

COG Financial Services Limited
and its controlled entities

ABN 58 100 854 788

Appendix 4D & Half year Financial Report

Results for announcement to the market
Half year ended 31 December 2021

Comparisons are to the period ended 31 December 2020 (unless specified for 30 June 2021)

	31 December 2021 \$'000	31 December 2020 \$'000	up/down	% movement
Revenue from continuing operations	154,614	129,674	up	19%
Net profit/(loss) from continuing operations	12,237	(26,970)	up	145%
Net profit/(loss) from continuing operations after tax, attributable to members	7,996	(31,230)	up	126%

	31 December 2021 cents	31 December 2020 cents
Earnings/(loss) per share, attributable to members	4.61	(1.97)

	31 December 2021 \$'000	30 June 2021 \$'000
Net assets	190,520	189,661
Less: Intangible assets	(113,714)	(117,728)
Non-controlling interests	(24,546)	(37,322)
Right-of-use lease assets	(6,581)	(6,160)
Net tangible assets	45,679	28,451
NTA per share (cents)¹	24.49	1.71

⁽¹⁾ At an Extraordinary General Meeting (EGM) held on 30 June 2021, the shareholders approved the consolidation of the Company's issued share capital (every 10 shares was consolidated into one share), effective 1 July 2021.

Commentary and explanations of the results

Please see the review of operations in the Directors' Report.

Notes

- (1) This report is based on the financial report which has been reviewed by the auditors and their review report is attached as part of the financial report.
- (2) All the documents comprise the information required by listing rule 4.2A. The information should be read in conjunction with the audited 30 June 2021 annual financial report and all ASX announcements made by the Company during the interim reporting period.

**COG Financial Services Limited
and its controlled entities**

ABN 58 100 854 788

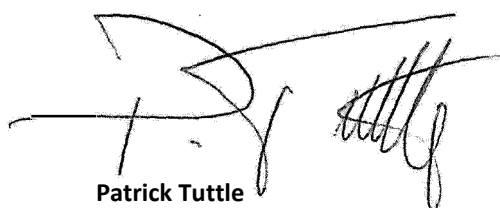
Appendix 4D & Half year Financial Report

Dividends

	31 December 2021 \$'000	31 December 2020 \$'000
Dividends paid or provided during the period		
Interim 2022 fully franked ordinary dividend of 3.5 cents (2021: 1.22 cents ¹) per fully paid ordinary share franked at the tax rate of 30% (2021: 30%)	6,527	2,007
Final 2021 fully franked ordinary dividend of 6.0 (2020: 1.52 cents ¹) per fully paid ordinary share franked at the tax rate of 30% (2020: 30%)	9,981	2,390

Dividends (distributions)	Amount per security	Franked amount per security	Record date	Payment date
Final dividend 30 June 2020 (FY20) ¹	1.52 cents	100%	24 September 2020	23 October 2020
Interim dividend 31 December 2020 (FY21) ¹	1.22 cents	100%	26 March 2021	26 April 2021
Final dividend 30 June 2021 (FY21)	6.0 cents	100%	23 September 2021	22 October 2021
Interim dividend 31 December 2021 (FY22)	3.5 cents	100%	25 March 2022	28 April 2022

1. Adjusted to reflect the consolidation of the Company's share capital effective 1 July 2021



Patrick Tuttle

Chairman

24 February 2022

COG Financial Services Limited and its controlled entities

ABN 58 100 854 788

Interim Financial Report

For the period ended 31 December 2021

Contents

Directors' Report	5
Auditor's Independence Declaration	9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows.....	13
Preface to the Notes to the Financial Statements	14
Directors' Declaration	27
Independent Auditor's Review Report.....	28
Corporate Directory	30

Directors' Report

The Directors of COG Financial Services Limited (COG or the Company) and its controlled entities (the Group), present their report together with the financial statements of the Group, for the period ended 31 December 2021.

Directors' details

The following persons were Directors of the Company during or since the end of the period:

Patrick Tuttle - Chairman
 Steve White - Non-executive Director
 Peter Rollason - Non-executive Director
 Cameron McCullagh - Executive Director
 Mark Crain - Executive Director

Principal activities

The Company is an Australian Securities Exchange (ASX) listed company whose principal activities are in the asset finance sector. The investment objective of the Company is to increase earnings per share by investing in complementary entities and growing existing businesses that specialise in asset finance broking, finance aggregation, commercial leases, and the development of COG owned prime and mid prime products.

OPERATING AND FINANCIAL REVIEW

The Board's 31 December 2021 Interim Operating and Financial Review is presented below and complements the Financial Report.

Review of operations - Group performance

The following table provides shareholders with a summary of COG's underlying and statutory results for the period ended 31 December 2021 and 2020:

Period ended 31 December \$m	Underlying ⁽¹⁾			Statutory		
	2021	2020	Change %	2021	2020	Change %
Revenue ⁽²⁾	153.5	129.4	19%	154.6	129.7	19%
Finance Broking & Aggregation	131.5	107.4	22%	131.6	107.4	23%
Funds management and Lending (formerly 'Lending')	18.4	18.4	0%	19.4	18.6	4%
All Other / Intersegment	3.6	3.6	0%	3.6	3.6	0%
EBITDA	23.4	23.3	0.3%	23.5	(16.6)	241%
EBITDA after non-controlling interests (NCI)	15.5	14.7	5%	15.2	(25.2)	160%
Profit after tax attributable to NCI	3.9	4.3	-9%	4.2	4.3	-1.4%
Profit / (loss) after tax and NCI	8.3	8.3	0.5%	8.0	(31.2)	126%
NPATA ⁽³⁾ after NCI	10.6	10.1	5%	10.2	(29.4)	135%
(-) Less government subsidies	(0.1)	(1.7)	-94%	(0.1)	(1.7)	-94%
NPATA after NCI before government subsidies	10.5	8.4	25%	10.1	(31.1)	132%

⁽¹⁾ On an underlying basis excluding impairment loss (31 December 2021: \$0.6m after tax, 31 December 2020: \$37.2m after tax), loss on deemed sale and reacquisition of investment at fair value (31 December 2021: \$nil after tax, 31 December 2020: \$5.0m after tax), gain from a bargain purchase (31 December 2021: \$nil, 31 December 2020: \$2.8m after tax), transaction costs (31 December 2021: \$nil after tax, 31 December 2020: \$0.1m after tax) redundancy & restructuring costs (31 December 2021: \$0.1m after tax, 31 December 2020: \$0.1m after tax), and one-off unguaranteed residual rights recognition (31 December 2021: \$0.7m after tax, 31 December 2020: \$nil after tax).

⁽²⁾ Underlying revenue excludes interest income of \$0.1m (31 December 2020: \$0.3m after tax) and one-off unguaranteed residual rights recognised of \$1.0m (31 December 2020: \$nil after tax).

⁽³⁾ Excludes amortisation of acquired intangibles of \$2.2m after tax attributable to members (31 December 2020: \$1.8m after tax) in relation to intangibles recognised as part of business combinations.

For the period ended 31 December 2021:

- Underlying revenue was \$153,482k, an increase of 19% on the prior comparative period (pcp),
- Underlying earnings before interest, taxes, depreciation and amortisation (EBITDA) from core operations, and before minority interests, was \$23,373k, an increase of 0.3% on the pcp,
- Underlying profit after tax, attributable to members of the Group, was \$8,348k, an increase of 0.5% on the pcp,
- Underlying net profit after tax and amortisation of intangibles arising from business combinations (NPATA), attributable to members of the Group, was \$10,563k, an increase of 5% on the pcp (increase of 25% on pcp, ignoring government subsidies).

Directors' Report (continued)

On 21 October 2021 the Company issued 11,874,994 fully paid ordinary shares under an institutional investment offer, raising \$16,031k. On 1 December 2021 the Company issued 2,939,821 fully paid ordinary shares to an existing shareholder, raising \$3,969k.

On 22 October 2021 the Company issued 5,324,885 fully paid ordinary shares totalling \$6,962k as part of COG's Dividend Reinvestment Plan (DRP).

The Group's net asset position as at the end of the period was \$190,520k (30 June 2021: \$189,661k).

Review of operations – segment performance

COG's business consists of three operating segments, with each segment's revenue and EBITDA from core operations, shown in the table above and in note A1 to the financial statements, respectively.

Finance Broker & Aggregation (FB&A)

The Finance Broking and Aggregation (FB&A) segment continued to grow with segment revenues for the period ended 31 December 2021 up 22% to \$131,538k (\$107,364k in the pcg). Revenues for the period are inclusive of government subsidies totalling \$nil (\$2,715k in the pcg), which translates into \$nil after tax, attributable to members (\$1,079k in the pcg). EBITDA before minority interests was up 8% to \$16,725k (\$15,543k in the pcg).

COG has established a nationwide distribution network, through its independent aggregation platform members and equity owned brokers and is a key and trusted advisor to the Australian small-to-medium enterprise (SME) sector. COG estimates it now accounts for approximately 18% of annual industry 'net assets financed' (NAF) settled by finance brokers for commercial equipment finance and holds a leading position as Australia's largest finance broker aggregation platform. In the first half of FY22, COG settled \$3.8b of NAF through its finance broking aggregation platforms, a 46% increase on the pcg.

COG continues to pursue organic growth as well as acquiring strategic stakes in complementary businesses. Effective 1 November 2021, COG acquired an additional 30.04% interest from minority shareholders in the existing Group-controlled entity, Platform Consolidated Group Pty Limited (Platform), taking its total interest in Platform from 69.9% to 99.94% as at 31 December 2021. The remaining 0.06% was acquired by COG in 1 January 2022, taking COG's ownership of Platform to 100%.

Effective 1 July 2021, DLV (Qld) Pty Limited (DLV) acquired as a going concern, the business known as Centrepont Finance Yeppoon, operated by Another Day In Paradise Pty Limited. DLV is a 50% owned subsidiary of COG's subsidiary QPF Holdings Pty Limited.

In addition to the above, an internal reorganisation occurred in relation to the Centrepont Finance Pty Limited (Centrepont) business, effective 1 July 2021, whereby the aggregation business of Centrepont as well as a 100% of the shares in EF Systems Pty Ltd (owner of the proprietary system BROOS) were sold by Centrepont to Consolidated Finance Group Limited (CFG), with the aim of centralising the aggregation business across the COG Group. Effective 1 July 2021, COG also disposed of its 100% equity interest in Centrepont to Westlawn Finance Limited (all treated as a 'transaction between owners' from a COG Group perspective).

The Group continues to focus on improving systems and processes available to all businesses within this segment, leveraging the skills and expertise of management to enhance performance. COG has commenced a project to upgrade the existing IT platform acquired as part of Centrepont Finance Group, known as "BROOS", which is expected to be completed within 12 months. The system's upgrade is designed to expand the utilization of the software across the Group, and to replace 'Platform Connect', currently utilised by Platform brokers. BROOS was originally designed to interface directly with our finance partners and it will continue to support all users, with the efficient management of broker transactions.

Directors' Report (continued)

Funds Management and Lending (formerly 'Lending')

The Funds Management and Lending (formerly 'Lending') segment delivered revenues for the period ended 31 December 2021 of \$18,362k, consistent with pcg (\$18,379k in the pcg). Revenues for the period are inclusive of government subsidies of \$110k (\$357k in the pcg) as well as the contribution from Westlawn Finance Limited (Westlawn) totalling \$13,705k (\$10,739k in the pcg), which includes additional government subsidies of \$nil (\$164k in the pcg). EBITDA before minority interests was down 14% to \$7,221k (\$8,422k in the pcg).

Effective 1 November 2021, the Group completed the acquisition of a further 24% interest in Westlawn, taking its total interest in that entity to 75%. The acquisition of a controlling interest in the Westlawn business provides COG with a unique platform to generate competitive and capital efficient funding, which will underpin future growth in our own-branded lending book.

The chattel mortgage lending product, now offered through Westlawn, has been well accepted by the market with a substantial increase in volumes in recent months and will continue to be expanded, via the COG owned finance broker distribution network. New loans and leases written in the first half of FY22 increased by 91% to \$59,139k (\$30,900k in the pcg) and includes chattel mortgages and other products previously offered by Westlawn.

The Expected Credit Loss (ECL) provision increased from 3.1% in 30 June 2021 to 3.2% in 31 December 2021 and reflects management conservatism towards the ongoing COVID-19 pandemic (despite expected credit losses not crystallising during the period to the extent previously forecasted and cash collections continuing to be at record highs for the period).

At the end of FY21, management became aware of a potential fraud relating to a portfolio of equipment lease receivables arranged by Forum Finance under a Principal & Agency (P&A) agreement with Westlawn. Full provision has been made in these financial statements, for all contracts that are potentially fraudulent, and a replacement P&A agreement has been put in place with a new service provider. In the first half of FY22, the COG Group and Westlawn's minority shareholder acquired 51.02% and 48.98% interests respectively in this specific receivables' portfolio and its residual rights from secondary income.

In FY21 COG launched (through its Westlawn subsidiary) an unlisted Managed Investment Scheme (MIS), which is a scalable / capital light funding structure as compared to other non-banks and is expected to become the main funding vehicle for the Group's funds management and lending business (current balance of approximately \$22.9m includes senior and subordinated issuances).

The TL Commercial book is currently in 'run-off' with the total lease/loan receivables of \$48.4m as at 31 December 2021 representing the present value of lease and loan instalments, and related unguaranteed residual rights, expected to be received over the course of the next four years.

COG continues to focus on its strategy of expanding its lending activities into mid-prime products for distribution through its finance broking network. In the medium-term, COG is aiming for 10% to 20% of intermediated financing to be completed via its brokers using COG's prime and mid-prime products.

Other

COG's Other segment includes managed IT services provided by Hal Group, the Group Head Office function, which is provided by the ultimate parent entity, and intersegment activities. Revenues for the period are inclusive of government subsidies of \$79k (\$443k in the pcg).

COG's Other segment includes share of results of \$845k from its 16.8% investment in Earlypay Limited (ASX: EPY) as well as its share of results in Riverwise Pty Limited of \$215k, reflecting a cash dividend payment received during the first half of FY22.

Directors' Report (continued)

Dividends

Since the year ended 30 June 2021, the Board declared and paid a fully franked final dividend of \$9,981k (6.0 cents per fully paid ordinary share (2020: 1.52 cents), on a post share consolidation basis. The aggregate amount of the final dividend of \$9,981k was paid on 22 October 2021 out of the Company's profits reserve at 30 June 2021. Due to the operation of the Company's Dividend Reinvestment Plan (DRP), COG issued 5,324,885 fully paid shares in respect of the final dividend.

For the period ended 31 December 2021, the Board declared a fully franked interim dividend of 3.5 cents per fully paid ordinary share (2020: 1.22 cents – post consolidation). The aggregate amount of the proposed dividend of \$6,527k will be paid on 28 April 2022 out of the Company's profits reserve at 31 December 2021. The Company's DRP will apply to the interim dividend.

Events subsequent to the end of the financial period

As disclosed in the notes to the financial statements, apart from the acquisition of a controlling interest in Equity-One Mortgage Fund Limited by Westlawn Finance Limited (a 75% owned subsidiary of COG), the establishment of an acquisition finance facility with a major Australian bank, and the interim dividend declared on 24 February 2022, no other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Environmental regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

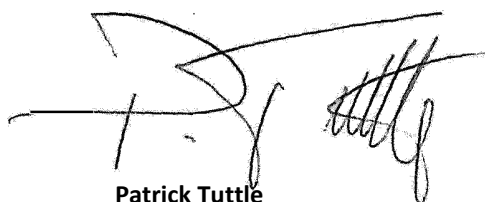
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Rounding of amounts

In accordance with ASIC *Corporations (Rounding in Financial/Director Reports) Instrument 2016/191*, amounts in the Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of Directors on 24 February 2022.



Patrick Tuttle
Chairman



Cameron McCullagh
Executive Director

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF COG FINANCIAL SERVICES LIMITED

As lead auditor for the review of COG Financial Services Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of COG Financial Services Limited and the entities it controlled during the period.



Tim Aman
Director

BDO Audit Pty Ltd
Sydney, 24 February 2022

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2021

		31 December 2021 \$'000	31 December 2020 \$'000
	Notes		
Revenue from continuing operations	A2	154,614	129,674
Cost of sales		(34,810)	(33,432)
Commissions paid		(62,493)	(42,532)
Employee benefits expense		(23,455)	(19,904)
Administration expenses		(6,516)	(5,097)
Occupancy expenses		(617)	(857)
Finance costs		(297)	(530)
Funding costs (Funds Management and Lending)		(2,222)	(4,110)
Depreciation and amortisation		(5,916)	(5,533)
Acquisition-related expenses		(13)	(108)
Gain from bargain purchase		-	2,759
Impairment		(685)	(37,458)
Loss on deemed sale & reacquisition of investment at fair value		-	(4,956)
Other expenses		(165)	(288)
Profit/(loss) before income tax		17,425	(22,372)
Income tax expense		(5,188)	(4,598)
Profit/(loss) after tax for the period		12,237	(26,970)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to the statement of profit or loss:</i>			
Changes in equity securities fair value		-	4,620
Total comprehensive income/(loss) for the period		12,237	(22,350)
Profit/(loss) after tax attributable to:			
Members of COG Financial Services Limited		7,996	(31,230)
Non-controlling interests		4,241	4,260
Total profit/(loss) after tax for the period		12,237	(26,970)
Total comprehensive income/(loss) attributable to:			
Members of COG Financial Services Limited		7,996	(26,653)
Non-controlling interests		4,241	4,303
Total comprehensive income/(loss) for the period		12,237	(22,350)
Basic earnings/(loss) per share from continuing operations, attributable to members (cents):			
		4.61	(1.97)
Diluted earnings/(loss) per share from continuing operations, attributable to members (cents):			
		4.60	(1.97)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2021

		31 December 2021 \$'000	30 June 2021 \$'000
ASSETS	Notes		
Current			
Cash and cash equivalents	C4	104,937	94,514
Trade and other receivables		15,726	18,175
Contract assets		2,850	2,787
Financial assets - lease receivables		23,387	42,463
Financial assets - loans		52,324	46,377
Other financial assets		1,388	1,334
Inventories		205	72
Total current assets		200,817	205,722
Non-current			
Contract assets		7,597	7,085
Financial assets - lease receivables		40,418	50,576
Financial assets - loans		73,349	52,543
Other financial assets		6,170	10,835
Financial assets at fair value through other comprehensive income		156	908
Equity accounted associates		19,123	18,404
Property, plant and equipment		6,623	6,729
Intangible assets		113,714	117,728
Right-of-use lease assets		6,581	6,160
Total non-current assets		273,731	270,968
Total assets		474,548	476,690
LIABILITIES			
Current			
Trade and other payables		23,964	27,416
Customer salary packaging liability		6,848	6,800
Interest bearing liabilities		186,131	183,473
Current tax liabilities		5,843	7,432
Provisions		6,227	6,640
Lease liabilities		1,542	1,495
Other liabilities		260	327
Total current liabilities		230,815	233,583
Non-current			
Trade and other payables		2,398	2,915
Interest bearing liabilities		35,859	35,704
Deferred tax liabilities		8,147	8,438
Lease liabilities		5,648	5,269
Provisions		1,161	1,120
Total non-current liabilities		53,213	53,446
Total liabilities		284,028	287,029
Net assets		190,520	189,661
EQUITY			
Share capital	B2	273,601	247,315
Accumulated losses		(117,793)	(117,793)
Reserves	B2	10,166	22,817
Non-controlling interests		24,546	37,332
Total equity		190,520	189,661

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the period ended 31 December 2021

Notes	Share capital \$'000	Treasury shares \$'000	Accumulated losses \$'000	Reserves \$'000	Non-controlling interests \$'000	Total Equity \$'000
Balance at 1 July 2021	247,315	-	(117,793)	22,817	37,322	189,661
Net profit/(loss) for the period, after tax	-	-	7,996	-	4,241	12,237
Total comprehensive income for the period	-	-	7,996	-	4,241	12,237
Transactions with owners:						
Share based payment expense	-	-	-	(10)	-	(10)
Transaction between owners	-	-	-	(68)	-	(68)
Non-controlling interest acquired	-	-	-	(10,588)	(12,459)	(23,047)
Non-controlling interest recognised through business combinations	-	-	-	-	250	250
Non-controlling interest acquisition contribution	-	-	-	-	107	107
Dividends	-	-	-	(9,981)	(4,915)	(14,896)
Issue of share capital	26,962	-	-	-	-	26,962
Costs of raising capital, net of tax	(676)	-	-	-	-	(676)
Transfer to reserves	-	-	(7,996)	7,996	-	-
Balance at 31 December 2021	273,601	-	(117,793)	10,166	24,546	190,520
Balance at 1 July 2020	241,179	-	(91,415)	24,419	18,204	192,387
Net profit/(loss) for the period, after tax	-	-	(31,230)	-	4,260	(26,970)
Changes in equity securities fair value	-	-	-	4,620	-	4,620
Total comprehensive income for the period	-	-	(31,230)	4,620	4,260	(22,350)
Transactions with owners:						
Share based payment expense	-	-	-	156	-	156
Option to acquire further interest in subsidiary	-	-	-	(1,132)	-	(1,132)
Non-controlling interests acquired	-	-	-	-	(172)	(172)
Non-controlling interest recognised through business combinations	-	-	-	(618)	18,005	17,387
Non-controlling interest acquisition contribution	-	-	-	-	1,203	1,203
Dividends	-	-	-	(2,390)	(5,273)	(7,663)
Issue of share capital	4,417	-	-	-	-	4,417
Costs of raising capital, net of tax	(107)	-	-	-	-	(107)
Reclassification of shares held by subsidiary on acquisition	-	(2,344)	-	-	-	(2,344)
Balance at 31 December 2020	245,489	(2,344)	(122,645)	25,055	36,227	181,782

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the period ended 31 December 2021

	31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities		
Receipts from customers	256,163	198,074
Payments to suppliers and employees	(148,914)	(130,375)
Dividends received	310	726
Finance costs paid	(2,725)	(4,657)
Income taxes paid	(6,958)	(3,149)
Net cash inflow from operating activities	97,876	60,619
Cash flows from investing activities		
Net cash (outflow)/ inflow on acquisitions, including cash acquired	(24,110)	32,431
Payments for deferred consideration	(83)	(3,350)
Payments for equipment - finance leases	(2,868)	(15,507)
Payments for equipment - loans	(56,271)	(15,507)
Payments for property, plant and equipment	(404)	(1,620)
Payment for intangible assets	(17)	(628)
Proceeds from sale of investments	6,501	-
Proceeds from sale of property, plant and equipment	186	-
Loan repayments received	277	(471)
Net cash (outflow) from investing activities	(76,789)	(4,538)
Cash flows from financing activities		
Non-controlling interest acquisition contribution	107	1,203
Proceeds from issue of shares	26,962	4,417
Costs of raising capital	(676)	(107)
Proceeds from interest bearing liabilities	-	5,000
Repayments of interest bearing liabilities	(21,347)	(20,719)
Repayments of lease liabilities - right-of-use lease assets	(814)	(1,165)
Dividends paid	(9,981)	(2,390)
Dividends paid by subsidiaries to non-controlling interests	(4,915)	(5,273)
Net cash (outflow) from financing activities	(10,664)	(19,034)
Net increase in cash and cash equivalents	10,423	37,047
Cash and cash equivalents, beginning of the financial year	94,514	34,691
Cash and cash equivalents, end of the period	104,937	71,738
Non-cash investing and financing activities:		
Scrip consideration issued for acquisitions of investments	-	27

The above Consolidated Statement of Cashflows should be read in conjunction with the accompanying notes.

Preface to the Notes to the Financial Statements

COG Financial Services Limited (COG or the Company) and its controlled entities (the Group) is an Australian Securities Exchange (ASX) listed Company whose principal activities are focused on the equipment finance sector. The investment objective of the Group is to grow its earnings per share by investing in complementary entities and growing existing businesses that specialise in asset finance broking, finance aggregation and commercial leases, with the strategic focus now moving to COG owned prime and mid prime products.

COG is the ultimate parent company of the Group and is a for-profit listed company limited by shares, incorporated and domiciled in Australia.

The financial statements have been approved and authorised for issue by the Board of Directors on 24 February 2022.

The interim financial statements are general purpose financial statements that:

- have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*,
- include the assets and liabilities of all subsidiaries of the Company as at 31 December 2021 and the results of the subsidiaries for the period then ended (inter-entity transactions with, or between subsidiaries are eliminated in full on consolidation),
- have been prepared on an historical cost basis, and
- are measured and presented in Australian dollars, which is the Company's functional and presentation currency with all values rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Legislative Instrument 2016/191.

The interim financial statements do not include all the information and disclosures required for annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the Annual Financial Report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies and key accounting judgements, estimates and assumptions are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The Company's principal place of business is Level 1, 72 Archer Street, Chatswood, NSW 2067.

The registered office is Level 5, 126 Phillip Street, Sydney, NSW, 2000.

Reclassification or restatement of prior year balances

Certain prior year amounts in the following notes to the financial statements have been reclassified or restated to conform to the current year presentations.

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Cash Flows
- A1 Operating segments
- A2 Revenue

Going concern

The financial statements have been prepared on a going concern basis.

The Directors regularly monitor the Company's cash position and, on an on-going basis, consider a number of options to ensure that adequate funding continues to be available for the Company to meet all of its commitments.

Preface to the Notes to the Financial Statements (continued)

As at 31 December 2021, the Group's current assets of \$200,817k are \$29,998k lower than current liabilities of \$230,815k due to COG's subsidiary Westlawn Finance Limited, 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.

The Directors are satisfied the current level of cash reserves, availability of operational cash flow, and quantum of financing, which can be secured through the means noted above, will be sufficient to meet the ongoing operational commitments of the Company for more than 12 months from the date of this report.

A - Financial Performance

A1 OPERATING SEGMENTS

The Group has three operating segments based upon the products and services offered by business units within each segment. The Group presents the financial information below to the Directors each month or quarter.

The Group's reportable segments are as follows:

- *Finance Broking and Aggregation* activities comprise business units focused on the aggregation of broker volumes to maximise profitability through scale, and finance broking focused on a range of finance products and asset types;
- *Funds Management and Lending* activities are focused on providing bespoke financing arrangements to commercial customers for essential business assets; and
- *All Other / Intersegment* activities, which include: (i) managed IT services provided by Hal Group Pty Limited, (ii) equity investment of 16.8% in the associate Earlypay Limited, and (iii) corporate office function provided by the ultimate parent entity.

	Finance Broking and Aggregation	Funds Management and Lending ⁽²⁾	All Other / Intersegment	Total
Period ended 31 December 2021	\$'000	\$'000	\$'000	\$'000
Revenue	131,538	18,362	3,582	153,482
Underlying EBITDA from core operations ⁽¹⁾	16,725	7,221	(573)	23,373
Impairment	(498)	(187)	-	(685)
One-off unguaranteed residual rights recognition	-	1,040	-	1,040
Acquisition-related expenses	-	(4)	(9)	(13)
Redundancy and restructuring costs	-	-	(169)	(169)
Statutory EBITDA from core operations	16,227	8,070	(751)	23,546
Interest income				92
Finance costs				(297)
Depreciation and amortisation				(5,916)
Profit before tax				17,425
Income tax expense				(5,188)
Profit after tax				12,237
Non-controlling interests				(4,241)
Profit after tax, attributable to members				7,996
	Finance Broking and Aggregation	Funds Management and Lending ⁽²⁾	All Other / Intersegment	Total
Period ended 31 December 2020 ⁽³⁾	\$'000	\$'000	\$'000	\$'000
Revenue	107,364	18,379	3,598	129,341
Underlying EBITDA from core operations ⁽¹⁾	15,543	8,422	(656)	23,309
Impairment	-	(37,446)	(12)	(37,458)
Loss on deemed sale and reacquisition at fair value	-	(4,956)	-	(4,956)
Acquisition-related expenses	(103)	-	(5)	(108)
Gain from a bargain purchase	-	2,759	-	2,759
Redundancy and restructuring costs	(76)	(112)	-	(188)
Statutory EBITDA from core operations	15,364	(31,333)	(673)	(16,642)
Interest income				333
Finance costs				(530)
Depreciation and amortisation				(5,533)
Profit/(loss) before tax				(22,372)
Income tax expense				(4,598)
Profit/(loss) after tax				(26,970)
Non-controlling interests				(4,260)
Profit/(loss) after tax, attributable to members				(31,230)

1. Excludes non-recurring items.

2. Funds Management and Lending (formerly the 'Lending' segment) includes Westlawn Finance Limited.

3. Amounts have been reclassified to conform to the current year presentation as follows: (i) TL Commercial (formerly 'Commercial Equipment Financing') goodwill impairment has been moved from 'All Other / Intersegment' to 'Funds Management and Lending'; (ii) 'Gain from a bargain purchase' and 'Loss on deemed sale and reacquisition of investment at fair value', all relating to the acquisition of controlling interest in Westlawn Finance Limited, have been moved from 'All Other / Intersegment' to 'Funds Management and Lending'; (iii) 'Dividend income', 'Interest income' & 'Funding costs' pertaining to the 'Funds Management and Lending' business, and 'Share of results from associates' have been moved above the 'Underlying EBITDA from core operations'; and (iv) 'Acquisition-related expenses' have been moved above the 'Statutory EBITDA from core operations'.

A - Financial Performance (continued)

A2 REVENUE

	31 December 2021 \$'000	31 December 2020 \$'000
Commission, trail, fee and volume bonus income	102,261	73,485
Sale of goods	37,101	36,002
Finance lease income	7,179	10,669
Finance income - loans	3,508	3,170
Interest income	92	333
Government grants	189	3,614
Dividend income	-	726
Other operating revenue	3,137	1,565
Share of results from associates	1,147	110
	154,614	129,674

B - Group Structure

B1 BUSINESS COMBINATIONS

Key judgement - fair value of assets acquired

When the Group obtains control over a new acquisition (acquiree) it is required to determine the value of assets and liabilities it has acquired. This value is based upon assessment of the fair value of the rights and obligations transferred to the Group and involves estimates and judgements in relation to the:

- date control was obtained over the acquiree by the Group (acquisition date),
- the acquisition price paid, including any non-cash or deferred consideration,
- assets and liabilities already recognised by the acquiree,
- amounts recognised by the acquiree and whether they are representative of the fair value of the assets and liabilities, and
- fair value of assets and liabilities not previously recognised including internally generated intangible assets.

Non-controlling interests as well as equity interests previously held in the acquired entity are both recognised at fair value at the acquisition date.

These factors are complex and the determination of key assumptions requires a high degree of judgement. In the case of large or complex business combinations, external specialists are used to assist in determining the fair value of assets and liabilities resulting from the business combination.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, identified adjustments to the fair value, then the amounts recognised as at the acquisition date are retrospectively revised.

As previously disclosed in the 30 June 2021 Financial Report, during the financial year ended 30 June 2021 the Group executed the following acquisitions:

- acquired an additional 19.2% which resulted in a controlling equity interest of 51.02% in Westlawn, effective 1 July 2020, and
- acquired 80.0% of Access Capital Pty Limited (Access) through its 57.1% owned subsidiary QPF Holdings Group (QPF), effective 2 November 2020.

The initial accounting of the Access acquisition was stated on a provisional basis as at 30 June 2021. The fair values have been finalised as at 31 December 2021 with no further changes required to the originally recognised assets and liabilities.

During the half year ended 31 December 2021 the Group executed the following acquisition:

- Effective 1 July 2021, DLV (Qld) Pty Limited (DLV) acquired as a going concern, the business known as Centrepont Finance Yeppoon, operated by Another Day In Paradise Pty Limited. DLV is a 50% owned subsidiary of COG's subsidiary QPF Holdings Pty Limited.

The values identified for the above acquisition as at 31 December 2021 are as follows:

	Centrepont Finance Yeppoon \$'000
Purchase consideration	
Cash consideration	500
Deferred consideration ¹	489
	989
Fair value of net assets (liabilities) acquired	
Contract assets	386
Right-of-use lease assets	336
Lease liabilities	(336)
Provisions	(7)
	379
To be recognised as goodwill (gain from bargain purchase)	610

¹ Deferred consideration is payable over a 36-month period commencing on the acquisition date

B - Group Structure (continued)

B1 BUSINESS COMBINATIONS

Acquisition values

For the acquisition outlined above:

- goodwill associated with the acquisition primarily relates to synergies due to scale and operational efficiencies through the sharing of operational expertise throughout the Group and is not expected to be tax deductible,
- acquisition accounting remains provisional.

Transactions between owners

During the half year ended 31 December 2021, the Group acquired additional interests from minority shareholders in the following entities, which were already controlled by the Group:

- **Westlawn Finance Limited (Westlawn)**
On 1 November 2021, the Group exercised its option to acquire 3,553,409 Westlawn shares (representing an additional interest of 24%) for a total cash consideration of \$9,324k. As a consequence, COG's controlling interest in Westlawn increased from 51.0% to 75.0%.
- **Platform Consolidated Group Pty Limited (Platform)**
On 1 November 2021, the Group exercised its option to acquire 15,689,234 Platform shares (representing an additional interest of 30.05%) for a total cash consideration of \$14,703k. As a consequence, COG's controlling interest in Platform increased from 69.9% to 99.94% on 31 December 2021. The remaining 33,414 Platform shares (representing 0.06%) were acquired by COG on 1 January 2022 for a consideration of \$32k. COG's ownership of PCG is now 100%, effective 1 January 2022.

In addition to the above, the following internal restructure occurred, effective 1 July 2021:

- **Centrepont Finance Pty Limited (Centrepont) and its controlled entities**
 - The aggregation business of Centrepont (known as the relationship between Centrepont and its Business Partners) and its related assets and liabilities as well as a 100% of the shares in EF Systems Pty Ltd (owner of the proprietary system BROOS) were sold by Centrepont to Consolidated Finance Group Limited (CFG) for a cash consideration of \$1 (both wholly-owned entities of COG).
 - COG disposed of its 100% equity interest in Centrepont to Westlawn for a total cash consideration of \$6,225k plus a deferred consideration payable within 12 months based on future performance.

As the Group already controls the entities above, the additional acquisitions as well as the internal restructure relating to Centrepont have been treated as a transaction between owners and consequently do not generate any additional goodwill or other acquisition adjustments.

B - Group Structure (continued)

B1 BUSINESS COMBINATIONS

Earlypay Limited

The carrying amount of equity-accounted investment in Earlypay Limited (EPY) has changed as follows in the half year ended 31 December 2021:

	31 December 2021 \$'000
Balance at the beginning of the period	17,613
Share of results from associates ⁽¹⁾	845
Cash dividend received by Westlawn	(96)
Balance at the end of the year ⁽²⁾	18,362

⁽¹⁾ Share of results from associates in note 'A2 Revenue' includes share of results in Riverwise Pty Limited of \$215k, reflecting a cash dividend payment received during the period (the carrying value of the investment remains at \$nil) and results from other non-material associates of \$87k.

⁽²⁾ Equity accounted associates in the Consolidated Statement of Financial Position includes investment in other non-material associates of \$761k.

EPY is an ASX-listed company and is a provider of secured finance to small and medium-sized enterprises (SME) in the form of invoice and equipment finance. Through its receivables finance facility, it provides an advance payment of up to 80% of a client's invoice to help their businesses overcome the cash pressure of delivering goods or services in advance of payment from their customers (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. It will also consider an additional advance to a client (above the usual 80%), for an additional fee and when there is adequate security from the client to cover the position. Other services include trade finance to assist client finance purchases, as well as equipment finance to assist SMEs with capital expenditure on items required to operate their businesses.

B2 SHARE CAPITAL AND RESERVES

B2.1 ORDINARY SHARES

	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 No. of Shares '000	30 June 2021 No. of Shares '000
<i>Shares issued and fully paid</i>				
Balance at the beginning of the period ⁽¹⁾	247,315	241,179	166,346	1,571,736
Shares issued via placement ⁽²⁾	20,000	2,000	14,815	33,898
Shares issued in business combinations ⁽³⁾	-	560	-	5,191
Shares issued under DRP ⁽⁴⁾	6,962	3,755	5,325	52,636
Costs of raising capital, net of tax	(676)	(179)	-	-
Closing balance at the end of the period	273,601	247,315	186,486	1,663,461

⁽¹⁾ At an Extraordinary General Meeting (EGM) held on 30 June 2021, the shareholders approved the consolidation of the Company's issued share capital (every 10 shares was consolidated into one share), effective 1 July 2021.

⁽²⁾ On 21 October 2021 the Company issued 11,874,994 fully paid ordinary shares under an institutional investment offer, raising \$16,031k. On 1 December 2021 the Company issued 2,939,821 fully paid ordinary shares to an existing shareholder, raising \$3,969k. On 16 November 2020 the Company issued 33,898,305 fully paid ordinary shares totalling \$2,000k as part of the consideration of the acquisition of 80% of Access (see Note B1).

⁽³⁾ On 31 July 2020 the Company issued 492,730 fully paid ordinary shares totalling \$27.1k as part of the consideration for the acquisition of 0.2% of PCG from minority shareholders. On 2 June 2021, the Company issued 4,698,274 fully paid ordinary shares totalling \$532.8k as part of the acquisition of 4.9% of Linx Group Holdings Pty Limited from minority shareholders.

⁽⁴⁾ On 22 October 2021 the Company issued 5,324,885 fully paid ordinary shares totalling \$6,962k as part of COG's Dividend Reinvestment Plan (DRP). On 23 October 2020, the Company issued 25,324,500 fully paid ordinary shares for \$1,568k under COG's DRP and a further 13,282,654 fully paid ordinary shares for \$822k to the underwriters of the DRP shortfall on 2 November 2020, in respect of the FY20 final dividend. The Company issued 14,029,271 fully paid ordinary shares for \$1,365k on 26 April 2021 under COG's DRP in respect of the FY21 interim dividend.

B - Group Structure (continued)

B2.2 SHARE BASED PAYMENTS

Options

Andrew Bennett

The Group has issued share options to Andrew Bennett who commenced as a member of key management personnel in 2018. These share options, which were issued as part of Mr Bennett's remuneration package, entitle him to acquire one share in COG at the option strike price at any time between the grant and expiry dates, as set out below:

Grant date	Expiry date	Exercise price	Balance at the beginning of the period	Granted	Exercised	Expired/ Forfeited / Cancelled	Balance at the end of the period ⁽¹⁾
25 July 2018	30 June 2021	\$0.105	-	6,857,143	-	-	6,857,143
25 July 2019	30 June 2022	\$0.105	6,857,143	3,225,806	-	-	10,082,949
23 December 2020	30 June 2023	\$0.049	10,082,949	4,184,100	-	(10,082,949)	4,184,100

The options have the following characteristics:

Option valuation method	Black-Scholes
Market conditions	None
Service conditions	None
Nature of settlement	Equity settled

- (1) At an Extraordinary General Meeting (EGM) held on 30 June 2021, the shareholders approved the consolidation of the Company's options (every 10 options were consolidated into one option), effective 1 July 2021. The remaining 4,184,100 options on a pre-consolidated basis (post-consolidation: 418,410 options) will lapse if not exercised on the earlier of the date of termination of Mr Bennett's employment, and the date three years subsequent to the option grant date.

At an Extraordinary General Meeting (EGM) held on 30 June 2021, the shareholders approved the consolidation of the Company's issued share capital (every 10 shares and every 10 options were consolidated into one share and one option, respectively), effective 1 July 2021, and the cancellation of 6,857,143 and 3,225,806 unlisted options (on a pre-consolidation basis) issued to Mr Bennett in exchange for payments to him of \$127,081 and \$100,000, respectively, recognised against the share based payment reserve.

At the EGM the shareholders also approved the adoption of a new Long Term Incentive (LTI) plan, effective 25 October 2021. The revised LTI plan allows for the issue of performance rights, options, or shares in the Company (Incentive Securities), or a combination of those Incentive Securities. The Board may determine from time to time to issue Incentive Securities under the LTI plan.

Under the revised remuneration arrangements that came into effect on 1 January 2021, Mr Bennett is entitled to receive performance rights with a grant date value of up to \$237,500 per annum (and representing up to 50% of his fixed annual remuneration) that will be subject to vesting conditions set by the Board. The performance rights granted each year will vest over 3 years.

No other KMP were eligible to participate in the LTI plan in 2021. No options have been granted over unissued shares during or since the end of the financial year.

B - Group Structure (continued)

B2.3 DIVIDENDS

The Company's dividend policy permits a payout ratio of up to 70% of NPATA to members.

The Company has a Dividend Reinvestment Plan (DRP). The DRP rules are disclosed on the Company's website www.cogfs.com.au. Under the DRP, holders of ordinary shares can elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares issued under the DRP may be subject to a discount of up to 5% of the market price, or a higher percentage determined by the Board.

Dividends recognised during the reporting period

For the year ended 30 June 2021, the Board declared a final dividend of 6.0 cents per fully paid ordinary share (2020: 1.52 cents per fully paid ordinary share post consolidation). The aggregate amount of the proposed dividend was paid on 22 October 2021 out of the Company's profit reserve at 30 June 2021, and was 100% franked. COG issued 5,324,885 fully paid shares on 22 October 2021 under its DRP in respect of the FY21 final dividend.

Dividends not recognised during the reporting period

For the period ended 31 December 2021, the Board declared an interim dividend of 3.5 cents per fully paid ordinary share (2020: 1.22 cents post consolidation). The aggregate amount of the proposed dividend of \$6,527k will be paid on 28 April 2022 out of the Company's profits reserve at 31 December 2021, and will be 100% franked.

Franked dividends

As at the end of the reporting period, \$9,890k of franking credits were available for subsequent financial periods based on a tax rate of 30% (30 June 2021: \$11,687k).

The above available amounts are based on the balance of the dividend franking account at period end adjusted for franking credits that:

- will arise from the payment of the current tax liability,
- will arise from the payment of dividends recognised as a liability at period end,
- will arise from the receipt of dividends recognised as receivables at period end, and
- the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available net assets to declare dividends, and the payment of dividends not prejudicing COG's ability to pay its creditors.

B - Group Structure (continued)

B2 SHARE CAPITAL AND RESERVES

B2.4 RESERVES

The movement in reserves is as follows:

	Profits reserve \$'000	General reserve \$'000	Foreign currency translation reserve \$'000	Equity securities at FVOCI reserve \$'000	Revaluation reserve \$'000	Share based payments reserve \$'000	Transaction between owners' reserve \$'000	Non- controlling interests reserve \$'000	Total \$'000
Balance at 1 July 2020	43,927	-	(16)	(13,139)	-	340	-	(6,693)	24,419
Non-controlling interest acquired	-	-	-	-	-	-	-	(618)	(618)
Share-based payments expense	-	-	-	-	-	156	-	-	156
Option to acquire further interest in subsidiary	-	-	-	-	-	-	(1,132)	-	(1,132)
Change in equity securities at fair value	-	-	-	4,620	-	-	-	-	4,620
Dividends paid	(2,390)	-	-	-	-	-	-	-	(2,390)
Balance at 31 December 2020	41,537	-	(16)	(8,519)	-	496	(1,132)	(7,311)	25,055
Balance at 1 July 2021	39,531	-	(16)	(8,536)	-	280	579	(9,021)	22,817
Non-controlling interest acquired	-	-	-	-	-	-	-	(10,588)	(10,588)
Share-based payments expense	-	-	-	-	-	(10)	-	-	(10)
Transfers between reserves	793	(9,324)	-	8,478	53	-	-	-	-
Transactions between owners	-	-	-	-	-	-	(68)	-	(68)
Transfer to reserves (profit for the period)	7,996	-	-	-	-	-	-	-	7,996
Dividends paid	(9,981)	-	-	-	-	-	-	-	(9,981)
Balance at 31 December 2021	38,339	(9,324)	(16)	(58)	53	270	511	(19,609)	10,166

B - Group Structure (continued)

B2 SHARE CAPITAL AND RESERVES

B2.4 RESERVES

Reserves

Profits reserve

The Profits reserve was established to accumulate profits relating to previous financial years for the purpose of facilitating the payment of dividends in future financial years.

Foreign currency translation reserve

This reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian Dollars. The reserve is recognised in profit or loss when the net investment is disposed of.

Revaluation reserve

The revaluation reserve relates to the revaluation of the FVOCI investment in EPY immediately before its reclassification as Investment in associate.

Equity securities at FVOCI reserve

This reserve comprises the cumulative net change in the fair value of equity securities designated at FVOCI.

Share-based payments reserve

The Share-based payment reserves is used to recognise:

- the fair values of options and rights issued to executives, and
- variances between the fair value of shares issued to executives and the value the related shares are issued for.

Non-controlling interests reserve

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Transaction between owners' reserve

Reflects the fair value of the option held by COG to acquire an additional 24% interest in Westlawn for a total consideration of \$9,324k by no later than 30 June 2023. The option has been recognised separately from the business combination transaction as a reduction to equity, in accordance with requirements of AASB 132 *Financial instruments: Presentation*, as this option takes the form of a transaction between owners.

C - Other

C1 CONTINGENCIES AND COMMITMENTS

Commitments

The Group has commitments to acquire contributed equity of various subsidiaries. The following estimated commitments, which may vary in terms of percentage and timing, are based upon multiples of future financial years' normalised EBITDA and include an option for a one-year deferral by either party:

- Fleet Network Pty Limited (4.2% of contributed equity in the year ended 30 June 2022),
- Linx Group Holdings Pty Limited (7.7% of contributed equity to be acquired by the Group between 1 July 2021 and 30 June 2024),
- QPF Holdings Pty Limited (10.2% of contributed equity to be acquired by the Group between 1 July 2021 and 30 June 2024),
- Vehicle and Equipment Finance Pty Limited (25% of contributed equity to be acquired by the Group between 1 July 2021 and 30 June 2024), and
- Access (20% of contributed equity to be acquired by the Group between 1 July 2022 and 30 June 2025).

Contingencies

Secured Finance Limited – Debenture Funding

The Secured Finance Limited (SFL) debenture program was discontinued and all outstanding debentures repaid in full during the financial year ended 30 June 2021. SFL was deregistered on 14 July 2021.

Westlawn Finance Limited - Guarantee

COG has provided a guarantee to Westlawn in relation to finance lease and chattel mortgage loan funding arrangements provided to TLC. Amounts owed under this arrangement are included in Finance lease funding and other interest bearing liabilities.

Westlawn Financial Services Pty Limited - Letter of financial support

COG has provided a letter of financial support to Westlawn Financial Services Limited (WFS) whereby it has agreed to provide on a pro rata basis with other Westlawn shareholders, such financial support as may be necessary to enable WFS to meet its financial commitments as the responsible entity for the Westlawn Income Fund (WIF), a registered managed investment scheme administered by WFS. COG's commitment to WFS is currently limited to its 75.0% ownership interest in Westlawn.

Hal Group Pty Limited

General security interest

COG holds a registered general security interest (GSA) over the assets and undertakings of its subsidiary, Hal Group Pty Limited (Hal), and its wholly owned subsidiary, TL Commercial Finance Pty Limited (TLC) (formerly TL Rentals Pty Limited). The COG GSA secures repayment of monies loaned to Hal under the COG loan facility.

There are no other material contingencies or commitments at the end of the reporting period.

C2 SUBSEQUENT EVENTS

On 21 February 2022, Westlawn Finance Limited (a 75% owned subsidiary of COG) entered into a binding commitment to acquire Equity-One Mortgage Fund Limited (a Melbourne based finance company specialising in property-backed finance products including mortgage lending and fixed interest investments) on the following terms:

- Purchase price at a multiple of forecast EBITDA (with a rise and fall adjustment to true-up forecast to actual) plus surplus cash (estimated to be \$3.57 million).
- It is proposed that the acquisition will occur in four tranches:
 - Tranche 1 – controlling interest of 70%, satisfied in cash on completion (circa \$24 million);
 - Tranche 2 – 10% subject to put and call options with a minimum two-year term;
 - Tranche 3 – 10% subject to put and call options with a minimum four-year term;
 - Tranche 4 – 10% subject to put and call options with a minimum five-year term;

C - Other (continued)

C1 CONTINGENCIES AND COMMITMENTS

C2 SUBSEQUENT EVENTS

On 18 February 2022, the Company established an acquisition finance facility with a major Australian bank with the following key terms:

- Limit: \$31 million
- Term: 5 years
- Revolving with draw-downs amortising across the Term
- Other covenants: Standard for a facility of this kind including a first ranking general security interest over the assets and undertakings of COG

Apart from the above events and the interim dividend declared on 24 February 2022 (see Note B2.3), no other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

C3 NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the half-year ended 31 December 2021 and are not expected to have any significant impact for the full financial year ending 30 June 2022.

C4 CASH AND CASH EQUIVALENTS

	31 December 2021 \$'000	30 June 2021 \$'000
Restricted ⁽¹⁾	10,492	10,549
Unrestricted	94,445	83,965
	104,937	94,514

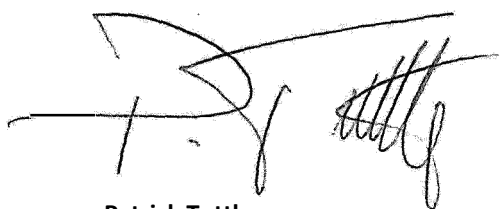
(1) Restricted cash

Cash and cash equivalents include restricted cash of \$10,492k (30 June 2021: \$10,549k) 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.

Directors' Declaration

1. In the opinion of the Directors of COG Financial Services Limited (formerly Consolidated Operations Group Limited) (the Company):
 - a) the consolidated financial statements and notes of the Company and its controlled entities (the Group), are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the period ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The basis of preparation confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
3. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Patrick Tuttle
Chairman



Cameron McCullagh
Executive Director

24 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of COG Financial Services Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of COG Financial Services Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

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A handwritten signature in black ink, appearing to read 'Tim Aman'.

Tim Aman
Director

Sydney, 24 February 2022

Corporate Directory

Directors

Patrick Tuttle
Chairman

Peter Rollason
Non-executive Director

Steve White
Non-executive Director

Cameron McCullagh
Executive Director

Mark Crain
Executive Director

Chief Executive Officer
Andrew Bennett

Chief Financial Officer
John McRae

Company Secretary
David Franks

Registered Office

David Franks
Level 5, 126 Phillip Street
Sydney NSW 2000
Phone 1300 288 664

Share Registry

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Phone 1300 288 664
Email: hello@automic.com.au
Internet: www.automicgroup.com.au

External Auditors

BDO Audit Pty Limited
1 Margaret Street
Sydney NSW 2000
Phone: 1300 138 991
Internet: <https://www.bdo.com.au/en-au/sydney>

Securities Exchange

<http://cogfs.com.au> is a public company listed
with the Australian Securities Exchange Limited

ASX: COG