



ASX Announcement | 27 January 2021

COG Financial Services Limited achieves 140% NPATA growth in H1 FY21

Investment Highlights:

- Achieved Net Profit After Tax and before Amortisation (NPATA) of \$10.1m, up 140% on the prior comparative period (pcp)
- Brokerage margins improved in the Finance Broking & Aggregation segment, which achieved NPATA of \$5.9m, up 87% on the pcp
- Strong performance by Lending segment (formerly Commercial Equipment Financing), which achieved NPATA of \$4.5m, up 125% on the pcp

COG Financial Services Limited (ASX:COG) ('COG' or 'the Company'), Australia's largest asset finance broking & aggregation group and a trusted leader in SME & auto finance solutions, is pleased to announce that it has made a strong start to the current financial year (ending June 30 2021).

In the six months ended December 31 2020 (H1 FY21), the Company achieved a Net Profit After Tax and before Amortisation (NPATA) of \$10.1m, an increase of 140% on the prior comparative period's (pcp) \$4.2m.

A breakdown of the unaudited NPATA results is shown in the table below:

NPATA to shareholders (unaudited)	Underlying	
	H1 FY21 \$m	H1 FY20 \$m ¹
Finance Broking & Aggregation (FB&A)	5.9	3.2
Lending (formerly CEF segment)	4.4	2.0
All Other / Intersegment	(0.2)	(1.0)
COG Group Total	10.1	4.2

1.NPATA on a 'like-for-like' comparison was FB&A \$5.8m, Lending \$3.2m and other (\$0.3m) where FY21 results have been normalised to reflect the same COG ownership percentage of:

- 69.73% in Platform Consolidated Group last year, as compared to the current ownership of 69.89%
- 31.82% in Westlawn Finance Limited last year, as compared to the current ownership of 51.02%
- 56.65% in QPF Group last year, as compared to the current ownership of 57.10%
- 50.00% in Heritage Group last year, as compared to the current ownership of 63.33% (indirect investment through Linx Group)
- 50.00% in Sovereign last year, as compared to the current ownership of 54.17% (indirect investment through Linx Group)

Within the Finance Broking & Aggregation (FB&A) segment, Net Amount Financed (NAF) was down approximately 11% on average on the pcp. However, brokerage margins were higher. As a result, the Company achieved NPATA of \$5.9m in the FB&A segment, up 87% on the pcp's \$3.2m.

For the Lending segment (formerly Commercial Equipment Financing), originations of the new chattel mortgage product are starting to gather pace while the finance lease portfolio continues to be in run-off. Of the 650 accounts granted COVID-19 hardship relief in FY20, all but 10 have cured, allowing circa \$0.9m of provision for expected loss to be reversed. The segment achieved NPATA of \$4.5m, up 125% on the pcp's \$2.0m.

As foreshadowed in the FY20 AGM presentation, the revised origination structure of direct lending from COG's 51% owned subsidiary to its broker network will crystallise a one-off, non cash impairment loss for goodwill of \$36.6m in relation to COG's investment in its wholly-owned subsidiary, TL Commercial Finance Pty Limited. This goodwill was recognised in FY17 as a result of a change in accounting policy when COG ceased being an investment entity and adopted consolidation accounting, and does not reflect a loss from a direct cash investment.



The Company has generated significant cash over the half and unrestricted cash and term deposits attributable to members at 31 December 2020 was \$53.0m.

COG CEO Andrew Bennett said: “This is another terrific result, demonstrating that COG is a great business in normal times and an even better one in times of stress. In the near term, we will look to acquire more finance brokers and continue to build out our insurance broking capability with the establishment of a hub and spoke network to operate through our aggregation members. In addition, our managed investment scheme offering via Westlawn Finance Limited is now operational and poised for significant growth in the coming years.”

Ends.

Announcement authorised by: Andrew Bennett, Chief Executive Officer

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About Consolidated Operations Group

The COG Financial Services Group (COG) has two complementary businesses:

1. Finance Broking & Aggregation (FB&A)

Through COG’s membership group of independent brokers and 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. Lending

Through our extensive broker distribution network, COG provides own-funded asset finance to SMEs.

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

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