

24 March 2020

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

COVID-19 TRADING UPDATE

Consolidated Operations Group Limited (**COG**) wishes to provide an update on its business given the challenging trading conditions presented by the ongoing COVID-19 crisis.

COG's **Financing Broking and Aggregation Segment** has started to receive initial enquiries from small business and SME customers for financing that qualifies for immediate tax deductibility under the Federal Government's stimulus package. Whilst this incentive will take some time to filter through to brokerage income, this initial response is encouraging for the prospects of the business over the near-term.

In addition, the significant funding incentives recently announced by both the Reserve Bank and the Federal Government to further facilitate bank and non-bank lending to small business and SMEs are likely to flow through to lending activity across COG's broking and aggregation businesses in coming weeks and months. COG is well positioned to leverage its significant national distribution network to support the origination of stimulus-backed lending to small business and SMEs at a time of critical need across the Australian economy.

COG's **Commercial Equipment Leasing Segment** will scale back its direct lending operations with immediate effect and focus on the collection and management of its outstanding portfolio of lease receivables. This loan portfolio is materially match funded, meaning that there is no short-term liquidity/funding issues to confront as a result of lower than normal liquidity. COG management views this as a prudent strategy in light of the material credit and longer-term funding uncertainties currently facing the mid-prime lending sector in a deteriorating economic environment.

The scaling back of direct lending operations, together with other expenditure reduction initiatives, will result in annual operating expenditure savings of approximately \$2.6m per annum. This will further enhance COG's strong underlying financial position and the ability of the business to successfully navigate any extended economic downturn.

COG is prepared for all critical parts of the business to operate remotely, which will become fully operational during the course of this week. As always, the health and well-being of COG's employees is a critical management objective. We believe that the combined measures outlined above will underpin COG's continued operational and financial strength at a time of significant global and domestic uncertainty.

Announcement authorised by:

Andrew Bennett, Chief Executive Officer

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Who We Are

Consolidated Operations Group (COG) has two complementary businesses:

1. Asset Finance Broking. Through our membership group serving independent brokers and COG's equity owned brokers (brokers in which we have invested), we are Australia's largest asset finance group, representing over \$4 billion per annum of Net Asset Finance (NAF). We will grow NAF through organic growth and further equity investment in brokers.
2. Product. Through broker distribution, TL Rentals provide equipment finance to SMEs. We have grown annual lease origination organically by 27% and 38% in the last two financial years.

In both businesses we are small parts of large markets, with growth opportunities through consolidation and organic growth.