

MSL Solutions Limited

ANNUAL FINANCIAL REPORT

30 June 2021



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Chairman's Report

Dear Shareholders,

I am pleased to present MSL Solutions' financial results for the year ending 30 June 2021 (FY21). During the year, we laid key foundations for MSL's growth as a key technology provider to sports, entertainment and hospitality venue operators, both domestic and international.

Our results for the financial year highlight the achievements of our earlier initiatives to rightsize the Company's operations and focus our portfolio of software and services. Material improvements to our cost base, without compromising on quality, underlined a resounding return to positive earnings and operating cash flow.

In FY21 MSL delivered EBITDA of \$3.1 million exclusive of government subsidies (\$4.2 million including government subsidies), a significant improvement from the Company's EBITDA loss of \$59k in FY20. Our efficiency and growth initiatives resulted in an operational cash surplus of \$5.7 million inclusive of government subsidies (\$4.5 million excluding government subsidies). In comparison, MSL's operations consumed \$2.8 million in cash before government incentives in FY20.

These financial results were possible due to the resilience of revenue despite challenging trading conditions faced by our broad customer base across our core domestic and international markets. Over the year MSL generated revenue of \$24.7 million, slightly below the \$25.1 million in FY20 despite the pandemic impacting the full 12 months in FY21 versus just the last five months of FY20. The Net Profit after Tax of the Group is \$886k for FY21, this includes an Income Tax Benefit from the recognition of tax losses in FY22 in the Australian Tax Group.

The acquisition of SwiftPOS in November 2020 demonstrated the value that we can unlock through strategic transactions. With the competitive environment for our core point-of-sale software business relatively fragmented, we continue to investigate earnings accretive new opportunities. SwiftPOS has expanded our proprietary technology and produced revenue growth of 20%+ (on a like for like basis) for the business during FY21 and contributed positively to overall shareholder value.

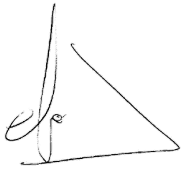
The company continues to be agile in this disruptive operating environment, adjusting the business framework, de-risking key revenues and implementing a number of key leadership changes in our two international offices, MSL Verteda (UK) and Golfbox (Denmark).

MSL Verteda in the UK continues to grow the Kappture technology's (Reseller agreement) footprint building on our relationship with ASM Global (ASM), the world's largest venue management and services company. ASM now turns to MSL to provide point-of-sales systems across a number of stadiums and arenas, including some of the UK's most iconic venues. A significant contract win subsequent to year end further entrenched our position, as high profile City Football Group engaged MSL to roll out its POS systems at Etihad Stadium, the UK home ground of Manchester City FC.

Building on our proprietary products and services, MSL expanded its digital capabilities through partnerships during the year. An agreement with OpenPay early in the period allowed golf club clients to offer buy now, pay later as a payment option via our platform. Later in the year a partnership with Doshii broadened the services available to MSL's client base while delivering new business development and marketing opportunities, including access to food delivery platform Deliveroo.

We are a client focused company in a business-to-business services market and remain acutely aware of the ongoing challenges faced by the organisations we support. We are proud to be able to offer innovative tools that assist our clients with efficiency but also access to services like in-seat ordering, which can increase venue operators' flexibility and revenue potential in the current conditions.

Through the leadership of our CEO Pat Howard and our senior management team, we owe a significant round of thanks to our staff for their contribution during the year — they have been at the centre of MSL’s flexibility and growth while also dealing with the impost of the pandemic themselves. Finally, I would like to thank my fellow board members for their ongoing commitment and counsel. The achievements of the past year would not have been possible without their expert guidance and support.

A handwritten signature in black ink, appearing to read 'Tony Toohey', written over a faint, light-colored signature line.

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 Dec 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 2,700,000 Performance Rights in MSL Solutions Limited as at 30 June 2021.

Earl Eddings - Non-Executive Director

Earl Eddings joined the Board on 30 April 2019. Currently Managing Director of The Riskcom Group, Earl has served as a Director of Cricket Australia since September 2008 and Chairman since 28 November 2018. He was a Director of Cricket Victoria from 2006-2015 and held the position of Deputy Chairman from 2008-2015. Earl is 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.

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 3,096,622 Ordinary Shares in MSL Solutions Limited as at 30 June 2021.

Dr Richard Holzgrefe - Non-Executive Director

Richard was appointed as a non-executive Director in 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 Vertron 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 16,790,364 Ordinary Shares in MSL Solutions Limited as at 30 June 2021.

David Trude - Non-Executive Director

David Trude joined the Board in 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 1,000,000 Ordinary Shares in MSL Solutions Limited as at 30 June 2021.

David Usasz - Non-Executive Director

David Usasz joined the Board on 5 February 2020.

David has over 40 years' experience in business in Australia and Hong Kong, including over 20 year 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 Smiles Inclusive Limited, Non-Executive Director of ASX-listed entities Cromwell Property Group, Queensland Mining Corporation Limited, GARDA Diversified Property Fund and GARDA Capital Group. David was also a Non-Executive Director of Queensland Investment Corporation (QIC).

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 4,000,000 Ordinary Shares in MSL Solutions Limited as at 30 June 2021.

Company Secretary

Andrew Ritter was appointed as Company Secretary on 27 March 2017. Mr Ritter has approximately 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 5 February 2020. Mr Marshall is the Chief Financial and Operating 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 2021 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	18 December 2007
Mr David Trude	9 March 2017
Mr Earl Eddings	30 April 2019
Mr David Usasz	5 February 2020
Executive	
Mr Anthony (Tony) Toohey (Chairman)	1 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 using its own technology on a single integrated system. Using this system then delivers analytics that customers can use to reduce costs and drive increased revenue by helping venues understand and engage with their customers.

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

MSL develops and delivers fully integrated and modular systems that connect customers to venues through mobile and contactless entry, ordering and payment solutions. We seamlessly connect front-of-house to back-office, offering an end-to-end guest engagement platform which provides actionable insights on key success metrics to venues of all sizes.

MSL Solutions has over 5,000 customers with offices in Australia, UK and Denmark. To discover more about MSL, please visit www.mslsolutions.com.

Financial Results

MSL produced a return to positive earnings and operating cash flow in the 2021 financial year, delivering two key financial milestones as efficiency and growth initiatives offset ongoing disruptions from COVID-19.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$4.2 million for the 12 months followed an EBITDA loss of \$59k in the prior financial year. Excluding Government subsidies, the Company reported EBITDA of \$3.1 m compared to a loss of \$940k in 2020.

Following the improvement in EBITDA, the Net Profit after Tax also improved to \$0.9 million following a loss of \$16.4 million in FY20. The income tax benefit for FY21 of \$1.3 million is a result of the Company's view of the probable utilisation of deferred tax assets in FY22.

Cash generated from operations (excluding government subsidies) increased to \$4.5 million, up from a cash loss of \$2.8 million in 2020. Including COVID-related support and subsidies, MSL delivered an operating cash surplus of \$5.7 million in FY21.

This final EBITDA outcome is over a \$600,000 improvement on the guidance provided on the 26th July 2021 with the Appendix 4C. Following the lodgement of the Company's Appendix 4C and in light of the positive operating cashflow over the past 4 quarters, the ASX has released the Company from its obligation to lodge quarterly activities/cashflow Appendix 4C.

Revenue fell slightly as businesses across MSL's key markets were impacted by public health measures at different times during the year and as the Company optimised its product suite. MSL generated revenue of \$24.7 million in the year, marginally down from \$25.1 million in FY20.

MSL ended the period with cash of \$5.4 million and available additional liquidity of \$1.2 million in undrawn loan facilities.

Operational Review

The acquisition of SwiftPOS in November 2020 was pivotal for MSL. As the largest reseller of SwiftPOS before the acquisition, the Company used its detailed knowledge of the international POS software solutions provider to quickly integrate the business. Revenue generated by SwiftPOS increased by 20%+ in FY21 on a like-for-like basis.

The year also marked an expansion in MSL's blue-chip customer base and partnership network especially with the world's largest venue management company, ASM Global. Highlights of the ASM relationship in FY21 include the rolling out of POS solutions across the RAC Arena in Perth and 22 venues across the UK.

The extension of MSL's relationship with ASM, as the world's largest venue management and services company, offered a clear demonstration the competitiveness of MSL's products on an international basis.

The Company also formed partnerships with buy now, pay later (BNPL) provider OpenPay and hospitality software marketplace and provider Doshii in FY21.

Through the agreement with Openpay, MSL was able to add a BNPL payment option to its golf and membership products. This allowed participating golf clubs to include Openpay's BNPL plans as a payment option for member subscription fees whilst enhancing golf clubs' operating cashflows.

The partnership with Doshii, which is backed by Commonwealth Bank's x15ventures, expanded the range of enterprise software services available to MSL's client base while delivering new business development and marketing opportunities. The agreement enables MSL's POS clients to connect directly to the likes of Deliveroo, Mr Yum, OrderUp and Mobi2Go, along with MSL's existing partner networks such as Me&U.

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 FY21 results, with a comparison to the prior year's statutory performance:

	1H FY21	2H FY21	FY21	FY20
	A\$'000	A\$'000	A\$'000	A\$'000
Recurring Revenue	8,441	8,649	17,090	17,903
Sales Revenue	3,237	4,339	7,576	7,155
Revenue from ordinary activities	11,678	12,988	24,666	25,058
Other income	14	12	26	21
Cost of sales	(2,838)	(3,185)	(6,023)	(6,622)
Gross margin	8,854	9,815	18,669	18,457
Operating expenses	(8,135)	(7,416)	(15,551)	(19,397)
EBITDA before Government Subsidies*	719	2,399	3,118	(940)
EBITDA margin %	6.2%	18.5%	12.6%	-3.8%
COVID-19 related Government subsidies	964	81	1,045	881
EBITDA*	1,683	2,480	4,163	(59)
EBITDA margin %	14.4%	19.1%	16.9%	-0.2%
Depreciation and amortisation	(2,504)	(2,001)	(4,505)	(5,629)
Restructure and transaction costs				(932)
Expected credit loss - prior period		327	327	(616)
Impairment expense				(10,672)
Iseek Golf Sale (net of costs)				1,312
Release of Deferred Consideration				165
EBIT	(821)	806	(15)	(16,431)
Net finance income/(costs)	(198)	(230)	(428)	(230)
NPBT	(1,019)	576	(443)	(16,661)
Income tax benefit/(expense)	23	1,306	1,329	259
NPAT	(996)	1,882	886	(16,402)

*EBITDA excludes the effects of significant non-recurring items of income and expenditure which may have an impact on the quality of earnings such as restructuring and transaction costs, material credit loss provision increase relating to sales and revenue from prior periods, impacts from fair value measurements through the income statement (including impairment of goodwill), gains resulting from acquisition 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.

Measures of profitability and basis of preparation

The accounting policies adopted in the preparation of this report are summarised in the Financial Statements.

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 FY22 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 2021 with the internationally-renowned City Football Group (CFG), whose portfolio includes Manchester City FC and its home base Etihad Stadium, reinforced MSL's prospects in the year ahead especially within the UK market.

In August 2021:

- MSL signed Trafalgar Entertainment's Sydney Royal Theatre. Trafalgar have a further 12 major live production theatres in the UK and are looking to further expand their international presence in this sector. MSL POS solutions have the adaptability to work across multiple sectors and allow for integrated ticket and services solutions
- MSL signed a 5-year deal with the O'Brien Group to provide the SwiftPOS platform to AAMI Park. MSL will provide over 140 Terminals with software and support to the iconic Melbourne Stadium.
- MSL completed its first direct sale in the UK with SwiftPOS. The sale to Brighton i360, the 162m iconic observation tower emphasises the flexibility in MSL's offering in different global markets.

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 shows 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 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	14	14	3	3	2	2
David Trude	14	13	0	0	2	2
Earl Eddings	14	14	3	3	2	2
David Usasz	14	14	3	3	0	0
Tony Toohey	14	13	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 2021 and has been audited as required by section 308(3C) of the *Corporations Act (2001)*.

The directors present the MSL Solutions Limited FY21 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 \$24.7m (down 1.6% on FY20)	Revenue from ordinary activities was \$24.7 million in FY21, down 1.6% on last year's revenue of \$25.1 million. This was a result of a Covid challenged environment in the UK and Europe plus product and services rationalisation. Recurring Revenue in FY21 of \$17.1 million was down 4.5% from last year's recurring revenue of \$17.9 million. SwiftPOS (acquisition completed in November 2020) had a 20%+ increase in revenue in FY21 on a like-for like comparison to FY20.
Net Profit after Tax (NPAT) of \$0.9 m (up \$17.3 m or 105% on FY20)	NPAT of \$0.9 million was up \$17.3 million in FY21. The business completed a restructure during FY20 with the results yielded in FY21. Accordingly, the business generated positive Operating Cashflow of \$5.7million during the year compared to a negative operating cash flow of \$2.1 million in FY20 – a \$7.8 million operating cash improvement.

Remuneration Highlights

Executive Chairman Remuneration – Tony Toohy	FY21 remuneration agreement: <ul style="list-style-type: none"> \$2,300 per day – 2 ½ days per week (ex GST) on average 						
CEO Remuneration – Patrick Howard	Total FY21 annualised remuneration was \$295K (increasing to \$374k from 1 July 2021), as: <ul style="list-style-type: none"> base salary of \$275k (increasing to \$350k from 1 July 2021) leave & other benefits of \$20k (increasing to \$24k from 1 July 2021). 						
CFO/COO Remuneration – David Marshall	Total FY21 annualised remuneration was \$321K, as: <ul style="list-style-type: none"> base salary of \$300k leave & other benefits of \$21k. 						
LTI Incentive Plan	Options and Performance Rights held by Directors and Key Management Personnel as at 30 June 2021: <table> <tr> <td>Options (vested and exercisable)</td> <td>300,000 (FY20: 785,714)</td> </tr> <tr> <td>Performance Rights (unvested)</td> <td>8,850,000 (FY20: 3,100,000)</td> </tr> <tr> <td>Performance Rights (subject to Shareholder Approval)</td> <td>1,000,000 (FY20:Nil)</td> </tr> </table>	Options (vested and exercisable)	300,000 (FY20: 785,714)	Performance Rights (unvested)	8,850,000 (FY20: 3,100,000)	Performance Rights (subject to Shareholder Approval)	1,000,000 (FY20:Nil)
Options (vested and exercisable)	300,000 (FY20: 785,714)						
Performance Rights (unvested)	8,850,000 (FY20: 3,100,000)						
Performance Rights (subject to Shareholder Approval)	1,000,000 (FY20:Nil)						
Non-Executive Director Fees	Total Non-Executive Director remuneration for FY21 was \$192,000 and within the maximum aggregate amount of \$250,000 approved by shareholders.						

2. Key management personnel covered in this report

2.1 Non-executive and executive directors

Non-Executive Directors

Richard Holzgrefe
 David Trude
 Earl Eddings
 David Usasz

Executive Directors

Tony Toohey Executive Chairman

2.2 Other key management personnel (KMP)

Key Management Personnel (KMP)

Patrick Howard Chief Executive Officer
 David Marshall Chief Financial and Operating 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 Stock 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 FY21
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	STIs paid on over-achievement of FY21 Corporate EBITDA (as defined by the Directors) objectives. Self-funding model to preserve cash.
Long Term Incentive (LTI)	Alignment to long-term shareholder value	Increase in shareholder value	CEO: 20% of FR Execs: 5-20% of FR	Change to vesting performance hurdles.

3.1 Balancing short-term and long-term performance in FY21

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 models where payments start to accrue once EBITDA targets have been achieved. Each dollar EBITDA (as defined by the Directors) earned over the company 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

STIs are set as a percentage of fixed remuneration, in accordance with industry benchmarks, to drive achievement of annual targets, without encouraging undue risk-taking. Current STIs for the CEO and Executives have been based on achievement of 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

Feature	Description			
Maximum opportunity	CEO and other executives: 10% - 30% of fixed remuneration (FR).			
Performance metrics	The STI metrics align with our strategic priority of consistent achievement of financial targets.			
Applicability	Metric	Target	Weighting	Reason for selection
	EBITDA	Group	100%	Reflects profitable growth in line with forecast.
Payment	Any STI award is payable in cash in the first month after release of the audited results for the financial year.			
Calculation	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 EBITDA (as defined by the Directors) achievement of the FY21 audited results. Each dollar EBITDA (as defined by the Directors) earned over the company 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.			
Board discretion	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.			

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 allocated LTI grants during FY21, 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 9.2.2 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

	FY21	FY20	FY19	FY18
EBITDA (\$'mil)	4.2	(0.1)	(5.6)	3.5
NPAT	0.9	(16.4)	(17.9)	(0.4)
Dividends per share (cps)	Nil	Nil	Nil	Nil
Earnings per share (cps)	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 2021 was \$0.135 per share, up 141% from \$0.056 per share as at 30 June 2020.

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

Name	Year	Cash Salary	Fixed remuneration				Cash bonus	Variable remuneration		% performance related
			Non-monetary benefits	Annual & long service leave	Post employee benefits	Other		Shares	Total	
Executive Directors		\$	\$	\$	\$	\$	\$	\$	\$	
Tony Toohey	2021	281,750	-	-	-	-	-	76,334	358,084	21%
	2020	192,050	-	-	-	-	-	30,313	222,363	14%
Craig Kinross ¹	2021	-	-	-	-	-	-	-	-	0%
	2020	39,113	-	(191)	4,707	-	-	-	43,629	0%
Other Key Management										
Patrick Howard	2021	277,509	-	10,107	21,694	-	-	91,484	400,795	23%
	2020	157,590	-	10,187	13,780	-	-	31,932	213,489	15%
David Marshall	2021	303,846	-	14,527	21,694	-	-	29,867	369,934	8%
	2020	215,769	-	13,522	17,891	-	18,265	14,959	280,406	12%
James Aleman ²	2021	-	-	-	-	-	-	-	-	0%
	2020	23,558	-	8,368	8,221	62,500	-	-	102,647	0%
Darren Basford ³	2021	-	-	-	-	-	-	-	-	0%
	2020	130,500	-	-	-	-	-	-	130,500	0%
TOTAL	2021	863,105	-	24,634	43,388	-	-	197,686	1,128,813	
TOTAL	2020	758,580	-	31,886	44,599	62,500	18,265	77,204	993,033	

¹ Mr. Kinross resigned as Managing Director and Chief Executive Officer on 20 August 2019 at which time he ceased to be a KMP.

² Mr. Aleman ceased in his role as Chief Operating Officer on his termination on 2 August 2019.

³ Mr. Basford was Acting Chief Financial Officer until the appointment of Mr Marshall on 23 September 2019.

7. Contractual arrangements with Executive KMPs

Component	CEO	CFO/COO
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.
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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 reviewed prior to the Company's IPO and remain in effect.

The maximum annual aggregate directors' fee pool limit of \$250,000 was approved by shareholders at the Company's annual general meeting on 30 November 2015 and has not increased.

Base fees	
Chair	\$48,000
Other Non-executive Directors	\$48,000
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	Cash Salary	Fixed remuneration			Other	Cash bonus	Variable remuneration		% performance related
			Non-monetary benefits	Annual & long service leave	Post employee benefits			Shares	Total	
Non-executive Directors		\$	\$	\$	\$	\$	\$	\$	\$	
Richard Holzgrefe	2021	48,000	-	-	-	-	-	-	48,000	0%
	2020	45,600	-	-	-	-	-	-	45,600	0%
Earl Eddings	2021	48,000	-	-	-	-	-	-	48,000	0%
	2020	45,600	-	-	-	-	-	-	45,600	0%
David Trude	2021	43,836	-	-	4,164	-	-	-	48,000	0%
	2020	41,644	-	-	3,956	-	-	-	45,600	0%
David Usasz	2021	48,000	-	-	-	-	-	-	48,000	0%
	2020	17,600	-	-	-	-	-	-	17,600	0%
John Down ¹	2021	-	-	-	-	-	-	-	-	0%
	2020	8,000	-	-	-	-	-	-	8,000	0%
Ian Daly ²	2021	-	-	-	-	-	-	-	-	0%
	2020	8,000	-	-	-	-	-	-	8,000	0%
TOTAL	2021	187,836	-	-	4,164	-	-	-	192,000	0%
	2020	166,444	-	-	3,956	-	-	-	170,400	0%

¹ Mr. Down retired as Chairman and Non-Executive Director on 30 August 2019.

² Mr. Daly retired as Non-Executive Director on 30 August 2019.

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 FY21.

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

KMP	Position	Short Term Incentive			Long Term Incentive		
		Total Opportunity	Forfeited	Awarded	Total Opportunity	Forfeited	Awarded
Tony Toohey ¹	Exec Chairman	n/a	n/a	n/a	201,000	-	201,000
Patrick Howard	CEO	88,916	24%	76%	201,000	-	201,000
David Marshall	CFO/COO	100,000	66%	34%	168,000	-	168,000

¹ Includes \$135,000 of Long Term Incentive awarded to Tony Toohey which is subject to shareholders' approval at the Annual General Meeting scheduled to be held in November 2021.

9.2 Terms and conditions of the share-based payment arrangements

9.2.1 Employee Option Plan

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

Grant date	Vesting & exercise date	Expiry date	Exercise price	Value per option at grant date	% Vested
15-May-17	15-May-17	15-May-22	\$0.350	\$0.063	100%

The number of options over ordinary shares in the Company provided as remuneration to key management personnel is shown in figure 8 below. The 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 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.

9.2.2 Share Performance Rights

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
05-Dec-18	30-Jun-20	30-Jul-22	\$0.00	\$0.2158	0%
24-Sep-19	13-Dec-22	01-Sep-24	\$0.00	\$0.1112	0%
23-Sep-19	19-Aug-21	23-Sep-23	\$0.00	\$0.0740	0%
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	0%
30-Jun-21	01-Jul-21	21-Jul-21	\$0.00	\$0.1350	0%
30-Jun-21	01-Jan-22	21-Jan-22	\$0.00	\$0.1350	0%
30-Jun-21	30-Jun-22/23/24	21-Jul-24	\$0.00	\$0.1350	0%

The number of Share Performance Rights issued to key management personnel is shown in figure 9. 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.

MSL SOLUTIONS LIMITED and CONTROLLED ENTITIES

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The approved value of the performance rights granted on 5 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.

The approved 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

The approved value of the performance rights granted on 23 September 2019 at a value of \$0.0740 was \$74,000.

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

The approved value of the performance rights granted on 21 July 2020 at a value of \$0.0550 was \$292,508.

The approved 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.

The approved 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.

The approved 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 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 EBITDA (as defined by the Directors) for each of the 3 vesting periods.

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 options, performance rights and ordinary shares held by KMP

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY20. All vested options were exercisable.

Figure 8: Options held by Directors and KMP

Name	Balance at the start of the year	Other changes during the year	Balance on resignation	Expired	Balance at the end of the year	Vested and exercisable
Richard Holzgrefe	785,714	-	-	785,714	-	-
	785,714	-	-	785,714	-	-

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

Figure 9: Performance Rights held by Directors and KMP

Name	Balance at the start of the year	Granted during the year	Balance at the end of the year	Unvested
Tony Toohey ¹	1,500,000	1,200,000	2,700,000	2,700,000
Patrick Howard	1,000,000	2,700,000	3,700,000	3,700,000
David Marshall	600,000	1,850,000	2,450,000	2,450,000
	3,100,000	5,750,000	8,850,000	8,850,000

¹ Tony Toohey has been issued a further 1,000,000 Share Performance rights which are subject to Shareholder approval at the AGM scheduled for November 2021.

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

Figure 10: Shareholdings held by Directors and KMP

Name	Balance at the start of the year	Purchased during the year	Balance on resignation	Balance at the end of the year	Held in escrow
Richard Holzgrefe	16,790,364	-	-	16,790,364	-
David Trude	1,000,000	-	-	1,000,000	-
Earl Eddings	2,596,622	500,000	-	3,096,622	-
David Usasz	3,000,000	1,000,000	-	4,000,000	-
Patrick Howard	650,000	-	-	650,000	-
	24,036,986	1,500,000	-	25,536,986	-

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 17 November 2020. A resolution was put to shareholders to pass the adoption of the Company's remuneration report, which was passed. Proxy votes received were 97.19% 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 \$80,561 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 Limited

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:

	2021 \$AUD	2020 \$AUD
Audit and review of financial statements	178,414	174,528
Total remuneration for audit and other assurance services	178,414	174,528
Total Remuneration Australia	178,414	174,528

Network firms

1. Audit and other assurance services

United Kingdom

	2021 \$AUD	2020 \$AUD
Audit and review of financial statements	59,335	56,604
Total remuneration for audit and other assurance services	59,335	56,604

Denmark

	2021 \$AUD	2020 \$AUD
Audit and review of financial statements	18,754	18,868
Total remuneration for audit and other assurance services	18,754	18,868
Total Remuneration of network firms	78,089	75,472

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

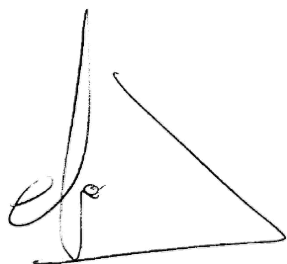
Lead Auditor's Independence Declaration

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 2021.

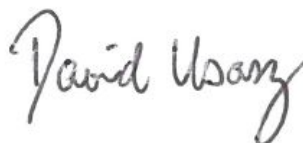
Rounding

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:

A stylized handwritten signature consisting of a large vertical stroke on the left, a horizontal stroke at the bottom, and a diagonal stroke on the right that meets the horizontal one, forming a triangular shape.

Tony Toohey
Executive Director and Chairman

A handwritten signature in cursive script that reads "David Usasz".

David Usasz
Director

Dated at Brisbane this 25th day of August 2021.

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 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance

Brisbane, 25 August 2021

Financial Statements

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Note	Jun-21 A\$'000	Jun-20 A\$'000
Revenue	4a	24,666	25,058
Other income	4a	26	1,498
Cost of sales		(6,023)	(6,622)
Sales and marketing expenses		(3,770)	(4,270)
Customer support and technical services		(3,957)	(4,581)
Research and development expenses		(4,563)	(4,169)
General and administration expenses		(1,861)	(6,055)
Other gains and expenses (net)		(15)	(13)
Net impairment losses on financial and contract assets		(13)	(44)
Depreciation expense	8a	(75)	(59)
Amortisation expense - Intangible assets	8b	(3,863)	(4,830)
Amortisation expense - Right-of-use assets	8c	(567)	(740)
Impairment expense	8b	-	(10,672)
Transaction and restructuring costs	5	-	(932)
Finance costs		(428)	(230)
(Loss) before income tax		(443)	(16,661)
Income tax benefit/(expense)		1,329	259
Profit / (Loss) for the year		886	(16,402)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		5	95
Other comprehensive income for the year		5	95
Total comprehensive profit / (loss) for the year		891	(16,307)
Profit / (loss) attributable to:			
Owners of MSL Solutions Limited		891	(16,307)
		891	(16,307)
Total comprehensive profit/(loss) for the period attributable to:			
Owners of MSL Solutions Limited		891	(16,307)
		891	(16,307)
EARNINGS PER SHARE FROM LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share (cents)		0.3	(5.6)
Diluted earnings per share (cents)		0.3	(5.6)

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-21 A\$'000	Jun-20 A\$'000
ASSETS			
Current assets			
Cash and cash equivalents	7c	5,427	3,806
Trade and other receivables	7a	4,680	5,015
Contract assets	7a	336	398
Prepaid income tax		-	39
Other current assets		784	1,120
Total current assets		11,227	10,378
Non-current assets			
Receivables	7b	809	1,200
Contract assets	7b	363	707
Property, plant and equipment	8a	193	189
Right of Use Asset	8c	3,623	2,640
Intangible assets	8b	20,464	13,543
Other non-current assets		31	34
Total non-current assets		25,483	18,313
Total assets		36,710	28,691
LIABILITIES			
Current liabilities			
Trade and other payables	7d	3,826	3,363
Lease Liability	7e	435	414
Borrowings	7f	1,000	543
Provisions	8e	1,670	1,394
Income tax payable		410	-
Deferred Consideration	8f	1,065	-
Contract liabilities	4b	5,414	5,125
Total current liabilities		13,820	10,839
Non-current liabilities			
Borrowings	7f	1,250	554
Lease Liability	7e	3,634	2,601
Deferred tax liability	8d	224	716
Deferred Consideration	8f	2,225	-
Provisions	8e	109	96
Total non-current liabilities		7,442	3,967
Total liabilities		21,262	14,806
Net assets		15,448	13,885
EQUITY			
Contributed equity	9a	66,686	66,186
Reserves	9b	3,100	2,923
Accumulated losses	9c	(54,338)	(55,224)
Total equity		15,448	13,885

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

Consolidated Statement of Changes in Equity

	Contributed equity	Retained earnings	Foreign currency translation reserve	Share-based payment reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2019	61,003	(38,822)	2,442	288	24,911
Total comprehensive loss for the period					
Loss for the period	-	(16,402)	-	-	(16,402)
Other comprehensive income	-	-	96	-	96
Total comprehensive loss for the period	-	(16,402)	96	-	(16,306)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	5,183	-	-	-	5,183
Dividends paid	-	-	-	-	-
Share-based payments expense	-	-	-	97	97
Total transactions for the period	5,183	-	-	97	5,280
Balance as at 30 June 2020	66,186	(55,224)	2,538	385	13,885
Total comprehensive loss for the period					
Loss for the period	-	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

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

Consolidated statement of cash flows

	Notes	Jun-21 A\$'000	Jun-20 A\$'000
Cash flows from operating activities			
Receipts from customers		27,940	26,391
Payments to suppliers, employees and others		(22,875)	(28,041)
Restructure Costs		(235)	(925)
Finance costs		(359)	(269)
Interest received		38	112
Income tax paid		(59)	(52)
Government grants and tax incentives		1,278	661
Net cash flows used in operating activities	10	5,728	(2,123)
Cash flows from investing activities			
Capital expenditure		(79)	(27)
Purchase of intangibles		(1,044)	(1,110)
Acquisition of subsidiaries, net of cash & cash equivalents		(4,250)	(180)
Loans to other entities		424	212
Proceeds for disposal of assets		200	100
Proceeds from disposal of investment		-	652
Net cash flows used in investing activities		(4,749)	(353)
Cash flows from financing activities			
Proceeds from borrowings		2,561	-
Repayment of borrowings		(1,448)	(532)
Proceeds from issue of share capital		-	5,431
Costs paid on issuance of share capital		-	(221)
Principal element of lease payments		(458)	(513)
Net cash flows provided by financing activities		655	4,165
Net cash inflow / (outflow) for the half-year		1,634	1,689
Cash at beginning of the year		3,806	2,130
Effect of foreign exchange		(13)	(13)
Cash at end of the year	7c	5,427	3,806

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 25th August 2021. The Directors have the power to amend and re-issue the financial statements.

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

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 changed the structure of its segments from an industry basis to a geographical basis in the year ending 30 June 2021. The prior period industry segments of Venues and Golf have been replaced by the geographical segments of Asia Pacific, United Kingdom and Denmark. The Group's executive management team, consisting of the Executive Director & Chairman, Chief Executive Officer, the Chief Financial and Operating Officer, Executive General Manager – Product and Support, 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.

The prior year comparatives have been restated to a geographical basis.

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 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
Year ended 30 June 2020	APAC A\$'000	UK A\$'000	Denmark A\$'000	Total A\$'000
Revenue from external customers	14,225	7,175	3,658	25,058
Timing of revenue				
Over Time	9,215	5,374	3,314	17,903
At a point in time	5,010	1,801	344	7,155
Other revenue	21	-	-	21
EBITDA before corporate overheads	3,085	501	721	4,307
Corporate overheads				(5,247)
EBITDA before government subsidies				(940)
Government subsidies				881
EBITDA				(59)

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

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

Reconciliation of segment adjusted EBITDA to Profit /(Loss) before income tax	Jun-21 A\$'000	Jun-20 A\$'000
EBITDA before government subsidies	3,118	(940)
Proceeds from sale of Iseek Golf (net of cost)	-	1,312
COVID-19 related government subsidies	1,045	881
Release of deferred consideration	-	165
Transaction and restructuring costs	-	(932)
Expected credit loss - prior period	327	(616)
Finance costs (net)	(428)	(230)
Depreciation & amortisation	(4,505)	(5,629)
Impairment of Goodwill	-	(10,672)
Loss before income tax	(443)	(16,661)

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 17 November 2020, the Group acquired 100% of the equity of point-of-sale software company, SwiftPOS Pty Ltd ("SwiftPOS"). The consideration paid for the acquisition was \$4.25m in cash, \$0.5m in shares, plus \$0.75m twelve month deferred payment adjusted for the fair value of the net liabilities acquired, and a maximum earnout of \$4.2m based on agreed gross profit margin growth over three years (refer to note 8 for further details). The \$0.5m in shares issued on acquisition were valued at 10 day VWAP and amounted to 7,012,623 shares at \$0.0713 per share.

SwiftPOS is a Brisbane based POS software solutions provider with 23 years experience in the hospitality and retail sectors, with a footprint spanning 4,000 venues across 26 countries. The business combination expands the Group's customer base from approximately 1,220 venues to more than 5,000, while increasing MSL's breadth through an extensive reseller network.

The SwiftPOS business has generated \$2.1m in revenue and \$1.1m in EBITDA for the period from the 17 November 2020 to 30 June 2021.

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 \$25.9m and EBITDA (inclusive of government subsidies) of \$4.8m for the year ending 30 June 2021. These estimates were calculated by extrapolating the revenue and EBITDA (inclusive of government subsidies) performance for the SwiftPOS business for the 17 November 2020 to 30 June 2021 period to an annual estimate and adding this to the annual result for the rest of the Group.

The Goodwill recognised on the acquisition of SwiftPOS is due to the synergies realised from combining operations and the ability to sell products to a larger customer base in Australia and overseas. Refer to note 8b for further details on intangible assets acquired.

The fair value of the consideration and assets acquired as part of the SwiftPOS acquisition is as follows:

Business combinations - SwiftPOS acquisition	A\$'000
Amount settled in cash	4,250
Shares issued on acquisition	500
Present value of deferred consideration	290
Present value of earn out	3,000
Fair value of consideration	8,040
Net Tangible Liabilities	(412)
Goodwill on acquisition	3,575
Intangible assets - customer relationships	3,851
Intangible assets - software	2,027
Deferred tax liability	(1,001)
Fair value of asset acquired	8,040
Trade receivables	677
Other current assets	63
Current assets	740
Non current assets	32
Total assets	772
Trade and other payables	571
Provisions	204
Deferred revenue	409
Current liabilities	1,184
Fair value of net tangible liabilities	(412)
Acquisition costs (charged to general and administration expenses)	44

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-21 A\$'000	Jun-20 A\$'000
Recurring Revenue		
Customer contracts annuities	8,468	9,650
Subscription annuities	8,622	8,253
Total - Recurring revenue	17,090	17,903
Non-recurring revenue		
Software Fees and Royalties	1,988	1,178
Hardware Fees	3,364	3,304
System Installations	2,109	2,126
Booking Fees	-	190
Advertising	22	201
Other	93	156
Total - Non-recurring revenue	7,576	7,155
Revenue from Operating Activities	24,666	25,058
Other Income		
Gain on sale of an asset	-	1,312
Gain on reversal of earnout provision/sale of asset	-	165
Settlement of professional matters	-	21
Interest Income	26	-
Total	26	1,498

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.

b) Assets and liabilities related to contract with customers

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

	Jun-21 A\$'000	Jun-20 A\$'000
Current contract asset relating to fulfilled contracts	342	401
Loss allowance	(6)	(3)
Total current contract assets	336	398
Non-current contract asset relating to fulfilled contracts	372	719
Loss allowance	(9)	(12)
Total non-current contract assets	363	707
Total contract assets	699	1,105
Current Contract liabilities - post sales support	5,380	4,895
Current Contract liabilities - customer monies held	34	230
Total current contract liabilities	5,414	5,125
Total contract liabilities	5,414	5,125

i. Significant changes in contract assets and liabilities

The Group recognised a loss allowance for contract assets following the adoption of AASB 9.

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.

Current contract liabilities of \$489k relates to the Swiftpos business acquired in the current financial year.

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-21 A\$'000	Jun-20 A\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Post sales support	4,895	6,027
Customer monies held	21	25

5. Other significant income and expense items

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

	Jun-21 A\$'000	Jun-20 A\$'000
Accounting gains included in other income		
Gain on reversal of earnout provisions/sale of assets	-	165
Settlement of professional matters/grant income	-	21
Gain on sale of investments (net of costs) - Iseek Golf	-	1,312
Interest Income	26	-
	26	1,498
Significant expense items		
Transaction and restructuring costs	-	(932)
Expected credit loss - prior period	327	(616)
Foreign exchange gains / (losses)	(15)	(13)
	312	(1,561)
Employee benefits expenses*		
Salaries and wages including on costs	(11,676)	(11,625)
Superannuation and pension contributions	(795)	(870)
Annual and long service leave expense	(178)	(47)
Share based payments	(138)	(97)
Government stimulus #	1,045	881
	(11,742)	(11,758)

*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

The Company received Federal Government Jobkeeper payments of \$752k and UK Government Coronavirus Job Retention Scheme payments of \$AUD 293k related to government support of COVID-19 impact

6. Income tax expense/(benefit)

a) Income tax expense/(benefit)

	Jun-21 A\$'000	Jun-20 A\$'000
Income tax expenses/(benefit)		
Current tax (benefit) expense	191	13
Deferred tax (benefit) expense	(1,493)	(113)
Adjustments for current tax expense of prior period	(27)	(273)
Adjustments for deferred tax expense of prior period	-	114
Total income tax expense/(benefit)	(1,329)	(259)
Decrease (increase) in deferred tax assets	(1,496)	1,314
(Decrease) increase in deferred tax liabilities	3	(1,427)
Total deferred tax expense/(benefit)	(1,493)	(113)

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

	Jun-21 A\$'000	Jun-20 A\$'000
Profit/(loss) from continuing operations before income tax expense	(443)	(16,661)
Tax at the Australian tax rate of 26% (FY20 27.5%)	(115)	(4,582)
- Impairment of goodwill	-	2,935
- Sale of Iseek Golf	-	326
- Expected credit loss - prior year	-	169
- Transaction costs	-	47
- Gain on reversal of earnout provision	-	45
- Other	670	505
	555	(555)
- Adjustments for income tax expense at prior period	(35)	273
- Recognition of deferred tax relating to prior year	(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	(332)	-
- Other	(2)	23
Total income tax expense/(benefit)	(1,329)	(259)

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

Financial assets		Assets at fair value through profit and loss	Financial assets at amortised cost	Total
2020	Notes	\$'000	\$'000	\$'000
Trade and other receivables	7a & 7b	-	6,215	6,215
Cash and cash equivalents	7c	-	3,806	3,806

Financial Liabilities		Liabilities at fair value through profit and loss	Liabilities at amortised cost	Total
2021	Notes	\$'000	\$'000	\$'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	8f	-	3,290	3,290

Financial Liabilities		Liabilities at fair value through profit and loss	Liabilities at amortised cost	Total
2020	Notes	\$'000	\$'000	\$'000
Trade and other payables	7d	-	4,712	4,712
Lease liability	7e	-	1,747	1,747
Borrowings	7f	-	1,097	1,097

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-21 A\$'000	Jun-20 A\$'000
Trade receivables	4,790	5,463
Loan receivable	214	433
Receivable - Sale of Business	168	189
Loss allowance	(492)	(1,070)
	4,680	5,015

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

	Jun-21 A\$'000	Jun-20 A\$'000
Opening Balance	1,070	183
Additional provisions recognised	175	1,130
Receivables written off during year as uncollectable	(81)	(171)
Unused amounts reversed	(672)	(72)
	492	1,070

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

	Trade Receivables Carrying Amount		Expected Credit Loss Carrying Amount	
	Jun-21 A\$'000	Jun-20 A\$'000	Jun-21 A\$'000	Jun-20 A\$'000
Not overdue	2,473	2,487	25	20
0 to 3 months overdue	1,657	1,731	115	28
Over 3 months overdue	660	1,245	352	1,022
	4,790	5,463	492	1,070

	Jun-21 A\$'000	Jun-20 A\$'000
Contract assets	342	401
Loss allowance	(6)	(3)
	336	398

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.

b) Non-current financial assets

	Jun-21 A\$'000	Jun-20 A\$'000
Receivable - Sale of Business	818	997
Loan receivable	-	212
Loss allowance	(9)	(9)
	809	1,200

	Jun-21 A\$'000	Jun-20 A\$'000
Contract assets	372	719
Loss allowance	(9)	(12)
	363	707

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 contracts 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 \$18k 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-21 A\$'000	Jun-20 A\$'000
Cash and cash equivalents	5,427	3,806
	5,427	3,806

ii. *Classification as cash equivalents*

Cash and cash equivalents includes term deposits supporting bank guarantees to property bonds of \$354k (FY20: \$384k). Refer to Note 23 for the Group's other accounting policies on cash and cash equivalents.

d) Trade and other payables

	Jun-21 A\$'000	Jun-20 A\$'000
Current		
Trade payables	1,996	1,429
Other payables	1,830	1,934
	3,826	3,363

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-21 A\$'000	Jun-20 A\$'000
Current		
Lease liability	435	414
Non-Current		
Lease liability	3,634	2,601
	4,069	3,015

	Jun-21 A\$'000	Jun-20 A\$'000
Commitments for minimum lease payments in relation to non-cancellable leases are as follows:		
Within one year	435	414
Later than one year but not later than five years	2,893	954
Later than five years	778	1,647
	4,106	3,015

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 interest expense incurred on lease liabilities for FY21 was \$278k (FY20 \$212k)

f) Borrowings

	Jun-21 A\$'000	Jun-20 A\$'000
Current		
Secured		
Bank bill loan - secured	1,000	543
Total secured current borrowings	1,000	543
Non-current		
Secured		
Bank bill loan - secured	1,250	554
Total secured non-current borrowings	1,250	554
Total borrowings	2,250	1,097

i. Bank bill loans

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

As at 30 June 2021 there was \$nil drawn with \$0.665 m available.

The loan agreement contains no financial covenants and the facility is secured by a General Security Agreement and Guarantee and indemnity over the Australian entities of the Group.

In November 2020, the Group entered a loan facility to refresh capital following the acquisition of SwiftPOS Pty Limited. The total amount of the facility was \$2.5m which amortises over the term of the loan with repayments commencing on 30 April 2021. The final repayment date is 30 September 2023.

As at 30 June 2021 there was \$2.250 m drawn with \$nil available.

The loan agreement contains a financial covenant that at each month end the Group must have a minimum consolidated cash balance of \$1.5m increasing to \$2.5m from 31 July 2021 until the end of the loan. The facility is secured by a second ranking General Security. Agreement and Guarantee and indemnity over the Australian entities of the Group with the Group's overseas entities providing guarantees.

Each of the above loans are variable rates, Australian dollar denominated and are carried at amortised cost. They therefore do not have any impact on the entity's exposure to foreign exchange and cash flow interest rate risk.

8. Non-financial assets and liabilities

a) Property, plant and equipment

	Leasehold improvements	Plant and equipment	Furniture Fixtures & Fittings	Motor Vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2019					
Cost or fair value	60	1,542	374	24	2,000
Accumulated depreciation	(21)	(1,410)	(325)	(22)	(1,778)
Net book amount	39	132	49	2	222
Year ending 30 June 2020					
Opening net book amount	39	132	49	2	222
Exchange differences	-	-	(1)	-	(1)
Additions	-	-	29	-	29
Disposals	-	-	-	(2)	(2)
Depreciation charge	(11)	(39)	(9)	-	(59)
Closing net book amount	28	93	68	-	189
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

i. Revaluation, depreciation methods and useful lives.

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%
- Furniture, fixtures and fittings 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	Computer Software other	Formation Expenses	Contracts and customer relationships	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2019					
Cost or fair value	22,014	10,401	2	24,318	56,735
Accumulated impairment	(11,500)	-	-	-	(11,500)
Accumulated depreciation	-	(6,523)	-	(10,738)	(17,261)
Closing net book amount	10,514	3,878	2	13,580	27,974
Year ending 30 June 2020					
Opening net book amount	10,514	3,878	2	13,580	27,974
Disposals	-	-	-	-	-
Exchange differences	158	(169)	-	(28)	(39)
Additions	-	1,110	-	-	1,110
Amortisation	-	(1,486)	-	(3,344)	(4,830)
Impairment	(10,672)	-	-	-	(10,672)
Closing net book amount	-	3,333	2	10,208	13,543
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

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
- Customer contracts – 3 to 15 years

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

ii. Customer contracts

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 \$1,045k in FY21 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 Cash Generating Units (CGU's).

SwiftPOS was acquired on the 17 November 2020 and includes Goodwill of \$3.6m, software intangible assets of \$2m and customer contracts of \$3.9m. The SwiftPOS business generates cash through a reseller model rather than a direct to market which is the model used for the rest of APAC. 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.

vi. *Significant estimate: key assumptions used for fair value 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.

The key assumptions for those segments that have significant goodwill allocated to them:

	Consolidated			
	2021 Range		2020 Range	
Long term growth rate	0%	2.5%	2%	3.5%
Post tax discount rate	13.55%	13.55%	16%	16%

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 SwiftPOS acquisition and the post COVID recovery in the UK market in particular.

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 2021

c) **Right-of-use asset**

	Jun-21 A\$'000	Jun-20 A\$'000
Opening Balance	2,640	3,381
Additions	1,550	-
Less Accumulated amortisation	(567)	(741)
Closing Balance	3,623	2,640

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-21 A\$'000	Jun-20 A\$'000
The balance comprise temporary differences attributable to:		
Tax losses & offsets	1,485	-
Property, plant & equipment	-	3
Other	188	174
Total deferred tax asset	1,673	177
Set off against deferred tax liability	(1,673)	(177)
Set off from deferred tax liability	-	-
Net deferred tax asset	-	-

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Movements	Tax losses & offsets	Employee benefits	Property, plant & equipment	IPO and transaction related	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2019	1,395	282	640	307	502	3,126
(Charged)/Credited						
To profit or loss as deferred tax benefit/(expenses)	(1,395)	(282)	(637)	(307)	(328)	(2,949)
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 2020	0	0	3	0	174	177
Movements	Tax losses & offsets	Employee benefits	Property, plant & equipment	IPO and transaction related	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	0	0	0	188	1,673

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. Notwithstanding the losses before tax reported in the current and preceding periods, the Group is reasonably certain that it will return to taxable profits.

ii. *Deferred tax liabilities*

	Jun-21 A\$'000	Jun-20 A\$'000
The balance comprises temporary differences attributable to:		
Intangible assets	(1,897)	(893)
Financial assets	-	-
Other	-	-
Total deferred tax asset	(1,897)	(893)
Set off against deferred tax asset	1,673	177
Set off from deferred tax asset	-	-
Net deferred tax liability	(224)	(716)

Movements	Intangibles	Financial	Other	Total
	\$'000	Assets \$'000	\$'000	\$'000
As at 1 July 2019	(3,856)	-	(7)	(3,863)
(Charged)/Credited				
To profit or loss	2,963	-	7	2,970
To equity	-	-	-	-
True up as prior period deferred tax	-	-	-	-
Foreign currency translation	-	-	-	-
Acquisition	-	-	-	-
As at 30 June 2020	(893)	-	-	(893)

Movements	Intangibles	Financial	Other	Total
	\$'000	Assets \$'000	\$'000	\$'000
As at 1 July 2020	(893)	-	-	(893)
(Charged)/Credited				
To profit or loss	(3)	-	-	(3)
To equity	-	-	-	-
True up as prior period deferred tax	-	-	-	-
Foreign currency translation	-	-	-	-
Acquisition	(1,001)	-	-	(1,001)
As at 30 June 2021	(1,897)	-	-	(1,897)

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

	Consolidated	
	Jun-21 A\$'000	Jun-20 A\$'000
Current		
Long service leave	473	295
Annual leave	1,197	1,099
	1,670	1,394
Non-Current		
Long service leave	109	96
	109	96

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.

f) Deferred Consideration

	Consolidated	
	Jun-21 A\$'000	Jun-20 A\$'000
Current		
Present value of deferred consideration - SwiftPOS	290	-
Present value of earn out - SwiftPOS	775	-
	1,065	-
Non-Current		
Present value of earn out - SwiftPOS	2,225	-
	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.

9. Equity

a) Share capital

	Consolidated		Consolidated	
	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	Shares	\$'000	Shares	\$'000
Share capital				
Fully paid	329,270,783	66,686	322,258,160	66,186
	<u>329,270,783</u>	<u>66,686</u>	<u>322,258,160</u>	<u>66,186</u>

During November 2020, the Group issued \$500k of shares to the vendors of SwiftPOS Pty Limited as part of the acquisition price for SwiftPOS Pty Limited. The 7,012,623 shares were valued at the 10-day VWAP prior to completion of the acquisition, or \$0.0713 per share.

i. Movements in ordinary shares

	Number of shares	Issue price	\$'000
Opening Balance 1 July 2019			
Shares issued on placement to Sophisticated and Institutional Investors	36,427,987	\$0.075	2,732
Shares issued under Share Purchase Plan	35,989,811	\$0.075	2,699
less: transaction costs arising on shares issued			(248)
Closing Balance 30 June 2020	<u>322,258,160</u>		<u>66,186</u>
Shares issued as part of the acquisition price for SwiftPOS Pty Limited	7,012,623	\$0.071	500
Closing Balance 30 June 2021	<u>329,270,783</u>		<u>66,686</u>

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	
	30 Jun 21	30 Jun 20
	\$'000	\$'000
Share based payment reserve	557	385
Foreign currency translation reserve	<u>2,543</u>	<u>2,538</u>
	3,100	2,923

Share-based payments

The share-based payments reserve is used to recognise:

- The grant date fair value of options issued to employees but not exercised
- The grant date fair value of performance rights issued to employees

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.

c) Accumulated losses

Movement in retained earnings were as follows:

	\$'000
As at 1 July 2020	<u>(55,224)</u>
Total comprehensive income for the period	
Profit/(loss) for the year	<u>886</u>
Total comprehensive income for the period	<u>886</u>
Transactions with owners in their capacity as owners	-
Contribution of equity net of transaction costs	-
As at 30 June 2021	<u>(54,338)</u>

10. Cash flow information

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

	Consolidated	
	Jun-21 \$'000	Jun-20 \$'000
Profit/(loss) after tax	886	(16,402)
Adjustments for:		
Depreciation and amortisation	4,505	5,629
Impairment of Goodwill	-	10,672
Other Income	(26)	(1,498)
Realised FX loss/(gain)	15	13
Expected credit loss	(600)	1,063
Finance costs	-	212
Change in operating assets and liabilities		
Movement in current assets		
(Increase)/ decrease in trade receivables	334	41
(Increase)/ decrease in other receivables	62	1,368
(Increase)/ decrease in prepayments	336	(230)
Movement in current liabilities		
Increase/(decrease) in trade payables	400	(1,164)
Increase/(decrease) in other payables	62	(185)
Increase/(decrease) in deferred revenue	289	(1,173)
Increase/(decrease) in deferred tax	(492)	(21)
Increase/(decrease) in provisions	277	(213)
Increase/(decrease) in tax provisions	411	(256)
Movement in non-current assets		
(Increase)/ decrease in trade and other receivables	(731)	21
Cashflow generated from operations	5,728	(2,123)

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
- Estimation of right-of-use asset for leases on transition
- 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 contracts 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 which has been closed during parts of FY21. The impact is considered short-term in nature and the recovery is evident through recent new sales in the final quarter of FY21.

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 policies 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 Group's 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.

With the acquisition of both GolfBox and Verteda, there are now multiple 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:

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

	USD \$'000
2020	
Trade payables	(28)
Net exposure	(28)

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-21 A\$'000	Jun-20 A\$'000
Realised FX gain (loss)	9	8
Unrealised FX gain (loss)	(24)	(21)
	(15)	(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 2021.

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-21 A\$'000	Jun-20 A\$'000
AA	2,784	2,957
A	2,643	849
	5,427	3,806

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
- Debt investments carried at amortised cost

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 2021 and 30 June 2020 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 impact of COVID-19 pandemic on the ability of customers delaying payment or being unable to pay. In light of recent lockdowns, the Group has maintained the same expected credit loss calculation methodology that was adopted in the prior year at the height of the COVID-19 pandemic

	Consolidated	
	Jun-21 A\$'000	Jun-20 A\$'000
Current loss allowance		
Trade receivables	492	1,050
Loan receivable current	-	20
Contract assets with significant financing components	6	3
	498	1,073
Non-current loss allowance		
Loan receivable non-current	9	9
Contract assets with significant financing components	9	12
	18	21
	516	1,094

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 21 \$'000	30 Jun 20 \$'000
Floating Rate		
- Expiring within one year (bank overdraft)	489	488

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	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) /liabilities
As at 30 June 2021							
Non-derivatives							
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
Total	4,891	-	1,003	1,222	-	7,116	7,116

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) /liabilities
As at 30 June 2020							
Non-derivatives							
Trade payables	1,429	-	-	-	-	1,429	1,429
Other payables	1,934	-	-	-	-	1,934	1,934
Total	3,363	-	-	-	-	3,363	3,363

Contractual maturities of financial assets	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) /liabilities
As at 30 June 2021							
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

Contractual maturities of financial assets	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) /liabilities
As at 30 June 2020							
Non-derivatives							
Trade debtors	5,463	-	-	-	-	5,463	5,463
Contract assets	401	719	-	-	-	1,120	1,120
Receivable - Sale of business	97	92	178	819	-	1,186	1,186
Loan Receivable	-	433	212	-	-	645	645
Total	5,961	1,244	390	819	-	8,414	8,414

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 2021 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-21 %	Jun-20 %
Parent Entity:			
MSL Solutions Limited	Australia		
Subsidiaries of parent entity:			
Golf Group International Pty Ltd	Australia	100%	100%
Golfink 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 Golfink Pty Ltd	Australia	100%	100%
SwiftPOS Pty Ltd ¹	Australia	100%	-
GolfBox A/S	Denmark	100%	100%
MPowerMSL UK Limited	England	100%	100%
MSL Verteda Limited ²	England	100%	100%
Rebel Thinking Limited	England	100%	100%
Verteda Holdings Limited	England	100%	100%

¹SwiftPOS Pty Ltd was acquired on 17 November 2020

²MSL Verteda Limited changed its name from Verteda Limited on 29 January 2021

b) Interests in associates

There were no interests in associates in FY21 or FY20.

15. Contingent liabilities and contingent assets

There are no contingent assets or liabilities at 30 June 2021

16. Commitments

a) Bank guarantee

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

	Jun-21 A\$'000	Jun-20 A\$'000
Bank Guarantee - MSL Solutions Pty Ltd	209	209
Bank Guarantee - Micropower Pty Ltd	145	145
Bank Guarantee - Infogenesis Pty Ltd	-	30
	<u>354</u>	<u>384</u>

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

	2021 \$AUD	2020 \$AUD
Short-term employee benefits	1,050,941	1,005,789
Other long-term benefits	24,634	31,886
Superannuation	47,552	48,555
Share based payments	197,686	77,204
Total	<u>1,320,813</u>	<u>1,163,434</u>

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 2021.

4,678,572 options expired during the period ending 30 June 2021.

All options which expired during the year and the remaining outstanding options have been issued under an Employee Option Plan which was established to provide remuneration to key management personnel.

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
18-Dec-15	2,357,142	-	-	2,357,142	-	-	18-Dec-20	\$ 0.217
22-Oct-15	1,250,000	-	-	1,250,000	-	-	21-Oct-20	\$ 0.308
30-May-16	1,071,430	-	-	1,071,430	-	-	30-May-21	\$ 0.308
15-May-17	300,000	-	-	-	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
	5,998,012	-	-	4,678,572	1,319,440	1,319,440		
Weighted avg exercise price	\$ 0.241	\$ -	\$ -	\$ 0.262	\$ 0.1665	\$ 0.1665		

Share Performance Rights

On 21 July 2020, 5,318,333 Share Performance Rights were issued as detailed in the below table.

During June 2021, 4,650,000 Share Performance Rights were issued as detailed in the below table.

726,667 Share Performance Rights expired during the period ending 30 June 2021.

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 2018 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	Forfeited	Balance at the end of the year	Vested and exercisable	Term	Expiry Date	Exercise Price
6-Dec-18	30-Jun-20	1,940,000	See Note 1 below	-	-	560,000	1,380,000	-	3.6 years	30-Jul-22	\$ -
24-Sep-19	13-Dec-22	1,500,000	See Note 2 below	-	-	-	1,500,000	-	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	-	See Note 4 below	5,318,333	292,508	166,667	5,151,666	-	3 years	21-Jul-23	\$ -
30-Jun-21	1-Jul-21	-	See Note 3 below	500,000	67,500	-	500,000	-	1 month	21-Jul-21	\$ -
30-Jun-21	1-Jan-22	-	See Note 3 below	250,000	33,750	-	250,000	-	6 months	21-Jan-22	\$ -
30-Jun-21	30-Jun-22	-	See Note 5 below	1,300,000	175,500	-	1,300,000	-	3 years	21-Jul-24	\$ -
30-Jun-21	30-Jun-22	-	See Note 6 below	600,000	81,000	-	600,000	-	3 years	21-Jul-24	\$ -
30-Jun-21	30-Jun-22	-	See Note 7 below	2,000,000	270,000	-	2,000,000	-	3 years	21-Jul-24	\$ -
		5,040,000		9,968,333	920,258	726,667	14,281,666	-			
Weighted avg exercise price		\$ -		\$ -		\$ -	\$ -	\$ -			

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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)

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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:

	2021 \$AUD	2020 \$AUD
Audit and review of financial statements	178,414	174,528
Total remuneration for audit and other assurance services	178,414	174,528
Total Remuneration Australia	178,414	174,528

Network firms

1. Audit and other assurance services

United Kingdom

	2021 \$AUD	2020 \$AUD
Audit and review of financial statements	59,335	56,604
Total remuneration for audit and other assurance services	59,335	56,604

Denmark

	2021 \$AUD	2020 \$AUD
Audit and review of financial statements	18,754	18,868
Total remuneration for audit and other assurance services	18,754	18,868
Total Remuneration of network firms	78,089	75,472

Grant Thornton were appointed as the company's auditor for the FY20 year.

21. Earnings per share

a) Basic earnings per share

	30 Jun 21	30 Jun 20
Total basic earnings per share attributable to the ordinary equity	0.3	(5.6)

b) Diluted earnings per share

	30 Jun 21	30 Jun 20
Total diluted earnings per share attributable to the ordinary equity	0.3	(5.6)

c) Reconciliations of earnings used in calculating earnings per share

	30 Jun 21	30 Jun 20
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	886	(16,402)
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	886	(16,402)

d) Weighted average number of shares used as the denominator

	30 Jun 21	30 Jun 20
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	326,619,435	292,323,026
Adjustments for calculation of diluted earnings per share:		
- Options	3,781,280	-
- Share Performance Rights	9,657,598	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	340,058,313	292,323,026

* Information concerning the classification of securities

Options and Share Performance Rights

During the prior year 5,998,112 options over ordinary shares and 5,040,000 share performance rights were not included in the calculation of diluted earnings per share as they were anti-dilutive for the year-ended 30 June 2020.

22. Parent entity financial information

a) Summary financial information

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

	Jun-21 A\$'000	Jun-20 A\$'000
Current assets	2,233	540
Non-current assets	13,188	13,610
Total assets	15,421	14,150
Current liabilities	2,060	264
Non-current liabilities	2,174	-
Total liabilities	4,234	264
Contributed equity	66,686	65,938
Retained losses	(56,062)	(52,470)
Reserves	563	418
Total Equity	11,187	13,886
Profit/(loss) for the year	(3,592)	(26,219)
Total comprehensive income for the year	(3,592)	(26,219)

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 policies 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.

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 Corporate 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').

i. Historical cost convention

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

b) Going Concern assumption

Prima facie, the loss before tax of \$443k for period and the net current liability of \$2,594k as at 30 June 2021 are indicators that may cast doubt regarding the Group's ability to continue as a Going Concern. However, 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 2021, the Group had net cash of \$5,427k and unused financing facilities of \$1,154k. During the year ending 30 June 2021, the Group achieved four consecutive quarters of positive operating cashflow leading to the Australian Securities Exchange (ASX) relieving the company of the obligation to lodge any further 4C quarterly cashflow reports. The net current liability of \$2,594k includes \$5,414k in deferred revenue which has no future cash impact on the Group.

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

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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 made 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 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 26% 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 can 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 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.

iii. Depreciation rates

Class of fixed asset and range of depreciation rates used:

Plant and Equipment	27% - 50%
Furniture, Fixtures and Fittings	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.

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.

In previous financial years all research and development costs were expensed as incurred. 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. 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) 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.

r) 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.

s) 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.

t) 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.

u) 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.

v) 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.

w) Rounding

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

x) 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.

y) Comparatives

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

Directors Declaration

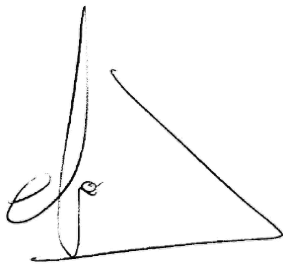
In the Directors' opinion:

- a) the financial statements and notes set out on pages 26 to 78 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 2021 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.

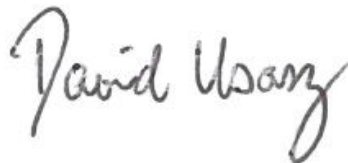
Note 23 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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
Executive Director and Chairman



David Usasz
Director

Dated at Brisbane this 25th day of August 2021.

Independent Auditor's Report

To the Members of MSL Solutions Limited

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 2021, 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 2021 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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*. Estimation and judgement are used regarding timing and amount of 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;
- Analytically reviewing revenue values;
- Sampling revenue transactions statistically and testing whether revenue recognition is appropriate by agreeing through 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 SwiftPOS Pty Ltd – Note 3

The Group acquired 100% of the share capital of SwiftPOS Pty Ltd on 17 November 2020.

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*.

Further, this acquisition also required judgements in evaluating the Group's estimate pertaining to the measurement of deferred and contingent consideration arrangements.

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 including reviewing the contingent consideration arrangements and assessing Management's judgements;
- 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 \$20.5m of intangible assets primarily consisting of contacts, customer relationships and internally and externally developed software. The Group also acquired \$3.6m of goodwill through the above acquisition in the current period.

AASB 136 Impairment of Assets requires that an entity shall assess at the end of each reporting period where there is any indication that an asset may be impaired. Annual assessments are also required when goodwill is held by the Group.

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;
- Assessing the methodology used by Management 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 2021, 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_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

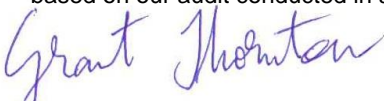
Opinion on the remuneration report

We have audited the Remuneration Report included in pages 11 to 22 of the Directors' report for the year ended 30 June 2021.

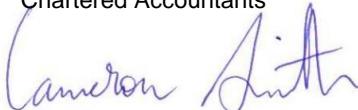
In our opinion, the Remuneration Report of MSL Solutions Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

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 Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance
Brisbane, 25 August 2021

Shareholder information

The shareholder information set out below was applicable as at 12 August 2021.

Distribution of equity securities

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

Range	Total Holders	Units	% Units
1 - 1,000	32	3,897	0.00
1,001 - 5,000	42	145,080	0.04
5,001 - 10,000	65	524,127	0.16
10,001 - 100,000	312	13,458,426	4.08
100,001 Over	270	315,639,253	95.71
Total	721	329,770,783	100.00

There were 44 holders of less than a marketable parcel of ordinary shares, totalling 25,883.

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	52,855,271	16.03
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	24,183,220	7.33
3	PORTFOLIO SERVICES PTY LTD	13,333,333	4.04
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,971,156	3.93
5	HOLZRC PTY LTD <HOLZRC SMSF A/C>	12,663,684	3.84
6	CCK WEALTH PTY LTD <CCK FAMILY A/C>	10,498,271	3.18
7	LOVAT PTY LTD	8,754,131	2.65
8	THE DALY FT PTY LTD <RUPERT & SONIA DALY FAM A/C>	6,206,044	1.88
9	WALLIS-MANCE PTY LIMITED <WALLIS-MANCE FAMILY A/C>	5,784,725	1.75
10	PORTFOLIO SERVICES PTY LTD	5,475,750	1.66
11	GAILFORCE MARKETING & PR PTY LIMITED <HALE AGENCY SUPER FUND A/C>	5,212,419	1.58
12	INDCORP CONSULTING GROUP PTY LIMITED <SUPERANNUATION FUND A/C>	4,400,000	1.33
13	CHARLOTTE B PTY LTD <CHARLOTTE B SUPER FUND A/C>	4,000,000	1.21
14	MORBRIDE PTY LTD <MORBRIDE SUPER FUND A/C>	4,000,000	1.21
15	MR GRAHAME ERIC DAY	3,506,312	1.06
16	MS ELIZABETH W.A.C. VAN POPPEL	3,506,311	1.06
17	GLG HOLDINGS PTY LTD <GLG SUPERANNUATION FUND A/C>	3,428,571	1.04
18	POLDING PTY LTD	3,333,333	1.01
19	DOG FUNDS PTY LTD	3,190,000	0.97
20	ARK INTEGRATED RISK SOLUTIONS PTY LTD <E4 FAMILY A/C>	3,096,622	0.94
		190,399,153	57.74

Restricted equity securities

The Company currently has 7,012,623 shares that are subject to escrow arrangements that were issued to the vendors of SwiftPOS Pty Ltd as part consideration for the acquisition. One third of the shares will be released on each anniversary commencing 17 November 2021.

Unquoted equity securities

There are two option holders with total accumulated holdings of 1,319,440 options over fully paid ordinary shares.

There are 13,781,666 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	25,961,423	7.87
2	FORAGER FUNDS MANAGEMENT PTY LTD	24,726,794	7.50
3	PORTFOLIO SERVICES PTY LIMITED	18,809,083	5.70
4	DAVID PENNER	17,455,584	5.29
5	DR RICHARD HOLZGREFE	16,790,364	5.09

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

Registered Address

MSL Solutions Limited
ACN 120 815 778
Level 1, 307 Queen Street
Brisbane, QLD 4000

MSL Information Line

1800 679 701 (Within Australia)
+61 7 3512 3510 (Outside Australia)
<http://www.mslsolutions.com>

Directors

Tony Toohey
Earl Eddings
Dr Richard Holzgrefe
David Trude
David Usasz

Chief Executive Officer

Patrick Howard

Company Secretary

Andrew Ritter

Assistant Company Secretary

David Marshall

Legal Advisor

Talbot Sayer Lawyers
ABN 93 168 129 075
Level 27, Riverside Centre
123 Eagle Street
Brisbane, QLD 4000
GPO Box 799, Brisbane QLD 4001
T: +61 7 3160 2900

Auditor

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
King George Central
Level 18
145 Ann Street
Brisbane, QLD 4000
GPO Box 1008 Brisbane QLD 4001
T: +61 7 3222 0200

Share Registry

Computershare
GPO Box 2975, Melbourne Vic 3001
T: 1300 552 270
F: +61 3 9473 2500
<https://www-au.computershare.com/Investor>