COG

Financial Services Limited

1H 2022 Results

24 February 2022

Authorised by Andrew Bennett
Group Chief Executive Officer

COG is an ASX listed provider of **asset and equipment finance broking and aggregation services**, and **non-prime commercial and consumer lending**

Finance Broking & Aggregation

- Australia's largest asset and 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

Funds Management & Lending

- Provider of non-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 and a Managed Investment Scheme (MIS), a scalable / capital light funding structure as compared to other non-banks

About COG

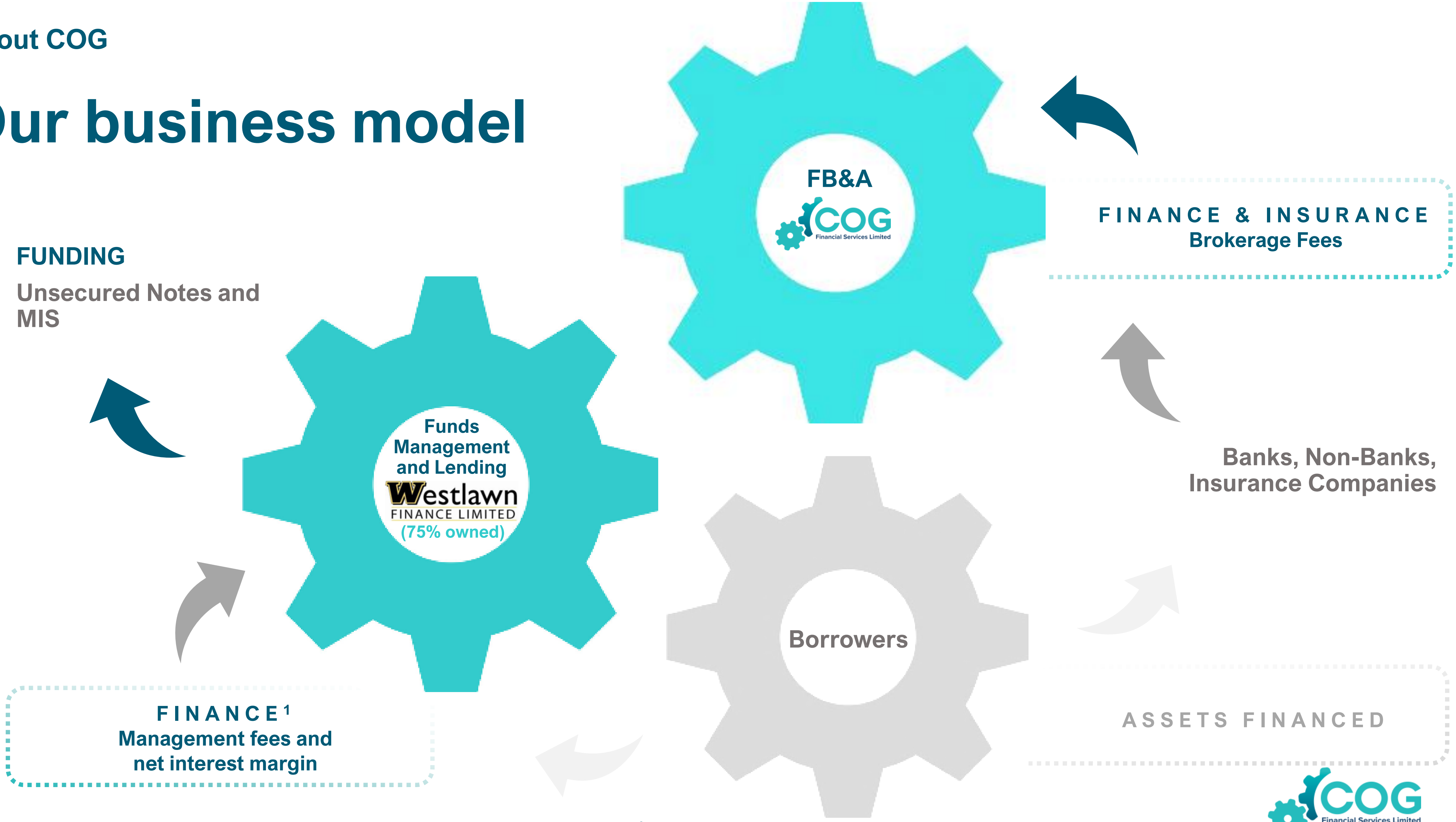
Australia’s biggest asset finance broker and aggregator & trusted leader in SME and auto finance

18%

Estimated market share

About COG

Our business model



[1] Finance and operating leases, chattel mortgages, invoice financing and unsecured personal loans and business loans

1H 2022 Highlights

Strong performance across all business units

Interim **dividend declared** of **3.5**[3, 4] cps(1H21:1.22 cps[3,4]) cents per share, an increase of **187%** from 1H21, reflecting a payout ratio of **62%**[5] (1H21: 20%[5])

- Continued to invest surplus funds into consolidating COG as Australia's largest asset finance broker distribution network
- Acquisitions completed for additional interests in Westlawn Finance Limited (now 75% owned) and Platform Group (now 100% owned)
- Acquisition of Equity-One Mortgage Fund EPS accretive
- 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 and $31m acquisition finance facility established with a major Australian Bank
- 2H22 has started strongly with January 2022 NPATA attributable to members 90% up on pcp

Revenue[1]

$153.5m

▲ **+22%** on pcp[6]

EBITDA to shareholders[2]

$15.5m

▲ **+24%** on pcp[6]

NPATA to shareholders[2]

$10.6m

▲ **+25%** on pcp[6]

EPSA[2, 3]

6.01cps

▲ **+13%** on pcp[6]

[1] Excludes interest income of $0.1m (1H21 $0.3m) and one-off unguaranteed residual rights recognised during the period of $1.0m (1H21 $nil).

[2] Underlying basis attributable to shareholders. Excludes impairment charge (1H22 $0.6m after tax, 1H21 $37.2m after tax), loss on deemed sale and reacquisition of investment at fair value (1H22 $nil, 1H21 $5.0m after tax), gain from a bargain purchase (1H22 $nil, 1H21 $2.8m after tax), redundancy and restructuring costs (1H22 $0.1m after tax, 1H21 $0.1m after tax), transaction costs (1H22 $nil, 1H21 $0.1m after tax) and one-off unguaranteed residual rights recognition (1H22 $0.7m post tax, 1H21 $nil).

[3] On a post share consolidation basis

[4] Dividends fully franked

[5] Total dividends divided by NPATA

[6] Excluding government subsidies received in both periods

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Priorities

1. Continue targeted broker acquisitions - COVID-19 demonstrates they are resilient and robust businesses with largely variable costs thus able to withstand economic stress

2. Increase Westlawn's funds under management via the Managed Investment Scheme and deploy proceeds through COG's broker distribution network

3. Build out complimentary insurance broking capability to customers

4. Continue to monitor Earlypay's performance in FY 2022 in light of COVID-19 disruptions

Our results

	1H22[1] $m	1H21[1, 6] $m	Pcp Change
Revenue[2]	153.5	129.4	19%
EBITDA	23.4	23.3	0%
Net interest expense	(0.2)	(0.2)	0%
Depreciation	(5.9)	(5.5)	7%
NPBT	17.3	17.6	-2%
Tax	(5.1)	(5.0)	2%
NPAT	12.2	12.6	-3%
Minority interests	(3.9)	(4.3)	-9%
NPAT to shareholders	8.3	8.3	0%
EBITDA to shareholders	**15.5**	**14.7**	**5%**
NPATA to shareholders[3]	**10.6**	**10.1**	**5%**
(-) Less government subsidies	(0.1)	(1.7)	-94%
NPATA to shareholders before government subsidies	**10.5**	**8.4**	**25%**
EPSA to shareholders (cps)[5]	6.01	5.30	13%

1. Underlying basis - excluding impairment charge (1H22 $0.6m after tax, 1H21 $37.2m after tax), loss on deemed sale and reacquisition of investment at fair value (1H22 $nil, 1H21 $5.0m after tax), gain from a bargain purchase (1H22 $nil, 1H21 $2.8m after tax), redundancy and restructuring costs (1H22 $0.1m after tax, 1H21 $0.1m after tax), transaction costs (1H22 $nil, 1H21 $0.1m after tax) and one-off unguaranteed residual rights recognition (1H22 $0.7m post tax, 1H21 $nil).
2. Revenue excludes interest income (1H22 $0.1m, 1H21 0.3m) and one-off unguaranteed residual rights recognised during the period (1H22 $1.0m, 1H21 $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 $0.1m (1H21: $1.7m)
5. On a post share consolidation basis and excluding government subsidies received in both periods
6. Amounts have been reclassified to conform to the current year presentation as follows: 'Dividend income', 'Interest income' & 'Funding costs' pertaining to the 'Funds Management and Lending' business, and 'Share of results from associates' have been included to the 'Underlying EBITDA from core operations'.

Revenue growth of $24.1m includes organic growth (+$27.5m) and government subsidies received [4]

1H22 EBITDA margin compressed slightly to 15.2% (1H21: 18.0%) largely due to increased volume-based commission paid out (due to higher trade volumes) and moderate return of some administrative costs to pre-COVID levels, which is linked to an increased business activity.

Depreciation and amortisation includes $4.4m amortisation of identified intangibles on acquisition of controlled entities (1H21: $3.9m) and $0.9m impact of AASB *16 Leases* adoption (1H21: $1.0m)

EBITDA to shareholders comprises increases of $1.1m from Finance Broking & Aggregation and $0.1m from Head Office & Other and decrease of $0.4m from Funds Management and Lending

Average effective tax rate is 29% (1H21: 28%) based on normalised NPBT

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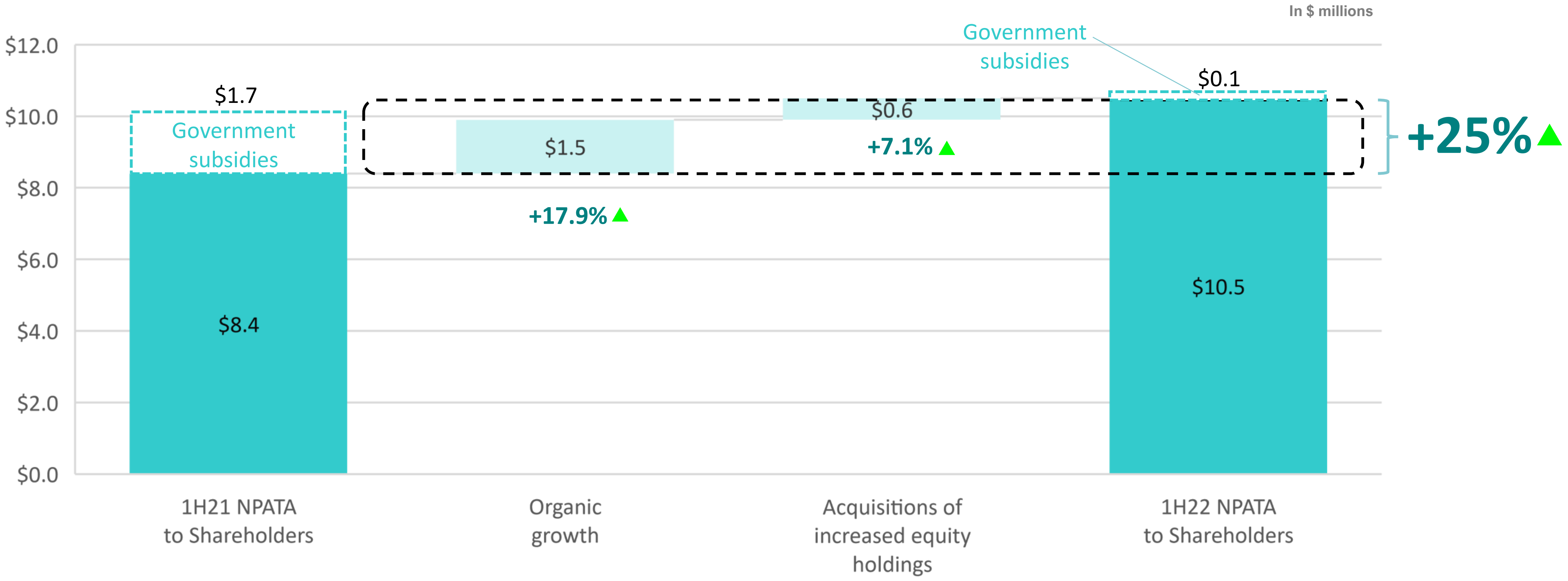
Underlying NPATA to Shareholders growth



Underlying NPATA to Shareholders by segment

In $ millions

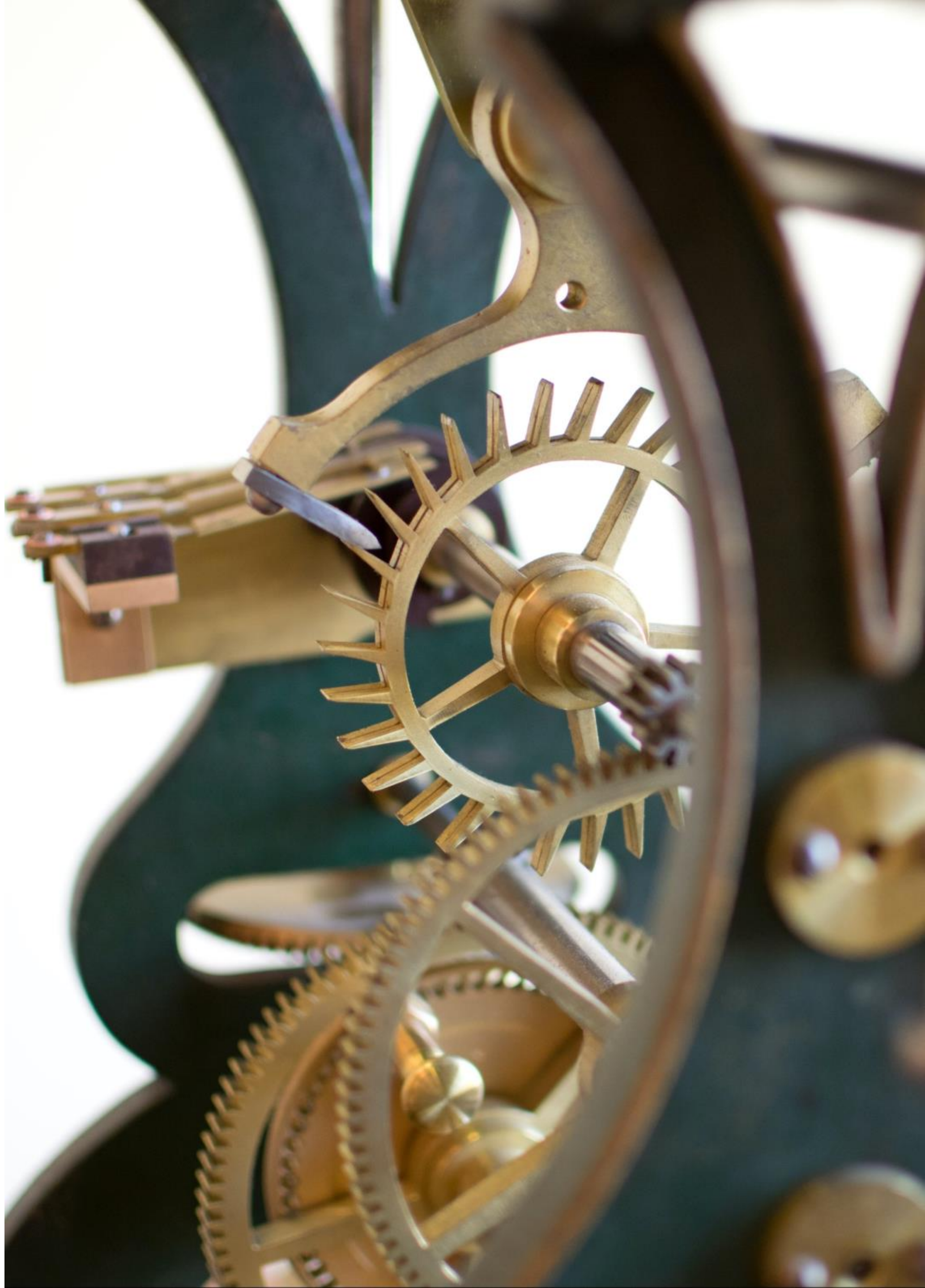
	1H22			1H21		
Segment	NPATA to shareholders	(-) Less government subsidies[1]	NPATA to shareholders before government subsidies	NPATA to shareholders	(-) Less government subsidies[1]	NPATA to shareholders before government subsidies
Finance Broking & Aggregation	6.9	-	**6.9**	5.8	(1.1)	**4.7**
Funds Management & Lending	3.8	(0.1)	**3.7**	4.6	(0.3)	**4.3**
Other	(0.1)	-	**(0.1)**	(0.3)	(0.3)	**(0.6)**
Total	**10.6**	**(0.1)**	**10.5**	**10.1**	**(1.7)**	**8.4**

1. Government subsidies after tax, attributable to members
2. Excluding government subsidies

▲ **+25%** vs PCP [2]

Segment performance

The Finance Broking & Aggregation and Funds Management and Lending segments both reported strong underlying profit gains in 1H22



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

	1H22[1] $m	1H21[1, 2] $m	Pcp Change
Revenue	131.5	107.4	23%
EBITDA	16.7	15.7	7%
Net interest	(0.2)	(0.2)	25%
Depreciation	(0.9)	(0.9)	3%
Amortisation (exc acquired intangibles)	(0.2)	(0.3)	-33%
NPBT (before amortisation of acquired intangibles	**15.4**	**14.3**	**7%**
Amortisation of acquired intangibles	(3.3)	(3.0)	10%
NPBT	**12.1**	**11.3**	**7%**
EBITDA to shareholders	**10.4**	**9.3**	**12%**

1. Underlying basis before tax- excluding redundancy and restructuring costs (1H22 $nil, 1H21 $0.1m), transaction costs (1H22 $nil, 1H21 $0.1m) and impairment charge (1H22 $0.5m, 1H21 $nil)
2. Amounts have been reclassified to conform to the current year presentation as follows: 'Share of results from associates' have been included to the 'Underlying EBITDA from core operations'.
3. Government subsidies after tax, attributable to members are $nil (1H21: $1.1m)
4. Recognised as 'depreciation' and 'interest expense' under AASB 16 *Leases*, both below the EBITDA line

Revenue growth of $24.1m includes organic growth of 25% (+26.8m) and government subsidies received [3]

EBITDA margin contracted to 12.7% (1H21: 14.5%), largely due to increased volume-based commission paid out (due to higher trade volumes) and moderate return of some administrative costs to pre-COVID levels, which is linked to an increased business activity.

Depreciation and amortisation includes $3.3m amortisation of identified intangibles on acquisition of controlled entities (1H21: $3.0m) and $0.6m impact of AASB *16 Leases* adoption (1H21: $0.8m)

EBITDA to shareholders includes $0.5m from acquisitions of increased equity holdings (1H21: $0.2m contribution from acquisitions made during the period).

Cash generation to shareholders

	1H22 $m	1H21 $m	Pcp Change
Revenue to shareholders	84.1	62.4	35%
EBITDA to shareholders	10.4	9.3	12%
(-) Rent expense to shareholders [4]	(0.5)	(0.4)	25%
(-) Capital expenditure to shareholders	(0.2)	(0.4)	-50%
Cash EBITDA to shareholders	**9.7**	**8.5**	**14%**
(-) Tax expense to shareholders	(2.0)	(1.8)	11%
Cash generation to shareholders	**7.7**	**6.7**	**15%**

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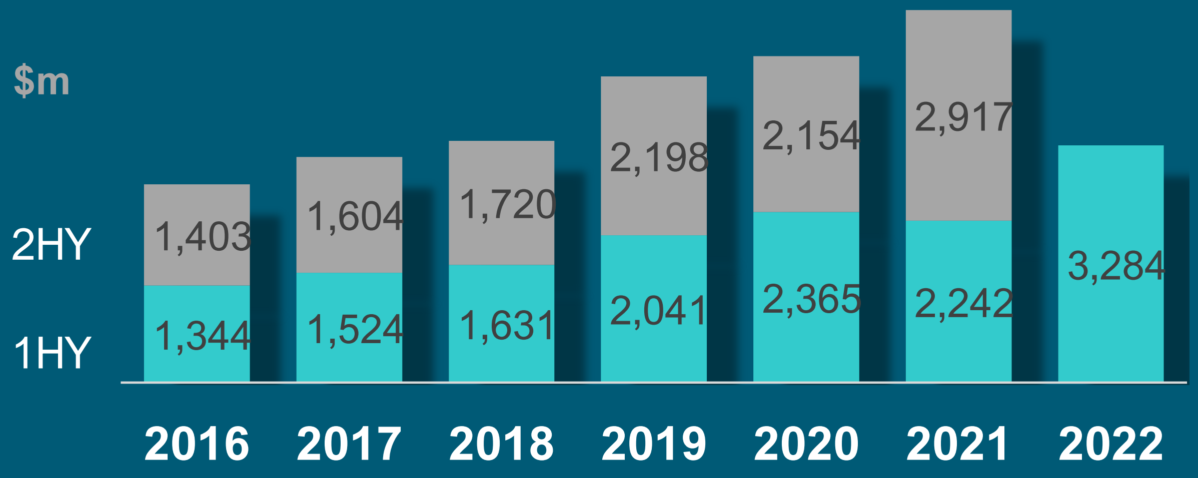
Finance Broking & Aggregation

Net assets financed (NAF)



$3.28bn

net assets financed in 1H 2022

▲ +46% 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

Consolidated Finance Group
Asset Finance Aggregation
100% OWNED

centrepoint finance
75% OWNED

PLATFORM FINANCE
100% OWNED

linx AUSTRALIA GROUP
FINANCE INSURANCE MORTGAGE
55% OWNED

QPF FINANCE GROUP
57% OWNED

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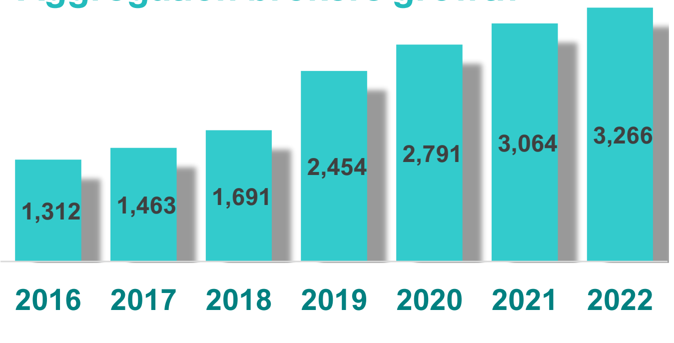
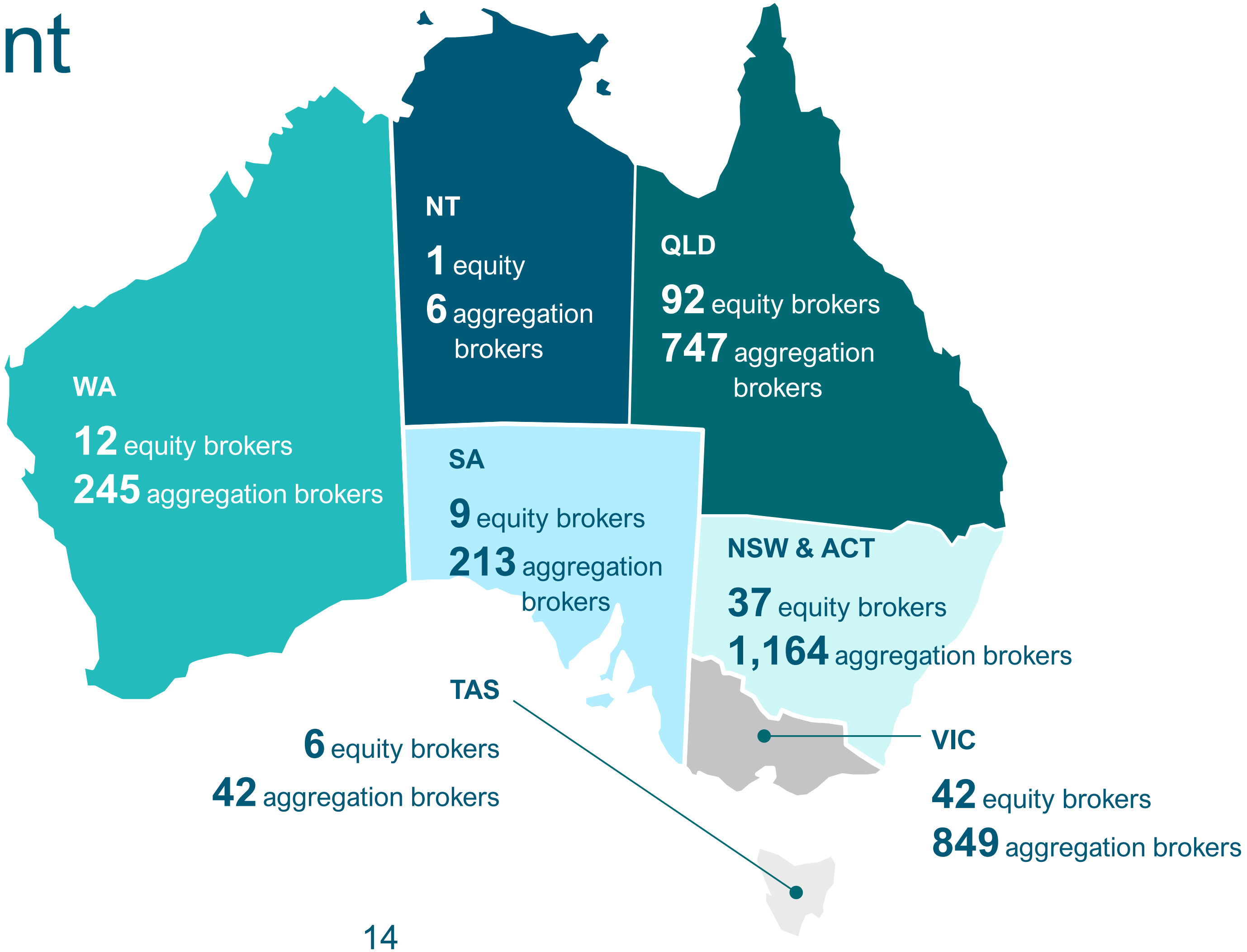
National asset finance Broking Network footprint

Aggregation brokers growth





1. Equity brokers are owned by COG
2. Aggregation brokers are members of COG's aggregation buying group

Funds Management & Lending

Westlawn is paving the way for growth. Westlawn earnings growth will offset decline in TL Commercial earnings[1]

	1H22 [2] $m	1H21 [2, 3] $m	Pcp Change
Revenue[4]	18.4	18.4	0%
EBITDA	7.2	8.2	-12%
Net interest	-	0.3	-100%
Depreciation	(0.3)	(0.2)	50%
Amortisation (exc acquired intangibles)	-	(0.1)	-100%
NPBT (before amortisation of acquired intangibles	**6.9**	**8.2**	**-16%**
Amortisation of acquired intangibles	(1.1)	(0.9)	22%
NPBT	**5.8**	**7.3**	**-21%**
EBITDA to shareholders	**5.7**	**6.1**	**-7%**

1. Funds Management and Lending includes 75% of Westlawn from 1 November 2021 (1H21: 51%) and 100% of TL Commercial (1H21: 100%).
2. Underlying basis before tax - excluding redundancy and restructuring costs (1H22 $nil, 1H21 $0.1m), impairment loss (1H22 $0.2m, 1H21 $37.5m) and one-off unguaranteed residual rights recognised during the period (1H22 $1.0m, 1H21 $nil).
3. Amounts have been reclassified to conform to the current year presentation as follows: 'Interest income' & 'Funding costs' pertaining to the 'Funds Management and Lending' business, and 'Share of results from associates' have been included to the 'Underlying EBITDA from core operations'
4. Revenue excludes interest income (1H22 $nil, 1H21 $0.1m)

Revenue remained flat at $18.4m and the movement from 1H21 is comprised of organic growth in Westlawn of $1.2m and contribution from Centrepoint of $2.4m (previously reported as part of the FB&A segment), partially offset by decreased government grants ($0.4m) and lower contribution from TL Commercial due to the run-off of the existing portfolio ($3.2m)

EBITDA margin contracted to 39.1% (1H21: 44.6%) largely due to an incremental Expected Credit Loss provision in relation to Forum Finance contracts (+$1.0m).

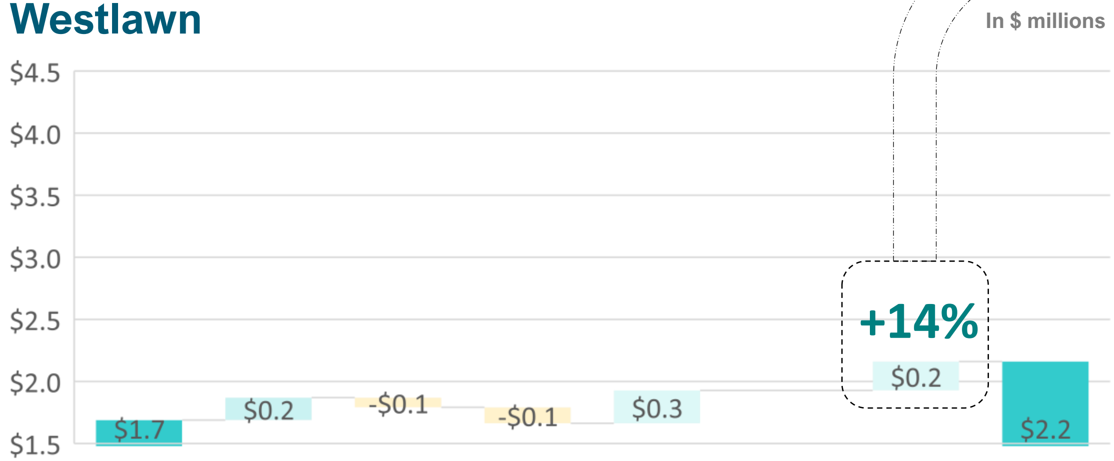
Depreciation and amortisation includes $1.1m amortisation of identified intangibles on acquisitions (1H21 $0.9m)

Cash generation to shareholders

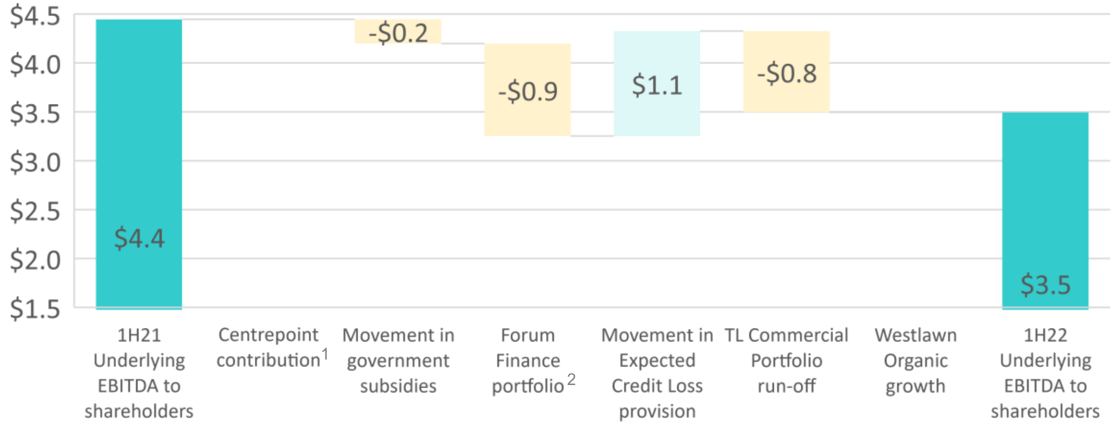
	1H22 $m	1H21 $m	Pcp Change
Revenue to shareholders	13.5	13.9	-3%
EBITDA to shareholders	5.7	6.1	-7%
(-) Rent expense to shareholders	(0.1)	-	-%
(-) Capital expenditure to shareholders	(0.1)	(0.2)	-50%
Cash EBITDA to shareholders	**5.5**	**5.9**	**-7%**
(-) Tax expense to shareholders	(1.6)	(1.4)	14%
Cash generation to shareholders	**3.9**	**4.5**	**-13%**

EBITDA to shareholders

Westlawn



TL Commercial



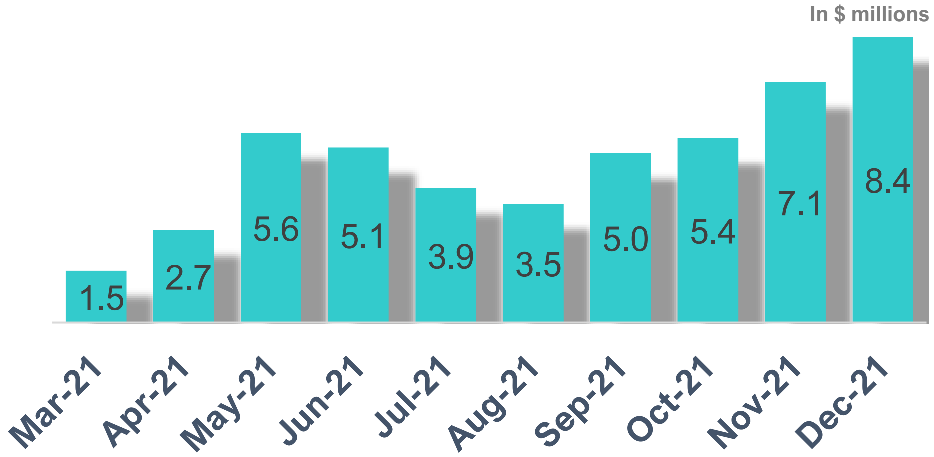
Organic growth in Westlawn is being achieved by the distribution of loan products through COG's broker network

Westlawn's chattel mortgage origination volumes through the COG broker network are building strongly

Westlawn has surplus cash and funding available via its Management Investment Scheme to support this growth

Acquisition of funds management business, Equity-One Mortgage Fund Limited, will lift Westlawn earnings in 2H 2022

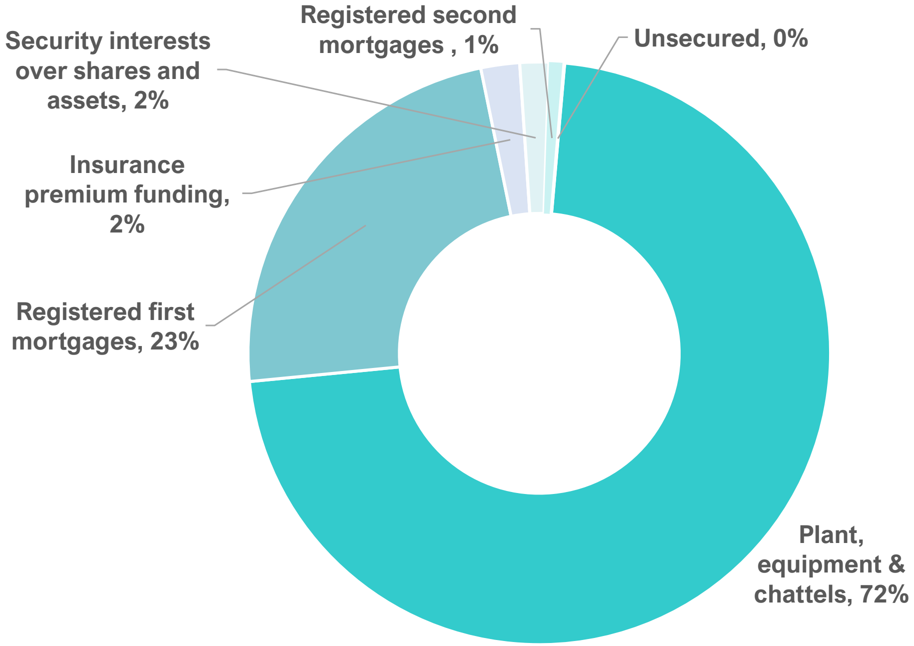
Chattel Mortgage origination history in Westlawn



1. Effective 1 July 2021, COG sold its 100% equity interest in Centrepoint to Westlawn
2. Effective 1 July 2021, the COG Group and Westlawn's minority shareholder acquired 51.02% and 48.98% interests, respectively, in 'specific receivables' from the Forum Finance portfolio and its residual rights from secondary income. The movement in Westlawn reflects the interest income to members lost on those contracts. The movement in TL Commercial includes an additional provision of $1.0m in relation to this portfolio.

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 ($195.7m[1]) includes COG's 100% owned subsidiary TL Commercial's legacy portfolio of $48.4m ($41.8m of lease receivables, including unguaranteed residuals and $6.6m of chattel mortgages) and a portfolio of $147.3m from Westlawn (which includes chattel mortgages originated from March 2021 onwards)
- New leases and loans originations in the 1H22 amounts to $59.2m (1H21: $30.9m), an increase of 91.6%. The SME Chattel Mortgage product is now originated by Westlawn (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
- 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 $13m 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 Managed Investment Scheme is operating and commenced receiving investment funds in December 2020 (current balance of approximately $22.9m includes senior and subordinated issuances)

Earlypay delivers significant contribution to the Other segment

	1H22[1] $m	1H21[1, 2] $m	Pcp Change
Revenue	3.6	3.6	0%
EBITDA	(0.5)	(0.6)	-17%
Net interest	-	(0.3)	-100%
Depreciation	(0.1)	(0.1)	0%
NPBT (before amortisation of acquired intangibles	**(0.6)**	**(1.0)**	**-40%**
Amortisation of acquired intangibles	-	-	-%
NPBT	**(0.6)**	**(1.0)**	**-40%**
EBITDA to shareholders	**(0.6)**	**(0.7)**	**-14%**

1. Underlying basis - excluding gain from a bargain purchase (1H22 $nil, 1H21 $2.8m), loss on deemed sale & reacquisition of investment at fair value (1H22 $nil, 1H21 $5.0m) and redundancy and restructuring costs (1H22 $0.1m, 1H21 $nil) before tax
2. Amounts have been reclassified to conform to the current year presentation as follows: 'Dividend income' have been included to the 'Underlying EBITDA from core operations'

Segment includes COG head office expenses, Hal Group IT business and the investment in Earlypay Limited (EPY)

Revenue remained flat at $3.6m and the movement from 1H21 is comprised of increase in share of results from associates (+$0.4m), offset by decreased government subsidies (-$0.3m)

COG corporate costs are tightly managed and includes employment and other head office costs, partially offset by intercompany group recharges

Hal Group EBITDA for 1H22 decreased by $0.2m to $0.2m as a result of decreased government subsidies

Consolidated statement of financial position

As at $m	31 Dec 2021	30 Jun 2021
Cash and cash equivalents	104.9	94.5
Trade and other receivables	15.7	18.2
Contract assets	2.9	2.8
Financial assets - lease receivables	23.4	42.5
Financial assets - loans	52.3	46.4
Other assets	1.6	1.3
Total current assets [1]	**200.8**	**205.7**
Contract assets	7.6	7.1
Financial assets - lease receivables	40.4	50.6
Financial assets - loans	73.3	52.5
Other financial assets	6.2	10.8
Financial assets at fair value through OCI [2]	0.2	0.9
Equity accounted associates	19.1	18.4
Property, plant and equipment	6.6	6.8
Intangible assets	113.7	117.7
Right-of-use lease assets	6.6	6.2
Total non-current assets	**273.7**	**271.0**
Total assets	**474.5**	**476.7**
Trade and other payables	24.0	27.4
Customer salary packaging liability	6.8	6.8
Interest bearing liabilities	186.1	183.5
Other liabilities	12.4	14.4
Lease liabilities	1.5	1.5
Total current liabilities [1]	**230.8**	**233.6**
Trade and other payables	2.4	2.9
Interest bearing liabilities	35.9	35.7
Deferred tax liabilities	8.1	8.4
Other liabilities	1.2	1.1
Lease liabilities	5.6	5.3
Total non-current liabilities	**53.2**	**53.4**
Total liabilities	**284.0**	**287.0**
Net assets	**190.5**	**189.7**

Cash and cash equivalents increased by $10.4m largely due to $20.0m of capital raised under a placement issue

Financial assets – lease and loan receivables relates to lease, chattel mortgage and other lending products receivables in the Funds Management and Lending segment. The overall decrease of $2.6m is largely due to the transfer and relaunch of TL Commercial's lending operations to Westlawn

Equity accounted associates mainly relates to the investment in Earlypay

Intangible assets mainly relates to identified intangibles and goodwill on acquisition of controlled entities. The movement in the period largely reflects the amortisation of those intangibles (apart from goodwill), partially offset by $0.6m of intangibles recognised on the acquisition of Centrepoint Yeppoon

Interest bearing liabilities largely represents the borrowings funding the lease / loan book

[1] As at 31 December 2021, the Group's current assets of $200.8m are $30.0m lower than current liabilities of $230.8m 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

COG Financial Services Limited

Consolidated statement of cash flows

Half Year ended 31 December	1H22 $m	1H21[1] $m
Receipts from customers	256.2	198.1
Payments to suppliers and employees	(148.9)	(130.4)
Dividends received	0.3	0.7
Finance cost paid	(2.7)	(4.7)
Income tax paid	(7.0)	(3.1)
Net cash inflow from operating activities	**97.9**	**60.6**
Net cash (outflow)/inflow on acquisitions[2]	(24.1)	32.4
Payments for deferred consideration	(0.1)	(3.4)
Payments for equipment - finance leases	(2.9)	(15.4)
Payments for loans advanced	(56.3)	(15.5)
Payments for property, plant and equipment	(0.4)	(1.6)
Payment for intangible assets	-	(0.6)
Proceeds from sale of investments	6.5	-
Proceeds from sale of property, plant and equipment	0.2	-
Loan repayments received	0.3	(0.5)
Net cash (outflow) from investing activities	**(76.8)**	**(4.6)**
Non-controlling interest acquisition contribution	0.1	1.2
Proceeds from issue of shares	26.9	4.4
Costs of raising capital	(0.7)	(0.1)
Proceeds from interest bearing liabilities	-	5.0
Repayments of interest bearing liabilities	(21.3)	(20.7)
Repayments of lease liabilities - right-of-use lease assets	(0.8)	(1.1)
Dividends paid	(10.0)	(2.4)
Dividends paid by subsidiaries to non-controlling interests	(4.9)	(5.3)
Net cash (outflow) from financing activities	**(10.7)**	**(19.0)**
Net increase in cash	**10.4**	**37.0**
Cash at the beginning of the year	94.5	34.7
Cash at the end of the period	104.9	71.7

Net cash inflow from operating activities includes $89.0m (1H21: $65.7m) relating to the lease and loan products offered through the Funds Management and Lending segment (including recovery of terminated leases) under ‘Receipt from customers’

Net cash (outflow) from investing activities includes the acquisition of an additional 24% interest in Westlawn for a total cash consideration of $9.3m and the acquisition of an additional 30% interest in Platform Group by a total cash consideration of $14.7m (1H21: 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) from financing activities includes proceeds of $20.0m from issue of shares, largely utilised in new acquisitions (1H21: $4.4m)

Cash at the end of the period includes restricted cash of $10.5m (1H21: $9.8m) and represent funds held by the Group on behalf of 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

[1] Certain prior year amounts have been reclassified or restated to conform to the current year presentation

[2] Net of cash acquired

COG Financial Services Limited

Outlook

National small business asset finance market estimated to be $29.9b[1] in FY20

\+

72.9%[1] of new commercial asset finance transactions are settled through commercial brokers

\+

Extended government subsidies and lower interest rates are resulting in financiers rapidly growing their SME equipment finance portfolios (expected to benefit both the FB&A and Funds Management and Lending segments)

\+

COG acquisition-led growth strategy has, over time, been consolidating an efficient/strong 'economies of scale' position in its FB&A businesses, which will also translate into organic growth for the Funds Management and Lending business as we deliver more own product

\+

COG currently holds a strong cash position which will help navigate any uncertainties from the COVID-19 pandemic, and enable it to execute its long-term strategy

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Low interest rates and a strong infrastructure pipeline is expected to benefit the asset & equipment finance sector

[1] Derived from information contained in the Commercial & Asset Finance Brokers Association of Australia (CAFBA) Aggregator Benchmark Report 2020 and the Australian Finance Industry Association (AFIA) Annual Review FY20

COG Financial Services Limited

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

Cash and cash equivalents

The Group has generated significant cash over the period and the proportionate share of unrestricted cash and term deposits attributable to members at 31 December 2021 was $74.2m (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 policy has since been revised to accommodate a payout ratio of up to 70% of NPATA to members.

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

For the year ended 30 June 2021, the Board declared a fully franked final dividend of 6.0 cents per fully paid ordinary share (2020: 1.52 cents per fully paid ordinary share on a post consolidation basis). The total dividend of $10.0m was paid on 22 October 2021 out of the Company's profits reserve at 30 June 2021. COG issued 5,324,885 fully paid shares on 22 October 2021 under COG's DRP in respect of the FY21 final dividend.

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 per fully paid ordinary share on a post consolidation basis). The total dividend of $6.5m will be paid on 28 April 2022 out of the Company's profits reserve at 31 December 2021 to all shareholders registered on the record date of 25 March 2022 and will be 100% franked. The ex-dividend date for entitlement will be 24 March 2022. The DRP will apply to the interim dividend.

Capex

Capex for 1H22 was $0.4m (1H21: $0.6m) and mainly relates to development and implementation of new IT systems.

COG Financial Services Limited

Capital management

Acquisition finance facility

COG has established a $31 million acquisition finance facility with a major Australian Bank.

Key terms:

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

Corporate debt facility

On 19 July 2021 the Group repaid the outstanding amount of $1.5m, relating to the corporate debt facility with Bendigo Bank Limited. The facility has been terminated.

Capital raising

On 21 October 2021 the Company issued 11,874,994 fully paid ordinary shares under an institutional investment offer, raising $16.0m. On 1 December 2021 the Company issued 2,939,821 fully paid ordinary shares to an existing shareholder, raising $4.0m. The funds raised were partially utilised in the acquisition of additional interest in Westlawn and Platform Group.

On 22 October 2021 the Company issued 5,324,885 fully paid ordinary shares totalling $7.0m as part of COG's Dividend Reinvestment Plan (DRP).

Investments

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

- On 1 July 2021, DLV (Qld) Pty Limited (DLV) acquired the 'whole business as a going concern' of the business known as Centrepoint Finance Yeppoon, operated by Another Day In Paradise Pty Ltd, for a cash consideration of $0.5m plus a deferred consideration to be paid over the next 36 months, earnings based. DLV is a 50% owned subsidiary of COG's subsidiary QPF Holdings Pty Limited.
- 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 $9.3m - taking COG's controlling interest in Westlawn from 51.0% to 75.0%.
- 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 $14.7m - taking COG's controlling interest in Platform from 69.9% to 99.94% at 31 December 2021. The remaining 33,414 Platform shares (representing 0.06%) was acquired by COG in 1 January 2022 for a consideration of $0.032m. Therefore, 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:

- The aggregation business of Centrepoint (known as the relationship of Centrepoint with its Business Partners) and its relating 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 Centrepoint to Consolidated Finance Group Limited (CFG) for a cash consideration of $1 (both, wholly-owned entities of COG).
- the Group disposed of its 100% equity interest in Centrepoint to Westlawn Finance Limited for a total cash consideration of $6.2m plus a deferred consideration payable within 12 months based on future performance.

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.

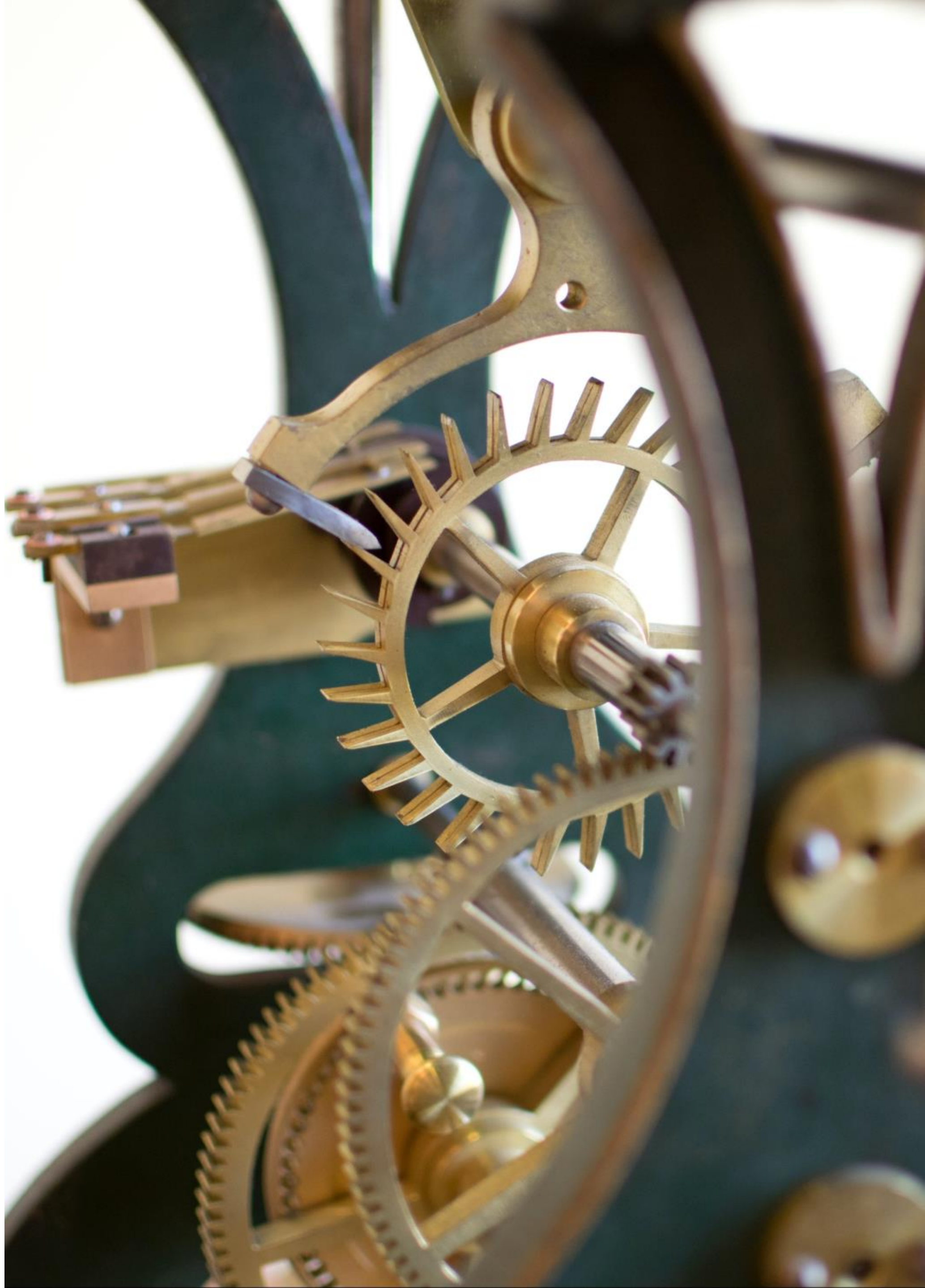
COG will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Presentation except as required by law or by any appropriate regulatory authority.

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 2021, and COG's 30 June 2021 Annual Financial Report, and all other ASX announcements by COG.

Appendices



Statutory income statement

	1H22 $m	1H21 $m	Pcp Change
Revenue	154.6	129.7	19%
Underlying EBITDA from core operations	**23.4**	**23.3**	**0%**
Impairment	(0.7)	(37.5)	-98%
Loss on deemed sale and reaquisition of investment at fair value	-	(5.0)	-100%
Gain from a bargain purchase	-	2.8	-100%
One-off unguaranteed residual rights recognition	1.0	-	-%
Acquisition-related expenses	-	(0.1)	-100%
Redundancy and restructuring costs	(0.2)	(0.2)	0%
EBITDA from core operations	**23.5**	**(16.7)**	**241%**
Net interest expense	(0.2)	(0.2)	0%
Depreciation & amortisation	(5.9)	(5.5)	7%
NPBT	**17.4**	**(22.4)**	**178%**
Tax	(5.2)	(4.6)	13%
NPAT	**12.2**	**(27.0)**	**145%**
Profit after tax attributable to:			-%
Non-controlling interests	4.2	4.2	0%
Members of COG	**8.0**	**(31.2)**	**126%**

Impairment relates to the write down of $0.2m in corporate bonds and write off of $0.5m in trail commission receivables due to a financier contract renegotiation (where volume-based incentive is expected to largely replace the trail commission lost going forward) (1H21: relates to the write off of goodwill and other intangibles in the Funds Management and Lending business, in connection with the restructuring of the business, following taking controlling interest in Westlawn)

Loss on deemed sale and reacquisition of investment at fair value in 1H21 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 in 1H21 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

One-off unguaranteed residual rights recognition reflects the receivable recognised on the execution of a new principal and agency agreement for a lease receivables portfolio

Reconciliation between statutory NPAT and underlying NPATA

	Members and NCI [1]			Members		
	1H22 $m	1H21 $m	Variance $m	1H22 $m	1H21 $m	Variance $m
NPAT	**12.2**	**(27.0)**	**39.2**	**8.0**	**(31.2)**	**39.2**
Adjustments (after tax):						
Impairment	0.6	37.2	(36.6)	0.6	37.2	(36.6)
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)
One-off unguaranteed residual rights recognition	(0.7)	-	(0.7)	(0.4)	-	(0.4)
Redundancy and restructuring costs	0.1	0.1	-	0.1	0.1	-
Acquisition-related expenses	-	0.1	(0.1)	-	-	-
Underlying NPAT	**12.2**	**12.6**	**(0.4)**	**8.3**	**8.3**	**-**
Amortisation of intangibles from acquisitions after tax	3.1	2.8	0.3	2.3	1.8	0.5
NPATA	**15.3**	**15.4**	**(0.1)**	**10.6**	**10.1**	**0.5**

1. Non-controlling interests

Prior period reclassifications

	1H21 (Original) $m	FB&A Reclassifications $m	Funds Management & Lending Reclassifications $m	Other Reclassifications $m	1H21 (Restated) $m
Revenue	128.4	0.1	0.2	0.7	129.4
EBITDA	**26.5**	**0.1**	**(4.0)**	**0.7**	**23.3**
Dividend income	0.7	-	-	(0.7)	-
Net interest expense	(4.2)	-	4.0	-	(0.2)
Depreciation	(1.2)	-	-	-	(1.2)
Amortisation	(4.3)	-	-	-	(4.3)
Share of results from associates	0.1	(0.1)	-	-	-
NPBT	**17.6**	**-**	**-**	**-**	**17.6**

Amounts have been reclassified to conform to the current year presentation as follows:

- 'Dividend income',
- 'Interest income' & 'Funding costs' pertaining to the 'Funds Management and Lending' business, and
- 'Share of results from associates'

have been included to the 'Underlying EBITDA from core operations'

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	Centrepoint 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

COG Financial Services Limited

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
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%[1]	$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%[2]	$7.5m	100% cash
Jul-20	Platform Consolidated Group	Acq of outstanding minority interests	COG	0.16%[3]	$0.03m	100% cash
Aug-20	Heritage Group	Finance broker (Vic)	Linx	13.33%[4]	$0.64m	100% cash
Oct-20	QPF Holdings	Acq of outstanding minority interests	COG	1.5%[5]	$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
Jun-21	Linx Group Holdings	Acq of outstanding minority interests	COG	4.9%[6]	$2.1m	75% cash/25% equity
Jul-21	Centrepoint Yeppoon	Finance broker (QLD)	DLV	100.0%	$1.0m	100% cash [7]
Nov-21	Westlawn Finance Limited	SME Finance	COG	24.00%[2]	$9.3m	100% cash
Nov-21	Platform Consolidated Group	Acq of outstanding minority interests	COG	30.05%[3]	$14.7m	100% cash
Jan-22	Platform Consolidated Group	Acq of outstanding minority interests	COG	0.06%[3]	$0.032m	100% cash

1. Fleet Network equity. PCG now owns 95.8% of Fleet Network
2. COG now owns 75.0% of Westlawn
3. COG now owns 100.0% of Platform
4. Linx now owns 63.33% of Heritage Group
5. COG now owns 57.1% of QPF Holdings
6. COG now owns 54.9% of Linx Group Holdings
7. Includes deferred payment based on future earnings estimated in $0.5m, payable in the 36 months following the acquisition.

COG Financial Services Limited

Proportionate share of unrestricted cash attributable to members

In $ millions

	Total Cash	Restricted cash[1]	Unrestricted cash	COG direct Ownership in the Holding Company	Proportionate share attributable to Members
PCG Group	12.9	(7.1)	5.8	99.9%	5.3
QPF Group	2.9	-	2.9	57.1%	1.5
Linx Group	2.5	-	2.5	54.9%	1.2
Westlawn Group	70.9	(3.4)	67.5	75.0%	50.5
CFG	3.5	-	3.5	100.0%	3.5
COG Parent	11.6	-	11.6	100.0%	11.6
HAL Group	0.6	-	0.6	100.0%	0.6
Total Cash	104.9	(10.5)	94.4		74.2

1. Cash and cash equivalents include restricted cash of $10.5m (30 June 2021: $10.5m) 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

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