



COSOL

# **FY'21 Annual Results Investor Presentation**

August 2021

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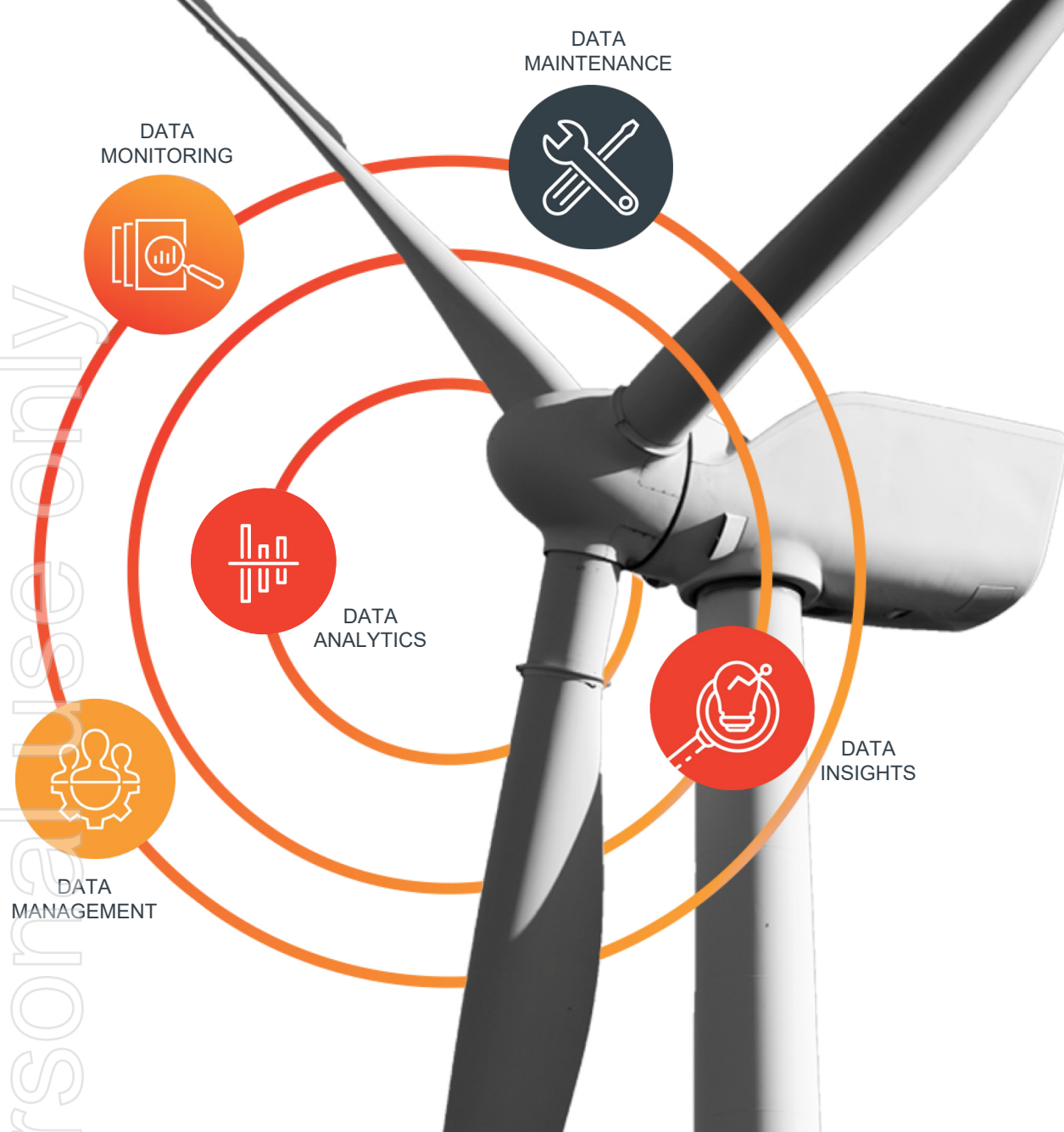
All currency amounts in this presentation are in Australian dollars unless otherwise stated. "FY" refers to the full year to 30 June 2021. Amounts in this document have been rounded and any differences between this document and COSOL's financial statements are due to rounding.

## AUTHORISATION

This presentation is dated 26 August 2021, and was authorised for release by the Board of COSOL.

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# Company Overview

COSOL is a global provider of proprietary digital solutions to asset intensive industries. We drive quantifiable business improvements through the enhanced use of data and data analytics.

<b>People</b>	160
<b>Clients</b>	68
<b>Share Price</b>	\$0.64
<b>Market Cap</b>	\$84.3m

<b>Locations:</b>	
HQ & Asia Pacific	Brisbane
North America	Denver

As at August 25, 2021

# COSOL Limited – FY'21 Financial Highlights

## Group Results

Revenue = \$33.58m

EBIT = \$5.52m

NPAT = \$3.99m

Full year final dividend = 1.0 cents  
Total Annual Dividend = 1.5 cents  
(Fully Franked)

- ✓ Group revenue of \$33.58m – up 51% year on year
- ✓ Group EBIT of \$5.52m – up 41% year on year
- ✓ Group EBIT margin - 16.45%
- ✓ NPAT of \$3.99m - up 39% year on year
- ✓ Strong Balance Sheet - cash balance of \$4.18m and net debt of \$2.3m
- ✓ Basic EPS = 3.06 cents per share
- ✓ Fully franked final dividend of 1.0 cents per share

**NB:** Financial highlights and metrics are presented on a proforma basis which includes the full year results of COSL Australia Pty Ltd which was acquired in January 2020

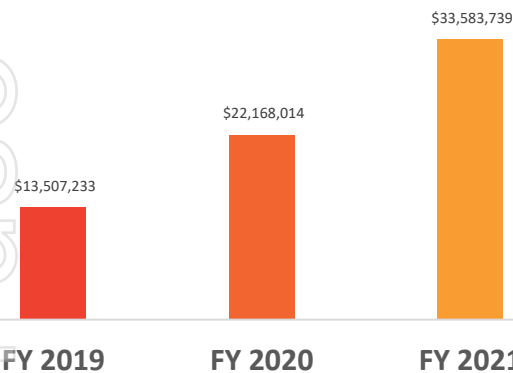
# Full Year FY'21- Operating Highlights

During FY'21, COSOL Limited was able to grow despite the challenges presented by COVID 19 and through organic growth, acquisition and the expansion of our capabilities and proprietary digital solutions deliver another strong year of operating highlights.

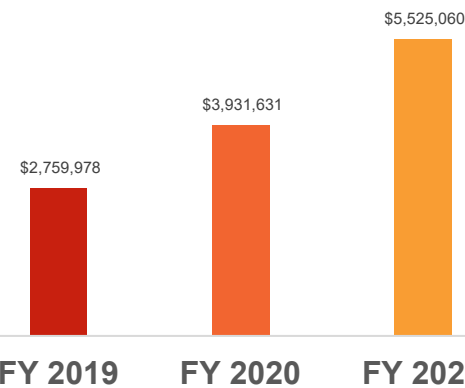
1	2	3	4	5	6
Organic Growth COSOL APAC	Acquisition of AddOns Inc in North America	Major Client Wins	Hitachi Partnership Expansion	SAP Capability growth	Digital Solutions Expansion
<ul style="list-style-type: none"> <li>Revenue growth of 21%</li> <li>EBIT growth of 25%</li> <li>Strong performance of underlying operating business units in Australia and North America</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition completed in September 2020</li> <li>Largest provider of Ellipse Managed Services in North America</li> <li>Strong IP acquired Evergreen, Copernicus and other productivity tools</li> <li>Blue Chip Client base</li> </ul>	<ul style="list-style-type: none"> <li>Department of Defence extension on SAP to S4 data migration</li> <li>Urban Utilities application and system support</li> <li>Transgrid ERP and EAM replacement</li> <li>Anglo Nickel data migration from SAP ECC6 to SAP S/4 Hana</li> <li>Ioneer - Copernicus</li> </ul>	<ul style="list-style-type: none"> <li>New partnership agreement to provide Professional services to Client base</li> <li>Department of Defence - Ellipse EAM system support</li> </ul>	<ul style="list-style-type: none"> <li>CleanCo data migration project</li> <li>Anglo Nickel</li> <li>Department of Defence</li> <li>OK Tedi</li> </ul>	<ul style="list-style-type: none"> <li>COSOL RP Connect LDV</li> <li>COSOL RP Connect DQA</li> <li>COSOL RP Connect ECC2S4</li> <li>COSOL Evergreen</li> <li>COSOL Copernicus</li> <li>COSOL Add Ons</li> </ul>

# FY'21 Group Financial Performance vs previous periods\*

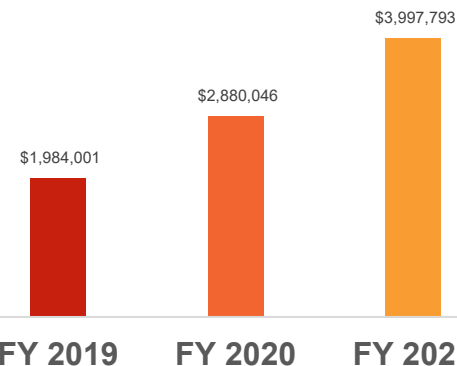
## Group Revenue Growth of 51%



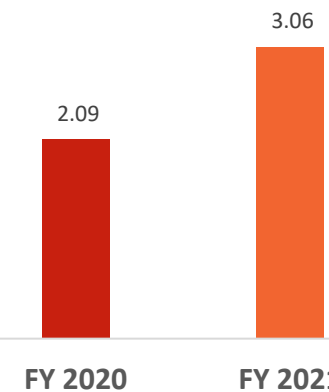
## Earnings Before Interest & Tax up 41%



## Net Profit After Tax up 39%



## Earnings Per Share (cps)



\* Financial highlights and metrics are presented on a proforma basis which includes the full year results of COSL Australia Pty Ltd which was acquired in January 2020

# Full Year FY'21 Financials – Profit and Loss

## COSOL Group Profit & Loss

% vs FY'20      \$'000's

<b>Total Revenue</b>	<b>51%</b>	<b>33,584</b>
Gross Profit		12,306
<b>Gross Profit Margin</b>		36.6%
<b>EBITDA</b>		<b>6,153</b>
<b>EBITDA Margin</b>		18.3%
Depreciation & Amortisation		(628)
<b>EBIT</b>	<b>41%</b>	<b>5,525</b>
<b>EBIT Margin</b>		16.45%
Finance Costs		(132)
<b>NPBT</b>	<b>59%</b>	<b>5,393</b>
Tax		(1,395)
<b>NPAT</b>	<b>39%</b>	<b>3,998</b>
<b>EPS (cents)</b>		<b>3.06</b>
<b>Dividends (cents)</b>		<b>1.00</b>

## Notes:

- COSOL North America consolidated from 1 September 2020
- COSOL North America Contributed \$A 6.8m revenue and EBIT of \$A 1.1m
- COSOL APAC revenue increased 21% on a full year normalised proforma basis
- COSOL APAC EBIT increase 25% on a full year proforma normalised basis, (excluding share-based payments of \$300K and DD costs of \$160K)
- EBIT Margin of 16.5% consistent with half year
- Depreciation on plant and equipment was \$186K in FY21 and Right of Use Assets \$436K.
- COSOL has not received any JobKeeper payments in either FY20 or FY21

# Full Year FY '21 Financials – Cash Flows

## Group cash flow:

<b>Cash Flow from Operations</b>	<b>(,000)</b>
Receipts from customers	32,612
Payment to suppliers	(29,246)
	<b>3,366</b>
Other operating cash flows	183
Income taxes paid	(1,685)
<b>Net cash flow from operating</b>	<b>1,864</b>
<b>Cash flow from Investing</b>	
Payment for purchase of business	(1,607)
Deferred consideration	(3,704)
Other investing	(179)
<b>Net cash flow from investing</b>	<b>(5,490)</b>
<b>Cash flow from Financing</b>	
Proceeds from Issue of shares	
Proceeds from net bank borrowings	2250
Repayment of lease liabilities	(522)
Dividends paid	(659)
<b>Net cash flow from financing</b>	<b>1,069</b>
Net increase / (decrease) in cash	(2,557)
Cash at beginning of year	6,774
Exchange rate movements on cash	(33)
<b>CASH AT END OF YEAR</b>	<b>4,184</b>

## Notes:

- Cash from operations impacted by
  - Accrued revenue of \$2M on milestone-based project work. This includes \$800K for the Department of Defence project in partnership with IBM – payment due in July 2021
  - Debtor days increased on the prior year primarily due to slower collections from some international clients serviced from Australia
- Income taxes paid of \$1.68M exceeded our income tax expense of \$1.4M. We expect lower net income tax payments in early FY22.
- Cash from investing included \$3.7M for deferred consideration for Australian business and \$1.6M for the acquisition of the U.S. business.
- Australian business vendors received earnout payment due to business exceeded earnout EBIT targets
- Payment of inaugural dividend of \$660K
- Cash from financing included a net borrowing of \$2.25M



# COSOL – Net Debt\*

## Net Debt (including deferred consideration)

<b>Cash &amp; Bank</b>	<b>\$4,184</b>
<b>Less Current</b>	
Bank Loan	\$1,000
Deferred Consideration	\$3,061
Lease liabilities	\$264
<b>Less Non Current</b>	
Bank Loan	\$1,250
Deferred Consideration	\$898
Lease Liabilities	\$18
Total Borrowings & Leases	\$6,491
<b>Net Debt</b>	<b>\$2,307</b>

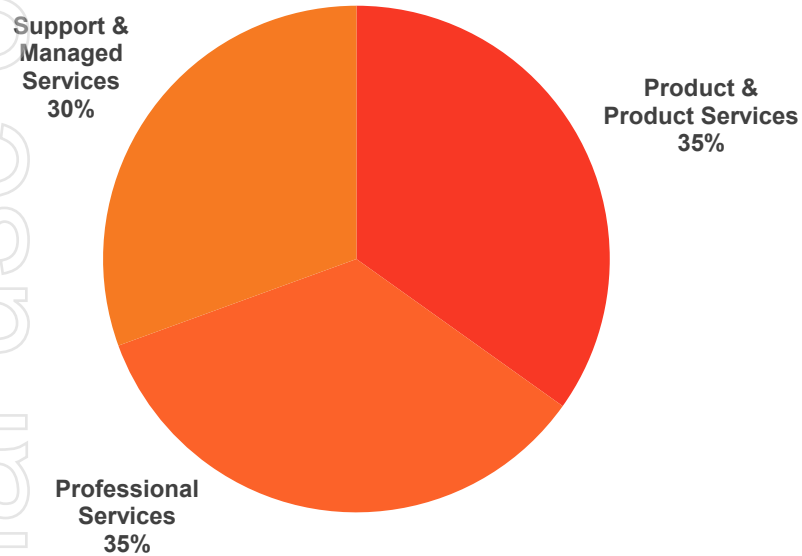
## Notes:

- Net working capital is \$3.1m at 30/6/21
- Net Debt of \$2.3m
- Bank borrowings of \$2.25m
- Total Deferred consideration includes
  - COSOL Australia vendors of \$2.8m
  - COSOL North America vendor of \$2.3m

\* Deferred Consideration for the COSOL North America Earnout is 50% of total earnout potential as half will be paid in COSOL shares

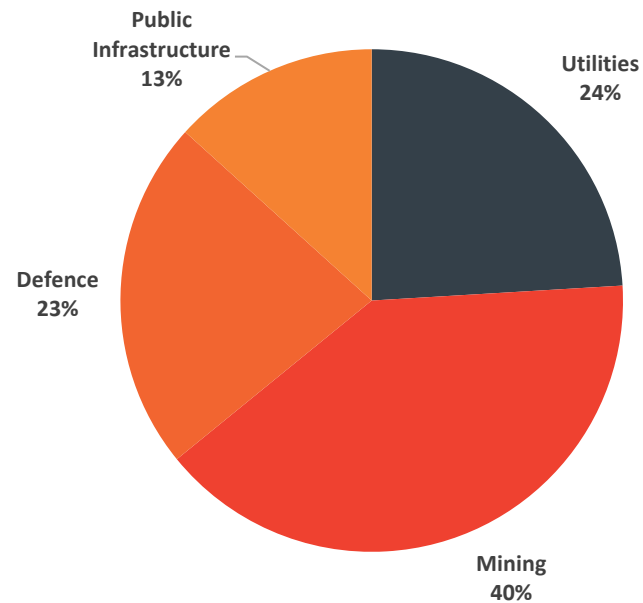
# Full Year FY'21 Financials Revenue Segments

## Revenue by Service

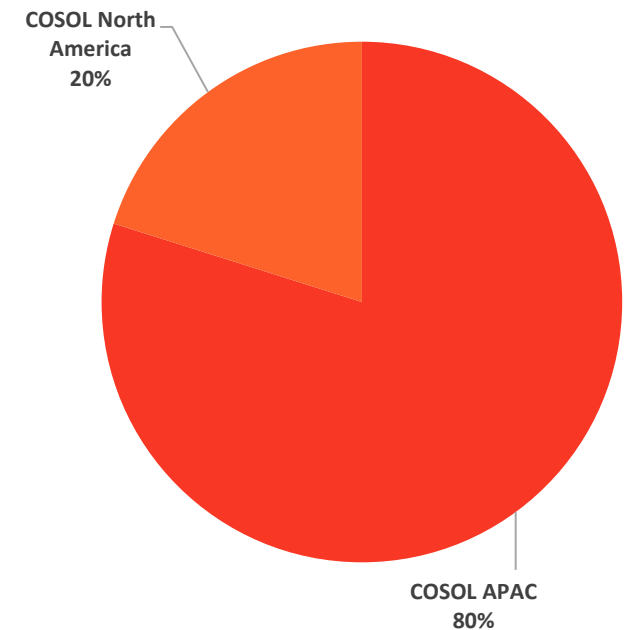


NB: Includes COSOL North America for 10 months

## Revenue by Sector

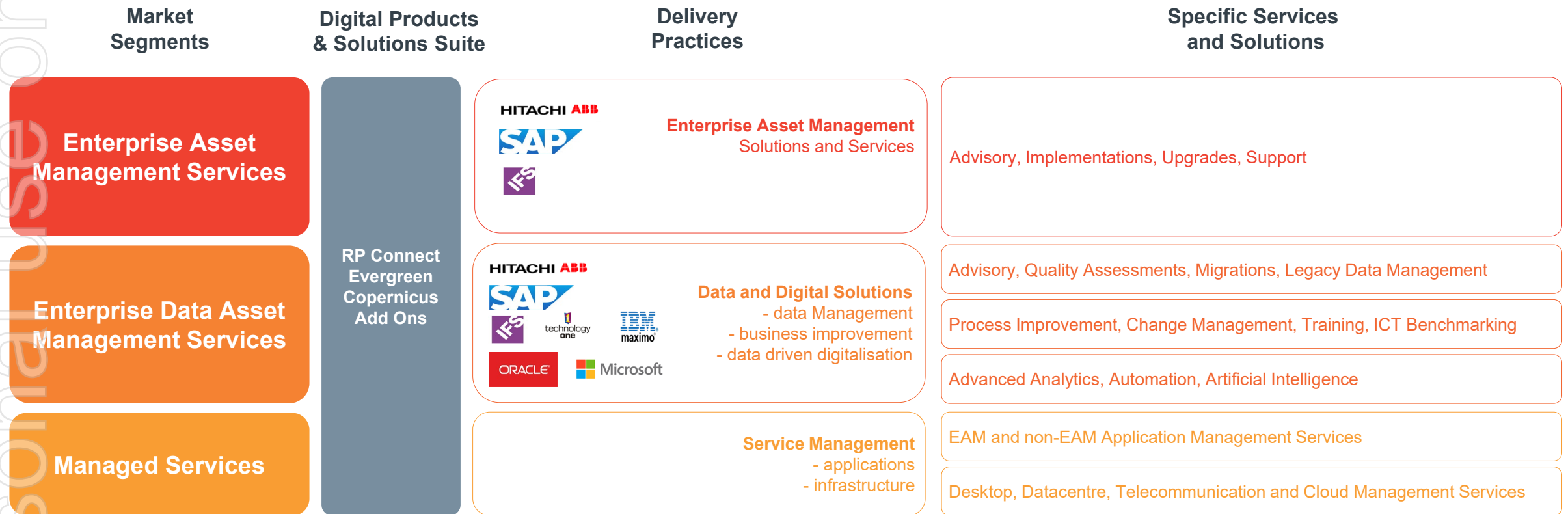


## Revenue by Geography



# Our Services and Solutions

COSOL is the largest Ellipse ABB enterprise software managed service provider in Asia Pacific and North America. In addition, we maintain networks, relationships and capabilities with industry-recognised solution providers such as SAP, IFS, Microsoft and major System Integrators such as IBM, Accenture, DXC, Deloitte and EY.



# Our Major Clients

Our major clients represent some of their industry sectors most prominent blue-chip organisations and provide strong referability for the attraction of new clients and are critical to their nations infrastructure.

## Asia Pacific



## North America



# Client Showcase

Our work with the Australian Government – **Department of Defence** and **CleanCo** demonstrate our unique and proprietary capabilities in multiple market segments



**Australian Government**  
**Department of Defence**



**COSOL trusted as the sole provider to ensure the ongoing resilience and reliability of their EAM platform as well as to deliver the End-to-End Data Migration for Australia's largest SAP S4 transformation project.**

COSOL, jointly with Hitachi ABB Power Grids, secured a significant contract with the Department of Defence to ensure the on-going resilience and reliability of the mission critical Ellipse EAM system in supporting Defence's immediate and medium-term operational requirements. COSOL upgraded a number of peripheral applications/system components enabling Defence to maintain currency, supportability and interoperability across their platforms.

In addition to ensuring the on-going support of their EAM platform, COSOL secured a multi-year deal with Defence through our partnership with IBM, to provide all data migration services to the largest SAP S4 transformation program in Australia.

COSOL's proven expertise in professional data migration and proven proprietary platform, RPConnect®, will be utilised for its ability to integrate data from multiple systems.

**COSOL's RPConnect® delivers award winning SAP to S4 Transformation for newly established Clean Energy Provider CleanCo.**

CleanCo Queensland (CleanCo), newly formed in 2019, is a Queensland government-owned low-emissions energy generator and retailer partnering exclusively with large commercial and industrial (C&I) energy customers in Queensland.

As part of the formation of CleanCo, assets were acquired from Stanwell Corporation and CS Energy. As with many divestitures, systems were provided to CleanCo under transitional service agreements until new processes and systems could be established for CleanCo to manage these assets and deliver their services.

COSOL was engaged by CleanCo to deliver a complex data migration which required the extraction of individual generation assets from existing operators, Stanwell and CS Energy, into the new CleanCo SAP S/4HANA platform

# Client Showcase

**OK TEDI Mining** and **loneer** demonstrate our capability to work across multiple geographies and deploy our skills to work with mature mining companies and those who are in their embryonic stages



**COSOL-acquired proprietary digital solution, Copernicus, selected to support the growth of pioneering lithium miner loneer.**

loneer Ltd was founded in 2001 and is headquartered in Sydney, Australia. The name loneer reflects the organisation's aim to be pioneers in producing materials for a sustainable future. The company is developing a Nevada, USA mine site to be a future producer of lithium-boron.

The COSOL Copernicus solution has been specifically designed to support greenfield mining organisations out of the box and delivers incremental capability as the organisation matures through the different phases from pre-feasibility to operation ensuring that expenditure on enterprise systems is aligned with the realisation of the operating cash flows.

Utilising COSOL's proven proprietary digital solution, Copernicus, has provided loneer with a rapid deployment model based on best practices and enhanced services for their Hitachi Ellipse Enterprise Asset Management (EAM) and Ellipse Analytics for business intelligence and reporting.



**COSOL partners with Ok Tedi Mining Limited to develop and manage processes to manage COVID-19 testing and tracking, management of sensitive personnel data and enablement of remote working.**

Ok Tedi Mining Limited (OTML) is a State-owned company operating an open-pit copper, gold and silver mine in the Star Mountains, Western Province, Papua New Guinea (PNG). In addition to the mine and mill, OTML operates the township of Tabubil, a power station, and a range of other assets.

COSOL and OTML have a long partnership having worked together since 2001. COSOL has provided a broad range of business improvement advisory services during this period including managed services, an EAM – Environment, Health, Safety and Management (EHSM) project, and advisory services supporting the OTML Operational Transformation project.

Completely new challenges emerged in 2020 and COSOL was able to rapidly pivot to focus on supporting the COVID-19 response. The COSOL team worked seamlessly and quickly with OTML to develop and manage entirely new processes such as COVID-19 testing and tracking, management of sensitive personnel data and enablement of remote working.

# The Year Ahead – FY'22

We continue to see significant growth potential in FY'22 . Our growth is built around 5 strategic pillars executed across multiple territories with a focus on North America and Asia Pacific and our pipeline is strong.

## Expand and Grow our presence in North America

- North America is the largest digital transformation market globally
- Acquisition of AddOns Inc provides a solid platform for growth
- Strong Focus on driving RP Connect sales through existing and new clients
- Launch our SAP capability in North America

## Leverage dominant position in Ellipse EAM market segment

- Agreement for “first right of refusal” for HAPG clients for Professional services presents significant growth opportunity – in APAC and other regions
- Access to HAPG client channel presents opportunity for sales of other COSOL IP and services

## Acquisition strategy will expand digital solutions and services

- Current pipeline of acquisition opportunities is strong
- Will aim to acquire on the following criteria
  - Geography
  - Next generation solutions
  - EAM Platforms
  - Managed applications
  - Core IT services
- We will continue to be fiscally disciplined in our selection

## Drive RP Connect license sales and other proprietary digital solutions

- Build on success of RP Connect suite of tools
  - RP Connect Data Quality assessment
  - RP Connect Legacy Data vault
  - RP Connect data migration
- Grow Evergreen sales into Asia Pacific
- Leverage Copernicus EAM/ERP system into Asia Pacific
- Drive growth of COSOL AddOns – suite of bulk data productivity tools

## Grow our footprint within our Major Client Base

- Strong growth opportunities coming from within existing client base
- Significant cross sell/up-sell opportunities within existing client base have been identified through the Addons acquisition
- National Critical Infrastructure nature of client based proving resilient to COVID

ersonal use only



COSOL

Thank you