

COSOL Delivers H1 FY21 Earnings

- **COSOL**
 - Revenue of \$15.6m – up 45% on pcp
 - Statutory EBIT of \$2.56m - up 32% on pcp
 - EBIT margin of 16% - consistent with guidance
 - NPAT of \$1.85m – up 35% on pcp
 - Basic EPS 1.43 cents per share
- **Strong COSOL balance sheet**
 - Cash position of \$9.36m at 31 December 2020
 - Net debt* of \$964k at 31 December 2020
- **Fully franked interim dividend of 0.5c per share**

Brisbane, 24th February 2021 – COSOL Limited (COSOL, ASX:COS) is pleased to release financial results for the half year ended December 31, 2020. COSOL's first half FY21 earnings exceeded its guidance at the AGM in November.

Financial highlights

COSOL delivered revenue of \$15.6m up 45% on prior corresponding period proforma revenue. The COSOL Group's EBIT of \$2.56m and the statutory NPAT of \$1.85m is up 32% and 35% respectively compared to the proforma prior corresponding period. These results have been achieved without the assistance of JobKeeper.

COSOL Australia has delivered organic revenue growth of 22% on pcp and organic EBIT growth of 28% which exceeded guidance of 20% and 25%.

The basic EPS is 1.43 cents per share for the half year. The directors have declared a fully franked interim dividend of 0.5 cent per share with a record date of 31 March 2021.

* Comprises: Cash \$9.36m, less Client Advances \$3.65m, less Term Loans \$2.75m, less Deferred consideration (cash component) \$3.92m = Net Debt \$960k

Half Year Operating Highlights

During the 6 months to 31 December 2020, COSOL Limited had a strong operating performance with several key highlights that allowed it to continue in its endeavour to be a global leader in delivering innovative proprietary digital solutions to asset intensive industries.

Those highlights included the following.

- The successful acquisition and integration of AddOns Inc. AddOns Inc is a Denver, Colorado, USA, based I.T. services company which specialises in providing digital solutions and managed services to clients in the asset intensive industry sector.
- COSOL expanded and evolved its proprietary digital IP portfolio which enabled it to provide solutions as part of its offering that led to major client wins.
 - RPConnect® has been certified for use on the federal “protected cloud” and demonstrated a secure and resilient platform as a data control centre. In addition, RP Connect was instrumental in delivering an award winning ECC to S4 migration role further demonstrating capacity to enter a new market segment.
 - Through the acquisition of AddOns we are deploying new digital solutions such as Evergreen and Copernicus into the Asia Pacific region.
- Through our expanded proprietary digital solution portfolio, we continue to secure engagements with major client wins such as CleanCo, Department of Defence, OK Tedi Mining, and Urban Utilities.

COSOL Non-Executive Chairman, Geoff Lewis, commented *“Despite the headwinds created by the COVID 19 pandemic, COSOL has had a strong six months of operations which has enabled us to exceed guidance and pleasingly, after only 12 months of operations, will pay a fully franked interim dividend of 0.5cents per share”*.

“The COSOL Executive team are focused on finishing the full year strongly and have created a platform with the acquisition of AddOns Inc to expand and grow our offerings to existing clients and potential clients in multiple geographies”.

Full Year Outlook

COSOL remains optimistic that the business will continue to perform strongly in the second half of FY’2021 with a strong pipeline in place to win new and expanded client work, the continued investment in and deployment of its proprietary digital IP, with a particular focus on achieving sales synergies from the acquisition of AddOns Inc and the potential acquisition of complementary and synergistic businesses.

The COSOL Board expects to continue to pay fully franked dividends with an expected payout ratio of 50% of NPAT.

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



About COSOL

COSOL is a global, digital services and transformation specialist company providing strategic advice and practical delivery to streamline enterprise asset management business processes and technology systems. Combined with our proprietary data migration and reporting solutions (BPConnect®, RPConnect®), our Company offers industry specific expertise in the definition, analysis, design, implementation, optimisation and support of production and commercial systems within a tailored and flexible delivery framework. COSOL's knowledge of systems and business processes coupled with the ability to interact from the shop floor to the boardroom enables streamlined sustainable business process transformations.

We have maintained a strong Ellipse practice since inception, providing both business improvement and tier II functional and technical support. Importantly, COSOL also maintains an SAP practice with a range of technical and functional SAP specialists. The Company maintains networks and relationships with industry recognised solution providers and we sell our own integration, data migration and reporting solutions (BPConnect®, RPConnect®). COSOL has realised business benefits for our clients through the planning and deployment of these solutions.

COSOL differentiates itself through high quality asset intensive industry consultants for both Ellipse and SAP and other platforms and the significant development of both the product RPConnect® and IP retention for enterprise resource planning data migration projects.

We have delivered data migration, cleansing and retention within multiple versions of Ellipse, in most cases under tight deadlines and in an environment with sensitivities relating to the M&A activity. We have an implicit understanding of both Ellipse and SAP data structures and environment. One of our differentiators is the ability to cross the SAP/Ellipse and industry knowledge bridge, reducing the risk and increasing the likelihood of success under tight timeframes.