



29 November 2021

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

2021 AGM Group CEO Presentation

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

- Group CEO Presentation, by Mr Andrew Bennett.

Announcement authorised by: Andrew Bennett, Chief Executive Officer

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.



CEO Presentation Annual General Meeting COG Financial Services Limited

Group CEO – Andrew Bennett

29 November 2021





01

Overview

COG is an ASX listed provider of asset finance broking, aggregation services and near-prime commercial & consumer lending, and funds management

Finance & Insurance Broking and Asset Finance Aggregation

- Australia's largest equipment finance broking and aggregation group, with an estimated 18% market share of broker originated asset finance
- Driven by an acquisition-led finance broker and aggregation platform strategy, with founder-vendors retaining an equity exposure to their businesses
- Aggregation services provided to COG equity owned brokers and independent network member brokers
- Insurance broking has delivered strong organic growth and will be a key area of focus, leveraging off existing SME relationships

Lending

- Provider of near-prime commercial & consumer lending to SMEs through its subsidiary Westlawn Finance Limited
- Distributed through Westlawn's branch network and brokers, including COG's own broker network
- Funded through the issue of unsecured notes
- Recently established a Managed Investment Scheme (MIS), a scalable / capital light funding structure which will become the core of the funds management operations in the future

The evolution of broking – the megatrend continues

Page 4

PRE-1990

Banks had branch networks.

100% of bank loans assets generated by branches.

25%
Brokers

■ 2004

NOW

Banks are replacing branches with ATMs.

30% of bank loans assets generated by branches.

70%
Brokers

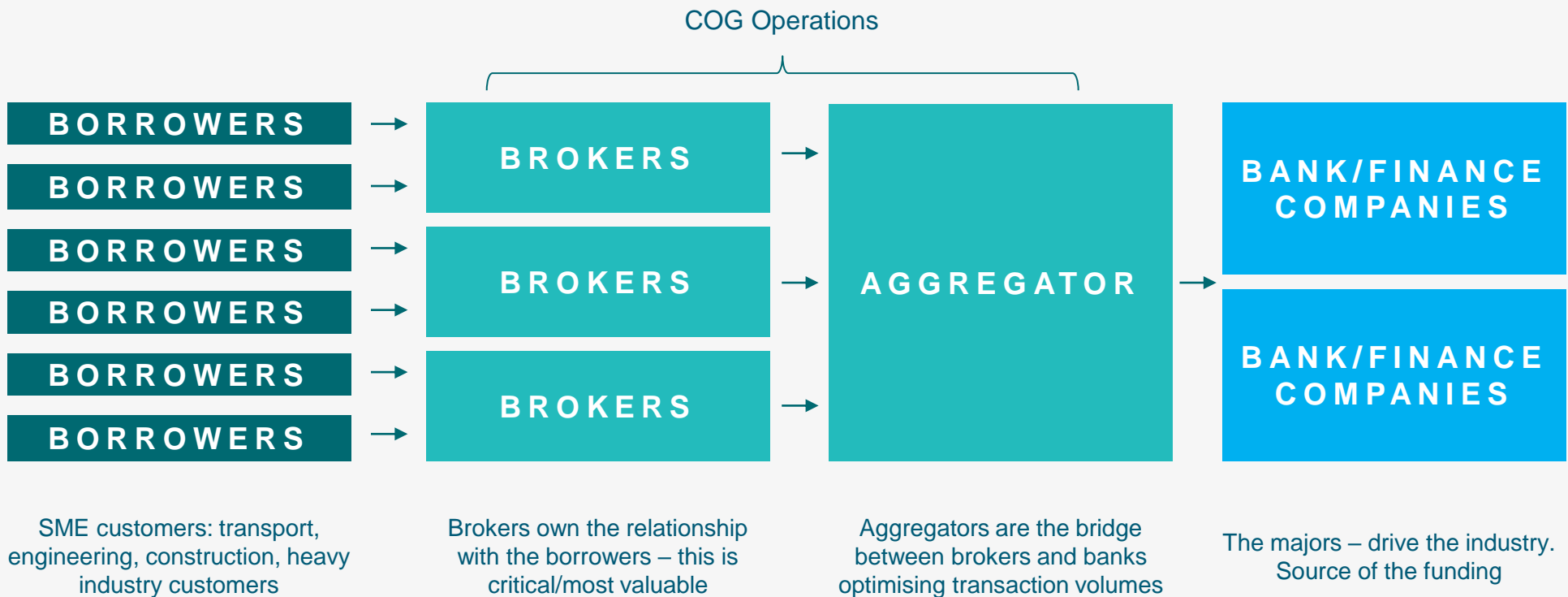
■ 2020

According to East & Partners, this megatrend is the same for asset finance.

Asset Finance Broker and Aggregator

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The structure of the broking segment



Brokers are small businesses

Page 6



Lots of small businesses,
each **lacking scale** and
efficient back office.



COG buys >50%.
We give them access to
systems and **back office
support** so that they can
focus on sales.



We add our **own** finance
product to increase
funding options available
to the broker



Same model as the Big
Players in **insurance
broking sector**.

COG is Australia's Biggest Asset Finance Broking Group and delivers its own product via Westlawn

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

Westlawn

Westlawn Finance Ltd (75% owned)¹
Debentures and Managed Investment Schemes

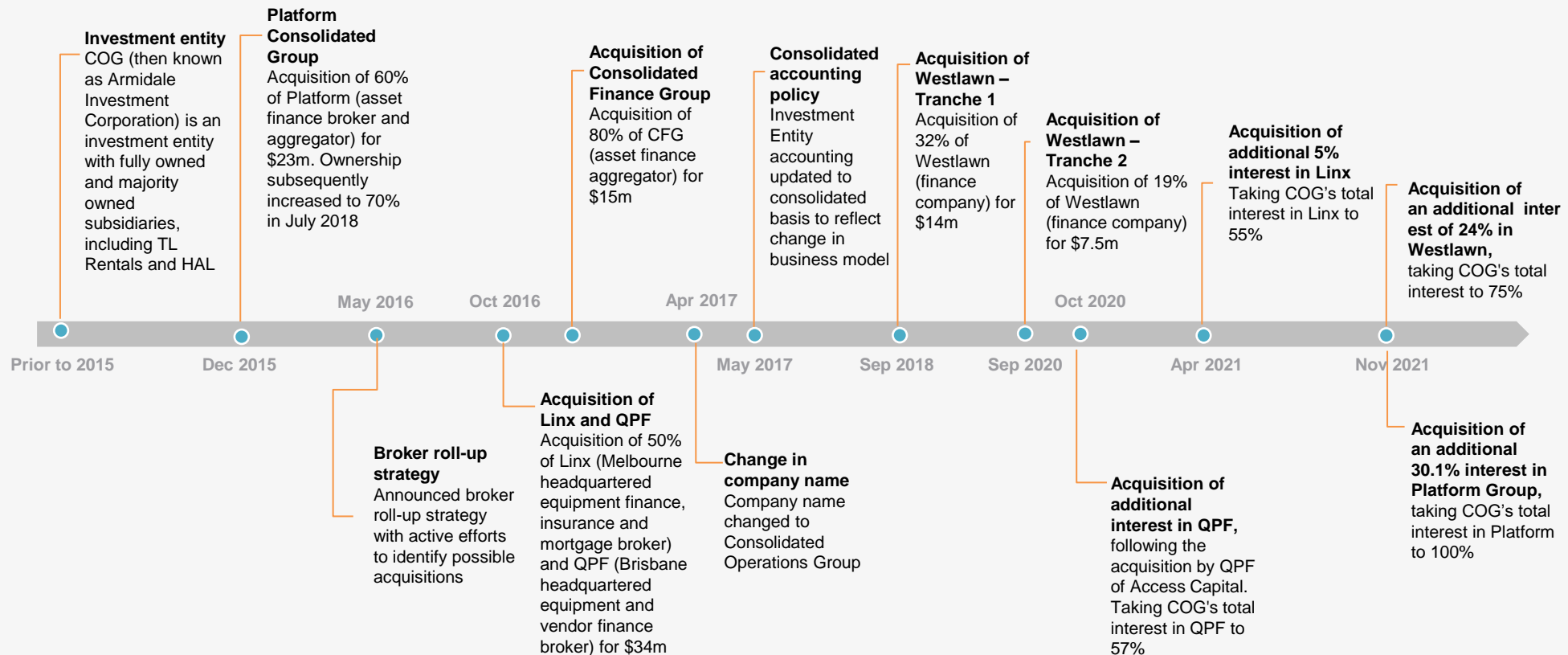


BORROWERS / ASSETS FINANCED



Note: 1. Following completion of Acquisitions
Note: 2. Finance and operating leases, chattel mortgages, secured and unsecured loans

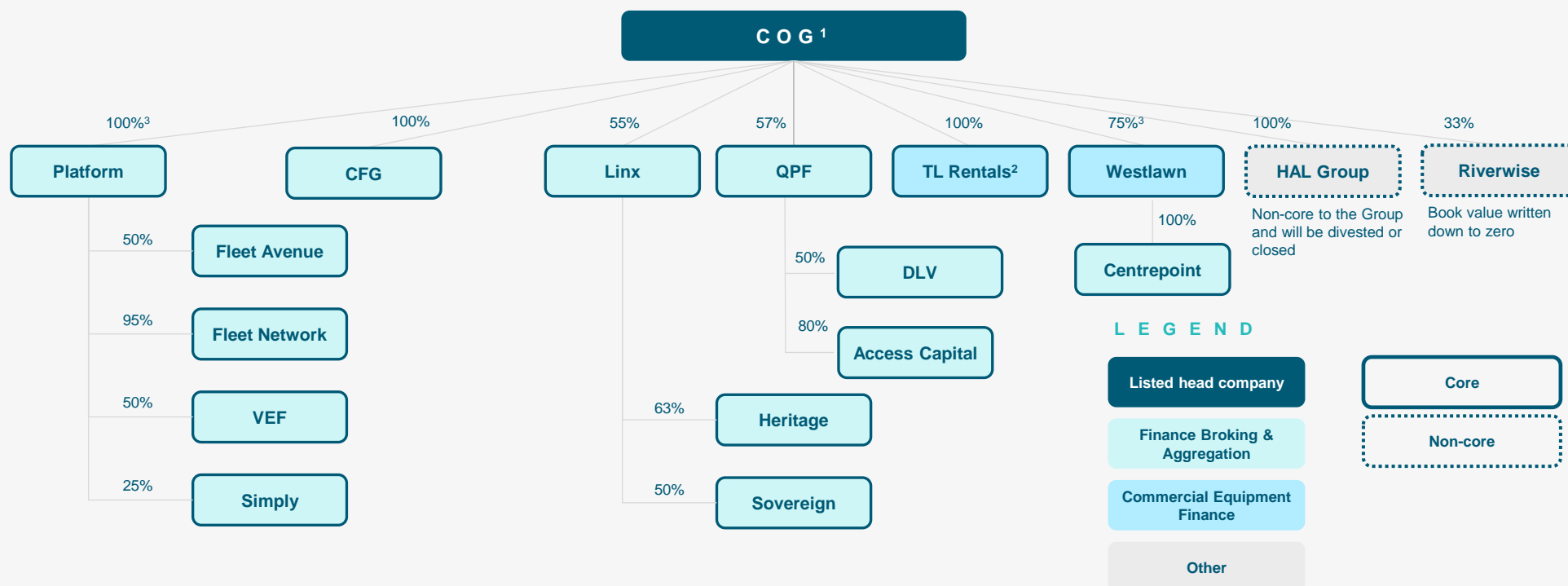
COG has a successful track record of acquiring and integrating brokers and aggregators



COG Group Structure

COG has acquired full ownership or majority stakes in a number of asset finance broking businesses over the last 6 years built around high turnover geographic clusters

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 Lending segment.
 3. Ownership percentage after completion of Westlawn and PCG step-up acquisitions in FY22



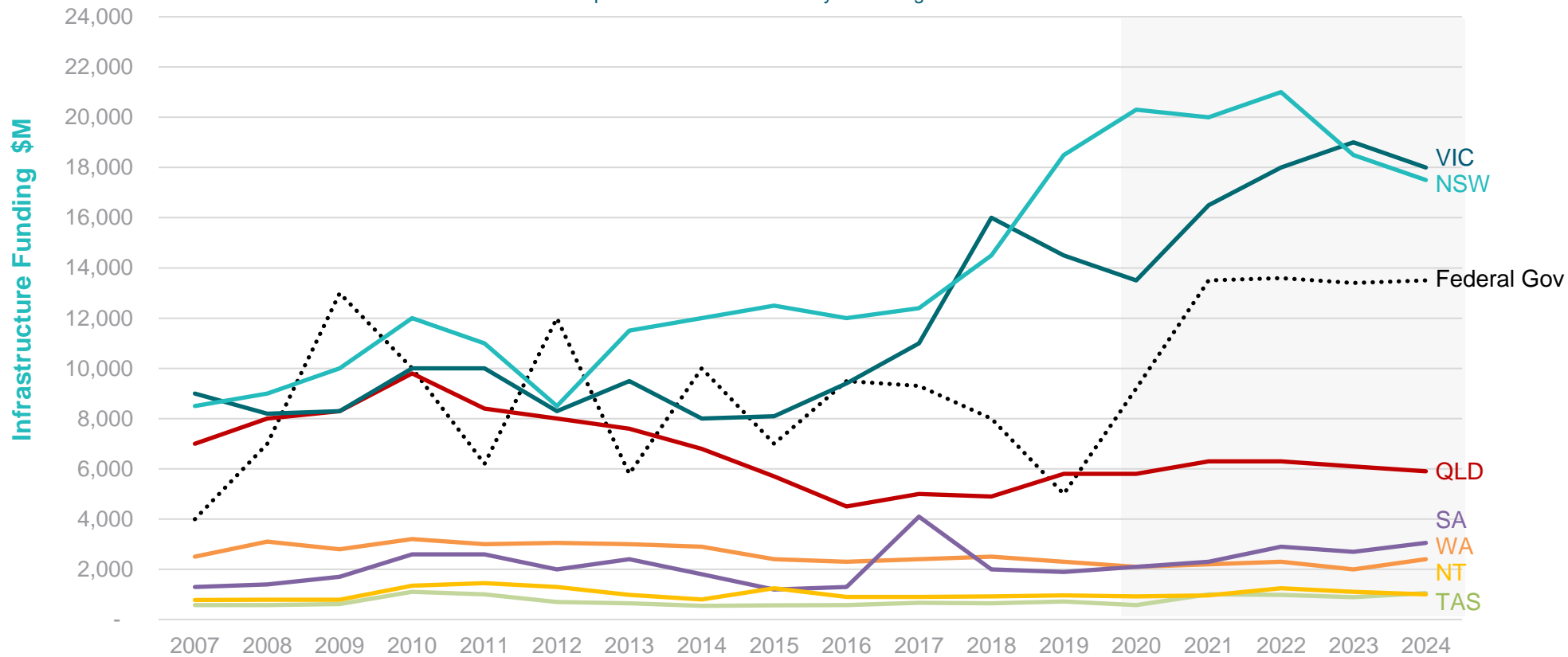
02

Asset Finance Broking Overview

COG Exposed to the coming Infrastructure COVID Stimulus

Historic Infrastructure Spending Australia

Nearly \$225 billion has been allocated for general government sector infrastructure funding over the four years – a 26 per cent increase over last year's Budgets



Australia's largest asset finance broking and aggregation group

COG PROVIDES AGGREGATION SERVICES TO:

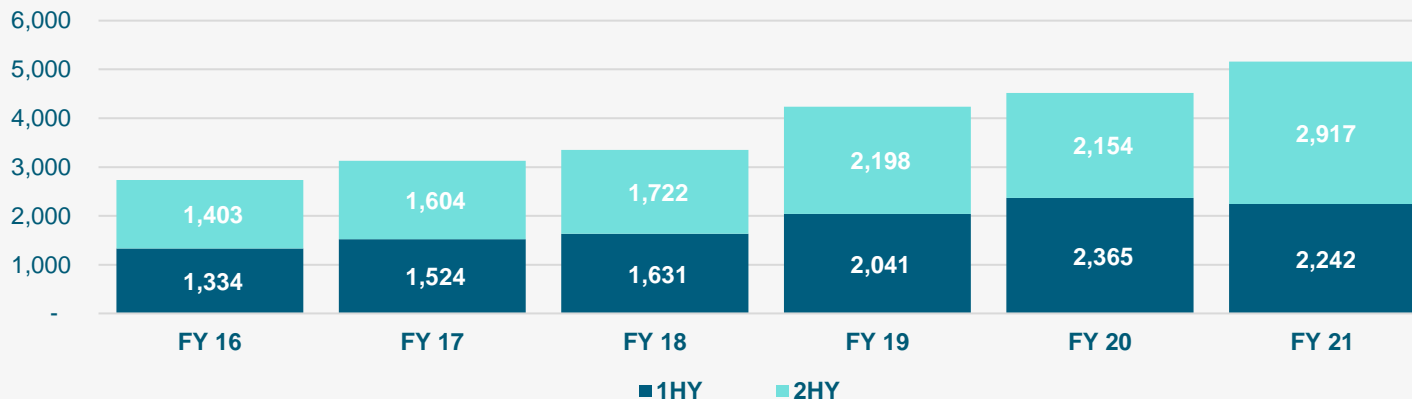
- Independent network member finance brokers
- COG equity owned finance brokers

In FY 21 Total net asset financed (NAF) settled increased by 14% to \$5.16 billion

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

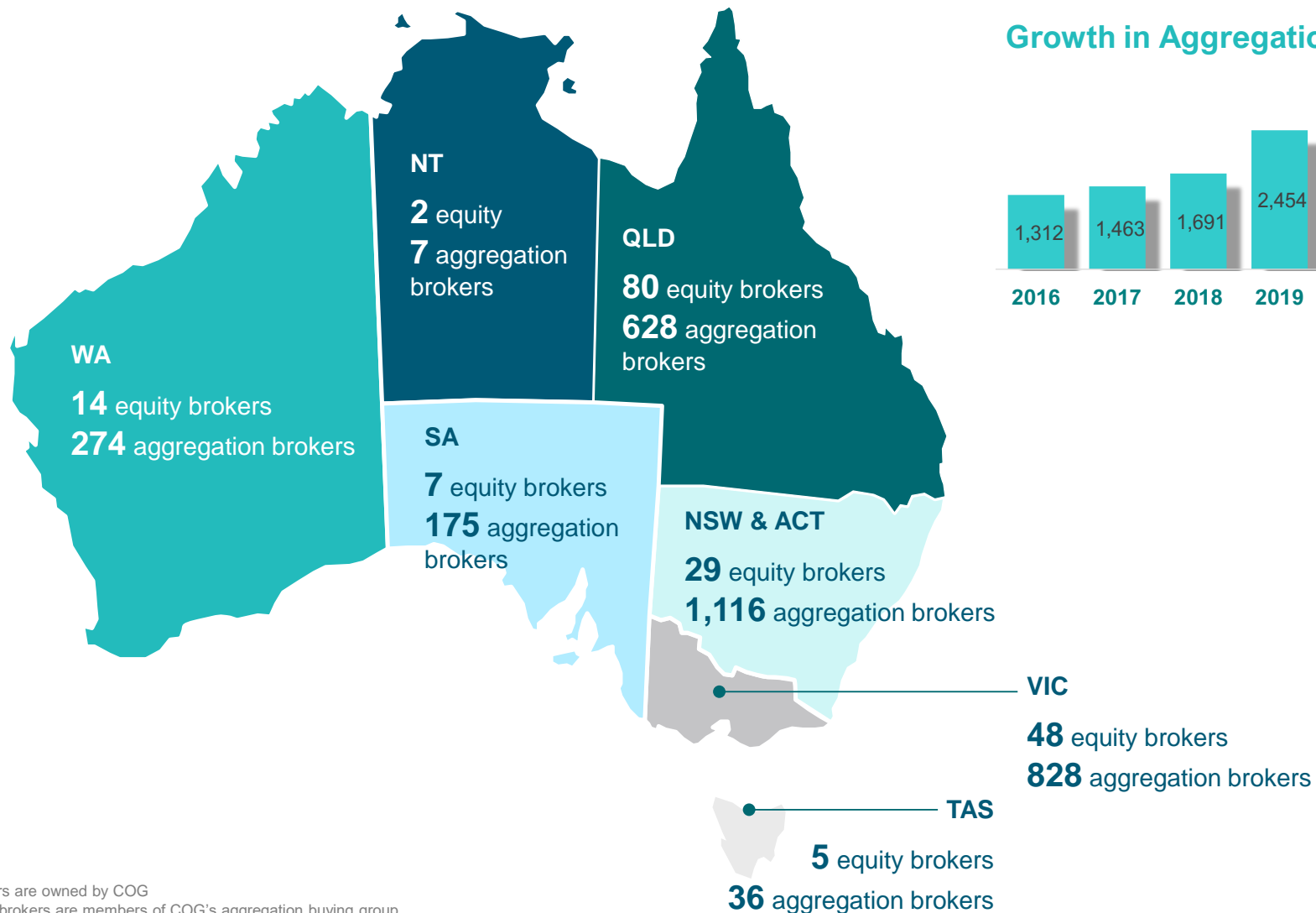
Group Net Asset Financed (\$ million)



Aggregation & Broker Brands



National Asset Finance Broking Network - Broker Footprint



1. Equity brokers are owned by COG

2. Aggregation brokers are members of COG's aggregation buying group

A Strong Proprietary Platform

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.



03

Lending

COG lending is undertaken via its 75% owned finance company – Westlawn Finance Ltd.

Westlawn has operated a retail debenture program since 1960's but it requires capital to support and in 2021 Westlawn established a registered retail Managed Investment Scheme (the Westlawn Income Fund), which will operate along side the debenture program. This will allow Westlawn to grow loan assets under management as cash flows are reserved to cover expected credit losses therefore allowing Westlawn to grow a loan portfolio without the need for additional capital support.

The combination of these two funding vehicles will allow COG to continue to leverage its broker distribution channel to grow its own loan portfolio through Westlawn. COG considers the economic back drop of a rising national savings pool to support the growth of its funds management operations.

Westlawn



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.




The background is a grayscale photograph of industrial machinery, possibly a conveyor belt or a large gear system. On the left side, there is a vertical teal-colored bar that transitions into a diagonal shape. A large, bold, white number '04' is positioned on the right side of the image.

04

FY 2022

COG purchased an additional 24% interest in Westlawn Finance Limited (Westlawn) and the remaining 30% of Platform Consolidated Group Pty Limited (PCG) on 1 November 2021

Q1 FY22 trading result significantly up on prior comparative period

 Acquisitions Overview	 Funding & Impact	 Outlook
<ul style="list-style-type: none"> COG has acquired additional interests in two existing portfolio businesses including: <ul style="list-style-type: none"> An additional 24% interest in Westlawn taking ownership interest from 51% to 75%; and An additional 30% interest in PCG taking ownership to 100% and together Both businesses have been performing strongly and further enhance COG's business model through increased ownership COG intends to acquire the remaining 25% of Westlawn over the next 3-5 years 	<ul style="list-style-type: none"> Total consideration of ~\$24.3 million was funded through existing cash and proceeds of \$20.0 million equity capital raising: <ul style="list-style-type: none"> Westlawn 24% interest at cost of \$9.3 million cash; and PCG 30% interest at cost ~\$15 million cash; Consideration represents a 4.4x EV/normalized EBITDA multiple for Westlawn and a 4.9x EV/normalized EBITDA multiple for PCG Acquisitions are step-up in nature and given existing subsidiaries of COG, and earnings accretive on an EBITDA and full year run rate basis Upon completion, they will enable synergies to be realised across the Group in a shorter time frame 	<ul style="list-style-type: none"> Strong start to FY22 with unaudited Q1 results up 147% on pcp Q1 FY22 NPATA of approximately \$4.7 million Q1 FY22 NAF up 57% on pcp Acquisitions supportive of growth in returns to capital going forward Supply chains have been stretched but the COG network has a very strong forward order book indicating a very strong performance for at the very least the next 12 months Westlawn has large cash holdings which provides capacity for future acquisitions