

COSOL reports continued strong growth in first half FY24 and flags further gain in second half

Highlights

- **Continued strong revenue and profit growth.**
- **Operating margins remain steady and robust.**
- **Significant contract wins and extensions.**
- **Acquisition of AssetOn Group to accelerate Asset Management as a Service strategy.**
- **On track for further gains in revenue, earnings in H2.**

Brisbane, 21 February 2024 – COSOL Limited (COSOL, ASX: COS) (“COSOL”) is pleased to announce strong increases in revenue and profit for the six months to 31 December 2023 driven by continued growth in all operating divisions and strong tailwinds in major markets.

Revenue for H1 FY2024 was \$49.1 million (up 41.5% on the previous corresponding period) generating EBITDA of \$6.5 million (up 32.5%) and NPAT of \$3.6 million (up 15.1%).

The strong first half was driven by growth across all operating divisions, new contract wins with state government departments in Queensland and Victoria, as well as contract renewals and extensions with blue chip corporate customers.

COSOL has started the second half strongly, with continued growth expected in revenue and earnings for the full financial year.

Pleasingly, the steady growth in H1 was achieved with protection of operating margins. The reported EBITDA margin was 13.3% inclusive of significant investment in business development, the integration of AssetOn Group and allowing for acquisitions costs. On a purely operating basis, the EBITDA margin was 14.1%ⁱ.

Earnings per share were 2.18 cents (2.15 cents previously) and the interim dividend remains unchanged at 1 cent per share.

The result included first contributions from the AssetOn Groupⁱⁱ acquired in September 2023 and now a key part of the Company’s Asset Management as a Service strategy.

COSOL expects strong demand and robust market conditions to continue through to the end of FY24 and into FY25. Since listing in 2020, COSOL’s revenue and earnings split has skewed to the second half – and this trend is expected for FY2024.

New contracts won in H1 included further data migration work for the Australian Defence Department, Maximo implementation for the Victorian Department of Transport, and enterprise asset management for the Queensland Government’s QBuild public works corporation.

Chief Executive Officer Scott McGowan said further contract wins and renewals were expected in H2.

“We see a positive growth path for COSOL through H2 and into FY25 as we leverage our full suite of asset management software and solutions,” he said.

“Our focus is to continue to grow the revenue share of COSOL’s higher margin recurring revenue, including managed services, product led revenues and SaaS based proprietary software and solutions.”

“Our growth trajectory is also being propelled by the pressing need of major customers to find efficiencies in their capital-intensive networks, as well as the growing market share of global platforms deployed by COSOL.

“Our markets are experiencing unprecedented growth as owners of asset networks explore every opportunity to secure efficiencies that will deliver cost savings as a counter to rising inflation and burgeoning supply chain infrastructure costs.”

Macro-economic tailwinds propelling growth in COSOL’s markets include:

- Rising costs of supply chain infrastructure, especially in natural resources and energy sectors.
- Inflationary pressures across labour, services, and supply markets.
- Growing demands to eliminate waste and grow sustainability in energy-intensive networks.
- Significant leaps in artificial intelligence and machine learning that transform the quality and availability of data analysis to shape better asset management.
- The emergence of COSOL’s core platforms as global leaders in asset management optimisation.

“COSOL’s proprietary digital solutions are perfectly placed to achieve greater market penetration and underpin the Company’s growth,” said Mr McGowan.

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

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About COSOL

COSOL is a global Asset Management technology-enabled solution provider that optimises operations in asset intensive industries such as natural resources, energy and water utilities, public infrastructure and defence.

COSOL continuously invests in its ecosystem of software and services to help large-scale asset owners get more from their networks and to capture quantifiable business improvements measured in sustainability, efficiencies and profitability. Our mission is to help our customer achieve zero waste in their operations and supply chains using COSOL’s creative leadership and passion for asset management innovation.

Since listing in January 2020, COSOL has delivered profitable growth, strong operating cashflows and successful strategic acquisitions.

ⁱ Adjusting for one off acquisition costs of \$0.4m incurred in H1 FY24.

ⁱⁱ Refers to the acquisition of AssetOn Group and OnPlan Technologies in September 2023.