

COSOL delivers record revenue and earnings, sets platform for sustainable growth in FY25

Highlights

- Revenue up 35.7% at \$101.9 million
- Underlying EBITDAⁱ up 33.0% to \$15.7 million, at a 15.4% margin
- Underlying NPATAⁱⁱ up 27.8% to \$9.6m
- Statutory NPAT up 6.7% to \$8.5 million
- Basic EPS 4.98 cents per share
- Underlying EPSⁱⁱⁱ up 2.9% to 5.24 cents per share
- Final dividend of 1.39 cents, for a full year distribution of 2.39 cents fully franked, reflecting a continued payout of 50% of NPAT

Brisbane, 21 August 2024 – COSOL Limited (ASX: COS) (COSOL, the Company) is pleased to announce robust operating performance and record revenue and earnings in the financial year ended 30 June 2024. The Company experienced notable growth in H2 revenue and earnings to deliver full year revenue up 35.7% to \$101.9 million and underlying EBITDA (adjusted for \$0.6 million in acquisition expenses) up 33.0% to \$15.7 million on FY23 results. COSOL's underlying EBITDA margin remained strong at 15.4%.

Financial Performance

A strong H2 FY24 performance saw a significant increase in in H2 revenue and earnings, with revenue up 30.8% (on H2 FY23) to \$52.9 million and underlying EBITDA up 20.6% to \$8.7 million on H1 results. This strong momentum has carried into FY25.

Operating cash flow was strong at \$11.5 million for FY24, with cash conversion improving to 76.2% of underlying EBITDA, an increase of 3.7 points on FY23.

Net Profit Before Tax (NPBT) rose by 18.3% to \$12.0 million, which includes \$0.9 million in amortisation of system development costs, and statutory NPAT was up by 6.7% to \$8.5 million. Basic earnings per share are reported at 4.98 cents, down from 5.43 cents in FY23, and impacted by prior tax adjustments in FY23 (+\$0.6 million), tax adjusted amortisation of system development in FY24 (-\$0.6m), and additional debt expenses to funds the acquisitions AssetOn Group and Core Asset Co.

On the back of this performance, the Board has declared a final dividend for FY24 of 1.39 cents, lifting the fully franked dividend declared for FY24 to 2.39 cents per share.

COSOL's end-to-end offering of software and services in its proprietary integrated Asset Management as a Service (AMaaS) solution is experiencing strong demand from COSOL's blue-chip client base, with abundant opportunities across all segments. The Company is targeting continued margin improvement and revenue growth in FY25, being the first full year of operation of COSOL's AMaaS solution.

Strategic Acquisitions and Integration

The successful integration of strategic acquisitions, AssetOn and Core Asset Co, has been a key driver of COSOL's strong performance. These acquisitions have significantly enhanced COSOL's software, services,

and skills offering, positioning the Company to meet increasing client demand for digitisation, analytics, and business improvement solutions.

These businesses are now fully integrated into the COSOL platform and customer take-up of their services accelerated through H2.

Chief Executive Officer Scott McGowan said, “that the exceptional results achieved in FY24 are a testament to the successful integration of our recent acquisitions and our strategic vision. The integration of AssetOn and Core Asset Co during FY24 has completed our end-to-end asset management as a service offering and has driven significant client uptake, which has accelerated into FY25.”

“We’ve taken that momentum strongly into the new financial year, our opportunities pipeline is at a record level, and most of that potential revenue is not tied to economic or commodity cycles.”

Operational Highlights

Reflecting on operational highlights, Mr McGowan commented that while we continued to drive our operations vigorously during FY24, much time was also spent executing our strategy to assemble the full asset management services suite, including our proprietary software, to make the most of the burgeoning demand and abundant growth opportunities.

Other notable highlights include the following.

- Completed integration of AssetOn and Core Asset Co.
- Developed a comprehensive end-to-end asset management service offer supported by proprietary software and COSOL’s Enterprise Asset Management as a Service (EAMaaS) platform.
- Secured a three-year contract with Transport Victoria to deliver IBM Maximo through COSOL’s EAMaaS platform.
- Won three significant multi-year managed services contracts with QBuild, Clean Co, and Horizon Power.
- Achieved contract wins and extensions across global EAM platforms, including SAP, IBM Maximo, and Hitachi’s Ellipse.

Priorities for FY25

The demand for digitisation of assets is growing exponentially as asset owners seek to deploy technology to optimise operations and drive improved return on investment. COSOL operates across all global software platforms used to manage assets and provides deep analysis of data to identify efficiencies and, with its proprietary EAMaaS platform and consulting services, COSOL provides the high end advice that brings it deeper into client decision-making.

COSOL’s priorities for FY25 will build on this positioning.

- Expanded customer engagement for AMaaS capabilities.
 - Leverage existing asset management client base to increase sales of higher margin products and services, including through growing managed services revenue and expanding master data services aligned with OnPlan.
- Customer acquisition through market leading position.
 - Utilise RP Connect proprietary software to support cloud transitions, and position EAMaaS as market leading platform.

- Strategic acquisitions.
 - Building on existing capabilities to build scale, and acquiring next generational productivity tools.
- Growth in ARR and next generation productivity tools.
 - Drive growth by increasing market penetration of OnPlan proprietary software, enhancing productivity tools with AI features, and establishing additional go-to-market channels.

Mr McGowan added, “As we advance into FY25, we remain committed to leveraging our platform, services, and team to drive growth and deliver value to our clients. Our strategic focus will continue to be on expanding our market presence and capitalising on the significant opportunities within the asset management sector.”

“Additional acquisitions will involve specific IP and services that leverage the existing platform and bring us into new markets, incremental and weighted towards accelerating our penetration of target markets.”

“We have positioned COSOL as a pivotal participant in the asset management market, where we bring an unrivalled blend of platform, services and people that clients can rely upon to get the most out of their digital evolution,” he said.

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.

<https://cosol.global/>

ⁱ Underlying EBITDA margin excludes \$0.6m and \$0.2m of acquisition costs in FY24 and FY23, respectively.

ⁱⁱ Underlying NPATA is a non-statutory measure and excludes the tax adjusted impact of system development amortisation (\$0.6m) and acquisition costs (\$0.5m) for FY24. FY23 NPATA was adjusted for the one-off tax adjustment related to prior periods of \$0.4m.

ⁱⁱⁱ Underlying EPS is calculated as underlying NPAT divided by weighted average shares on issue (see page 25 of COSOL’s FY24 Results Presentation released 21 August 2024).