



26 September 2024

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 Performance Rights allocation (FY22 and FY23);**
- **Long Term Incentive Allocations for FY25 under Loan Backed Share Scheme; and**
- **FY25 Annual Remuneration.**

Remuneration Update

- **Long Term Incentive vesting assessment for prior Loan Backed Share Scheme allocation (FY24).**

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 Performance Rights allocation

Prior Allocations for FY22

The Company has completed the assessment of remaining 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 tranches (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 2 rolled into Tranche 3: 35,185 performance rights, convertible into 35,185 ordinary shares upon vesting, vesting on being employed and achievement of normalised EPS CAGR on 30 June 2024; and
- (b) Tranche 3: 58,642 performance rights, convertible into 58,642 ordinary shares upon vesting, with 40% (23,457) vesting on being employed at 30 June 2024 and 60% (35,185) 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. as all the performance rights are either rolled Tranche 2 or actual Tranche 3 allocations, there is not further roll forward ability; 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 2 (rolled into Tranche 3) and Tranche 3 performance rights are able to be calculated as follows:

- In respect of Tranche 2 (rolled into Tranche 3), although, Mr Bennett was employed at the vesting date, the Company did not achieve the minimum normalised EPS CAGR over the three year period to 30 June 2024, therefore 100% of the 35,185 performance rights have lapsed; and
- In respect of Tranche 3, Mr Bennett met the employment but not the CAGR vesting requirements, having been employed at the vesting date but the Company not achieving the minimum normalised EPS CAGR over the three year period to 30 June 2024. 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 have lapsed.

Prior Allocations for FY23

The Company has completed the assessment of remaining 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 tranches (a), (b) and (c) 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:

- Tranche 1 rolled into Tranche 2: 30,063 performance rights, convertible into 30,063 ordinary shares upon vesting, with vesting on being employed and achievement of attaining normalised earnings per share (EPS) Compound Annual Growth Rate (CAGR) on 30 June 2024;
- 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
- 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:

- these will be assessed no later than 15 September of the subject year end;
- where vesting conditions of Tranche 1 (rolled into Tranche 2) or Tranche 2 are not met, the performance rights roll forward to the next Tranche (Tranche 1 (rolled into Tranche 2) to Tranche 3 and Tranche 2 to Tranche 3); and
- 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 (rolled into Tranche 2) and Tranche 2 performance rights are able to be calculated as follows:

- (a) In respect of Tranche 1 (rolled into Tranche 2), although Mr Bennett was employed at the vesting date, the Company did not achieve the minimum normalised EPS CAGR over the two year period to 30 June 2024, therefore 100% of the 30,063 performance rights roll into Tranche 3 rights vesting on being employed and achievement of normalised EPS CAGR on 30 June 2025;
- (b) In respect of Tranche 2, Mr Bennett met the employment but not the CAGR vesting requirements, having been employed at the vesting date but the Company not achieving the minimum normalised EPS CAGR over the two year period to 30 June 2024. 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 into Tranche 3 rights vesting on being employed and achievement of normalised EPS CAGR on 30 June 2025; and
- In respect of Tranche 3 totalling 50,106 performance rights, these rights have not qualified to be assessed yet, 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.

Long Term Incentive Allocations for FY25 under Loan Backed Share Scheme

In respect of the Long Term Incentive Allocations for FY25 under Loan Backed Share Scheme, further to Mr Bennett's FY24 Annual Remuneration as announced on 18 September 2023, Mr Bennett is entitled to an allocation under Loan Backed Share Scheme of \$287,500.

The Company is undertaken the process in relation to this allotment, and once completed, will advise the market of the calculated share issued under the scheme.

FY25 Fixed Annual Remuneration

As announced to the ASX on 18 September 2023, Mr Bennett is presently on a fixed annual remuneration of \$575,000, 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 FY25, effective 1 July 2024, to the following:

1. Base or fixed remuneration: Increase from \$575,000 (inclusive of superannuation contributions) to \$620,000 (inclusive of superannuation contributions), an increase of 7.8%;
2. Short Term Incentive (maximum): Unchanged, being 50% of Base, subject to specified KPIs for achievement; and
3. Long Term Incentive (maximum): Unchanged at 50% of Base.



Long Term Incentive vesting assessment for prior Loan Backed Share Scheme allocation (FY24).

In respect of the assessment for the Tranche 1 of the Loan Backed Share Scheme allocation (FY24), the Company confirms:

1. All participants, including Mr Bennett, met their vesting on being employed at 30 June 2024, with 40% of the Tranche 1 allocation now vested; and
2. The 60% vesting on being employed and achievement of normalised EPS CAGR on 30 June 2024 was not met, with this portion of Tranche 1 rolling over into Tranche 2.

In respect of KMPs who were issued Loan Backed Share Scheme allocation (FY24), being:

- Mr Andrew Bennett (CEO): 465,000 shares; and
- Mr Richard Balzer (CFO): 120,000 shares, the following is noted:

Mr Bennett

- (i) Tranche 1 allocation of 155,000 shares: 62,000 shares have vested, with 93,000 shares rolled in Tranche 2; and
- (ii) Tranche 2 allocation of 155,000 shares to be assessed in year ended 30 June 2025; and
- (iii) Tranche 3 allocation of 155,000 shares to be assessed in year ended 30 June 2026.

Mr Balzer

- (i) Tranche 1 allocation of 40,000 shares: 16,000 shares have vested, with 24,000 shares rolled in Tranche 2; and
- (ii) Tranche 2 allocation of 40,000 shares to be assessed in year ended 30 June 2025; and
- (iii) Tranche 3 allocation of 40,000 shares to be assessed in year ended 30 June 2026.

ASX Releases

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

- (A) Appendix 2A for the allotment of:
 - a. 23,457 shares for the vested Tranche 3 Performance Rights for FY22;
 - b. 20,042 shares for the vested Tranche 2 Performance Rights for FY23;
- (B) Appendix 3H for the lapsing of the remaining 70,370 Performance Rights for FY22; and
- (C) Cleansing Statement in respect of (A).

Announcement authorised by: Patrick Tuttle, Chair

For further information please contact:

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Who we are:

COG Financial Services Limited (COG) has three 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 \$8.9 billion per annum of Net Assets Financed (NAF). Further growth is being achieved through organic growth in equipment finance, insurance broking, and through equity investment in brokers.
2. Novated Leasing ("Novated"): Through Fleet Network and its subsidiaries, Paywise and beCarWise, COG operates in the novated lease and salary packaging sector. Further growth is being achieved through organic growth, with a significant opportunity arising from existing tax incentives associated with electric cars financed through a novated lease arrangement.
3. Asset Management & Lending (AM&L) formally known as Funds Management & Lending ("FM&L"): The largest profit contribution is from peer-to-peer lending on property mortgage-backed business loans via our subsidiary Equity One. As a fee based business, it's profits are not exposed to changes in interest rates. In addition, through broker distribution, COG provides equipment finance to SMEs, and real property loans via our subsidiary Westlawn Finance Limited.

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