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H1 FY23 Results Presentation

February 2023



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All currency amounts in this presentation are in Australian dollars unless otherwise stated. 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 22nd February and was authorised for release by the Board of COSOL.

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COSOL delivered further strong growth in revenue and earnings, platform for continued growth in H2 FY23

COSOL continues to deliver on our strategy to grow organically, acquire strategically and build a unique offering in the Enterprise Asset Management Sector.



H1 FY23 Group revenue, \$34.7 million, (+ 54% pcp), EBIT of \$4.8 million, (+ 34% pcp), NPAT, \$3.2 million, (+22% pcp) and EPS was 2.15c/ share (+11% pcp).



Operating margins remain robust at 13.8%, allowing for **transformation and integration costs, and once-off restructuring costs of~ \$400,000.**



First half of FY23 saw **significant contract wins and extensions** across customers in the energy, utilities, natural resources and defence sectors.



Acquisition of WMS added to our asset management platform and was embraced by existing COSOL clients with an appetite for additional services that optimise their operations.



We continue to **leverage innovative and proprietary technology solutions** to help our customers achieve net zero waste by eliminating inefficiencies in their operations and ultimately unlock asset potential.



Continued growth is forecast for the second half of the year, **with a strong pipeline of new opportunities and expansion within our existing customer base**

H1 FY23 Operating Highlights

Strong performances in strategically important segments of our business that sets up a strong foundation for further growth in H2.



Acquisition of WMS: The acquisition of Work Management Solutions (WMS) underpins our ability to build out our Asset Management as a Service (AMaaS) capability and provides access to blue chip client base and comes with unique I.P.



Department of Defence Contract win \$8.2m: Utilising our proprietary software, RP Connect, COSOL extended the agreement to support the Department's data migration program as part of its Enterprise Resource Planning Program.



Strong results in North America: A number of key agreements were signed that demonstrated the ability to cross sell services and IP from Australia into North America. Highlights were contracts with Arch Resources, SSR Mining and DeBeers Canada.



Expansion of our proprietary EAMaaS solution: Through the renewals of a number of significant customers including Pacific National and securing a number of new customers in both Australia and North America.



Revenue Synergy success: COSOL captured a number of revenue synergies through the up-selling and cross-selling of acquired capability into our existing client base and delivered its managed services across the Australian segment through a unified support centre.



...Investing in scale enablers to drive future growth

H1 FY23 Financial Highlights



Organic Business* maintained strong EBIT Margin of 15.7% on 14% year-on-year revenue growth

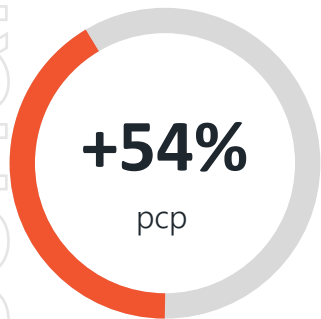
Revenue
\$34.7M

EBIT
\$4.8M

NPAT
\$3.2M

Dividend
1.0c

Group revenue
\$34.7m



Group EBIT
\$4.8m



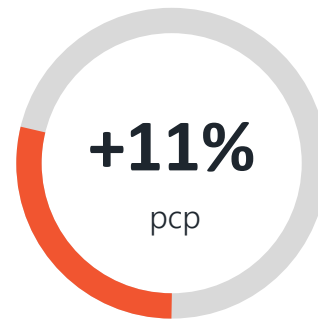
Group EBIT Margin



NPAT
\$3.2m



EPS
2.15 cents



- Strong Balance Sheet - cash balance of \$6.2M and net debt of \$12.6M
- Interim dividend 1 cent
- New Westpac finance facility now in place

*Organic Business is pre acquisition of WMS and includes one off transformation costs

H1 FY23 Financials

Earnings and Key Metrics

Revenue and EBIT growth driven by a combination of organic growth and acquisition of WMS. EBIT margin lower due to initial impact of WMS operating model and once-off transformation costs.

(\$'000)	H1 FY23	H1 FY22	YoY	YoY %
Revenue	34,671	22,565	12,106	53.6%
EBIT	4,796	3,574	1,222	34.2%
EBIT %	13.8%	15.8%	-2.0 points	
NPBT	4,452	3,466	986	28.4%
NPAT	3,158	2,599	559	21.5%
Net debt*	12,619	10,300	2,319	
Current Ratio*	1.16	1.10	0.06	5.5%
EPS cents	2.15	1.93	0.22	11.4%
Dividend (cents)	1.00	0.92	0.08	8.7%

*Net debt and current ratio at 30 June 2022 from pro forma balance sheet, reflecting refinance of Westpac, acquisition of WMS and payment of deferred consideration for Clarita + Addons.



Notes

- Organic business revenue grew 14% and maintained EBIT margin,
- Excluding transformation and once-off restructuring costs expenses of \$400k underlying EBIT margin of 17.2%
- Australia organic business revenue grew 11.4% with underlying EBIT growth of 16.4%. Including WMS underlying EBIT margin was 14%
- North America grew revenue and EBIT 25.9% and 54%, respectively. On a constant currency basis, the growth was 15.4% and 42.4% respectively.
- EPS impacted by increase in tax rate to 30%.

H1 FY23 Financials

Cash Flow and Balance Sheet

Cash flow impacted by working capital increase with a large payment not received until early January skewing the cash conversion performance.

Cashflow (\$'000)	H1 FY23	H1 FY22	YoY	YoY %
Receipts from customers	33,324	24,932	8,392	33.7%
Payment to suppliers	(30,536)	(20,777)	(9,759)	47.0%
Cash from from operations excl. Tax and other cash flows	2,788	4,155	(1,367)	(32.9%)
Cash conversion	56%	110%	-54 points	
Balance Sheet (\$'000)	31 Dec 22	30 Jun 22*	Mvmt	
Cash	6,219	6,678	(459)	
Other current assets	24,572	17,340	7,233	
Current Assets	30,791	24,018	6,774	
Goodwill	45,582	44,855	727	
Other non current assets	3,569	2,020	1,548	
Total Assets	79,942	70,893	9,049	
Trade payables, deferred revenue and other current liabilities	20,696	14,291	6,405	
Bank Loans	2,000	2,000	0	
Deferred consideration	3,870	-	3,870	
Current liabilities	26,567	16,291	10,276	
Bank Loans (NC)	12,967	12,904	63	
Deferred consideration (NC)	-	3,875	(3,875)	
Other liabilities	1,153	157	995	
Total Liabilities	40,686	33,417	7,270	
Net Assets	39,255	37,477	1,779	



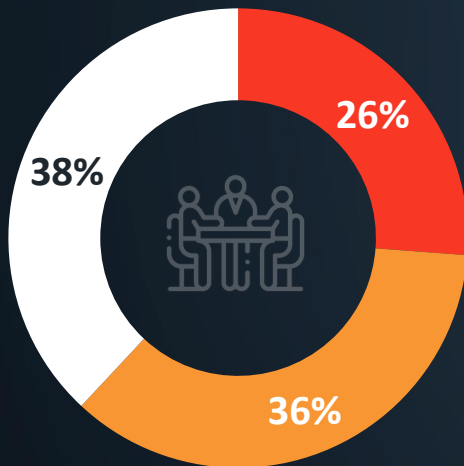
Notes

- Cash conversion was negatively impacted by the timing of a major contract payment of \$2.8m received in early January. Adjusting for this timing cash conversion is in line with prior year.
- Deferred consideration reflects maximum earn out consideration payable in September 2023 for Clarita and WMS acquisitions.

Revenue by Segment

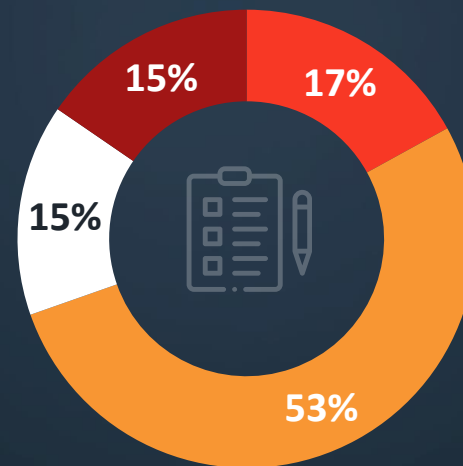
Revenue in H1 FY23 was evenly split across COSOL's three primary service offerings, with 47% of revenue generated from government and public infrastructure related sectors. Importantly, all revenue is derived from national critical infrastructure projects.

Revenue by Service



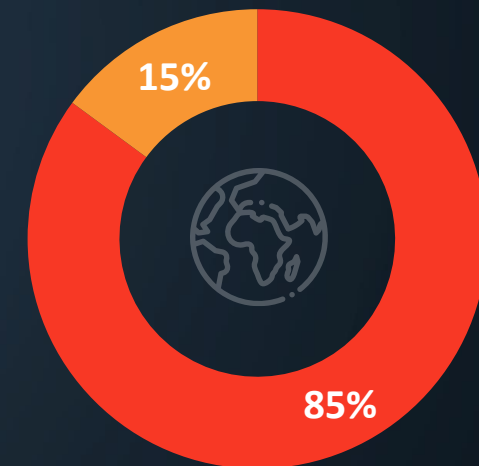
Product & Product Led Services Advisory Services Support & Managed Services

Revenue by Sector



Public Infrastructure Utilities Natural Resources

Revenue by Geography



COSOL APAC COSOL North America*

H2 Focus and Full Year Outlook

The outlook for H2 remains positive and we expect strong growth with positive momentum across all business segments

Focus on I.P and annuity revenue growth



Continue to focus on annuity revenue streams driven by our proprietary software and solution set. Particular focus on:

- **RPCConnect®** to unlock value in SAP to S/4 Hanna transformation projects
- **EAMaaS Platform (EAMaaS)** - providing an integrated end to end platform to drive sustainable asset management practices
- **Asset Management Learning Academy (AMLA)** creating the next generation Asset Management Professionals on digital platforms.
- **Asset Management as a Service (AMaaS)** – providing remote Asset Management capability for companies to optimise Asset Management at a scalable price.

Investing in OneCOSOL



COSOL will continue to integrate its corporate services providing a unified global operating model to support future growth by enabling organic scale and allowing rapid integration of future acquisitions to deliver synergies faster.

Maintain growth momentum in North America



Continue to drive revenue synergies across territories with a focus on growing North America by exploiting our unique position in the EAM market. With a focus on:

- Delivering EAMaaS
- Expanding our footprint of RPCConnect® with customers to power Data Migration projects.
- Launching international EAM Process capability and establishing ourselves as a thought leader to drive synergy opportunities.

Expand through Acquisition



Delivering on COSOL's strategic plan to grow both through acquisition and organic growth, our acquisition strategy will continue to be disciplined and focused on earnings accretive opportunities, regional expansion, new capability and adding to our proprietary software and proprietary suite.

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Business Overview

Company Overview

COSOL is a global Enterprise Asset Management (EAM) 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 customers achieve zero waste in their operations and supply chains using COSOL's creative leadership and passion for enterprise asset management innovation.

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




 People
307

 Clients
82

 Share Price*
\$0.76

 Market Cap*
\$112m

 Locations
Brisbane, Perth,
Denver

COSOL has positioned itself in the EAM Market for long-term, sustainable growth



Created a unique offering and strong operating platform globally in a Market that is experiencing significant growth trends.



A proven Board and management team with a track record of delivering profitable growth and increasing Enterprise Value.



Entrenched blue-chip customer relationships in nationally critical infrastructure sectors.



Deeply connected into customer operations, delivering major efficiencies, material savings and eliminating waste.



Proprietary software and systems provide technology led give ability to position positively against competition and maintain high margins.



Significant contract pipeline in Australia and North America and ambitious growth agenda organically and through acquisition to deliver continued growth in FY23 and beyond.

The history and evolution of COSOL

COSOL has been executing on its clearly defined strategy of growing organically and securing earnings accretive acquisitions that expand its service offering, proprietary I.P and geographical reach.

2000



COSOL Australia

was established as a business focused on asset intensive industries including energy, utilities, defence, mining & mineral processing with a focus on Enterprise Asset Management software platforms and specialising in data management to drive business improvements.

(...)

DEC 2019



COSOL Limited

Was created by a consortium lead by former ASG shareholders and investors with the express purpose of acquiring COSOL Australia and listing it on the Australian Stock Exchange.

JAN 2020



COSOL Limited listed on the Australian Securities Exchange at AUD\$0.20 after raising \$12million.

Successfully acquired COSOL Australia Pty Ltd.

OCT 2020



Acquired AddOns Inc (AddOns).

AddOns was a Denver, Colorado USA based managed services IT and professional services organisation with a portfolio of propriety digital IP with over 90% of Hitachi Ellipse customers in the USA.

NOV 2021



Acquired Clarita Solutions Pty Ltd (Clarita),

a dynamic, digital solutions company with specialist skills in IBM's Maximo (a leader in the Gartner Magic Quadrant for EAM software platforms) committed to transforming Enterprise Asset Management (EAM) operations.

JUL 2022



Acquired Work Management Solutions (WMS),

Work Management Solutions is an Australian based Asset Management consultancy firm helping asset intensive businesses across the globe achieve economical and sustainable improvements.

Our Team and investors share a proven track record in the sector

COSOL Board and Management are aligned to shareholders interests, collectively holding 56 % of the shares on issue. In addition, ex-vendors still working in the business hold an additional 11.5% of the shares on issue.

- COSOL 's Board of Directors has a broad range of skills and a proven track record in growing IT and digital businesses and returning exceptional value to investors.
- COSOL's Management Team and ex vendors have extensive industry experience with "Blue Chip" Australian and Global companies, coupled with a broad set of commercial and management skills.
- COSOL's Institutional Investors are leaders in the small and microcap funds management sector and have an extensive track record of supporting I.T, Software and Technology enabled services businesses.

56 % of Register

Geoffrey Lewis – Non-Executive Chairman

Founder of ASG Group Ltd (ASG) an IT services company which listed on the ASX in 2003. ASG was acquired by the Nomura Research Institute for approx. \$350m in December 2016.

Stephen Johnston – Non-Executive Director

Non-Executive Director of ASG from 2003–2010, and 2013–2016. Founder of DSL Packaging Pty Ltd (DSL). DSL was acquired by Schutz GmbH in December 2011 for \$120m.

Gerald Strautins – Non-Executive Director

Head of Strategy and M&A for ASG from 2010 to 2017. Completed over \$500m in M&A transactions during time at ASG.

Grant Pestell – Non-Executive Director

Founding Director of Law firm, Murcia Pestell Hillard in Perth, W.A. Non-Executive Director of ASG from 2014 to 2016.

Ben Buckley – Managing Director

Has held senior roles including CEO, COO, Head of Strategic Projects and Marketing Director for major companies such as Foxtel, Nike, FFA, and the AFL.

Scott McGowan – Chief Executive Officer

Has held senior Executive roles in the I.T industry and related industries including global leaders, Wipro Technologies and IBM and was one of the original owners of COSOL Australia.

Anthony Stokes – Chief Financial Officer

An experienced senior finance executive with over 10 years with Virgin Australia Group. Previous role was as GM, Financial Planning and Analysis and prior to that Anthony worked at KPMG across transaction services, capital markets and restructuring and transformation projects.

16 % of Register



Our Market Industry Outlook

COSOL operates in a market sector that is critical to national infrastructure and the provision of essential services to communities.

Global Trends Driving Growth



- Volatility in managing global energy demand.
- Impact of renewable energy assets driving strong transformation from consumers, governments and investors.
- Delivering on sustainability targets for asset intensive organisations.
- Governments continuing their investment in critical infrastructure such as data, transport, water and defence.
- Increasing requirements of ESG compliance for the natural resource industries.
- Disruption of the global energy markets are impacting our key industries significantly with surging prices, and lack of energy supply security.

Market Size



\$3.3 billion industry in 2021, projected to grow 8.5% annually through 2028*

Growth Drivers



- The strong focus on the best utilisation of assets
- Growing need to reduce maintenance and procurement expenses
- Digitalisation in industries resulting in increased market competitiveness
- Consumption based Everything as-a-Service solutions

What is Enterprise Asset Management (EAM)

What is EAM - Enterprise Asset Management focuses on managing tangible or physical assets. Through EAM People, EAM Process, EAM Systems and EAM Data we deliver value by:

- Optimising the performance and lifecycle of the asset
- Minimising maintenance and repair costs,
- Reducing asset downtime and increasing productivity
- Eliminating waste in operations contributing to a sustainable future

..... which maximises the return on investment on a capital asset



EAM – People (The Brain) Are the front-line professionals that understand and run the business processes to effectively manage assets. The roles that our team provides include Asset Managers, Reliability Engineers, Planners & Schedulers, logistics, cataloguers and resourcing. This provides COSOL with a unique edge to its competitors including a large workforce embedded within our customer base.



EAM – Process (The Spine) Ensuring best practice business process aligned to industry standards allows COSOL to continually innovate and drive practical & tangible efficiencies across core processes including Capital & Project Management, Asset & Works Management, Supply Chain Optimisation and Lifecycle Costing.



EAM Systems (The Heart): Are the critical software solutions that are required to manage a companies physical assets much like banking software is to financial institutions the ecosystem of EAM Systems provides the fabric that enables governance and systemised automation.



EAM – Data (The Nerves) Connecting people, process and systems, Data is the mission critical asset that connects the physical asset to its digital representation and EAM data provides the fact base in which businesses can deliver data driven business improvement, the next generation productivity enabler.

... ultimately unlocking asset potential

Our Services and Solutions

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

Enterprise Asset Mgmt. Segment	Advise	Operate	Optimise	COSOL Proprietary IP	Capabilities
EAM Data	Data Quality	Data Management	Data Driven Decisions Support	COSOL RPCConnect®	Advisory, Data Quality Assessments, Data Migrations, Legacy Data Management, Process Improvement, Advanced Analytics, Automation, Artificial Intelligence
EAM System	System Specialists	Managed Services	EAMaaS	COSOL Copernicus COSOL Evergreen EAMaaS	Advisory, Strategy Technology Review and Planning, Technology Blueprinting, Implementations, Upgrades, ITC Benchmarking, Managed Support Services including EAM and non-EAM Application Management Services, Desktop, Datacentre, Telecommunication and Cloud Management Services
EAM Process	Data Process Specialists	Continuous Improvement	Automate	COSOL Workstream Manager	Advisory, Business Improvement & Optimisation, Data Driven Business Improvement
EAM People	Consulting	Outsource	Change & Learning	AMLA	Advisory, Asset Management Learning Academy, Learning Portal, Change Management, Training, Learning and Development Services, Outsourcing Management, Workstream Manager

Systems Partners

IBM Maximo.



SAP® Partner
Open Ecosystem



DELMI A



EZMaxMobile

INTERPRO SOLUTIONS

HITACHI



Personalise only
Creating Value

Our Proprietary Software and Solutions

Proprietary digital solutions drive growth opportunities



The expansion of COSOL's proprietary software and digital solutions portfolio continues to drive growth opportunities. Valued by clients as IP which can maximise their enterprise software investments and streamline the delivery of complex digital and data projects, COSOL's proprietary digital solutions portfolio includes:

RPCoconnect®

Proven proprietary data management platform

Copernicus

Preconfigured EAM/ERP system for natural resource organisations

Evergreen

Proprietary subscription for Hitachi Ellipse management

EAMaaS

Proprietary cloud-based EAM solution for IBM Maximo®

Workstream Manager

Web-based application enabling insight driven asset management optimisation

AMLA
(Asset Management Learning Academy)

Learning and development practice and online learning academy

Client Case Studies

COSOL has consistently delivered blue chip Clients highly valued outcomes on critical projects as they navigate complex digital transformation projects.



#1

ARCH

#2



#3

SAP data migration utilising RPCConnect®

COSOL is engaged as the sole data migration provider in implementing the second phase of the Department of Defence SAP S/4 HANA implementation

COSOL is responsible for the full end-to-end data migration from the Department of Defence legacy systems to the new SAP S/4 Solution utilising its proven proprietary platform, RPCConnect® to extract, transform, load and reconcile data from multiple data source platforms, including Ellipse and SAP.

COSOL has to date achieved all major data migration milestones for the project, including the completion of Trial Conversion data loads for the next phase of Tranche 1B.

Evergreen Ellipse

Arch Resources deployed COSOL's proprietary Evergreen subscription to upgrade their dated Hitachi Ellipse EAM and ERP

This ensures their systems would remain up to date with minimal disruption to business operations into the future.

COSOL Evergreen removes common Ellipse migration roadblocks, such as large one-off upgrade costs, budget overages, and distraction and disruption from core business activities.

IBM Maximo cloud-based EAM as a Service

Fulton Hogan Egis O&M (FHEOM) engaged Clarita Solutions to configure and integrate enterprise asset management software IBM Maximo EAMaaS

Clarita undertook the transition of data to support the delivery of maintenance schedules for the M5 East motorway.

Clarita designed and built an integration between IBM Maximo and the Operations Manager and Control System (OMCS) to improve the visibility of asset performance data, drive maintenance schedules and enable the efficient raising of work orders for detected and predicted faults.

Our Major Clients

Our major clients represent some of their industries' most prominent blue-chip organisations and provide a strong reference point to attract new clients and are critical to their nation's infrastructure.



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