25 November 2022

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

**2022 AGM Chair Address**

COG Financial Services Limited (COG) attaches the following documents in relation to the FY2022 Annual General Meeting:

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

*Announcement authorised by: Board of COG Financial Services Limited*

For further information please contact:

Andrew Bennett
Chief Executive Officer
M 0405 380 241

## COG Financial Services Limited - AGM 2022

## Chair's Address

Good afternoon everyone,

I am pleased to report that your Company delivered an NPATA to shareholders of $25.1 million for the year ended 30 June 2022, up 29% on the previous year, and 41% after excluding Government subsidies. This was a very pleasing result in view of supply-chain challenges and difficult macroeconomic conditions arising from the COVID-19 pandemic.

Significantly, EPSA of 13.87 cents per share (cps) was up 28% on the previous year, after excluding Government subsidies, and the Company declared and paid a fully franked final dividend of 4.8 cps. Total FY22 dividends of 8.3 cps were up 15% on the previous year, providing shareholders with an annualised dividend yield of 5.3% and reflecting a consistent 62% payout ratio.

The FY22 results evidence the ongoing successful implementation of COG's corporate strategy of building Australia's leading SME Finance Broking & Aggregation services provider, while also delivering profitable and low risk growth in its Funds Management & Lending business, and further expanding its lending into mid-prime loan products distributed through our proprietary finance broking network.

Total revenue in FY22 increased by 20% over the previous year to $323.0 million, due to organic growth in commission and fee income from our core Finance Broking & Aggregation (FB&A) business, the acquisition of new businesses, and step-up acquisitions in existing businesses.

Net Assets Financed (NAF) through COG's aggregation businesses grew to $6.7 billion in FY22, an increase of 30% on the previous year. COG's estimated market share of Australia-wide broker originated NAF is now 20%.

Funds Under Management (FUM) in our Funds Management & Lending (FM&L) business grew to approximately $640 million, an increase of 189% on the previous year. The growth in FUM reflects growth in Westlawn's unlisted Managed Investment Scheme, and Westlawn's acquisition of a 70% interest in Equity-One Fund Management Limited on 1 March 2022.

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

COG increased its ownership in Westlawn Finance Limited from 51% to 75% on 1 November 2021.

The Westlawn business provides COG with a unique platform from which to generate competitive and capital efficient funding, which will continue to underpin future growth in our own-branded lending book. This will in turn deliver a diversified source of future earnings in the form of management fees and net interest margin.

COG also increased its ownership in Platform Consolidated Group Pty Limited (PCG) from 70% to 100%, effective 1 November 2021, and its ownership in Linx Group Holdings Pty Limited increased from 55% to 60% on 1 April 2022.

The completion of the PCG transaction will enable synergies across the Group to be realised in a shorter time frame.

New business acquisitions include the acquisition of a 70% interest in Chevron Finance by COG's subsidiary, QPF Holdings Pty Limited on 1 July 2022.

Looking forward to the new financial year (FY23), we will continue to implement our strategic plan, focusing on broker acquisitions that are complementary to our national network, and reconfiguring our in-house loan funding to a more capital light model.

In closing, I would like to personally thank all of our shareholders for your continuing support and encouragement. Finally, I'd like to thank Andrew Bennett and his senior management team, along with my fellow Directors for their tireless efforts and support over the past year. I'll now hand you over to Andrew who will take you through some of the key areas of strategic focus as we move our attention to the year ahead.

Thank you.

Patrick Tuttle
Chair

**Who we are:**

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

1. Finance Broking & Aggregation: Through its membership group of independent and equity owned brokers (brokers in which COG has invested), COG is Australia's largest asset finance group, representing over $6 billion per annum of Net Assets Finance (NAF). Further growth is being achieved through organic growth in equipment finance, insurance broking, novated leasing, and through equity investment in brokers.
2. Funds Management and Lending: Through broker distribution, COG provides equipment finance to SMEs, and real property loans via its subsidiary Westlawn Finance Limited. Growth in Funds Management is a key focus, and through its subsidiary Westlawn, COG has approximately $680m currently under management, including mortgage-backed lending arrangements.

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

# Chairman's Presentation
# Annual General Meeting
# COG Financial Services Limited

**Chairman – Patrick Tuttle**

**25 November 2022**

COG Financial Services Limited

# Strong performance continues across all business units

- Ongoing investment in complementary businesses (finance broking, insurance broking, and novated leasing) to consolidate COG's position as Australia's largest asset finance broker
- Acquisitions completed for additional interests in Westlawn +24% (75% owned, from1 November 2021), Platform Consolidated Group Pty Limited +30% (100% owned, from 1 November 2021) and Linx Group +5% (60% owned from1 April 2022)[5]
- Acquisition of 70% interest in Equity-One Mortgage Fund Limited through Westlawn, effective 1 March 2022[5]
- Acquisition of a 70% interest in Chevron Equipment Finance through COG's subsidiary QPF, effective 1 July 2022[5]
- Full 12-month benefit of FY22 acquisitions will flow into FY23 profit results
- Progressing implementation of strategic plan focusing on systems, customer service and expansion of COG's in-house lending products
- Strong acquisition pipeline and $31m acquisition facility established with a major Australian Bank



Revenue[1]

**$323.0m**

▲ **+20%** on pcp[4]

EBITDA to shareholders[2]

**$36.0m**

▲ **+33%** on pcp[4]

NPATA to shareholders[2]

**$25.1m**

▲ **+41%** on pcp[4]

EPSA[2, 3, 4]

**13.87cps**

▲ **+28%** on pcp[4]

[1] Includes share of results from associates (FY22: $3.3m, FY21: $1.2m) and excludes interest income of $0.2m (FY21 $0.2m) and one-off unguaranteed residual rights recognised during the period of $1.0m (FY21 $nil).

[2] Underlying basis attributable to shareholders. Excludes impairment charge (FY22 $0.6m after tax, FY21 $37.2m after tax), loss on deemed sale and reacquisition of investment at fair value (FY22 $nil, FY21 $5.0m after tax), gain from a bargain purchase (FY22 $nil, FY21 $0.4m after tax), redundancy and restructuring costs (FY22 $0.1m after tax, FY21 $0.2m after tax), transaction costs (FY22 $0.4m, FY21 $0.1m after tax), fraud provision (FY22 $nil, FY21 $0.1m after tax) and one-off unguaranteed residual rights recognition (FY22 $0.4m post tax, FY21 $nil).

[3] On a post share consolidation basis

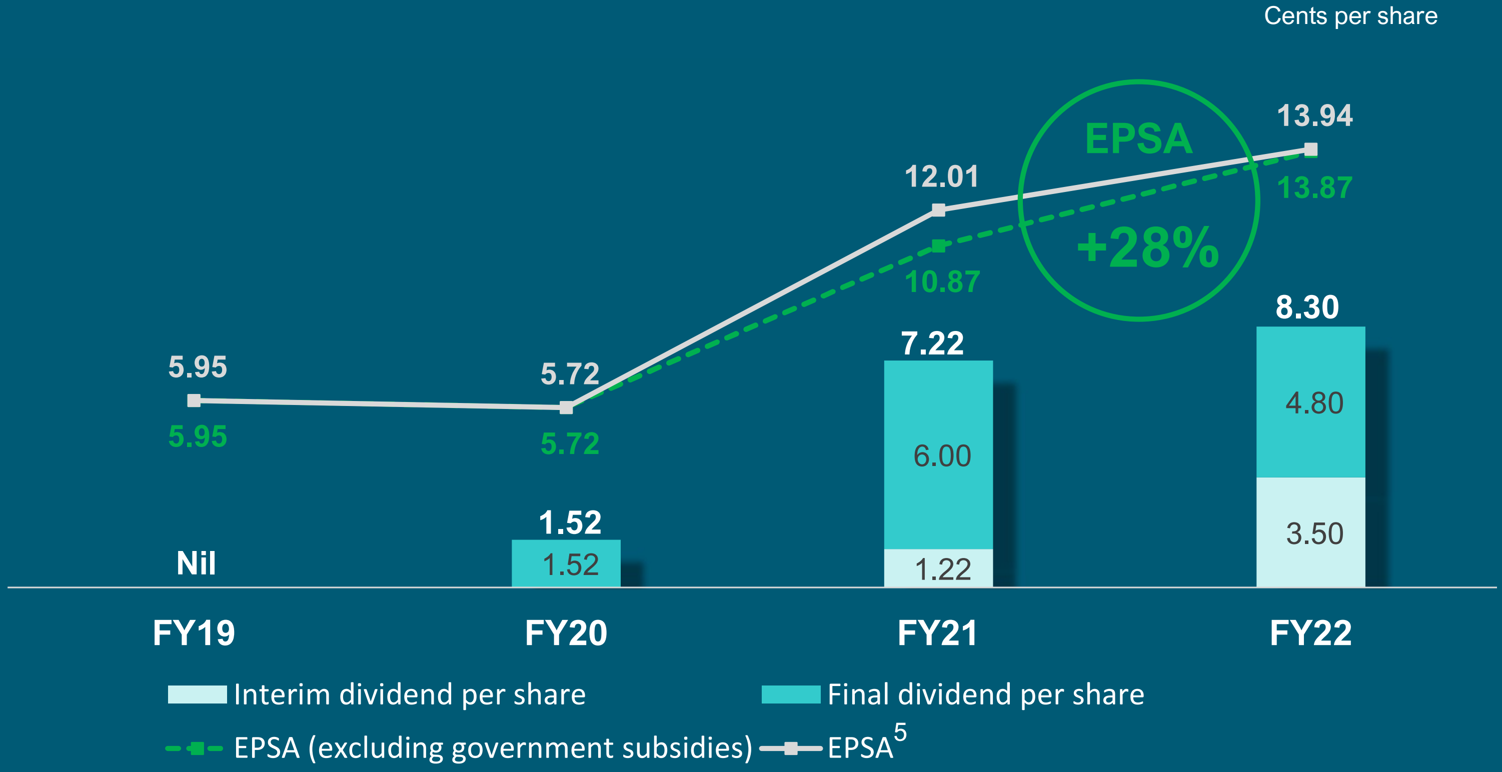
[4] Excluding government subsidies received in both periods

[5] Refer to pages 21, 27 and 28 for details on acquisitions completed

COG Financial Services Limited

FY 2022 Highlights

# Growth in EPSA and dividends per share




Final **dividend declared** of **4.8** cps[1,2] (FY21: 6.0 cps[1,2])

Total **FY22 dividends** of 8.3 cps[1,2] show a **15%** increase on FY21 (7.22 cps[1,2])

**Payout ratio** of **62%**[3] maintained (FY21: 62%[3])

**Dividend yield** (annualised) of **5.3%**[4]

[1] On a post share consolidation basis
[2] Dividends fully franked
[3] Total dividends divided by NPATA
[4] FY22 total dividends divided by the COG closing share price at 30 June 2022
[5] Earnings per share adjusted for the amortisation of acquired intangible and calculated using the Weighted Average Number of Outstanding Shares for each FY

# Our results

| For the year ended 30 June | 2022[1] $m | 2021[1, 5] $m | Pcp Change |
|---|---|---|---|
| Revenue[2] | 323.0 | 272.7 | 18% |
| EBITDA | 51.3 | 46.8 | 10% |
| Net interest expense | (0.4) | (0.9) | -56% |
| Depreciation | (2.6) | (2.5) | 4% |
| Amortisation | (9.4) | (8.8) | 7% |
| NPBT | 38.9 | 34.6 | 12% |
| Tax | (9.9) | (9.6) | 3% |
| NPAT | 29.0 | 25.0 | 16% |
| Minority interests | (8.6) | (9.2) | -7% |
| NPAT to shareholders | 20.4 | 15.8 | 29% |
| **EBITDA to shareholders** | **36.0** | **29.6** | **22%** |
| **NPATA to shareholders[3]** | **25.1** | **19.5** | **29%** |
| (-) Less government subsidies | (0.1) | (1.8) | -94% |
| **NPATA to shareholders before government subsidies** | **25.0** | **17.7** | **41%** |
| EPSA to shareholders (cps)[4] | 13.87 | 10.87 | 28% |

1. Underlying basis attributable to shareholders. Excludes impairment charge (FY22 $0.6m after tax, FY21 $37.2m after tax), loss on deemed sale and reacquisition of investment at fair value (FY22 $nil, FY21 $5.0m after tax), gain from a bargain purchase (FY22 $nil, FY21 $0.4m after tax), redundancy and restructuring costs (FY22 $0.1m after tax, FY21 $0.2m after tax), transaction costs (FY22 $0.4m, FY21 $0.1m after tax), fraud provision (FY22 $nil, FY21 $0.1m after tax) and one-off unguaranteed residual rights recognition (FY22 $0.4m post tax, FY21 $nil).
2. Includes share of results from associates (FY22: $3.3m, FY21: $1.2m) and excludes interest income (FY22 $0.2m, FY21 $0.2m) and one-off unguaranteed residual rights recognised during the period (FY22 $1.0m, FY21 $nil).
3. NPATA is NPAT adjusted for amortisation of identified intangibles on acquisition of controlled entities (after tax).
4. On a post share consolidation basis and excluding government subsidies received in both periods.
5. Amounts have been reclassified to conform to the current year presentation – see comments in subsequent slides and Appendices.

**Revenue growth** of $50.3m includes organic growth (+$46.7m) and contribution from acquisitions (+7.4m), partially offset by a decrease in government subsidies received (-$3.8m).

**FY22 EBITDA margin** compressed slightly to 15.9% (FY21: 17.2%) largely due to an increase in volume-based commission payments and a small increase in some administrative costs to pre-COVID levels, which is linked to a lift in business activity.

**Depreciation & amortisation** includes $9.1m for amortisation of identified intangibles on acquisition of controlled entities (FY21: $8.1m) and $1.4m impact of AASB *16 Leases* adoption (FY21: $2.0m).

**EBITDA to shareholders** comprises increases of $4.1m from Finance Broking & Aggregation, $1.7m from Funds Management and Lending and $0.6m from Head Office & Other.

**Effective tax rate** of 25% (FY21: 28%) based on normalised NPBT.



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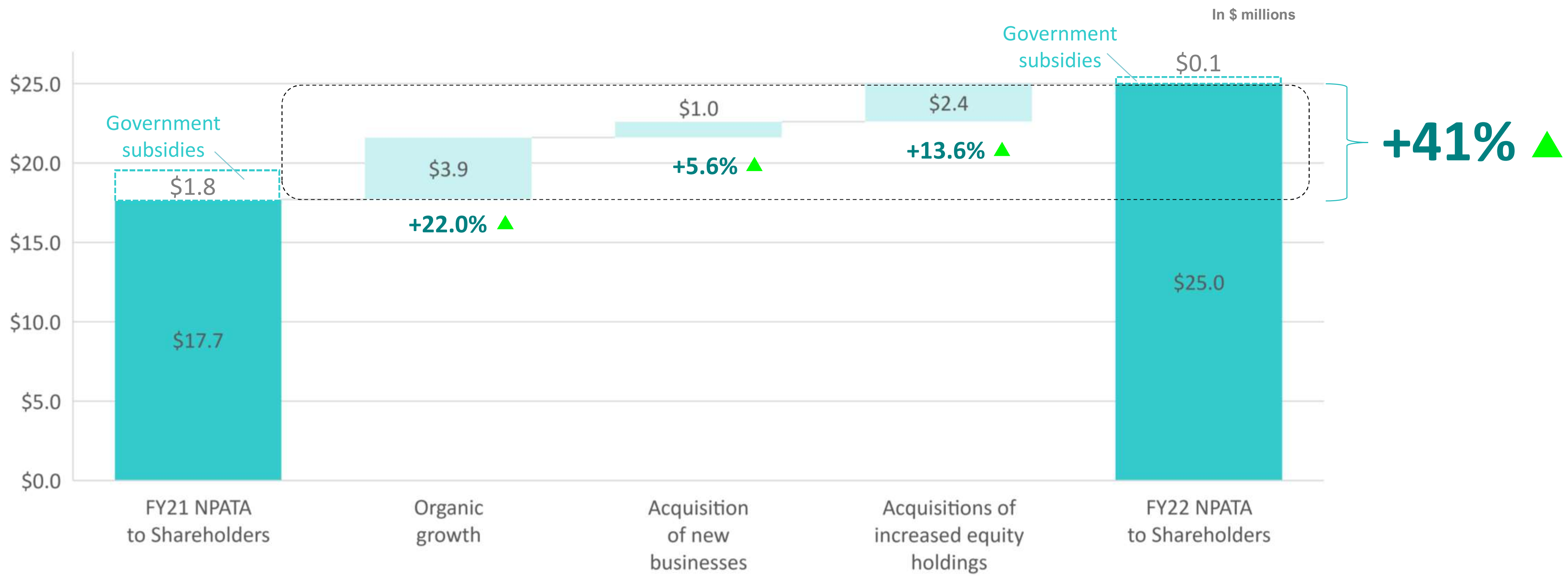
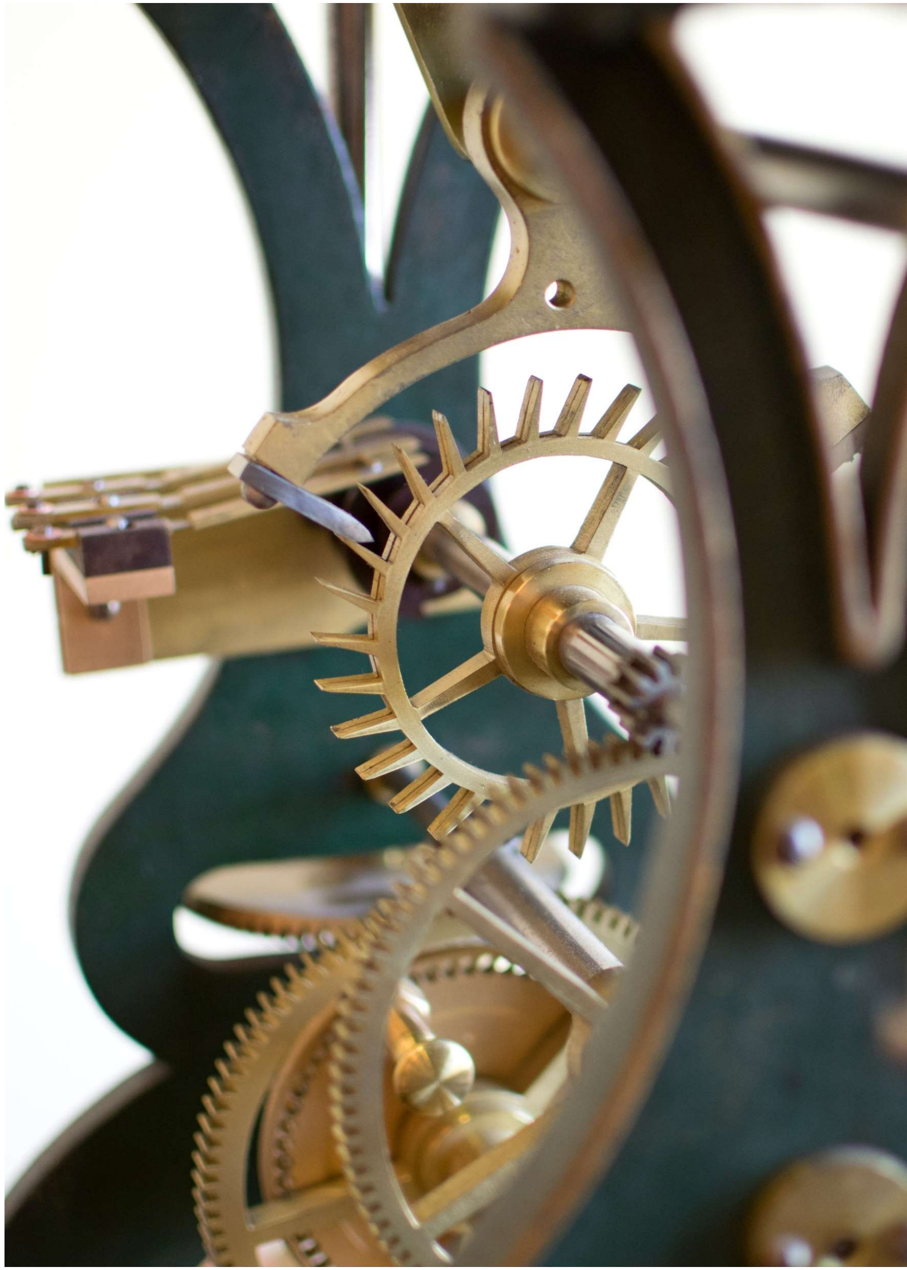
# Underlying NPATA to Shareholders



# Segment performance

Finance Broking & Aggregation and Funds Management & Lending segments reported strong FY22 profit growth



## Summary of Group financial results

# Underlying NPATA to Shareholders by segment

In $ millions

| | FY22 | | | FY21 | | |
|---|---|---|---|---|---|---|
| **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 | 15.6 | - | **15.6** | 11.8 | (1.1) | **10.7** |
| Funds Management & Lending | 8.9 | (0.1) | **8.8** | 7.6 | (0.4) | **7.2** |
| Other | 0.6 | - | **0.6** | 0.1 | (0.3) | **(0.2)** |
| **Total** | **25.1** | **(0.1)** | **25.0** | **19.5** | **(1.8)** | **17.7** |

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

▲ **+41%** vs PCP [2]

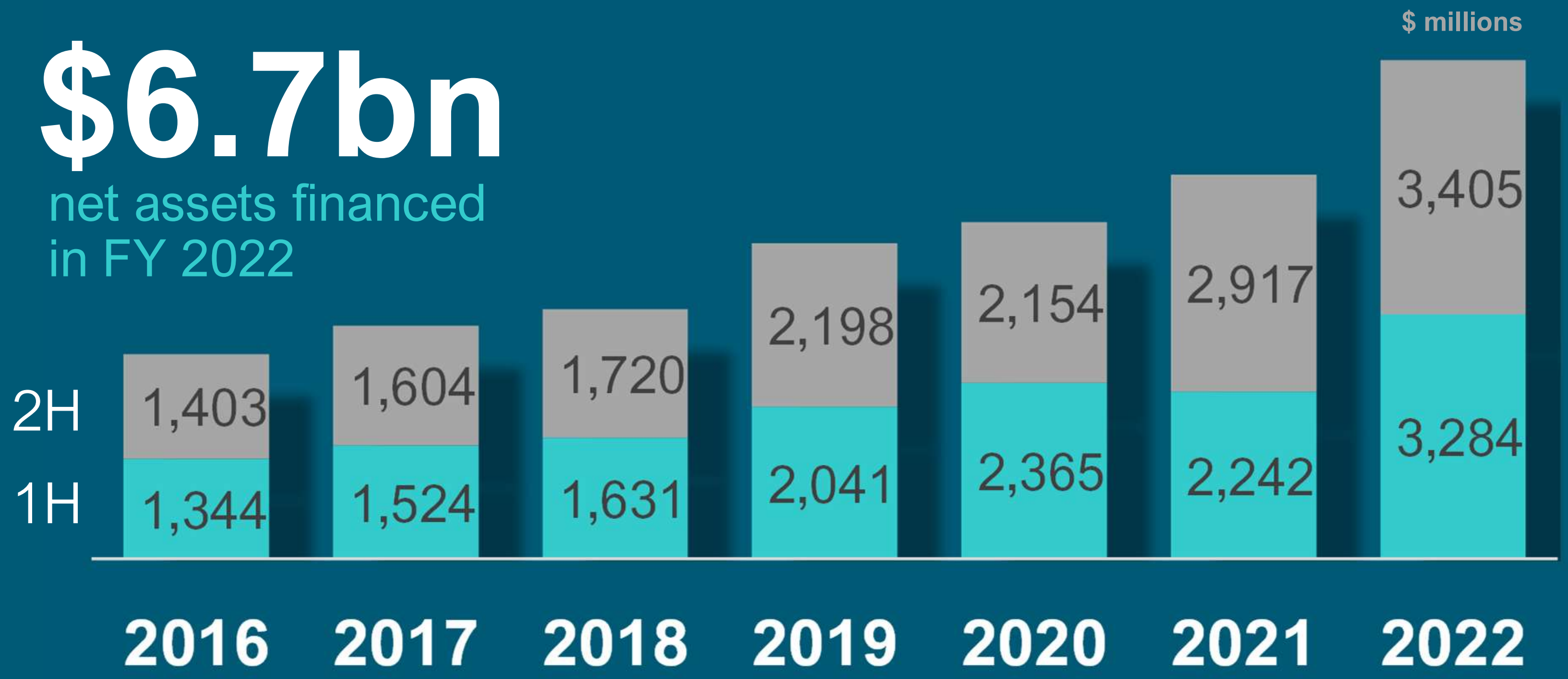
**Finance Broking & Aggregation**

# Record volumes despite supply chain challenges

**▲ +30%** vs PCP

**$6.7bn**

net assets financed in FY 2022



# Increased volumes drive organic growth

| For the year ended 30 June | 2022[1] $m | 2021[1, 2] $m | Pcp Change |
|---|---|---|---|
| Revenue | 274.4 | 229.7 | 19% |
| EBITDA | 34.8 | 31.7 | 10% |
| Net interest | (0.5) | (0.4) | 25% |
| Depreciation | (1.8) | (1.9) | -5% |
| Amortisation (exc acquired intangibles) | (0.5) | (0.6) | -17% |
| **NPBT (before amortisation of acquired intangibles)** | **32.0** | **28.8** | **11%** |
| Amortisation of acquired intangibles | (5.9) | (6.3) | -6% |
| **NPBT** | **26.1** | **22.5** | **16%** |
| **EBITDA to shareholders** | **22.9** | **18.8** | **22%** |

1. Underlying basis before tax- excluding redundancy and restructuring costs (FY22 $nil, FY21 $0.1m), transaction costs (FY22 $nil, FY21 $0.2m) and impairment charge (FY22 $0.5m, FY21 $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 (FY21: $1.1m).
4. Recognised as 'depreciation' and 'interest expense' under AASB 16 *Leases*, both below the EBITDA line.

**Revenue growth** of $44.7m includes organic growth (+$45.2m) with strong performance from the novated lease business and contribution from acquisitions (+2.3m), partially offset by a decrease in government subsidies received[3] (-$2.8m).

**EBITDA margin** contracted to 12.7% (FY21: 13.8%), largely due to increased volume-based commission payments (higher trade volumes) and a moderate return of some administrative costs to pre-COVID levels, which is linked to an increase in business activity.

**Depreciation and amortisation** includes $5.9m amortisation of identified intangibles on acquisition of controlled entities (FY21: $6.3m) and $1.0m impact of AASB *16 Leases* adoption (FY21: $1.6m).

**EBITDA to shareholders** includes $2.9m from acquisitions and increased equity holdings (FY21: $0.8m contribution from acquisitions made during the period).

## Cash generation to shareholders

| For the year ended 30 June | 2022 $m | 2021 $m | Pcp Change |
|---|---|---|---|
| Revenue to shareholders | 188.7 | 133.7 | 41% |
| EBITDA to shareholders | 22.9 | 18.8 | 22% |
| (-) Rent expense to shareholders [4] | (0.8) | (1.1) | -27% |
| (-) Capital expenditure to shareholders | (1.5) | (1.1) | 36% |
| **Cash EBITDA to shareholders** | **20.6** | **16.6** | **24%** |
| (-) Tax expense to shareholders | (5.1) | (4.0) | 28% |
| **Cash generation to shareholders** | **15.5** | **12.6** | **23%** |



COG Financial Services Limited

# Westlawn paves the way for growth - new business volumes strong in FY22[1]

| For the year ended 30 June | 2022 [2] $m | 2021 [2, 3] $m | Pcp Change |
|---|---|---|---|
| Revenue[4] | 40.6 | 35.2 | 15% |
| EBITDA | 16.8 | 15.9 | 6% |
| Net interest | 0.1 | - | -% |
| Depreciation | (0.6) | (0.4) | 50% |
| Amortisation (exc acquired intangibles) | (0.1) | (0.2) | -50% |
| **NPBT (before amortisation of acquired intangibles)** | **16.2** | **15.3** | **6%** |
| Amortisation of acquired intangibles | (2.9) | (1.7) | 71% |
| **NPBT** | **13.3** | **13.6** | **-2%** |
| **EBITDA to shareholders** | **13.3** | **11.6** | **15%** |

1. Funds Management and Lending includes 75% of Westlawn from 1 November 2021 (FY21: 51%) and 100% of TL Commercial (FY21: 100%).
2. Underlying basis before tax - excluding redundancy and restructuring costs (FY22 $nil, FY21 $0.1m), impairment loss (FY22 $0.1m, FY21 $37.8m), one-off unguaranteed residual rights recognised during the period (FY22 $1.0m, FY21 $nil), fraud provision (FY22 $nil, FY21 $0.3m), gain from a bargain purchase (FY22 $nil, FY21 $0.4m) and loss on deemed sale & reacquisition of investment at fair value (FY22 $nil, FY21 $5.0m).
3. Amounts have been reclassified to conform with current year presentation as follows: 'Interest income' & 'Funding costs' and 'dividend income' have been included to the 'Underlying EBITDA from core operations'.
4. Revenue excludes interest income (FY22 $0.1m, FY21 $0.2m) and one-off unguaranteed residual rights recognised during the period (FY22 $1.0m, FY21 $nil).

**Revenue growth** of $5.4m includes organic growth in Westlawn of $2.8m and contributions from Equity-One acquisition of $5.1m and Centrepoint of $4.8m (previously reported as part of the FB&A segment). This growth was partially offset by a decrease in government grants ($0.5m) and a lower contribution from TL Commercial Finance due to the run-off of the existing portfolio ($6.8m).

**EBITDA margin** contracted to 41.3% (FY21: 45.0%) largely due to an increase in the Expected Credit Loss provision relating to Forum Finance contracts (+$0.6m) as well as compressed lending margins on the Chattel Mortgage product offered by Westlawn.

**Depreciation and amortisation** includes $2.9m amortisation of identified intangibles on acquisitions (FY21 $1.7m).

### Cash generation to shareholders

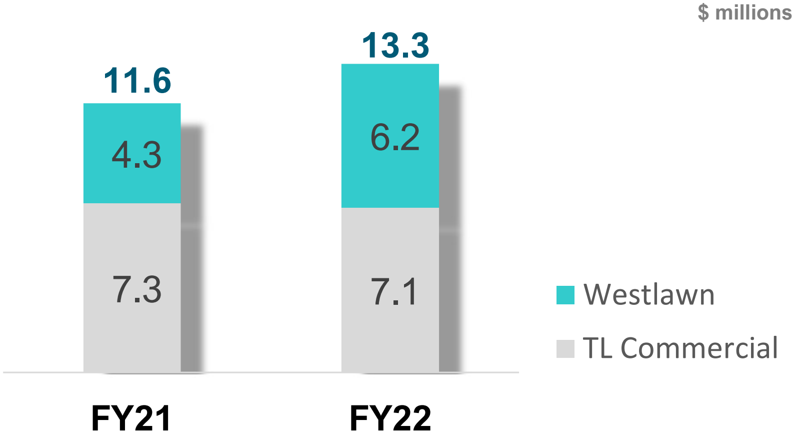
| For the year ended 30 June | 2022 $m | 2021 $m | Pcp Change |
|---|---|---|---|
| Revenue to shareholders | 29.7 | 26.2 | 13% |
| EBITDA to shareholders | 13.3 | 11.6 | 15% |
| (-) Rent expense to shareholders | (0.2) | (0.1) | 100% |
| (-) Capital expenditure to shareholders | (0.3) | (0.6) | -50% |
| **Cash EBITDA to shareholders** | **12.8** | **10.9** | **17%** |
| (-) Tax expense to shareholders | (3.3) | (3.4) | -3% |
| **Cash generation to shareholders** | **9.5** | **7.5** | **27%** |



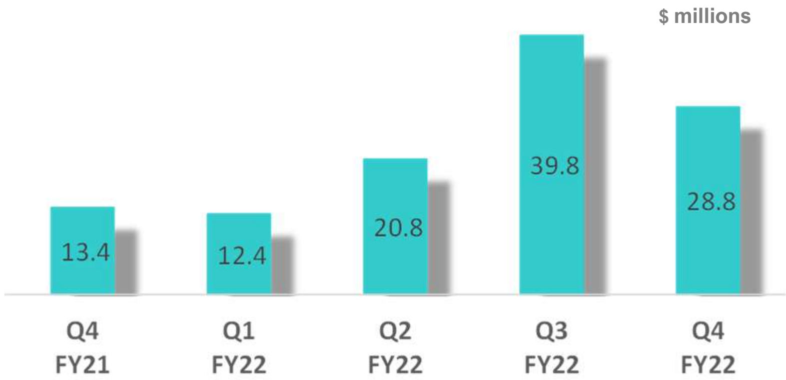
COG Financial Services Limited

## Funds Management & Lending

### EBITDA to shareholders




### Chattel Mortgage origination - Westlawn




## Westlawn positioned for growth

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

## Funds management

Acquisition of funds management business, Equity-One Mortgage Fund Limited, will lift Westlawn earnings in FY23

Funds under management of $643.2m are up 189% on the prior year, following the acquisition of Equity-One

| Funds under management | 30 June 2022 $m |
|---|---|
| Equity-One Contributory Mortgage Scheme | 388.3 |
| Westlawn Managed Investment Scheme | 26.4 |
| Westlawn Unsecured Notes | 228.5 |
| **Total** | **643.2** |

COG Financial Services Limited