



18 September 2023

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

CEO Remuneration Update, for:

- **Long Term Incentive vesting assessment for prior FY21 allocation;**
- **Long Term Incentive Allocations for FY22;**
- **Long Term Incentive Allocations for FY23; and**
- **FY24 Annual Remuneration.**

COG Financial Services Limited (ASX: COG) advises the following update in respect of the CEO Remuneration for Mr Andrew Bennett.

Long Term Incentive Vesting Assessment for prior FY21 allocation

Previously Mr Bennett was allotted 102,814 performance rights in respect of FY21, with the first two tranches having vested.

The final tranche of 102,814 performance rights noted above, being for the period to 30 June 2023, required achievement of attaining normalised earnings per share (EPS) Compound Annual Growth Rate (CAGR) to 30 June 2023 of at least 7.5%.

The Company notes that the three year CAGR was 40% and hence, 100% of the 102,814 performance rights have vested and are being converted into shares.

Long Term Incentive Allocations for FY22

The Company has completed the allotment of securities to Mr Andrew Bennett under the Company's Long Term Incentive Plan as originally announced to the ASX on 23 December 2020, including assessment of the tranche (a) and (b) below.

The Company's Long Term Incentive Plan was approved by shareholders on 30 June 2021 ("Plan").

Mr Bennett's allocation and associated vesting conditions under the Plan are as follows:

- (a) Tranche 1: 58,642 performance rights, convertible into 58,642 ordinary shares upon vesting, with 40% vesting on being employed at 30 June 2022 and 60% vesting on being employed and achievement of attaining normalised earnings per share (EPS) Compound Annual Growth Rate (CAGR) on 30 June 2022;
- (b) Tranche 2: 58,642 performance rights, convertible into 58,642 ordinary shares upon vesting, with 40% vesting on being employed at 30 June 2023 and 60% vesting on being employed and achievement of normalised EPS CAGR on 30 June 2023; and
- (c) Tranche 3: 58,642 performance rights, convertible into 58,642 ordinary shares upon vesting, with 40% vesting on being employed at 30 June 2024 and 60% vesting on being employed and achievement of normalised EPS CAGR on 30 June 2024.

In respect of the vesting conditions:

1. these will be assessed no later than 15 September of the subject year end;

2. where vesting conditions of Tranche 1 or Tranche 2 are not met, the performance rights roll forward to the next Tranche (Tranche 1 to Tranche 2 and Tranche 2 to Tranche 3); and
3. CAGR requirements are:

	Compound Annual Growth Rate (CAGR)	Range	Vesting %
Threshold	0.00%	<Threshold	0.00%
Target 1	2.50%	>Threshold & <Target 1	25.00%
		>Target 1 & <Target 2	Straight Line Pro rata from 25.00% to 100.00%
Target 2	7.50%	=>Target 2	100.00%

The assessment of the Tranche 1 and Tranche 2 performance rights are able to be calculated as follows:

- In respect of Tranche 1, Mr Bennett met both the employment and CAGR vesting requirements, having been employed at the vesting date and the Company achieving a normalised EPS CAGR to 30 June 2022 of 16%. Therefore 100% of the 58,642 performance rights have vested and are being converted into shares; and
- In respect of Tranche 2, Mr Bennett met the employment but not the CAGR vesting requirements, having been employed at the vesting date and the Company achieving a normalised EPS CAGR over the two year period to 30 June 2023 of 0%. Therefore 40% of the 58,642 performance rights, being 23,457 performance rights, have vested and are being converted into shares. The remaining 35,185 performance rights roll over into Tranche 3 performance rights, so that there are 93,827 Tranche 3 performance rights outstanding, being 23,457 vesting on being employed at 30 June 2024 and 70,370 vesting on being employed and achievement of normalised EPS CAGR on 30 June 2024.

Long Term Incentive Allocations for FY23

The Company has completed the allotment of securities to Mr Andrew Bennett under the Company's Long Term Incentive Plan as originally announced to the ASX on 23 December 2020, including assessment of the initial tranche.

The Company's Long Term Incentive Plan was approved by shareholders on 30 June 2021 ("Plan").

Mr Bennett's allocation and associated vesting conditions under the Plan are as follows:

- (d) Tranche 1: 50,105 performance rights, convertible into 50,105 ordinary shares upon vesting, with 40% vesting on being employed at 30 June 2023 and 60% vesting on being employed and achievement of attaining normalised earnings per share (EPS) Compound Annual Growth Rate (CAGR) on 30 June 2023;
- (e) Tranche 2: 50,105 performance rights, convertible into 50,105 ordinary shares upon vesting, with 40% vesting on being employed at 30 June 2024 and 60% vesting on being employed and achievement of normalised EPS CAGR on 30 June 2024; and
- (f) Tranche 3: 50,106 performance rights, convertible into 50,106 ordinary shares upon vesting, with 40% vesting on being employed at 30 June 2025 and 60% vesting on being employed and achievement of normalised EPS CAGR on 30 June 2025.

In respect of the vesting conditions:

1. these will be assessed no later than 15 September of the subject year end;
2. where vesting conditions of Tranche 1 or Tranche 2 are not met, the performance rights roll forward to the next Tranche (Tranche 1 to Tranche 2 and Tranche 2 to Tranche 3); and
3. CAGR requirements are:

	Compound Annual Growth Rate (CAGR)	Range	Vesting %
Threshold	0.00%	<Threshold	0.00%
Target 1	2.50%	>Threshold & <Target 1	25.00%
		>Target 1 & <Target 2	Straight Line Pro rata from 25.00% to 100.00%
Target 2	7.50%	=>Target 2	100.00%

Noting that the assessment of the Tranche 1 performance rights are able to be calculated, Mr Bennett met the employment but not the CAGR vesting requirements, having been employed at the vesting date and the Company achieving a normalised EPS CAGR over the one year period to 30 June 2023 of -14%. Therefore 40% of the 50,105 performance rights, being 20,042 performance rights, have vested and are being converted into shares. The remaining 30,063 performance rights roll over into Tranche 2 performance rights, so that there are 80,168 Tranche 2 performance rights outstanding, being 20,042 vesting on being employed at 30 June 2024 and 60,126 vesting on being employed and achievement of normalised EPS CAGR on 30 June 2024.

FY23 Fixed Annual Remuneration

As announced to the ASX on 11 August 2022, Mr Bennett is presently on a fixed annual remuneration of \$500,000, inclusive of superannuation contributions.

The Board, taking into consideration his performance and other external factors such as CPI movements over the past year and a broader market comparison with comparable ASX-listed entities, has updated Mr Bennett's annual remuneration for FY24, effective 1 July 2023, to the following:

1. Base or fixed remuneration: Increase from \$500,000 (inclusive of superannuation contributions) to \$575,000 (inclusive of superannuation contributions);
2. Short Term Incentive (maximum): Increase from 40% of Base to 50% of Base, subject to specified KPIs for achievement; and
3. Long Term Incentive (maximum): Unchanged at 50% of Base.

ASX Releases

In actioning the noted allotments above, the Company will be releasing to the ASX today:

- (A) Appendix 2A for the allotment of 204,955 shares for the fully vested FY21 Tranche 3 performance rights, in lieu of the fully vested FY22 Tranche 1 performance rights and employment vested FY22 Tranche 2 performance rights and in lieu of the employment vested FY23 Tranche 1 performance rights; and
- (B) Appendix 3G for the allotment of 224,101, comprising 173,995 30 June 2024 Performance Rights and 50,106 30 June 2025 Performance Rights; and
- (C) Cleansing Statement in respect of (A).



Announcement authorised by: Patrick Tuttle, Chair

For further information please contact:

Andrew Bennett
Chief Executive Officer
M 0405 380 241

Who we are:

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

1. Finance Broking & Aggregation (“FB&A”). Through its membership group of independent and equity owned brokers (brokers in which COG has invested), COG is Australia’s largest asset finance group, representing over \$7.7 billion per annum of Net Asset Finance (NAF). Further growth is being achieved through organic growth in equipment finance and insurance broking and through equity investment in brokers.
2. Funds Management and Lending (“FM&L”). Through broker distribution, COG provides equipment finance to SMEs, and real property loans via its subsidiary Westlawn Finance Limited.

In both businesses our market share is small relative to the size of the markets we operate in, and there are significant growth opportunities through consolidation and organic growth.