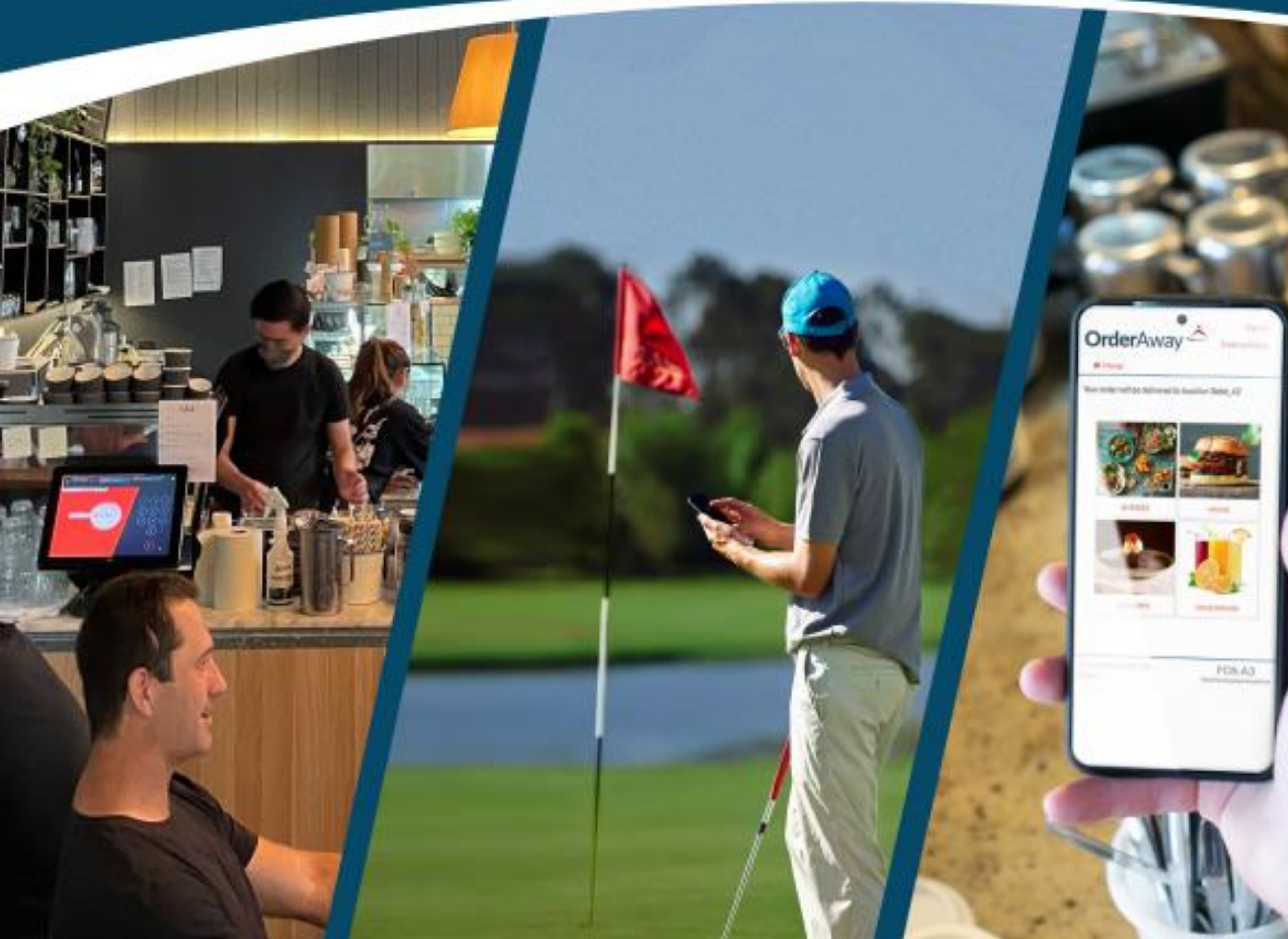
MSL Solutions Limited

ANNUAL FINANCIAL REPORT

30 June 2022



Chairman's Report

Dear Shareholders,

I am pleased to present MSL Solutions' financial results for the year ending 30 June 2022 (FY22).

Our results for the financial year highlight the full year benefits of the SwiftPOS acquisition, the OrderMate acquisition (Sept 2021), strategic enterprise contract wins across our key domestic and international markets, whilst maintaining the strong cost controls across the business.

In FY22, MSL demonstrated growth in all key metrics, revenue grew 37% to $33.93m (FY21: $24.67m), recurring revenue grew by 18% to $20.10m (FY21: $17.09m), EBITDA increased by 70% to $5.31m (FY21: $3.12m), EBITDA margin increased to 15.6% (FY21: 12.6%), and the cash balance increased by 73% to $9.39m ($5.43m) with the company having no interest bearing debt.

The year's results reflect the organisation structural reform in prior years, key acquisitions which have enabled the business to target large enterprise contract wins elevating MSL to the preferred POS technology provider across the Australian and New Zealand Stadia and Arena market such as Stadiums Queensland, Eden Park and AAMI Park whilst maintaining its leading position in the broader hospitality sector.

OrderMate, acquired in September 2021, contributed total revenues of $5.3 m and an EBITDA contribution of $1.2m for the 9 months of this financial year. Both acquisitions of OrderMate and SwiftPOS in FY21 demonstrate the value MSL can unlock through our proprietary technologies. While OrderMate and SwiftPOS service and target different customer segments, a collective product development approach will enable increased speed to market and greater returns on investment. We will continue to investigate earnings accretive new opportunities, through strategic integrations and partnerships with a focus on digital and payments opportunities.

MSL Verteda (UK) and Golfbox (Denmark).

MSL Verteda continues to grow its footprint in the UK through both the Kappture technology (Reseller agreement) and more recently strong interest and deployments of SwiftPOS technologies including Brighton Pier, Angus Steak House franchise and Thames Valley theme park.

MSL has focussed a large part of its resources and capital into the POS strategy with success. Despite this focus, our golf revenues in both Australia and internationally through GolfBox (Denmark) have continued to grow. During the same period, we have progressed the consolidation of our Australian golf management systems with the recent release of Simple Golf Management and related golf scoring apps. We have recruited a new CEO of Golfbox, commencing September 2022. The strong position of MSL will allow us, during FY23, to have a renewed focus on expanding both our market footprint and our technologies to grow our golf business operations. We remain a client focused company in a business-to-business services market and we continue to develop and deploy innovative tools that assist our clients with efficiency but also provide access to services like in-seat ordering which can increase venue operators' flexibility and revenue potential.

Through the leadership of our CEO, Pat Howard, the senior leadership team continues to evolve as we seek further growth across multiple markets and segments. The FY22 results are a reflection of the collective MSL team's dedication and commitment and we owe a significant round of thanks for their contribution during the year.

The MSL Board also continues to evolve with Dr Sarah Kelly joining the Board in March 2022.

In particular, I am grateful for the contribution, expert guidance and support of my colleagues on the Board, without which the achievements of the past 3 years would not have been possible.

Tony Toohey

Executive Chairman

Board of Directors

Tony Toohey – Executive Director and Chairman

Tony Toohey was appointed as an Executive Director and Chairman on 1st September 2019.

Tony is a highly accomplished senior executive with over 35 years in the gaming, hospitality, leisure and technology industries with a proven track record of success in creating sustainable competitive advantage and a strong platform for continuing growth.

Tony is the former Managing Director, CEO & Executive Chairman of ASX listed Intecq & eBet Limited. Intecq & eBet Limited was acquired by Tabcorp in December 2016 for $128 million. Tony served as GM Business Development Gaming Tabcorp from 2016 until July 2018.

Interest in Shares and Options
Mr Toohey and associated entities held 769,370 Ordinary Shares and 3,075,000 Performance Rights in MSL Solutions Limited as at 30 June 2022.

Earl Eddings - Non-Executive Director

Earl Eddings joined the Board on 30th April 2019. Currently Managing Director of The Riskcom Group, Earl served as a Chairman and Director of Cricket Australia from 2008 – 2021. He was a Director of Cricket Victoria from 2006-2015 and held the position of Deputy Chairman from 2008-2015. Earl was also Director of the Kerry Packer Foundation and Director of the International Cricket Council. He is a Fellow of the Governance Institute of Australia and Graduate of the AICD. Previously he was Managing Director for WSP Asia Pacific and Managing Director of ASX Listed Greencap before selling to Wesfarmers.

Earl Eddings is a member of the Company's Audit & Risk Committee and the Nomination & Remuneration Committee.

Interest in Shares and Options
Mr Eddings and associated entities held 2,465,992 Ordinary Shares in MSL Solutions Limited as at 30 June 2022.

Dr Richard Holzgrefe - Non-Executive Director

Richard Holzgrefe was appointed as a non-executive Director on 18th December 2007. He brings corporate experience across multiple industry sectors to the Company.

He joined MSL from VLRQ Pty Ltd where he served as a Director from 1998 to 2004. He was a Director of Kenlynn Property Syndicates Pty Ltd from 1997 to 2000, and co-founded The BOH Dental Group in 1976. He left in 1997 to pursue interests in the Property and Retirement Living sectors.

He was Chairman of Verton Technologies Aust Pty Ltd from 2017-2021 and is a Director of Holmac Holdings Pty Ltd.

Richard holds a Bachelor of Dental Science degree from the University of Queensland.

Richard Holzgrefe is a member of the Company's Audit & Risk Committee and the Nomination & Remuneration Committee.

Interest in Shares and Options
Dr Holzgrefe and associated entities held 16,823,351 Ordinary Shares in MSL Solutions Limited as at 30 June 2022.

Dr Sarah Kelly OAM - Non-Executive Director

Sarah Kelly joined the Board on 31st March 2022 bringing over 20 years' experience within the sports, tourism, professional services and education sectors.

Sarah is an Associate Professor in Law and Marketing at the University of Queensland and an experienced commercial lawyer.

Sarah currently serves as a non-executive director on several boards including as Deputy Chair of the Brisbane Lions AFL Football Club, Deputy Chair of Tourism and Events Qld, ASX-listed company Australian Family Lawyers and as a member of the Brisbane 2032 Games organising board.

Dr Kelly provides mentorship to sports technology start-up companies and current projects are focussed upon esports, women's sport, sponsorship strategy, sports integrity and mega event legacy. She is the Queensland Chapter Leader for the Minerva Network, a national social enterprise concerned with providing mentoring to professional sportswomen. In 2021, she was awarded an Order of Australia Medal for her services to sports administration and to tertiary education.

Interest in Shares and Options
Dr Kelly and associated entities held Nil Ordinary Shares in MSL Solutions Limited as at 30 June 2022.

David Trude - Non-Executive Director

David Trude joined the Board on 9th March 2017 bringing over 40 years' experience as a senior corporate executive within the banking and securities industries.

He was formerly Managing Director, Australian Chief Executive Officer/Country Manager of Credit Suisse, Australia for 10 years from 2001.

He has served as Chairman of Baillieu Holst Limited since 2010 having been a Board member since 2007, is Chairman of Waterford Retirement Village, Hansen Technologies Limited and East West Line Parks Pty Limited, a member of the Board of Chi-X Australia Pty Ltd and non-executive Director of Acorn Capital Investment Fund Limited, an ASX listed entity.

David holds a Bachelor of Commerce Degree from the University of Queensland, is a Senior Associate of the Financial Services Institute of Australasia, a member of the Australian Institute of Company Directors and Master Member of the Stockbrokers and Financial Advisers Association.

David Trude is the Chair of the Company's Nomination & Remuneration Committee.

Interest in Shares and Options
Mr Trude and associated entities held 1,144,370 Ordinary Shares in MSL Solutions Limited as at 30 June 2022.

David Usasz - Non-Executive Director

David Usasz joined the Board on 5th February 2020.

David has over 40 years' experience in business in Australia and Hong Kong, including over 20 years as a partner of PriceWaterhouseCoopers (and its predecessor organisations). He has been involved in tax, mergers and acquisitions advice and corporate advisory consultancy specialising in corporate reorganisations. He has previously held the positions of Non-Executive Chairman on ASX-listed Queensland Mining Corporation, GARDA Diversified Property Fund and GARDA Capital Group and Smiles Inclusive Limited and Non-Executive Director of ASX-listed entity Cromwell Property Group. David was also a Non-Executive Director of Queensland Investment Corporation (QIC) and URBIS Group and a Board Member of the Princess Alexandra Hospital Research Foundation between 1991-2004.

David holds a Bachelor of Commerce from the University of Queensland and is a Fellow of Chartered Accountants Australia and New Zealand.

David Usasz is the Chair of the Company's Audit & Risk Committee.

Interest in Shares and Options
Mr Usasz and associated entities held 4,450,000 Ordinary Shares in MSL Solutions Limited as at 30 June 2022.

Company Secretary

Andrew Ritter was appointed as Company Secretary on 27th March 2017. Mr Ritter has over 20 years' of international finance experience with various listed global IT & Telco organisations. Andrew is a Chartered Accountant, holds a Bachelor of Commerce degree, a Graduate Diploma of Applied Corporate Governance and is a Fellow of the Governance Institute of Australia and the International Institute of Chartered Secretaries and Administrators.

Assistant Company Secretary

David Marshall was appointed Assistant Company Secretary on 5th February 2020. Mr Marshall is the Chief Financial Officer of the Group.

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 (together 'the Group') for the year ended 30 June 2022 and the audit report thereon.

Directors

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

Name	Director since
Non-Executive	
Dr Richard Holzgrefe	18th December 2007
Mr David Trude	9th March 2017
Mr Earl Eddings	30th April 2019
Mr David Usasz	5th February 2020
Dr Sarah Kelly OAM	31st March 2022
Executive	
Mr Anthony (Tony) Toohey (Chairman)	1st September 2019

Principal activities

MSL's POS system connects customers to venues using mobile and contactless entry, ordering, and payment solutions. It extends POS beyond traditional terminals by utilising its own technology on a single integrated system. This system then provides analytics that customers can use to reduce costs and drive increased revenue.

MSL Solutions Limited (ASX: MSL) is the leading SaaS technology provider to the sports, leisure, and hospitality sectors. We help some of the world's most iconic venues – stadiums & arenas, pubs & member clubs, sporting associations, golf federations, restaurants & cafes, and more – to deliver outstanding customer experiences during every engagement.

MSL's three core pillars are:

- Point of Sale - Fully integrated POS platforms, purpose-built for venues. Our SwiftPOS and OrderMate solutions support complementary sectors, broadening customers' ability to pick the right option for their venue.
- Golf - MSL provides technology platforms to manage national federations, golf clubs, golf professionals and tournaments.
- Digital Solutions - Mobile applications that are in the hands of the customer: whether its' our own, OrderAway, or our partners' apps.

MSL is a trusted solution provider to more than 8,000+ clients, spanning five continents with offices in Australia, Denmark and the United Kingdom. To discover more about MSL, please visit www.mslsolutions.com.

Financial Results

MSL continues to achieve profitable performances on the back of revenue growth attributed to both organic growth and acquisitions. Each of reported Revenue, EBITDA and cash balance exceeded the upper range provided in its Business Update of 30th May 2022.

Revenue of $33.93 m is 37% higher than prior year (FY21: $24.67 m) with $5.22 m, or 22% from the acquisition of OrderMate and $4.04 m, or 16% from real organic growth.

Recurring Revenue of $20.10 m grew by 18% (FY21: $17.09 m) of which $2.67 m, or 16% was from the acquisition of OrderMate. MSL has experienced real growth in the recurring revenues from its SwiftPOS and OrderMate products which has reduced the impact of reduction in revenue from legacy/third party products at lower margins. Although reducing, reductions in recurring revenue from legacy/third party products will continue to impact recurring revenue into FY23.

Sales or point in time revenue for FY22 was $13.84 m which is an 82% increase from the prior year (FY21: $7.58 m). This has been driven by MSL's ability, especially with the SwiftPOS product, to access larger value, higher margin stadium and enterprise hospitality customers. The backlog and pipeline leading into FY23 in both APAC and UK continues to see growing opportunities in this market.

EBITDA of $5.31 m for the 12 months followed an EBITDA of $3.12 m in the prior financial year, a 70% increase. The EBITDA margin for FY22 of 15.6% (FY21: 12.6%) continues to grow as MSL exits legacy/third party products and drives growth in its higher value, higher margin markets with its own products.

Net Profit after Tax for FY22 is $816 k compared to $886 k in FY21 with available R&D Tax offsets and losses still available for future tax years.

Cash generated from operations before income tax (excluding government subsidies) was $4.5 million (FY21: $4.5 m) and, together with strong capital management, resulted in a year end cash balance of $9.39 m (FY21: $5.43 m) and no interest-bearing debt (FY21: $2.25 m) following the issue of an interest free $4.5 m convertible note and support of MSL shareholders who participated in a Share Purchase Plan during the year raising $4.46 m after costs.

Operational Review

On 30th September 2021, the Group acquired 100% of the equity of hospitality point-of-sale systems business, OrderMate.

The acquisition has seen 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.

The OrderMate business has generated $5.3 m in revenue and $1.2m in EBITDA for the period from 1st October 2021 to 30 June 2022 which is 20%+ revenue growth under acquisition on a like-for-like basis.

The markets in which MSL's Golf segment operates continued to see growth in participation during the year boosted by a resurgence in the sport in Australia, lifting membership numbers for Golf Australia. The Company's European subsidiary, Golfbox, continued to improve its profitability, despite the pandemic, through ongoing contracts with long-term partner federations in Norway, Switzerland and Denmark, among others.

Key Financial Results

The table below provides a summary of the FY22 results, with a comparison to the prior year's performance:

	1H FY22 A$'000	2H FY22 A$'000	FY22 A$'000	FY21 A$'000
Recurring Revenue	9,366	10,729	20,095	17,090
Sales Revenue	7,543	6,293	13,836	7,576
Revenue from ordinary activities	**16,909**	**17,022**	**33,931**	**24,666**
Other income	3	(3)	-	26
Cost of sales	(4,840)	(3,485)	(8,325)	(6,023)
Gross margin	**12,072**	**13,534**	**25,606**	**18,669**
Operating expenses	(9,890)	(10,411)	(20,301)	(15,551)
EBITDA before Government Subsidies*	**2,182**	**3,123**	**5,305**	**3,118**
EBITDA margin %	**12.9%**	**18.3%**	**15.6%**	**12.6%**
COVID-19 related Government subsidies	34	-	34	1,045
EBITDA*	**2,216**	**3,123**	**5,339**	**4,163**
Depreciation and amortisation	(2,527)	(3,000)	(5,527)	(4,505)
Gain on reversal of earnout provisions	-	1,191	1,191	-
Net fair value loss on earnout provisions	-	(651)	(651)	-
Gain on disposal of Right of Use Asset	-	56	56	-
Gain on sale of Marina Focus (net of costs)	87	11	98	-
Expected credit loss - prior period	-	-	-	327
EBIT	**(224)**	**730**	**506**	**(15)**
Net finance income/(costs)				
Non-Cash	(489)	400	(89)	29
Cash	(47)	(266)	(313)	(457)
Total Net finance income/(costs)	**(536)**	**134**	**(402)**	**(428)**
NPBT	**(760)**	**864**	**104**	**(443)**
Income tax benefit	(97)	809	712	1,329
NPAT	**(857)**	**1,673**	**816**	**886**

*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 credit loss provision relating to sales and revenue from prior periods, gains resulting from acquisition and lease accounting and proceeds from disposal of assets (net of costs).

Dividends

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

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Company during the financial year, other than those disclosed in this report.

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.

Future developments, prospects and opportunities

MSL enters FY23 in a position of strength. The trajectory of MSL's financial performance continues to reflect the Company's international growth boosted by a high-profile client base. The new contract announced in July 2022 with Stadiums Queensland for the provision of 880 SwiftPOS terminals and mobile enhanced devices across The Gabba and Suncorp Stadium in a five-year deal reinforced MSL's prospects in the year ahead especially within the stadium and arena markets in APAC and the UK.

For FY23, the Company expects to continue to achieve overall Revenue and EBITDA growth with improved EBITDA margin as it acquires higher value enterprise customers and increases the proportion of Recurring Revenue from its SwiftPOS and OrderMate products as lower margin legacy/third party products reduce.

The Company's momentum will continue to benefit from the growing market for enterprise software-as-a-service (SaaS) products among hospitality and venue businesses. The digitisation trend across businesses of all sizes servicing patrons and attendees in pubs, clubs, entertainment venues and stadiums show no sign of slowing after the COVID-19 pandemic accelerated uptake, complementing the growth outlook from the Company's internal initiatives.

With a strong cash position, no interest-bearing debt and robust recurring revenues, the Company remains focused on delivering organic growth while exploring acquisition and partnership opportunities that offer the capacity to strengthen the Company's technology platform and product mix.

Environmental issues

The Directors have considered climate related risks and do not currently consider that there is an associated material risk to the Group's operations and the amounts recognised in the financial statements. The Group continues to monitor climate related and other emerging risks and the potential impact on the financial statements.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	Board		Audit & Risk Committee		Nomination & Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Richard Holzgrefe	17	17	3	3	2	2
David Trude	17	17	0	0	2	2
Earl Eddings	17	17	3	3	2	2
David Usasz	17	17	3	3	0	0
Tony Toohey	17	17	0	0	0	0
Sarah Kelly	5	4	0	0	0	0

Corporate Governance Statement

A copy of the Company's Corporate Governance Statement is available on the Company's website at https://mslsolutions.com/investors/

Remuneration report - audited

The information provided in the remuneration report relates to the Company for the year ended 30 June 2022 and has been audited as required by section 308(3C) of the *Corporations Act (2001)*.

The directors present the MSL Solutions Limited FY22 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded. This report is structured as follows:

1. Remuneration Highlights
2. Key management personnel covered in this report
3. Remuneration policy and link to performance
4. Elements of remuneration
5. Link between remuneration and performance
6. Remuneration expenses for executive KMPs
7. Contractual arrangements with executive KMPs
8. Non-executive director arrangements
9. Additional Statutory information

1. Remuneration Highlights

Performance Highlights	
Revenue from ordinary activities of $33.9m (up 37.6% on FY21)	Revenue from ordinary activities was $33.9 m in FY22, up 37.6% on last year's revenue of $24.7 m. This was a result of real growth in the SwiftPOS product and revenue and from the acquisition of OrderMate (completed 30 September 2021).
Net Profit after Tax (NPAT) of $0.8 m (down $70k or 8% on FY21)	NPAT of $0.8 m was down $70k in FY22. Accordingly, the business generated positive Operating Cashflow of $4.1 m during the year compared to $5.7 m in FY21. Operating cash before income tax and government subsidies was $4.5 m in FY22 compared to $4.5 m in FY21.
Remuneration Highlights	
Executive Chairman Remuneration **Tony Toohey**	FY22 remuneration agreement: • $2,300 per day – 1 ½ days per week (ex GST) on average
CEO Remuneration **Patrick Howard**	Total FY22 annualised remuneration was $374k, as: • base salary of $350k • leave & other benefits of $24k.
CFO Remuneration **David Marshall**	Total FY22 annualised remuneration was $324K, as: • base salary of $300k • leave & other benefits of $24k.
LTI Incentive Plan	Options and Performance Rights held by Directors and Key Management Personnel as at 30 June 2022: Options (vested and exercisable) Nil (FY21: 300,000) Performance Rights (unvested) 6,875,001 (FY21: 8,850,000) Performance Rights (subject to Shareholder Approval) Nil (FY21: 1,000,000)
Non-Executive Director Fees	Total Non-Executive Director remuneration for FY22 was $255,000 and within the maximum aggregate amount of $400,000 approved by shareholders.

2. Key management personnel covered in this report

2.1 Non-executive and executive directors

Non-Executive Directors	
Mr Earl Eddings	
Dr Richard Holzgrefe	
Dr Sarah Kelly OAM	
Mr David Trude	
Mr David Usasz	
Executive Directors	
Mr Tony Toohey	Executive Chairman

2.2 Other key management personnel (KMP)

Key Management Personnel (KMP)	
Mr Patrick Howard	Chief Executive Officer
Mr David Marshall	Chief Financial Officer

3. Remuneration policy and link to performance

The remuneration committee is made up of independent non-executive directors and was formed post the successful listing of MSL Solutions Limited on the Australian Securities Exchange. It is the role of the committee to review and determine the remuneration policy and structure annually to ensure it remains aligned to business needs, and meets the Company's remuneration principles. From time to time, the committee may also engage external remuneration consultants to assist with this review.

In particular, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent,
- aligned to the Company's strategic and business objectives and the creation of shareholder value,
- transparent and easily understood, and
- acceptable to shareholders.

Figure 1: Remuneration Framework

Element	Purpose	Performance	Potential value	Changes for FY22
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	Reviewed in line with market positioning
Short Term Incentive (STI)	Cash based reward for in-year performance	EBITDA for business unit and Group	CEO: 30% of FR Execs: 10%-30% of FR	Nil
Long Term Incentive (LTI)	Alignment to long-term shareholder value	Increase in shareholder value	CEO: 20% of FR Execs: 5-20% of FR	Nil issued in FY22

3.1 Balancing short-term and long-term performance in FY22

Supporting the achievement of forecast financial targets, good cash management, and increasing shareholder value, balanced with the value of retaining key talent, the performance hurdles within the remuneration elements for FY20 were altered.

- STI payment structure was modified to promote cross business collaboration, ownership of in-year business performance, and to preserve and promote cash returns to the business. The incentive was moved to a self-funding model where payments start to accrue once Management EBITDA targets have been achieved. Each dollar of Management EBITDA (as defined by the Directors) earned over the company Management EBITDA target, is split evenly between the Company and the Incentive Pool. STI payments became capped to ensure maximum company return.
- LTI performance hurdles were altered in balance to the STI change. Tenure and performance hurdles were changed to promote more meaningful targets for key personnel, tenure, and long-term shareholder return.
- During the year, Share Equivalent Rights were issued to non-management personnel, promoting tenure and recognition for all levels of personnel, and share price performance.

The Board will continue to review the target remuneration mix for the CEO, KMP and other management personnel to ensure remuneration packages are consistent with the mix used by other public listed companies in the Software sector.

3.2 Assessing performance

The remuneration committee is responsible for determining the performance requirements and calculation mechanism used to provide STI and LTI rewards based on performance. To assist in this assessment, the committee receives detailed reports on performance from management which are based on independently verifiable data such as financial measures and data from independently run surveys, such as the Australian Information Industry Association salary survey produced by Aon Hewitt.

In the event of serious misconduct or a material mis-statement in the Company’s financial statements, the remuneration committee can cancel or defer performance-based remuneration.

4. Elements of remuneration

4.1 Fixed annual remuneration (FR)

Executives generally receive their fixed remuneration as cash. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry, using the Australian Information Industry Association salary survey produced by Aon Hewitt including consideration for employees residing in different markets. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, and value to the organisation and performance of the individual.

For all executives, superannuation is included in FR.

4.2 Short-term incentives

STI's are set as a percentage of FR, in accordance with industry benchmarks, to drive achievement of annual targets, without encouraging undue risk-taking. Current STI's for the CEO and Executives have been based on achievement of the Management EBITDA (as defined by the Directors) targets, and have been set at 10% to 30% of FR.

Figure 2: Structure of the Short Term Incentive Plan

<table>
<tr><th>Feature</th><th colspan="4">Description</th></tr>
<tr><td>Maximum opportunity</td><td colspan="4">CEO and other executives: 10% - 30% of fixed remuneration (FR).</td></tr>
<tr><td>Performance metrics</td><td colspan="4">The STI metrics align with our strategic priority of consistent achievement of financial targets.</td></tr>
<tr><td rowspan="2">Applicability</td><td>Metric</td><td>Target</td><td>Weighting</td><td>Reason for selection</td></tr>
<tr><td>Management EBITDA</td><td>Group</td><td>100%</td><td>Reflects profitable growth in line with forecast.</td></tr>
<tr><td>Payment</td><td colspan="4">Any STI award is payable in a mix of cash and equity in the first month after release of the audited results for the financial year.</td></tr>
<tr><td>Calculation</td><td colspan="4">Less than 100% of target – no STI earned.
At 100% of target – STI starts to accrue as per below
Incentive payments are self-funding and begin to accrue once the company has achieved target Management EBITDA (as defined by the Directors) achievement of the FY22 audited results. Each dollar of Management EBITDA earned over the company Management EBITDA target, will be split evenly between the Company and the Incentive Pool. This incentive pool will then be divided between the eligible employees on a pro-rata basis capped at the amount the employee is eligible for.</td></tr>
<tr><td>Board discretion</td><td colspan="4">The Board has discretion to adjust remuneration outcomes up or down as they see fit to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any STI award.</td></tr>
</table>

4.3 Long-term incentives

Executive KMP and other management personnel participate, at the Board's discretion, in the Company's long-term incentive plan ("LTIP"), which may be in the form of options or performance rights. The Board considers performance hurdles as part of the vesting considerations. LTIs are allocated by the Board and assessed on an annual basis to promote long term shareholder return.

The Board maintains that the Group's target remuneration mix for the CEO, KMP and other management personnel is appropriate and consistent with the mix used by other public listed companies in the Software sector, including the use of grants for the purpose of LTI. The Board will consider allocating LTI grants in early FY23, in line with these targets.

Figure 3: Structure of the LTIP

Feature	Description
Opportunity / Allocation	The value of LTIP will be determined based on an independent market salary survey.
Performance hurdle / Vesting Conditions	Have a mixture of tenure at vesting periods and performance hurdles as detailed in Section 9.2 below.
Vesting Date and Forfeiture	Performance rights granted during FY21 have expiry dates from 21 July 2021 to 21 July 2024. Performance rights will be forfeited on cessation of employment unless the Board determines otherwise (e.g. retirement due to injury, disability, death or redundancy).

5. Link between remuneration and performance

5.1 Statutory performance indicators

MSL aims to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The Company's annual financial performance and indicators of shareholder wealth for the current financial period are listed below. As the Company listed in May 2017, these performance measures have not been included for prior financial periods. However, these measures are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Figure 4: Statutory Performance Indicators

	FY22	FY21	FY20	FY19	FY18
EBITDA ($'mil)	5.3	4.2	(0.1)	(5.6)	3.5
NPAT	0.8	0.9	(16.4)	(17.9)	(0.4)
Dividends per share (cps)	Nil	Nil	Nil	Nil	Nil
Earnings per share (cps)	0.2	0.3	(5.6)	(7.2)	(0.1)

Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA) is a measure used for assessing statutory performance since the Group recognises computer software and customer contracts from acquisitions and capitalised software development costs as intangible assets that are amortised to the income statement.

EBITDA provides a normalised view of the operations closely aligned to cash generation by excluding 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, impacts from fair value movements through the income statement (including impairment of goodwill), gains resulting from acquisition accounting and proceeds from disposal of assets (net of costs).

The Company's share price on listing was $0.25 per share, and the share price as at 30 June 2022 was $0.14 per share, up 4% from $0.135 per share as at 30 June 2021.

6. Remuneration expenses for Executive KMPs

The following table shows details of the remuneration expense recognised for the Group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Figure 5: Executive remuneration

		Fixed remuneration						Variable remuneration		
Name	Year	Cash Salary	Non-monetary benefits	Annual & long service leave	Post employee benefits	Other	Cash bonus	Shares	Total	% performance related
Executive Directors		$	$	$	$	$	$	$	$	
Tony Toohey	2022	196,650	-	-	-	-	-	122,600	319,250	38%
	2021	281,750	-	-	-	-	-	76,334	358,084	21%
Other Key Management										
Patrick Howard	2022	350,000	-	23,909	23,568	-	-	105,818	503,295	21%
	2021	277,509	-	10,107	21,694	-	-	91,484	400,795	23%
David Marshall	2022	300,000	-	15,385	23,568	-	-	109,250	448,203	24%
	2021	303,846	-	14,527	21,694	-	-	29,867	369,934	8%
TOTAL	2022	846,650	-	39,294	47,136	-	-	337,668	1,270,748	27%
TOTAL	2021	863,105	-	24,634	43,388	-	-	197,685	1,128,813	18%

7. Contractual arrangements with Executive KMPs

Component	CEO	CFO
Fixed Remuneration	$350,000	$300,000
Contract Duration	Ongoing contract	Ongoing contract
Notice by the individual/Company	6 months	3 months
Termination of employment (without cause)	Entitlement to pro-rata STI for the year (if applicable). The Board has discretion to award a greater or lower amount.	
Termination of employment (with cause) or by the individual	STI is not awarded, and all unvested LTI will lapse.	

Different contractual terms apply to the following individuals:

Tony Toohey	Services are provided under a Services Contract that incorporates the Executive Chairman duties. Mr Toohey has a notice period of 30 days, and is responsible for appropriate insurances.

8. Non-executive Director arrangements

Non-executive directors receive a fixed Board fee inclusive of superannuation and no additional fees for chairing or participating on Board committees (refer to the table below).

The Chairman does not receive additional fees for participating in or chairing committees, and Non-executive directors do not receive performance-based pay or any other allowances.

Fees are reviewed annually by the Board taking into account comparable roles and market data provided by the Board's independent remuneration adviser. The current base fees were increased during 2022.

The maximum annual aggregate directors' fee pool limit of $400,000 was approved by shareholders at the Company's annual general meeting on 29 November 2021 and has not increased.

Base fees	
Chair	$60,000
Other Non-executive Directors	$60,000
Additional fees	
Audit committee – Chair	Nil
Audit committee – Member	Nil
Remuneration committee – Chair	Nil
Remuneration committee – Member	Nil

All non-executive directors have entered into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the officeholding of director.

Figure 6: Non-executive director remuneration

Name	Year	Fixed remuneration					Variable remuneration			
		Cash Salary	Non-monetary benefits	Annual & long service leave	Post employee benefits	Other	Cash bonus	Shares	Total	% performance related
Non-executive Directors		$	$	$	$	$	$	$	$	
Richard Holzgrefe	2022	60,000	-	-	-	-	-	-	60,000	0%
	2021	48,000	-	-	-	-	-	-	48,000	0%
Earl Eddings	2022	60,000	-	-	-	-	-	-	60,000	0%
	2021	48,000	-	-	-	-	-	-	48,000	0%
David Trude	2022	54,545	-	-	5,455	-	-	-	60,000	0%
	2021	43,836	-	-	4,164	-	-	-	48,000	0%
David Usasz	2022	60,000	-	-	-	-	-	-	60,000	0%
	2021	48,000	-	-	-	-	-	-	48,000	0%
Sarah Kelly[1]	2022	13,636	-	-	1,364	-	-	-	15,000	0%
	2021	-	-	-	-	-	-	-	-	0%
TOTAL	2022	248,181	-	-	6,819	-	-	-	255,000	0%
	2021	187,836	-	-	4,164	-	-	-	192,000	0%

[1] Dr Sarah Kelly OAM was appointed as a Non-Executive Director on 31 March 2022.

9. Additional statutory information

9.1 Performance based remuneration granted & forfeited during the year

Figure 7 shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited. It also shows the value of options that were granted and forfeited during FY22.

Figure 7: Performance based remuneration granted and forfeited during the year

KMP	Position	Short Term Incentive[1]			Long Term Incentive[2]		
		Total Opportunity	Forfeited	Awarded	Total Opportunity	Forfeited	Awarded
Tony Toohey	Exec Chairman	n/a	n/a	n/a	-	-	-
Patrick Howard	CEO	100,000	0%	0%	-	-	-
David Marshall	CFO	100,000	0%	0%	-	-	-

[1] Short Term Incentives have been accrued at 100% as at 30 June 2022, however, as they are based on financial performance a final determination on the awarding of the STI's will not occur until finalisation of the year end audit.

[2] Long Term Incentive grants are typically granted on an annual basis. The last grant was in June 2021 and there were no further grants prior to 30 June 2022.

9.2 Terms and conditions of the share-based payment arrangements

The terms and conditions of each grant of Share Performance Rights affecting remuneration in the current or a future reporting period are as follows:

Grant Date	Vesting Date	Expiry date	Exercise price	Value per right at grant date	% Vested
06-Dec-18	30-Jun-20	30-Jul-22	$0.00	$0.2158	1%
24-Sep-19	13-Dec-22	01-Sep-24	$0.00	$0.1112	15%
23-Sep-19	19-Aug-21	23-Sep-23	$0.00	$0.0740	100%
23-Sep-19	23-Sep-23	23-Sep-23	$0.00	$0.1300	0%
21-Jul-20	21-Jul-21/22/23	21-Jul-23	$0.00	$0.0550	30%
30-Jun-21	01-Jul-21	21-Jul-21	$0.00	$0.1350	100%
30-Jun-21	01-Jan-22	21-Jan-22	$0.00	$0.1350	100%
30-Jun-21	30-Jun-22/23/24	21-Jul-24	$0.00	$0.1350	9%
25-Oct-21	15-Feb-23	15-Feb-23	$0.00	$0.2250	0%

The number of Share Performance Rights issued to key management personnel is shown in figure 8. The Share Performance Rights carry no dividend or voting rights until exercised. When exercisable, each Share Performance Right is convertible into one ordinary share of MSL Solutions Limited.

The fair value of the performance rights granted on 6 December 2018 at a value of $0.2158 was $927,940. These rights have a performance hurdle of a cumulative annual growth rate of total shareholder return of 10% over the vesting period. 60,000 of these rights vested on 30 June 2022.

The fair value of the performance rights granted on 24 September 2019 at a value of $0.1112 was $166,800. These rights were approved at the Company's AGM on 27 November 2019 with the following conditions:

Tranche	Number	Performance Condition by expiry date
1	225,000	MSL's share price (30d VWAP) equals or exceeds $0.25
2	425,000	MSL's share price (30d VWAP) equals or exceeds $0.30
3	425,000	MSL's share price (30d VWAP) equals or exceeds $0.35
4	425,000	MSL's share price (30d VWAP) equals or exceeds $0.40

Tranche 1 has vested and 225,000 performance rights were exercised in FY22.

The fair value of the performance rights granted on 23 September 2019 at a value of $0.0740 was $74,000. These performance righted vested and were exercised in FY22.

The fair value of the performance rights granted on 23 September 2019 at a value of $0.1300 was $78,000.

The fair value of the performance rights granted on 21 July 2020 at a value of $0.0550 was $292,508. During FY22, 1,739,444 performance rights vested and 1,611,666 were exercised.

The fair value of the performance rights granted on 30 June 2021 with a vesting date of 1 July 2021 and at a value of $0.1350 was $67,500. During FY22, these performance rights vested and were exercised.

The fair value of the performance rights granted on 30 June 2021 with a vesting date of 1 January 2022 and at a value of $0.1350 was $33,750. During FY22, these performance rights vested and were exercised.

The fair value of the performance rights granted on 30 June 2021 with vesting dates on each of 30 June 2022, 30 June 2023 and 30 June 2024 and at a value of $0.1350 was:

- $175,500 for those which vest on tenure conditions only
- $81,000 for those rights with the following performance hurdle:
    - 50% based on the achievement of the Company's Management EBITDA (as defined by the Directors) for each of the 3 vesting years; and
    - 50% based on the CEO's recommendation to the Company's Nomination and Remuneration Committee and remain subject to the 3 year vesting period; and
- $405,000 for those rights with a performance hurdle based on the achievement of the Company's budget Management EBITDA (as defined by the Directors) for each of the 3 vesting periods.
    - These include the 1,000,000 rights issued to Tony Toohey which were subject to and were approved by Shareholders at the Annual General Meeting of 29 November 2021.

During FY22, 450,000 of these performance rights vested.

The fair value of the performance rights granted on 25 October 2021 with a vesting date of 15 February 2023 at a value of $0.2250 was $67,500.

9.3 Rights to deferred shares

There are no rights to deferred shares for either Directors, key management personnel, or staff.

9.4 Reconciliation of performance rights and ordinary shares held by KMP

Figure 8: Performance Rights held by Directors and KMP

Name	Balance at the start of the year	Granted during the year	Vested and exercised during the year		Balance at the end of the year	Unvested
			#	Fair Value		
Tony Toohey	2,700,000	1,000,000	625,000	$ 47,020	3,075,000	3,075,000
Patrick Howard	3,700,000	-	1,900,000	$ 163,500	1,800,000	1,800,000
David Marshall	2,450,000	-	449,999	$ 44,750	2,000,001	2,000,001
	8,850,000	1,000,000	2,974,999	$ 255,270	6,875,001	6,875,001

No amounts are unpaid on any shares issued on the exercise of Performance Rights.

Figure 9: Shareholdings held by Directors and KMP

Name	Balance at the start of the year	Purchased during the year	Disposed during the year	Issued on exercise of Performace Rights	Balance at the end of the year	Held in escrow
Richard Holzgrefe	16,790,364	382,987	350,000	-	16,823,351	-
David Trude	1,000,000	144,370	-	-	1,144,370	-
Earl Eddings	3,096,622	169,370	800,000	-	2,465,992	-
David Usasz	4,000,000	450,000	-	-	4,450,000	-
Sarah Kelly	-	-	-	-	-	-
Tony Toohey	-	144,370	-	625,000	769,370	-
Patrick Howard	650,000	51,089	-	1,900,000	2,601,089	-
David Marshall	-	-	-	449,999	449,999	-
	25,536,986	1,342,186	1,150,000	2,974,999	28,704,171	-

The above table includes consolidated holdings as held by the Directors and key management personnel. None of the shares above are held nominally by the directors or any of the other key management personnel.

9.5 Loans given to/from key management personnel

During the financial year there were no loans made to directors of MSL Solutions Limited and other key management personnel of the group, including their close family members and entities related to them.

9.6 Reliance on external remuneration consultants

During FY20, Crichton and Associates was engaged to provide a review of the executive remuneration for executives and Key Management Personnel and a cost of $9,748.

9.7 Voting of shareholders at last year's annual general meeting

The Company's annual general meeting was held on 29 November 2021. A resolution was put to shareholders to pass the adoption of the Company's remuneration report, which was passed. Proxy votes received were 99.08% in favour of the resolution.

This is the end of the audited remuneration report.

Indemnifying Directors and Officers

During the financial year, the Company paid a premium of $89,274 inclusive of stamp duty to insure the Directors and Officers of the Company. The terms of the insurance contract prevent additional disclosure.

In addition, the Company has entered into Deeds of Access, Insurance Indemnity which ensure the Directors and Officers of the Company will incur, to the extent permitted by law, no monetary loss as a result of defending the actions taken against them as Directors and Officers.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act (2001*). The Company's auditor did not provide any non-audit services during the financial year.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

Grant Thornton Audit Pty Ltd

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Jun-22 A$'000	Jun-21 A$'000
Audit and review of financial statements	205,100	178,414
Total remuneration for audit and other assurance services	**205,100**	**178,414**
Total Remuneration Australia	**205,100**	**178,414**

Network firms

1. Audit and other assurance services

United Kingdom

	Jun-22 A$'000	Jun-21 A$'000
Audit and review of financial statements	69,540	59,335
Total remuneration for audit and other assurance services	**69,540**	**59,335**

Denmark

	Jun-22 A$'000	Jun-21 A$'000
Audit and review of financial statements	19,152	18,754
Total remuneration for audit and other assurance services	**19,152**	**18,754**
Total Remuneration of network firms	**88,692**	**78,089**

Grant Thornton Audit Pty Ltd were first appointed the company auditor for the FY20 year.

Lead Auditor's Independence Declaration

The lead Auditor's independence declaration can be found on the page following this Directors' report and forms part of the Directors' report for the year ended 30 June 2022.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:

Tony Toohey
Executive Director and Chairman

David Usasz
Non-Executive Director

Dated at Brisbane this 18th day of August 2022.

Grant Thornton Audit Pty Ltd
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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 audit of MSL Solutions Limited for the year ended 30 June 2022, 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 audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 18 August 2022

Financial Statements

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Note	Jun-22 A$'000	Jun-21 A$'000
Revenue	4a	33,931	24,666
Other income	4a	-	26
Cost of sales		(8,325)	(6,024)
Gross margin		**25,606**	**18,668**
Sales and marketing expenses		(4,312)	(3,770)
Customer support and technical services		(4,494)	(3,957)
Research and development expenses		(5,472)	(3,518)
General and administration expenses		(5,947)	(2,906)
Gain on contingent consideration		1,191	-
Gain of disposal of right-of-use asset		56	-
Gain on sale of business (net of costs)		98	-
Other gains and expenses (net)		(44)	(15)
Net Impairment losses on financial and contract assets		2	(12)
Depreciation expense	8a	(203)	(75)
Amortisation expense - Intangible assets	8b	(4,704)	(3,863)
Amortisation expense - Right-of-use assets	8c	(620)	(567)
Net fair value loss on earnout provisions	12d	(651)	-
Finance costs	5	(402)	(428)
Profit / (loss) before income tax		**104**	**(443)**
Income tax benefit/(expense)		712	1,329
Profit / (Loss) for the year		**816**	**886**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		305	5
Other comprehensive income for the year		**305**	**5**
Total comprehensive profit / (loss) for the year		**1,122**	**891**
Loss attributable to:			
Owners of MSL Solutions Limited		1,122	891
		1,122	**891**
Total comprehensive profit / (loss) for the period attributable to:			
Owners of MSL Solutions Limited		1,122	891
		1,122	**891**
EARNINGS PER SHARE FROM LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share (cents)		0.2	0.3
Diluted earnings per share (cents)		0.3	0.3

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

Consolidated Statement of Financial Position

	Note	Jun-22 A$'000	Jun-21 A$'000
ASSETS			
Current assets			
Cash and cash equivalents	7c	9,385	5,427
Trade and other receivables	7a	3,405	4,680
Contract assets	7a	363	336
Other current assets		1,103	784
Total current assets		**14,256**	**11,227**
Non-current assets			
Receivables	7b	706	809
Contract assets	7b	254	363
Property, plant and equipment	8a	127	193
Right of Use Asset	8c	3,087	3,623
Intangible assets	8b	25,083	20,464
Other non-current assets		31	31
Total non-current assets		**29,288**	**25,483**
Total assets		**43,544**	**36,710**
LIABILITIES			
Current liabilities			
Trade and other payables	7d	3,300	3,826
Lease Liability	7e	497	435
Borrowings	7f	-	1,000
Provisions	8e	1,952	1,670
Income tax payable		44	410
Deferred Consideration	7g	784	1,065
Contract liabilities	4b	4,667	5,414
Total current liabilities		**11,244**	**13,820**
Non-current liabilities			
Borrowings	7f	3,860	1,250
Lease Liability	7e	3,131	3,634
Deferred tax liability	8d	-	224
Deferred Consideration	7g	1,320	2,225
Provisions	8e	92	109
Total non-current liabilities		**8,403**	**7,442**
Total liabilities		**19,647**	**21,262**
Net assets		**23,897**	**15,448**
EQUITY			
Contributed equity	9a	73,432	66,686
Reserves	9b	3,917	3,100
Accumulated losses	9c	(53,452)	(54,338)
Total equity		**23,897**	**15,448**

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

Consolidated Statement of Changes in Equity

	Contributed equity $'000	Retained earnings $'000	Foreign currency translation reserve $'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						
Profit for the period	-	886	-	-	-	886
Other comprehensive income	-	-	5	-	-	5
Total comprehensive loss for the period	-	886	5	-	-	891
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	500	-	-	-	-	500
Dividends paid	-	-	-	-	-	-
Share-based payments expense	-	-	-	-	172	172
Total transactions for the period	500	-	-	-	172	672
Balance as at 30 June 2021	**66,686**	**(54,338)**	**2,543**	**-**	**557**	**15,448**
Total comprehensive loss for the period						
Profit for the period	-	816	-	-	-	816
Other comprehensive income	-	-	305	-	-	305
Total comprehensive loss for the period	-	816	305	-	-	1,121
Shares issued under share purchase plan	4,458	-	-	-	-	4,458
Shares issued for the acquisition price for OrderMate Pty Ltd	2,000	-	-	-	-	2,000
Shares issued on exercise of vested performance rights	288	-	-	-	(288)	-
Share performance rights which did not vest	-	70	-	-	(70)	-
Dividends paid	-	-	-	-	-	-
Convertible note equity reserve	-	-	-	511	-	511
Share-based payments expense	-	-	-	-	359	359
Total transactions for the period	6,746	70	-	511	1	7,328
Balance as at 30 June 2022	**73,432**	**(53,452)**	**2,848**	**511**	**558**	**23,897**

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

Consolidated statement of cash flows

	Notes	Jun-22 A$'000	Jun-21 A$'000
Cash flows from operating activities			
Receipts from customers		37,723	27,940
Payments to suppliers, employees and others		(32,906)	(22,875)
Restructure Costs		-	(235)
Finance costs		(336)	(359)
Interest received		23	38
		4,504	**4,509**
Income tax paid		(452)	(59)
Government grants and tax incentives		34	1,278
Net cash flows used in operating activities	10	**4,086**	**5,728**
Cash flows from investing activities			
Capital expenditure		(119)	(79)
Purchase of intangibles		(862)	(1,044)
Acquisition of subsidiaries, net of cash & cash equivalents		(4,884)	(4,250)
Loans to other entities		214	424
Proceeds for disposal of assets		200	200
Deferred consideration payment		(646)	-
Net cash flows used in investing activities		**(6,097)**	**(4,749)**
Cash flows from financing activities			
Proceeds from borrowings		4,232	2,561
Repayment of borrowings		(2,250)	(1,448)
Proceeds from issue of share capital		4,500	-
Principal element of lease payments		(469)	(458)
Net cash flows provided by financing activities		**6,013**	**655**
Net cash inflow / (outflow) for the half-year		**4,002**	**1,634**
Cash at beginning of the year		5,427	3,806
Effect of foreign exchange		(44)	(13)
Cash at end of the year	7c	**9,385**	**5,427**

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

Notes to the consolidated financial statements

The financial statements were approved for issue by the directors on 18th August 2022. The Directors have the power to amend and re-issue the financial statements.

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 orientated entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

1. Changes in accounting policies

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

2. Segment information

a) Description of segments and principal activities

The Group has structured its segments on a geographical basis consisting of Asia Pacific, United Kingdom and Denmark, which is consistent with the prior year. The Group's executive management team, consisting of the Executive Director & Chairman, Chief Executive Officer, the Chief Financial Officer, Executive General Manager – Product and Support, Executive General Manager – Research and Development and National Sales Manager 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.

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

Denmark: services golf clubs and global golf associations.

This is consistent with the prior year comparatives.

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 Segment Adjusted EBITDA

Year ended 30 June 2022	APAC A$'000	UK A$'000	Denmark A$'000	Total A$'000
Revenue from external customers	23,155	7,128	3,648	33,931
Timing of revenue				
Over Time	13,148	3,776	3,171	20,095
At a point in time	10,007	3,352	477	13,836
Other revenue	-	-	-	-
EBITDA before corporate overheads	7,895	734	935	9,564
Corporate overheads				(4,259)
EBITDA before government subsidies				5,305
Government subsidies				34
EBITDA				5,339

Year ended 30 June 2021	APAC A$'000	UK A$'000	Denmark A$'000	Total A$'000
Revenue from external customers	15,660	5,571	3,435	24,666
Timing of revenue				
Over Time	10,126	3,772	3,192	17,090
At a point in time	5,534	1,799	243	7,576
Other revenue	26	-	-	26
EBITDA before corporate overheads	6,332	239	808	7,379
Corporate overheads				(4,261)
EBITDA before government subsidies				3,118
Government subsidies				1,045
EBITDA				4,163

*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 credit loss provision relating to sales and revenue from prior periods, gains resulting from acquisition and lease accounting and proceeds from disposal of assets (net of costs).

c) Segment Adjusted EBITDA reconciliation to profit/(loss) before tax

Reconciliation of segment adjusted EBITDA to Profit /(Loss) before income tax	Jun-22 A$'000	Jun-21 A$'000
EBITDA before government subsidies	5,305	3,118
Proceeds from sale of Marina Focus (net of cost)	98	-
Gain on disposal of Right of Use Asset	56	-
COVID-19 related government subsidies	34	1,045
Gain on reversal of earnout provisions	1,191	-
Expected credit loss - prior period	-	327
Finance costs (net)	(402)	(428)
Net fair value loss on earnout provisions	(651)	-
Depreciation & amortisation	(5,527)	(4,505)
Profit / (loss) before income tax	**104**	**(443)**

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 ways as in the consolidated statement of profit or loss and other comprehensive income.

Refer to Note 5 for further details on the above significant items (excluding depreciation and amortisation).

3. Business Combinations

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 has seen 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 OrderMate business has generated $5.3m in revenue and $1.2m in EBITDA for the period from the 1 October 2021 to 30 June 2022. These results include one-off revenue of $0.4m in the period.

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 $35.3m and EBITDA of $5.4m for the year ending 30 June 2022. These estimates were calculated by extrapolating the revenue and EBITDA performance for the OrderMate business for the 1 October 2021 to 30 June 2022 period to the year estimate and adding this to the yearly result for the rest of the Group.

Refer to note 8b for further details on intangible assets acquired.

OrderMate Acquisition (30 September 2021)	A$'000
Amount settled in cash	5,575
Shares issued on acquisition (9,756,098 shares at 20.5c per share)	2,000
Fair value of Consideration	**7,575**
Net Tangible Assets	(238)
Goodwill on acquisition	3,264
Intangible Assets - Customer Relationships	3,493
Intangible Assets - Software	1,478
Intangible Assets - Brands and Trademarks	225
Deferred Tax Liability	(647)
Fair value of Consideration	**7,575**
Cash	617
Trade and other receivables	53
Inventory	130
Other current assets	55
Total current assets	855
Right-of-use assets	448
Property, plant and equipment	54
Total non current assets	502
Total assets	1,357
Trade and other payables	107
Employee benefits	298
Tax liabilities	386
Other current liabilities	236
Total current liabilities	1,027
Lease liabilities	448
Employee benefits	120
Total non current liabilities	568
Total liabilities	1,595
Net tangible assets / (liabilities) acquired	(238)
Acquisition costs charged to expenses	74

4. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Jun-22 A$'000	Jun-21 A$'000
Recurring Revenue		
Customer contracts annuities	7,112	8,468
Subscription annuities	12,983	8,622
Total - Recurring revenue	**20,095**	**17,090**
Non-recurring revenue		
Software Fees and Royalties	3,329	1,988
Hardware Fees	7,381	3,364
System Installations	2,527	2,109
Booking Fees	223	-
Advertising	16	22
Other	360	93
Total - Non-recurring revenue	**13,836**	**7,576**
Revenue from Operating Activities	**33,931**	**24,666**
Other Income		
Interest Income	-	26
Total	**-**	**26**

Revenues from external customers comes from the sale of software, hardware, professional services, advertising, subscription annuities and customer contract annuities. The revenue from these services relate to the sale of the Group's own internally generated software in addition to third party suppliers of software and hardware. Recurring revenue is recognised over the time period to which it relates and non-recurring revenue recognised at a point in time.

b) Assets and liabilities related to contract with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	Jun-22 A$'000	Jun-21 A$'000
Current contract asset relating to fulfilled contracts	370	342
Loss allowance	(7)	(6)
Total current contract assets	363	336
Non-current contract asset relating to fulfilled contracts	260	372
Loss allowance	(6)	(9)
Total non-current contract assets	254	363
Total contract assets	**617**	**699**
Current Contract liabilities - post sales support	4,387	5,380
Current Contract liabilities - customer monies held	280	34
Total current contract liabilities	4,667	5,414
Total contract liabilities	**4,667**	**5,414**

i. Significant changes in contract assess and liabilities

Contract assets relate to internally funded customer deals that have been recognised as revenue in prior periods and reduce over the current year as payments received against these deals.

Contract liabilities relate to the post sales contracted support and subscription services that have been invoiced but yet to be fulfilled. IT consulting contracts comprise those contracts where work remains to be completed that has been invoiced.

ii. Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Jun-22 A$'000	Jun-21 A$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Post sales support	5,380	4,895
Customer monies held	3	21

5. Other significant income and expense items

The Group has identified the following items included in the Consolidated Statement of Profit and Loss and other comprehensive income, which are material due to the significance of their nature and/or amount:

	Jun-22 A$'000	Jun-21 A$'000
Accounting gains included in other income		
Interest Income	-	26
	-	**26**
Significant expense items		
Expected credit loss - prior period	-	327
Foreign exchange gains / (losses)	(44)	(15)
	(44)	**312**
Employee benefits expenses*		
Salaries and wages including on costs	(14,558)	(11,676)
Superannuation and pension contributions	(950)	(795)
Annual and long service leave expense	(50)	(178)
Share based payments	(291)	(138)
Government stimulus	34	1,045
	(15,815)	**(11,742)**

*Employee benefits expenses are included in the Consolidated Statement of Profit and Loss and Other Comprehensive Income in Sales and marketing expenses, Customer support and technical services, Research and development expenses, General and administration expenses

	Jun-22 A$'000	Jun-21 A$'000
Non-cash finance income / (costs)		
Convertible note finance costs	(150)	-
Contract assets finance income	61	29
Total non-cash finance income / (costs)	**(89)**	**29**
Cash finance income / (costs)		
Right of use asset finance costs	(275)	(278)
Bank interest finance costs	(61)	(188)
Bank interest finance income	23	9
Total cash finance income / (costs)	**(313)**	**(457)**
Net finance income / (costs)	**(402)**	**(428)**

6. Income tax expense/(benefit)

a) Income tax expense/(benefit)

	Jun-22 A$'000	Jun-21 A$'000
Income tax expenses/(benefit)		
Current tax (benefit) expense	63	191
Deferred tax (benefit) expense	(548)	(1,493)
Adjustments for current tax expense of prior period	(78)	(27)
Adjustments for deferred tax expense of prior period	(149)	-
Total income tax expense/(benefit)	**(712)**	**(1,329)**
Decrease (increase) in deferred tax assets	(1,271)	(1,496)
(Decrease) increase in deferred tax liabilities	723	3
Total deferred tax expense/(benefit)	**(548)**	**(1,493)**

b) Numerical reconciliation of income tax expense to prima facie tax payable

	Jun-22 A$'000	Jun-21 A$'000
Profit/(loss) from continuing operations before income tax	104	(443)
Tax at the Australian tax rate of 25% (FY21 - 26%)	26	(115)
- Adjustment to recognise amounts taxed in overseas	(74)	-
- Adjustment to contingent consideration	(264)	-
- Other	418	670
	106	**555**
- Adjustments for deferred tax in prior periods	(48)	(35)
- Recognition of deferred tax relating to prior year	(100)	(1,151)
- Utilisation of deferred tax relating to prior year	-	(808)
- Movement in deferred tax relating to current year	-	444
- R&D offset for current year	(590)	(332)
- Other	(80)	(2)
Total income tax expense/(benefit)	**(712)**	**(1,329)**

i. Recognition and measurement

MSL Solutions Limited and its wholly-owned Australian subsidiaries have formed a tax consolidated group, and accordingly these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The income tax expense or benefit for the year represents the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted for permanent differences, and any net movements in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax benefit is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

ii. Estimates and judgements

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain at the time of the transaction/calculation. The Group estimates its tax liabilities based on the Group's understanding of the taxation legislation in each jurisdiction it operates, and where the final tax outcome of these matters is different from the amounts that were initially recorded, any difference will impact the current and/or deferred income tax assets and liabilities in the period the initial determination was made.

In addition, the Group recognises deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy the necessary tests relating to utilisation of tax losses.

For the incentives and deductions available for eligible research and development expenditure, the Group has exercised judgement and calculated an estimate of the eligible expenditure in both Australia and the United Kingdom and included the estimated tax credit and additional tax deduction in its tax calculations for the reporting period.

iii. Franking Credits

There are NIL franking credits available for use in subsequent reporting periods.

7. Financial assets and liabilities

The Group holds the following financial assets and liabilities:

Financial assets 2022	Notes	Assets at fair value through profit and loss $'000	Financial assets at amortised cost $'000	Total $'000
Trade and other receivables	7a & 7b	-	4,111	4,111
Cash and cash equivalents	7c	-	9,385	9,385

Financial assets 2021	Notes	Assets at fair value through profit and loss $'000	Financial assets at amortised cost $'000	Total $'000
Trade and other receivables	7a & 7b	-	5,489	5,489
Cash and cash equivalents	7c	-	5,427	5,427

Financial Liabilities 2022	Notes	Liabilities at fair value through profit and loss $'000	Liabilities at amortised cost $'000	Total $'000
Trade and other payables	7d	-	3,300	3,300
Lease liability	7e	-	3,628	3,628
Borrowings	7f	-	3,860	3,860
Deferred Consideration	7g	2,104	-	2,104

Financial Liabilities 2021	Notes	Liabilities at fair value through profit and loss $'000	Liabilities at amortised cost $'000	Total $'000
Trade and other payables	7d	-	3,826	3,826
Lease liability	7e	-	4,069	4,069
Borrowings	7f	-	2,250	2,250
Deferred Consideration	7g	3,290	-	3,290

The Group's exposure to various risks associated with the financial instruments is discussed in Note 12. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

a) Current financial assets

	Jun-22 A$'000	Jun-21 A$'000
Trade receivables	3,498	4,790
Loan receivable	-	214
Receivable - Sale of Iseek Golf	194	168
Loss allowance	(287)	(492)
	3,405	**4,680**

The movement in the allowance for expected credit loss is as follows:-

	Jun-22 A$'000	Jun-21 A$'000
Opening Balance	492	1,070
Additional provision recognised	90	175
Receivables written off during year as uncollectable	(36)	(81)
Unused amounts reversed	(259)	(672)
	287	**492**

The aging of receivables and the allowance for expected credit loss is as follows:-

	Trade Receivables Carrying Amount		Expected Credit Loss Carrying Amount	
	Jun-22 A$'000	Jun-21 A$'000	Jun-22 A$'000	Jun-21 A$'000
Not overdue	2,034	2,473	37	25
0 to 3 months overdue	987	1,657	35	115
Over 3 months overdue	477	660	215	352
	3,498	**4,790**	**287**	**492**

	Jun-22 A$'000	Jun-21 A$'000
Contract assets	370	342
Loss allowance	(7)	(6)
	363	**336**

i. Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. In general, trade receivables are due for settlement within 30 days, however in some circumstances the Group has granted extended terms of up to 90 days and for one particular customer a six-month term has been granted. Accordingly, all trade receivables are all classified as current. The Group's accounting policies in relation to trade receivables are outlined in Note 23 and further details on the expected credit loss are outlined in note 12b.

ii. Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

iii. Impairment and risk exposure

The Group routinely assesses the collectability of its current financial assets. Amounts will be written off against the expected credit loss when there is no reasonable expectation of recovery. Aged receivables are assessed on an aging profile and the expected credit loss applied to the aged debtors based on historical analysis of the Group's debtors with the highest risk weighting applied to the oldest debtors.

b) Non-current financial assets

	Jun-22 A$'000	Jun-21 A$'000
Receivable - Sale of Business	720	818
Loss allowance	(14)	(9)
	706	**809**

	Jun-22 A$'000	Jun-21 A$'000
Contract assets	260	372
Loss allowance	(6)	(9)
	254	**363**

i. Fair value of contract assets

Due to the short-term nature of the majority of the Group's contract assets, their carrying amount is considered to be the same as their fair value. These contacts are classified as contracts without significant financing components.

In addition to contract assets without significant financing the Group carries several contract assets that due to their long-term nature their fair value is not equivalent to their carrying value. These contracts are classified as contract assets with significant financing components.

ii. Impairment and risk exposure

The Group routinely assesses the collectability of its non-current financial assets and has included an estimated credit loss of $20k for the reporting period. Amounts will be written off against the expected credit loss when there is no reasonable expectation of recovery.

c) Cash and cash equivalents

i. Reconciliation to cash flow statement

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 year, as follows:

	Jun-22 A$'000	Jun-21 A$'000
Cash and cash equivalents	9,385	5,427
	9,385	**5,427**

ii. Classification as cash equivalents

Cash and cash equivalents includes term deposits supporting bank guarantees to property bonds of $354k (FY21: $354k). Refer to Note 23 for the Group's other accounting policies on cash and cash equivalents.

d) Trade and other payables

	Jun-22 A$'000	Jun-21 A$'000
Current		
Trade payables	1,919	1,996
Other payables	1,381	1,830
	3,300	**3,826**

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to the same as their fair values, due to the short-term nature.

e) Lease liability

	Jun-22 A$'000	Jun-21 A$'000
Current		
Lease liability	497	435
Non-Current		
Lease liability	3,131	3,634
	3,628	**4,069**

The Group leases various offices under non-cancellable leases expiring within 6 months to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The non-cash interest expense incurred on lease liabilities for FY22 was $274k (FY21 $278k).

f) Borrowings

	Jun-22 A$'000	Jun-21 A$'000
Current		
Secured		
Bank bill loan - secured	-	1,000
Total secured current borrowings	**-**	**1,000**
Non-current		
Secured		
Convertible note	3,860	-
Bank bill loan - secured	-	1,250
Total secured non-current borrowings	**3,860**	**1,250**
Total borrowings	**3,860**	**2,250**

i. Convertible Note

On 30 September 2021, the Group issued 4,500,000 0% convertible notes, with a face value of $1.00 each, for total proceeds of $4,500,000. The notes are convertible into ordinary shares of the parent entity, at any time at the option of the holder, or repayable on 29 September 2024. The conversion rate is $0.2078 per note, being the 10-day volume weighted average share price of the parent prior to 29 September 2021.

Total transaction costs were $267k at the date of issue and unamortised transaction costs of $235k have been offset against the convertible notes payable liability.

The convertible notes are on arms-length terms with a non-related party and are unsecured. The convertible note is held at amortised cost.

	Convertible Note A$'000	Equity Reserve A$'000	TOTAL A$'000
Convertible note	3,957	543	4,500
Less Transaction Costs	(247)	(32)	(279)
	3,710	**511**	**4,221**
Finance Charges	150	-	150
Closing Balance	**3,860**	**511**	**4,371**

ii. Bank Debt

Following the placement of a convertible note and the successful completion of a Share Purchase Plan, all bank debt has been fully paid and all security released during the year.

g) Deferred Consideration

	Jun-22 A$'000	Jun-21 A$'000
Current		
Present value of deferred consideration - Swiftpos	-	290
Present value of earn out - Swiftpos	784	775
	784	**1,065**
Non-Current		
Present value of earn out - Swiftpos	1,320	2,225
	1,320	**2,225**

The deferred consideration relates to the present valued and risk weighted valuation of the 12-month deferred payment reduced by the net tangible liability of the acquired business on acquisition.

The earn-out payment for the SwiftPOS acquisition is the present value of the expected earn-out over a three-year period based on a gross profit target with a maximum cap of $4.2m.

An amount of $316k for the first year earn out and $330k for the holdback cash payment amount was paid in FY22.

The earnout for the second and third year have been reviewed at 30 June 2022, resulting in a reduction to the present value of the deferred consideration of $1,191k ($677k current and $519k noncurrent).

8. Non-financial assets and liabilities

a) Property, plant and equipment

	Leasehold improvements $'000	Plant and equipment $'000	Office Equipment $'000	Motor Vehicle $'000	Total $'000
At 30 June 2020					
Cost or fair value	60	1,542	402	-	2,004
Accumulated depreciation	(32)	(1,449)	(334)	-	(1,815)
Net book amount	28	93	68	-	189
Year ending 30 June 2021					
Opening net book amount	28	93	68	-	189
Exchange differences	-	-	-	-	-
Additions	-	35	44	-	79
Disposals	-	-	-	-	-
Depreciation charge	(7)	(46)	(22)	-	(75)
Closing net book amount	21	82	90	-	193
At 30 June 2021					
Cost or fair value	60	1,577	446	-	2,083
Accumulated depreciation	(39)	(1,495)	(356)	-	(1,890)
Net book amount	21	82	90	-	193
Year ending 30 June 2022					
Opening net book amount	21	82	90	-	193
Exchange differences	-	-	-	-	-
Additions	-	-	99	38	137
Disposals	-	-	-	-	-
Depreciation charge	(8)	(49)	(108)	(38)	(203)
Closing net book amount	13	33	81	-	127
At 30 June 2022					
Cost or fair value	60	1,577	545	38	2,220
Accumulated depreciation	(47)	(1,544)	(464)	(38)	(2,093)
Net book amount	13	33	81	-	127

i. Depreciation methods and useful lives.

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets and capitalised leased assets is depreciated on a diminishing value basis over their useful lives to the Group, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset

- Plant and equipment 27% - 50%
- Office Equipment 10% - 33%
- Motor Vehicles 20% - 30%
- Leasehold improvements 7.5% - 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Refer to Note 23 for all other accounting policies relevant to property, plant and equipment.

b) Intangible assets

	Goodwill $'000	Software $'000	Formation Expenses $'000	Contracts and customer relationships $'000	Brands and trademarks $'000	Total $'000
At 30 June 2020						
Cost or fair value	22,172	11,342	2	24,290	-	57,806
Accumulated impairment	(22,172)	-	-	-	-	(22,172)
Accumulated depreciation	-	(8,009)	-	(14,082)	-	(22,091)
Closing net book amount	-	3,333	2	10,208	-	13,543
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
Year ending 30 June 2022						
Opening net book amount	3,575	5,626	46	11,217	-	20,464
Disposals	-	-	-	-	-	-
Exchange differences	-	(36)	-	37	-	1
Additions - business combinations	3,264	1,478	-	3,493	225	8,460
Additions - internal research and development	-	862	-	-	-	862
Amortisation	-	(1,696)	(46)	(2,928)	(34)	(4,704)
Impairment	-	-	-	-	-	-
Closing net book amount	6,839	6,234	-	11,819	191	25,083
At 30 June 2022						
Cost or fair value	6,839	16,935	46	31,674	225	55,719
Accumulated impairment	-	-	-	-	-	-
Accumulated Amortisation	-	(10,701)	(46)	(19,855)	(34)	(30,636)
Closing net book amount	6,839	6,234	-	11,819	191	25,083

i. *Amortisation methods and useful lives.*

The Group amortises intangible assets with a limited useful life using the straight-line method over the following period/rates:

- Software – 2.5 to 10 years
- Brands and trademarks - 3 to 15 years
- Contracts and customer relationships – 3 to 15 years

See Note 23 for the other accounting policies relevant to intangible assets and impairment policy

ii. *Contracts and customer relationships*

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

iii. *Significant estimate: useful life of Software acquired*

Software was acquired as part of a business combination and was recognised at fair value at the date of acquisition and is subsequently amortised on a straight-line basis over an eight-year period from date of acquisition. This has been estimated as the weighted average of the expected obsolescence of the acquired software.

iv. Significant estimate: capitalised development

Costs that are directly associated with the development of software are recognised as an intangible asset when the following criteria are met:

a) The technical feasibility of completing the intangible asset is achieved so that it will be available for use or sale;
b) The Group intends to complete the intangible asset and then use or sell it;
c) The Group has the ability to use or sell the intangible asset;
d) The Group knows how the intangible asset will generate probable economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
e) Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
f) The Company is able to measure reliably the expenditure attributable to the intangible asset during its development.

The relevant costs include personnel and other directly attributable costs incurred in the development of software. Capitalised software development costs are recognised as an intangible asset and amortised over their estimated useful lives, which is considered to be 60 months. Capitalised software development costs are amortised from when the products to which they relate become available to use. Research costs are expensed as incurred and are largely made up of employee labour which is included in research and development costs in the statement of comprehensive income. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

The Group capitalised $862k in FY22 for the development of software that satisfied the conditions above and commenced amortization during the year.

v. Impairment tests for goodwill and computer software

As part of the ongoing annual assessment of goodwill and computer software by management the Group considers the relationship between the net recoverable amount of its cash generating units based upon discounted cash flows of 5-year forecast EBITDAs and its book value, among other factors, when reviewing for indicators of impairment.

Management has considered the lowest levels at which the assets produce identifiable cash flows when determining the composition of the Group's 5 Cash Generating Units (CGU's). The CGU's are defined primarily on a geographical basis of APAC, UK and Denmark with the additions of the recent acquisitions of SwiftPOS and OrderMate.

OrderMate was acquired on the 30 September 2021 and includes Goodwill of $3.3m, software intangible assets of $1.5m, customer contracts of $3.5m and Brands and Trademarks of $0.2m. The SwiftPOS business generates cash through a different customer segment in the café and restaurant sector. As such the nature of its revenue and customer base is significantly different from the rest of APAC to categorise it as its own CGU.

Goodwill exists in the SwiftPOS CGU with $3.6m and the OrderMate CGU with $3.3m goodwill respectively.

vi. *Significant estimate: key assumptions used for value in use calculations*

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The calculations use cash flow projections based on a one-year financial budget approved by the Board and cash flow projections by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

Goodwill acquired through business combinations have been allocated to the following cash-generating units and tested for impairment per the assumptions below:

	Jun-22 A$'000	Jun-21 A$'000
SwiftPOS	3,575	3,575
OrderMate	3,264	-

	SwiftPOS			
	2022 Range		2021 Range	
Long term growth rate	0%	2.5%	0%	2.5%
Post tax discount rate	10.78%	13.55%	13.55%	13.55%

	OrderMate			
	2022 Range		2021 Range	
Long term growth rate	0%	2.5%	-	-
Post tax discount rate	10.78%	13.55%	-	-

Management have considered various scenarios in testing for impairment from a zero growth scenario to a 2.5% growth scenario to recognise synergies that may materialise from the acquired businesses and the post COVID recovery.

Management has determined the values assigned to key assumptions as follows:

Assumption	Approach used to determine values
Revenue	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
EBITDA	Based on past performance and management's expectations for the future.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management. No incremental revenue or cost savings are assumed in the fair value model as a result of this expenditure.
Long-term growth rate	Above forecast inflation in each of the countries the Group operates.
Post-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate. This rate is derived from the Group's Weighted Average Cost of Capital (WACC) that takes into account both debt and equity. The cost of equity is derived from expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The segment and geographic specific risk is incorporated by applying individual beta factors.

As at the reporting date, the Group, based on the information available, does not consider that any reasonable change in the key assumptions (growth rates and discount rates), after allowing for any consequential impacts on other key assumptions of any such change, would cause the carrying value of the segments to exceed their recoverable amounts.

vii. Significant estimate: impairment charge

There is no impairment charge for the year-ending 30 June 2022.

c) Right-of-use asset

	Jun-22 A$'000	Jun-21 A$'000
Opening Balance	3,623	2,640
Acquisitions through business combination	553	1,550
Disposals	(469)	-
Less amortisation	(620)	(567)
Closing Balance	3,087	3,623

Right-of-use assets relate predominantly to the property leases of the Group in Australia and overseas.

d) Deferred tax balances

i. Deferred tax assets

	Jun-22 A$'000	Jun-21 A$'000
The balance comprise temporary differences attributable to:		
Tax losses & offsets	452	1,485
Property, plant & equipment	705	-
IPO and transaction related	43	-
Employee benefits	420	-
Lease liabilities	927	-
Other	397	188
Total deferred tax asset	**2,944**	**1,673**
Set off against deferred tax liability	(2,944)	(1,673)
Net deferred tax asset	**-**	**-**

Movements	Tax losses & offsets $'000	Employee benefits $'000	Property, plant & equipment $'000	IPO and transaction related $'000	Lease liabilities $'000	Other $'000	Total $'000
As at 1 July 2020	**-**	**-**	**3**	**-**	**-**	**174**	**177**
(Charged)/Credited							
To profit or loss as deferred tax benefit/(expenses)	1,485	-	(3)	-	-	14	1,496
To profit or loss as research and development expenses	-	-	-	-	-	-	-
To equity	-	-	-	-	-	-	-
Acquisition	-	-	-	-	-	-	-
Utilisation of tax losses	-	-	-	-	-	-	-
True up as prior period deferred tax	-	-	-	-	-	-	-
As at 30 June 2021	**1,485**	**-**	**-**	**-**	**-**	**188**	**1,673**

Movements	Tax losses & offsets $'000	Employee benefits $'000	Property, plant & equipment $'000	IPO and transaction related $'000	Lease liabilities $'000	Other $'000	Total $'000
As at 1 July 2021	**1,485**	**-**	**-**	**-**	**-**	**188**	**1,673**
(Charged)/Credited							
To profit or loss as deferred tax benefit/(expenses)	(1,033)	420	705	43	927	209	1,271
To profit or loss as research and development expenses	-	-	-	-	-	-	-
To equity	-	-	-	-	-	-	-
Acquisition	-	-	-	-	-	-	-
Utilisation of tax losses	-	-	-	-	-	-	-
True up as prior period deferred tax	-	-	-	-	-	-	-
As at 30 June 2022	**452**	**420**	**705**	**43**	**927**	**397**	**2,944**

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Not withstanding the losses before tax reported in the preceding periods, the Group is reasonably certain that it will return to taxable profits.

ii. Deferred tax liabilities

	Jun-22 A$'000	Jun-21 A$'000
Australia		
The balance comprises temporary differences attributable to:		
Intangible assets	(1,906)	(1,897)
Right of use assets	(791)	-
Other	(247)	-
Total deferred tax liability	**(2,944)**	**(1,897)**
Set off against deferred tax asset	2,944	1,673
Net deferred tax liabilities	**-**	**(224)**

Movements	Intangibles $'000	Right-of-use assets $'000	Other $'000	Total $'000
As at 1 July 2020	**(893)**	**-**	**-**	**(893)**
(Charged)/Credited				
To profit or loss	(3)	-	-	(3)
To equity	-	-	-	-
Acquisition	(1,001)	-	-	(1,001)
As at 30 June 2021	**(1,897)**	**-**	**-**	**(1,897)**

Movements	Intangibles $'000	Right-of-use assets $'000	Other $'000	Total $'000
As at 1 July 2021	**(1,897)**	**-**	**-**	**(1,897)**
(Charged)/Credited				
To profit or loss	638	(791)	(247)	(400)
To equity	-	-	-	-
Acquisition	(647)	-	-	(647)
As at 30 June 2022	**(1,906)**	**(791)**	**(247)**	**(2,944)**

Offsetting within tax consolidated group
MSL Solutions Limited and its wholly owned Australian subsidiaries form a consolidated tax group, whereby the entities are taxed as a single entity. Accordingly, the deferred tax assets and deferred tax liabilities have been offset in the consolidated financial statements.

e) Provisions

Employee benefit obligations

	Jun-22 A$'000	Jun-21 A$'000
Current		
Long service leave	532	473
Annual leave	1,420	1,197
	1,952	**1,670**
Non-Current		
Long service leave	92	109
	92	**109**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period, are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Employee benefit obligations are disclosed on the statement of financial position through inclusion of the annual leave and long service leave obligation within the provisions liability.

Other employee benefit obligations
Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by

employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using high quality corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

9. Equity

a) Share capital

	30 June 2022 Shares	30 June 2022 $'000	30 June 2021 Shares	30 June 2021 $'000
Share capital				
Fully paid	364,269,320	73,432	329,270,783	66,686
	364,269,320	73,432	329,270,783	66,686

During September 2021, the Group issued $2 m of shares to the vendors of OrderMate as part of the acquisition price for OrderMate. The 9,756,098 shares were valued at $0.205 per share.

During November 2021, the Group issued 21,655,773 shares to eligible shares under a Share Purchase Plan which raised $4.5m less costs of $42k.

During FY22 3,586,666 share performance rights vested and were exercised into ordinary Shares with fair value at grant date disclosed in the following table.

i. Movements in ordinary shares

	Number of shares	Issue price	$'000
Opening Balance 1 July 2020	322,258,160		66,186
Shares issued as part of the acquisition price for SwiftPOS Pty Limited	7,012,623	$0.071	500
Closing Balance 30 June 2021	329,270,783		66,686
Shares issued on exercise of vested share performance rights	500,000	$0.135	67
Shares issued on exercise of vested share performance rights	2,611,666	$0.062	162
Shares issued as part of the acquisition price for OrderMate	9,756,098	$0.205	2,000
Shares issued under Share Purchase Plan	21,655,773	$0.208	4,500
Costs associated with the Share Purchase Plan	-	-	(42)
Shares issued on exercise of vested share performance rights	225,000	$0.111	25
Shares issued on exercise of vested share performance rights	250,000	$0.135	34
Closing Balance 30 June 2022	364,269,320		73,432

ii. Ordinary shares

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 one vote on a show of hands or by poll.

iii. Options

Information relating to the MSL Solutions Limited Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period is set out in Note 19.

iv. Share Performance Rights

Information relating to the MSL Performance Rights Plan, including details of rights issued, vested and lapsed during the financial year and rights outstanding at the end of the reporting period is set out in Note 19.

b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Consolidated	
	Jun-22	Jun-21
	A$'000	A$'000
Share based payment reserve	558	557
Foreign currency translation reserve	2,848	2,543
Convertible note equity reserve	511	-
	3,917	**3,100**

Share-based payments

The share-based payments reserve is used to recognise:

- The grant date fair value of performance rights issued to employees
- The grant date fair value of options issued as part payment for services in relation to capital raisings.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income as described in Note 23 and accumulated in a separate reserve with equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Convertible note equity

Convertible note equity note reserve arising on the convertible notes issued on 30 September 2021. Refer to note 7f.

c) Accumulated losses

Movement in retained earnings were as follows:

	$'000
As at 1 July 2021	**(54,338)**
Total comprehensive income for the period	
Profit/(loss) for the year	816
Total comprehensive income for the period	**816**
Share performance rights which did not vest	70
As at 30 June 2022	**(53,452)**

10. Cash flow information

a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	Jun-22	Jun-21
	$'000	$'000
Profit after tax	816	886
Adjustments for:		
Depreciation and amortisation	5,527	4,505
Gain on contingent consideration	(1,191)	-
Gain on disposal of right-of-use asset	(56)	-
Gain on sale of business	(99)	-
Share based payment expense	288	-
Finance costs	150	-
Other Income	-	(26)
Realised FX loss/(gain)	37	15
Expected credit loss	-	(600)
Change in operating assets and liabilities		
Movement in current assets		
(Increase)/ decrease in trade receivables	862	334
(Increase)/ decrease in contract assets	(27)	62
(Increase)/ decrease in prepayments	(319)	336
Movement in current liabilities		
Increase/(decrease) in trade and other payables	(523)	462
Increase/(decrease) in contract liabilities	(747)	289
Increase/(decrease) in deferred tax	(224)	(492)
Increase/(decrease) in provisions	282	277
Increase/(decrease) in tax provisions	(366)	411
Movement in non-current assets		
(Increase)/ decrease in trade and other receivables	(324)	(731)
Cashflow generated from operations	**4,086**	**5,728**

11.Critical estimates, judgements and errors

The preparation of financial statement requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions that may be incorrect. Detailed information about each of these estimates and judgments is included in notes 1 to 9 together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there has been actual adjustment this year as a result of an error and of changes to previous estimates.

a) Significant estimates and adjustments

The areas involving significant estimates or judgements are:

- Recognition of revenue
- Collection of long-term receivables
- Estimation of current tax payable and current tax expense
- Estimation of research and development tax credits
- Estimation of capitalised software development expenditure
- Estimated goodwill impairment
- Estimated useful life of intangible asset
- Estimation of contingent purchase consideration in a business combination
- Recognition of deferred tax asset for carried forward tax losses

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

b) Sources of estimation uncertainty

Revenue recognition

Multiple element contracts entered into by the Group require judgement in the identification and separation of performance obligations related to software licence fees, post sales customer support and other services. The Group assesses each customer contract individually into its performance obligations and considers if any performance obligation should be aggregated where they cannot be separately determined. Revenue is assigned to each performance obligation based upon the stand-alone fair value of the performance obligation relevant to the total contract value.

The Group uses the percentage-of-completion method in accounting for its fixed-price contacts to deliver installation and consultancy services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customer, supply chain, staffing and geographical regions in which the consolidated entity operates. Estimation is also required in relation to government subsidies and in regard to forecasting their continued impact. The impact of the Coronavirus (COVID-19) pandemic has had the most impact on the UK business that operates in the stadiums sector. The impact is considered short-term in nature and the recovery is evident in the FY22 results.

12.Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group's finance function has been delegated responsibility by the Board for among other issues, managing financial risk exposure within the Group. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

a) Market risk

i. Foreign exchange risk

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The overseas entities, GolfBox and Verteda, have customers and suppliers in the following currencies:

- Pound Sterling (Verteda's functional currency)
- Danish Krone (GolfBox's functional currency)

The Group's remaining subsidiaries have a functional currency of Australian dollars. The Group's presentation currency is Australian dollars.

As suppliers in any of the above currencies are expected to be repaid in the respective entity's functional currencies from local sales, the foreign currency exposure of these suppliers the Group is not exposed to foreign currency risk.

Exposure

The Groups exposure to foreign currency risk is only relation to transactions in foreign currency that differ from the respective entity's functional currencies. The Group's exposure to foreign currency risk at the end of the reporting period is expressed in Australian dollar, was as follows:

2022	USD $'000
Trade payables	(44)
Net exposure	**(44)**

2021	USD $'000
Trade payables	(24)
Net exposure	**(24)**

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	Jun-22 A$'000	Jun-21 A$'000
Realised FX gain (loss)	(34)	8
Unrealised FX gain (loss)	(10)	(21)
	(44)	**(13)**

Sensitivity

As at the reporting date, the Group is no longer materially exposed to currency movements compared to prior years.

ii. Price risk

The Group does not have exposure to equity securities price risk arising from investments held by the Group and classified in the balance sheet as held-for-sale as at 30 June 2022.

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

i. Risk management

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as processes for the approval of customers and regular monitoring of counterparty financial stability), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the cash generating unit within the Group, credit terms are generally immediate payment to 30 days from invoice date.

The maximum exposure to credit risks by class of recognised financial asset at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the financial statements.

The Group holds no collateral nor has any significant concentrations of credit risk with any single counterparty or Group of counterparties.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

Credit risk related to balance with banks and other financial institutions is managed by the finance function. Current policy is that surplus funds are only invested with counterparties with a rating of A. The following table provides information regarding the credit risk relating to cash holdings:

Cash at bank and short-term bank deposits	Jun-22 A$'000	Jun-21 A$'000
AA	6,728	2,784
A	2,657	2,643
	9,385	**5,427**

ii. Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables for sales from all revenue streams;
- Contract assets for sales from all revenue streams; and

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and unbilled software and hardware sales and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for both trade receivables and contract assets. The ECL percentage is applied to the receivables and the contract assets in their functional currency with the loss allowance then translated to presentation currency.

The Group has considered the recovery in the business post the COVID-19 pandemic. In light of the recovery in the business and the improved debt collection process, the Group has adopted a less conservative expected credit loss calculation methodology that was adopted in the prior year at the height of the COVID-19 pandemic.

	Jun-22 A$'000	Jun-21 A$'000
Current loss allowance		
Trade receivables	287	492
Contract assets with significant financing components	7	6
	294	**498**
Non-current loss allowance		
Loan receivable non-current	14	9
Contract assets with significant financing components	6	9
	20	**18**
	314	**516**

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of fund through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve as well as cash and cash equivalents on the basis of expected cash flows. This is generally carried out at the local level in the operating companies of the Group in accordance with practice set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal requirements and maintaining debt financing plans.

i. Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	30 Jun 22 $'000	30 Jun 21 $'000
Floating Rate		
- Expiring within one year (bank overdraft)	468	789

ii. Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities As at 30 June 2022	Less than 6 months $'000	6-12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets) /liabilities $'000
Non-derivatives							
Trade payables	1,919	-	-	-	-	1,919	1,919
Other payables	1,381	-	-	-	-	1,381	1,381
Deferred consideration	838	-	1,602	-	-	2,440	2,440
Convertible note	-	-	-	4,500	-	4,500	4,500
Lease liabilities	356	362	865	2,064	798	4,445	4,445
Total	**4,494**	**362**	**2,467**	**6,564**	**798**	**14,685**	**14,685**

Contractual maturities of financial liabilities As at 30 June 2021	Less than 6 months $'000	6-12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets) /liabilities $'000
Trade payables	1,996	-	-	-	-	1,996	1,996
Other payables	1,830	-	-	-	-	1,830	1,830
Deferred consideration	1,065	-	1,003	1,222	-	3,290	3,290
Lease liabilities	214	221	490	2,403	778	4,106	4,106
Total	**5,105**	**221**	**1,493**	**3,625**	**778**	**11,222**	**11,222**

Contractual maturities of financial assets As at 30 June 2022	Less than 6 months $'000	6-12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets) /liabilities $'000
Non-derivatives							
Trade debtors	3,497	-	-	-	-	3,497	3,497
Contract assets	371	260	-	-	-	631	631
Receivable - Sale of business	100	100	200	750	-	1,150	1,150
Total	**3,968**	**360**	**200**	**750**	**-**	**5,278**	**5,278**

Contractual maturities of financial assets As at 30 June 2021	Less than 6 months $'000	6-12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets) /liabilities $'000
Non-derivatives							
Trade debtors	4,790	-	-	-	-	4,790	4,790
Contract assets	342	372	-	-	-	714	714
Receivable - Sale of business	88	80	158	660	-	986	986
Loan Receivable	214	-	-	-	-	214	214
Total	**5,434**	**452**	**158**	**660**	**-**	**6,704**	**6,704**

d) Fair value measurement of financial instruments

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.

		30-Jun-22		
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Contingent consideration - earnout provision	-	-	2,104	2,104
Total financial liabilities	**-**	**-**	**2,104**	**2,104**

		30-Jun-21		
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Contingent consideration - earnout provision	-	-	3,290	3,290
Total financial liabilities	**-**	**-**	**3,290**	**3,290**

There were no transfers between levels for recurring fair value measurements during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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.

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. This is the case for unlisted equity securities.

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 Group performs the valuations required for financial reporting purposes, including level 3 fair values.

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

- Contingent consideration – expected cash inflows 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.

	Level 3 Contingent consideration $'000
Balance 01 July 2020	-
Additions	3,290
Balance 30 June 2021	3,290
Earn outs paid	(646)
Gain on earnout provisions	(1,191)
Net fair value loss on earnout provisions	651
Balance 30 June 2022	2,104

13.Capital management

a) Risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

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

The Group does not currently have any loan covenants that it is required to meet. However, review of the current ratio is performed monthly to ensure that it is managed and remains at a reasonable level. This current ratio is assessed as per normal accounting practices with an adjustment made to take into account the large deferred revenue balance that the Group carries on an on-going basis.

Group structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole.

A list of significant subsidiaries is provided in Note 14(a).

14. Interests in other entities

a) Subsidiaries

The Group's principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Country of incorporation	Equity Holding Jun-22 %	Equity Holding Jun-21 %
Parent Entity:			
MSL Solutions Limited	Australia		
Subsidiaries of parent entity:			
Golf Group International Pty Ltd	Australia	100%	100%
Golflink Partners Pty Ltd	Australia	100%	100%
GolfTime International Pty Ltd	Australia	100%	100%
InfoGenesis Pty Ltd	Australia	100%	100%
iSeekgolf Pty Ltd	Australia	100%	100%
MarkeTown Media Pty Ltd	Australia	100%	100%
Micropower Pty Ltd	Australia	100%	100%
PriCap Services Pty Ltd	Australia	100%	100%
Rockit Pty Ltd	Australia	100%	100%
Simbient Golflink Pty Ltd	Australia	100%	100%
SwiftPOS Pty Ltd	Australia	100%	100%
OrderMate Pty Ltd[1]	Australia	100%	0%
OrderMate IP Holding Pty Ltd[1]	Australia	100%	0%
GolfBox A/S	Denmark	100%	100%
MPowerMSL UK Limited[2]	England	0%	100%
MSL Verteda Limited	England	100%	100%
Rebel Thinking Limited	England	100%	100%
Verteda Holdings Limited	England	100%	100%
MSL Solutions IP Holding Pty Limited[3]	Australia	100%	0%
Simple Golf Pty Limited[4]	Australia	100%	0%

[1]OrderMate Pty Ltd and OrderMate IP Holding Pty Ltd were acquired on 30 September 2021

[2]MPowerMSL UK Limited was deregistered on 4 January 2022

[3]Rebel Thinking Limited was deregistered on 5 July 2022

[4]MSL Solutions IP Holding Pty Limited was incorporated on 9 March 2022

[5]Simple Golf Pty Limited was incorporated on 5 May 2022

b) Interests in associates

There were no interests in associates in FY22 or FY21.

15.Contingent liabilities and contingent assets

There are no contingent assets or liabilities at 30 June 2022

16.Commitments

a) Bank guarantee

The Group hold a number of bank guarantees in relation to office bonds

	Jun-22 A$'000	Jun-21 A$'000
Bank Guarantee - MSL Solutions Pty Ltd	209	209
Bank Guarantee - Micropower Pty Ltd	145	145
	354	354

17.Events occurring after the reporting period

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.

Other disclosures

This section of the notes includes other disclosures that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

18. Related party transactions

a) Key management personnel compensation

	2022 $AUD	2021 $AUD
Short-term employee benefits	1,094,831	1,050,941
Other long-term benefits	39,294	24,634
Superannuation	53,955	47,552
Share based payments	337,668	197,686
Total	1,525,748	1,320,813

Detailed remuneration disclosures are provided in the remuneration report.

b) Transactions with other related parties

i. Loans receivable from related parties

Nil.

19. Share-based payments

Options

No options were issued during the period ending 30 June 2022.

300,000 options expired during the period ending 30 June 2022.

All options which expired during the year were issued under an Employee Option Plan which was established to provide remuneration to key management personnel.

The remaining 1,019,440 options were issued to an entity controlled by Blue Ocean Equities in 2019 as part of capital raising in November 2019.

Options carry no dividend or voting rights until exercised.

When exercisable, each option is convertible into one ordinary share of MSL Solutions Limited.

The exercise price of option grants to date under the Employee option Plan, was based on a 40% uplift over the previous traded price at the time of granting the option. The Board deemed that this was a reasonable estimate of achievable growth as an unlisted entity.

The following table summarises the share options outstanding at the end of the year:

Grant Date	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year	Vested and exercisable	Expiry date	Exercise Price
15-May-17	300,000	-	-	300,000	-	-	15-May-22	$ 0.350
14-Jan-20	1,019,440	-	-	-	1,019,440	1,019,440	14-Jan-23	$ 0.1125
	1,319,440	-	-	300,000	1,019,440	1,019,440		
Weighted avg exercise price	$ 0.167	$ -	$ -	$ 0.350	$ 0.1125	$ 0.1125		

Share Performance Rights

During the period ended 30 June 2022 1,450,000 Share Performance Rights were issued as detailed in the below table.

3,586,666 Share Performance rights were exercised to shares during the period ended 30 June 2022 as detailed in the below table.

1,520,000 Share Performance Rights expired during the period ending 30 June 2022.

As at 30 June 2022, 637,778 Share Performance Rights have vested and are exercisable.

The following table summarises the share performance rights issued either under the MSL Performance Rights Plan approved by Shareholders at the Company's AGM on 29 November 2021 or as otherwise stated and outstanding at the end of the year:

Grant Date	Vesting Date	Balance at the start of the year	Vesting Conditions	Granted	Fair value of current year grant	Exercised	Forfeited	Balance at the end of the year	Vested and exercisable	Term	Expiry Date	Exercise Price
6-Dec-18	30-Jun-20	1,380,000	See Note 1 below	-	-	-	1,320,000	60,000	60,000	3.6 years	30-Jul-22	$ -
24-Sep-19	13-Dec-22	1,500,000	See Note 2 below	-	-	225,000	-	1,275,000	-	5 Years	1-Sep-24	$ -
23-Sep-19	19-Aug-21	1,000,000	See Note 3 below	-	-	1,000,000	-	-	-	4 years	23-Sep-23	$ -
23-Sep-19	23-Sep-23	600,000	See Note 3 below	-	-	-	-	600,000	-	4 years	23-Sep-23	$ -
21-Jul-20	21-Jul-21	5,151,666	See Note 4 below	-	-	1,611,666	100,000	3,440,000	127,778	3 years	21-Jul-23	$ -
30-Jun-21	1-Jul-21	500,000	See Note 3 below	-	-	500,000	-	-	-	1 month	21-Jul-21	$ -
30-Jun-21	1-Jan-22	250,000	See Note 3 below	-	-	250,000	-	-	-	6 months	21-Jan-22	$ -
30-Jun-21	30-Jun-22	1,300,000	See Note 5 below	150,000	20,250	-	100,000	1,350,000	450,000	3 years	21-Jul-24	$ -
30-Jun-21	30-Jun-22	600,000	See Note 6 below	-	-	-	-	600,000	-	3 years	21-Jul-24	$ -
30-Jun-21	30-Jun-22	2,000,000	See Note 7 below	1,000,000	135,000	-	-	3,000,000	-	3 years	21-Jul-24	$ -
25-Oct-21	15-Feb-23	-	See Note 3 below	300,000	67,500	-	-	300,000	-	2.3 years	15-Feb-23	$ -
		14,281,666		1,450,000	222,750	3,586,666	1,520,000	10,625,000	637,778			
Weighted avg exercise price		$ -		$ -			$ -	$ -	$ -			

Note 1
A Total Shareholder return of 10% Compound Average Growth Rate (CAGR) to be achieved over the vesting period

Note 2
As approved at the Company's AGM on 27 November, 2019, the Performance Rights were issued to the Chairman and Executive Director, Mr Tony Toohey, with the following conditions:

Tranche	Number	Performance Condition by expiry date
1	225,000	MSL's share price (30d VWAP) equals or exceeds $0.25
2	425,000	MSL's share price (30d VWAP) equals or exceeds $0.30
3	425,000	MSL's share price (30d VWAP) equals or exceeds $0.35
4	425,000	MSL's share price (30d VWAP) equals or exceeds $0.40

The fair value of these Share Performance Rights were calculated as follows:

Input	Assumption
Assumed Grant Date (Date of calculation)	24-Sep-19
Contract Life (To determine Gross Remuneration Value)	5 years
Estimated Life (To determine Accounting Value)	3 years
Estimated Volatility (Standard Deviation – 12 months)	91.90%
Estimated Dividend Yield	0%
Estimated Risk Free Rate (3/5 year average bond rate)	0.71%
Exercise Price (As advised)	$0.00
Estimated Contract Life Value – Total and (per Right)	$187,500 ($0.125)
Estimated Accounting Value – Total and (per Right)	$166,800 ($0.1112)

During the period ended 30 June 2022, the 225,000 share performance rights in Tranch 1 vested and were exercised.

Note 3
No Performance Hurdles are required apart from employment as at the vesting dates.
The fair value of these Share Performance Rights are calculated using the closing price of the quoted MSL ordinary share on day of grant.

Note 4
No Performance Hurdles are required apart from employment as at the vesting dates.
Allocation is split into thirds vesting over a three-year period:
- 1/3rd vesting at 21 July 2021,
- 1/3rd vesting at 21 July 2022,
- 1/3rd vesting at 21 July 2023.

The fair value of these Share Performance Rights are calculated using the closing price of the quoted MSL ordinary share on day of grant.

Note 5
No Performance Hurdles are required apart from employment as at the vesting dates.
Allocation is split into thirds vesting over a three-year period:
- 1/3rd vesting at 30 June 2022,
- 1/3rd vesting at 30 June 2023,
- 1/3rd vesting at 30 June 2024.

The fair value of these Share Performance Rights are calculated using the closing price of the quoted MSL ordinary share on day of grant.

Note 6
50% of the Performance rights have a vesting hurdle based on the achievement of the Company's budget EBITDA for each year and subject to the 3 year vesting period below.
50% of the Performance rights have a vesting hurdle based on the CEO's recommendation to the Company's Nomination and Remuneration Committee and subject to the 3 year vesting period below.
Allocation is split into thirds vesting over a three-year period:
- 1/3rd vesting at 30 June 2022,
- 1/3rd vesting at 30 June 2023,
- 1/3rd vesting at 30 June 2024.

The fair value of these Share Performance Rights were calculated as follows:

Input	Assumption
Assumed Grant Date (Date of calculation)	30-Jun-21
Contract Life (To determine Gross Remuneration Value)	3 years
Estimated Life (To determine Accounting Value)	3 years
Estimated Volatility (Standard Deviation – 12 months)	80.26%
Estimated Dividend Yield	0%
Estimated Risk Free Rate (3/5 year average bond rate)	0.14%
Exercise Price (As advised)	$0.00
Estimated Contract Life Value – Total and (per Right)	$81,000 ($0.135)
Estimated Accounting Value – Total and (per Right)	$81,000 ($0.135)

Note 7
No Performance Hurdles are required apart from employment as at the vesting dates.
The Performance rights have a vesting hurdle based on the achievement of the Company's budget EBITDA for each year and subject to the 3 year vesting period below.
- 1/3rd vesting at 30 June 2022,
- 1/3rd vesting at 30 June 2023,
- 1/3rd vesting at 30 June 2024.

The fair value of these Share Performance Rights were calculated as follows:

Input	Assumption
Assumed Grant Date (Date of calculation)	30-Jun-21
Contract Life (To determine Gross Remuneration Value)	3 years
Estimated Life (To determine Accounting Value)	3 years
Estimated Volatility (Standard Deviation – 12 months)	80.26%
Estimated Dividend Yield	0%
Estimated Risk Free Rate (3/5 year average bond rate)	0.14%
Exercise Price (As advised)	$0.00
Estimated Contract Life Value – Total and (per Right)	$270,000 ($0.135)
Estimated Accounting Value – Total and (per Right)	$270,000 ($0.135)

20.Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Jun-22 A$'000	Jun-21 A$'000
Audit and review of financial statements	205,100	178,414
Total remuneration for audit and other assurance services	**205,100**	**178,414**
Total Remuneration Australia	**205,100**	**178,414**

Network firms

Audit and other assurance services

United Kingdom

	Jun-22 A$'000	Jun-21 A$'000
Audit and review of financial statements	69,540	59,335
Total remuneration for audit and other assurance services	**69,540**	**59,335**

Denmark

	A$'000	A$'000
Audit and review of financial statements	19,152	18,754
Total remuneration for audit and other assurance services	**19,152**	**18,754**
Total Remuneration of network firms	**88,692**	**78,089**

21. Earnings per share

a) Basic earnings per share

	30 Jun 22 cents	30 Jun 21 cents
Total basic earnings per share attributable to the ordinary equity	0.2	0.3

b) Diluted earnings per share

	30 Jun 22 cents	30 Jun 21 cents
Total diluted earnings per share attributable to the ordinary equity	0.3	0.3

c) Reconciliations of earnings used in calculating earnings per share

	30 Jun 22 A$'000	30 Jun 21 A$'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	816	886
Non-cash interest savings on convertible note	150	-
Profit after income tax attributable to the owners of MSL Solutions Limited used in calculating diluted earnings per share	966	886

d) Weighted average number of shares used as the denominator

	30 Jun 22 Units	30 Jun 21 Units
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	353,657,256	326,619,435
Adjustments for calculation of diluted earnings per share:		
- Options	1,281,632	3,781,280
- Share Performance Rights	11,890,040	9,657,598
- Convertible Notes	15,900,431	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	382,729,359	340,058,313

22.Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Jun-22 A$'000	Jun-21 A$'000
Current assets	3,154	2,233
Non-current assets	26,340	13,188
Total assets	**29,494**	**15,421**
Current liabilities	1,681	2,060
Non-current liabilities	8,842	2,174
Total liabilities	**10,523**	**4,234**
Contributed equity	73,432	66,686
Retained losses	(55,532)	(56,062)
Share based payment reserve	560	563
Convertible note equity reserve	511	-
Total Equity	**18,971**	**11,187**
Profit/(loss) for the year	530	(3,592)
Total comprehensive income for the year	**530**	**(3,592)**

b) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

i. Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of MSL Solutions Limited.

ii. Tax consolidation legislation

MSL Solutions Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, MSL Solutions Limited, and the controlled entities in the tax consolidated group account for tax on a consolidated basis.

MSL Solutions Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

23.Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These polices have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of MSL Solutions Limited and its subsidiaries.

a) Corporate information

MSL Solutions Limited (the Company) is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are privately owned. The principal activities of the Group during the financial year were the investment in development, sale and support of software in the provision of integrated solutions for membership organisations.

MSL Solutions Limited is a for-profit entity for the purposes of preparing these financial statements.

The financial statements are presented in the Australian currency.

i. Historical cost convention

Except for cash flow information, the financial statements have been prepared on and accruals basis and are based on historical costs except where stated.

b) Going Concern assumption

The profit before tax is $104k for period and the net current assets of the Group are $3,012k. The cash flow forecasts indicate the Group will manage its operating cash flow requirements beyond 12 months from the date of these financial statements. As with any forecasts there are uncertainties within the assumptions required to meet the Group's expectation, however, the Directors consider the revenue and expense assumptions are achievable.

As at 30 June 2022, the Group had net cash of $9,385k.

On the above basis, the Directors are of the view that the Group continues to be a going concern. The Group will be able to pay its debts as and when they fall due for a period of at least 12 months from the date of this report. The preparation of this financial report on a going concern basis is appropriate.

c) Principles of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 3).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

ii. Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of these policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is recognised in the profit or loss in the period in which the investment is acquired.

Profits and losses resulting from the transactions between the Group and the associate are eliminated to the extent of the Groups interest in the associate.

When the Groups share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or mad payments on behalf of the associate, When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share for the losses not recognised.

iii. Joint ventures

Interests in joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method of accounting, the Group's share of profits or losses of joint ventures are recognised in consolidated profit or loss and the Group's share of the movements in other comprehensive income of joint ventures are recognised in consolidated other comprehensive income. The cumulative movements are adjusted against the carrying amount of the investment.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors monitor the business have identified three reportable segments, based on the type of customer serviced and products sold to those customer bases. Refer Note 2.

e) Foreign currency translation

i. Function and presentation currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using functional currency. The consolidated financial statements are presented in Australia dollar ($), which is MSL Solutions Limited functional and presentation currency.

ii. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit and loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in Other Comprehensive Income (OCI).

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

iii. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates averaged over the reporting period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisitions of a foreign operation and any fair value adjustments to the carrying amounts of assets or liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

f) Government subsidies in relation to COVID19

Government subsidies received from various government agencies in response to the COVID19 pandemic have been recognised as a reduction against employment costs.

g) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

MSL Solutions Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'standalone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and

The net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the parent entity.

i. Research and Development Tax Incentive

Companies with the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. At each reporting period, the Group accounts for such allowances as tax credits. The benefit in excess of the Australian Corporate tax rate of 25% has been recognised as a reduction to research and development expenses. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

h) Leases

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 amortised 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 Group expects to obtain ownership of the leased asset at the end of the lease term, the amortisation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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 Group'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.

i) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred, and equity interests issued by the Group on acquisition date.

Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value van be identified as existing at acquisition date.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable.

Acquisition-related costs are expensed when incurred

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or joint venture, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the Group's incremental borrowing rate as the discount rate.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the Group's controlling shareholder's consolidated financial statements.

j) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. An excess of the asset's carrying amount is written off immediately to its recoverable amount if the assets carrying amount if the assets carrying amount is greater than its recoverable amount, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). An impairment loss or a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

l) Investments and other financial assets

i. Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

ii. Financial assets at fair value through profit and loss

A financial asset is classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Right-of-use assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within the business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

m) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

i. Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed based on the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts

ii. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

n) Intangible assets

i. Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Software

Software used in the business and that is not integral to the computer hardware owned by the Group, is carried at cost less, where applicable, any accumulated depreciation and impairment losses. The depreciable amount of software is depreciated on a straight-line basis at a rate between 10% and 40%.

Cost includes the direct costs of acquiring the software. Internal costs incurred in further developing the software are expensed.

As the Group transitions to a SaaS based company, it will provide access to products via a SaaS platform over a prolonged term meaning that, the technical feasibility of products can be established at an earlier phase through pre-defined roadmaps. Costs that are directly associated with the development of this software are recognised as an intangible asset when the following criteria are met:

a) The technical feasibility of completing the intangible asset is achieved so that it will be available for use or sale;
b) The Company intends to complete the intangible asset and then use or sell it;
c) The Company is able to use or sell the intangible asset;
d) The Company knows how the intangible asset will generate probable economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
e) Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
f) The Company can reliably measure the expenditure attributable to the intangible asset during its development.

The relevant costs include personnel and other directly attributable costs incurred in the development of software. Capitalised software development costs are recognised as an intangible asset and amortised over their estimated useful lives, which is considered to be 60 months. Capitalised software development costs are amortised from when the products to which they relate become available to use. Research costs are expensed as incurred and are largely made up of employee labour which is included in research and development costs in the statement of comprehensive income. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Amortisation of intangibles is included in the line 'amortisation' in the profit or loss.

iii. Customer Contracts

Customer contracts recognised on acquisition are amortised on a straight-line basis over the life of the contract, being between 3-15 years. Where a contract holds multiple extension periods, MSL Solutions recognises these only to the extent where MSL Solutions has the control over whether the contract is extended, and it is more than probable that the extension will be utilised.

Amortisation of customer contracts is included in the line 'depreciation and amortisation' in the profit or loss.

iv. Brands and trademarks

Brands and trademarks recognised on acquisition are amortised on a straight-line basis over the useful life of the asset, being between 3-15 years.

v. Amortisation

Refer to Note 8(b) for details about amortisation methods and periods used by the Group for intangible assets.

o) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within terms of payment as detailed on invoices received.

p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measure at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effect interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is possible that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

q) Convertible note

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss

r) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production or a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

t) Employee benefits

i. Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

ii. Other long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii. Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting period. Share-based payments to non-employees are measured at the fair value of the instruments issued and are recorded at the date the goods or services are received.

The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes and Monte Carlo simulation pricing models. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

u) Contributed equity

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.

v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

w) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, 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 year and excluding treasury shares.

ii. 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

x) Rounding

Amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

y) Goods and Services Tax (GST) and Value Add Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST and VAT incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are shown inclusive of GST.

Cash flows are presented in the statement of cashflow on a gross basis, except for the GST and VAT component of investing and financing activities, which are disclosed as operating cash flows.

z) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Directors Declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 26 to 79 are in accordance with the *Corporations Act 2001,* including:
   i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
   ii. giving a true and fair view of the consolidated Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and

b) 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

c) at the date of this declaration, there are reasonable ground to believe that the members of the extended closed group identified in Note 14(a) will be able to meet any obligation or liabilities.

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

Tony Toohey	David Usasz
Executive Director and Chairman	Non-Executive Director

Dated at Brisbane this 18th day of August 2022.

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Independent Auditor's Report

To the Members of MSL Solutions Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of MSL Solutions Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b 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 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 period. 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.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – Note 4	
The Group recognises revenue across eight separate revenue streams. The revenue recognition process and policies differ for each stream depending on the nature of the products and services provided to the customer in accordance with AASB 15 *Revenue from Contracts with Customers*. Significant estimation and judgement are used regarding timing and revenue to be recognised. We have determined that revenue is a key audit focus area due to the material nature of the balance, the volume of transactions and the importance of the revenue balance to the current stakeholders.	Our procedures included, amongst others: • Obtaining an understanding of the key processes and controls used in recording revenue and appropriately documenting these in our workings; • Reviewing the recognition policies to ensure compliance with accounting standards; • Sampling revenue transactions statistically and testing whether revenue recognition is appropriate by agreeing to a sales contract or other support, assessing the identification of performance obligations, and evaluating the timing of revenue recognition; and • Evaluating the adequacy of related disclosures in the financial report.
Acquisition of Ordermate – Note 3	
The Group acquired 100% of the share capital of Ordermate Holdings Pty Ltd and Ordermate IP Pty Ltd on 30 September 2021. Business combinations involve a level of judgement in evaluating the Group's purchase price allocation, including the assessment of identifiable intangible assets arising on acquisition in accordance with AASB 3 *Business Combinations*. As a result, this area has been determined to be a key audit matter.	Our procedures included, amongst others: • Considering the legal documents and Management's position paper to obtain an understanding of the transaction; • Assessing the acquisition against the criteria of a business combination and the associated accounting treatment; • Assessing Management's determination of the fair value of the assets and liabilities acquired, including reviewing the recognition and measure of separately identifiable intangible assets; • Assessing the fair value of the purchase consideration; • Testing the Group's accounting for the transaction, including checking the mathematical accuracy of the calculations and associated journal entries; and • Evaluating the adequacy of the disclosures included in the financial report.

Intangible assets impairment – Note 8 b)

The Group has $25.1m of intangible assets, primarily contacts, customer relationships, and internal and external developed software and goodwill. The Group acquired $3.3m of goodwill through the acquisition of Ordermate Holdings Pty Ltd in the current period. *AASB 136 Impairment of Assets* requires that an entity assesses at the end of each reporting period whether there is any indication that an asset may be impaired. Annual assessments are also required when the Group holds goodwill. This area is a key audit matter due to the inherent subjectivity involved in Management's judgements estimating the recoverable amount as part of evaluating for impairment.	Our procedures included, amongst others: • Obtaining Management's impairment model and assessing the methodology used against the requirements of AASB 136; • Assessing Management's determination of the Group's Cash Generating Units (CGUs) based on our understanding of the business; • Evaluating the appropriateness of key assumptions and inputs used in the calculations by obtaining corroborating evidence; • Undertaking a sensitivity analysis on key inputs; • Testing the mathematical accuracy of the model; and • Evaluating the adequacy of the disclosures relating to intangible assets in the financial report.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, 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 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, 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 the Directors for the financial report

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

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

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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 24 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of MSL Solutions Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company 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 conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 18 August 2022

Shareholder information

The shareholder information set out below was applicable as at 9 August 2022.

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Range	Total Holders	Units	% Units
1 - 1,000	44	5,027	0.00
1,001 - 5,000	104	362,260	0.10
5,001 - 10,000	80	660,136	0.18
10,001 - 100,000	385	16,447,920	4.52
100,001 Over	300	346,793,977	95.20
Total	913	364,269,320	100.00

There were 91 holders of less than a marketable parcel of ordinary shares, totalling 122,997.

Equity security holders

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

	Name	Ordinary Shares	%
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	55,389,708	15.21
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	27,328,817	7.50
3	PORTFOLIO SERVICES PTY LTD	13,333,333	3.66
4	HOLZRC PTY LTD <HOLZRC SMSF A/C>	13,000,000	3.57
5	MICROEQUITIES ASSET MANAGEMENT PTY LTD <MICROEQT NANOCAP NO 10 A/C>	11,377,533	3.12
6	CCK WEALTH PTY LTD <CCK FAMILY A/C>	10,498,271	2.88
7	LOVAT PTY LTD	8,754,131	2.40
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,311,752	1.73
9	WALLIS-MANCE PTY LIMITED <WALLIS-MANCE FAMILY A/C>	5,784,725	1.59
10	PORTFOLIO SERVICES PTY LTD	5,620,120	1.54
11	INDCORP CONSULTING GROUP PTY LIMITED <SUPERANNUATION FUND A/C>	5,000,000	1.37
12	THE DALY FT PTY LTD <RUPERT & SONIA DALY FAM A/C>	4,950,000	1.36
13	MORBRIDE PTY LTD <MORBRIDE SUPER FUND A/C>	4,450,000	1.22
14	CHARLOTTE B PTY LTD <CHARLOTTE B SUPER FUND A/C>	4,000,000	1.10
15	MR GRAHAME ERIC DAY	3,650,682	1.00
16	MS ELIZABETH W.A.C. VAN POPPEL	3,650,681	1.00
17	DOG FUNDS PTY LTD	3,534,370	0.97
18	MSD CALABRO PTY LTD <CALABRO ENTERPRISES A/C>	3,475,610	0.95
19	RANGER HAUTOT HOLDINGS PTY LTD <RANGER HAUTOT HOLDINGS A/C>	3,475,610	0.95
20	GLG HOLDINGS PTY LTD <GLG SUPERANNUATION FUND A/C>	3,428,571	0.94
		197,013,914	54.08

Restricted equity securities

The Company currently has 14,431,181 shares that are subject to escrow arrangements.

4,675,083 shares that were issued to the vendors of SwiftPOS Pty Ltd as part consideration for the acquisition. One half of the shares will be released on each of the next two anniversaries being 17 November 2022 and 17 November 2023.

9,756,098 shares that were issued to the vendors of OrderMate Pty Ltd and OrderMate IP Holding Pty Ltd as part consideration for the acquisition. 4,634,144 shares will be released on the first anniversary being 30 September 2022 and 5,121,954 shares which will be released on the second anniversary being 30 September 2023.

Unquoted equity securities

There is one option holders with total accumulated holdings of 1,019,440 options over fully paid ordinary shares.

There are 10,625,000 performance rights issued to various employees under the Company's Performance Rights Plan, which are subject to specified vesting conditions.

Substantial holders

Substantial holders in the Company are set out below:

	Name	Ordinary Shares	%
1	MICROEQUITIES ASSET MANAGEMENT PTY LTD	44,740,301	12.28
2	DAVID PENNER	23,800,000	6.53
3	PORTFOLIO SERVICES PTY LIMITED	18,953,453	5.20

Voting rights

The voting rights attaching to each class of equity securities are as follows:

- Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote; and
- Options and Performance Rights: No voting rights.

Other information

There is currently no on-market buy-back of the Company's securities.

The Company has used its cash (and assets in a form readily convertible to cash) that it had at the time of listing in a way consistent with its stated business objectives.

Corporate Directory

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Dr Sarah Kelly OAM
David Trude
David Usasz

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Patrick Howard

Company Secretary
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