

ASX Announcement

Brisbane – 23rd February 2022

COSOL delivers strong revenue and earnings growth, flags strong full year, further acquisitions

Highlights

- Continued strong growth in revenue and earnings
- Robust operating margins through period of high growth (EBIT margin 16%)
- Group revenue of \$22.6m, up 44% on pcp
- Group EBIT up 40% at \$3.6m and NPAT up 41% at \$2.6m
- Basic EPS 1.93 cents (up 35%) and fully franked dividend of 0.92 cents
- Cash position \$5.65m, platform for further growth in second half

COSOL Limited (COSOL, ASX: COS) is pleased to announce continued strong growth in revenue and earnings in the first half of FY22, on the back of pleasing contributions from existing and recently acquired business units.

The result was delivered while protecting operating margins, integrating new operations and investing heavily in existing operations to prime COSOL for further growth in H2 FY22 and in FY23.

It also confirms the strength of COSOL's strategy to grow profitably in the global Enterprise Asset Management market, including through strategic acquisitions that are earnings accretive and fortify the Company's growing market standing.

Group revenue was up 44% on the previous corresponding period at \$22.6 million, while **EBIT growth was also strong (up 40% at \$3.6m)**, which flowed through solidly to the bottom line (**NPAT up 41% at \$2.6m**).

Basic **earnings per share were 1.93 cents** (1.43 cents previously) and the Directors have declared a **0.92 cents fully franked dividend** (0.5 cents previously), consistent with the policy of distributing 50% of NPAT, with a record date of 31 March 2022.

Managing Director Ben Buckley said the result vindicated the Company's decision to build acquisitive growth in parallel with COSOL's foundation business and with no compromise to operating margins.

"It also demonstrates COSOL's growth plan is underpinned by acquisition filters that protect margins and enhance shareholder returns," said Mr Buckley.

"Our outlook for the second half of FY22 remains strong, especially in our core business where first half investment is now making a difference.

"In addition, we believe there are further opportunities for acquisitive growth in segments of our asset management market that are synergistic with our existing customer offer and which will make money for our investors.

“We expect to continue to produce strong operating cashflows after \$3.5m in the December half, and maintain sound equilibrium in our balance sheet, with net debt (including deferred consideration) at 31 December of \$10.3m.

The first half result was in line with guidance provided to investors at the Company’s Annual General Meeting in November.

It includes four months of revenue and EBIT contribution from Clarita Solutions, which was 100% acquired during the period. It also includes internal investment made to support the Ellipse Professional Services business, which was acquired from Hitachi for no consideration. This investment, in people and capability, will support the growth of that business as it builds out its new collaborative working relationship with its former owner.

Operating Highlights

Despite the ongoing headwinds created by the COVID Pandemic, COSOL continued to demonstrate its ability to support existing customers and to acquire new customers, with only minimal impact towards the end of the calendar year when some key staff were not available due to COVID.

Highlights for the half included:

Acquisition of Clarita Solutions (CS): COSOL Limited acquired 100% of Clarita Solutions, a Brisbane-based specialist in the Enterprise Asset Management sector with a complementary set of services, solutions and customers with particular specialty with IBM’s Enterprise Asset Management software platform, Maximo. The acquisition of CS extends COSOL’s capability and offering in the market across the three major EAM software platforms (Hitachi Ellipse, SAP and IBM Maximo) and will provide a new channel to market for existing COSOL proprietary services and solutions.

Investment in Hitachi Professional Services: COSOL expanded its strategic partnership agreement with Hitachi ABB Power Grids to become the preferred provider for all Ellipse Professional Services capability required by Hitachi ABB Power Grids’ clients in the Australia-New Zealand region. This presents an outstanding opportunity to consolidate COSOL’s position as the dominant provider of Ellipse-managed and professional services globally. This partnership required investment in people ahead of locked-in revenue opportunities and, pleasingly, utilisation rates are trending towards COSOL’s typically strong utilisation rates.

Major new customer wins: COSOL entered into a number of new agreements with strategically important new clients who will provide a strong reference point for future growth opportunities. These included:

De Beers Group

Awarded the first phase of a multi-year, multi-million-dollar data migration assignment for De Beers Group’s global SAP to S/4 HANA digital transformation project. The contract was awarded off the back of COSOL’s proven proprietary data migration software platform RPConnect®.

Glencore Coal

COSOL Asia Pacific is working with Glencore on a three year contract to provide Managed Services for the Glencore Coal Assets Australia (GCAA) Sales and Logistics System which is powered by Dassault Systèmes DELMIA Quintiq Solution, a NextGen productivity software suite.

Prony Resources

As a result of the Hitachi agreement, COSOL has enhanced its global leadership in Hitachi Energy Ellipse professional services securing an Ellipse EAM transformation project for Prony Resources.

Contract renewals: COSOL has successfully renewed the application and system support services for a further 12 months with **Urban Utilities, Energy Queensland** and **Glencore Copper** to drive further efficiencies from their investments in the Ellipse enterprise asset management platform.

Intellectual Property: COSOL continued to grow its unique digital solutions and IP through the acquisition of Clarita and COSOL North America, adding additional, multi-year recurring revenue. COSOL has also secured a number of new licence sales of our proprietary RPConnect® software to customers such as DeBeers and Anglo American Platinum.

ABOUT COSOL

COSOL Limited (COSOL), through its subsidiaries – COSOL Asia Pacific, COSOL North America and Clarita Solutions, is a global provider of proprietary digital software and solutions to asset intensive industries. We drive quantifiable business improvements through enhanced data management and data analytics.

Our specialists have a valuable combination of industry experience, technology systems expertise and the ability to solve the most complex digital transformation issues efficiently and pragmatically for our clients.

COSOL provides services and solutions across global leading Enterprise Asset Management platforms including, Hitachi-Ellipse, SAP, IBM Maximo, IFS and Microsoft and has strategic partnerships with industry-recognised major system integrators.

COSOL Limited was listed on the Australian Stock Exchange (ASX) in January 2020 and through its operating entities COSOL Asia Pacific, COSOL North America and Clarita Solutions has been an established leader in this sector for over 20 years. Its global headquarters and COSOL Asia Pacific and Clarita Solutions' headquarters are in Brisbane, Australia and COSOL North America is based in Denver, USA.

This announcement was authorised for release by the Board of COSOL Limited.

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