COSOL Limited
Annual Report 2024

OPTIMISING ASSET PERFORMANCE, DELIVERING RESULTS

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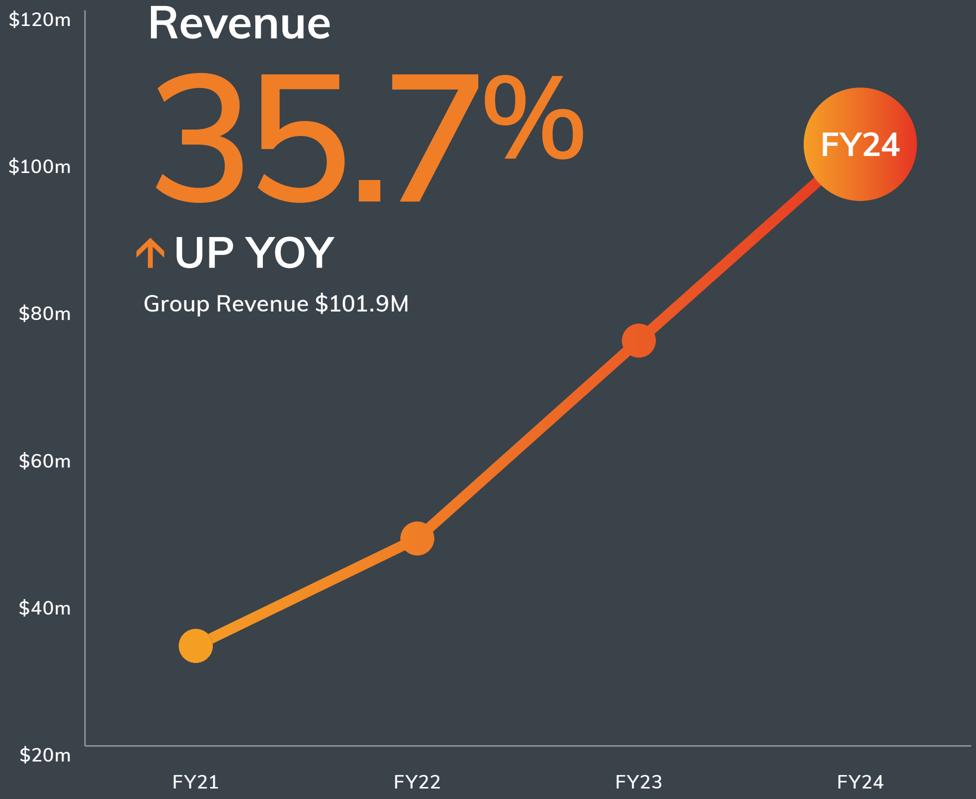
FY24 FINANCIAL HIGHLIGHTS

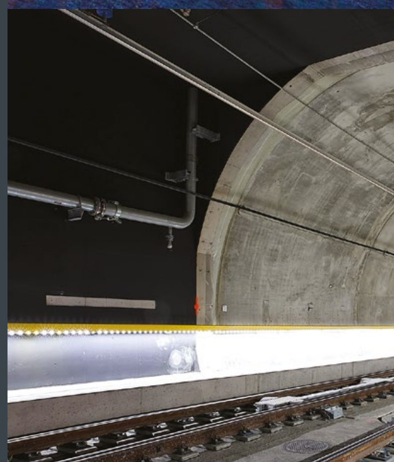
Revenue

35.7%

↑ UP YOY

Group Revenue $101.9M





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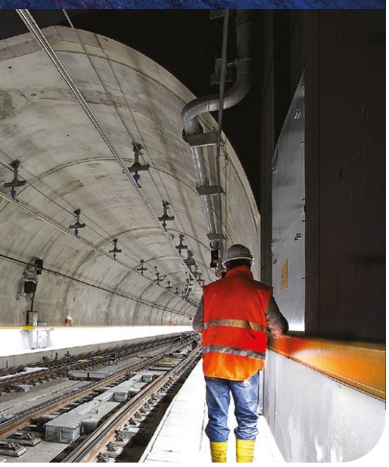


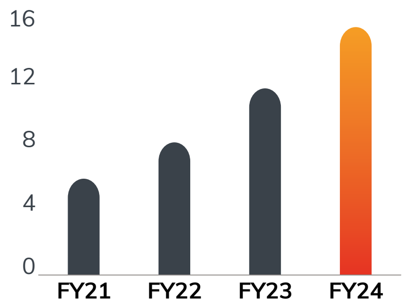
Revenue rose 35.7% to $101.9 million, with underlying EBITDA up 33.0% to $15.7 million, continuing COSOL's strong trajectory.

UNDERLYING EBITDA[1]

33.0%

↑ UP YOY

Group EBITDA $15.659M

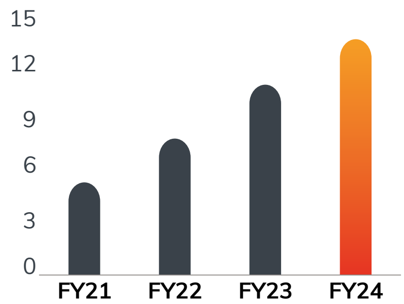


UNDERLYING EBIT[2]

24.7%

↑ UP YOY

Group EBIT $14.038M

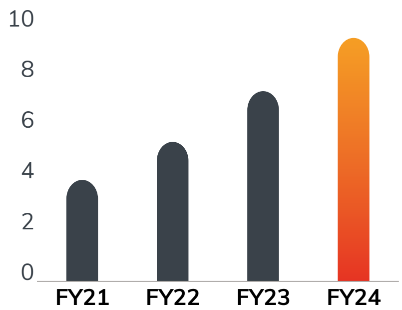


UNDERLYING NPAT[3]

19.7%

↑ UP YOY

Group NPAT $8.963M

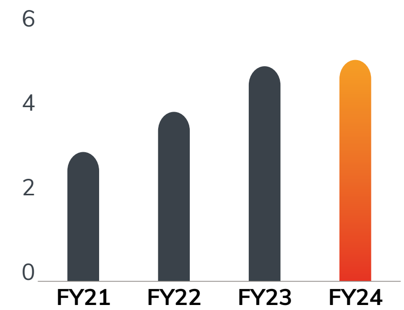


UNDERLYING EPS[4]

2.9%

↑ UP YOY

UNDERLYING EPS 5.24 CENTS



1. Underlying EBITDA is a non-statutory measure and excludes acquisition costs of $0.6 million and $0.2 million in FY24 and FY23 respectively.
2. Underlying EBIT is a non-statutory measure and excludes acquisition costs of $0.6 million and $0.2 million in FY24 and FY23 respectively.
3. Underlying NPAT is a non-statutory measure and excludes the tax adjusted impact of acquisition costs $0.4 million and $0.1 million in FY24 and FY23 respectively. FY23 NPAT is also adjusted for the one-off tax adjustment related to prior periods of $0.6 million.
4. Underlying EPS is calculated as underlying NPAT divided by weighted average shares on issue.

CHAIRMAN'S LETTER

Geoff Lewis
Non-Executive Chairman

DEAR FELLOW SHAREHOLDER

It is with pleasure and immense pride that I present to you the 2024 Annual Report of COSOL, reflecting a year of strong operational performance and setting the platform for exceptional growth in FY25 and beyond.

COSOL's ambition since listing in January 2020 has been to offer clients a fully integrated, end-to-end asset management service helping them to digitise and optimise heavy assets, as diverse as power plants, mining equipment fleets, defence systems and transport infrastructure.

We are in the midst of a digital revolution in asset management where the digital representation of physical assets have taken on their own, deep value. This is where COSOL operates.

Through a mix of strategic acquisitions and IP development internally, COSOL now offers a full Asset Management as a Service solution – AMaaS.

We have acquired well and integrated successfully, quickly folding newly acquired businesses into our OneCOSOL operation.

The FY24 acquisitions of AssetOn Group, a services and software firm, and Core Asset Co, an asset performance advisory firm, are standout examples of this.

Their people, clients and services are now integral parts of the COSOL ecosystem, fully integrated and making growing contributions.

These deliberate, strategic growth initiatives put COSOL at the forefront of this rapidly expanding market at a time when there is pressing demand within asset-centric organisations to digitise their assets, optimise performance and deliver a superior return on investment.

The strategic significance of this is that COSOL now plays an elevated role within client organisations, moving into business processes and decision-making at the highest level about how assets should be procured, managed, operated and maintained.

This extends to the IT systems that underpin asset management, with COSOL drawing from deep experience and expertise across all global enterprise asset management platforms – including IBM's Maximo Application Suite, SAP and Hitachi's Ellipse.

Demand is high and growing within major asset owners to implement digital technologies delivering cost efficiencies whilst driving productivity improvements.

COSOL operates across this decision-making spectrum and now, with the full service capability, increasingly has a seat at the table while these determinations are being made.

This trusted position allows COSOL to add significant value and deliver material savings, a highly valued place to be as a service provider.

Importantly, COSOL has demonstrated its model is scalable and operates well globally, bringing into play abundant growth opportunities and the ability to build dominant positions in new markets.

COSOL is on an exciting growth trajectory, ambitious and well set to grow at an accelerated rate as we leverage our platform.

Our commitment is to deliver this growth with no compromise to service excellence and our own operating margins, which we expect to continue growing and becoming even more consistent.

I would like to thank our dedicated executive team and highly passionate and committed staff for their contribution to COSOL's growth during FY24.

I am grateful you have committed to coming on the COSOL growth journey with us and look forward to sharing in continued profitable growth into the future.

Geoff Lewis
Chairman

CEO'S REPORT

Scott McGowan
CEO

The 2024 financial year was a period of significant achievement for COSOL, delivering a robust operating performance while bedding down two acquisitions that round out and complete our integrated Asset Management as a Service solution (AMaaS).

Revenue grew 35.7% year on year to $101.9 million and underlying EBITDA was up 33.0% to $15.7 million, continuing COSOL's strong growth trajectory of recent years.

COSOL has worked tirelessly since listing to put the Company at the forefront of the digital revolution in enterprise data asset management.

Data is now a mission critical asset that underpins longevity and financial success as much as the physical assets themselves.

COSOL's achievements during FY24 is testament to the strength of the Company's strategy to become pivotal to clients' digital transformation journey.

It's a result that reinforces our commitment to operational excellence and our commitment to making a meaningful difference to our clients. It delivers value for our clients and makes great financial sense to COSOL and our investors.

It has been especially important to COSOL that this strong growth has been achieved without compromising operating margins. The first half of FY24 saw COSOL invest significantly in our OneCOSOL integrated operating model, which returned a strong second half underlying EBITDA margin of 16.5% and a full year underlying EBITDA margin of 15.4%.

This performance is especially pleasing in the face of challenging operating environments for some of our mining clients, and while integrating acquired businesses.

Operationally, a major focus has been on introducing the full breadth and depth of COSOL services to our blue-chip client base.

Another operational highlight was securing three new managed services contracts with major government agencies in Queensland and Western Australia. These contracts – with QBuild, Horizon Power and CleanCo – are multi-year, and will produce significant revenue and earnings contributions from FY25 having commenced late in FY24.

Fundamental to the strong operating performance is the OneCOSOL operating model, which has driven quick, successful integration of acquired businesses into the core business.

It's a process that has worked well for customers and employees alike, with minimal demarcation through earnout periods.

During FY24, we acquired two substantial businesses that have folded in swiftly to COSOL.

In August 2023, we announced the acquisition of AssetOn, a services and software business serving major corporations in the hard rock minerals, and oil and gas sectors.

Integrating the AssetOn business has allowed COSOL to introduce a new level of data management services to customers, as well as the OnPlan planning management software platform.

OnPlan has resonated especially well with the COSOL client base, delivering annual recurring revenue of $2.4 million ($1.4 million previously), with attendant strong margins.

The acquisition of Core Asset Co, announced in April 2024, also enhances COSOL's data services capability in serving clients seeking to improve the performance of their asset networks.

Core Asset's traditional focus has been on the mining industry – serving Anglo American, Roy Hill and the BHP Mitsubishi Alliance amongst others – but the services are now being offered across the full COSOL network.

COSOL now offers an unrivalled and potent blend of asset management services and capabilities that we believe will underpin exceptional growth in FY25 and into the future.

I would like to congratulate my team for all their efforts in making COSOL a globally respected company in the asset management sector.

We have brought the strong second half momentum into the new financial year and look forward to delivering more great outcomes for clients and superior returns for our investors.

Scott McGowan
CEO

“OnPlan has resonated especially well with the COSOL client base, growing annual recurring revenue from software.

BUSINESS OVERVIEW

Asset Management as a Service

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 that helps optimise performance across their asset management people, process, systems and data.

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.

People

We help ensure that our customers have the right people with the right asset management skills in place who can apply industry best practice processes and effectively manage the organisation's assets, aided by data-based insights.

Process

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

Systems

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

Data

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

Capability Growth Timeline

2000

- COSOL Australia was established as a business focused on optimising Enterprise Asset Management (EAM) software platforms for asset intensive organisations.

2019

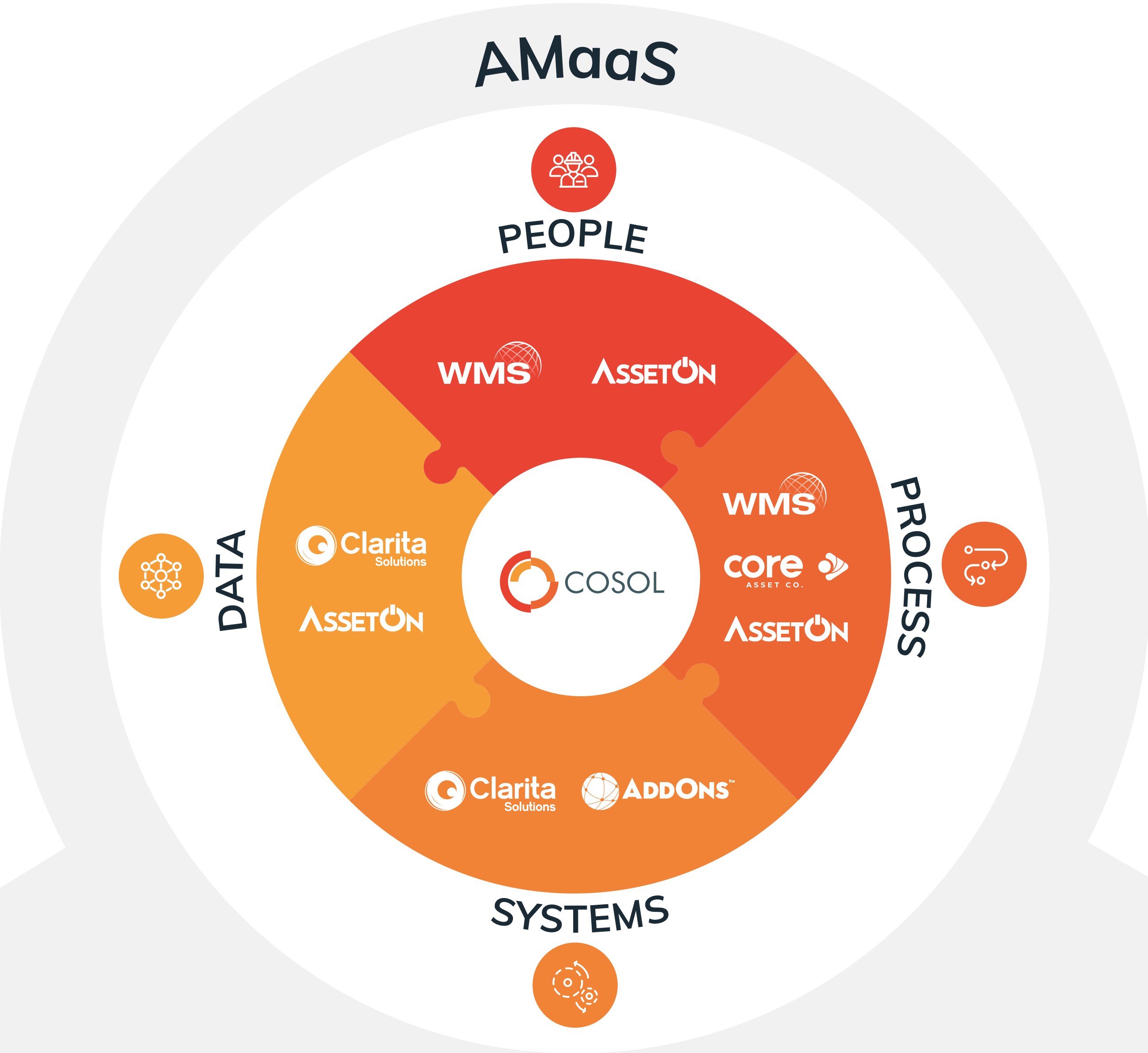
- COSOL Limited was established.

2020

- COSOL Limited listed on the Australian Securities Exchange in January after raising $12 million and shortly after acquiring COSOL Australia.
- Acquired USA-based Add-Ons Inc.
- **Capability Growth:** Managed Services and Hosting, Hitachi Ellipse in North America.

2021

- Acquired Australian-based company – Clarita Solutions.
- **Capability Growth:** EAM Systems, IBM Maximo Application Suite, Enterprise Integration, GIS, Digital Twin, Mobility.
- **Expanded IP Solutions:** EAMaaS, Application Managed Support, Asset Information Ecosystem Roadmaps.



2022

- Acquired Australian-based Work Management Solutions.
- **Capability Growth:** Asset Management Advisory and Technical Consulting, Asset Management Resourcing, Asset Management Training.
- **Expanded IP Solutions:** Work Stream Manager, Asset Management Learning Academy.

2023

- Acquired Australian-based AssetOn Group and OnPlan Technologies.
- **Capability Growth:** Asset Management Process, Asset Management Resourcing, Master Data Services.
- **Expanded IP Solutions:** OnPlan Digital Work Management.

2024

- Acquired Australian-based Core Asset Co.
- **Capability Growth:** Asset Management Strategic Advisory, Asset Management Planning and Decision Support, Asset Performance Turnaround, Operational and Asset Readiness.

SIGNATURE SOLUTIONS AND 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 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)

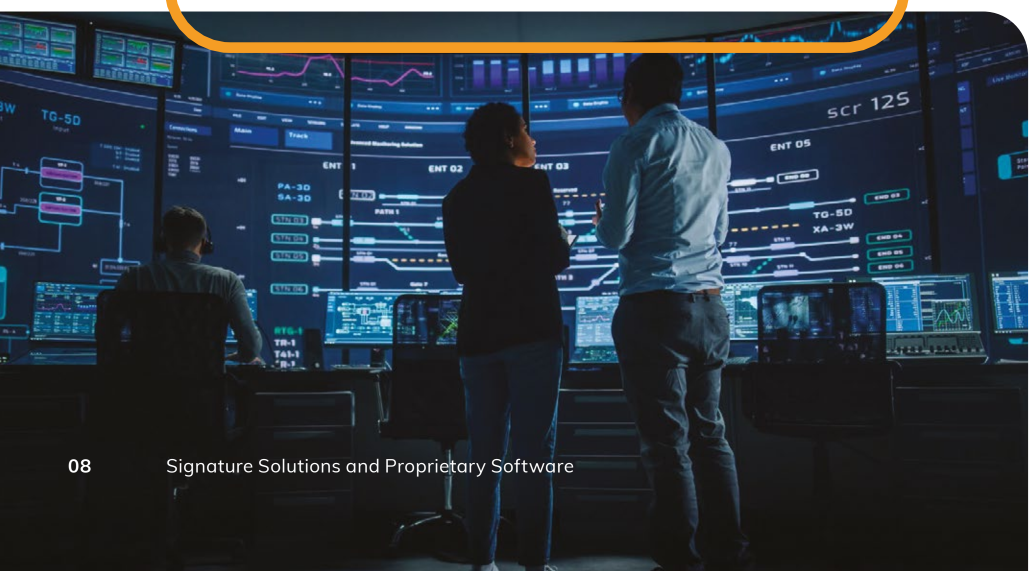
With EAMaaS, access your EAM software through a web browser and mobile client while we take care of the security, backups, availability and performance.

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.

Application Managed Support

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



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.

RPConnect®

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

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.

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.

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.

OnPlan Digital Work Management Solution

A software platform to help asset managers standardise and automate processes, maintain institutional knowledge, improve reliability, reduce downtime and work safely.

Master Data as a Service

Outsource solution for master data requirements to help organisations achieve enhanced and healthy master data that boosts asset performance and drives business value.

MEGATRENDS

"

Asset management is undergoing a digital revolution. If you're not investing in enterprise data asset management, you're not investing in your future.

COSOL's signature Asset Management as a Service solution delivers digital asset management maturity to maximise investments, increase productivity and gain a competitive advantage.

Digital revolution

Asset owners are increasingly aware that digitisation, cloud computing and analytics are the next frontier of efficiencies and financial returns.

Cloudification of EAM

Asset owners are seeing there are major gains to be captured through digitisation of fixed and mobile assets in distributed and remote locations.

Sustainable operations

Reduction of waste and emissions are now central to reducing costs, enhancing productivity and boosting asset performance.

Digital asset management

Greatest efficiencies are being captured through the blend of great technology and skilled people who know how to get the best out of it.

Remote locations and multiple technology platforms have been big hurdles to nailing the opportunity. Labour costs and constraints have remained high.

The value proposition is now so compelling, there's a rush to transform how fixed asset networks are monitored, maintained and optimised.

Digitisation projects are abundant. Upgrades, consolidation and switching of EAM platforms are undergoing exponential growth. And key is acquiring the expertise, skills and experience to implement the digital transformation.

COSOL offers the full, end-to-end capability to implement the technology solution and to execute the business processes on behalf of customers.

Migration to the cloud had been challenging due to taxing operating environments and disparate technology deployment across asset portfolios.

Data capture and translation had also been hampered by the need to maintain system security, especially critical infrastructure.

The integration of technology platforms, cloud efficiency and security, and deep data analysis now delivering material opex savings and long-term asset optimisation.

Connecting physical assets with their digital representations is key to achieving these improvements.

The quality and maintenance of data – and especially data integrity – is critical to optimising efficiencies from AI and Machine Learning.

Secure connectivity and widespread adoption of cloud platforms are vital cogs.

Integration into global Enterprise Asset Management platforms such as IBM's Maximo, SAP and Hitachi's Ellipse brings all data to a single source of truth for asset owners.

Major organisations are adopting the top-down, holistic approach where a fully integrated, end-to-end solution is most effective.

There is growing understanding that technology adoption must be deeply aligned with the business processes that will deliver the financial outcomes.

It's an integration story of software, platforms, processes and people – all of which need to blend seamlessly.

COSOL's value proposition is that technology and the people using it are inseparable where the best financial and business outcomes are achieved.

It's the philosophy that underpins our ground-breaking Asset Management as a Service, which is meeting the unprecedented demand for digital advantage: 2 + 2 = 5.

OUR VALUED CLIENTS

Natural Resources

RioTinto
GLENCORE
AngloAmerican
Newmont
ARCH
De Beers Group
stanmore
Roy Hill

Energy and Water

Energy Queensland
cleanco queensland
PowerWater
Unitywater
Transgrid
taswater
Horizon Power
UrbanUtilities

Public Infrastructure

Downner
Relationships creating success

ARTC

pacific national

NFTA

AURIZON

TASRAIL

Government and Defence

Australian Government
Defence

Queensland Government

Parks Victoria

Public Transport Authority

QBuild
Queensland Government
Department of Public Works

Victoria State Government
Department of Transport and Planning

Columbia
Columbia University
Irving Medical Center

COSOL DELIVERS MATERIAL VALUE

COSOL's new Core Asset Advisory team delivers significant rail asset improvements.

COSOL's most recent acquisition, Core Asset Co, worked with a leading iron ore mining client in Western Australia's Pilbara region throughout the 2024 financial year to improve rail asset performance and achieve material savings.

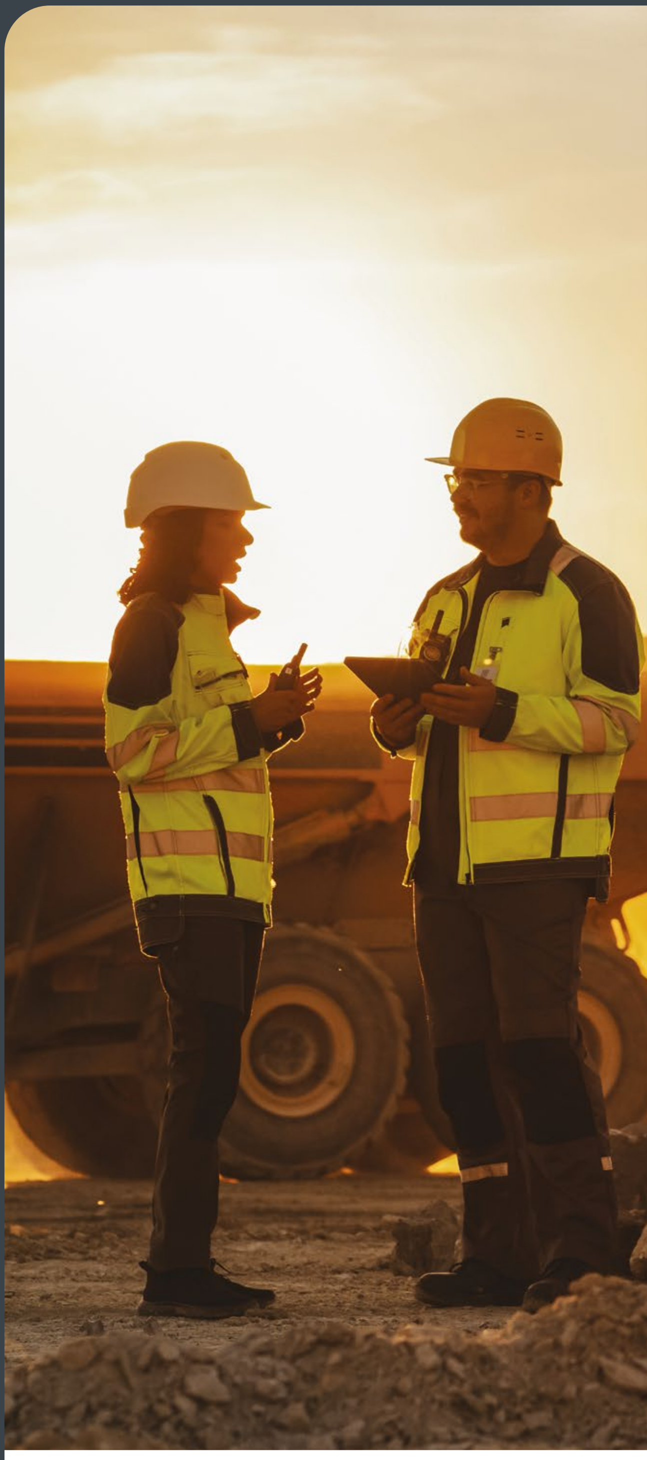
The project focused on increasing reliability, reducing business risk and decreasing capital expenditure for the client's rail network.

The Core Asset team helped the client to better understand the assets and to lift their asset management maturity. By aligning life-of-asset and maintenance strategies with long-term operational requirements, Core Asset enabled more effective life of asset decision making and identified practical actions to enable rapid implementation. Included in the work was deep analysis of Track, Rollingstock (including locomotives and ore wagons), Track Infrastructure (civil works), Signalling, and Communications assets.

Core Asset delivered a projected reduction in total cost of ownership of $195 million (net present cost) over the life of the mine.

The work included implementation of a preventive defect management strategy for the steel rail on track, allowing for safer operation through reduced risk of derailment and increased life of the rails, resulting in reduced whole of life asset cost. Additionally, optimisation of component replacement strategies and maintenance activities for rollingstock assets both extended asset life and avoided high-cost overhauls close to the end of mine life. Supporting asset management maturity, Core Asset also improved systemisation of regulatory and structural integrity inspections to improve record keeping and eliminate reliance on key individuals.

The result for the client was a better understanding of its rail assets and improved asset management maturity, providing higher reliability and lower cost per tonne.



Enhancing Asset Integrity with COSOL and collaboration partner Bureau Veritas: The Future of Digital Structural Inspections.

The collaboration between COSOL and Bureau Veritas Australia, a leading inspection, testing, and certification company, has revolutionised the structural inspection landscape. Leveraging COSOL's OnPlan's advanced digital structural inspection system, Bureau Veritas has enhanced its ability to deliver precise, actionable data, ensuring improved asset integrity and client satisfaction.

COSOL tailored its OnPlan digital structural inspection system to meet Bureau Veritas' specific requirements, supporting multiple devices (iOS, Android, Windows) and enabling inspectors to perform mobile inspections efficiently, even in remote locations. This capability ensures that thousands of inspections are conducted seamlessly, capturing accurate and timely data.

The integration of COSOL's system has significantly streamlined Bureau Veritas' reporting processes. The new inspection app facilitates efficient data recording, while the admin area enhances monitoring and recommendation management. This streamlined workflow accelerates report delivery, reducing the time taken to provide clients with critical inspection data.

The comprehensive client portal developed by COSOL provides Bureau Veritas clients with real-time access to inspection reports and analysis tools. This portal ensures that clients can easily access vital information, improving their ability to make informed decisions regarding equipment maintenance and integrity.

Another key feature of the new system is its ability to analyse raw inspection data to uncover trends and patterns. This in-depth analysis helps Bureau Veritas and its clients to predict and prevent potential structural integrity issues, thereby enhancing equipment uptime and reliability and cementing Bureau Veritas' reputation as a leading provider of inspection and asset integrity services.

OVERVIEW OF SUCCESS

continued

COSOL delivers a digital engineering platform to the Victorian government.

The Victorian Department of Transport and Planning (DTP) selected COSOL to deliver asset management services to assist it to build a digital engineering capability to enable the ongoing management of digital data associated with the Government's Big Build Projects. The aim is to establish a centralised asset information model, providing data and insights to all stakeholders throughout the asset lifecycle, and optimising efficiencies in DTP's asset intensive transport networks.

COSOL's proprietary solution, Enterprise Asset Management as a Service (EAMaaS), an asset management platform powered by IBM Maximo Application Suite, is vastly expanding DTP's ability to centralise data, increase data quality and accessibility across 270 asset classes. It also establishes a new road asset register, allowing optimisation in planning, managing and maintaining critical infrastructure such as bridges and roads. The solution is the sole source of truth for all DTP's assets, meeting the decision making, reporting and strategic asset management requirements as specified in the Department of Treasury and Finance Asset Management Accountability Framework.

COSOL Americas delivers first Enterprise Asset Management as a Service (EAMaaS) solution powered by IBM Maximo Application Suite for prominent US-based client in Infrastructure space.

COSOL Americas achieved a significant milestone in June 2024 with the successful delivery of its first Enterprise Asset Management as a Service (EAMaaS) platform, powered by IBM Maximo Application Suite, for a prominent US-based Infrastructure client. This partnership emerged from the client's need to get more from its IBM Maximo Application Suite EAM platform and to engage a partner capable of chartering an improvement roadmap to expand system usage and maximise return on investment.

COSOL's initial engagement involved the provision of managed support and licensing optimisation services for the client's EAM platform.

The role expanded following a competitive bid process through which COSOL was selected to provide hosting in addition to application support. The COSOL Americas IBM team efficiently migrated the client's Maximo installed operations from its legacy service provider to the COSOL EAMaaS platform. COSOL is currently collaborating with the client to plan the migration from their existing Maximo installation to the new MAS (Maximo Application Suite) platform, alongside several other continuous improvement initiatives.

This strategic win for COSOL Americas not only demonstrates capability to deliver EAMaaS solutions within the US market but also signals substantial growth opportunities for our Americas business in FY25. It underscores COSOL's commitment to innovation, client-centric solutions, and our expanding footprint in the enterprise asset management sector.

Queensland Government

COSOL to deliver re-platforming and re-hosting of QBuild's Hitachi Energy Ellipse Enterprise Asset Management System.

COSOL has entered into a multi-year contract with QBuild, the Queensland Government's premier construction organisation responsible for the development and upkeep of vital government-owned assets such as schools, social housing, police stations and hospitals.

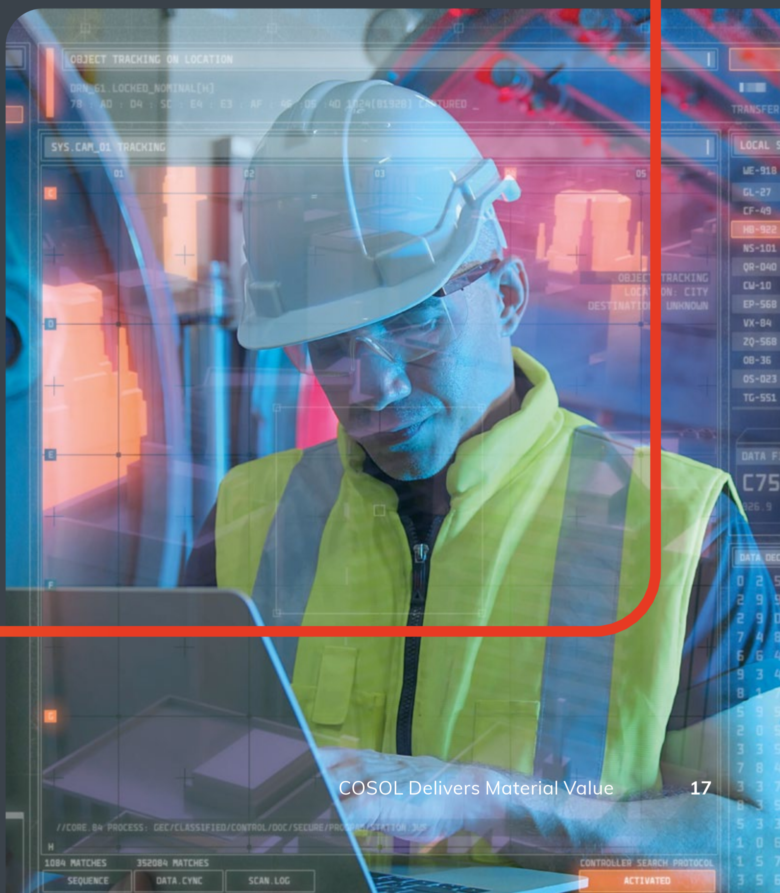
The project will see COSOL lead and deliver the 're-platforming' and 're-hosting' of QBuild's Hitachi Energy Ellipse Enterprise Asset Management system in two Queensland data centre locations, along with the provision of dedicated managed services to run and support the platform for the next 5 years.

QBuild wants to ensure its Ellipse environment remains contemporary, performance is maintained at satisfactory levels and work necessary to keep it operational is minimised. To address these challenges, the re-platforming project focuses on enhanced system performance and reliability that will be provided through the consolidation and replacement of unsupported infrastructure. It will provide the Department with cloud-based connectivity to the platform, allowing for a more resilient solution for its user base across Queensland. In conjunction with the re-platforming project, QBuild decided to relocate its IT infrastructure to a Queensland-based government data centre with advanced facilities and the latest security measures. COSOL's experienced team of experts is providing the services needed to re-host the infrastructure and applications in the new data centres.

To optimise operations and focus on core business competencies, QBuild has partnered with COSOL to provide Infrastructure and Application Support services. This gives QBuild access to a team of experienced professionals with deep expertise in the relevant technologies, reduced labour costs, freed up QBuild resources to perform other value-adding tasks, and robust service level agreements that ensure high availability and performance.

The successful implementation of the re-platforming, re-hosting and outsourcing strategy for QBuild's Ellipse EAM system will result in significant improvements for QBuild and future proof the system going forward.

The QBuild project demonstrates the transformative power of re-platforming legacy systems, strategic relocation and expert IT support. By addressing limitations within QBuild's Ellipse EAM system, the Department will achieve significant improvements to performance and reliability.



FINANCIAL OVERVIEW

The following table summarises financial indicators used by management to monitor the Company. Underlying EBITDA is one of the key performance metrics of the Company, as management believes it is a better reflection of actual financial performance.

Discussion on drivers of movements in key financial indicators are included in the sections below.

$'000	FY24 H1	FY24 H2	FY24	FY23
Revenue	49,053	52,880	101,933	75,102
EBITDA	6,542	8,493	15,035	11,601
NPAT	3,636	4,883	8,519	7,986
EPS	2.18	2.80	4.98	5.43
EBITDA (Underlying)	6,933	8,726	15,659	11,778
NPAT (Underlying)	3,914	5,049	8,963	7,489
NPATA (Underlying)	4,275	5,330	9,606	7,516
EPS (Underlying)	2.35	2.89	5.24	5.09

1. Underlying EBITDA, NPAT, NPATA and EPS are unaudited, non-IFRS financial information.
2. Underlying NPAT excludes the tax adjusted impact of acquisition costs.
3. Underlying NPATA excludes the tax adjusted impact of system development amortisation and acquisition costs.
4. Underlying EPS is underlying NPAT divided by weighted average shares on issue.

Profit and loss

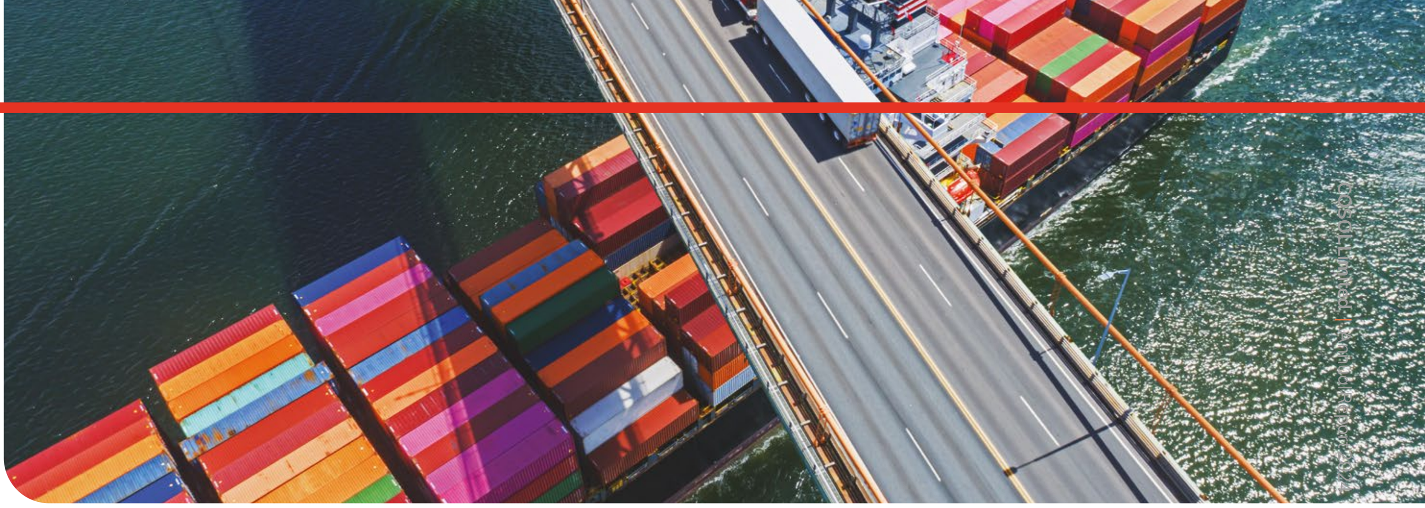
COSOL delivered revenue growth of 35.7% to $101.9 million in FY24 (FY23 $75.1 million). Increased revenue was attributable to growth in our existing Professional Services and Product Services streams, coupled with the addition of the AssetOn Group and Core Asset Co businesses during FY24. Managed Services revenue reduced in FY24 by approximately $2 million predominantly driven by the termination of the OK Tedi Mining Limited contract on the back of the client facing a challenging operational environment for its mine in Papua New Guinea.

Underlying EBITDA increased by $3.9 million in FY24 to $15.7 million, up 33.0% on the prior year ($11.8 million) as a result of disciplined pricing and consultant utilisation coupled with the organic and acquisitive growth mentioned above, which also drove NPATA 27.8% higher to $9.6 million in FY24.

The Group reported a tax expense of $3.5 million for the year at an effective tax rate of 29.2%, as compared to the prior year's effective tax rate of 21.5%. The lower prior year rate was largely driven by the benefit of an over provision in FY22 unwinding through FY23.

Cash flow

Underlying operating cash flow (excluding interest, tax and acquisition costs) increased 36.1% ($3 million) to $11.5 million in FY24 due to increased earnings highlighted above. Cash conversion increased 3.7 points to 76.2% as a result of higher cash generation from operations and improved cash management practices.



Balance sheet

Net assets increased from $42.7 million to $69.4 million supported by the acquisition of AssetOn and Core Asset. Additional finance facilities were secured during the year with an increase in total committed facilities of $9.7 million to $27.2 million. This increase supported a higher net debt position of $13.7 million at the end of FY24, 0.9 times Underlying EBITDA, providing significant capacity for future acquisitions in FY25.

Approximately $8.3 million borrowing capacity was available at year end. This follows an amendment during FY24 to COSOL's existing debt facilities with Westpac Banking Corporation to increase the overall facility limit by $6.0 million to a total of $27.2 million.

Share capital

Shares on issue increased by 29.9 million (20.2%) from 147.6 million shares to 177.5 million shares. The increase in shares related to the $15 million (19.6 million shares) capital raise undertaken in August 2023 to partially fund the AssetOn acquisition, 7.3 million shares issued to the vendors of AssetOn (4.8 million) and Core Asset (2.5 million) as part of consideration, and 2.9 million shares issued due to the exercise of options on issue.

Risks

A summary of material business risks that could adversely affect COSOL's financial performance and growth potential in future years include:

Cybersecurity and IT infrastructure

A cybersecurity event or damage to information technology infrastructure could result in loss of systems access, loss of data, loss of intellectual property, loss of clients and disruption to operations. These outcomes could lead to litigation, reputational damage and financial loss.

COSOL addresses these risks through investing in systems, tools and infrastructure to protect digital assets, implementing layered security techniques, ongoing education campaigns, conducting penetration testing and independent assurance of controls and security, and enacting business resilience plans.

Attract and retain people talent

A key asset for COSOL is its people, and it is vital to have the right people to deliver operational and financial performance. Attracting and retaining people can be a difficult undertaking in an active and competitive market for skilled talent.

COSOL addresses these risks through contracting for market leading projects, delivering training and development opportunities, enacting leadership programs, and having a remuneration framework to support the recruitment, motivation and retention of our people.

Major customers

COSOL has a number of large customers that contribute a material component of its revenue generation. COSOL maintains a close relationship with these customers to ensure customer service levels are maintained and any issues are managed effectively on a timely basis. COSOL is also diversifying its customer base, including across different industries and geographic regions, to help manage these risks.

Delivery performance

COSOL's operational execution and delivery of projects could adversely impact its financial performance and reputation, and result in legal consequences, if project objectives and key performance indicators are not achieved. To minimise the risk of delays, cost overruns and failure to meet project KPIs, COSOL engages ongoing performance monitoring and active project management, promptly addresses corrective actions and conducts contingency planning.

Contract governance

COSOL's relationships with its customers and suppliers are governed by contractual arrangements with those parties. Any failure to maintain, renew or replace contractual arrangements on commercially acceptable terms, or any failure by a party to perform its obligations under such arrangements, could have a material adverse effect on the Company and the financial and operational performance of the entity. To manage this risk the Group has inhouse legal counsel, undertakes contract law and administration training, and applies minimum contracting standards.

COMMUNITY AND SOCIAL IMPACT

COSOL recognises the important role play we play in improving the community and world we live in – not only through the solutions and services we provide our customers but in the way we interact as a global organisation and the culture we foster amongst our teams.

The 3 pillars that guide our social impact initiatives

Our social impact initiatives are guided by the pillars of Diversity, Safety and Sustainability. They align with our core values and support our mission to help our customers across critical industries, to achieve zero-waste and sustainability in their operations.

Diversity

We believe that outstanding teams are created when they are diverse and inclusive. At COSOL we embrace diversity by bringing together people who think differently. Combining different skills, varied knowledge and unique experiences to drive innovations that solve complex challenges.

Safety

Ensuring safety – both physical and mental of our employees and those that we work with, is fundamental at COSOL. We are dedicated to creating a safe working environment for our teams while delivering solutions for our clients and improving the safety of all in our communities.

Sustainability

Sustainability is at the core of what we do and who we are. We are committed to contributing to a more sustainable world for all – through the way we work together, the innovative solutions we deliver for our customers, and the initiatives we support globally.

COMMUNITY SHOWCASE STORIES

Supporting Youth Mental Health – Cape2Cape CEO trek

As part of our commitment to safety of our people and community, COSOL was proud to support the 2024 Cape2Cape CEO Trek in Western Australia, through a charitable donation and the participation of COSOL's Non-Executive Director – Grant Pestell. The charity walk raises money to support zero2hero's youth mental health programs which help educate, engage, and empower young people to support and maintain their own mental health, and prevent suicide in the community. In 2023, zero2hero interacted with 224 schools across WA and provided programs which impacted over 28,000 young people.

Grant, alongside 25 other corporate leaders, tackled the 5 day, 135km coastal trek from Cape Leeuwin to Cape Naturalist. While the trek was challenging and inspiring for the participants, it also provided an opportunity for increased understanding of zero2hero's mission, and further connect businesses and the community with this important cause.

Celebrating International Women's Day 2024

As part of our commitment to diversity and inclusion, teams across all our office locations globally joined together over morning teas to celebrate International Women's Day (IWD) and discuss what steps and actions we can all take to inspire and enable inclusion in our everyday.

In Brisbane, Australia where COSOL's Head Office is based, COSOL was represented at the Women In Digital Breakfast by a team from across our technical, functional, and corporate divisions including our EAM Systems and Data Practices, Marketing, Executive Management, Finance, People & Culture, Recruitment and Administration.

This annual event, held over breakfast, included a panel of local champions of change who discussed and shared their views on the importance and urgency for women's economic empowerment.

Our gift for sustainability – Great Barrier Reef Foundation

Each year during the festive season, COSOL employees select a charitable organisation to receive a corporate donation from COSOL. For 2023, the selected organisation was the Great Barrier Reef (GBR) Foundation which is dedicated to protecting the largest living structure on Earth – the Great Barrier Reef in Australia.

Coral reefs are the most vulnerable ecosystem on the planet. And the efforts to restore and protect them are paramount as they provide nurseries and food for a quarter of all marine life and sustain a billion people worldwide.

Pictured: In Brisbane (Australia), on International Women's Day, COSOL was represented at the Women In Digital IWD Breakfast by team members from across our technical, functional, and corporate divisions.

BOARD OF DIRECTORS

Geoffrey Lewis

Non-Executive Chairman

Geoff 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.

Special responsibilities:

Chairman of the Board

Other listed directorships:

None

Ben Buckley

Managing Director

Ben joined 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. Ben was appointed as Managing Director on 6 October 2020.

Special responsibilities:

Managing Director

Other listed directorships:

None

Stephen Johnston CA

Non-Executive Director

Stephen 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. Stephen was appointed as a director on 10 September 2019.

Special responsibilities:

Chair of Audit Committee

Member of Remuneration Committee

Other listed directorships:

None

Grant Pestell LLB

Independent
Non-Executive Director

Grant 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. Grant was appointed as a director on 7 August 2019.

Special responsibilities:

Chair of Risk Committee

Member of Audit Committee

Other listed directorships:

Roolife Group Limited since July 2016

Gerald Strautins

Independent
Non-Executive Director

Gerald 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, 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.

Special responsibilities:

Chair of Remuneration Committee

Member of Risk Committee

Other listed directorships:

None

Ben Secrett

Company Secretary |
General Manager,
Legal and Commercial

Ben has more than 15 years of experience as a legal, corporate advisory and governance professional. He has worked for top tier law firms in their corporate practices, as well as for a number of stock market listed Australian and foreign entities in the resources, professional services and technology sectors. He holds a Bachelor of Economics, a Juris Doctor law degree, and a Graduate Diploma of Applied Corporate Governance.

EXECUTIVE LEADERSHIP TEAM

Scott McGowan

Chief Executive Officer

Appointed as CEO in 2016, under Scott's leadership COSOL has experienced significant growth and transformation, both before and after its successful IPO. His strategic acumen and innovative approach have been pivotal in steering the company through critical stages of expansion and market adaptation. Before joining COSOL, Scott amassed extensive experience in senior executive roles in start-ups and multinational corporations across various industries, honing his skills in strategic planning, operational efficiency, and organizational development. Scott brings a hands-on leadership style, dedication to team development, and passion for leveraging technology to drive the Company's trajectory, with a focus on enhancing core operations, fostering a culture of innovation, and exploring new market opportunities. Scott graduated from the Queensland University of Technology with a Bachelor of IT.

Anthony Stokes

Chief Financial Officer

Anthony is a highly credentialed finance executive with more than 20 years' 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. Anthony graduated from Macquarie University with a Bachelor of Commerce and is a Member of Chartered Accountants Australia and New Zealand.

Matt Glasner

Chief Operating Officer

Matt is a seasoned business leader and non-executive director with over 20 years of successful transformation and leadership experience. Matt's previous roles include Chief Commercial Officer for ASX listed global company 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.

DIRECTORS' REPORT

30 June 2024

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', 'parent entity' or 'COSOL') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were Directors of COSOL 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)

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies held within the last three years are set out in this Annual Report under the Board of Directors heading on pages 22 to 23, and form part of this Directors' Report.

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	24,903,595	–
S Johnston	24,903,595	–
G Pestell	2,500,000	–
G Strautins	3,000,000	–
B Buckley	643,329	5,983,323
	55,950,519	5,983,323

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 $0.0139 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 18 October 2024 with payment on 4 November 2024.

Dividends paid during the financial year were as follows:

	Consolidated	
	2024 $	2023 $
Fully franked interim dividend for the year ended 30 June 2024 of $0.01 (2023: $0.01) per ordinary share	1,749,189	1,475,797
Fully franked final dividend for the year ended 30 June 2023 of $0.0146 (2022: $0.01) per ordinary share	2,553,816	1,475,797
	4,303,005	2,951,594

Review of operations

The profit for the consolidated entity after providing for income tax amounted to $8,519,407 (30 June 2023: $7,986,327).

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:

- revenue grew 35.7% to $101.9 million, underlying EBITDA was up 33.0% to $15.7 million, and EBIT was up 21% to $13.4 million;
- the successful acquisition and integration of AssetOn Group and Core Asset Co, two businesses that completed COSOL's end-to-end Asset Management as a Service offer solution;
- growing the OneCOSOL operating platform offering best of breed software, services and skills to manage all asset management requirements for global customers;
- signing significant new managed services contracts with QBuild and Clean Co in Queensland, the Victorian Department of Transport, and Horizon Power in Western Australia;
- materially growing annual recurring revenue from COSOL's proprietary software products, including RPConnect and OnPlan; and
- declaring fully franked dividends totalling of $0.0239 per share and maintaining COSOL's track record since listing of generous shareholder distributions.

DIRECTORS' REPORT CONTINUED

Significant changes in the state of affairs

ACQUISITION OF ASSETON GROUP

On 1 September 2023, COSOL acquired 100% of the ordinary shares of AssetOn Group Pty Ltd and OnPlan Technologies Pty Ltd ("AssetOn Group") for the total consideration of $21,218,123. AssetOn Group provides asset maintenance software and services to organisations with large scale asset networks in mining, energy, utilities and manufacturing. The consideration amount was settled by COSOL through issuance of shares amounting to $3,988,968, cash consideration amounting to $16,229,155, and assumed earn out consideration $1,000,000. The acquisition was in line with COSOL's stated objective of moving to become a global player in the enterprise asset management services space.

ACQUISITION OF CORE ASSET CO PTY LTD

COSOL acquired 100% of the issued shares of Core Asset Co Pty Ltd ("Core Asset") on 1 March 2024. Core Asset is an asset performance advisory firm that provides data-driven insights and solutions to clients to improve the performance of client asset networks and return on investment. This strategic acquisition will further enhance COSOL's asset management consulting capability. COSOL will pay up to $6,119,000 for the acquisition of Core Asset, consisting of $2,919,000 in cash and $2,500,000 in COSOL shares, at a deemed issue price of $0.9847 per share, resulting in the issue of 2,538,844 COSOL shares. A further $700,000 earn-out consideration is payable to the vendor subject to EBITDA performance hurdles.

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

No matter or circumstance has arisen since 30 June 2024 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.

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 2024, 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, 86% of the entity's revenue for the year originated from our Australian operations, while the US operations contributed the remaining 14%.

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.

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.

Company Secretary

Ben Secrett was appointed as Company Secretary on 1 March 2024 following the resignation of Lisa Wynne on 29 February 2024.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Board	Board	Audit	Audit	Remuneration	Remuneration	Risk	Risk
Director	M	A	M	A	M	A	M	A
G Lewis	12	12	–	–	–	–	–	–
B Buckley	12	12	–	4	–	1	–	2
S Johnston	12	12	4	4	1	1	–	–
G Pestell	12	11	4	4	–	–	2	2
G Strautins	12	12	–	–	1	1	2	2

Chair

Member

M The number of meetings held during the period the Director was a member of the Board and/or Committee.

A The number of meetings attended by the Director during the period the Director was a member of the Board and/or Committee.

Corporate Governance Statement

The Company's 2024 corporate governance statement is available from its website at https://cosol.global/investor-centre/corporate-governance/

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, Chief Operating 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.

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 2024 will be put to shareholders for approval at COSOL's AGM which will be held during November 2024.

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	Other	
2024	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**$**	**Total $**
Non-Executive Directors:								
G Lewis	100,000	–	–	11,000	–	–	–	111,000
S Johnston	70,000	–	–	7,700	–	–	–	77,700
G Pestell	77,000	–	–	–	–	–	–	77,000
G Strautins	70,000	–	–	7,700	–	–	–	77,700
KMP:								
B Buckley	470,000	–	–	–	–	102,347	–	572,347
S McGowan	564,963	200,000	–	27,485	–	64,943	–	857,391
A Stokes	418,739	100,000	–	27,476	–	52,840	–	599,055
M Glasner	443,022	150,000	–	27,477	–	40,807	–	661,306
	2,213,724	450,000	–	108,838	–	260,937	–	3,033,499

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

REMUNERATION REPORT (AUDITED) CONTINUED

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Other	
2023	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**$**	**Total $**
Non-Executive 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.

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:	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. Salary: $600,000 per annum (inclusive of statutory superannuation). Cash short-term performance-based incentive: up to $225,000 per annum (inclusive of statutory superannuation), payable on the following terms: – 50% incentive payment based on delivery of annual Group EBIT target; and – 50% incentive payment based on delivery of the Group EPS target.

Details: (cont.)	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. Leave: The agreement otherwise contains leave entitlements, termination and confidentiality provisions and general provisions considered standard for an agreement of this nature.

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:	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. Salary: $450,000 per annum (inclusive of statutory superannuation). Cash short-term incentives: up to $200,000 per annum (inclusive of statutory superannuation), payable on the following terms: – 50% incentive payment based on delivery of annual Group EBIT Target; – 25% incentive payment based on delivery of the performance segment EBIT Target; and – 25% incentive payment based on employee and customer satisfaction.

Name:	Matthew Glasner
Title:	Chief Operating Officer
Agreement commenced:	1 July 2023
Term of agreement:	Until agreement is validly terminated in accordance with its terms.
Details:	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. Salary: $475,000 per annum (inclusive of statutory superannuation). Cash short-term incentives: up to $212,500 per annum (inclusive of statutory superannuation), payable on the following terms: – 50% incentive payment based on delivery of annual Group EBIT Target; – 25% incentive payment based on delivery of performance segment EBIT Target; and – 25% incentive payment based on employee and customer satisfaction.

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

REMUNERATION REPORT (AUDITED) CONTINUED

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

Director	Annual remuneration inclusive of superannuation
G Lewis	111,000
S Johnston	77,700
G Pestell	77,000
G Strautins	77,700
B Buckley	470,000
	813,400

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 issued 2,925,375 ordinary shares at $0.415 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
B Buckley	1,500,000	17 November 2020	29 September 2024	29 September 2024	$0.9000	$115,662
B Buckley	1,483,323	17 November 2020	29 September 2024	29 September 2024	$1.0000	$123,978
A Stokes	800,000	30 June 2023	15 October 2023	1 August 2026	$0.8300	$54,658
A Stokes	600,000	30 June 2023	15 October 2024	1 August 2026	$0.8300	$40,994
A Stokes	600,000	30 June 2023	15 October 2025	1 August 2026	$0.8300	$40,994
M Glasner	800,000	30 June 2023	15 October 2023	1 August 2026	$0.8900	$37,253
M Glasner	600,000	30 June 2023	15 October 2024	1 August 2026	$0.8900	$38,685
M Glasner	600,000	30 June 2023	15 October 2025	1 August 2026	$0.8900	$39,844
B Buckley	1,000,000	15 December 2023	31 August 2024	1 August 2027	$1.2200	$54,100
B Buckley	1,000,000	15 December 2023	31 August 2025	1 August 2027	$1.2200	$60,975
B Buckley	1,000,000	15 December 2023	31 August 2026	1 August 2027	$1.2200	$63,980
S McGown	1,000,000	29 January 2024	31 August 2024	1 August 2027	$1.2200	$54,100
S McGown	1,000,000	29 January 2024	31 August 2025	1 August 2027	$1.2200	$60,975
S McGown	1,000,000	29 January 2024	31 August 2026	1 August 2027	$1.2200	$63,980

REMUNERATION REPORT (AUDITED) CONTINUED

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 (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 and Mr Glasner:

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

Performance milestones:

- 50% 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); and
- 50% of each tranche based on COSOL achieving budgeted 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.

REMUNERATION REPORT (AUDITED) CONTINUED

Statutory performance indicators

The table below shows measures of the Group's financial performance over the past five years as required by the *Corporations Act 2001*. However, these measures are not all consistent with the measures used in determining the variable amounts of remuneration to be awarded to executive KMP. Consequently, there may not always be a direct correlation between statutory key performance measures and the variable remuneration awarded to executive KMP.

	FY24	FY23	FY22	FY21
Revenue	$101,933,163	$75,102,347	$48,236,369	$33,583,739
Profit/loss after income tax expense from continuing operations	$8,519,407	$7,986,327	$5,532,775	$3,997,793
Dividends declared per ordinary share – final	$0.0139	$0.0146	$0.0100	$0.0100
Dividends declared per ordinary share – interim	$0.0100	$0.0100	$0.0092	$0.0050
Dividends paid	$4,303,005	$2,951,594	$2,633,567	$658,859
Reported basic EPS from continuing operations	$0.0498	$0.0543	$0.0401	$0.0306

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
17 November 2020	29 September 2024	$0.9000	1,500,000
17 November 2020	29 September 2024	$1.0000	1,483,323
2 December 2021	10 November 2025	$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
15 December 2023	1 August 2027	$1.2200	3,000,000
29 January 2024	1 August 2027	$1.2200	3,000,000
			14,483,323

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 issued 2,925,375 ordinary shares at $0.415 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).

Movements in securities held

The movements in FY24 in the number of securities held in COSOL held directly, indirectly or beneficially by Non-Executive Directors and executive KMP, including their related parties is detailed below.

		Held at 1 July 2023	Issued/ Acquired/ Granted	Exercised	Disposed	Held at 30 June 2024
Non-Executive Directors:						
G Lewis	Shares	24,250,000	653,595	–	–	24,903,595
	Options	–	–	–	–	
S Johnston	Shares	24,250,000	653,595	–	–	24,903,595
	Options	–	–	–	–	
G Pestell	Shares	2,500,000	–	–	–	2,500,000
	Options	–	–	–	–	
G Strautins	Shares	3,000,000	–	–	–	3,000,000
	Options	–	–	–	–	
KMP:						
B Buckley	Shares	235,000	1,193,329	–	775,000	653,329
	Options	4,176,652	3,000,000	1,193,329	–	5,983,323
S McGowan	Shares	5,700,000	1,732,046	–	2,232,000	5,200,046
	Options	1,732,046	3,000,000	1,732,046	–	3,000,000
A Stokes	Shares	–	–	–	–	
	Options	2,000,000	–	–	–	2,000,000
M Glasner	Shares	–	–	–	–	
	Options	2,000,000	–	–	–	2,000,000

DIRECTORS' REPORT CONTINUED

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.

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

Geoff Lewis
Chairman

20 August 2024

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 2024, 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 Nabeel
Director

20 August 2024
Perth

T +61 8 6324 2900 E info@eldertonaudit.com A Level 32, 152 St Georges Terrace, Perth WA 6000
ABN 51 609 542 458 W www.eldertongroup.com

FINANCIAL REPORT

General information

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

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

Registered office
Principal place of business

Level 3, 490 Adelaide Street,
Brisbane QLD 4000

Telephone: +61 7 3129 3341

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 20 August 2024. 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 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Revenue			
	4	101,933,163	75,102,347
Other income	5	37,220	47,246
Interest income		15,798	8,798
Expenses			
Cost of Sales		(67,688,382)	(48,292,503)
Depreciation and amortisation expense	6	(1,621,221)	(516,474)
Salaries & wages		(11,354,152)	(8,323,979)
Share-based payments		(325,301)	(92,156)
Operating and general expenses		(7,567,993)	(6,839,541)
Finance costs		(1,401,413)	(924,451)
Profit before income tax expense		12,027,719	10,169,287
Income tax expense	7	(3,508,312)	(2,182,960)
Profit after income tax expense for the year attributable to the owners of COSOL Limited	29	8,519,407	7,986,327
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation		(35,479)	93,125
Other comprehensive income for the year, net of tax		(35,479)	93,125
Total comprehensive income for the year attributable to the owners of COSOL Limited		8,483,928	8,079,452

	Note	Cents	Cents
Basic earnings per share	40	4.98	5.43
Diluted earnings per share	40	4.65	5.08

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 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Assets			
Current assets			
Cash and cash equivalents	8	6,615,863	4,564,847
Trade and other receivables	9	13,496,583	17,601,216
Inventories	10	24,088	91,965
Prepayments and other receivables	11	9,952,234	7,467,403
Total current assets		30,088,768	29,725,431
Non-current assets			
Property, plant and equipment	12	803,450	378,677
Right-of-use assets	13	5,867,093	2,327,105
Intangibles	14	74,423,511	45,250,191
Deferred tax	15	1,371,013	1,175,513
Total non-current assets		82,465,067	49,131,486
Total assets		112,553,835	78,856,917
Liabilities			
Current liabilities			
Trade and other payables	16	3,618,546	3,383,041
Bank loans	17	4,200,000	2,000,000
Lease liabilities	18	539,037	492,741
Income tax	19	489,625	–
Employee benefits	20	2,692,528	1,603,397
Deferred consideration	21	1,350,000	1,875,000
Accrued and other liabilities	22	8,971,655	13,927,586
Total current liabilities		21,861,391	23,281,765
Non-current liabilities			
Bank loans	23	14,450,000	10,632,708
Lease liabilities	24	5,477,366	1,927,337
Deferred tax	25	1,040,861	356,274
Deferred consideration	26	350,000	–
Total non-current liabilities		21,318,227	12,916,319
Total liabilities		43,179,618	36,198,084
Net assets		69,374,217	42,658,833
Equity			
Issued capital	27	51,389,486	29,094,381
Reserves	28	989,042	785,165
Retained profits	29	16,995,689	12,779,287
Total equity		69,374,217	42,658,833

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 2024

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

Consolidated	Issued capital $	Share-based payment reserve $	Foreign exchange reserve $	Retained profits $	Total equity $
Balance at 1 July 2023	29,094,381	520,712	264,453	12,779,287	42,658,833
Profit after income tax expense for the year	–	–	–	8,519,407	8,519,407
Other comprehensive income for the year, net of tax	–	–	(35,479)	–	(35,479)
Total comprehensive income for the year	–	–	(35,479)	8,519,407	8,483,928
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 27)	22,295,105	–	–	–	22,295,105
Share-based payments (note 41)	–	239,356	–	–	239,356
Dividends paid (note 30)	–	–	–	(4,303,005)	(4,303,005)
Balance at 30 June 2024	51,389,486	760,068	228,974	16,995,689	69,374,217

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 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		114,019,271	74,704,917
Payments to suppliers and employees (inclusive of GST)		(102,553,409)	(66,282,401)
		11,465,862	8,422,516
Interest received		15,798	8,798
Other revenue		37,220	47,246
Interest and other finance costs paid		(1,401,413)	(924,451)
Income taxes paid		(2,772,537)	(2,811,670)
Net cash from operating activities	39	7,344,930	4,742,439
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	36	(19,047,884)	(3,311,099)
Final payments for prior period's business acquisition	21	(1,875,000)	(2,150,802)
Payments for property, plant and equipment	12	(506,603)	(227,152)
Payments for intangibles	14	(881,048)	(1,013,249)
Net cash used in investing activities		(22,310,535)	(6,702,302)
Cash flows from financing activities			
Proceeds from issue of shares	27	15,806,137	–
Proceeds from borrowings		9,467,292	14,632,708
Repayment of bank loans		(3,450,000)	(11,085,445)
Repayment of lease liabilities		(501,533)	(308,890)
Share issue transaction costs		–	(37,839)
Dividends paid	30	(4,303,005)	(2,951,594)
Net cash from financing activities		17,018,891	248,940
Net increase/(decrease) in cash and cash equivalents		2,053,286	(1,710,923)
Cash and cash equivalents at the beginning of the financial year		4,564,847	6,216,777
Effects of exchange rate changes on cash and cash equivalents		(2,270)	58,993
Cash and cash equivalents at the end of the financial year	8	6,615,863	4,564,847

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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 2024 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.

Note 1. Material accounting policy information (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.

Note 1. Material accounting policy information (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.

Other revenue

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

Note 1. Material accounting policy information (continued)

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.

Note 1. Material accounting policy information (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.

Note 1. Material accounting policy information (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 5 years.

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 3 years.

Note 1. Material accounting policy information (continued)

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.

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.

Note 1. Material accounting policy information (continued)

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; and
- 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.

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.

Note 1. Material accounting policy information (continued)

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.

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.

Note 1. Material accounting policy information (continued)

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.

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 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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.

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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.

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.

Note 3. Operating segments (continued)

MAJOR CUSTOMERS

During the year ended 30 June 2024 approximately 15% (Period ended 30 June 2023: 25%) of the consolidated entity's external revenue was derived from sales to two major customers (Period ended 30 June 2023: two major customers) in the COSOL Asia Pacific segment.

OPERATING SEGMENT INFORMATION

Consolidated – 2024	COSOL Asia Pacific $	COSOL North America $	Total $
Revenue			
Sales to external customers	88,056,647	13,876,516	101,933,163
Intersegment sales	915,391	–	915,391
Total sales revenue	88,972,038	13,876,516	102,848,554
Other revenue	15,775	23	15,798
Total segment revenue	88,987,813	13,876,539	102,864,352
Intersegment eliminations			(915,391)
Total revenue			101,948,961
EBITDA	11,510,455	3,524,101	15,034,556
Depreciation and amortisation	(1,492,225)	(128,997)	(1,621,222)
Interest revenue	15,775	23	15,798
Finance costs	(1,394,276)	(7,137)	(1,401,413)
Profit before income tax expense	8,639,729	3,387,990	12,027,719
Income tax expense			(3,508,312)
Profit after income tax expense			8,519,407
Assets			
Segment assets	104,919,712	10,520,577	115,440,289
Intersegment eliminations			(2,886,454)
Total assets			112,553,835
Liabilities			
Segment liabilities	41,155,668	4,910,404	46,066,072
Intersegment eliminations			(2,886,454)
Total liabilities			43,179,618

Note 4. Revenue

	Consolidated 2024 $	Consolidated 2023 $
Rendering of services	93,803,253	65,691,613
Product sales	8,129,910	9,410,734
Revenue	101,933,163	75,102,347

DISAGGREGATION OF REVENUE

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

	Consolidated 2024 $	Consolidated 2023 $
Geographical regions		
Asia Pacific	87,249,973	61,746,082
North America	13,876,516	12,060,705
Europe, Middle East & Africa	765,978	1,251,128
Rest of world	40,696	44,432
	101,933,163	75,102,347

Note 5. Other income

	Consolidated 2024 $	Consolidated 2023 $
Reimbursement of expenses	37,220	47,246

Note 6. Depreciation and amortisation expense

	Consolidated 2024 $	Consolidated 2023 $
Depreciation on property, plant and equipment	135,818	102,884
Amortisation of right-of-use assets	580,399	374,090
Amortisation of website costs	36,208	39,500
Amortisation of system development	868,796	–
	1,621,221	516,474

Note 7. Income tax expense

	Consolidated 2024 $	Consolidated 2023 $
Income tax expense		
Current tax	3,421,790	2,855,209
Deferred tax – origination and reversal of temporary differences	(190,140)	(48,932)
Under/(Over) provision for prior year – current tax	276,662	(623,317)
Aggregate income tax expense	3,508,312	2,182,960
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	12,027,719	10,169,287
Tax at the statutory tax rate of 30%	3,608,316	3,050,786
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	26,154	37,049
Share-based payments	97,590	27,647
Deductible equity raising costs	(73,839)	(37,839)
Other costs	(71,977)	(23,663)
Acquisition adjustments	(78,263)	–
Deductible state taxes	(2,655)	–
	3,505,326	3,053,980
Under/(Over) provision for prior year – current tax	276,662	(623,317)
Difference in overseas tax rates	(274,121)	(245,427)
Effects of differences in foreign exchange translation rate	445	(2,276)
Income tax expense	3,508,312	2,182,960

	Consolidated 2024 $	Consolidated 2023 $
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 15)	(106,162)	37,839

Note 8. Cash and cash equivalents

	Consolidated 2024 $	Consolidated 2023 $
Cash on hand	221	360
Cash at bank	6,615,642	4,564,487
	6,615,863	4,564,847

Note 9. Trade and other receivables

	Consolidated	
	2024 $	2023 $
Trade receivables	14,242,526	18,375,027
Less: Allowance for expected credit losses	(745,943)	(773,811)
	13,496,583	17,601,216

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The consolidated entity has recognised a gain of $27,868 (Period ended 30 June 2023 loss: $434,374) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

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

	Consolidated	
	2024 $	2023 $
Opening balance	773,811	339,437
Additional provisions recognised	–	434,374
Additions through business combinations	262,000	–
Unused amounts reversed	(289,868)	–
Closing balance	745,943	773,811

Note 10. Inventories

	Consolidated	
	2024 $	2023 $
Stock on hand – at cost	24,088	91,965

Note 11. Prepayments and other receivables

	Consolidated	
	2024 $	2023 $
Accrued revenue	7,479,122	4,562,039
Prepayments	1,906,849	1,057,934
Income tax receivable	–	159,089
Other current assets	566,263	1,688,341
	9,952,234	7,467,403

Note 12. Property, plant and equipment

	Consolidated	
	2024 $	2023 $
Leasehold improvements – at cost	48,912	39,180
Less: Accumulated depreciation	(22,828)	(17,811)
	26,084	21,369
Fixtures and fittings – at cost	49,390	49,389
Less: Accumulated depreciation	(17,896)	(10,099)
	31,494	39,290
Computer equipment – at cost	926,135	471,345
Less: Accumulated depreciation	(332,264)	(214,403)
	593,871	256,942
Office equipment – at cost	402,254	293,171
Less: Accumulated depreciation	(250,299)	(232,168)
	151,955	61,003
Low value asset pool – at cost	2,379	2,379
Less: Accumulated depreciation	(2,333)	(2,306)
	46	73
Computer software – at cost	3,073	3,079
Less: Accumulated depreciation	(3,073)	(3,079)
	–	–
	803,450	378,677

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 improve-ments $	Computers $	Furniture and fixtures $	Low value asset pool $	Office equipment $	Computer software $	Total $
Balance at 1 July 2022	10,652	169,367	16,075	276	54,545	475	251,390
Additions	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
Additions	9,750	441,108	–	–	55,745	–	506,603
Additions through business combinations (note 36)	–	–	–	–	53,783	–	53,783
Exchange differences	11	194	–	–	–	–	205
Depreciation expense	(5,046)	(104,373)	(7,796)	(27)	(18,576)	–	(135,818)
Balance at 30 June 2024	26,084	593,871	31,494	46	151,955	–	803,450

Note 13. Right-of-use assets

	Consolidated 2024 $	Consolidated 2023 $
Land and buildings – right-of-use	6,480,516	2,810,504
Less: Accumulated depreciation	(613,423)	(483,399)
	5,867,093	2,327,105

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 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
Additions	5,859,804	5,859,804
Additions through business combinations (note 36)	21,760	21,760
Disposals	(1,761,946)	(1,761,946)
Exchange differences	769	769
Depreciation expense	(580,399)	(580,399)
Balance at 30 June 2024	5,867,093	5,867,093

Note 14. Intangibles

	Consolidated	
	2024 $	2023 $
Goodwill – at cost	69,249,254	43,401,977
Development – at cost	5,985,960	1,773,952
Less: Accumulated amortisation	(868,796)	–
	5,117,164	1,773,952
Website – at cost	178,885	159,845
Less: Accumulated amortisation	(121,792)	(85,583)
	57,093	74,262
	74,423,511	45,250,191

The Group performed the annual impairment test in June 2024. 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.

Note 14. Intangibles (continued)

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.

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 FY25 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 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
Additions	–	862,008	19,039	881,047
Additions through business combinations (note 36)	25,847,277	3,350,000	–	29,197,277
Amortisation expense	–	(868,796)	(36,208)	(905,004)
Balance at 30 June 2024	69,249,254	5,117,164	57,093	74,423,511

Note 15. Deferred tax

	Consolidated	
	2024 $	2023 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	890,549	661,980
Other provisions	257,057	438,104
Right-of-use assets	3,515	15,371
Blackhole expenses	65,180	4,761
Borrowing costs	2,131	15,076
Other deferred tax assets	8,581	2,382
	1,227,013	1,137,674
Amounts recognised in equity:		
Transaction costs on share issue	144,000	37,839
Deferred tax asset	1,371,013	1,175,513
Movements:		
Opening balance	1,175,513	639,234
Credited/(charged) to profit or loss (note 7)	(50,139)	169,953
Credited/(charged) to equity (note 7)	106,162	(37,839)
Additions through business combinations (note 36)	139,477	404,165
Closing balance	1,371,013	1,175,513

Note 16. Trade and other payables

	Consolidated	
	2024 $	2023 $
Trade payables	3,618,546	3,383,041

Refer to note 31 for further information on financial instruments.

Note 17. Bank loans

	Consolidated	
	2024 $	2023 $
Bank loans	4,200,000	2,000,000

Refer to note 31 for further information on financial instruments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 18. Lease liabilities

	Consolidated	
	2024 $	2023 $
Lease liability – rent right-of-use	423,596	478,817
Lease liability – equipment	115,441	13,924
	539,037	492,741

Refer to note 31 for further information on financial instruments.

Note 19. Income tax

	Consolidated	
	2024 $	2023 $
Provision for income tax	489,625	–

Note 20. Employee benefits

	Consolidated	
	2024 $	2023 $
Annual leave	1,437,215	1,128,250
Long service leave	768,059	459,336
Employee benefits	487,254	15,811
	2,692,528	1,603,397

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	
	2024 $	2023 $
Deferred consideration – current	1,350,000	1,875,000

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

Note 21. Deferred consideration (continued)

MOVEMENTS IN PROVISIONS

Consolidated – 2024	Deferred consideration – current $
Carrying amount at the start of the year	1,875,000
Additions through business combinations (note 36)	1,700,000
Payment in relation to acquisition of Clarita Solutions Pty Ltd	(1,875,000)
Change from current to non-current (note 26)	(350,000)
Carrying amount at the end of the year	1,350,000

Note 22. Accrued and other liabilities

	Consolidated	
	2024 $	2023 $
Payroll tax payable	267,270	86,241
Superannuation payable	763,221	619,014
GST payable	847,338	1,765,869
Accrued expenses	122,733	1,844,761
Deferred revenue	1,758,152	3,684,746
Other current liabilities	5,212,941	5,926,955
	8,971,655	13,927,586

Note 23. Bank loans

The consolidated entity has secured additional finance facilities with Westpac Banking Corporation during the financial year totalling $27,150,000. This comprises a term debt facility of $23,650,000 made up of an $8,000,000 (interest only) and $15,650,000 (principal plus interest over the term), a multi option facility for $3,250,000 and a corporate credit card facility for $250,000, with $18,650,000 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 2024, the Group was in compliance with all these covenants.

	Consolidated	
Non Current	2024 $	2023 $
Bank loans	14,450,000	10,632,708

Refer to note 31 for further information on financial instruments.

Note 23. Bank loans (continued)

TOTAL SECURED LIABILITIES

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

	Consolidated	
	2024 $	2023 $
Bank loans	18,650,000	12,632,708

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 2024 to the following lines of credit:

	Consolidated	
	2024 $	2023 $
Total facilities		
Bank loans – multi option facility	3,250,000	3,250,000
Bank loans – term debt facility	23,650,000	14,000,000
Corporate credit cards	250,000	250,000
	27,150,000	17,500,000
Used at the reporting date		
Bank loans – multi option facility	–	–
Bank loans – term debt facility	18,650,000	12,632,708
Corporate credit cards	187,500	19,275
	18,837,500	12,651,983
Unused at the reporting date		
Bank loans – multi option facility	3,250,000	3,250,000
Bank loans – term debt facility	5,000,000	1,367,292
Corporate credit cards	62,500	230,725
	8,312,500	4,848,017

Note 24. Lease liabilities

	Consolidated	
	2024 $	2023 $
Lease liability – equipment	5,477,366	1,927,337

Refer to note 31 for further information on financial instruments.

Note 25. Deferred tax

	Consolidated 2024 $	Consolidated 2023 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	71,356	76,027
Prepayments	33,029	1,780
Other deferred tax liabilities	96,243	268,592
Intangibles	840,233	9,875
Deferred tax liability	1,040,861	356,274
Movements:		
Opening balance	356,274	157,201
Charged/(credited) to profit or loss (note 7)	(320,413)	199,073
Additions through business combinations (note 36)	1,005,000	–
Closing balance	1,040,861	356,274

Note 26. Deferred consideration

	Consolidated 2024 $	Consolidated 2023 $
Deferred consideration	350,000	–

Refer note 21 for further information on deferred consideration.

Note 27. Issued capital

	Consolidated 2024 Shares	Consolidated 2023 Shares	Consolidated 2024 $	Consolidated 2023 $
Ordinary shares – fully paid	177,457,758	147,579,711	51,389,486	29,094,381

Note 27. Issued capital (continued)

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	$
Balance	1 July 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
Issue of shares in business acquisition of AssetOn Group	15 August 2023	18,300,653	$0.7650	14,000,000
Issue of shares in business acquisition of AssetOn Group	4 September 2023	4,805,985	$0.8300	3,988,968
Issue of shares – exercise of share options	5 October 2023	2,925,375	$0.4150	1,214,031
Issue of shares	5 October 2023	1,307,190	$0.7650	1,000,000
Issue of shares in business acquisition of Core Asset	3 May 2024	2,538,844	$0.9847	2,500,000
Adjustment for fair value attributable to share options converted		–	$0.0000	85,945
Listing fees		–	$0.0000	(600,000)
Adjustment to tax effect of listing fees		–	$0.0000	106,161
Balance	30 June 2024	177,457,758		51,389,486

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.

Note 28. Reserves

	Consolidated 2024 $	Consolidated 2023 $
Foreign currency reserve	228,974	264,453
Share-based payments reserve	760,068	520,712
	989,042	785,165

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 2024 $	Consolidated 2023 $
Retained profits at the beginning of the financial year	12,779,287	7,744,554
Profit after income tax expense for the year	8,519,407	7,986,327
Dividends paid (note 30)	(4,303,005)	(2,951,594)
Retained profits at the end of the financial year	16,995,689	12,779,287

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Note 30. Dividends

DIVIDENDS

Dividends paid during the financial year were as follows:

	Consolidated	
	2024 $	2023 $
Fully franked interim dividend for the year ended 30 June 2024 of $0.01 (2023: $0.01) per ordinary share	1,749,189	1,475,797
Fully franked final dividend for the year ended 30 June 2023 of $0.0146 (2022: $0.01) per ordinary share	2,553,816	1,475,797
	4,303,005	2,951,594

FRANKING CREDITS

	Consolidated	
	2024 $	2023 $
Franking credits available at the reporting date based on a tax rate of 30%	5,603,304	3,492,715
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%	(114,747)	(3,946)
Franking credits available for subsequent financial years based on a tax rate of 30%	5,488,557	3,488,769

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.

Note 31. Financial instruments (continued)

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	
Australian dollars	**2024**	**2023**	**2024**	**2023**
US dollars	0.6567	0.6734	0.6644	0.6630

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

	Assets		Liabilities	
Consolidated	**2024 $**	**2023 $**	**2024 $**	**2023 $**
US dollars	5,072,340	3,104,639	1,344,773	996,232

The consolidated entity had net assets denominated in foreign currencies of $3,727,567 (assets of $5,072,340 less liabilities of $1,344,773) as at 30 June 2024 (2023: $2,108,407 (assets of $3,104,639 less liabilities of $996,232)). 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 loss for the year ended 30 June 2024 was $28,632 (2023: gain of $42,718).

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:

	2024		2023	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Bank loans	6.95%	18,650,000	4.87%	12,632,708
Net exposure to cash flow interest rate risk		18,650,000		12,632,708

Note 31. Financial instruments (continued)

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

For the consolidated entity the bank loans outstanding, totalling $18,650,000 (2023: $12,632,708), are principal and interest payment loans. Quarterly cash outlays of approximately $325,000 (2023: $185,000) 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 $4,200,000 (2024: $2,000,000) are due during the year ending 30 June 2025.

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 1 year.

Allowance for expected credit losses

The consolidated entity has recognised a gain of $27,868 (2023 loss: $434,374) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024. 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	
	2024 $	2023 $
Bank loans – multi option facility	3,250,000	3,250,000
Bank loans – term debt facility	5,000,000	1,367,292
Corporate credit cards	62,500	230,725
	8,312,500	4,848,017

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time. These provide facilities to meet deferred consideration.

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 – 2024	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						
Non-interest bearing						
Trade payables	–	3,617,754	–	–	–	3,617,754
Interest-bearing – variable						
Bank loans	6.95%	4,200,000	4,200,000	10,250,000	–	18,650,000
Lease liability	5.07%	539,037	499,218	1,618,828	3,359,320	6,016,403
Total non-derivatives		8,356,791	4,699,218	11,868,828	3,359,320	28,284,157

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						
Non-interest bearing						
Trade payables	–	3,383,041	–	–	–	3,383,041
Interest-bearing – variable						
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

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.

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	
	2024 $	2023 $
Short-term employee benefits	2,663,724	1,643,111
Post-employment benefits	108,838	86,767
Share-based payments	260,937	41,368
	3,033,499	1,771,246

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	
	2024 $	2023 $
Audit services -		
Audit of the financial statements	54,000	45,000
Other services -		
Half year review	15,500	13,500
Audit of acquired subsidiaries on the acquisition date	15,000	8,000
	30,500	21,500
	84,500	66,500

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.

Note 34. Related party transactions (continued)

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	
	2024 $	2023 $
Payment for goods and services:		
Payment for services from other related party – legal services	274,916	276,074
Payment for services from other related party – accounting services	36,719	119,034

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

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

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.

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	
	2024 $	2023 $
Profit/(loss) after income tax	(2,543,666)	481,030
Total comprehensive income	(2,543,666)	481,030

Note 35. Parent entity information (continued)

STATEMENT OF FINANCIAL POSITION

	Parent	
	2024 $	2023 $
Total current assets	5,168,686	2,993,539
Total assets	81,172,405	51,166,769
Total current liabilities	18,331,994	8,774,739
Total liabilities	33,131,994	19,407,447
Net assets	48,040,411	31,759,322
Equity		
Issued capital	51,389,486	29,113,301
Share-based payments reserve	760,068	520,712
Retained profits/(accumulated losses)	(4,109,143)	2,125,309
Total equity	48,040,411	31,759,322

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 2024 and 30 June 2023.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

MATERIAL ACCOUNTING POLICY INFORMATION

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; and
- 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.

Note 36. Business combinations

On 1 September 2023, COSOL Limited acquired 100% of the ordinary shares of AssetOn Group Pty Ltd and OnPlan Technologies Pty Ltd ("AssetOn Group") for the total consideration of $21,218,123. AssetOn Group provides asset maintenance software and services to organisations with large scale asset networks in mining, energy, utilities and manufacturing. The consideration amount was settled by COSOL Limited through issuance of shares amounting to $3,988,968, cash consideration amounting to $16,229,155, and assumed earn out consideration $1,000,000. The acquisition was in line with COSOL's stated objective of moving to become a global player in the enterprise asset management services space. The acquisition resulted in goodwill of $19,161,500 to be recognised in the consolidated financial statements. The acquired business contributed revenues of $22,454,850 and profit before tax of $2,100,148 to the consolidated entity for the period from 1 September 2023 to 30 June 2024.

Details of the acquisition are as follows:

	Fair value $
Trade receivables	1,961,266
Prepayments	112,525
Other current assets	418,902
Property, plant and equipment	53,783
Right-of-use assets	21,760
Intangibles – system development	3,350,000
Deferred tax asset	229,813
Trade payables	(342,589)
Deferred tax liability	(1,005,000)
Employee benefits	(451,962)
Accrued expenses	(297,153)
Other liabilities	(1,994,722)
Net assets acquired	2,056,623
Goodwill	19,161,500
Acquisition-date fair value of the total consideration transferred	21,218,123
Representing:	
Cash paid or payable to vendor	16,229,155
COSOL Limited shares issued to vendor	3,988,968
Contingent consideration	1,000,000
	21,218,123
Acquisition costs expensed to profit or loss	391,742
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	21,218,123
Less: contingent consideration	(1,000,000)
Less: shares issued by company as part of consideration	(3,988,968)
Net cash used	16,229,155

Note 36. Business combinations (continued)

On 1 March 2024, COSOL Limited acquired 100% of the ordinary shares of Core Asset Co Pty Ltd for the total consideration of $6,119,000. Core Asset is an asset performance advisory firm the provides data-driven insights and solutions to clients to improve the performance of client asset networks and return on investment. The consideration amount was settled by COSOL Limited through issuance of shares amounting to $2,500,000, cash consideration amounting to $2,919,000 and an assumed earned out consideration of $700,000. The acquisition was in line with COSOL's stated objective of moving to become a global player in the enterprise asset management services space. The acquisition resulted in goodwill of $6,685,777 to be recognised in the consolidated financial statements. The acquired business contributed revenues of $2,646,596 and profit before tax of $375,569 to the consolidated entity for the period from 1 March 2024 to 30 June 2024.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	100,270
Trade receivables	498,498
Other current assets	46,911
Deferred tax asset	32,386
Provision for income tax	(286,428)
Employee benefits	(38,595)
Other liabilities	(919,819)
Net liabilities acquired	(566,777)
Goodwill	6,685,777
Acquisition-date fair value of the total consideration transferred	6,119,000
Representing:	
Cash paid or payable to vendor	2,919,000
COSOL Limited shares issued to vendor	2,500,000
Contingent consideration	700,000
	6,119,000
Acquisition costs expensed to profit or loss	214,119
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	6,119,000
Less: cash and cash equivalents	(100,270)
Less: contingent consideration	(700,000)
Less: shares issued by company as part of consideration	(2,500,000)
Net cash used	2,818,730

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:

		Ownership interest	
Name	Principal place of business/ Country of incorporation	2024 %	2023 %
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%	100.00%
Asset Management Learning Academy Pty Ltd	Australia	100.00%	100.00%
AssetOn Group Pty Ltd	Australia	100.00%	–
OnPlan Technologies Pty Ltd	Australia	100.00%	–
Core Asset Co Pty Ltd	Australia	100.00%	–

During the 2023 financial year, AddOns Inc changed its name to COSOL Americas Inc.

Note 38. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 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.

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

	Consolidated	
	2024 $	2023 $
Profit after income tax expense for the year	8,519,407	7,986,327
Adjustments for:		
Depreciation and amortisation	1,686,222	516,474
Share-based payments	239,356	92,156
Foreign currency differences	(34,183)	22,633
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	6,564,397	(6,406,369)
Decrease in inventories	67,877	42,520
Increase in deferred tax assets	(152,009)	(132,113)
Increase in accrued revenue	(2,917,083)	(1,759,773)
Increase in prepayments	(736,390)	(302,934)
Decrease in other operating assets	895,688	239,456
Decrease in trade and other payables	(700,379)	(1,389,004)
Increase/(decrease) in provision for income tax	203,197	(695,670)
Increase in deferred tax liabilities	684,587	199,073
Increase in employee benefits	598,574	282,919
Decrease in other provisions	(175,000)	(2,150,802)
Increase/(decrease) in other operating liabilities	(7,399,331)	8,197,546
Net cash from operating activities	7,344,930	4,742,439

Note 40. Earnings per share

	Consolidated 2024 $	Consolidated 2023 $
Profit after income tax attributable to the owners of COSOL Limited	8,519,407	7,986,327

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	171,114,398	147,067,950
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	12,233,997	10,003,307
Weighted average number of ordinary shares used in calculating diluted earnings per share	183,348,395	157,071,257

	Cents	Cents
Basic earnings per share	4.98	5.43
Diluted earnings per share	4.65	5.08

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 2024	Weighted average exercise price 2024	Number of options 2023	Weighted average exercise price 2023
Outstanding at the beginning of the financial year	11,502,448	$0.7695	8,087,500	$0.7000
Granted	6,000,000	$1.2200	4,750,000	$0.8521
Exercised	(2,925,375)	$0.4150	–	$0.0000
Expired	(93,750)	$0.7000	(1,335,052)	$0.6427
Outstanding at the end of the financial year	14,483,323	$1.0282	11,502,448	$0.7695
Exercisable at the end of the financial year	4,583,323	$0.8795	4,502,448	$0.7356

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	832,046	–	(832,046)	–	–
Tranche 3 Mr McGowan	17/11/2020	$0.4150	900,000	–	(900,000)	–	–
Tranche 2 Mr Buckley	17/11/2020	$0.4150	593,329	–	(593,329)	–	–
Tranche 3 Mr Buckley	17/11/2020	$0.4150	600,000	–	(600,000)	–	–
Tranche 2 Senior Leadership Team	17/11/2020	$0.7000	93,750	–	–	(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	1,483,323	–	–	–	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 Mr Glasner	30/06/2023	$0.8900	800,000	–	–	–	800,000
Tranche 2 Mr Glasner	30/06/2023	$0.8900	600,000	–	–	–	600,000
Tranche 3 Mr Glasner	30/06/2023	$0.8900	600,000	–	–	–	600,000
Tranche Mr Buckley	15/12/2023	$1.2200	–	3,000,000	–	–	3,000,000
Tranche Mr McGowan	29/01/2024	$1.2200	–	3,000,000	–	–	3,000,000
			11,502,448	6,000,000	(2,925,375)	(93,750)	14,483,323

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 $1.0282 (2023: $0.7695).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.06 years (2023: 1.81 years).

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 June 2024

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Entity name	Entity type	Place formed/ Country of incorporation	Ownership interest %	Tax residency
COSOL Limited	Body Corporate	Australia	100.00%	Australian
COSOL Australia Pty Limited	Body Corporate	Australia	100.00%	Australian
COSOL Americas Inc	Body Corporate	USA	100.00%	Foreign
Clarita Solutions Pty Limited	Body Corporate	Australia	100.00%	Australian
Work Management Solutions Pty Ltd	Body Corporate	Australia	100.00%	Australian
Asset Management Learning Academy Pty Ltd	Body Corporate	Australia	100.00%	Australian
AssetOn Group Pty Ltd	Body Corporate	Australia	100.00%	Australian
OnPlan Technologies Pty Ltd	Body Corporate	Australia	100.00%	Australian
Core Asset Co Pty Ltd	Body Corporate	Australia	100.00%	Australian

DIRECTORS' DECLARATION

30 June 2024

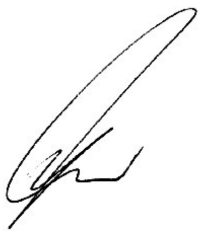
In the Directors' opinion:

- 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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the enclosed consolidated entity disclosure statement ('CEDS') is true and correct*.

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



Geoff Lewis
Chairman

20 August 2024

* The Directors have received a declaration from the Managing Director and Chief Financial Officer that the consolidated entity disclosure statement is true and correct.

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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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 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* (including Independence Standards) (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 ($101,933,163), Note 4 (Revenue) to the financial report

Key Audit Matter	How our audit addressed the matter
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. 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 *Revenue from Contracts with Customers* ('AASB 15').	Our audit work included, but was not restricted to, the following: • 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 during the year 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
On 1 September 2023, COSOL limited acquired 100% of the ordinary shares of AssetOn Group Pty Limited and OnPlan Technologies Pty Ltd ("AssetOn Group"). On 1 March 2024, COSOL limited acquired 100% of the ordinary shares of Core Asset Co Pty Ltd. This Business combination is a key audit matter due to the: • 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 *Business Combinations*.	Our audit work included, but was not restricted to, the following: • 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 Business Combinations*.

INDEPENDENT AUDITOR'S REPORT CONTINUED

either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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 2024. 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

Goodwill impairment
Refer to Note 14 (Intangibles) to the financial report

Key Audit Matter	How our audit addressed the matter
Under AASB 136 Impairment of Assets, 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 $69,249,254 as of 30 June 2024 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.	Our audit work included, but was not restricted to, the following: • 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 goodwill 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 i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001;* and ii) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and ii) the consolidated entity disclosure statement that is true and correct and is free of 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

INDEPENDENT AUDITOR'S REPORT CONTINUED

Opinion

In our opinion, the Remuneration Report of COSOL Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Director

20 August 2024
Perth

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in the 2024 Annual Report is detailed below. The information set out below was current as at 9 August 2024.

Number and distribution of equity securities

The number of holders, by size of holding, in each class of equity securities is set out below.

	Ordinary shares			Options (exercise price $0.90, expiring 29/09/24)		
	Number of holders	Number held	% of total shares issued	Number of holders	Number held	% of total options issued
1 to 1,000	166	100,804	0.06	–	–	–
1,001 to 5,000	259	701,923	0.40	–	–	–
5,001 to 10,000	124	1,017,527	0.57	–	–	–
10,001 to 100,000	292	8,906,884	5.02	–	–	–
100,001 and over	91	166,730,620	93.96	1	1,500,000	100.00
	932	177,457,758	100.00	1	1,500,000	100.00
Holding less than a marketable parcel	41	–	0.003	–	–	–

A less than a marketable parcel of shares based on the closing price of shares on the ASX on 9 August 2024 was 465 shares or fewer.

	Options (exercise price $1.00, expiring 29/09/24)			Options (exercise price $0.96, expiring 10/11/25)		
	Number of holders	Number held	% of total options issued	Number of holders	Number held	% of total options issued
1 to 1,000	–	–	–	–	–	–
1,001 to 5,000	–	–	–	–	–	–
5,001 to 10,000	–	–	–	–	–	–
10,001 to 100,000	–	–	–	–	–	–
100,001 and over	1	1,483,323	100.00	2	750,000	100.00
	1	1,483,323	100.00	2	750,000	100.00

ASX ADDITIONAL INFORMATION CONTINUED

	Options (exercise price $0.81, expiring 31/03/26)			Options (exercise price $0.83, expiring 1/08/26)		
	Number of holders	Number held	% of total options issued	Number of holders	Number held	% of total options issued
1 to 1,000	–	–	–	–	–	–
1,001 to 5,000	–	–	–	–	–	–
5,001 to 10,000	–	–	–	–	–	–
10,001 to 100,000	–	–	–	–	–	–
100,001 and over	2	750,000	100.00	1	2,000,000	100.00
	2	750,000	100.00	1	2,000,000	100.00

	Options (exercise price $0.89, expiring 1/08/26)			Options (exercise price $1.22, expiring 1/08/27)		
	Number of holders	Number held	% of total options issued	Number of holders	Number held	% of total options issued
1 to 1,000	–	–	–	–	–	–
1,001 to 5,000	–	–	–	–	–	–
5,001 to 10,000	–	–	–	–	–	–
10,001 to 100,000	–	–	–	–	–	–
100,001 and over	1	2,000,000	100.00	2	6,000,000	100.00
	1	2,000,000	100.00	2	6,000,000	100.00

There are 14,483,323 unquoted options on issue.

All of the unquoted options on issue were issued under an employee incentive scheme.

ASX ADDITIONAL INFORMATION CONTINUED

Equity security holders

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities (fully paid ordinary shares) are listed below.

	Ordinary shares	
	Number held	% of total shares issued
Geoffrey Lewis & Anne Marie Lewis	24,903,595	14.03
JRF Co Pty Ltd	23,953,595	13.50
JP Morgan Nominees Australia Pty Limited	13,396,275	7.55
HSBC Custody Nominees (Australia) Limited	6,892,160	3.88
BNP Paribas Noms Pty Ltd	6,626,195	3.73
Citicorp Nominees Pty Limited	6,491,994	3.66
Gregory Wood & Janette Wood	6,003,000	3.38
SNJ Business Solutions Pty Ltd	5,200,046	2.93
Bradley Skeggs	4,883,000	2.75
Glenn Rogers	3,826,210	2.16
HSBC Custody Nominees (Australia) Limited – A/C 2	3,431,215	1.93
Andrew McKenzie & Mrs Catherine McKenzie	3,414,992	1.92
Gerald Strautins	3,000,000	1.69
Spiral X Pty Ltd	2,538,844	1.43
David Lestani	2,385,337	1.34
Bradley Miller	2,385,337	1.34
Paul Lestani	2,385,337	1.34
Bradley Skeggs & Tom Skeggs	2,300,000	1.30
Pindan Investments Pty Ltd	2,150,000	1.21
Waiheke Holdings Pty Ltd	2,127,504	1.20
	128,294,636	72.30

Substantial holders

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving a substantial shareholder notice under Part 6C.1 of the Corporations Act 2001 as at 9 August 2024.

	Ordinary shares	
	Number held	% of total shares issued
Mr Geoffrey James Lewis and Mrs Anne Marie Lewis	24,903,595	14.48
Mr Stephen Edward Johnston and Mrs Sarah Johnston	24,903,595	14.48
MicroEquities Asset Management Pty Ltd	6,942,949	5.45

There may be differences between this information and the list of the top 20 largest shareholders due to differences between registered holder details, the nature of a holder's relevant interest in voting shares, or movements in holdings since the giving of a substantial holding notice of less than 1 percent which do not require disclosure.

Voting rights

The voting rights attaching to each class of equity securities are detailed below.

- Fully paid ordinary shares – each holder present at a general meeting (whether in person, online, by proxy or by representative) is entitled to one vote on a show of hands, or on a poll, one vote for each share subject to any voting restrictions that may apply.
- Options – no voting rights.

On-market share buy-back

COSOL is not currently conducting an on-market buy-back of its shares on the ASX.

Restricted and voluntarily escrowed securities

There are no securities on issue which are restricted securities.

There are 2,538,844 fully paid ordinary shares subject to voluntary escrow until 3 May 2025.

CORPORATE DIRECTORY

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

Key management

Scott McGowan – Chief Executive Officer

Anthony Stokes – Chief Financial Officer

Matt Glasner – Chief Operating Officer

Company secretary

Ben Secrett – Company Secretary

Registered office
Principal place of business

Level 3, 490 Adelaide Street,
Brisbane QLD 4000

Incorporation

Incorporated in Australia as a public company limited by shares

ACN: 635 371 363
ABN: 66 635 371 363

Stock exchange listing

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

www.asx.com.au

Share registry

LINK MARKET SERVICES

Level 12, QV1 Building
250 St George's Terrace
Perth WA 6000

Telephone: +61 1300 554 474

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

Notice of annual general meeting

The annual general meeting of COSOL Limited is to be held on 14 November 2024.

Time and place to be announced.

Website

www.cosol.global

www.colliercreative.com.au #CSO0028

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COSOL

www.cosol.global