



## COSOL to strengthen presence in asset management software and services with acquisition of AssetOn Group

### Highlights

- Agreement to acquire AssetOn Group, a leading asset management software and services provider
- Further expands COSOL's enterprise blue chip customer base and accelerates its Asset-Management-as-a-Service strategy
- Total consideration of up to \$29m (\$7m "at risk" earnout component) comprised of cash and scrip
- Acquisition cash component funded from \$15m Placement and \$4.6m drawdown on debt facility
- Acquisition is expected to be low double-digit earnings per share accretive on a pro forma basis in FY24<sup>1</sup>
- COSOL also announces FY23 unaudited results of \$75.1 million revenue, \$11.6 million EBITDA and \$11.1 million EBIT<sup>2</sup>

**Brisbane, 3 August 2023 – COSOL Limited (COSOL, ASX: COS) ("COSOL" or the "Company")** is pleased to announce that it has entered into a binding Share Purchase Agreement ("**SPA**") to acquire 100% of the issued shares in two entities, AssetOn Group Pty Ltd and OnPlan Technologies Pty Ltd (together the "**Acquisition**" or "**AssetOn Group**"). A summary of the SPA is set out in Schedule 1 to this announcement.

AssetOn Group serves major natural resource companies such as Rio Tinto, Glencore, Anglo American, BHP and BMA (BHP Mitsubishi Alliance). Energy and utility customers include Santos, AGL Energy, Arrow Energy and Sunwater. Like COSOL's, AssetOn Group's relationships with customers are long-term, high level and growing.

AssetOn Group's service offering is underpinned by its proprietary software platform OnPlan, which is a Software as a Service ("**SaaS**") product that is an end-to-end enterprise-grade digital system for efficiently building, maintaining and deploying asset strategy and work instructions for large industrial assets.

The acquisition creates a market leading asset management software and services group, accelerates COSOL's core Asset-Management-as-a-Service ("**AMaaS**") strategy, expands the Company's blue-chip client base and builds COSOL's proprietary IP stack with proven software that has high customer retention.

COSOL does not believe that it needs to obtain shareholder approval in relation to the acquisition under the Listing Rules, however in accordance with Chapter 11 of the Listing Rules it has notified (and made submissions to) ASX regarding the acquisition. Subject to the outcome of ASX's review of those submissions, COSOL does not intend to seek shareholder approval for the acquisition.

### Acquisition Consideration

COSOL will pay up to \$29.0 million for AssetOn Group, consisting of:

- \$18.0 million in cash
- \$4.0 million in scrip
- An earnout component of up to \$7.0 million contingent on achieving earnout hurdles, as detailed in Schedule 1 to this announcement

The acquisition is expected to be low double-digit earnings per share accretive on a pro forma basis in FY24<sup>3</sup>, and implies a transaction multiple of ~6.0x EV / FY24F EBITDA<sup>4</sup>.

<sup>1</sup> Illustrates the impact of the Acquisition as though it had occurred on 1 July 2023 and excludes the impact of any synergies, transaction or implementation costs, and costs associated with undertaking the Acquisition and the Placement.

<sup>2</sup> FY23 financials are still subject to finalisation of the audit. EBITDA includes one off costs of \$0.3 million related to due diligence and transaction advisory fees in the second half of the year. Excluding this item, EBITDA and EBIT were \$11.9 million and \$11.4 million respectively.

<sup>3</sup> Illustrates the impact of the Acquisition as though it had occurred on 1 July 2023 and excludes the impact of any synergies, transaction or implementation costs, and costs associated with undertaking the Acquisition and the Placement.

<sup>4</sup> Based on FY24F forecast, with a \$6.0 million earnout payment reflected in the EV (i.e. \$1.0 million for OnPlan and the midpoint for AssetOn, as detailed in Appendix 1).

## Acquisition Funding

The upfront cash component will be funded through an institutional placement of 19.6 million new fully paid ordinary shares (“**Placement Shares**”) to professional, sophisticated and institutional investors to raise gross proceeds of \$15.0 million (“**Placement**”), and a \$4.6 million drawdown from COSOL’s expanded debt facilities.

Earnout consideration, to the extent paid, will be funded from a combination of operating cash flow and available debt capacity, or a portion paid in scrip at COSOL’s election<sup>5</sup>.

## Details of the Placement

The Placement is being conducted at an offer price of \$0.765 per Placement Share, which represents a:

- 6.7% discount to the Company’s last traded price on Wednesday, 2 August 2023 (A\$0.82)
- 8.7% discount to the 5-day VWAP (A\$0.837)
- 8.2% discount to the 10-day VWAP (A\$0.833)

The issue of Placement Shares (other than Director Participation, as discussed below) (**Tranche 1**) is not subject to shareholder approval and will fall within the Company’s 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX Listing Rule 7.1A.

Certain Directors of COSOL have committed to subscribing for approximately \$1 million in the Placement, subject to Shareholder approval at a general meeting of the Company’s shareholders which is indicatively scheduled for September 2023 (**Tranche 2**).

Placement Shares will rank pari passu with existing Shares, including the right to receive the FY23 final dividend if and when declared and payable.

Euroz Hartleys and Ord Minnett have been appointed as Joint Lead Managers to the Placement.

## Placement Timetable

The below timetable is indicative only and is subject to change without notice. All dates and times are Australian Eastern Standard Time (AEST).

Trading Halt and Announcement of the Acquisition and Placement	Thursday, 3 August 2023
Placement Book closes	4:00pm, Thursday, 3 August 2023
Announce completion of Placement and return to trading on ASX	Monday, 7 August 2023
Settlement of Tranche 1 of the Placement	Monday, 14 August 2023
Allotment and normal trading of Placement Shares issued under Tranche 1	Tuesday, 15 August 2023
Settlement of the Acquisition	Friday, 1 September 2023
Anticipated date for General Meeting to approve Tranche 2	September 2023
Anticipated settlement of Tranche 2 of the Placement	September 2023

<sup>5</sup> Refer to Schedule 1 for further information on earnout consideration.

## COSOL FY23 Unaudited Trading Update and Pro Forma Financial Performance

COSOL's unaudited FY23 revenue was \$75.1 million, generating EBITDA of \$11.7 million and EBIT of \$11.1 million<sup>6</sup>. The Company's audited full year financial statements are expected to be released on 23 August 2023.

On a pro forma, unaudited basis incorporating the AssetOn Group business, COSOL's FY23 headline results would be revenue of \$103.4 million, EBITDA of \$15.4 million and an EBITDA margin of 14.9%.

The combined business of COSOL and AssetOn Group creates a platform for growth in FY24, with organic revenue growth targets above 10% and maintaining EBITDA margins.

### Combined Group

The AssetOn Group acquisition allows COSOL to bring deeper data management services to its own customers, contributing value-adding, high margin components to the Company's existing ecosystem of software and services.

COSOL's strategy is to add depth and breadth to its core AMaaS capability to deliver exceptional business outcomes for clients, measured by greater visibility and control over asset networks, resulting in material cost savings and sustainable efficiencies.

COSOL Chief Executive Officer Scott McGowan said AssetOn Group represented an outstanding springboard for growth, both in terms of its existing operations and also the additional revenues its capability would generate for the existing COSOL business.

*"AssetOn Group gives us a superb existing business to incorporate into COSOL. It's profitable, it's growing and its customers are long-standing,"* he said.

*"It also gives us additional capability that we are confident will be in high demand with many of our existing customers, so there are immediate revenue synergies we can pursue from day one."*

*"The acquisition supports our stated strategy of building COSOL through strong organic growth and strategic acquisitions that make a material addition to what we can offer our customers and are earnings per share accretive."*

Mr McGowan said the combination of COSOL and AssetOn Group was a compelling value proposition for customers.

*"Our strategy has been to grow an ecosystem of software and services that allows COSOL to offer asset management services that make a profound difference to the management and efficiency of heavy assets,"* he said.

*"AssetOn Group is an outstanding addition to our capability and is expected to underpin strong revenue and earnings growth through FY24 and FY25."*

Since listing in January 2020, COSOL has delivered consistent increases in revenue and earnings, supported by robust organic growth and strategic acquisitions, namely US-based AddOns (October 2020), Clarita (November 2021) and WMS (August 2022).

*"The strategy is to acquire businesses that meaningfully expand our asset management services capability, that are profitable in their own right, can be integrated seamlessly into COSOL and bring proprietary IP that is transferrable across the entire customer base",* said Mr McGowan.

AssetOn Group Director Anthony Large said the vendors were excited to see what the blend of COSOL and AssetOn Group could deliver for the combined group's customer base.

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<sup>6</sup> FY23 financials are still subject to finalisation of the audit. EBITDA includes one off costs of \$0.3 million related to due diligence and transaction advisory fees in the second half of the year. Excluding this item, EBITDA and EBIT were \$11.9 million and \$11.4 million respectively.

*“We are complementary businesses that have sought the same outcome for our customers, tackling different elements of the task and using different channels to get results”, said Mr Large.*

*“In combination, we have an unrivalled set of proprietary platforms and professional services to get even better results for our customers. We are ambitious and energised to see how far COSOL can grow with the addition of AssetOn Group and we see abundant expansion opportunities we’ll pursue with vigour.”*

For more information, please contact:

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

## **About COSOL**

COSOL is a global Asset Management 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 asset management innovation.

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

## **About AssetOn Group**

Established in 2016, AssetOn provides asset maintenance software and services to organisations with large scale asset networks in mining, energy, utilities and manufacturing. It serves clients through three complementary business units: asset management software, master data services and professional services.

The OnPlan software platform allows customers to efficiently build, maintain and deploy asset strategies and work instructions for large-scale assets, delivered as a SaaS.

AssetOn's proprietary Master-Data- as-a-Service model seamlessly integrates into customers' asset management platforms, allowing them to analyse and interrogate operational data to maximise efficiency.

AssetOn's asset management consulting services are delivered through a partnership approach with customers, developing custom strategies and tactics that integrate people, process, systems and data to deliver high-value results.

## Schedule 1 – Summary of SPA key terms

### Parties

COSOL Limited (“**COSOL**”), AssetOn Group Pty Ltd and OnPlan Technologies Pty Ltd (each a “**Company**” and together the “**AssetOn Group**”) and the following persons (being all of the shareholders in the AssetOn Group) (“**Vendors**”), none of whom is a related party of COSOL for the purposes of ASX Listing Rule 10.1 or a person to which that Listing Rule otherwise relates:

- Anthony Large Holding Co Pty Ltd;
- Burckhardt Investments Pty Ltd; and
- Geoff Boon Holding Co Pty Ltd

For clarity, the Vendors comprise all of the shareholders in each Company and they hold the same proportion of shares in each Company.

### AssetOn Group Pty Ltd Consideration

At Completion, COSOL will:

- Pay to the Vendors \$14 million in cash; and
- Issue to the Vendors \$3 million in COSOL fully paid ordinary shares (“**Shares**”) at a deemed issue price to be calculated as the volume weighted average price (“**VWAP**”) at which Shares are traded on ASX in the 14 trading days immediately prior to the execution of the SPA.

Depending on the future performance of the AssetOn Pty Ltd business, the Vendors will also be entitled to receive a further, deferred, payment of earnout consideration of up to a further \$6 million (up to 50% of which payment, if any, being payable in Shares, at COSOL’s election, with the balance payable in cash), based on a sliding scale of AssetOn Group Pty Ltd’s FY24 EBITDA result compared to its FY24 EBITDA target of \$4.3m. Any Shares issued as earnout consideration will have a deemed issue price calculated as the VWAP at which Shares are traded on ASX in the 14 trading days immediately prior to the date on which COS releases its FY24 audited financial statements.

### OnPlan Technologies Pty Ltd consideration

At Completion, COSOL will:

- Pay to the Vendors \$4 million in cash; and
- Issue to the Vendors \$1 million in Shares at a deemed issue price to be calculated as the volume weighted average price (VWAP) at which Shares are traded on ASX in the 14 trading days immediately prior to the execution of the SPA.

Earnout consideration of \$1 million in cash, being a fixed fee which is payable if OnPlan Technologies Pty Ltd achieves or exceeds an FY24 annualised monthly recurring revenue figure of \$2.4 million (with no amount being payable to the Vendors if that target threshold is not reached).

Key personnel of each Company must generally have remained continually employed or engaged by the relevant Company throughout the earnout period in order for the Vendors to be entitled to any earnout consideration regarding that Company.

## Conditions Precedent

Completion under the SPA is subject to various conditions precedent, which are essentially standard for transactions of a like nature and the majority of which can be waived by COSOL should it choose to do so. Those conditions are as follows:

- there being a COSOL-approved plan in place to ensure that there is no debt attributable to the AssetOn Group at Completion, other than as agreed;
- there being no material adverse condition in relation to either Company in the period prior to Completion;
- consents being obtained from relevant counterparties to material AssetOn Group contracts regarding the change in control of the AssetOn Group which will occur by virtue of the acquisition;
- COSOL having undertaken an equity raising of at least \$11,000,000; and
- all other necessary regulatory, shareholder and other approvals being obtained in connection with the transactions contemplated by the SPA.

If the acquisition is not completed as a result of a failure to satisfy the conditions precedent, COSOL will consider alternative uses for proceeds received from the Placement, including applying them towards debt reduction, working capital, or other investment/acquisition opportunities.

## Other

There will be no changes to COSOL's Board of Directors or senior management as a result of the acquisition.

Suitable COSOL representative/(s) will be appointed at Completion as directors of AssetOn Group Pty Ltd and OnPlan Technologies Pty Ltd.

Shares issued to the Vendors as upfront consideration will be subject to voluntary escrow until the end of FY24.

The SPA includes customary terms and conditions for transactions of a like nature, including as to matters such as conduct pending Completion, post-Completion consideration adjustments, Vendor restraints, detailed representations and warranties and indemnities, and dispute resolution.

## Approvals

COSOL does not believe that it needs to obtain shareholder approval in relation to the acquisition under the Listing Rules, however in accordance with Chapter 11 of the Listing Rules it has notified (and made submissions to) ASX regarding the acquisition. Subject to the outcome of ASX's review of those submissions, COSOL does not intend to seek shareholder approval for the acquisition.

The Shares to be issued at Completion will be issued within COSOL's existing share issue capacity under ASX Listing Rule 7.1.

Any relevant additional shares to be issued as earnout consideration (up to the maximum of \$3 million worth of Shares referred to above) will be issued within COSOL's share issue capacity at the time of issue under ASX Listing Rule 7.1. The maximum number of Shares which COSOL may be liable to issue in this regard is capped in the SPA at 5,000,000 Shares.

The cash component of the upfront consideration (and any earnout consideration) is intended to be satisfied out of the proceeds of the capital raising announced by COSOL as at the date of this announcement and available bank facilities.