

## Market update

**Brisbane, 30 October 2025 – COSOL Limited (COSOL, ASX: COS)** provides an update on the Company's operating performance so far in FY26.

Trading conditions to date in the first half have been challenging in the face of macro-economic headwinds, and these are strengthening in Q2 resulting in H1 revenue now expected to be \$7-8 million lower than in the previous corresponding period.

Operating margins have remained steady, with gross margin anticipated to be in the range of 29-30%.

Revenue from the iron ore and gold sectors has been higher than expected but insufficient to offset the weakness in coal. The subdued activity in the coal sector is impacting COSOL's business base with a reduction in demand for advisory consulting and the provision of professional services from major miners, and the cessation of a managed services engagement.

The lower than expected revenue which has been most pronounced in the past month is also being driven by spending delays in some government sectors, notably defence, and the procurement schedule of some utility customers.

It is too early to assess the impact of the softer trading conditions on full year revenue and profitability, though the revenue pipeline for H2 is at expected levels.

The impact of the lower revenue is being mitigated by an internal restructure to cut costs and achieve greater internal efficiencies, with annualised savings of approximately \$1.0m.

Part of the restructure sees the Chief Financial Officer taking responsibility for COSOL's operational performance and notably margin expansion.

Lower revenue will also be mitigated by a number of new contracts for COSOL's Asset Management as a Service (AmaaS) solution that carry higher margins and demonstrate execution of the Company's underlying volume-to-value strategy.

These include a number of contracts in North America that represent significant breakthroughs in the rollout of COSOL's proprietary asset management software solutions, notably COSOL's digital analytics services and proprietary software. The total value of these contract wins in Q1 is approximately \$11.1m. The software component of these sales is \$4.9m which we will recognise over the 5 year term of the contracts. Due to the commercial terms of the contracts, the software revenue and margin is being recognised over the term of software license rather than upfront which was the case for the majority of our previous product agreements.

Details of these and other contract wins are set out in Managing Director Scott McGowan's presentation delivered at the Company's Annual General Meeting today.

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COSOL Managing Director Scott McGowan said the lower than expected revenue outlook is disappointing, notwithstanding it is driven largely by macro-economic factors such as the lower coal price and the flow on effect to spending by major coal customers, and delays in spending in defence.

“Our underlying business remains strong, though inherently subject to market fluctuations. And pleasingly, we expect a greater proportion of our revenue to flow from AMaaS-related contracts where there are higher margins and greater predictability,” he said.

“We are particularly excited about the global pipeline for COSOL’s AI and digital analytics services such as those deployed at Sydney Metro Trains where demand is high and several material contracts are expected to be signed in FY26.

“We also expect some of the timing delays with Government spending to resolve in H2, which will see a bounce back in professional services utilisation and improved operating margins, which underpins our volume-to-value growth path.”

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

For more information, please contact:

E [ir@cosol.global](mailto:ir@cosol.global)

### **About COSOL**

COSOL is a global provider of technology-enabled asset management solutions to optimise operational performance in asset intensive industries such as natural resources, energy and water utilities, public infrastructure and defence.

COSOL provides advice, operational expertise and business optimisation outcomes to help clients achieve economic and sustainable improvements in their business operations and supply chains.

Drawing on our signature solutions and proprietary software, COSOL delivers an Asset Management as a Service capability – a complete outsourced solution for asset management operations that helps optimise asset performance.

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

<https://cosol.global/>

## Chairman's 2025 AGM address

Welcome everyone to the 2025 Annual General Meeting of COSOL Limited.

This has been a year of contrasts for our company, with record revenue and earnings, but also the disappointment of falling short of market expectations with our results.

We continued to grow our business and to build out our unique service offer, especially in data analytics and AI. But we also experienced growing pains and confronted the reality that continuously pushing innovation means new contracts and revenue don't always flow in the manner you anticipate.

COSOL is at an inflection point where our ecosystem of asset management services is delivering outstanding results for our customers, but the pace at which growth has occurred, especially organic growth, has been slower than we want and what we have expected.

Our strategy is to take COSOL into higher end, higher margin work for our clients – the volume to value strategy that has COSOL's proprietary software and processes at its core. Asset Management as a Service is our great differentiator in the market and it's starting to get real traction.

However, it was evident to the Board and management that changes were needed to make sure the strategy rollout happens with predictability of revenue, no compromises to margins, and while delivering satisfactory returns to our investors.

How we are managing those dynamics and the changes we have put in place are what I would primarily like to address today. The starting point is to understand two significant factors:

- Firstly, our strategy to build a high-value, asset management services business is working – and this is evidenced by the nature of new contracts where the greater emphasis is on the use of AI and COSOL's own proprietary software
- And, secondly, our pipeline of new opportunities has expanded significantly as potential customers for Asset Management as a Service get to better understand what we can deliver in terms of efficiencies for their operations.

In short, we've got evidence to show the strategy and the technology work – and we're now generating contracts for those higher value, higher margin services that has been our ambition since listing in 2020. That's starting to happen but has a way to go yet.

Managing Director Scott McGowan is setting out details of several of these new contracts in his address to the AGM today and notably a number of breakthrough contracts in North America.

A perfect example of this is the recently announced Phase 1 scoping study for work supporting the modernisation and digital transformation of part of a rapid light rail transit system in Canada.

The modernisation flows in significant part from the opportunity to leverage digital solutions for better asset visibility and decision-making. The big challenge lies in integrating real-time data across asset systems

to improve lifecycle management and performance tracking that COSOL provides to rail providers in Australia, notably Metro Trains Sydney.

As Chairman, I am confident COSOL's ecosystem of asset management products and services delivers outstanding value and travels well into international markets. My focus has been to ensure we can execute on the strategy and manage growth profitably.

And we know the only pathway to delivering exceptional shareholder value is operational excellence and market confidence in COSOL's ability to manage expectations.

We fell short of managing expectations appropriately during FY25 and take full responsibility for that.

FY26 has had a subdued start, compounded by revenue pressure increasing in Q2, but I am confident we will have a strong second half to the year as we convert our pipeline of opportunities into signed contracts. We have made several significant internal changes at management level designed to achieve this, notably our CFO will take responsibility for COSOL's operational performance and margin expansion.

MD Scott McGowan will have a great focus on executing COSOL's volume-to-value, Asset Management as a Service strategy.

The significance of these and other changes is acknowledgement that for a growing technology services company like COSOL, there needs to be an enhanced focus on growing organically and with a focus on margin expansion.

Given subdued activity in a couple of our key markets – coal and defence – we've also reviewed our internal structure and reduced costs, which is appropriate.

COSOL is well placed to grow significantly and profitably in coming years, but the nature of our industry is inherently uncertain in terms of contract signings and customer spending decisions. We accept that and we're cutting our cloth accordingly.

Over the rest of FY26 and beyond, you can expect to see more new contracts – especially in Asset Management as a Service and COSOL's AI and digital transformation services.

Our focus is on organic growth and growth in earnings per share. That's our plan, that's our focus. But we'll not over-reach in pursuing revenue for the sake of it. It must be profitable and meaningful to shareholder returns.

Your Board is in lockstep with management executing the strategy, providing every assistance and input where we can and where appropriate. Our immediate task is regaining the faith of investors at all levels that COSOL with an outstanding future that is dedicated to operational excellence and exceptional returns for shareholders.

That's our mission for FY26 and you, our shareholders, can rightfully judge us upon that.

As COSOL's joint largest shareholder, I'm fully aligned with all shareholders who expect COSOL to reach its potential and deliver satisfactory returns.

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