



1H 2021 Results

26 February 2021

Authorised by Andrew Bennett
Group Chief Executive Officer

About COG

COG is an ASX listed provider of **asset finance broking and aggregation services & non-prime commercial financing**

Finance Broking & Aggregation

- Australia's largest equipment finance broking and aggregation group, with an estimated 17% market share of broker originated asset finance
- Driven by acquisition-led finance broker and aggregation platform strategy, with founders / vendors retaining an equity exposure to their businesses
- Aggregation services provided to COG equity owned brokers and independent network member brokers

Lending

- Provider of non-prime commercial financing to SMEs through its subsidiary Westlawn Finance Limited
- Largely distributed through brokers, including COG's own broker network
- Funded through the issue of unsecured notes and unlisted Management Investment Scheme (MIS), a scalable / capital light funding structure as compared to other non-banks

About COG

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



17%

Estimated market share



About COG

Our business model



BORROWERS / ASSETS FINANCED



¹ Finance and operating leases, chattel mortgages, invoice financing and unsecured

1H 2021 Highlights

Strong performance across all business units

- Continued to invest surplus funds into consolidating COG as Australia's largest asset finance broker distribution network
- Acquisitions completed for a controlling interest in Westlawn Finance Limited and Access Capital Pty Limited
- Interim dividend declared of 0.122 cents per share
- Progressing implementation of strategic plan focusing on systems, customer service and expansion of COG's in-house financial product portfolio
- MIS established by Westlawn Finance Limited
- Healthy acquisition pipeline

Revenue¹

\$128.4m

▲ **+14%** on pcip

EBITDA to shareholders²

\$18.7m

▲ **+72%** on pcip

NPATA to shareholders²

\$10.1m

▲ **+140%** on pcip

EPSA²

0.64cps

▲ **+106%** on pcip

¹ Excludes interest income of \$0.4m and dividend received from associates of \$0.7m

² Underlying basis attributable to shareholders (excludes acquisition related expenses, redundancy and restructuring costs, loss on deemed sale & reacquisition of investment at fair value, gain from a bargain purchase and impairment)

Priorities

1

■ Continue with finance broker acquisitions – COVID-19 has demonstrated that these are resilient and robust businesses with low fixed costs and can shrink variable costs quickly in times of stress

2

■ Expand the Managed Investment Scheme offering to increase Westlawn's funds under management and deploy proceeds through COG's broker distribution network

3

■ Build out insurance broking capability – it has proved to be highly successful in a number of our brokers. We have plans to expand this proven model to give access to all COG members and brokers

4

■ Continue to monitor Earlypay's performance in FY 2021 in light of COVID-19 disruptions

Summary of Group financial results

Our results

	1H21 ¹ \$m	1H20 ¹ \$m	Pcp Change
Revenue ²	128.4	112.7	14%
EBITDA	26.5	15.9	67%
Dividend income	0.7	-	-%
Net interest expense	(4.2)	(4.5)	-7%
Depreciation	(1.2)	(1.2)	0%
Amortisation	(4.3)	(3.6)	19%
Share of associates results	0.1	0.5	-80%
NPBT	17.6	7.1	148%
Tax	(5.0)	(2.0)	150%
NPAT	12.6	5.1	147%
Minority interests	(4.3)	(2.4)	79%
NPAT to shareholders	8.3	2.7	207%
EBITDA to shareholders	18.7	10.9	72%
NPATA to shareholders³	10.1	4.2	140%
EPSA to shareholders (cps)	0.64	0.31	106%

1. Underlying basis - excluding impairment charge (1H21 \$37.5m, 1H20 \$nil), gain from a bargain purchase (1H21 \$2.8m, 1H20 \$nil), loss on deemed sale & reacquisition of investment at fair value (1H21 \$5.0m, 1H20 \$nil), redundancy and restructuring costs (1H21 \$0.2m, 1H20 \$0.1m) and transaction costs (1H21 \$0.1m, 1H20 \$0.6m) before tax

2. Revenue excludes interest income (1H21 \$0.4m, 1H20 \$0.1m) and dividend received from associates (1H21 \$0.7m, 1H20 \$nil)

3. NPATA is NPAT adjusted for amortisation of identified intangibles on acquisition of controlled entities (after tax)

4. Government subsidies after tax, attributable to members are \$1.7m (1H20: \$nil)

Revenue growth of \$15.7m includes organic growth (+0.8m), consolidation of Westlawn and Access Capital (+\$11.2m) and government subsidies received ⁴

1H21 EBITDA margin rises to 20.6% (1H20: 14.1%) largely due to the consolidation of Westlawn and Access Capital (with a larger margin) and cost savings in response to COVID-19

Dividend income received from the associate Earlypay Limited (equity accounted from Nov 20)

Depreciation and amortisation includes \$3.9m amortisation of identified intangibles on acquisition of controlled entities (1H20: \$3.0m) and \$1.0m impact of AASB 16 Leases adoption (1H20: \$0.8m)

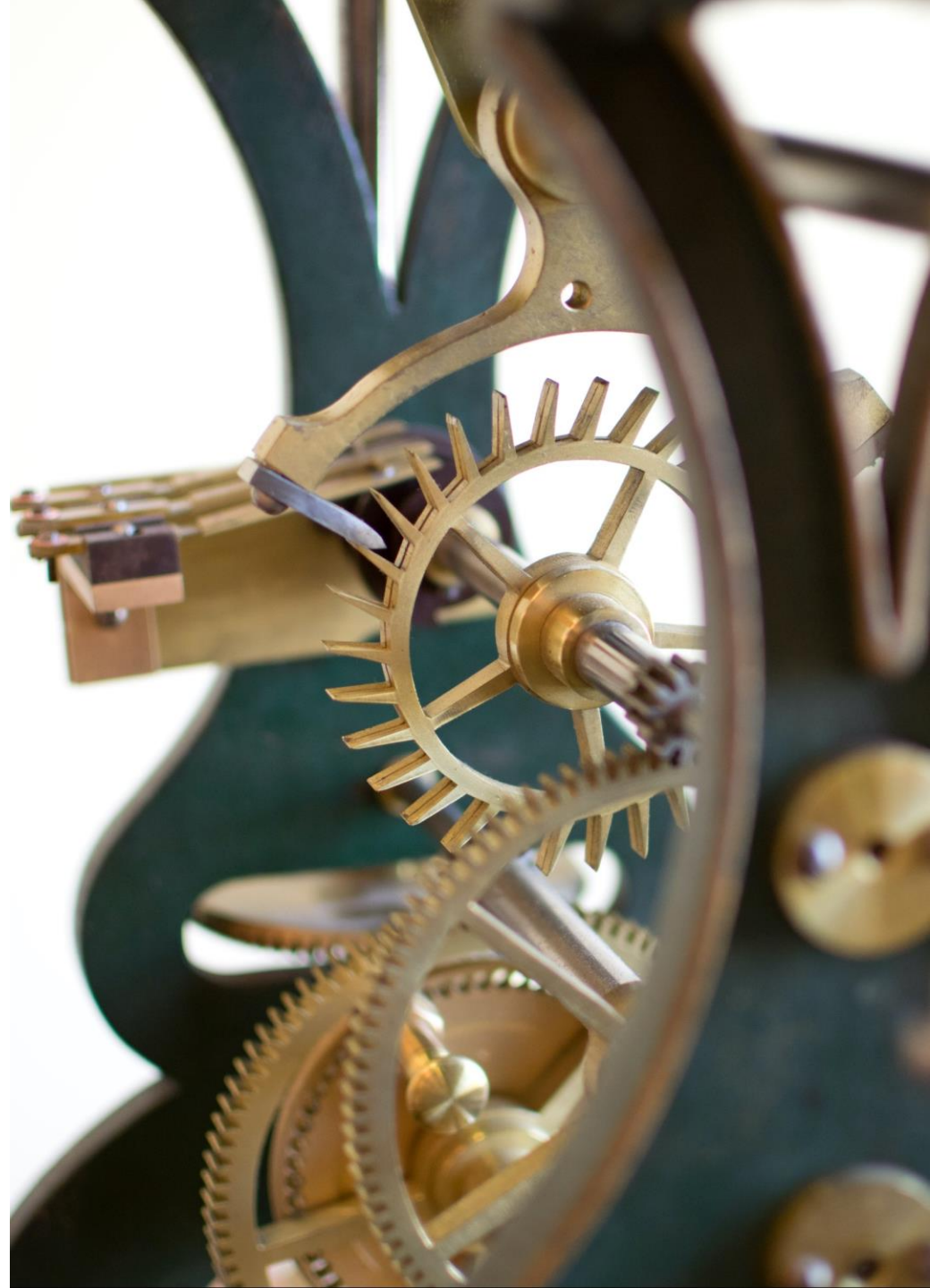
Share of Associates in 1H21 relates to investment of 16% in Earlypay Limited (1H20: investment of 32% in Westlawn)

Higher EBITDA to shareholders comprises increases of \$3.9m from Finance Broking & Aggregation, \$3.6m from Lending and \$0.3m from Head Office & Other

Average effective tax rate is 26% (1H20: 28%) based on normalised NPBT

Segment performance

The Finance Broking & Aggregation and Lending segments both reported strong pcp underlying profit gains in 1H21



Strong bottom line despite challenging trading conditions

	1H21 ^{1, 2} \$m	1H20 ¹ \$m	Pcp Change
Revenue	107.3	97.6	10%
EBITDA	15.6	10.4	50%
Net interest	(0.2)	(0.1)	100%
Depreciation	(0.9)	(1.0)	-10%
Amortisation (exc acquired intangibles)	(0.3)	(0.4)	-25%
Share of results from associates	0.1	-	-%
NPBT (before amortisation of acquired intangibles)	14.3	8.9	61%
Amortisation of acquired intangibles	(3.0)	(3.0)	0%
NPBT	11.3	5.9	92%
EBITDA to shareholders	9.3	5.5	69%

1. Underlying basis before tax- excluding redundancy and restructuring costs (1H21 \$0.1m, 1H20 \$nil) and transaction costs (1H21 \$0.1m, 1H20 \$nil)

2. On 2 November 2020 COG acquired 80% of Access Capital Limited (Access Capital) through its subsidiary QPF Finance Group. 1H21 includes the contribution from Access Capital for the period from 2 November 2020 through 31 December 2020

3. Government subsidies after tax, attributable to members are \$1.1m (1H20: \$nil)

Revenue growth of \$9.7m includes organic growth (+6.5m), consolidation of Access Capital (+\$0.5m) and government subsidies received ³

EBITDA margin rises to 14.5% (1H20: 10.7%), largely due to the consolidation of Access Capital (with a larger margin) and cost savings in response to COVID-19

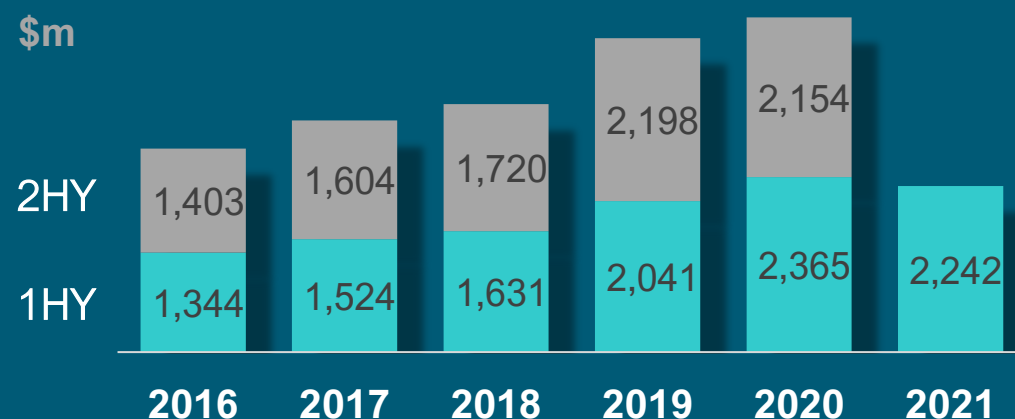
Depreciation and amortisation includes \$3.0m amortisation of identified intangibles on acquisition of controlled entities (1H20: \$3.0m) and \$0.8m impact of AASB 16 Leases adoption (1H20: \$0.8m)

NPBT includes \$0.4m contribution from acquisitions made during 1H21 (1H20: \$0.9m)

Finance Broking & Aggregation

Net assets financed (NAF)

\$2.24bn
net assets financed in 1H 2021



-5% vs PCP

Our Aggregation & Broker Brands

COG provides aggregation services to

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

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
- Annual asset finance broker conference
- Succession planning



100%
OWNED



100%
OWNED



70%
OWNED



50%
OWNED



57%
OWNED



Lending

Increasing COG's ownership in Westlawn to 51% has paved the way for growth in Lending

	1H21 ^{1, 2} \$m	1H20 ¹ \$m	Pcp Change
Revenue ³	18.2	11.5	58%
EBITDA	12.2	6.8	79%
Net interest	(3.7)	(4.3)	-14%
Depreciation	(0.2)	(0.1)	100%
Amortisation (exc acquired intangibles)	(0.1)	(0.2)	-50%
Share of results from associates	-	0.5	-100%
NPBT (before amortisation of acquired intangibles)	8.2	2.7	204%
Amortisation of acquired intangibles	(0.9)	-	-%
NPBT	7.3	2.7	170%
EBITDA to shareholders	10.4	6.8	53%

1. Underlying basis before tax - excluding redundancy and restructuring costs (1H21 \$0.1m, 1H20 \$0.1m) and impairment loss (1H21 \$37.5m, 1H20 \$nil)

2. Effective 1 July 2020 COG acquired an additional 19.02% of Westlawn Finance Limited (Westlawn), resulting in a total controlling interest of 51%. 1H21 includes the contribution from Westlawn for the full period

3. Revenue excludes interest income of \$0.4m

Revenue growth of \$6.7m primarily comprised of Westlawn contribution net of intercompany eliminations of \$8.7m, government subsidies of \$0.5m, partially offset by \$2.5m in lower originations due to the impact of COVID-19 pandemic on trading

EBITDA margin rose 67.0% (1H20: 59.1%) largely due to the consolidation of Westlawn (with a larger margin) and cost savings in response to COVID-19. Also reflects a partial release of the Expected Credit Loss provision due to reduced delinquency and enhanced economic outlook

Depreciation and amortisation includes \$0.9m amortisation of identified intangibles on acquisition of Westlawn

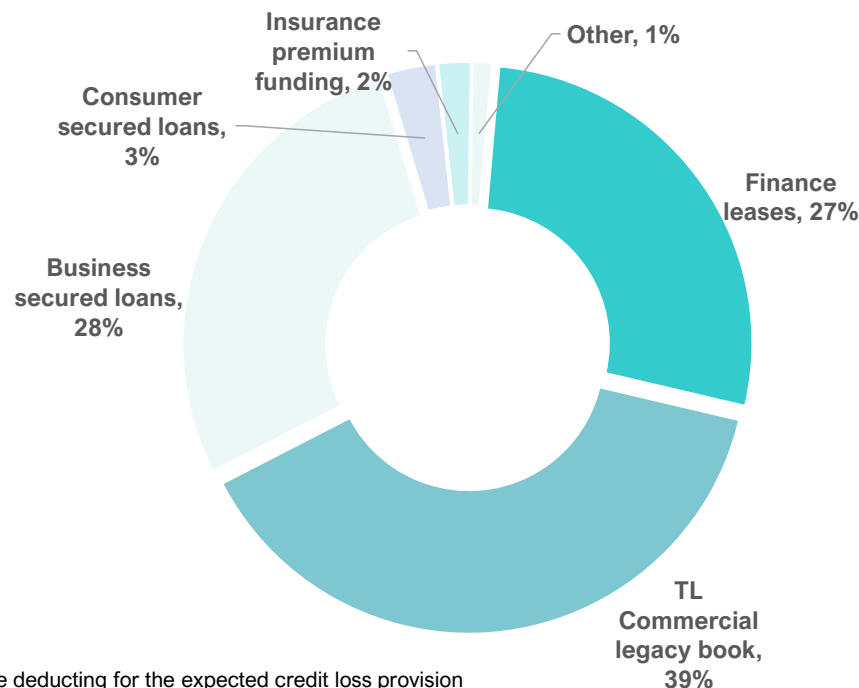
Share of Associates in 1H20 relates to Westlawn (which has been consolidated from 1H21 onwards)

NPBT includes contribution from Westlawn net of intercompany eliminations of \$2.7m in 1H21 (1H20: \$0.2m), government subsidies of \$0.5m, lower funding costs and costs savings in response to the COVID-19 pandemic

Lending

The book is largely concentrated on asset backed contracts

Portfolio by product type (PV)



1. Before deducting for the expected credit loss provision

Book features

- The present value of the total lending book (\$208.0m¹) includes the COG's 100% owned subsidiary TL Commercial legacy portfolio of \$80.6m (\$72.1m of lease receivables, including unguaranteed residuals and \$8.5m of chattel mortgages) and \$127.4m of the acquired portfolio from Westlawn
- New contracts to be originated by Westlawn going forward (rather than TL Commercial), eliminating the duplication of credit and servicing functions (Westlawn has substantial cash balances available to satisfy increasing demand for loan originations)
- The new product (Chattel Mortgage) launched in 1H 2021 is overall less risky than the legacy rental product and is being well accepted in the market
- TL Commercial book is in run-off over the next 4 years and the internally funded lease contracts and unguaranteed residual rights will convert to approximately \$32.0m in pre-tax free cash flow

Funding

- Established unsecured notes program operated by Westlawn Finance Limited continues to provide a reliable source of funding
- Westlawn Management Investment Scheme is operating, and commenced receiving investment funds in December 2020



Other

Efficient cost management during COVID-19 improves performance

	1H21 ¹ \$m	1H20 ¹ \$m	Pcp Change
Revenue ²	2.9	3.6	-19%
EBITDA	(1.3)	(1.3)	0%
Dividend income	0.7	-	-%
Net interest	(0.3)	(0.1)	200%
Depreciation	(0.1)	(0.1)	0%
NPBT (before amortisation of acquired intangibles)	(1.0)	(1.5)	-33%
Amortisation of acquired intangibles	-	-	-%
NPBT	(1.0)	(1.5)	-33%
EBITDA to shareholders	(1.0)	(1.3)	-23%

1. Underlying basis - excluding gain from a bargain purchase (1H21 \$2.8m, 1H20 \$nil), loss on deemed sale & reacquisition of investment at fair value (1H21 \$5.0m, 1H20 \$nil) and transaction costs (1H21 \$nil, 1H20 \$0.6m) before tax

2. Revenue excludes dividend received from associates of \$0.7m

Segment includes COG head office expenses and Hal Group IT business

Revenue contraction of \$0.7m reflects lower Hal Group sales, although profitability of the IT business improved

COG corporate overhead \$1.7m compared to \$1.6m in pcp largely due to CEO share options being granted on 1H21 (in pcp, share options were granted in 2H19). This has been partially offset by a decrease in the cost base in response to COVID-19

Hal Group EBITDA for 1H21 increased by \$0.1m to \$0.4m as a result of cost reduction and government subsidies

Dividend income received from associate, Earlypay Limited

Consolidated statement of financial position

As at \$m	31 Dec 2020	30 Jun 2020
Cash and cash equivalents	71.7	34.7
Trade and other receivables	16.1	12.7
Contract assets	2.7	2.6
Financial assets - lease receivables	51.6	34.1
Financial assets - loans	41.3	0.5
Other assets	24.3	1.3
Total current assets ¹	207.7	85.9
Contract assets	6.7	6.6
Financial assets - lease receivables	70.7	55.3
Financial assets - loans	37.7	1.8
Financial assets at fair value through OCI ²	0.7	8.9
Equity accounted associates	14.2	16.2
Other assets	17.3	4.3
Intangible assets	121.6	141.7
Right-of-use lease assets	6.0	5.5
Total non-current assets	274.9	240.3
Total assets	482.6	326.2
Trade and other payables	19.5	14.6
Customer salary packaging liability	7.0	5.9
Interest bearing liabilities	197.2	45.3
Other liabilities	13.7	7.7
Lease liabilities	1.8	1.6
Total current liabilities ¹	239.2	75.1
Trade and other payables	5.4	1.0
Interest bearing liabilities	41.7	45.8
Deferred tax liabilities	8.6	6.9
Other liabilities	1.1	0.6
Lease liabilities	4.8	4.4
Total non-current liabilities	61.6	58.7
Total liabilities	300.8	133.8
Net assets	181.8	192.4

Cash and cash equivalents increased by \$37.0m largely due to the consolidation of Westlawn

Financial assets – lease and loan receivables relates to lease and chattel mortgage receivables in the Lending segment. The overall increase of \$109.6m is largely due to the consolidation of Westlawn

Financial assets at fair value through OCI in 30 June largely related to the investment in Earlypay. The decrease in 31 December is due to the adoption of equity accounting for Earlypay

Equity accounted associates in 30 June largely related to the investment in Westlawn (which is now consolidated). 31 December balance is largely related to the investment in Earlypay

Intangible assets largely relates to identified intangibles and goodwill on acquisition of controlled entities. The movement in the period includes intangibles recognised on the acquisition of Westlawn and Access Capital (+\$20.9m) and impairment in the Lending segment (-\$37.5m)

Interest bearing liabilities represents the external corporate debt facility and borrowings funding the lease / loan book. The increase of \$147.8m is largely attributable to the consolidation of Westlawn

¹ As at 31 December 2020, the Group's current assets of \$207.7m are \$31.5m lower than current liabilities of \$239.2m due to Westlawn, which funds its operations through the issue of short-term unsecured notes. Whilst the carrying value of those notes has been presented in the balance sheet in accordance with their maturity profile, historically there has been a consistently high reinvestment rate by investors, who choose not to withdraw their funds at the maturity of the note term, and roll their funds into a new unsecured note. On this basis, the mismatch between current assets and current liabilities is not indicative of any going concern issue

² Other comprehensive income

Consolidated statement of cash flows

Half Year ended 31 December	1H21 \$m	1H20 \$m
Receipts from customers	172.9	144.9
Payments to suppliers and employees	(130.4)	(111.6)
Dividends received	0.7	-
Finance cost paid	(4.7)	(4.6)
Income tax paid	(3.1)	(2.1)
Net cash inflow from operating activities	35.4	26.6
Net cash inflow/(outflow) on acquisitions*	32.4	(1.2)
Payments for deferred consideration	(3.4)	-
Payments for equipment - leases and loans	(5.7)	(23.0)
Payments for property, plant and equipment	(1.6)	(0.2)
Payment for intangible assets	(0.6)	(0.6)
Loan repayments received	(0.5)	-
Net cash inflow/(outflow) from investing activities	20.6	(25.0)
Non-controlling interest acquisition contribution	1.2	0.3
Proceeds from issue of shares	4.4	20.2
Costs of raising capital	(0.1)	(0.5)
Proceeds from interest bearing liabilities	5.0	28.9
Repayments of interest bearing liabilities	(20.7)	(25.4)
Repayments of lease liabilities - right-of-use lease assets	(1.1)	(1.0)
Dividends paid	(2.4)	-
Dividends paid by subsidiaries to non-controlling interests	(5.3)	(3.7)
Net cash (outflow)/inflow from financing activities	(19.0)	18.8
Net increase in cash	37.0	20.4
Cash at the beginning of the year	34.7	26.0
Cash at the end of the period	71.7	46.4

* Net of cash acquired

Net cash inflow from operating activities includes \$53.4m (1H20: \$37.0m) relating to the lease and loan products offered through the Lending segment (including recovery of terminated leases) under 'Receipt from customers'

Net cash inflow/(outflow) from investing activities includes the acquisition of 19% of Westlawn for a total consideration of \$7.5m and the acquisition of 80% of Access Capital (through COG's subsidiary QPF) for a total consideration of \$9.3m

Net cash (outflow)/inflow from financing activities includes proceeds of \$4.4m from issue of shares, fully utilised in new acquisitions

Cash at the end of the period includes restricted cash of \$9.8m (1H20: \$5.3m) and represent funds held by the Group on behalf novated lease customers as well as insurance broking trust accounts (representing the unpaid insurance premiums due to insurers and refunds due to customers) and are not available for general use

Capital management

Efficient capital management resulted in a strong cash position at the end of the half



Cash and cash equivalents

The Group has generated significant cash over the half and the proportionate share of unrestricted cash and term deposits attributable to members at 31 December 2020 was \$51.5m (see Appendices).

Dividend

On 15 October 2019, the Company adopted a dividend policy, targeting a dividend payout ratio of up to 50% of statutory net profit after tax, after non-controlling interests, per annum.

The Company also implemented a Dividend Reinvestment Plan ('DRP'). The DRP rules are disclosed on the company's website www.coglimited.com.au.

For the year ended 30 June 2020, the Board declared a fully franked final dividend of 0.152 cents per fully paid ordinary share (2019: nil cents). The total dividend of \$2,390k was paid on 23 October 2020 out of the Company's profits reserve at 30 June 2020, by way of a share issue.

For the period ended 31 December 2020, the Board declared an interim dividend of 0.122 cents per fully paid ordinary share (2019: nil cents). The total dividend of \$2,007k will be paid on 26 April 2021 out of the Company's profits reserve at 31 December 2020 to all shareholders registered on the record date of 26 March 2021 and will be 100% franked. The ex-dividend date for entitlement will be 25 March 2021. The DRP will apply to the interim dividend.

Capex

Capex for 1H21 was \$0.6m (1H20: \$0.7m) and mainly relates to development and implementation of new IT systems.

Capital management

Corporate debt facility

The Group has a corporate debt facility with Bendigo Bank Limited. During the 6 months ended 31 December 2020. The Group met its contractual repayments totalling \$1.6m, reducing the corporate debt to \$3.0m.

Unsecured debt

On 2 September 2020 the Group raised \$5.0m of unsecured debt from existing shareholders with quarterly interest instalments and principal repayable in September 2022. The funds were fully utilised in the acquisition of Westlawn.

Capital raising

On 16 November 2020 the Company issued 33,898,305 fully paid ordinary shares totalling \$2.0m as part consideration for the acquisition of 80% of Access Capital.

On 31 July 2020 the Company issued 492,730 fully paid ordinary shares totalling \$27,100 as part consideration for the acquisition of 0.16% of Platform Consolidated Group Pty Ltd from minority shareholders.

On 23 October 2020 the Company issued 25,324,500 fully paid ordinary shares totalling \$1,567,587 as part of COG's Dividend Reinvestment Plan (DRP). On 2 November 2020 the Company issued 13,282,654 fully paid ordinary shares totalling \$822,197 to the underwriters of the DRP shortfall.

Investments

COG made the following investments during the period, in line with its acquisition growth strategy:

- On 1 July 2020, COG acquired an additional 19.2% interest in Westlawn for total consideration of \$7.5m, taking the Group's total interest in Westlawn to 51%. The total consideration above included the payment for an option (but not a contractual obligation) to acquire an additional 24% interest in Westlawn for a total consideration of \$9.3m by no later than 30 June 2023
- On 2 November 2020, the Group acquired an 80% equity interest in Access Capital via its subsidiary QPF Finance Group (QPF) for a total consideration of \$9.3m
- On 31 July 2020 the Group issued 492,730 fully paid ordinary shares totalling \$0.03m as part of the consideration for the acquisition of 0.16% of Platform Consolidated Group Pty Ltd from minority shareholders
- On 9 October 2020, the Group acquired 4,122,195 new issued shares for a consideration of \$2.4m as part of the QPF's capital raising for the acquisition of Access Capital. In addition to the above, another 2,062,339 new shares were issued to minority shareholders for a total consideration of \$1.2m. As a consequence of this transaction, COG ownership of QPF increased from 55.6% to 57.1%
- On 12 August 2020, Linx Group Holdings Pty Limited (LGH) (50% owned by COG) acquired an additional 13.33% equity interest in Heritage Group for a total cash consideration of \$0.6m, resulting in LGH's ownership increasing to 63.33%, and COG's indirect ownership increasing to 31.7%, effective 1 July 2020
- On 24 December 2020, Linx Group Holdings Pty Limited (LGH) (50% owned by COG) acquired an additional 4.17% equity interest in Sovereign for total cash consideration of \$0.1m, resulting in LGH's ownership increasing to 54.17%, and COG's indirect ownership increasing to 27.1%, effective 1 January 2021

Disclaimer

COG Financial services Limited ('**COG**') has not considered the financial position or needs of the recipient in providing this presentation ('**Presentation**'). Persons needing advice should consult their stockbroker, bank manager, solicitor, attorney, accountant or other independent financial or legal adviser.

This Presentation includes certain 'forward-looking statements' which are not historical facts but rather are based on COG's current expectations, estimates and projections about the industry in which COG operates, and beliefs and assumptions regarding COG's future performance.

Words such as 'anticipates', 'expects', 'intends', 'plans', 'believes', 'seeks', 'estimates' and similar expressions are intended to identify forward-looking statements.

These statements are not guarantees, representations or warranties of future performance and are subject to known and unknown risks, uncertainties and other factors (some of which are beyond the control of COG), are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

COG cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of COG only at the date of this Presentation. The forward-looking statements made in this Presentation relate only to events and circumstances as of the date on which the statements are made.

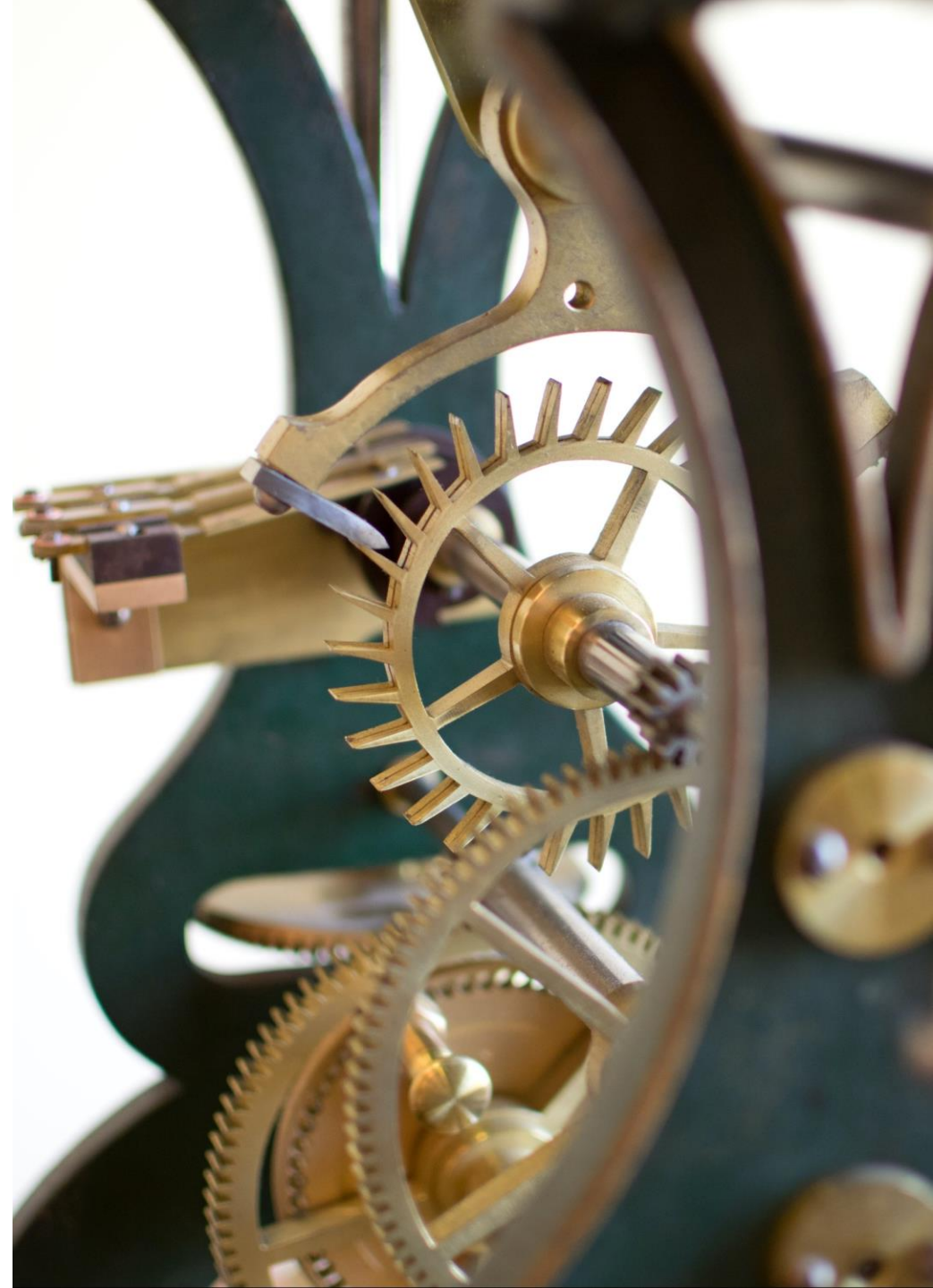
COG will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Presentation except as required by law or by any appropriate regulatory authority.

Investors should also note that COG's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) COG's future performance including COG's future financial position or share price performance.

No party other than COG has authorised or caused the issue of this Presentation, or takes any responsibility for, or makes, any statements, representations or undertakings in this Presentation.

This Presentation should be read in conjunction with COG Appendix 4D and Half Year Financial Report for the period ended 31 December 2020, and COG's 30 June 2020 Annual Financial Report, and all other ASX announcements by COG.

Appendices



Appendices

Statutory income statement

	1H21 \$m	1H20 \$m	Pcp Change
Revenue	129.6	112.8	15%
Underlying EBITDA from core operation	26.5	15.9	67%
Impairment	(37.5)	-	-%
Loss on deemed sale and reacquisition of investment at fair value	(5.0)	-	-%
Gain from a bargain purchase	2.8	-	-%
Redundancy and restructuring costs	(0.2)	(0.1)	100%
EBITDA from core operations	(13.4)	15.8	-185%
Dividend income	0.7	-	-%
Net interest expense	(4.2)	(4.5)	-7%
Depreciation & amortisation	(5.5)	(4.8)	15%
Acquisition related expenses	(0.1)	(0.6)	-83%
Share of associates results	0.1	0.5	-80%
NPBT	(22.4)	6.4	-450%
Tax	(4.6)	(1.8)	156%
NPAT	(27.0)	4.6	-687%
Profit after tax attributable to:			-%
Non-controlling interests	4.2	2.4	75%
Members of COG	(31.2)	2.2	-1518%

Impairment relates to the write off of goodwill and other intangibles in the Lending segment, in connection with the restructuring of the business, following taking a 51% controlling interest in Westlawn. The goodwill was originally recognised on 1 November 2016 as a result of a change in accounting policy when COG ceased being an Investment Entity and adopted consolidation accounting. As the goodwill originated from a change in accounting policy rather than a cash outflow from a purchase transaction, the impairment does not reflect a loss from a direct cash investment

Loss on deemed sale and reacquisition of investment at fair value relates to the acquisition of a controlling interest in Westlawn. At the date of acquisition, the equity interest in Westlawn previously held (which was accounted for under the equity method) was treated as if it were disposed of and reacquired at fair value, resulting in a loss of \$5m

Gain from a bargain purchase represents the excess of the fair value of all acquired assets and assumed liabilities at the acquisition date over the total consideration paid for Westlawn

Appendices

Reconciliation between statutory NPAT and underlying NPATA

	Members and NCI ¹			Members		
	1H21 \$m	1H20 \$m	Variance \$m	1H21 \$m	1H20 \$m	Variance \$m
NPAT	(27.0)	4.6	(31.6)	(31.2)	2.2	(33.4)
Adjustments (after tax):						
Impairment	37.2	-	37.2	37.2	-	37.2
Gain from a bargain purchase	(2.8)	-	(2.8)	(2.8)	-	(2.8)
Loss on deemed sale and reacquisition of investment at fair value	5.0	-	5.0	5.0	-	5.0
Redundancy and restructuring costs	0.1	0.1	-	0.1	0.1	-
Transaction costs	0.1	0.4	(0.3)	-	0.4	(0.4)
Underlying NPAT	12.6	5.1	7.5	8.3	2.7	5.6
Amortisation of intangibles from acquisitions after tax	2.8	2.1	0.7	1.8	1.5	0.3
NPATA	15.4	7.2	8.2	10.1	4.2	5.9

1. Non-controlling interest

Appendices

Acquisition history

Date	Company	Activity	Acquirer	Interest acquired	Price	Consideration
Dec-15	Platform Consolidated Group (PCG)	Aggregation platform + ownership of finance brokers	COG	60%	\$22.9m	76% cash/ 24% equity
Oct-16	Consolidated Finance Group	Largest independent specialist equipment finance aggregator in Aust	COG	80%	\$14.7m	60% cash/40% equity
Oct-16	Linx Group Holdings	Finance broker (VIC, NSW)	COG	50%	\$13.1m	60% cash/40% equity
Oct-16	QPF Holdings	Finance Broker (QLD, WA)	COG	50%	\$21.3m	60% cash/40% equity
Nov-16	Fleet Avenue	Motor vehicle finance broker	PCG	50%	\$0.2m	100% cash
Mar-17	Fleet Network	Finance broker (WA)	PCG	80%	\$6.1m	74% cash/26% equity
Jul-17	DLV (Qld)	Finance Broker (QLD)	QPF	50%	\$1.6m	50% cash/50% shares
Jan-18	BusinessWorks	IT support services	COG	100%	\$1.3m	100% cash
Feb-18	Vehicle and Equipment Finance	Finance Broker (VIC, NSW)	PCG	50%	\$3.0m	100% cash
May-18	Simply Finance	Finance Broker	PCG	25%	\$0.8m	100% cash
Jul-18	Consolidated Finance Group	Acq of outstanding minority interests	COG	Outst. 20%	\$4.2m	99.9% cash
Aug-18	Geelong Financial Group	Finance broker (Vic)	PCG	50%	\$0.3m	100% cash
Sep-18	Centrepont Finance	Finance broker (Vic)	COG	100%	\$8.3m	90% cash/10% shares
Oct-18	Westlawn Finance	Finance and insurance broker (NSW)	COG	32%	\$14.3m	70% cash/30% shares
Nov-18	Heritage Group	Finance broker (Vic)	Linx	50%	\$5.0m	100% cash
Feb-19	Sovereign Tasmania	Finance broker (Tas)	Linx	50%	\$2.2m	75% cash/25% shares

Appendices

Acquisition history (continued)

Date	Company	Activity	Acquirer	Interest acquired	Price	Consideration
Jul-19	QPF Holdings	Acq of outstanding minority interests	COG	Outst. 5.6%	\$1.7m	100% cash ¹
Oct-19	Platform Consolidated Group	Acq of outstanding minority interests	COG	Outst. 3.6%	\$1.1m	50% cash/50% equity
Nov-19	Fleet Network	Acq of outstanding minority interests	PCG	Outst. 15.8% ²	\$1.0m	100% cash
Jan-20	Earlypay Limited	Debtor Finance	COG	17%	\$22.03m	100% cash
Jul-20	Westlawn Finance Limited	SME Finance	COG	19.02% ³	\$7.5m	100% cash
Jul-20	Platform Consolidated Group	Acq of outstanding minority interests	COG	0.16% ⁴	\$0.03m	100% cash
Aug-20	Heritage Group	Finance broker (Vic)	Linx	13.33% ⁵	\$0.64m	100% cash
Oct-20	QPF Holdings	Acq of outstanding minority interests	COG	1.5% ⁶	\$2.4m	17% cash/83% equity
Nov-20	Access Capital Pty Limited	Finance broker (largest asset finance broker in SA, NT)	QPF	80%	\$9.2m	11% cash/39% equity/50% debt
Dec-20	Sovereign Tasmania	Acq of outstanding minority interests	Linx	4%	\$0.1m	100% cash

1. Deferred payment of \$0.7m payable August 2021
2. Fleet Network equity. PCG now owns 95.8% of Fleet Network
3. COG now owns 51.0% of Westlawn
4. COG now owns 69.9% of Platform
5. Linx now owns 63.33% of Heritage Group
6. COG now owns 57.1% of QPF Holdings

Appendices

Proportionate share of unrestricted cash attributable to members

	Total Cash \$m	Restricted cash ¹ \$m	Unrestricted cash \$m	COG Ownership	Proportionate share attributable to Members \$m
Platform	7.5	(4.3)	3.2	69.9%	2.2
Fleet Avenue	0.4	-	0.4	34.9%	0.1
Fleet Network	3.4	(2.8)	0.6	67.0%	0.4
VEF	0.7	-	0.7	34.9%	0.2
PCG Group Sub-total	12.0	(7.1)	4.9		2.9
QPF	1.1	-	1.1	57.1%	0.6
DLV	0.6	-	0.6	28.6%	0.2
Access Capital	0.5	-	0.5	45.7%	0.2
QPF Group Sub-total	2.2	-	2.2		1.0
Linx	1.8	-	1.8	50.0%	0.9
Heritage	0.5	-	0.5	31.7%	0.2
Sovereign	0.6	-	0.6	27.1%	0.2
Linx Group Sub-total	2.9		2.9		1.3
Westlawn Finance Limited	59.7	(2.7)	57.0	51.0%	29.1
Westlawn Insurance Brokers C.	0.8	-	0.8	40.8%	0.3
Westlawn Group Sub-total	60.5	(2.7)	57.8		29.4
CFG	1.4	-	1.4	100.0%	1.4
Centrepont	1.3	-	1.3	100.0%	1.3
COG Parent	10.7	-	10.7	100.0%	10.7
HAL Group	3.5	-	3.5	100.0%	3.5
Total Cash	94.5	(9.8)	84.7		51.5

1. Cash and cash equivalents include restricted cash of \$9.8m (30 June 2020: \$5.3m) which are funds held by the Group on behalf of its novated leasing business customers, and insurance broking trust accounts (representing the unpaid insurance premiums due to insurers and refunds due to customers) and are not available for general use