

13 November 2020

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

Annual General Meeting – Chair Address and CEO Presentation

Consolidated Operations Group Limited (**COG**) attaches in relation to its Annual General Meeting, the following documents:

- Chair Address; and
- CEO Presentation.

Announcement authorised by: Andrew Bennett, Chief Executive Officer

For further information please contact:

Andrew Bennett
Chief Executive Officer
0405 380 241

Cameron McCullagh
Executive Director
0439 998 818

Who We Are

Consolidated Operations Group (COG) has two complementary businesses:

1. Finance Broking & Aggregation (FB&A). 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 \$4.5 billion per annum of Net Asset Finance (NAF). We will grow NAF through organic growth and further equity investment in brokers.
2. Commercial Equipment Finance (CEF). Through our extensive broker distribution network, COG provides own-funded equipment finance to SMEs.

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

ASX Announcement | 13 November 2020

Annual General Meeting – Chair Address

Good morning everyone,

I am pleased to report that your Company delivered an NPATA to shareholders of \$8.4 million for the year ended 30 June 2020, up 6% on the prior year.

Total revenue increased by 2% to \$222.2 million over the prior year, largely due to organic growth in commission and fee income from our core Finance Broking & Aggregation (“FB&A”) business. Net Assets Financed (NAF) during the year also increased by 7% to \$4.52 billion which represents an estimated 17% market share of Australia-wide broker originated NAF. Significantly, we also declared and paid our first fully franked final dividend of 0.152 cents per share.

In many respects, FY20 was a year of two distinct halves. After a strong first half and post-Christmas period, the second half was heavily impacted by the COVID-19 pandemic from late March until 30 June, and beyond. Unsurprisingly, COVID-19 negatively impacted the run-rate earnings of the FB&A segment due to a sharp decline in new business volumes. This was directly due to the adverse effect of the pandemic on small business activity, coupled with a sharp decline in consumer auto demand.

For the Commercial Equipment Financing (CEF) segment of our business, COVID-19 also resulted in a large number of our existing TL Commercial borrowers requesting either full or partial loan repayment “hardship” deferrals. This had an immediate impact on total cash flows received across our entire loan portfolio. Acting decisively, our management team promptly made the decision to place the Company’s legacy operating lease portfolio into run-off, with a heightened focus on arrears management and payment collections, while simultaneously reducing operational costs to preserve excessive cash-burn.

Pleasingly, the second half performance of the FB&A business segment, coupled with the containment measures implemented within the TL Commercial business, has validated the financial resilience of our core asset finance broking business. Business volumes, as measured by Net Assets Financed (NAF), whilst down on full year budgeted volumes, still grew by 7% on an annualised basis. This trend has continued into FY 21 and will further benefit from Victoria’s recent emergence from full lock-down. From a new lending perspective, management have also pivoted the TL Commercial business to a lower-risk chattel mortgage product offering, albeit at relatively lower monthly origination volumes to date.

Looking forward to the new financial year (FY21), we are continuing to implement on our strategic plan, focusing on complementary broker acquisitions to our national network, and reconfiguring our in-house loan funding to a more capital light model. This is directly evidenced by our recent acquisitions of the Access Capital business in South Australia and a 51% controlling interest in Westlawn Finance Limited. More specifically, the Westlawn business provides COG with a unique platform from which to generate competitive and capital efficient funding which will underpin future growth in our own-branded lending book. This will in turn deliver a diversified source of future earnings in the form of management fees and net interest margin.

In closing, I would like to personally thank all of our shareholders for your continuing support and encouragement. I'd also like to warmly welcome Peter Rollason who has recently joined the Board as an independent director. Peter brings a wealth of experience across the financial services sector, having previously held a range of senior executive positions in bank and non-bank businesses, including businesses with significant lending and broking activities. Finally, I'd like to thank Andrew Bennett and his senior management team, along with my fellow Board directors for their tireless efforts and support over the past year. I'll now hand you over to Andrew who will take you through some of the key areas of strategic focus as we move our attention to the year ahead.

Thank you.

Patrick Tuttle

Chairman

Ends.

Announcement authorised by: Andrew Bennett, Chief Executive Officer

For further information please contact:

Investor Enquiries

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About Consolidated Operations Group

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To learn more, please visit: www.coglimited.au

ANNUAL GENERAL MEETING

CHAIRMAN'S PRESENTATION

CONSOLIDATED OPERATIONS GROUP LIMITED
YEAR ENDED 30 JUNE 2020

13 November 2020

Authorised by Andrew Bennett, COG CEO



Consolidated
Operations Group
Finance and Leasing

CONSOLIDATED OPERATIONS GROUP LIMITED (COG)

Solid financial performance amid COVID-19 crisis

- Revenue up \$5.0m on pcp – \$3.5m organic growth
- Underlying EBITDA to shareholders of \$21.3m
- Underlying NPATA attributable to shareholders up 6%

Continued to invest surplus funds into consolidating COG as Australia's largest asset finance broker distribution network

- FY20 Net Asset Finance (NAF) settled up 7% to \$4.52bn
- Estimated 17% market share of broker originated NAF
- Two investment buyouts in controlled entities for consideration of \$1.8m (\$1.2m in cash)

Strategic focus on leveraging significant distribution network

- Progressing implementation of our strategic plan focusing on additional broker acquisitions and delivery of finance solutions to our brokers' clients
- Acquisition of controlling interest in Westlawn Finance Limited financed by unsecured debt and vendor financing completed on 1 September 2020
- Pivot to a capital light funding model

Creating value to the shareholder

- FY20 fully franked final dividend of 0.152 cps declared
- DRP (5% discount) applied to final dividend

Revenue*
\$222.2m  2%

EBITDA**
\$21.3m  -2%

NPATA**
\$8.4m  6%

EPSA**
0.57cps  -3%

* Excludes interest income and a non-cash change in accounting estimate adjustment related to lease unguaranteed residuals

** Underlying basis attributable to shareholders (excludes acquisition related expenses and other non-recurring items)



Group CEO's 2020 AGM Presentation

Group CEO – Andrew Bennett

13 NOV 2020



Consolidated
Operations Group
Finance and Leasing



01

Overview

COG Is Australia's Biggest Asset Finance Broking Group

Australia's biggest asset finance broker and aggregator
and trusted leader in SME and auto finance

Westlawn

Westlawn Finance Ltd (51% owned)
Debentures and Managed Investment Schemes

Banks, Non-Banks,
Insurance Companies



BORROWERS / ASSETS FINANCED

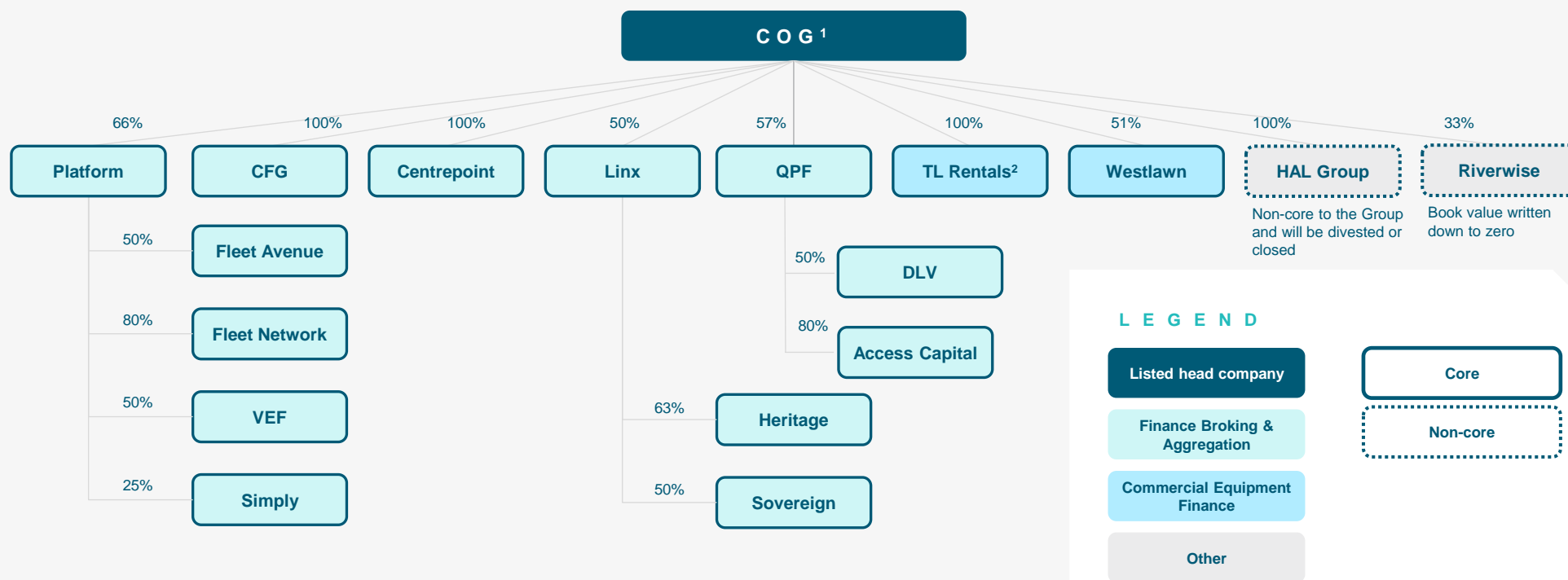


Note: 1. Finance and operating leases, chattel mortgages, invoice financing and unsecured

COG Group Structure

COG has acquired full ownership or majority stakes in a number of asset finance broking businesses over the last 4 ½ half years.

Group structure diagram including key subsidiaries



Notes: 1. Head office expenses are reported in the "Other" segment.

2. Legally owned by HAL Group but reported in the Commercial Equipment Finance segment.



02

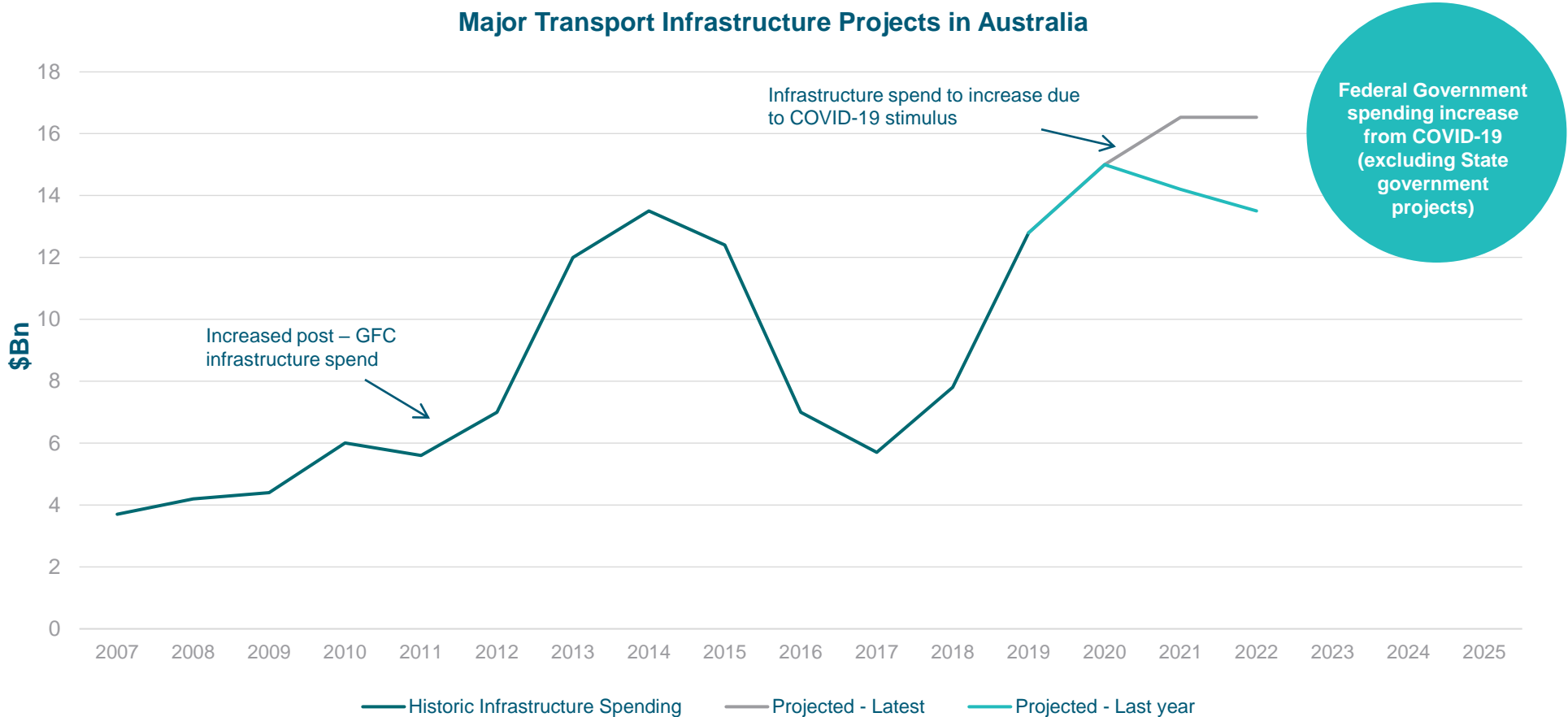
Asset Finance Broking Overview

COG has developed its own proprietary software system to assist asset finance brokers:

- ✓ **Manage their clients**
- ✓ **Capture borrower data**
- ✓ **Provide real-time quotes**
- ✓ **Submit finance applications to funders electronically**
- ✓ **Deliver end of month reporting**
- ✓ **Monitor broker budgets against actual income**

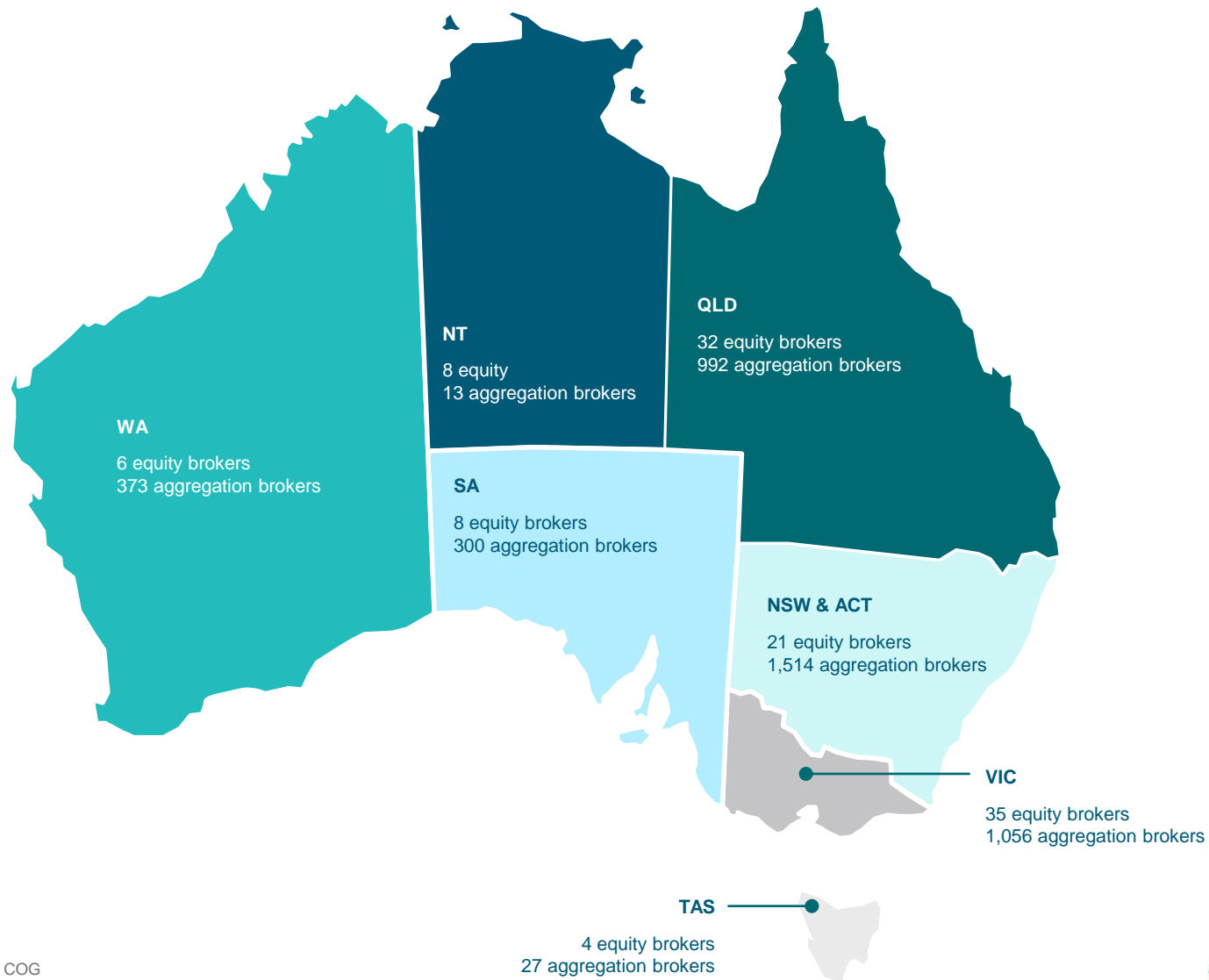
COG's proprietary system has been built with the latest technology ensuring its foundational build was developed to allow for future growth and expansion. It will continue to be a point of difference for COG from its competitors and increased future spend on system functionality will see COG cement its position as the largest asset finance broking group in Australia.

COG Exposed to the coming Infrastructure COVID Stimulus



Source: Datamonitor and the Government's Building our Future report Oct 2020.

National Asset Finance Broking Network - Broker Footprint



Notes: 1. Equity brokers are owned by COG
2. Aggregation brokers are members of COG's aggregation buying group

COG is Australia's Largest Asset Finance Broking Group

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Estimated 17% market share of broker intermediated finance

SMALL MEDIUM ENTERPRISES (SMEs)

- Asset/equipment/auto finance
- Insurance
- Invoice financing
- Unsecured lending
- Secured lending
- Commercial property mortgages

CONSUMER BORROWERS

- Auto loans
- Novated leasing
- Residential mortgages
- Insurance



C O G
**Finance Broking
& Aggregation Segment**

BANKS / NON-BANKS

INSURANCE COMPANIES

WESTLAWN

Debentures And Managed Investment Scheme¹
CEF Segment

Notes: 1. Management Investment Scheme is expected to be implemented during the first half of FY21

Australia's largest asset finance broking and aggregation group

COG PROVIDES AGGREGATION SERVICES TO:

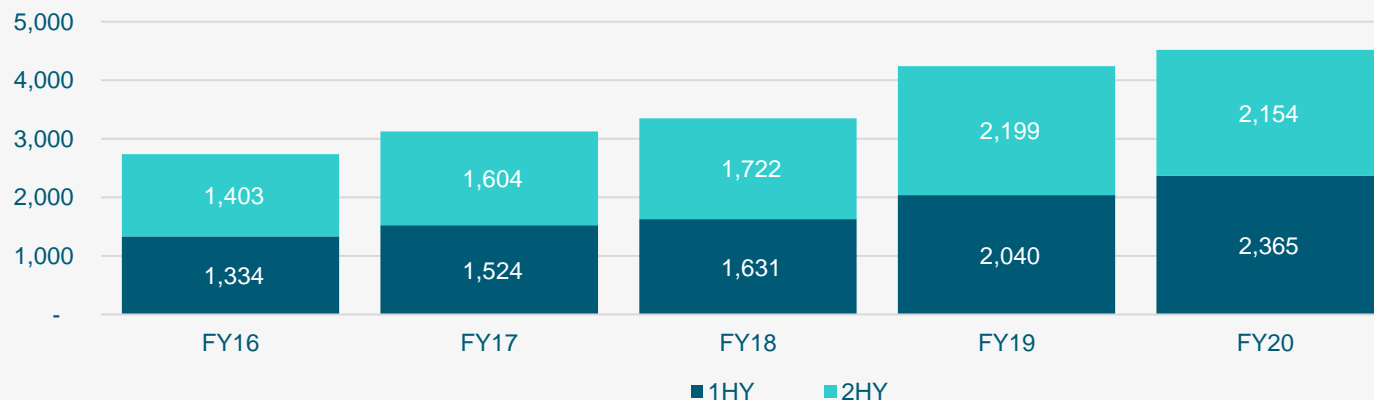
- Independent network member finance brokers
- COG equity owned finance brokers

Total net asset financed (NAF) settled increased by 7% to \$4.52bn

COG OFFERS FINANCE BROKERS

- Access to wider panel of financiers and volume-based incentives
- Improved service offering and profitability
- Compliance and processing services
- Credit workflow and CRM software 1
- Annual asset finance broker conference
- Succession planning

Group Net Asset Financed \$'m



Aggregation & Broker Brands





03

**Commercial
Equipment Finance**

COG's CEF Segment has Evolved

Old Model

- COG borrowed from Westlawn and others, added a margin and on lent funds
- Duplication of credit and servicing functions – inefficient



New Model

- New product (chattel mortgage) – less risky than operating leasing
- Direct origination from Westlawn to brokers – COG out of the process
- Scalable as capital light compared to other non-banks



New Model Consequence

Less risk, more efficient but the carrying value TL Commercial legacy operating lease operations (including goodwill of \$36m) maybe revised down. This is a non-cash item.

What are debentures and Managed Investment Schemes



Debentures to retail investors are regulated by ASIC (not APRA), have a quasi regulatory capital regime as set out in Regulatory Guide 69 and are a debt instrument.



Managed Investment Schemes are also regulated by ASIC but there is no required minimum mandated capital support. There are a variety of structures, from peer to peer arrangements where the unit holder has security over particular loans or receivables owned by the fund and investor is repaid from the cashflows of these specific loans. Alternatively, the loan or receivable assets of the fund might be pooled where all investors in a particular fund share the collateral and the cashflows of the pool collectively support the repayment of capital and income to the investors.



Credit enhancement (or loss absorbing capital) is provided to investors by reserving a portion of the investment returns earned from the collateral and carrying it forward to meet the portfolio future expected losses. This is a critical difference to other non-bank funding models, which require the sponsor to raise credit enhancement or loss absorbing capital ahead of growing originations.

RISKS



Trend lower as funding model transitions to Managed Investment Scheme.

ORIGINATIONS



To increase as the economy recovers from COVID – 19.

CAPITAL LEVELS



Sufficient to significantly grow originations because Managed Investment Schemes have a lower requirement for capital.

ROE



To increase, off lower relative capital requirements.