



29 November 2021

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

2021 AGM Chair Address

COG Financial Services Limited (COG) attaches the following documents in relation to the FY2021 Annual General Meeting:

- Chair Address, by Mr Patrick Tuttle; and
- Presentation associated with the Address.

Announcement authorised by: Board of COG Financial Services Limited

For further information please contact:

Andrew Bennett
Chief Executive Officer
M 0405 380 241

COG Financial Services Limited (COG) has two complementary businesses:

1. Finance Broking and Aggregation (FB&A). Through its membership group of independent and equity owned brokers (brokers in which COG has invested), COG is Australia's largest asset finance group, representing over \$5.2 billion per annum of Net Asset Finance (NAF). Further growth is being achieved through organic growth in equipment finance and insurance broking and through equity investment in brokers.
2. Lending. Through broker distribution, COG provides equipment finance to SMEs, and real property loans via its subsidiary Westlawn Finance Limited.

In both businesses COG's market share is small relative to the size of the markets in which it operates, and there are significant growth opportunities through consolidation and organic growth.



COG Financial Services Limited - AGM 2021

Chair's Address

Good morning everyone,

I am pleased to report that your Company delivered an NPATA to shareholders of \$19.5 million for the year ended 30 June 2021, up 132% on the prior year. This was a very pleasing result in view of the year's challenging trading conditions, which were impacted by the ongoing COVID-19 pandemic.

Significantly, the Company declared and paid a fully franked final dividend of 6.0 cents per share. We also revised the Company's dividend policy to accommodate a payout ratio of up to 70% of NPATA to members.

This FY21 result further cements COG's position as Australia's leading asset finance broking and aggregation group, whilst also delivering profitable and low risk growth in our Lending business through the delivery of competitive mid to near-prime lending products across our national distribution network.

Total revenue in FY21 increased by 21% to \$269.8 million over the prior year, largely due to organic growth in commission and fee income from our core Finance Broking & Aggregation ("FB&A") business, and from the acquisition of controlling interests in Westlawn Finance Limited and Access Capital Pty Limited.

Net Assets Financed (NAF) through COG's aggregation businesses grew to \$5.2 billion in FY21, an increase of 14% on the prior year. COG's estimated market share of Australia-wide broker originated NAF is now 18%.

Our commercial Lending business experienced a year of significant change with the successful establishment of an unlisted Managed Investment Scheme for efficient funding purposes, the positioning of Westlawn as a key panel lender for the COG Group, the implementation of an enhanced IT lending platform, and the scaling back of the TL Commercial operations (for the purpose of achieving intended synergies from the acquisition of Westlawn). As a result of these various initiatives, the Lending segment delivered a significant contribution to the Group's bottom line in FY21.

Looking forward to the new financial year (FY22), we continue to be laser-focused on our strategy, continuing to search for broker acquisitions that are complementary to our national network, further enhancing our insurance broking capabilities, and reconfiguring our in-house loan funding to a more capital light model.

Following a successful capital raise in October 2021, COG has also recently made several step-up acquisitions in its subsidiaries.

This has included increasing our ownership stake in Westlawn Finance Limited from 51% to 75% on 1 November 2021.

The Westlawn business provides COG with a unique platform from which to generate competitive and capital efficient funding, which will continue to 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.

COG also acquired the balance of shares in Platform Consolidated Group Pty Limited (PCG) previously held by foundation shareholders and management. Following the completion of this transaction on 1 November 2021, PCG became a wholly owned COG subsidiary, which will enable synergies across the Group to be realised in a shorter time frame.



In closing, I would like to personally thank all of our shareholders for your continuing support and encouragement. Finally, I'd like to thank Andrew Bennett and his senior management team, along with my fellow 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
Chair



Chairman's Presentation Annual General Meeting COG Financial Services Limited

Chairman— Patrick Tuttle

• 29 November 2021



FY 2021 Highlights

Strong performance across all business units

Final dividend declared of **6.0**^{3, 4} (FY20: 1.5^{3,4}) cents per share, an increase of **295%** from FY20, reflecting a payout ratio of **62%**⁵ (FY20: 28%⁵)

- Continued to invest surplus funds into consolidating COG as Australia's largest asset finance broker distribution network
- Acquisitions completed for controlling interests in Westlawn Finance Limited and Access Capital Pty Limited
- Progressing implementation of strategic plan focusing on systems, customer service and expansion of COG's in-house lending product
- MIS established by Westlawn Finance Limited
- Strong acquisition pipeline

Revenue¹

\$269.8m

▲ **+21%** on pcip

EBITDA to shareholders²

\$33.5m

▲ **+57%** on pcip

NPATA to shareholders²

\$19.5m

▲ **+132%** on pcip

EPSA^{2, 3}

12.0cps

▲ **+110%** on pcip

¹ Excludes interest income of \$1.1m and dividend received from associates of \$0.7m

² Underlying basis attributable to shareholders. Excludes impairment charge (FY21 \$37.8m, FY20 \$12.0m), loss on deemed sale and reacquisition of investment at fair value (FY21 \$5.0m, FY20 \$nil), gain from a bargain purchase (FY21 \$0.4m, FY20 \$nil), fraud provision (FY21 \$0.3m, FY20 \$nil), non-cash change in accounting estimate adjustment (FY21 \$nil, FY20 \$3.9m), redundancy and restructuring costs (FY21 \$0.3m, FY20 \$0.9m) and transaction costs (FY21 \$0.2m, FY20 \$0.7m).

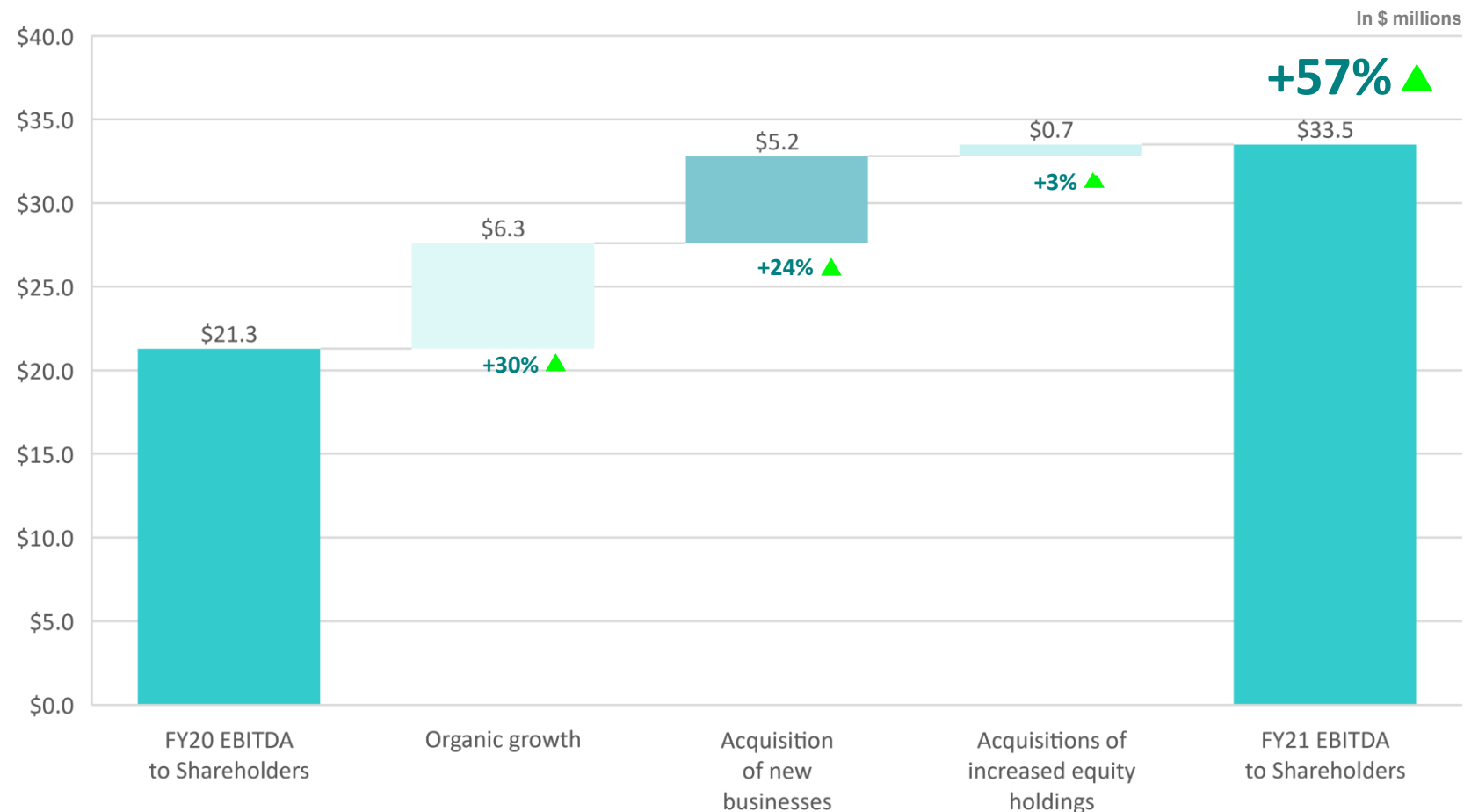
³ On a post share consolidation basis

⁴ Dividends fully franked

⁵ Total dividends divided by NPATA

Summary of Group financial results

Drivers of 57% growth in EBITDA to Shareholders



Summary of Group financial results

Our results

For the year ended 30 June	2021 ¹ \$m	2020 ¹ \$m	Pcp Change
Revenue ²	269.8	222.2	21%
EBITDA	50.9	31.2	63%
Dividend income	0.7	-	-%
Net interest expense	(6.9)	(8.4)	-18%
Depreciation	(2.5)	(2.4)	4%
Amortisation	(8.8)	(6.9)	28%
Share of associates results	1.2	0.6	100%
NPBT	34.6	14.1	145%
Tax	(9.6)	(3.9)	146%
NPAT	25.0	10.2	145%
Minority interests	(9.2)	(5.0)	84%
NPAT to shareholders	15.8	5.2	204%
EBITDA to shareholders	33.5	21.3	57%
NPATA to shareholders³	19.5	8.4	132%
EPSA to shareholders (cps) ⁵	12.01	5.72	110%

1. Underlying basis – excluding impairment charge (FY21 \$37.8m, FY20 \$12.0m), loss on deemed sale and reacquisition of investment at fair value (FY21 \$5.0m, FY20 \$nil), gain from a bargain purchase (FY21 \$0.4m, FY20 \$nil), fraud provision (FY \$0.3m, FY20 \$nil), non-cash change in accounting estimate adjustment (FY21: \$nil, FY20: \$3.9m), redundancy and restructuring costs (FY21: \$0.3m, FY20 \$0.9m) and transaction costs (FY21: \$0.2m, FY20 \$0.7m).

2. Revenue excludes interest income (FY21 \$1.1m, FY20 \$0.2m) and dividend received from associates (FY21 \$0.7m, FY20 \$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 \$1.8m (FY20: \$1.3m)

5. On a post share consolidation basis

Revenue growth of \$47.6m includes organic growth (+\$22.6m), consolidation of Westlawn and Access Capital (+\$23.7m) and government subsidies received ⁴

FY21 EBITDA margin rises to 18.9% (FY20: 14.0%) 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 \$8.1m amortisation of identified intangibles on acquisition of controlled entities (FY20: \$6.1m) and \$2.0m impact of AASB 16 Leases adoption (FY20: \$1.7m)

Share of associates results in FY21 relates to investment of 17% in Earlypay Limited (FY20: investment of 32% in Westlawn)

EBITDA to shareholders comprises increases of \$7.6m from Finance Broking & Aggregation and \$5.2m from Lending and decrease of \$0.6m from Head Office & Other

Average effective tax rate is 28% (FY20: 28%) based on normalised NPBT



Segment performance

The Finance Broking & Aggregation and Lending segments both reported strong underlying profit gains in FY21



Strong bottom line despite challenging trading conditions (Covid & supply constraints)

For the year ended 30 June	2021 ^{1, 2} \$m	2020 ¹ \$m	Pcp Change
Revenue	229.6	194.0	18%
EBITDA	31.6	21.1	50%
Net interest	(0.4)	(0.3)	33%
Depreciation	(1.9)	(2.1)	-10%
Amortisation (exc acquired intangibles)	(0.6)	(0.8)	-25%
Share of results from associates	0.1	-	-%
NPBT (before amortisation of acquired intangibles)	28.8	17.9	61%
Amortisation of acquired intangibles	(6.3)	(6.1)	3%
NPBT	22.5	11.8	91%
EBITDA to shareholders	18.7	11.1	68%

1. Underlying basis before tax- excluding redundancy and restructuring costs (FY21 \$0.1m, FY20 \$0.2m), transaction costs (FY21 \$0.2m, FY20 \$0.1m) and impairment charge (FY21 \$nil, FY20 \$1.1m)

2. On 2 November 2020 COG acquired 80% of Access Capital Limited (Access Capital) through its subsidiary QPF Finance Group. FY21 includes the contribution from Access Capital for the period from 2 November 2020 through 30 June 2021

3. Government subsidies after tax, attributable to members are \$1.1m (FY20: \$1.3m)

4. Recognised as 'depreciation' and 'interest expense' under AASB 16 Leases, both below the EBITDA line

Revenue growth of \$35.6m includes organic growth of 15% (+30.0m), consolidation of Access Capital (+\$2.8m) and government subsidies received ³

EBITDA margin rises to 13.8% (FY20: 10.9%), largely due to the consolidation of Access Capital (with a larger margin) and cost savings in response to COVID-19

Depreciation and amortisation includes \$6.3m amortisation of identified intangibles on acquisition of controlled entities (FY20: \$6.1m) and \$1.6m impact of AASB 16 Leases adoption (FY20: \$1.5m)

EBITDA to shareholders includes \$0.8m contribution from acquisitions made during FY21 (FY20: \$2.3m)

Cash generation to shareholders

For the year ended 30 June	2021 \$m	2020 \$m	Pcp Change
Revenue to shareholders	147.7	122.0	21%
EBITDA to shareholders	18.7	11.1	68%
(-) Rent expense to shareholders ⁴	(1.1)	(1.1)	0%
(-) Capital expenditure to shareholders	(1.1)	(0.6)	83%
Cash EBITDA to shareholders	16.5	9.4	76%
(-) Tax expense to shareholders	(4.0)	(1.5)	167%
Cash generation to shareholders	12.5	7.9	58%

Lending

Westlawn is paving the way for growth in Lending¹

For the year ended 30 June	2021 ^{2, 3} \$m	2020 ² \$m	Pcp Change
Revenue ⁴	34.2	21.1	62%
EBITDA	21.8	12.1	80%
Dividend income	0.1	-	-%
Net interest	(6.0)	(7.9)	-24%
Depreciation	(0.4)	(0.1)	300%
Amortisation (exc acquired intangibles)	(0.2)	(0.1)	100%
Share of results from associates	-	0.6	-100%
NPBT (before amortisation of acquired intangibles)	15.3	4.6	233%
Amortisation of acquired intangibles	(1.7)	-	-%
NPBT	13.6	4.6	196%
EBITDA to shareholders	17.3	12.1	43%

1. Lending includes 51% of Westlawn and 100% of TL Commercial.
2. Underlying basis before tax - excluding redundancy and restructuring costs (FY21 \$0.1m, FY20 \$0.7m), impairment loss (FY21 \$1.1m, FY20 \$nil), fraud provision (FY21 \$0.3m, FY20 \$nil) and non-cash cash in accounting estimate adjustment (FY21 \$nil, FY20 \$3.9m)
3. Effective 1 July 2020 COG acquired an additional 19.02% of Westlawn Finance Limited (Westlawn), resulting in a total controlling interest of 51%. FY21 includes the contribution from Westlawn for the full period
4. Revenue excludes interest income (FY21 \$1.0m, FY20 \$nil) and dividend income (FY21 \$0.1m, FY20 \$nil).

Revenue growth of \$13.1m primarily comprised of Westlawn contribution (net of intercompany eliminations) of \$16.9m, government subsidies of \$0.6m, partially offset by \$4.4m in lower originations due to the impact of COVID-19 pandemic on trading

EBITDA margin rose to 63.7% (FY20: 57.3%) largely due to the consolidation of Westlawn (with a larger margin), lower funding cost 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 \$1.7m amortisation of identified intangibles on acquisition of Westlawn (FY20 \$nil)

Share of Associates in FY20 relates to Westlawn (which has been consolidated from FY21 onwards)

NPBT includes contribution from Westlawn (net of intercompany eliminations) of \$2.6m in FY21 (FY20: \$0.6m), government subsidies of \$0.6m, lower funding costs and costs savings in response to the COVID-19 pandemic

Cash generation to shareholders

For the year ended 30 June	2021 \$m	2020 \$m	Pcp Change
Revenue to shareholders	25.7	21.1	22%
EBITDA to shareholders	17.3	12.1	43%
(-) Funding costs to shareholders	(4.6)	(7.9)	-42%
(-) Rent expense to shareholders	(0.1)	-	-%
(-) Capital expenditure to shareholders	(0.6)	(0.7)	-14%
Cash EBITDA to shareholders	12.0	3.5	243%
(-) Tax expense to shareholders	(3.4)	0.3	-1233%
Cash generation to shareholders	8.6	3.8	126%