

COSOL delivers strong profit growth in FY22, flags further gains in FY23

Highlights

- Revenue up 43.6% to \$48.2 million
- EBIT up 45.8% to \$8.1 million, margin firm at 16.7% vs prior year of 16.4%
- NPAT up 38.4% to \$5.5 million
- Basic EPS up 31.0% to 4.01 cents
- Final dividend of 1 cent, full year distribution of 1.92 cents fully franked up 28.0% vs prior year of 1.5 cents
- Platform set for further strong growth in FY23

Brisbane, August 24, 2022 – COSOL Limited (COSOL, ASX: COS) (“COSOL”) COSOL Limited is pleased to announce continued robust revenue and profit growth for the 2022 financial year, with momentum to deliver further strong gains in FY23.

Revenue for the year to 30 June 2022 was \$48.2 million, up 43.6% on the previous corresponding period.

Earnings before interest and tax rose 45.8% to \$8.1 million and the EBIT operating margin strengthened to 16.7% from 16.4% previously. Net operating cashflows were also strong at \$7.68 million versus \$1.86 million previously.

Net profit after tax was \$5.5 million (up 38.4%) and basic earnings per share rose 31% to 4.01 cents. This included the impact of COSOL provisioning for moving to a higher tax rate of 30%.

The directors have declared a final dividend of 1.0 cents bringing the full year distribution to 1.92 cents per share, fully franked. The dividend is in line with COSOL’s stated policy of distributing up to 50% of NPAT to shareholders.

Underpinning the performance was growing demand across all markets for COSOL’s end-to-end asset management services, but most notably from the mining, energy, utility and government sectors.

COSOL Managing Director, Ben Buckley, said the continued strong revenue and profit growth was pleasing given challenges presented by the COVID pandemic and global economic uncertainty.

He said the FY22 operating performance created an outstanding platform for the current financial year, with early momentum indicating another year of strong growth at the revenue and profit lines.

“Key to COSOL’s performance in FY22 was a disciplined approach and commitment to protecting operating margins as the business has grown,” said Mr Buckley.

“This is across all our segments and markets, and includes Clarita Solutions, which we acquired and incorporated into COSOL during the year.”

“We are committed to continuing our current growth trajectory and maintaining strong operating margins in doing so.”

“Our strategic acquisitions have been well priced, accretive to earnings and will deliver revenue synergies with COSOL’s existing operations.”

Mr Buckley said the acquisition of Clarita in November 2021 and Work Management Solutions, which was announced in June 2022 and completed in early August, allowed COSOL to offer customers a full, end-to-end asset management solution.

“With the integration of Clarita and WMS, we now offer a unique and compelling offering for any asset heavy organisation looking to optimise its operations,” he said.

“It allows COSOL’s client relationship to go deeper and broader, and ultimately those relationships become longer and more meaningful on both sides.”

The major operational highlights during FY22 were:

- Extension of major contracts with OK Tedi Mining, Urban Utilities, Energy Queensland and Glencore Copper
- Growth in IP sales with new licence sales of proprietary RPConnect® software to De Beers Group and Anglo American Platinum
- Growing strategic partnerships through the expansion of the Australian Department of Defence project with IBM as well as a new market offering of Enterprise Asset Management as a Service (EAMaaS), the partnership with Dassault Quintiq and the expansion of the relationship with Hitachi Energy with an agreement to provide professional services to its clients
- Integration of Clarita, the Brisbane-based specialist in the Enterprise Asset Management sector with its complementary set of services, solutions and customers with a particular specialty with IBM’s Enterprise Asset Management software platform Maximo
- Acquisition of Perth-based WMS, which provides business advisory and technical consulting services to the resources and utilities sectors. Integration of WMS’s advisory services and associated proprietary technology platforms represents a significant expansion of COSOL’s existing offering, creating a unique and enviable capability across the Enterprise Asset Management (EAM) spectrum. The results for FY22 exclude WMS which will be consolidated from 1 August 2022.

Mr Buckley said the FY22 performance was also testament to growing awareness of the quality of COSOL’s services and proprietary software.

“Central to our value proposition for customers is an ability to work across all major Enterprise Asset Management systems such as SAP, IBM Maximo and Hitachi-Ellipse while also deploying COSOL’s game-changing proprietary software and digital systems,” he said.

Mr Buckley said COSOL took solid momentum into FY23, with expectations of further strong gains in revenue and profitability with a focus on the following initiatives:

- Establish COSOL as a global leader in Digital Asset Management
- Transform the business to deliver the OneCOSOL integrated operating model across all markets and geographies
- Execute COSOL’s proprietary IP plans to accelerate growth and build scale and enhanced margins
- Diversify capability and expand COSOL’s market offering through strategic acquisitions
- Drive synergistic and organic growth from existing operating businesses.

Mr Buckley said COSOL was also assessing other opportunities to partner with global groups on specific projects outside of COSOL’s existing markets



About COSOL

COSOL provides **advice, operational expertise and business optimisation** outcomes to deliver clients an end-to-end Asset Management solution.

COSOL's proprietary software and digital solutions serve critical asset intensive industries including natural resources, energy and water utilities, public infrastructure and defence. We drive quantifiable business improvements **by connecting people, process, systems and data**.

Since the IPO in January 2020, COSOL has established a track record of consistent revenue and profit growth, strong operating cashflows and a demonstrated ability to grow organically and acquisitively while maintaining strong investor returns.

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