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

COG footprint continues to expand

- **Acquisition of Paywise**
- **Simultaneous and partial divestment of FleetNetwork to EML Group**

COG Financial Services (ASX: COG) today announced the acquisition of salary packaging business, Paywise and the simultaneous partial divestment of its FleetNetwork business to EML Group.

- Via its novated leasing subsidiary business, FleetNetwork, COG is acquiring Paywise, a salary packaging business, for \$30.0 million, at a multiple of 6 times FY 23 forecast EBITDA on a post synergies basis.
- COG is simultaneously divesting a 18% interest in the consolidated FleetNetwork business (which includes Paywise) to the EML Group for \$15 million, at a multiple of 7.5 times FY 23 forecast EBITDA on a post synergies basis. These proceeds will be applied to the acquisition price for the Paywise business.
- The net \$15 million cash component required to complete the transaction will be funded by drawing down on COG's acquisition debt facility.

COG is Australia's largest asset financing and aggregation group with an estimated 21% market share of broker originated asset finance lending. COG has two main lines of business: finance broking and aggregation to SME's; and funds management and lending. This creates a truly diversified financial services business.

The EML Group is a partnership between Employers Mutual Limited (an Australian owned mutual) and ASWIG Management Pty Limited. Since 1910, the EML Group has provided a range of products encompassing workers' compensation, general insurance, and life insurance claims management. Cameron McCullagh, Executive Director of COG, is Executive Chairman of ASWIG and was excluded from the negotiations on the basis of this conflict and has not voted on any COG resolutions in relation to the transaction. Each of the partners in the EML Group will contribute \$7.5 million.

The rationale for the simultaneous acquisition and partial divestment transaction is to allow COG to expand its novated lease offering to salary packaging while simultaneously partnering with an established organisation that has been engaged for many decades in the provision of services to employers and their staff.

The acquisition marks a particularly strong growth period for COG, having completed 4 acquisitions across the asset finance broking and aggregation, insurance broking and novated leasing sectors since January 2022.



COG CEO Andrew Bennett said that the acquisition is consistent with its strategy to leverage its strong and significant broker market share in the asset finance space to expand cross selling opportunities, especially in its novated lease and salary packaging offerings.

“The acquisition of Paywise, a high-quality group, makes a lot of strategic sense to COG as it complements our growing novated lease and salary packaging services to our government and private sector customers around Australia and gives COG additional exposure to the rapidly growing electric vehicle sector.

“Paywise also brings to COG a very sophisticated technology platform that will over time be embedded across our network of businesses.

Mr Bennett added that EML Group’s acquisition of a strategic stake in the consolidated FleetNetwork business will open up a whole new market for COG’s financial services and will specifically enable COG to participate in larger government tenders for novated leasing services.

The EML Group and its subsidiaries are currently contracted to provide claims management services to government agencies in NSW, Victoria, South Australia, Western Australia, and the Australian Capital Territory.

COG’s novated leasing products are primarily focused on governments and larger corporates, complementing its exposure to the SME sector in Australia via its finance broking and aggregation businesses.

Paul Baker, Chairman of EML said:

“We consider the novated leasing services provided by FleetNetwork/beCarWise to be a high quality service for employees. With the addition of Paywise salary packaging and systems expertise, we are excited about using our distribution to expand their footprint.”

The transactions are expected to take effect from 1 April and settlement will occur on or before 6 April 2023.

Announcement authorised by: Patrick Tuttle, Chair

For further information please contact:

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**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 & 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 \$700m 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.