

12 June 2020

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

TRADING UPDATE

Consolidated Operations Group Limited (**COG**) (the “Company”) is pleased to provide a further update on the performance of its businesses during the challenging trading conditions presented by the ongoing COVID-19 crisis.

COG’s Finance Broker & Aggregation Segment (**FB&A**) has exceeded the Company’s expectations given COVID-19 and performed solidly during the H2 reporting period and is expected to generate a EBITDA after NCI to shareholders as follows:

	Q1	Q2	Q3	Q4	Total
FY 19	\$2.2m	\$2.6m	\$2.6m	\$3.9m	\$11.3m
FY 20	\$2.3m *	\$3.1m *	\$2.1m Unaudited	\$3.0m Estimate	\$10.5m

*Reviewed by the auditors at the half year

COG’s Commercial Equipment Leasing Segment (**CEL**) has stabilised after experiencing a number of lessees seeking financial hardship relief (as per ASX announcement on 30 April 2020), and has recommenced new loan originations in a limited capacity while simultaneously expanding its product offering to include Chattel Mortgages. It is likely that CEL will incur a non-cash charge to its profit and loss statement in the current period as a result of goodwill impairment, additional provisioning for expected credit losses and write-down of residual value rights associated with its operating lease portfolio. These amounts are not yet capable of quantification but will be determined in consultation with the Company’s external auditors before the full year financial results are released. For this reason, no earnings guidance for CEL has been provided.

COG has also entered into a Term Sheet with Westlawn Holdings Pty Limited (“WH”), to acquire further shares in Westlawn Finance Limited (“WF”) in two tranches to increase the Company’s total holdings to 75% as follows:

Tranche 1

Interest acquired: 19.2%
Consideration: \$7.45m
Sunset Date: 31 August 2020

This will increase COG’s shareholding in WF to 51% upon completion.

Tranche 2

Interest acquired: 24%
Consideration: \$9.30m
Sunset Date: 1 July 2023

In accordance with the Term Sheet, the Company has an option but not a contractual obligation to acquire Tranche 2 by no later than 1 July 2023.

The strategic rationale for this increased investment is for WF to become the main funding vehicle for COG’s lending activities within FB&A. WF’s funding activities will be expanded to include the

establishment of a managed investment scheme which will increase funds under management and also enable COG's future lending activities to progress in a capital efficient manner.

The Company is also continuing to consider its position with respect to its investment in CML Group Limited (ASX.CGR). The Company confirms its corporate debt is \$4.5m.

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.