.8900	–	800,000	–	–	800,000
Tranche 2 Senior Leadership Team	30/06/2023	\$0.8900	–	600,000	–	–	600,000
Tranche 3 Senior Leadership Team	30/06/2023	\$0.8900	–	600,000	–	–	600,000
			8,087,500	4,750,000	–	(1,335,052)	11,502,448

These options were valued using a Monte Carlo 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 53% volatility, 0.09% (Tranche 1) and 0.42% (Tranche 2) risk free rate, and a share price at grant date of \$0.71.

The weighted average share price during the financial year was \$0.7695 (2022: \$0.70).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.81 years (2022: 1.74 years).

DIRECTORS' DECLARATION

30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Geoffrey Lewis
Chairman

22 August 2023

INDEPENDENT AUDITOR'S REPORT

to the members of COSOL Limited

ELDERTON

AUDIT PTY LTD

Independent Auditor's Report to the members of COSOL Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of COSOL Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

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INDEPENDENT AUDITOR'S REPORT CONTINUED

Revenue recognition

Refer to Total Revenue (\$75,102,347), Note 4 (Revenue) to the financial report

Key Audit Matter	How our audit addressed the matter
<p>Revenue relating to consulting and other related services is a key audit matter due to significant audit effort and judgement we have applied in assessing the Group's recognition and measurement of revenue.</p> <p>This was driven by the multiple revenue types with different recognition criteria across different products and services, increasing the possibility of the Group inappropriately identifying performance obligations and incorrectly recognising revenue using AASB 15 <i>Revenue from Contracts with Customers</i> ('AASB 15').</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • We completed a walkthrough test of the Group's revenue system and assessed related controls. • We selected a sample of revenue using systematic sampling methods, and vouched each item selected to invoices and other supporting documentation. • We reviewed the major agreements with the customers to understand the key terms and conditions. We clarified elements of our understanding of the contracts through inquiries with the Group management. • We selected a systematic sample of the revenue recognised close to the year-end and vouched each selected item to related invoices and other supporting documents to ensure proper cut-off is applied. • We assessed the adequacy of the Group's revenue disclosures using our understanding obtained during the testing against the requirements of AASB 15.

Business Combination

Refer to Note 36 (Business combinations) to the financial report

Key Audit Matter	How our audit addressed the matter
<p>On 1 August 2022, COSOL limited acquired 100% of the ordinary shares of a Work Management Solutions Pty Ltd. This Business combination is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Significant audit effort and judgement we have applied in assessing the Group's recognition and measurement of investment in subsidiary and goodwill; and • The degree of estimation involved in measurement of fair values of the net assets of subsidiary as at the date of acquisition, contingent consideration and also due to complex calculations involved as at that date as per AASB 3 <i>Business Combinations</i>. 	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • We have reviewed the share purchase agreement in order to understand the terms and conditions of the business combination along with the consideration paid or to be paid. • We reviewed the accounting treatment as at acquisition and ensured the investment in subsidiary and related goodwill is correctly calculated and recorded in the books. • We assessed the reasonableness of fair value of net assets as at acquisition date. • We have verified assets and liabilities of subsidiary at the acquisition date and ensured that these are accounted for accurately for calculation of net assets. • We assessed the compliance and adequacy of the disclosure in the financial report as per requirements of AASB 3.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Goodwill impairment

Refer to Note 14 (Intangibles) to the financial report

Key Audit Matter	How our audit addressed the matter
<p>Under AASB 136, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the balance of \$ 43,703,858 as of June 30, 2023 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically gross profit margins, cost price inflation, growth and discount rates, which are affected by expected future market or economic conditions.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • We have reviewed the impairment test performed by the management. • We have assessed the reasonableness of the assumptions and methodology used by the management for impairment test in particular those relating to the forecasted revenue growth and profit margins. • We have compared the value in use of each cash generating unit and compared with respective good will recognised. • We assessed the compliance and adequacy of the disclosure in the financial report as per requirements of AASB 136. • We verified measurement period adjustments in goodwill with supporting documents. • We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Group's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report of the directors' report for the year ended 30 June 2023. The directors of the COSOL Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.


INDEPENDENT AUDITOR'S REPORT CONTINUED

Opinion

In our opinion, the Remuneration Report of COSOL Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Elderton Audit Pty Ltd.

Elderton Audit Pty Ltd



Rafay Nabeel

Director

22 August 2023

Perth

SHAREHOLDER INFORMATION

30 June 2023

The shareholder information set out below was applicable as at 10 August 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	93	0.04	–	–
1,001 to 5,000	177	0.32	–	–
5,001 to 10,000	65	0.34	–	–
10,001 to 100,000	168	4.03	1	0.82
100,001 and over	89	95.27	7	99.18
	592	100.00	8	100.00
Holding less than a marketable parcel	30	5.07	–	–

Each fully paid ordinary share entitles the holder to one vote.

Options do not have any voting rights, and all options on issue were issued under an employee incentive scheme.

There are no shareholders holding less than a marketable parcel of ordinary shares.

SHAREHOLDER INFORMATION CONTINUED

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MR GEOFFREY JAMES LEWIS & MRS ANNE MARIE LEWIS	24,250,000	16.43
JRF CO PTY LTD	19,000,000	12.87
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,710,065	6.58
MR GREGORY ROBERT WOOD & MRS JANETTE HELEN WOOD	6,003,000	4.07
SNJ BUSINESS SOLUTIONS PTY LTD	5,000,000	3.39
MR BRADLEY RONALD SKEGGS	4,783,000	3.24
JRF CO PTY LTD	4,300,000	2.91
MR GLENN MAXWELL ROGERS	3,826,210	2.59
BNP PARIBAS NOMS PTY LTD	3,530,642	2.39
MR GERALD PETER STRAUTINS	3,000,000	2.03
NATIONAL NOMINEES LIMITED	2,890,338	1.96
MR DAVID ALEXANDER LESTANI	2,385,337	1.62
MR BRADLEY SAMUEL MILLER	2,385,337	1.62
MR PAUL ANTHONY LESTANI	2,385,337	1.62
MR ANDREW MCKENZIE & MRS CATHERINE MCKENZIE	2,285,755	1.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,047,150	1.39
WAIHEKE HOLDINGS PTY LTD	2,036,000	1.38
MR BRADLEY RONALD SKEGGS & MR TOM BRADLEY SKEGGS	2,000,000	1.36
MR GRANT ANTHONY PESTELL	2,000,000	1.36
BNP PARIBAS NOMS PTY LTD	2,000,000	1.36
	105,818,171	71.72

Unquoted equity securities

There are 11,502,448 unquoted options on issue with 8 holders.

SHAREHOLDER INFORMATION CONTINUED

Substantial holders

Substantial holders in the company with a relevant interest in fully paid ordinary shares of more than 5% are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Mr Geoffrey James Lewis and Mrs Annemarie Lewis	24,250,000	16.43
Mr Stephen Edward Johnston and Mrs Sarah Johnston	24,250,000	16.43
MicroEquities	7,615,541	5.16

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

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CORPORATE DIRECTORY

30 June 2023

Directors

Geoffrey Lewis – Non-Executive Chairman
Stephen Johnston – Non-Executive Director
Grant Pestell – Non-Executive Director
Gerald Strautins – Non-Executive Director
Benjamin Buckley – Managing Director

Company secretary

Lisa Wynne – Company Secretary

Key Management

Scott McGowan – Chief Executive Officer
Anthony Stokes – Chief Financial Officer

Notice of annual general meeting

The annual general meeting of COSOL Limited is to be held on 16 November 2023.

Time and place to be announced.

Registered office

Unit 1, 490-500 Adelaide Street
Brisbane City QLD 4000

Principal place of business

Unit 1, 490-500 Adelaide Street
Brisbane City QLD 4000

Share register

Link Market Services Limited

QVI Building
Level 12, 250 St George's Terrace
Perth WA 6000

Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Auditor

Elderton Audit Pty Ltd

Level 32, 152 St George's Terrace
Perth WA 6000

Solicitors

Murcia Pestell Hillard Lawyers

Suite 183 Level 6,
580 Hay Street
Perth WA 6000

Stock exchange listing

COSOL Limited shares are listed on the Australian Securities Exchange (ASX code: COS)

www.asx.com.au

Website

www.cosol.global

Incorporation

Incorporated in Australia as a public company limited by shares

ACN: 635 371 363
ABN: 66 635 371 363

