

COSOL Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	COSOL Limited
ACN:	635 371 363
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	41.5% to	49,065,196
Profit from ordinary activities after tax attributable to the owners of COSOL Limited	up	15.1% to	3,635,981
Profit for the half-year attributable to the owners of COSOL Limited	up	15.1% to	3,635,981

Dividends

The Directors have declared a 1 cent interim dividend payable to all ordinary shareholders for the current financial year. The dividend will be fully franked. The record date for the entitlements to this dividend will be 12 April 2024 with the payment 13 May 2024.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$3,635,981 (31 December 2022: \$3,158,305).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(4.65)</u>	<u>(1.69)</u>

4. Dividends

Current period

The Directors have declared a 1 cent interim dividend payable to all ordinary shareholders for the current financial year. The dividend will be fully franked. The record date for the entitlements to this dividend will be 12 April 2024 with the payment 13 May 2024.

A final dividend for the year ended 30 June 2023 of \$0.0146 (2022: \$0.01) per ordinary share was paid on 6 November 2023 (record date 20 October 2023).

Previous period

The Directors declared a \$0.01 interim dividend payable to all ordinary shareholders for the previous financial year. The dividend was fully franked. The record date for the entitlements to this dividend was 12 April 2023 with the payment 12 May 2023.

5. Foreign entities

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

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

6. Audit qualification or review

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

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

7. Attachments

Details of attachments (if any):

The Interim Report of COSOL Limited for the half-year ended 31 December 2023 is attached.

8. Signed



Signed _____

Geoffrey Lewis
Chairman

Date: 20 February 2024

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COSOL Limited

Interim Report - 31 December 2023

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ACN 635 371 363

**COSOL Limited
Directors' report
31 December 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of COSOL Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

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

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

Dividends

The Directors have declared a 1 cent interim dividend payable to all ordinary shareholders for the current financial year. The dividend will be fully franked. The record date for entitlements to this dividend will be 12 April 2024 with the payment 13 May 2024.

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

	Consolidated	
	For the half year ended 31 December 2023	For the half year ended 31 December 2022
	\$	\$
Final dividend for the year ended 30 June 2023 of \$0.0146 (2022: \$0.01) per ordinary share	<u>2,553,816</u>	<u>1,475,797</u>

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$3,635,981 (31 December 2022: \$3,158,305).

Revenue for the consolidated entity for the half-year amounted to \$49,053,157 (31 December 2022: \$34,670,634)

Significant changes in the state of affairs

Acquisition of AssetOn Group

On 1 September 2023, COSOL Limited acquired 100% of the ordinary shares of AssetOn Group Pty Ltd and OnPlan Technologies Pty Ltd ("AssetOn Group"). AssetOn Group provides asset maintenance software and services to organisations with large scale asset networks in mining, energy, utilities and manufacturing. The acquisition was in line with COSOL's stated objective of moving to become a global player in the enterprise asset management services space.

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

Auditor's independence declaration

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

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

On behalf of the directors



Geoffrey Lewis
Chairman

20 February 2024

Auditor's Independence Declaration

To those charged with the governance of Cosol Limited

As auditor for the review of Cosol Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Elderton Audit Pty Ltd



Rafay Nabeel
Director

20 February 2024

COSOL Limited
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31 December 2023

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General information

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

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

Registered office

1/490 Adelaide Street,
Brisbane City
QUEENSLAND 4000

Principal place of business

1/490 Adelaide Street,
Brisbane City
QUEENSLAND 4000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 February 2024.

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COSOL Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
		For the half year ended 31 December 2023	For the half year ended 31 December 2022
	Note	\$	\$
Revenue	3	49,053,157	34,670,634
Other income	4	20,984	31,352
Interest income		12,039	3,412
Expenses			
Cost of sales		(33,009,701)	(20,390,446)
Depreciation and amortisation expense	5	(822,944)	(137,863)
Salaries & Wages		(5,867,733)	(6,076,986)
Share based payments	25	(141,535)	(90,000)
Operating and General Expenses		(3,525,650)	(3,210,360)
Finance costs		(626,130)	(347,801)
Profit before income tax expense		5,092,487	4,451,942
Income tax expense	6	(1,456,506)	(1,293,637)
Profit after income tax expense for the half-year attributable to the owners of COSOL Limited		3,635,981	3,158,305
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(60,409)	25,199
Other comprehensive income for the half-year, net of tax		(60,409)	25,199
Total comprehensive income for the half-year attributable to the owners of COSOL Limited		<u>3,575,572</u>	<u>3,183,504</u>
		Cents	Cents
Basic earnings per share	24	2.18	2.15
Diluted earnings per share	24	2.05	2.03

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

COSOL Limited
Statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 December	30 June 2023
		2023	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		6,712,292	4,564,847
Trade and other receivables		15,245,817	17,601,216
Inventories		53,880	91,965
Prepayments and other current assets	7	9,166,632	7,467,403
Total current assets		<u>31,178,621</u>	<u>29,725,431</u>
Non-current assets			
Property, plant and equipment	8	560,307	378,677
Right-of-use assets	9	1,937,532	2,327,105
Intangibles	10	71,785,486	45,250,191
Deferred tax		1,518,690	1,175,513
Total non-current assets		<u>75,802,015</u>	<u>49,131,486</u>
Total assets		<u>106,980,636</u>	<u>78,856,917</u>
Liabilities			
Current liabilities			
Trade payables		1,862,172	3,383,041
Bank loans	11	3,200,000	2,000,000
Lease liability	12	504,169	492,741
Employee benefits	13	2,159,734	1,603,397
Deferred consideration		6,000,000	1,875,000
Accrued and other liabilities	14	12,074,207	13,927,586
Total current liabilities		<u>25,800,282</u>	<u>23,281,765</u>
Non-current liabilities			
Bank loans	15	15,100,000	10,632,708
Lease liability		1,562,467	1,927,337
Deferred tax		986,603	356,274
Total non-current liabilities		<u>17,649,070</u>	<u>12,916,319</u>
Total liabilities		<u>43,449,352</u>	<u>36,198,084</u>
Net assets		<u>63,531,284</u>	<u>42,658,833</u>
Equity			
Issued capital	16	48,889,486	29,094,381
Reserves		780,346	785,165
Retained profits		13,861,452	12,779,287
Total equity		<u>63,531,284</u>	<u>42,658,833</u>

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

COSOL Limited
Statement of changes in equity
For the half-year ended 31 December 2023

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 half-year	-	-	-	3,158,305	3,158,305
Other comprehensive income for the half-year, net of tax	-	-	25,199	-	25,199
Total comprehensive income for the half-year	-	-	25,199	3,158,305	3,183,504
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	3,000,000	-	-	-	3,000,000
Share-based payments (note 25)	-	90,000	-	-	90,000
Adjustment to tax on listing fees for equity issue	(18,919)	-	-	-	(18,919)
Dividends paid (note 17)	-	-	-	(1,475,797)	(1,475,797)
Balance at 31 December 2022	<u>29,113,301</u>	<u>518,556</u>	<u>196,527</u>	<u>9,427,062</u>	<u>39,255,446</u>
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 half-year	-	-	-	3,635,981	3,635,981
Other comprehensive income for the half-year, net of tax	-	-	(60,409)	-	(60,409)
Total comprehensive income for the half-year	-	-	(60,409)	3,635,981	3,575,572
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 16)	18,388,968	-	-	-	18,388,968
Share-based payments (note 25)	1,299,976	55,590	-	-	1,355,566
Adjustment to tax on listing fees for equity issue	106,161	-	-	-	106,161
Dividends paid (note 17)	-	-	-	(2,553,816)	(2,553,816)
Balance at 31 December 2023	<u>48,889,486</u>	<u>576,302</u>	<u>204,044</u>	<u>13,861,452</u>	<u>63,531,284</u>

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

COSOL Limited
Statement of cash flows
For the half-year ended 31 December 2023

	Note	Consolidated	
		For the half year ended 31 December 2023	For the half year ended 31 December 2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		54,221,716	33,323,731
Payments to suppliers and employees (inclusive of GST)		(50,134,723)	(30,536,014)
		4,086,993	2,787,717
Interest received		12,039	3,412
Other revenue		20,984	31,352
Interest and other finance costs paid		(626,130)	(347,801)
Income taxes paid		(1,169,354)	(1,266,313)
Net cash from operating activities	23	<u>2,324,532</u>	<u>1,208,367</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	21	(16,229,155)	(3,311,099)
Payments for prior period's business acquisition	21	(1,875,000)	(2,155,443)
Payments for property, plant and equipment	8	(190,142)	(60,172)
Payments for intangibles	10	(351,999)	(42,524)
Net cash used in investing activities		<u>(18,646,296)</u>	<u>(5,569,238)</u>
Cash flows from financing activities			
Proceeds from issue of shares	16	16,320,192	-
Proceeds from bank loan		6,467,292	15,467,262
Repayment of bank loan		(800,000)	(9,585,445)
Share issue transaction costs		(600,000)	(18,919)
Dividends paid	17	(2,553,816)	(1,475,797)
Repayment of lease liabilities		(353,442)	(49,327)
Net cash from financing activities		<u>18,480,226</u>	<u>4,337,774</u>
Net increase/(decrease) in cash and cash equivalents		2,158,462	(23,097)
Cash and cash equivalents at the beginning of the financial half-year		4,564,847	6,216,777
Effects of exchange rate changes on cash and cash equivalents		(11,017)	25,410
Cash and cash equivalents at the end of the financial half-year		<u><u>6,712,292</u></u>	<u><u>6,219,090</u></u>

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

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

Note 2. Operating segments

Identification of reportable operating segments

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

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

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

Intersegment transactions

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

Intersegment receivables, payables and loans

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

COSOL Limited
Notes to the financial statements
31 December 2023

Note 2. Operating segments (continued)

Operating segment information

	COSOL Asia Pacific \$	COSOL North America \$	Total \$
Consolidated - For the half year ended 31 December 2023			
Revenue			
Sales to external customers	41,875,721	7,177,436	49,053,157
Intersegment sales	686,960	-	686,960
Total sales revenue	<u>42,562,681</u>	<u>7,177,436</u>	<u>49,740,117</u>
Other revenue	12,028	11	12,039
Total segment revenue	<u>42,574,709</u>	<u>7,177,447</u>	<u>49,752,156</u>
Intersegment eliminations			<u>(686,960)</u>
Total revenue			<u>49,065,196</u>
EBITDA	4,855,693	1,673,829	6,529,522
Depreciation and amortisation	(758,840)	(64,104)	(822,944)
Interest revenue	12,028	11	12,039
Finance costs	(620,961)	(5,169)	(626,130)
Profit before income tax expense	<u>3,487,920</u>	<u>1,604,567</u>	<u>5,092,487</u>
Income tax expense			<u>(1,456,506)</u>
Profit after income tax expense			<u>3,635,981</u>

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

Note 3. Revenue

	Consolidated	
	For the half year ended 31 December 2023 \$	For the half year ended 31 December 2022 \$
Rendering of services	44,991,042	31,693,786
Product sales	<u>4,062,115</u>	<u>2,976,848</u>
Revenue	<u><u>49,053,157</u></u>	<u><u>34,670,634</u></u>

Note 4. Other income

	Consolidated	
	For the half year ended 31 December 2023	For the half year ended 31 December 2022
	\$	\$
Reimbursement of expenses	20,984	31,352
	<u>20,984</u>	<u>31,352</u>

Note 5. Depreciation and amortisation expense

	Consolidated	
	For the half year ended 31 December 2023	For the half year ended 31 December 2022
	\$	\$
Depreciation on property, plant and equipment	61,839	48,686
Amortisation of right-of-use assets	251,579	69,427
Amortisation of website	19,750	19,750
Amortisation of system development	489,776	-
	<u>822,944</u>	<u>137,863</u>

Note 6. Income tax expense

	Consolidated	
	For the half year ended 31 December 2023	For the half year ended 31 December 2022
	\$	\$
<i>Income tax expense</i>		
Current tax	876,058	1,485,872
Deferred tax - origination and reversal of temporary differences	524,657	(192,235)
Under/(over) provision for prior year	55,791	-
Aggregate income tax expense	<u>1,456,506</u>	<u>1,293,637</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	5,092,487	4,451,942
Tax at the statutory tax rate of 30%	1,527,746	1,335,583
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	108,560	42,343
Deductible equity raising costs	(73,839)	(18,919)
	<u>1,562,467</u>	<u>1,359,007</u>
Under/(over) provision for prior year	55,791	-
Difference in overseas tax rates	(158,861)	(65,370)
Effect of differences in foreign exchange translation rate	(2,891)	-
Income tax expense	<u>1,456,506</u>	<u>1,293,637</u>

COSOL Limited
Notes to the financial statements
31 December 2023

Note 6. Income tax expense (continued)

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
<i>Amounts charged directly to equity</i>		
Deferred tax assets	73,839	37,838

Note 7. Current assets - Prepayments and other current assets

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Accrued revenue	6,385,826	4,562,039
Prepayments	1,439,698	1,057,934
Income tax receivable	1,137,824	159,089
Other current assets	203,284	1,688,341
	<u>9,166,632</u>	<u>7,467,403</u>

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

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Leasehold improvements - at cost	39,091	39,180
Less: Accumulated depreciation	(20,696)	(17,811)
	<u>18,395</u>	<u>21,369</u>
Fixtures and fittings - at cost	49,393	49,389
Less: Accumulated depreciation	(14,023)	(10,099)
	<u>35,370</u>	<u>39,290</u>
Computer equipment - at cost	626,736	471,345
Less: Accumulated depreciation	(263,304)	(214,403)
	<u>363,432</u>	<u>256,942</u>
Office equipment - at cost	629,087	293,171
Less: Accumulated depreciation	(486,036)	(232,168)
	<u>143,051</u>	<u>61,003</u>
Low value asset pool - at cost	2,379	2,379
Less: Accumulated depreciation	(2,320)	(2,306)
	<u>59</u>	<u>73</u>
Computer software - at cost	3,047	3,079
Less: Accumulated depreciation	(3,047)	(3,079)
	<u>-</u>	<u>-</u>
	<u>560,307</u>	<u>378,677</u>

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COSOL Limited
Notes to the financial statements
31 December 2023

Note 8. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

Consolidated	Buildings and improvements \$	Computers \$	Furniture and fixtures \$	Low value asset pool \$	Office equipment \$	Computer software \$	Total \$
Balance at 1 July 2023	21,369	256,942	39,290	73	61,003	-	378,677
Additions	-	156,842	-	-	33,300	-	190,142
Additions through business combinations (note 21)	-	-	-	-	53,783	-	53,783
Exchange differences	12	(470)	-	-	2	-	(456)
Depreciation expense	(2,986)	(49,882)	(3,920)	(14)	(5,037)	-	(61,839)
Balance at 31 December 2023	<u>18,395</u>	<u>363,432</u>	<u>35,370</u>	<u>59</u>	<u>143,051</u>	<u>-</u>	<u>560,307</u>

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

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Land and buildings - right-of-use	2,721,886	2,810,504
Less: Accumulated depreciation	<u>(784,354)</u>	<u>(483,399)</u>
	<u>1,937,532</u>	<u>2,327,105</u>

Reconciliations

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

Consolidated	\$	Total \$
Balance at 1 July 2023	2,327,105	2,327,105
Additions through business combinations (note 21)	21,760	21,760
Revaluation adjustments	(159,052)	(159,052)
Exchange differences	(702)	(702)
Depreciation expense	<u>(251,579)</u>	<u>(251,579)</u>
Balance at 31 December 2023	<u>1,937,532</u>	<u>1,937,532</u>

COSOL Limited
Notes to the financial statements
31 December 2023

Note 10. Non-current assets - Intangibles

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Goodwill - at cost	65,094,799	43,401,977
System development - at cost	7,106,911	1,773,952
Less: Accumulated amortisation	(489,776)	-
	<u>6,617,135</u>	<u>1,773,952</u>
Website - at cost	178,885	159,845
Less: Accumulated amortisation	(105,333)	(85,583)
	<u>73,552</u>	<u>74,262</u>
	<u><u>71,785,486</u></u>	<u><u>45,250,191</u></u>

Reconciliations

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

Consolidated	Goodwill	System Development	Website	Total
	\$	\$	\$	\$
Balance at 1 July 2023	43,401,977	1,773,952	74,262	45,250,191
Additions	-	332,959	19,040	351,999
Additions through business combinations (note 21)	21,692,822	5,000,000	-	26,692,822
Amortisation expense	-	(489,776)	(19,750)	(509,526)
Balance at 31 December 2023	<u>65,094,799</u>	<u>6,617,135</u>	<u>73,552</u>	<u>71,785,486</u>

Note 11. Current liabilities - bank loans

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Bank loans	<u>3,200,000</u>	<u>2,000,000</u>

Refer to note 18 for further information on financial instruments.

Note 12. Current liabilities - lease liability

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Lease liability - rent right-of-use	490,391	478,817
Lease liability - equipment	13,778	13,924
	<u>504,169</u>	<u>492,741</u>

Refer to note 18 for further information on financial instruments.

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Note 13. Current liabilities - employee benefits

	Consolidated	
	31 December	
	2023	30 June 2023
	\$	\$
Annual leave	1,354,866	1,128,250
Long service leave	682,782	459,336
Employee benefits	122,086	15,811
	<u>2,159,734</u>	<u>1,603,397</u>

Note 14. Current liabilities - Accrued and other liabilities

	Consolidated	
	31 December	
	2023	30 June 2023
	\$	\$
Payroll tax payable	185,804	86,241
Superannuation payable	820,195	619,014
GST payable	1,968,166	1,765,869
Accrued expenses	262,482	1,844,761
Deferred revenue	1,491,652	3,684,746
Other current liabilities	7,345,908	5,926,955
	<u>12,074,207</u>	<u>13,927,586</u>

Note 15. Non-current liabilities - bank loans

The consolidated entity expanded its debt facilities with Westpac Banking Corporation to a total of \$25 million, an increase of \$8 million during the financial half-year. This comprises a term debt facility of \$16,000,000 (interest only), \$6,000,000 (principal plus interest over the term), a multi-option facility of \$3,250,000 and a corporate credit card facility of \$250,000. The term of these facilities is 4 years and have been secured against the Company and are subject to the group continuing to meet several performance covenants. As at 31 December 2023, the group was in compliance with all these covenants.

	Consolidated	
	31 December	
	2023	30 June 2023
	\$	\$
Bank loans	<u>15,100,000</u>	<u>10,632,708</u>

Refer to note 18 for further information on financial instruments.

Note 16. Equity - issued capital

	Consolidated			
	31 December		31 December	
	2023	30 June 2023	2023	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>174,918,914</u>	<u>147,579,711</u>	<u>48,889,486</u>	<u>29,094,381</u>

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Note 16. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	147,579,711		29,094,381
Issue of shares	15 August 2023	18,300,653	\$0.76	14,000,000
Issue of shares	4 September 2023	4,805,985	\$0.83	3,988,968
Issue of shares	5 October 2023	1,307,190	\$0.76	1,000,000
Issue of shares - exercise of share options	5 October 2023	2,925,375	\$0.41	1,214,031
Adjustment for fair value attributable to share options converted		-	\$0.00	85,945
Listing fees		-	\$0.00	(600,000)
Adjustment to tax effect of listing fees		-	\$0.00	106,161
Balance	31 December 2023	<u>174,918,914</u>		<u>48,889,486</u>

Ordinary shares

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

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

Share buy-back

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

Note 17. Equity - dividends

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

	Consolidated	
	For the half year ended 31 December 2023	For the half year ended 31 December 2022
	\$	\$
Final dividend for the year ended 30 June 2023 of \$0.0146 (2022: \$0.01) per ordinary share	<u>2,553,816</u>	<u>1,475,797</u>

Note 18. Financial instruments

Financial risk management objectives

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

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

Note 18. 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.

Price risk

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

Interest rate risk

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

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

	31 December 2023		31 December 2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Bank loans	4.80%	<u>18,300,000</u>	5.00%	<u>14,967,262</u>
Net exposure to cash flow interest rate risk		<u>18,300,000</u>		<u>14,967,262</u>

For the consolidated entity the bank loans outstanding, totalling \$18,300,000 (2022: \$14,967,262), are principal and interest payment loans. Monthly cash outlays of approximately \$110,000 (2022: \$60,000) are required to service the interest payments. Minimum principal repayments of \$3,303,800 (2022: \$2,000,000) are due during the financial year ending 30 June 2024.

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.

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

Liquidity risk

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

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

Fair value of financial instruments

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

Note 19. Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2023.

Note 20. Related party transactions

Parent entity

COSOL Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

Transactions with related parties

The following transactions occurred with related parties:

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

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

	Consolidated	
	For the half year ended 31 December 2023	For the half year ended 31 December 2022
	\$	\$
Payment for goods and services:		
Payment for services from other related party - legal services	152,578	174,429
Payment for services from other related party - accounting services	56,363	60,000

Loans to/from related parties

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

Terms and conditions

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

COSOL Limited
Notes to the financial statements
31 December 2023

Note 21. 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 \$26,218,123. AssetOn Group provides asset maintenance software and services to organisations with large scale asset networks in mining, energy, utilities and manufacturing. The consideration amount is 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 \$6,000,000. 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 \$21,692,822 to be recognised in the consolidated financial statements. The acquired business contributed revenues of \$9,135,542 and profit before tax of \$945,898 to the consolidated entity for the period from 1 September 2023 to 31 December 2023.

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	5,000,000
Deferred tax asset	43,491
Trade payables	(342,589)
Accrued expenses	(297,153)
Employee benefits	(451,962)
Other liabilities	(1,994,722)
Net assets acquired	4,525,301
Goodwill	21,692,822
Acquisition-date fair value of the total consideration transferred	<u>26,218,123</u>
Representing:	
Cash paid or payable to vendor	16,229,155
COSOL Limited shares issued to vendor	3,988,968
Contingent consideration	6,000,000
	<u>26,218,123</u>
Acquisition costs expensed to profit or loss	<u>391,742</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	26,218,123
Less: contingent consideration	(6,000,000)
Less: shares issued by company as part of consideration	(3,988,968)
Net cash used	<u>16,229,155</u>

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COSOL Limited
Notes to the financial statements
31 December 2023

Note 22. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2023 %	30 June 2023 %
COSOL Australia Pty Limited	Australia	100.00%	100.00%
COSOL Americas Inc (previously AddOns Inc)	USA	100.00%	100.00%
Clarita Solutions Pty Ltd	Australia	100.00%	100.00%
Work Management Solutions Pty Ltd	Australia	100.00%	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%	-

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

	Consolidated	
	For the half year ended 31 December 2023 \$	For the half year ended 31 December 2022 \$
Profit after income tax expense for the half-year	3,635,981	3,158,305
Adjustments for:		
Depreciation and amortisation	822,944	137,863
Share-based payments	141,535	90,000
Revaluation adjustments	159,052	-
Foreign currency differences	(48,234)	(6,895)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	4,316,665	(3,644,782)
Decrease in inventories	38,085	77,196
Increase in deferred tax assets	(343,177)	(192,312)
Increase in accrued revenue	(1,823,787)	(415,013)
Increase in prepayments	(269,239)	(821,893)
Decrease/(increase) in other operating assets	1,968,715	(2,808,360)
Increase/(decrease) in trade payables	(1,360,417)	2,308,846
Increase in provision for income tax	-	323,843
Increase/(decrease) in deferred tax liabilities	630,329	(104,207)
Increase in employee benefits	104,375	7,749
Increase/(decrease) in other provisions	4,125,000	(155,443)
Increase/(decrease) in other operating liabilities	(9,773,295)	3,253,470
Net cash from operating activities	<u>2,324,532</u>	<u>1,208,367</u>

Note 24. Earnings per share

	Consolidated	
	For the half year ended 31 December 2023 \$	For the half year ended 31 December 2022 \$
Profit after income tax attributable to the owners of COSOL Limited	<u>3,635,981</u>	<u>3,158,305</u>
	Cents	Cents
Basic earnings per share	2.18	2.15
Diluted earnings per share	2.05	2.03
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	166,537,150	146,564,535
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>10,525,449</u>	<u>8,788,320</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>177,062,599</u>	<u>155,352,855</u>

Note 25. Share-based payments

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

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

	Number of options	Weighted average exercise price	Number of options For the half year ended 31 December 2022	Weighted average exercise price For the half year ended 31 December 2022
	31 December 2023	31 December 2023	December 2022	December 2022
Outstanding at the beginning of the financial half-year	11,502,448	\$0.77	8,087,500	\$0.70
Granted	3,000,000	\$1.22	750,000	\$0.81
Exercised	(2,925,375)	\$0.42	-	\$0.00
Expired	<u>(93,750)</u>	<u>\$0.70</u>	<u>-</u>	<u>\$0.00</u>
Outstanding at the end of the financial half-year	<u>11,483,323</u>	<u>\$0.98</u>	<u>8,837,500</u>	<u>\$0.71</u>

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COSOL Limited
Notes to the financial statements
31 December 2023

Note 25. Share-based payments (continued)

Tranche	Grant date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ other	Balance at the end of the period
Tranche 2 Mr McGowan	17/11/2020	\$0.415	832,046	-	(832,046)	-	-
Tranche 3 Mr McGowan	17/11/2020	\$0.415	900,000	-	(900,000)	-	-
Tranche 2 Mr Buckley	17/11/2020	\$0.415	593,329	-	(593,329)	-	-
Tranche 3 Mr Buckley	17/11/2020	\$0.415	600,000	-	(600,000)	-	-
Tranche 2 Senior Leadership Team	17/11/2020	\$0.700	93,750	-	-	(93,750)	-
Tranche 4 Mr Buckley	17/11/2020	\$0.900	1,500,000	-	-	-	1,500,000
Tranche 5 Mr Buckley	17/11/2020	\$1.000	1,483,323	-	-	-	1,483,323
Tranche 3 Senior Leadership Team	02/12/2021	\$0.950	750,000	-	-	-	750,000
Tranche 1 Senior Leadership Team	13/07/2022	\$0.810	750,000	-	-	-	750,000
Tranche 1 Mr Stokes	30/06/2023	\$0.830	800,000	-	-	-	800,000
Tranche 2 Mr Stokes	30/06/2023	\$0.830	600,000	-	-	-	600,000
Tranche 3 Mr Stokes	30/06/2023	\$0.830	600,000	-	-	-	600,000
Tranche 1 Senior Leadership Team	30/06/2023	\$0.890	800,000	-	-	-	800,000
Tranche 1 Senior Leadership Team	30/06/2023	\$0.890	600,000	-	-	-	600,000
Tranche 1 Senior Leadership Team	30/06/2023	\$0.890	600,000	-	-	-	600,000
Tranche - Mr Buckley	15/12/2023	\$1.22	-	3,000,000	-	-	3,000,000
			<u>11,502,448</u>	<u>3,000,000</u>	<u>(2,925,375)</u>	<u>(93,750)</u>	<u>11,483,323</u>

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 remaining contractual life of options outstanding at the end of the financial half-year was 1.75 years (2022: 1.26 years).

COSOL Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Geoffrey Lewis
Chairman

20 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cosol Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cosol Limited ('the Company') and its controlled entities (collectively referred to as 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the director's declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Director's Responsibilities for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Accordingly, we do not express an audit opinion.

Elderton Audit Pty Ltd



Rafay Nabeel

Director

20 February 2024

Perth

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