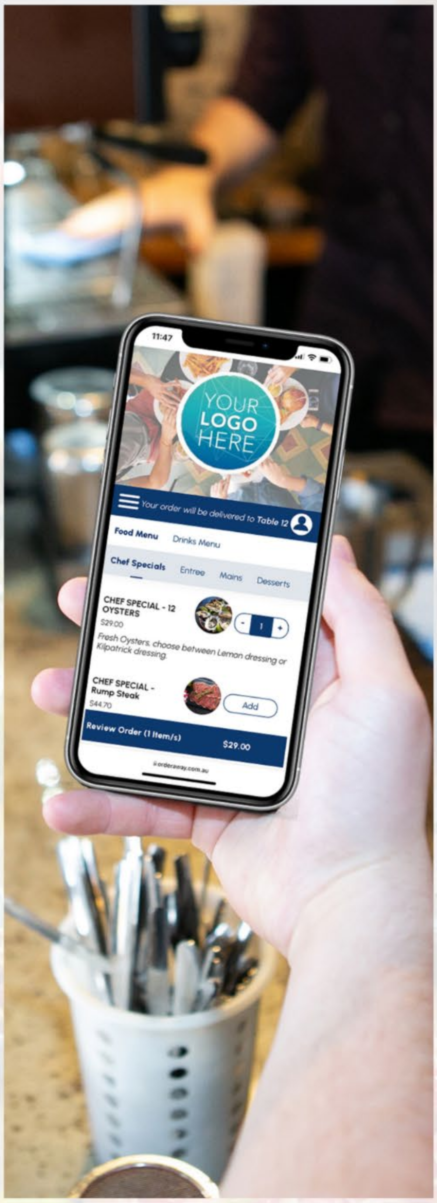

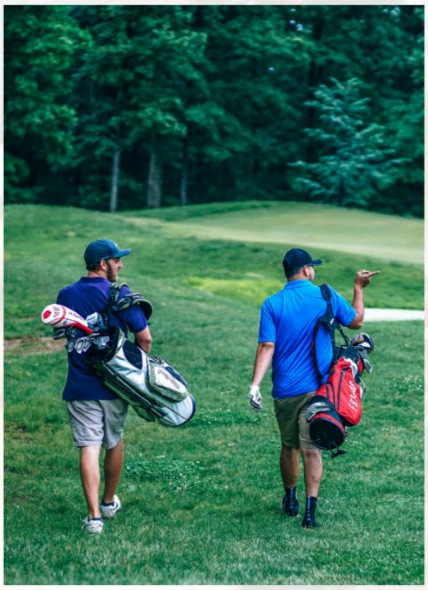

MSL Solutions Limited

Interim Financial Report

31 December 2021

Contents

Directors' Report

The Directors of MSL Solutions Limited ('MSL' or 'the Company') submit their report together with the consolidated financial report of the Company, comprising the Company and its controlled entities ('the Group') for the half year ended 31 December 2021 and the auditor's review report thereon.

Directors

The names of the Directors of the Company in office during the period and to the date of this report are as follows:

Name	Director since
Non-Executive	
Mr Earl Eddings	April 2019
Dr Richard Holzgrefe	December 2007
Mr David Trude	March 2017
Mr David Usasz	February 2020
Executive	
Mr Tony Toohey (Executive Chairman)	September 2019

Financial and Operational Review

An analysis of the Company's interim period's financial and operating performance from continuing operations is outlined below. Unless otherwise stated, all values are expressed in Australian Dollars (AUD).

In 1H FY22, MSL achieved strong increases in each of its core financial measures with increases in revenue, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and operating cashflow for the six months ended 31 December 2021.

The Company achieved:

- Revenue of $16.909 million, including revenue from OrderMate since its acquisition on 30th September 2021 – 45% greater than the prior corresponding period;
- Revenue growth of 29% excluding the revenue of OrderMate since its acquisition on 30th September 2021;
- Recurring revenue of $9.366 million which is 11% greater than the prior corresponding period and 3% when excluding the revenue from the OrderMate acquisition;
- EBITDA (before Government subsidies) of $2.182 million – over 3 times higher than the prior corresponding period;
- Positive Operating Cashflow (before Government subsidies) for the period of $1.526 million;
- Cash balance as at 31 December 2021 of $7.802 million with undrawn facilities of $0.8m;
- No interest bearing debt.

These results reflect the continuation of our strategy being Point of Sale (POS), Golf and Digital while maintaining our focus on business fundamentals of increasing revenue from our sustainable cost base, creating cash and EBITDA profitability. The strong revenue growth in the six months occurred across a number of our segments, including:

- APAC SwiftPOS sales at the enterprise and stadium level (eg AAMI Park and Theatre Royal);
- Migrating our stadium customers in the UK as they emerge from COVID restrictions (eg ASM Global and Manchester City FC) to the latest POS platform; and
- The inclusion of revenue from the acquisition of OrderMate from 30th September 2021.

The backlog of closed sales to contribute to H2FY22 revenue is strong including:

- SwiftPOS – Eden Park, Auckland;
- Doshii integration with both SwiftPOS and OrderMate;
- Expanding SwiftPOS opportunities closed in the UK, including, Brighton Pier, Aberdeen Steak House restaurant chain and Lightwater Valley Amusement Park; and
- A full 6 month benefit from the OrderMate acquisition.

Strategy delivery

Following the successful integration of SwiftPOS in November 2020, the Company acquired 100% of OrderMate, positioning MSL as one of the major providers of Point of Sale systems in Australia.

MSL is able to leverage its UK infrastructure as well as its partnership with Taubman Capital in the USA to gain relevant and significant revenue growth for these two products. As per above, SwiftPOS in the United Kingdom is gaining traction with strong closed sales orders in the six months to 31 December 2021, while the pipeline for stadium customers in the USA is improving.

MSL has also continued its product focus and accordingly has disposed of its Marina Focus business during the six month period. The final proceeds from sale will be determined based on certain revenue metrics as at 28th February 2022, however, a gain on sale (net of costs) has provisionally been recorded as at 31 December 2021 of $87k.

Consolidated summary of results for the half year ended 31 December 2021	Dec-21	Dec-20
Statutory results	**A$'000**	**A$'000**
Recurring Revenue	9,366	8,441
Sales Revenue	7,543	3,237
Revenue	**16,909**	**11,678**
Other Income	3	14
Cost of sales	(4,840)	(2,838)
Gross margin	**12,072**	**8,854**
Operating expenses	(9,890)	(8,135)
EBITDA before Govt Subsidies	**2,182**	**719**
Government Subsidies #	34	964
EBITDA *	**2,216**	**1,683**
Depreciation & amortisation	(2,527)	(2,504)
Gain on sale of Marina Focus (net of costs)	87	-
EBIT	**(224)**	**(821)**
Net finance income/(costs)		
- Non-cash	(489)	(142)
- Cash	(47)	(56)
Total net finance income/(costs)	**(536)**	**(198)**
NPBT	**(760)**	**(1,019)**
Income tax (expense)/benefit	(97)	23
NPAT	**(857)**	**(996)**

In H1FY22 the Company received $34k as part of the Victorian Government's Business Costs Assistance Program. In H1FY21 the Company received the UK Government Coronavirus Job Retention Scheme payments and the Australian Federal Government Jobkeeper payments and cashflow boosts of $964k.

* EBITDA excludes the effects of significant non-recurring items of income and expenditure which may have an impact on the quality of earnings such as proceeds on business disposals.

Dividends

No dividends were paid to shareholders during the period, and no dividend has been declared or paid subsequent to the end of the financial period.

Rounding of amounts

The Company is of a kind referred in ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and consolidated interim financial statements. Amounts rounded are rounded off to the nearest thousand dollars.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307c of the *Corporations Act 2001* is included at page 7 of this report.

Signed in accordance with a resolution of Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

Tony Toohey	**David Usasz**
Executive Chairman	**Director**

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Auditor's Independence Declaration

To the Directors of MSL Solutions Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of MSL Solutions Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 17 February 2022

Financial Statements

Interim consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2021

	Note	Dec-21 A$'000	Dec-20 A$'000
Revenue	5a	16,909	11,678
Other income	5a	3	14
Cost of sales		(4,840)	(2,838)
Sales and marketing expenses		(2,074)	(1,666)
Customer support and technical services		(2,238)	(2,329)
Research and development expenses		(2,317)	(1,650)
General and administration expenses		(3,239)	(2,478)
Other gains and expenses (net)		(22)	(12)
Government subsidies		34	964
Depreciation expense		(129)	(34)
Amortisation expense		(2,398)	(2,470)
Gain on sale - Marina Focus (net of costs)		87	-
Finance costs	5b	(536)	(198)
(Loss) before income tax		**(760)**	**(1,019)**
Income tax (expense)/benefit		(97)	23
(Loss) for the half-year		**(857)**	**(996)**
Foreign currency translation		69	285
Other comprehensive income for the year		**69**	**285**
Total comprehensive (loss) for the year		**(788)**	**(711)**
Loss attributable to:			
Owners of MSL Solutions Limited		(788)	(711)
		(788)	**(711)**
Total comprehensive (loss) for the period attributable to:			
Owners of MSL Solutions Limited		(788)	(711)
		(788)	**(711)**
EARNINGS PER SHARE FROM LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share (cents)	11	(0.2)	(0.3)
Diluted earnings per share (cents)	11	(0.2)	(0.3)

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

Interim consolidated balance sheet as at 31 December 2021

	Note	Dec-21 A$'000	Jun-21 A$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	7,802	5,427
Trade and other receivables		4,300	4,680
Inventory		178	-
Contract assets		429	336
Other current assets		773	784
Total current assets		**13,482**	**11,227**
Non-current assets			
Receivables		790	809
Contract assets		335	363
Property, plant and equipment		156	193
Right of Use Asset		3,766	3,623
Intangible assets	9a	27,141	20,464
Other non-current assets		31	31
Total non-current assets		**32,219**	**25,483**
Total assets		**45,701**	**36,710**
LIABILITIES			
Current liabilities			
Trade and other payables		3,345	3,826
Lease Liability		506	435
Borrowings		-	1,000
Provisions	9b	1,774	1,670
Income tax payable		593	410
Deferred Consideration	9c	312	1,065
Deferred Revenue		5,811	5,414
Total current liabilities		**12,341**	**13,820**
Non-current liabilities			
Borrowings	7	3,790	1,250
Lease Liability		3,786	3,634
Deferred tax liabilty		745	224
Deferred Consideration	9c	2,974	2,225
Provisions	9b	79	109
Total non-current liabilities		**11,374**	**7,442**
Total liabilities		**23,715**	**21,262**
Net assets		**21,986**	**15,448**
EQUITY			
Contributed equity	10	73,441	66,686
Reserves		3,740	3,100
Accumulated losses		(55,195)	(54,338)
Total equity		**21,986**	**15,448**

The interim consolidated balance sheet should be read in conjunction with the accompanying notes.

Interim consolidated statement of changes in equity for the six months ended 31 December 2021

	Contributed equity $'000	Retained earnings $'000	Foreign currency translation $'000	Convertible Note Equity Reserve $'000	Share-based payment reserve $'000	Total equity $'000
Balance as at 30 June 2020	**66,186**	**(55,224)**	**2,538**	**-**	**385**	**13,885**
Total comprehensive loss for the period						
Loss for the period	-	(996)	-	-	-	(996)
Other comprehensive income	-	-	285	-	-	285
Total comprehensive loss for the period	-	(996)	285	-	-	(711)
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	500	-	-	-	-	500
Dividends paid	-	-	-	-	-	-
Share-based payments expense	-	-	-	-	147	147
Total transactions for the period	500	-	-	-	147	647
Balance as at 31 December 2020	**66,686**	**(56,220)**	**2,823**	**-**	**532**	**13,821**
						-
Balance as at 30 June 2021	**66,686**	**(54,338)**	**2,543**	**-**	**557**	**15,448**
Total comprehensive loss for the period						
Loss for the period	-	(857)	-	-	-	(857)
Other comprehensive income	-	-	69	-	-	69
Total comprehensive loss for the period	-	(857)	69	-	-	(788)
Transactions with owners in their capacity as owners						
Shares issued under share purchase plan	4,500	-	-	-	-	4,500
Shares issued as part of the acquisition price for OrderMate Pty	2,000	-	-	-	-	2,000
Shares issued on exercise of vested share performance rights	255	-	-	-	(255)	-
Dividends paid	-	-	-	-	-	-
Convertible note equity reserve	-	-	-	514	-	514
Share-based payments expense	-	-	-	-	312	312
Total transactions for the period	6,755	-	-	514	57	7,326
						-
Balance as at 31 December 2021	**73,441**	**(55,195)**	**2,612**	**514**	**614**	**21,986**

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

Interim consolidated statement of cash flows for the six months ended 31 December 2021

	Note	Dec-21 A$'000	Dec-20 A$'000
Cash flows from operating activities			
Receipts from customers		18,605	12,687
Payments to suppliers, employees and others		(16,948)	(11,099)
Restructure Costs		-	(235)
Finance costs		(47)	(142)
Interest received		13	18
Income tax paid		(97)	(22)
Government grants and tax incentives		34	1,197
Net cash flows used in operating activities		**1,560**	**2,404**
Cash flows from investing activities			
Capital expenditure		(79)	(19)
Acquisition of subsidiaries, net of cash & cash equivalents		(4,883)	(4,250)
Deferred consideration payment		(330)	-
Proceeds for disposal of assets		100	100
Payment for research and development activities		(441)	(540)
Loans to other entities		213	212
Net cash flows used in investing activities		**(5,420)**	**(4,497)**
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		4,232	2,561
Repayment of borrowings		(2,250)	(1,198)
Principal element of lease payments		(225)	(250)
Proceeds from issue of share capital		4,500	-
Net cash flows provided by financing activities		**6,257**	**1,113**
Net cash inflow / (outflow) for the half-year		**2,397**	**(980)**
Cash at beginning of the year		5,427	3,806
Effect of foreign exchange		(22)	(12)
Cash at end of the year	6	**7,802**	**2,814**

The above interim consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Reporting entity

MSL Solutions Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office and principal place of business is Level 1, 307 Queen Street, Brisbane, Queensland.

The consolidated interim financial report of the Company as at and for the period ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The Group is a for-profit entity and is primarily involved in the global provision of hosted, software as a service (SaaS) and on-site deployed solutions to clients in the sport, leisure and hospitality sectors. Golf and Venues are the key sectors which include:

Golf clubs and associations;

Registered clubs;

Stadia and arenas;

Restaurants and takeaway; and

Other hospitality and entertainment venues.

a) Basis of preparation

This consolidated interim financial report for the half year period ended 31 December 2021 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard *AASB 134: Interim Financial Reporting.*

The consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by MSL Solutions Limited and its controlled entities during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below and for the disclosure of government subsidies which are shown separately rather than an offset against costs. Where applicable, various comparative balances have been reclassified to align with current period presentation. These amendments have no material impact on the consolidated financial statements.

The interim financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

b) Going concern assumption

The Directors acknowledge the loss after tax of $857k for the half-year. However, based on recent operating cash flow performance, cash balances, and the cash flow forecasts the Group has sufficient cash to ensure it can and will pay its debts as and when they fall due beyond 12 months from the date of these financial statements. On this basis, the Directors are of the view that the Group continues to be a going concern and the preparation of this financial report on a going concern basis is appropriate.

c) New and amended standards adopted by the group

The Group 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. There is no significant impact on the accounts from the adoption of the new or amended Accounting Standards.

d) Impact of standards issued but not yet applied by the entity

There is no impact on standards issued but not yet applied.

2. Changes in accounting policies

The Group 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. There is no significant impact on the accounts from the adoption of the new or amended Accounting Standards.

3. Segment information

a) Description of segments and principal activities

The Group reports based on the geographical segments of Asia Pacific, United Kingdom and Denmark. The Group's executive management team, consisting of the Executive Director & Chairman, Chief Executive Officer, the Chief Financial and Operating Officer, Executive General Manager – Product and Support and Executive General Manager – Research and Development examine the Group's performance on a geographic basis.

The following are the identified reportable segments:

Asia Pacific: services the stadia and arena and registered clubs (including golf clubs) and golf associations in the Asia Pacific region. The acquisition of OrderMate on 30 September 2021 has broadened the Group's services in Asia Pacific to include the adjacent and complementary restaurant and takeaway food vertical.

United Kingdom: services the stadia and arena and registered clubs in the United Kingdom.

Denmark: services golf clubs and global golf associations.

Management primarily uses a measure of revenue and adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the business on a monthly basis. Information about their key performance indicators is detailed below.

b) Segment Revenue and Adjusted EBITDA

Six months ended 31 December 2021	APAC A$'000	UK A$'000	Denmark A$'000	Total A$'000
Revenue from external customers	10,396	4,671	1,842	16,909
Timing of revenue				
Over Time	5,707	2,063	1,596	9,366
At a point in time	4,689	2,608	246	7,543
Other revenue	3	-	-	3
EBITDA before corporate overheads	3,513	580	740	4,833
Corporate overheads				(2,651)
EBITDA before government stimulus				2,182
Government Subsidies				34
EBITDA				2,216

Six months ended 31 December 2020	APAC A$'000	UK A$'000	Denmark A$'000	Total A$'000
Revenue from external customers	7,019	2,833	1,826	11,678
Timing of revenue				
Over Time	4,517	2,257	1,667	8,441
At a point in time	2,502	576	159	3,237
Other revenue	14	-	-	14
EBITDA before corporate overheads	2,359	226	907	3,492
Corporate overheads				(2,773)
EBITDA before government stimulus				719
Government Subsidies				964
EBITDA				1,683

EBITDA excludes the effects of significant non-recurring items of income and expenditure which may have an impact on the quality of earnings such as restructuring and transaction costs, material credit loss provision increases relating to sales and revenue from prior periods and impacts from fair value movements through the income statement.

c) Segment Adjusted EBITDA reconciliation to loss before tax

Reconciliation of segment adjusted EBITDA to Profit / (Loss) before income tax	Dec-21 A$'000	Dec-20 A$'000
Segment EBITDA before government subsidies	2,182	719
COVID-19 related government subsidies	34	964
Depreciation & amortisation	(2,527)	(2,504)
Gain on Sale - Marina Focus (net of costs)	87	-
Net finance income/(costs)		
- Non-cash	(489)	(142)
- Cash	(47)	(56)
Loss before income tax	**(760)**	**(1,019)**

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss and other comprehensive income.

4. Business Combinations

	A$'000
Amount settled in cash	5,575
Shares issued on acquisition	2,000
Fair value of Consideration	**7,575**
Net Tangible Assets	(173)
Goodwill on acquisition	3,534
Intangible Assets - Customer Relationships	3,048
Intangible Assets - Software	1,478
Intangible Assets - Brands and Trademarks	225
Deferred Tax Liability	(537)
Fair value of assets acquired	**7,575**
Cash	617
Trade and other receivables	53
Inventory	130
Other current assets	55
Total current assets	855
Property, plant and equipment	54
Total non current assets	54
Total assets	909
Trade and other payables	107
Employee benefits	233
Tax liabilities	386
Other current liabilities	236
Total current liabilities	962
Employee benefits	120
Total non current liabilities	120
Total liabilities	1,082
Net tangible assets / (liabilities) acquired	(173)
Acquisition costs charged to expenses (included in general and administration costs)	74

The accounting for the Business Combination has been determined on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. As at 31 December 2021 the intangible assets recognised have been measured provisionally pending completion of an independent valuation.

On 30 September 2021, the Group acquired 100% of the equity of hospitality point-of-sale systems business, OrderMate Pty Ltd and OrderMate IP Holding Pty Ltd (both "OrderMate"). The consideration paid for the acquisition was $7.575m ($5.575m in cash and $2m in MSL shares).

Founded in 2001 and based in Melbourne, OrderMate has developed a range of technologies for POS systems for new and established hospitality venues, including cloud POS, self-service kiosks, table and online ordering, inventory management and integration. These assets will provide MSL with long-term flexibility in the Company's technology roadmap.

The acquisition will see MSL expand its footprint from its established market in the stadium, arena, pubs and clubs' market into the adjacent and complementary restaurant and takeaway food vertical. OrderMate has a customer footprint of more than 2,400 locations in Australia, New Zealand and the United Arab Emirates. The acquisition broadens MSL's customer network from ~6,000 venues to more than ~8,000 venues, processing over $7B in transactions each year.

The acquisition is accretive to Group earnings and operating cashflow. OrderMate is expected to generate annual financials of:-

- EBITDA of ~$1m
- Revenue of ~$6m
- Recurring revenue of ~$3m

The OrderMate business has generated $1,858k in revenue and $562k in EBITDA for the period from the 1 October 2021 to 31 December 2021. These results include initial revenue of $272k in the period from Doshii.

Pro forma revenue and profits for the combined entities if the acquisition date had been at the start of the reporting period is estimated at a revenue of $18.5m and EBITDA of $2.5m for the half-year ending 31 December 2021. These estimates were calculated by extrapolating the revenue and EBITDA performance for the OrderMate business for the 1 October 2021 to 31 December 2021 period to a half-year estimate and adding this to the half yearly result for the rest of the Group.

The OrderMate revenue and EBITDA estimates exclude the initial revenue from Doshii of $272k due to the one-off nature of this revenue for the initial connection to the Doshii platform. Doshii is a middleware platform that enables hospitality venues to seamlessly connect their point-of-sale with a wide range of hospitality apps, including pickup and delivery, in-venue ordering, rostering and reservations apps.

The Goodwill recognised on the acquisition of OrderMate is due to the synergies realised from combining operations and the ability to sell products to a larger customer base in Australia and overseas.

Refer to note 9a for further details on intangible assets acquired.

5. Revenue and expenses

a. Revenue and other income

	Consolidated	
	Dec-21 A$'000	Dec-20 A$'000
Recurring Revenue		
Customer contracts annuities	3,453	3,966
Subscription annuities	5,913	4,475
Total - Recurring revenue	**9,366**	**8,441**
Non-recurring revenue		
Booking Fees	125	-
System Installations	1,280	1,107
Software Fees and Royalties	1,804	706
Hardware Fees	4,138	1,352
Advertising	6	9
Other	190	63
Total - Non-recurring revenue	**7,543**	**3,237**
Revenue from Operating Activities	**16,909**	**11,678**
Other Income	**3**	**14**

b. Net finance income / (costs)

	Consolidated	
	Dec-21 A$'000	Dec-20 A$'000
Non-cash finance income / (costs)		
Deferred consideration finance costs	(326)	-
Right of use asset finance costs	(137)	(142)
Convertible note finance costs	(71)	-
Contract assets finance income	45	-
Total non-cash finance income / (costs)	**(489)**	**(142)**
Cash finance income / (costs)		
Bank interest finance costs	(54)	(56)
Bank interest finance income	7	-
Total cash finance income / (costs)	**(47)**	**(56)**
Net finance income / (costs)	**(536)**	**(198)**

The net finance income / (costs) of the Group are primarily non-cash in nature relating to finance charges from the present value calculations of various assets and liabilities held by the Group as set out in the table above. The cash finance income / (costs) is predominantly bank interest relating to the loan facility which was fully paid and all security released in November 2021.

6. Cash and Cash equivalents

The figures in the table shown below reconcile to the amount of cash shown in the statement of cash flows at the end of the financial period, as follows:

	Consolidated	
	Dec-21	Jun-21
	A$'000	A$'000
Cash and cash equivalents	7,802	5,427
Bank overdrafts	-	-
Balances per statement of cash flows	7,802	5,427

The bank overdrafts are held by the UK entities (£150k) and the Danish entity (DKK 1.0m) respectively. Both facilities were undrawn as at 31 December 2021.

The undrawn bank bill as at 31 December 2021 was $307k.

The total undrawn bank facilities including the bank bill and overdrafts was $796k.

7. Borrowings

a. Convertible Note

On 30 September 2021, the Group issued 3-year, unsecured convertible notes with a 0% coupon rate with US based Taubman Capital for an amount of $4.5m. The convertible has a conversion rate of $0.2078 per note (face value of $1 per note).

	Convertible Note A$'000	Equity Reserve A$'000	TOTAL A$'000
Convertible note	3,957	543	4,500
Less Transaction Costs	(235)	(32)	(267)
	3,722	511	4,233
Finance Charges	68	3	71
Closing Balance	3,790	514	4,304

b. Bank Debt

In October 2018, the Group entered a loan facility to refresh working capital used for cash funded acquisitions. The total amount of the facility was $2m which amortises over a 36-month period. The loan period was extended for 6-months as part of COVID-19 relief offered by the financier during 2020.

As at 31 December 2021 there was $nil drawn with $307K available.

The loan agreement contains no financial covenants and the facility is secured by a General Security Agreement and Guarantee and indemnity over the Australian entities of the Group.
The loan has a variable rate, denominated in Australian currency and carried at amortised cost. It does not, therefore, have any impact on the entity's exposure to foreign exchange and cash flow interest rate risk.

In November 2020, the Group entered a loan facility to refresh capital following the acquisition of SwiftPOS Pty Limited. The total amount of the facility was $2.5m which amortised over the term of the loan with repayments commencing on 30 April 2021. The final repayment date was scheduled for 30 September 2023. Following the placement of a convertible note and the successful completion of a Share Purchase Plan, the loan facility was fully paid and all security released in November 2021.

8. Fair value measurement of financial instruments

a. Recognised fair value measurements

i. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Dec-21			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trade and other receivables	5,090	-	-	5,090
Cash and cash equivalents	7,802	-	-	7,802
Total Financial assets	12,892	-	-	12,892

	Jun-21			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trade and other receivables	5,489	-	-	5,489
Cash and cash equivalents	5,427	-	-	5,427
Total Financial assets	10,916	-	-	10,916

	Dec-21			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Deferred consideration	-	-	3,286	3,286
Trade and other payable	3,345	-	-	3,345
Lease Liability	4,292	-	-	4,292
Borrowings	3,790	-	-	3,790
Total Financial liabilities	11,427	-	3,286	14,713

	Jun-21			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Deferred consideration	-	-	3,290	3,290
Trade and other payable	3,826	-	-	3,826
Lease Liability	4,069	-	-	4,069
Borrowings	2,250	-	-	2,250
Total Financial liabilities	10,145	-	3,290	13,435

The Deferred consideration as at 31 December 2021 relates to the SwiftPOS acquisition. The 12-month deferred payment element of $750k less the net asset position at date of acquisition was settled in November 2021. The remaining deferred consideration represents an earnout based on a gross margin target with a cap of $4.2m over 3 years.

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Trade and other receivables includes current and non-current receivables.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market date and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii. Valuation techniques used to determine fair values.

Specific valuation techniques used to value financial instruments include:

The fair value of remaining financial liabilities is determined using discounted cash flow analysis.

All fair value estimates are included in level 3 as they are contingent consideration payable where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

iii. Valuation processes.

The main level 3 inputs used by the Group are derived and evaluated as follows:

Contingent consideration – expected cash outflows are estimated based on the terms of the sale contract and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half yearly valuation discussion between the Chief Financial Officer and the Audit & Risk Committee of the MSL Solutions Limited Board. As part of this discussion the team presents a report that explains the reason for the fair value movements.

9. Non-financial assets and liabilities

This note provides information about the Group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability

a. Intangible assets

	Consolidated	
	Dec-21	Jun-21
	A$'000	A$'000
Goodwill		
At cost	7,109	3,575
Accumulated Impairment	-	-
	7,109	3,575
Computer Software, other		
At cost	16,550	14,631
Accumulated amortisation	(9,693)	(9,005)
	6,857	5,626
Contracts and Customer Relationships		
At cost	31,191	28,143
Accumulated amortisation	(18,281)	(16,926)
	12,910	11,217
Brands and Trade Marks		
At cost	225	-
Accumulated amortisation	(11)	-
	214	-
Formation expenses		
At cost	52	47
Accumulated amortisation	(1)	(1)
	51	46
Total intangible assets	27,141	20,464

The Group has considered the indicators of impairment as at the 31 December 2021 and do not believe that the external and internal factors considered give rise to an impairment review for the half year.

	Goodwill $'000	Computer Software $'000	Formation Expenses $'000	Brands and Trade Marks $'000	Contracts and customer relationships $'000	Total $'000
As At 31 December 2020						
Cost or fair value	2,731	14,143	1	-	28,514	45,389
Accumulated impairment	-	(8,310)	-	-	(15,559)	(23,869)
Accumulated depreciation	-	-	-	-	-	-
Closing net book amount	2,731	5,833	1	-	12,955	21,520
Year ending 30 June 2021						
Opening net book amount	-	3,333	2	-	10,208	13,543
Disposals		-	-	-	-	-
Exchange differences	-	217	-	-	23	240
Additions - business combinations	3,575	2,027	45	-	3,852	9,499
Additions - internal research and development	-	1,045	-	-	-	1,045
Amortisation	-	(996)	(1)	-	(2,866)	(3,863)
Impairment	-	-	-	-	-	-
Closing net book amount	3,575	5,626	46	-	11,217	20,464
At 30 June 2021						
Cost or fair value	3,575	14,631	47	-	28,143	46,396
Accumulated impairment	-	-	-	-	-	-
Accumulated Amortisation	-	(9,005)	(1)	-	(16,926)	(25,932)
Closing net book amount	3,575	5,626	46	-	11,217	20,464
Period ending 31 December 2021						
Opening net book amount	3,575	5,626	46	-	11,217	20,464
Disposals	-	-	-	-	-	-
Exchange differences	-	-	6	-	-	6
Additions - business combinations	3,534	1,478	-	225	3,048	8,285
Additions - internal research and development	-	441	-	-	-	441
Amortisation	-	(688)	(1)	(11)	(1,355)	(2,055)
Impairment	-	-	-	-	-	-
Closing net book amount	7,109	6,857	51	214	12,910	27,141
As at 31 December 2021						
Cost or fair value	7,109	16,550	52	225	31,191	55,127
Accumulated impairment	-	-	-	-	-	-
Accumulated Amortisation	-	(9,693)	(1)	(11)	(18,281)	(27,986)
Closing net book amount	7,109	6,857	51	214	12,910	27,141

The acquisition of OrderMate on 30 September 2021 generated additional intangible assets of $8.3m (refer to note 4 for more details).

b. Provisions

	Consolidated	
	Dec-21 A$'000	Jun-21 A$'000
Current		
Long service leave	508	473
Annual leave	1,266	1,197
	1,774	**1,670**
Non-Current		
Long service leave	79	109
	79	**109**

c. Deferred Consideration

The Deferred consideration relates to the present valued and risk weighted valuation of the deferred earn-out payment for the SwiftPOS acquisition.

	Consolidated	
	Dec-21	Jun-21
	A$'000	A$'000
Current	312	1,065
Non-Current	2,974	2,225
	3,286	**3,290**

	Consolidated
	A$'000
Deferred consideration - opening balance	**3,290**
Less deferred payment on 12 month anniversary of SwiftPOS acquisition ($750k less the Net Tangible liabilities acquired)	(330)
Finance Costs - unwinding of discount	326
Deferred consideration - closing balance	**3,286**

10. Equity

Share Capital

		Number of shares	Issue price	$'000
	Opening Balance 1 July 2020	322,258,160		66,186
17 November 2020	Shares issued as part of the acquisition price for SwiftPOS Pty Limited	7,012,623	$0.071	500
30 June 2021	Closing Balance 30 June 2021	329,270,783		66,686
28 July 2021	Shares issued on exercise of vested Share Performance Rights	500,000	$0.135	67
27 August 2021	Shares issued on exercise of vested Share Performance Rights	2,611,666	$0.062	163
30 September 2021	Shares issued as part of the acquisition price for OrderMate Pty Limited	9,756,098	$0.205	2,000
3 November 2021	Shares issued under Share Purchase Plan	21,655,773	$0.2078	4,500
13 December 2021	Shares issued on exercise of vested Share Performance Rights	225,000	$0.111	25
31 December 2021	Closing Balance 31 December 2021	364,019,320		73,441

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to vote on a show of hands or by poll.

11.Earnings per share

a) Basic earnings per share

	31 Dec 21 cents	31 Dec 20 cents
Total basic earnings per share attributable to the ordinary equity	(0.2)	(0.3)

b) Diluted earnings per share

	31 Dec 21 cents	31 Dec 20 cents
Total diluted earnings per share attributable to the ordinary equity	(0.2)	(0.3)

c) Reconciliations of earnings used in calculating earnings per share

	31 Dec 21 A$'000	31 Dec 20 A$'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	(857)	(996)
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	(857)	(996)

d) Weighted average number of shares used as the denominator

	31 Dec 21 Units	31 Dec 20 Units
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	343,204,576	323,935,091
Adjustments for calculation of diluted earnings per share:		
- Options	-	-
- Share Performance Rights	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	343,204,576	323,935,091

1,319,440 options over ordinary shares and 12,095,001 share performance rights are not included in the calculation of diluted earnings per share as they are anti-dilutive for the half-year ended 31 December 2021. These options and share performance rights could potentially dilute basic earnings per share in the future.

12.Subsequent Events

There are no matters which have arisen since the end of the reporting period which may materially affect operations of MSL, the results of those operations, or the state of affairs of MSL in future years.

Directors' Declaration

In accordance with a resolution of the Directors of MSL Solutions Limited, in the Directors' opinion:

The consolidated interim financial statements and notes set out on pages 8 to 26, are in accordance with the *Corporations Act 2001*, including:

Giving a true and fair view of Group's financial position as at 31 December 2021 and of its performance, for the period ended on that date;

Complying with Accounting Standard AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001*; and

There are reasonable grounds to believe that MSL Solutions Limited will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors:

Tony Toohey
Executive Chairman

David Usasz
Director

Dated at Brisbane this 17th February 2022.

Grant Thornton

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Independent Auditor's Review Report

To the Members of MSL Solutions Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of MSL Solutions Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' 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 MSL Solutions Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of MSL Solutions Limited financial position as at 31 December 2021 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 Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the 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 responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2021 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 17 February 2022