

COSOL Business Update – Reaffirms Earnings Guidance

- COSOL responds quickly to protect the health and safety of staff
- COSOL maintains productivity and service delivery to clients
- Board and management actively monitoring business operations, risks and financial performance
- Business continuity plan ready for activation to maintain service delivery to clients
- COSOL Australia business continues to perform to expectations; COSOL on track to achieve FY20 revenue and profit guidance contained in its IPO prospectus

Brisbane, 20 March 2020 – COSOL Limited (**COSOL, ASX:COS**) advises that its management has conducted a review and risk assessment of the possible impact of COVID-19 on its business, staff and key projects, and provides the following business update.

COSOL's review and risk assessment was guided by the following principles.

- Protect staff
- Preserve integrity and continuity of service delivery to clients
- Preserve revenue on current and pipeline projects
- Protect and preserve its liquidity position
- Consider expenditure reduction
- Maintain open and regular communication

TRADING UPDATE

To date the COSOL Australia business continues to perform strongly, and COSOL has not observed any material impact from COVID-19 on its business operations, revenue generated from current projects, or its pipeline of future work. COSOL has identified the health of our staff as the main risk to service delivery and revenue. As a result, COSOL has implemented processes to ensure the continued good health of our staff as our main priority.

COSOL has significant experience in remotely providing service and support to its clients. This experience combined with our technical capability means COSOL continues to provide uninterrupted services to our clients and maintain productivity even while remote working practices are implemented by COSOL and its clients.

COSOL's financial position remains strong with a robust balance sheet due to our efficient business operations, profitable COSOL Australia business and recent IPO capital raising. To maintain this financial strength, we are maintaining discipline in cashflow management, identifying and deferring all non-essential operating and capital expenditure, reviewing all options for managing our business costs, and continuing to make operational improvements.

Despite the harmful impact on the community and market volatility caused by COVID-19, COSOL maintains a positive outlook for its business as clients enhance their IT systems and remote working capabilities. Furthermore, at this time COSOL has seen no deterioration in the business development opportunities currently in negotiation and does not expect this to change.

COSOL is pleased to confirm it remains on track to achieve the FY20 revenue and profit guidance contained in its IPO prospectus¹.

HEALTH & SAFETY RESPONSE

Protecting the health and wellbeing of our staff is vital, and COSOL has activated work from home practices for all staff.

COSOL is taking appropriate measures consistent with advice from health authorities to protect the health and wellbeing of our staff while continuing to deliver services to clients. The measures activated by COSOL include the following.

- Implementing work from home practices for all staff, and supporting this practice for as long as necessary.
- Activating remote work capability for project teams previously located at client sites.
- Promoting social distancing and minimising attendance in the office and at meetings.
- Implementing enhanced workplace hygiene practices, and reminding staff of good hygiene practices.
- Regularly monitoring staff health and taking appropriate precautions if symptoms are identified.
- Reviewing health advisories on a daily basis and keeping staff informed and engaged.
- Suspending all international travel and restricting domestic travel to critical needs with CEO approval.

¹ COSOL's IPO prospectus dated 10 December 2019, released on ASX on 22 January 2020.

BUSINESS CONTINUITY

COSOL recognises the importance of acting to minimise and mitigate the risk of any interruption to our and our clients' businesses. COSOL has implemented tried and tested continuity plans and protocols to ensure it can continue to service and support our clients in these challenging operating times, while also protecting the health and safety of our staff and clients.

These plans include work from home practices as noted above, and regular engagement with clients to ensure COSOL is aligning its work practices and service delivery with our clients' needs.

COSOL AUSTRALIA MANAGEMENT RESTRUCTURE

COSOL advises that it has undertaken a review of the finance function within COSOL and COSOL Australia following COSOL's recent acquisition of COSOL Australia and listing on ASX. The Board of COSOL has determined that the finance function should be led by a chief financial officer within the listed company, and accordingly has restructured the function resulting in the COSOL Australia chief financial officer role being made redundant with immediate effect. COSOL has initiated a formal search process to fill the COSOL chief financial officer role, which in the meantime will be fulfilled by an external contractor from Findex. The Board of COSOL thanks Ms Woodward for her contribution to COSOL Australia and wishes her the best in her future endeavours.

COMMENTARY

While COSOL's business remains largely unaffected by COVID-19, we have taken active steps to prepare for any impacts the continued disturbance may have. COSOL has a strong financial position and is well positioned to respond to any changes in economic and market conditions, however our Board and management continue to actively monitor and assess developments, and will take appropriate action for the health of our staff, clients and business.

COSOL Australia CEO, Scott McGowan, commented "We are well prepared for any COVID-19 impacts to our business and will continue delivering the service and support our clients expect from COSOL. And we will achieve this while protecting the health and wellbeing of our key assets, our staff. While these are challenging times, our business remains largely unaffected but we will take decisive action if required to ensure it continues to perform to expectations."

COSOL will continue to update staff, customers and the market as appropriate.

For more information, please contact:

Mr Ben Buckley

T +61 409 405 550

E ben.buckley@cosol.com.au

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

About COSOL

COSOL is a global, professional consultancy providing strategic advice and practical delivery to streamline enterprise asset management business processes and technology systems. 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 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.