

2020 Annual General Meeting

**Operating Overview,
Highlights and Half
Year Performance
Update**

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All currency amounts in this presentation are in Australian dollars unless otherwise stated. "FY" refers to the full year to 30 June. Amounts in this document have been rounded and any differences between this document and COSOL's financial statements are due to rounding.

AUTHORISATION

This presentation is dated 17 November 2020, and was authorised for release by the Board of COSOL.

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Highlights – Cosol Limited

Cosol Limited has had a very strong launch since its inception in August of 2019, exceeding expectations and forecasts culminating in a share price currently significantly ahead of its IPO offer price

- ✓ **Successful IPO:** Successfully listed on the Australian Securities Exchange after raising \$12million. Capital raised funded major acquisition and provided ongoing working capital.
- ✓ **Establishment of an experienced Board:** Appointed Board of Directors all with a strong cross section of skills and has a proven track record in growing businesses and returning value to shareholders and stakeholders alike.
- ✓ **Acquisition of COSOL Australia:** Successfully acquired COSOL Australia Pty Ltd on 16 January 2020. COSOL Australia is a profitable Australian based solutions and digital transformation IT business with a focus on asset intensive industries including energy, utilities, mining, defence and public infrastructure, both in Australia and internationally.
- ✓ **COSOL Australia** uses its proprietary software and its service and project delivery capabilities in respect to Enterprise Asset Management software and systems to optimise the utilisation and cost efficiencies of its clients' assets.
- ✓ **Exceeded prospectus forecasts:** Exceeded the financial performance forecast in its IPO prospectus and are also above the profit guidance we announced to ASX on 26 June 2020

Key Financial Highlights – Statutory results

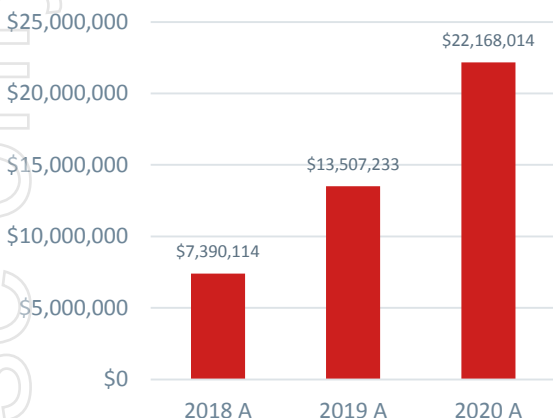
Cosol Limited has set a very strong financial foundation over the last six months to position itself well for challenges and opportunities in FY'21

- Revenue of \$11.6million for the 5.5 month period ending 30 June 2020
- Profit after tax of \$1.5 million for the 5.5 month period ending 30 June 2020
- Basic EPS of \$0.02 for 5.5 month period ending 30 June 2020
- Net post tax Cash flow from operations of \$2.9 million for the period ending 30 June 2020
- Reduction in debtor days - Pre acquisition from 99 days to 45 days at 30 June 2020 - leads to strong cash flows
- Cash balance of \$6.8 million and Net Debt of \$0.12 million at 30 June 2020
- Expensed all software development costs of \$1.6million for full year to 30 June 2020. Resulted in significant enhancements to priority software products.
- Banking facility of \$6.5million established post balance date – which is currently drawn to approx. \$3m.

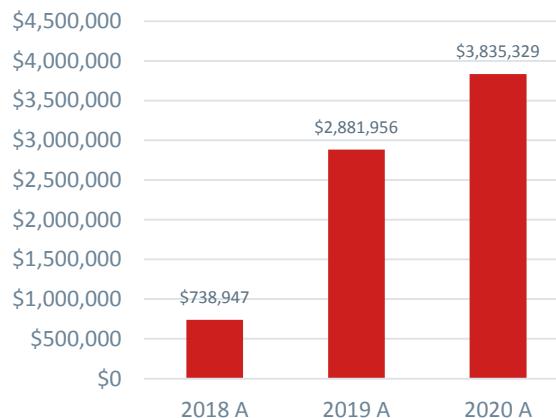
Financial Summary

Full Year Comparison FY2020 V FY2019

Group Revenue



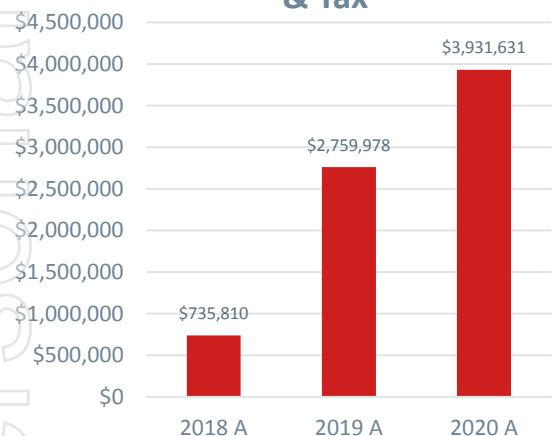
Group Net Profit Before Tax



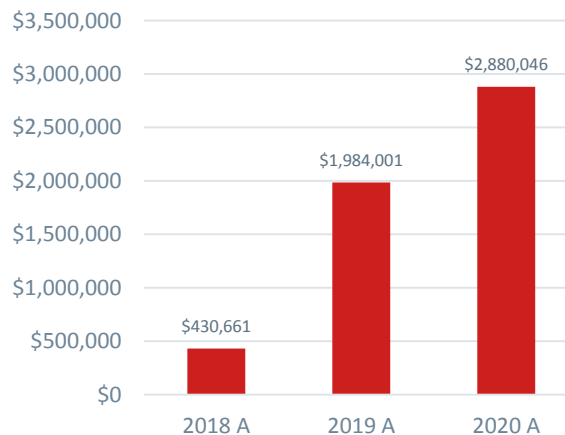
Key Highlights

- Group Revenue Up 64%
- Group EBIT up 42%
- Group NPBT Up 33%
- Group NPAT Up 45%

Group Earnings before Interest & Tax



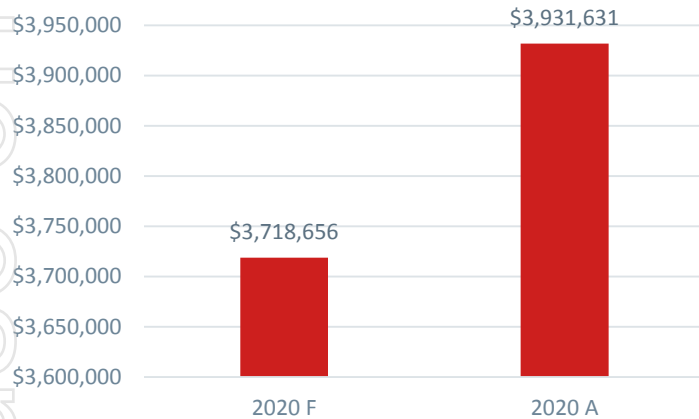
Group Net Profit After Tax



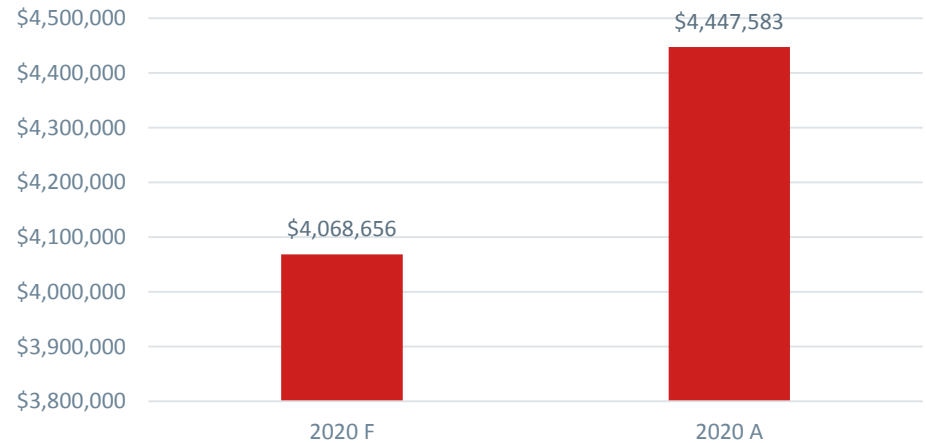
Financial Summary

Results exceed Prospectus Forecast and Recent Guidance

Group EBIT Actual V Prospectus Forecast



Cosol Aust EBIT Actual V Prospectus Forecast



- **Group EBIT Up 5.7% on Prospectus Forecast**

- **Cosol Australia (the Operating Business) Up 9.3% on Prospectus Forecast**

Cosol Australia Operating Highlights

Cosol Australia has had a very strong 12 months with top line revenue growth of 64% YOY

- ✓ **Major Client Wins** – New client contracts secured with
 - ✓ Australian Defence Force
 - ✓ CleanCo
 - ✓ Energy Queensland
 - ✓ Queensland Urban Utilities
 - ✓ Anglo American
- ✓ **Growth of digital platform RPConnect** – RPConnect has continued to position COSOL in sole sourced transformation engagements including CleanCo, Department of Defence and Anglo American.
- ✓ **Hitachi ABB Practice** - Cosol Australia has the largest ABB practice in the APAC region. This continues to position COSOL in sole sourced engagements due to our proprietary skillset including Department of Defence and Queensland Urban Utilities
- ✓ **Increased Support and IP Based Revenue** - COSOL has increased its support and IP based (product and product services) revenue contribution to over 55% of total revenue
- ✓ **Greater development in RPConnect platform** -The RPConnect platform has been enhanced to incorporate further functionality accelerating SAP ECC6 to SAP S/4 transformations. RPConnect's data management functionality was enhanced and deployed into Anglo American to provide a platform to drive data cleaning through data quality KPI's
- ✓ **Opening of the Melbourne office** – Expanded the reach of COSOL within Australia with the opening of an office in Melbourne to service key clients, win new accounts and penetrate markets in the Southern and Western regions of Australia

Coronavirus (COVID 19) Pandemic

While we remain watchful and and ready to adapt to new operating environments, to date we have not seen material impact from COVID 19

- The group's financial results were not materially affected
- We were not eligible for the Fed Gov's JobKeeper stimulus package.
- Maintained high staff utilisation levels during the pandemic by adopting remote working procedures and technologies
- This practice results in:
 - Safe working practices for staff, contractors and clients,
 - Improved productivity levels and
 - Cost savings, through reductions in travel expenses etc.
- These practices have been sustained throughout the end and we expect this to continue throughout FY2021.

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The Year Ahead

We are optimistic for the 2021 Financial year given the strong foundations established during the previous twelve months and the strategic agenda we have developed

- Strongly positioned to continue core operations and grow despite COVID Pandemic impact as our **Clients are providers of critical services** such as water, mining, energy production, defence and public infrastructure.
- **Acquisition of US based ,AddOns Inc ,** effective from September 1st will provide strategic advantages across North America providing greater regional expansion, access to new proprietary products and services and an ability to deliver 24 hour capabilities to new and existing clients and will be immediately earnings accretive
- Continued growth organically through greater penetration of the market with **industry-leading proprietary software** RPConnect and BPConnect that allow us to generate industry leading premiums
- Expanded representation in **new regions** such as Victoria, Canberra and Western Australia.
- Continued **investment in our proprietary digital IP**, our data cleansing and preparation functionality, and business process automation capabilities.
- Leverage off our unique EAM capability in conjunction with our **Partners - Hitachi-ABB, IFS and SAP**
- COSOL Limited will continue to search for the right strategic opportunities to **acquire complementary and synergistic companies**

Half Year performance update

Cosol Group expects strong first half year growth results that sets the foundation for another strong year on year performance

➤ **Cosol Australia**

- H1 Revenue forecast range of \$12.4m- \$12.6m represents growth of 20% on pcg
- H1 EBIT margins forecast at approx. 20% - represents growth of 25% on pcg

➤ **Cosol Limited (Group)**

- H1 Forecast Revenue range of \$15.25m - \$15.5m
- Operating EBIT margins of approximately 16%
- Includes results for Addons for part period (4 months)

➤ **Full year Commentary**

- Organic growth rate for Cosol Australia expected to continue to trend at current levels
- Second half will see full impact of AddOns Inc
- Strong pipeline
- Expected new opportunities from cross selling opportunities post AddOns Inc acquisition
- Plan to commence payment of fully franked dividends in 2021, with expected payout ratio of 50% of NPAT