



**Financial Services Limited**

# 1H 2023 Results

27 February 2023

Authorised by Andrew Bennett  
Group Chief Executive Officer

# COG is a distribution business & Fund manager

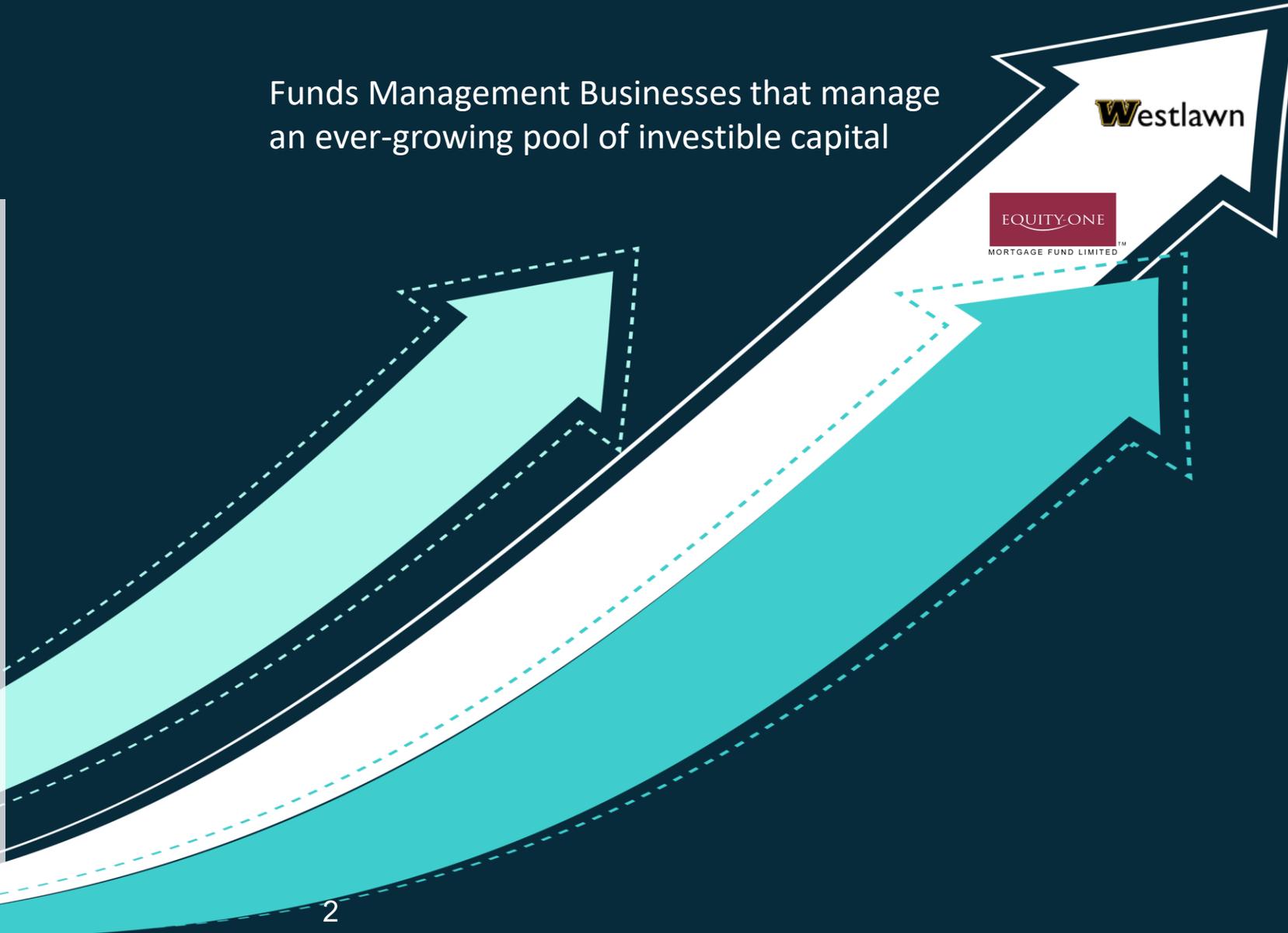
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We have a sales force of Distribution Businesses

Funds Management Businesses that manage an ever-growing pool of investible capital

Logos for distribution businesses:

- PLATFORM FINANCE
- PLATFORM DIRECT FINANCE
- beCarWise (It's smart, it's simple and it saves you money)
- fleetavenue
- QPF FINANCE & INSURANCE
- cog aggregation
- MFL Mildura Finance
- FleetNetwork (Lease · Package · Save)
- capitalplus FINANCE
- linx AUSTRALIA GROUP

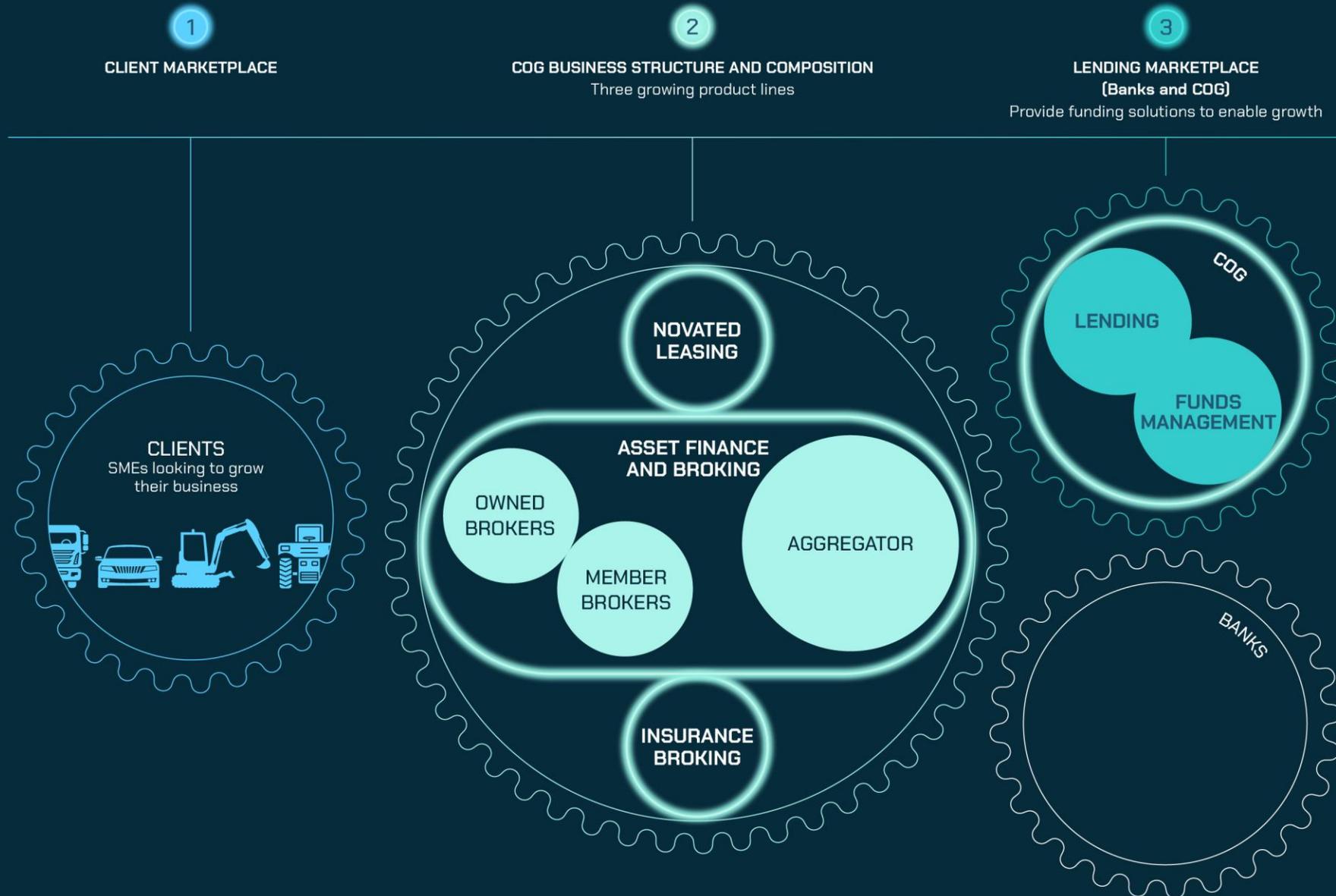


Logos for funds management businesses:

- Westlawn
- EQUITY ONE MORTGAGE FUND LIMITED

# COG's business ecosystem

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# Strategy - growing a truly diversified business

Leveraging a strong & significant broker market share in the Asset Finance space, to expand cross selling opportunities, grow our direct lending activities and associated margins

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Increasingly diversified footprint & expanding margins



Expand Funds Management and Lending footprint



Novated leasing, organic growth & acquisitions



Insurance broking, leveraging cross-sell opportunities



Asset Finance Broking & Aggregation, organic growth & acquisitions

- 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
- Funding achieved in a capital efficient manner
- Acquisition of an additional funds management business, Equity-One Mortgage Fund Limited see funds under management in the group +\$700 mill
- COG runs a growing novated lease and salary packaging service business through its indirect subsidiaries Fleet Network and beCarWise businesses
- Leveraging the generally stronger relationships that an asset finance broker has with a client, given the understanding of the financial position of the underlying business the broker has which allows the offering a broader product set
- COG has three insurance businesses that are all demonstrating solid organic growth
- Australia's largest asset finance broking & aggregation group, with an estimated 21% market share of broker originated asset finance lending
- Leading edge technology via the COG Connect Aggregation platform
- Strong and stable fee income generation with no credit risk
- Diversified earnings footprint provides great income stability overtime

# The linkage, why COG owns the businesses it does

**COG sees huge value in distribution being leveraged across a broader range of financial products:**

- SME broking is the core of COG's distribution business and is the base to building quality relationships to provide a range of services
- Leverage our relationships to more easily cross-sell additional services (across insurance, leasing and asset finance) allowing greater monetisation of the customer relationship.
- We will continue to capture a proportion of the fixed income financial assets originated for funding directly. This fuels the growth of the asset management business and higher margins.
- Novated leasing is primarily focused on governments and larger corporates which drives diversity in income streams, in addition to SME activity and allows us to leverage our core expertise in building relationships with customers.

## 1H 2023 Highlights

# Strong performance continues across all business units

- Acquisition of a 70% interest in Chevron Equipment Finance through COG's subsidiary QPF, effective 1 July 2022<sup>3</sup>
- Acquisition of the novated lease business known as Australian Car Packaging through COG's subsidiary Fleet Network, effective 1 September 2022<sup>3</sup>
- Acquisitions completed for additional interests in Fleet Avenue +50% (100% owned by COG's subsidiary Platform from 29 November 2022) and Sovereign +4% (58% owned by COG's subsidiary Linx, from 29 September 2022)<sup>3</sup>
- Acquisition of a 100% interest in Chevron Insurance through COG's subsidiaries QPF Insurance and Chevron, effective 23 January 2023<sup>3</sup>
- Strong acquisition pipeline remains and \$31m acquisition facility established with a major Australian Bank is remains in place.
- NPATA to shareholders excluding share of results in Earlypay is \$12.0m (1H22: \$9.7m), an increase of 24% on pcp. EPSA excluding the share of results in Earlypay is 6.37cps (1H22: 5.59cps), an increase of 14%

Revenue<sup>1</sup>

**\$162.6m**

▲ **+6%** on pcp<sup>4</sup>

▲ **+8%** on pcp<sup>4, 5</sup>

NPATA to shareholders<sup>2</sup>

**\$11.1m**

▲ **+6%** on pcp<sup>4</sup>

▲ **+24%** on pcp<sup>4, 5</sup>

EBITDA to shareholders<sup>2</sup>

**\$15.8m**

▲ **+2%** on pcp<sup>4</sup>

▲ **+21%** on pcp<sup>4, 5</sup>

EPSA<sup>2</sup>

**5.91cps**

▼ **-2%** on pcp<sup>4</sup>

▲ **+14%** on pcp<sup>4, 5</sup>

<sup>1</sup> Revenue (i) includes share of results from associates (1H23: -\$1.4m loss, 1H22: \$1.1m); and (ii) excludes interest income (1H23: \$0.4m, 1H22: \$0.1m) and one-off unguaranteed residual rights recognised during the period (1H23: \$nil, 1H22: \$1.0m).

<sup>2</sup> Underlying basis attributable to shareholders. Excludes impairment charge (1H23 \$nil, 1H22 \$0.6m after tax), redundancy and restructuring costs (1H23 \$0.5m after tax, 1H22 \$0.1m after tax), transaction costs (1H23 \$0.1m after tax, 1H22 \$nil), one-off unguaranteed residual rights recognition (1H23 \$nil, 1H22 \$0.4m post tax) and profit on disposal of assets (1H23: \$0.3m post tax, 1H22: \$nil).

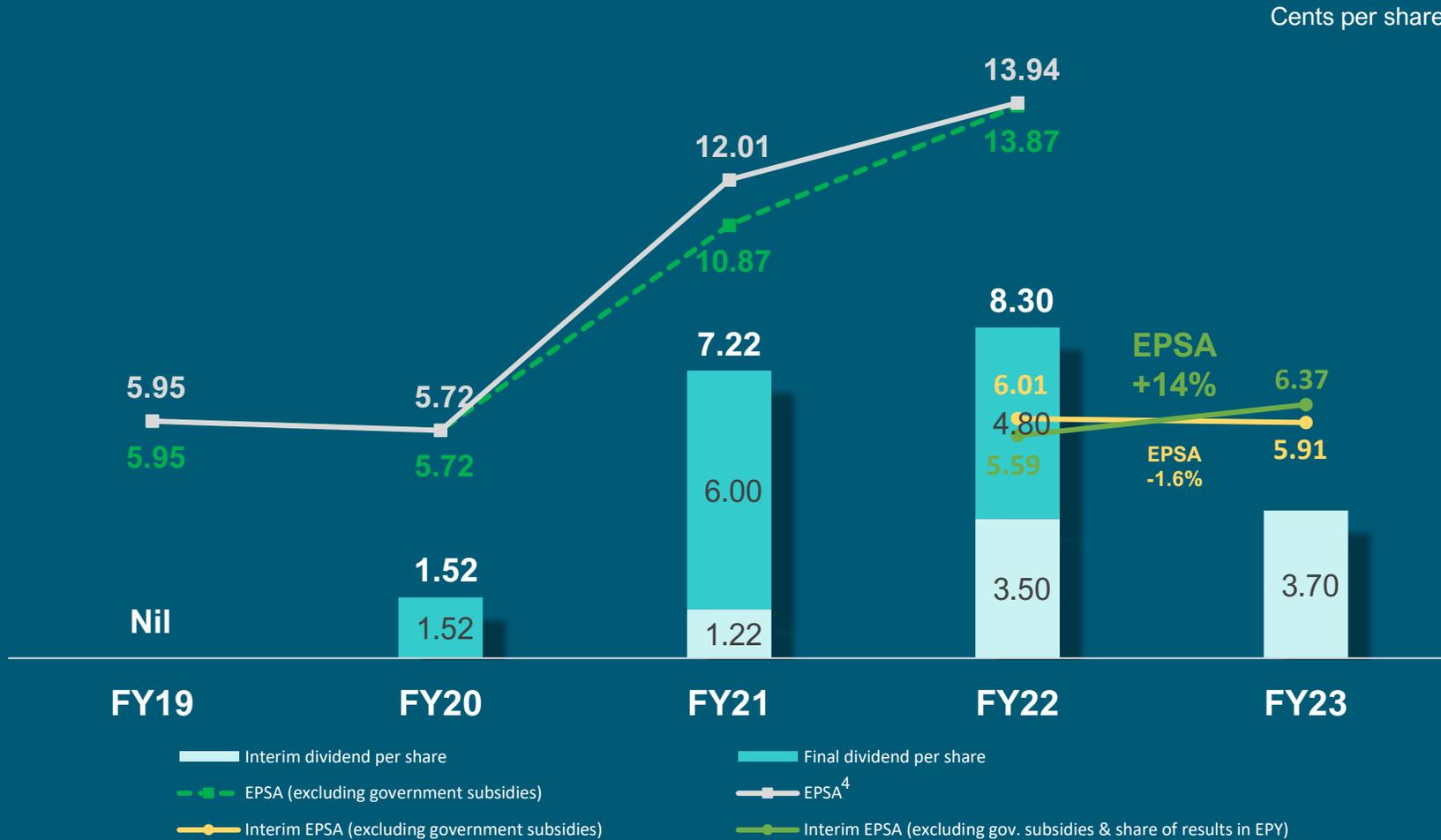
<sup>3</sup> Refer to pages 23, 28 and 29 for details on acquisitions completed

<sup>4</sup> Excluding government subsidies received in both periods

<sup>5</sup> Excluding share of results in Earlypay in both periods

# Growth in EPSA and dividends per share

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Interim dividend declared of **3.7** cps<sup>1</sup> (1H22: 3.5 cps<sup>1</sup>)

Payout ratio of **62%**<sup>2</sup> maintained (1H22: 62%<sup>2</sup>)

Dividend yield (annualised) of **2.5%**<sup>3</sup>

<sup>1</sup> Dividends fully franked  
<sup>2</sup> Total dividends divided by NPATA  
<sup>3</sup> 1H23 interim dividends divided by the COG closing share price at 30 December 2022  
<sup>4</sup> Earnings per share adjusted for the amortisation of acquired intangible and calculated using the Weighted Average Number of Outstanding Shares for each FY

## Summary of Group financial results

# Our results

	1H23 <sup>1</sup> \$m	1H22 <sup>1</sup> \$m	Pcp Change
Revenue <sup>2</sup>	162.6	153.5	6%
EBITDA	24.5	23.4	5%
Net interest expense	(0.2)	(0.2)	0%
Depreciation	(1.5)	(1.3)	15%
Amortisation	(5.4)	(4.6)	17%
NPBT	17.4	17.3	1%
Tax	(4.2)	(5.1)	-18%
NPAT	13.2	12.2	8%
Minority interests	(4.6)	(3.9)	18%
NPAT to shareholders	8.6	8.3	4%
<b>EBITDA to shareholders</b>	<b>15.8</b>	<b>15.5</b>	<b>2%</b>
<b>NPATA to shareholders<sup>3</sup></b>	<b>11.1</b>	<b>10.6</b>	<b>5%</b>
(-) Less government subsidies	-	(0.1)	-100%
<b>NPATA to shareholders before government subsidies</b>	<b>11.1</b>	<b>10.5</b>	<b>6%</b>
EPSA to shareholders (cps) <sup>4</sup>	5.91	6.01	-2%

- Underlying basis attributable to shareholders. Excludes profit on sale of assets (1H23 \$0.3m after tax, 1H22 \$nil), impairment charge (1H23 \$nil, 1H22 \$0.6m after tax), redundancy and restructuring costs (1H23 \$0.5m after tax, 1H22 \$0.1m after tax), transaction costs (1H23 \$0.1m, 1H22 \$nil), and one-off unguaranteed residual rights recognition (1H23 \$nil, 1H22 \$0.4m after tax).
- Includes share of results from associates (1H23 -\$1.4m loss, 1H22 \$1.1m) and excludes interest income (1H23 \$0.4m, 1H22 \$0.1m) and one-off unguaranteed residual rights recognised during the period (1H23 \$nil, 1H22 \$1.0m).
- NPATA is NPAT adjusted for amortisation of identified intangibles on acquisition of controlled entities (after tax).
- Excluding government subsidies received.

**Revenue growth** of \$9.1m includes organic growth (+\$6.8m) and contribution from acquisitions (+\$11.0m), partially offset by the pass-through of brokerage revenue (at 100%) to some COG Aggregation members which from April 2022 is now paid directly from the financier to the member broker, in sync with the treatment applied to all other members (-\$3.9m) as well as a lower contribution from the Other segment (-\$3.3m), TL Commercial Finance due to the book now being in run-off (-\$1.3m) and government subsidies (-\$0.2m).

**1H23 EBITDA margin** decreased to 15.1% (1H22: 15.2%) and reflects a lower contribution from Earlypay versus pcp (-\$2.5m) and investments in people and technology infrastructure (which is linked to an increase in business activity), offset by the benefit of not having the brokerage pass-through in the 1H23 (explained above).

**Depreciation & amortisation** includes \$5.3m for amortisation of identified intangibles on acquisition of controlled entities (1H22: \$4.4m) and \$1.2m impact of AASB 16 Leases adoption (1H22: \$0.9m).

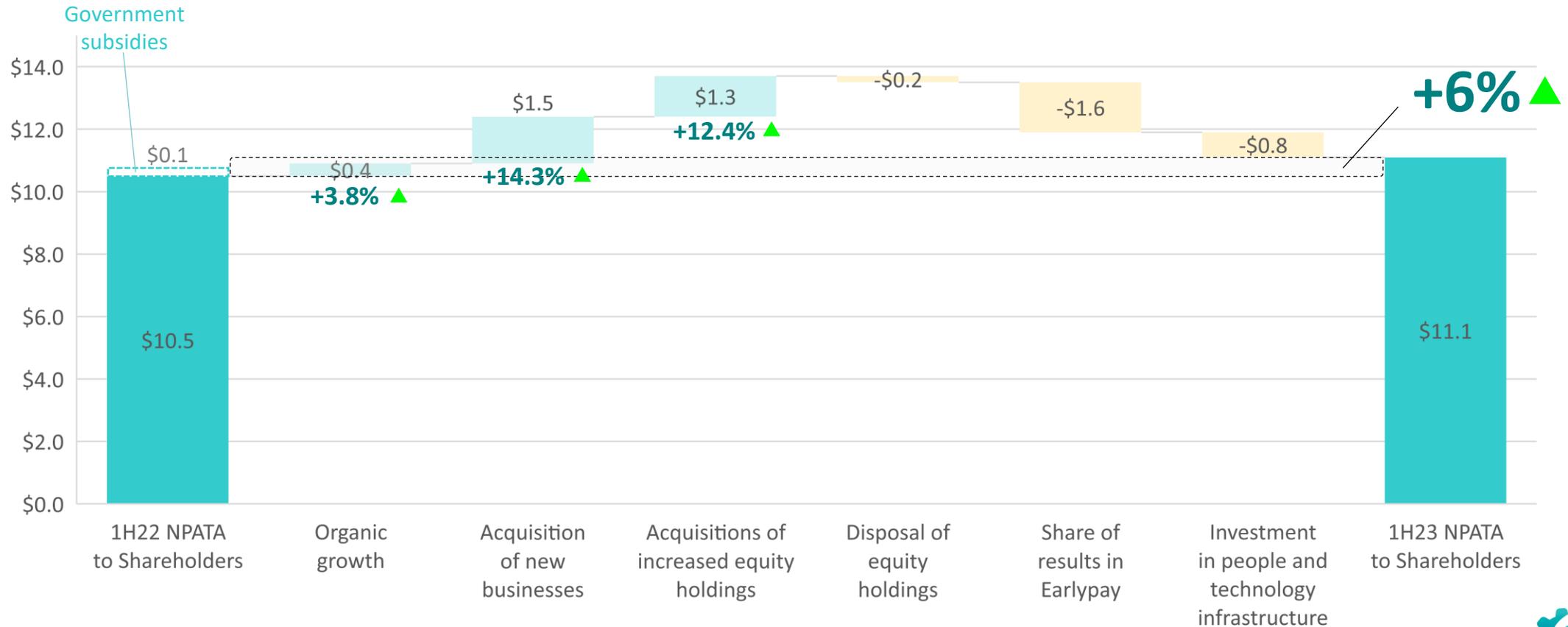
**EBITDA to shareholders** comprises increases of \$1.0m from Finance Broking & Aggregation and \$3.2m from Funds Management and Lending, offset by a decrease of \$3.9m from Head Office & Other including Earlypay.

**Effective tax rate** of 24% (1H22: 29%) based on normalised NPBT.

## Summary of Group financial results

# Underlying NPATA to Shareholders

In \$ millions



## Summary of Group financial results

# Underlying NPATA to Shareholders by segment

In \$ millions

Segment	1H23			1H22		
	NPATA to shareholders	(-) Less government subsidies <sup>1</sup>	NPATA to shareholders before government subsidies	NPATA to shareholders	(-) Less government subsidies <sup>1</sup>	NPATA to shareholders before government subsidies
Finance Broking & Aggregation	7.1	-	7.1	6.9	-	6.9
Funds Management & Lending	6.3	-	6.3	3.8	(0.1)	3.7
Other	(2.3)	-	(2.3)	(0.1)	-	(0.1)
<b>Total</b>	<b>11.1</b>	<b>-</b>	<b>11.1</b>	<b>10.6</b>	<b>(0.1)</b>	<b>10.5</b>

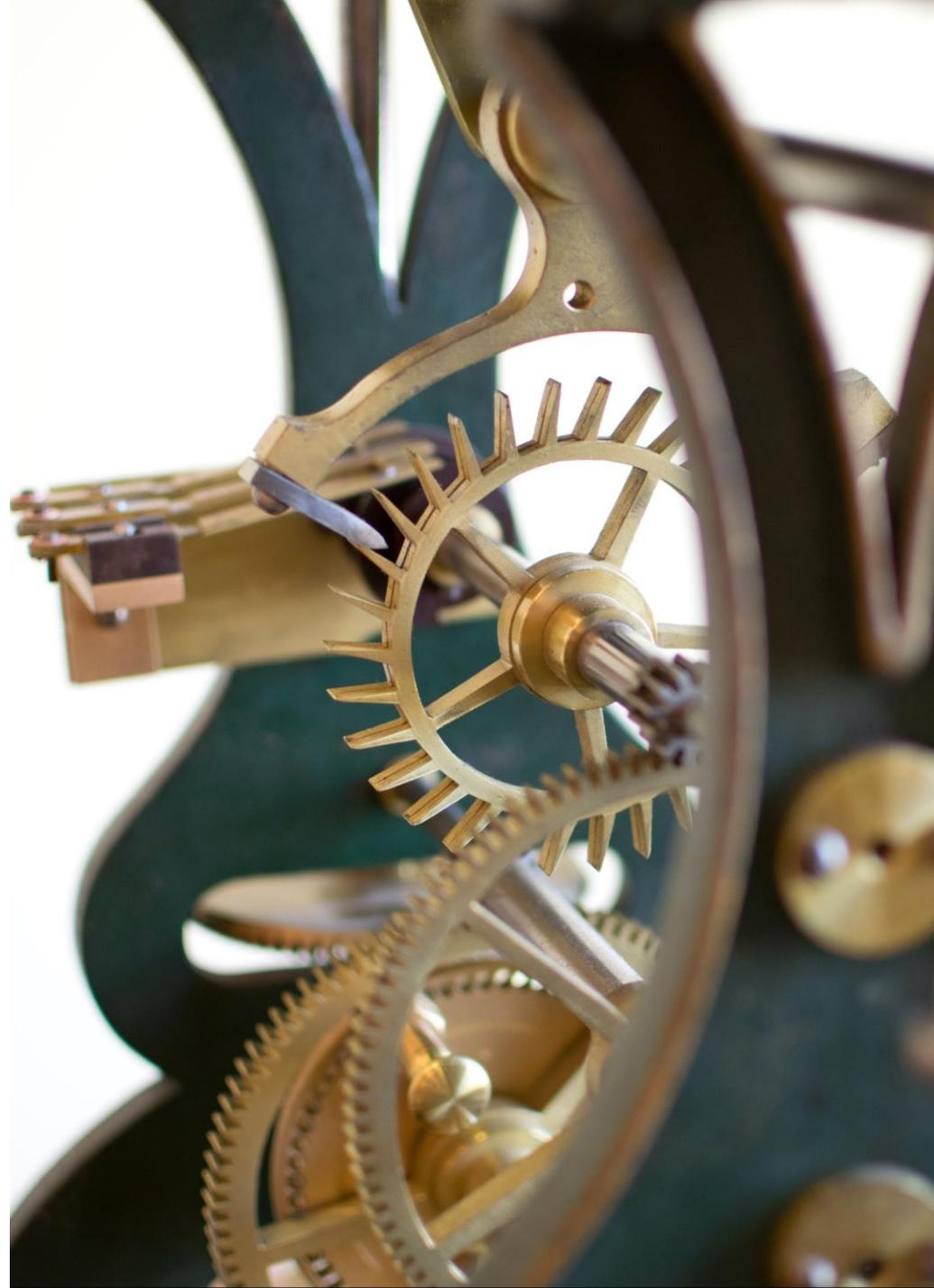
▲ **+6%** vs PCP<sup>2</sup>

▲ **+24%** vs PCP<sup>2,3</sup>

1. Government subsidies after tax, attributable to members
2. Excluding government subsidies
3. Excluding share of results in Earlypay in both periods

# Segment performance

Finance Broking & Aggregation and  
Funds Management & Lending  
segments continued to report strong  
profit growth in the 1H23



# Australia's largest asset finance broker and aggregator & a growing retail fixed interest funds manager

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# 21%

Estimated market share<sup>1</sup>

<sup>1</sup> 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 and updated for actual FY22 CAPEX growth in Australia as per the Australian Bureau of Statistics (ABS).

## Finance Broking & Aggregation

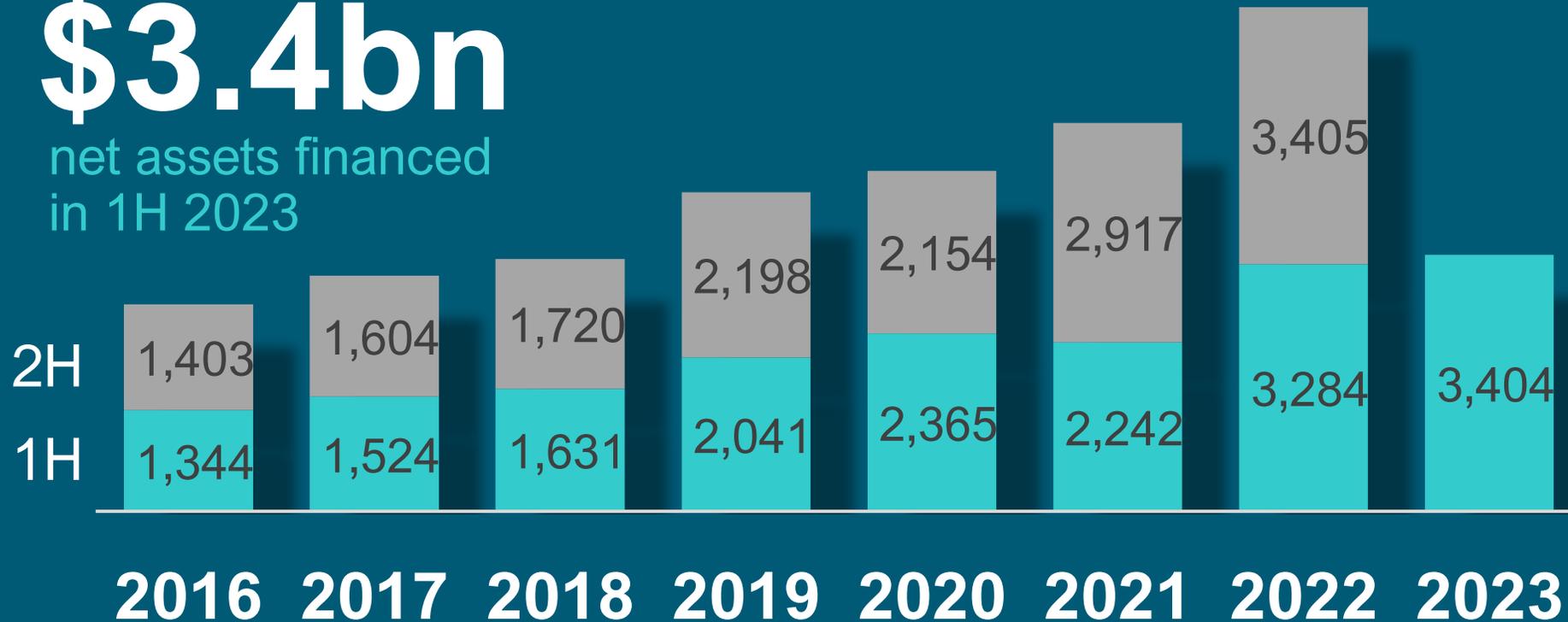
Record volumes in the face of tight supply and a higher interest rate environment

▲ +4% vs PCP

**\$3.4bn**

net assets financed  
in 1H 2023

\$ millions



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## Finance Broking & Aggregation

# Organic growth continues despite a higher interest rate environment

	1H23 <sup>1</sup> \$m	1H22 <sup>1</sup> \$m	Pcp Change
Revenue	135.1	131.5	3%
EBITDA	17.2	16.7	3%
Net interest	(0.4)	(0.2)	100%
Depreciation	(1.1)	(0.9)	22%
Amortisation (exc acquired intangibles)	(0.2)	(0.2)	0%
<b>NPBT (before amortisation of acquired intangibles)</b>	<b>15.5</b>	<b>15.4</b>	<b>1%</b>
Amortisation of acquired intangibles	(2.8)	(3.3)	-15%
<b>NPBT</b>	<b>12.7</b>	<b>12.1</b>	<b>5%</b>
<b>EBITDA to shareholders</b>	<b>11.4</b>	<b>10.4</b>	<b>10%</b>

1. Underlying basis before tax - excluding impairment charge (1H23 \$nil, 1H22 \$0.5m).

2. Recognised as 'depreciation' and 'interest expense' under AASB 16 *Leases*, both below the EBITDA line.

**Revenue growth** of \$3.6m includes organic growth (+\$3.7m) with strong performance from the novated lease business and contribution from acquisitions (+\$3.8m), partially offset by the pass-through of brokerage revenue (at 100%) to some COG Aggregation members which from April 2022 is now paid directly from the financier to the member broker, in sync with the treatment applied to all other members (-\$3.9m).

**EBITDA margin** remained at 12.7% (1H22: 12.7%) and reflects the benefit of not having the brokerage pass-through in the 1H23 (explained above), offset by investments in people and technology infrastructure, which is linked to an increase in business activity.

**Depreciation and amortisation** includes \$2.8m amortisation of identified intangibles on acquisition of controlled entities (1H22: \$3.3m) and \$1.0m impact of AASB 16 *Leases* adoption (1H22: \$0.6m).

**EBITDA to shareholders** includes \$1.7m from acquisitions and increased equity holdings (1H22: \$0.5m contribution from acquisitions made during the period).

### Cash generation to shareholders

	1H23 \$m	1H22 \$m	Pcp Change
Revenue to shareholders	102.8	84.1	22%
EBITDA to shareholders	11.4	10.4	10%
(-) Rent expense to shareholders <sup>2</sup>	(0.5)	(0.5)	0%
(-) Capital expenditure to shareholders	(1.0)	(0.2)	400%
<b>Cash EBITDA to shareholders</b>	<b>9.9</b>	<b>9.7</b>	<b>2%</b>
(-) Tax expense to shareholders	(2.8)	(2.0)	40%
<b>Cash generation to shareholders</b>	<b>7.1</b>	<b>7.7</b>	<b>-8%</b>

# 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



100%  
OWNED



100%  
OWNED



75%  
OWNED



60%  
OWNED



57%  
OWNED



## Funds Management & Lending

# Equity-One delivers significant contribution from its funds management business<sup>1</sup>

	1H23 <sup>2</sup> \$m	1H22 <sup>2</sup> \$m	Pcp Change
Revenue <sup>3</sup>	27.2	18.4	48%
EBITDA	11.8	7.2	64%
Net interest	0.3	-	-%
Depreciation	(0.3)	(0.3)	0%
Amortisation (exc acquired intangibles)	(0.1)	-	-%
<b>NPBT (before amortisation of acquired intangibles)</b>	<b>11.7</b>	<b>6.9</b>	<b>70%</b>
Amortisation of acquired intangibles	(2.3)	(1.1)	109%
<b>NPBT</b>	<b>9.4</b>	<b>5.8</b>	<b>62%</b>
<b>EBITDA to shareholders</b>	<b>8.9</b>	<b>5.7</b>	<b>56%</b>

1. Funds Management and Lending includes 75% of Westlawn from 1 November 2021 (51% previously) and 100% of TL Commercial (1H22: 100%).
2. Underlying basis before tax - excluding impairment loss (1H23 \$nil, 1H22 \$0.2m) and one-off unguaranteed residual rights (1H23 \$nil, 1H22 \$1.0m).
3. Revenue excludes interest income (1H23 \$0.2m, 1H22 \$nil) and one-off unguaranteed residual rights recognised during the period (1H23 \$nil, 1H22 \$1.0m).

**Revenue growth** of \$8.8m includes organic growth in Westlawn of \$3.1m and contribution from Equity-One acquisition of \$7.2m. This growth was partially offset by a decrease in government grants (\$0.2m) and a lower contribution from TL Commercial Finance due to the book now being in run-off (\$1.3m).

**EBITDA margin** enhanced to 43.4% (1H22: 39.1%) due to the fact 1H22 included a one-off Expected Credit Loss provision charge relating to Forum Finance contracts (+\$1.0m).

**Depreciation and amortisation** includes \$2.3m amortisation of identified intangibles on acquisitions (1H22: \$1.1m).

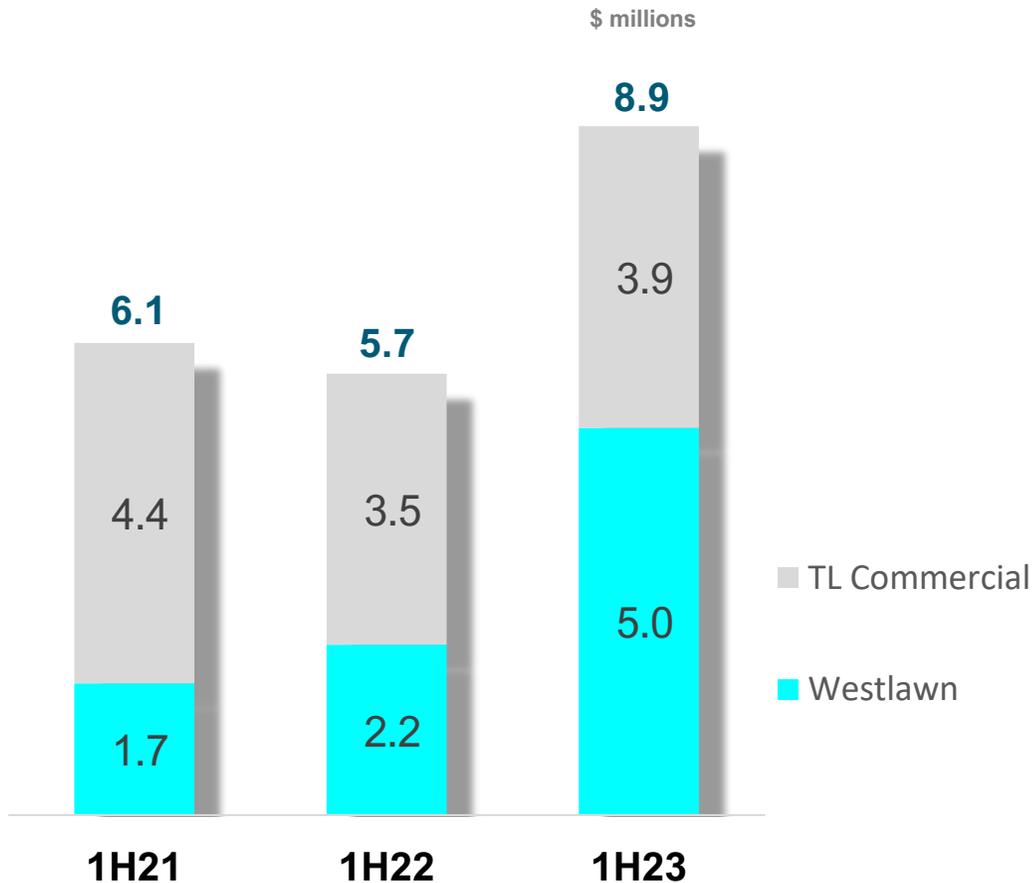
**EBITDA to shareholders** includes \$2.5m from acquisitions and increased equity holdings (1H22: \$0.4m contribution from Centrepont, previously reported as part of the FB&A segment).

### Cash generation to shareholders

	1H23 \$m	1H22 \$m	Pcp Change
Revenue to shareholders	19.1	13.5	41%
EBITDA to shareholders	8.9	5.7	56%
(-) Rent expense to shareholders	(0.1)	(0.1)	0%
(-) Capital expenditure to shareholders	(0.2)	(0.1)	100%
<b>Cash EBITDA to shareholders</b>	<b>8.6</b>	<b>5.5</b>	<b>56%</b>
(-) Tax expense to shareholders	(2.6)	(1.6)	63%
<b>Cash generation to shareholders</b>	<b>6.0</b>	<b>3.9</b>	<b>54%</b>

## Funds Management & Lending

### EBITDA to shareholders



### Funds management

Equity-One Mortgage Fund Limited has provided significant contribution in the half (+\$1.6m EBITDA to shareholders).

Funds under management & Lending of \$700.7m are up 191% on this time last year, following the acquisition of Equity-One

	31 December 2022	31 December 2021
	\$m	\$m
<b>Funds under management</b>		
Equity-One Contributory Mortgage Scheme	441.1	-
Westlawn Managed Investment Scheme	28.4	22.9
Westlawn Unsecured Notes	231.2	217.5
<b>Total</b>	<b>700.7</b>	<b>240.4</b>

### Westlawn positioned for growth

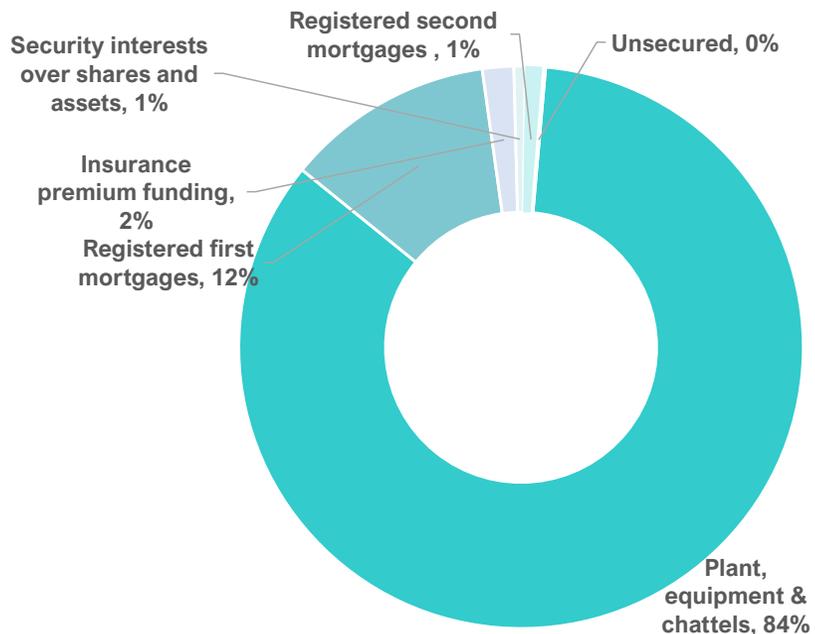
Organic growth in Westlawn is being achieved by the distribution of loan products through COG's broker network.

### TL Commercial

The book is in run-off; however, it delivered a strong contribution, largely as a result of cash collected in relation to residuals and end of lease payouts.

# Lending book concentrated on asset backed contracts

Portfolio by product type (PV)



## Lending book

- The present value (PV) of the total lending book (\$225.8m<sup>1</sup>) includes COG's 100% owned subsidiary TL Commercial Finance's legacy portfolio of \$19.8m (\$15.8m of lease receivables, including unguaranteed residuals, and \$4.0m of chattel mortgages) and a receivables portfolio of \$206.0m from Westlawn (which includes chattel mortgages originated from March 2021 onwards)
- New lease and loan originations in 1H23 of \$59.2m is on par vs pcp (1H22: \$59.2m) and includes \$37.2m of chattel mortgages (1H22: \$33.2m)
- 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 \$5.0m 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 \$28.4m includes senior and subordinated issuances)

1. Excludes expected credit loss provision

## Other

# Divestment of non-core HAL Group IT business executed in the 1H23

	1H23 <sup>1</sup> \$m	1H22 <sup>1</sup> \$m	Pcp Change
Revenue <sup>2</sup>	0.3	3.6	-92%
EBITDA	(4.5)	(0.5)	-800%
Net interest	(0.1)	-	-%
Depreciation	(0.1)	(0.1)	0%
<b>Net (Loss)/PBT (before amortisation of acquired intangibles)</b>	<b>(4.7)</b>	<b>(0.6)</b>	<b>-683%</b>
Amortisation of acquired intangibles	-	-	-%
<b>Net (Loss)/PBT</b>	<b>(4.7)</b>	<b>(0.6)</b>	<b>-683%</b>
<b>(Loss)/EBITDA to shareholders</b>	<b>(4.5)</b>	<b>(0.6)</b>	<b>-650%</b>

1. Underlying basis before tax – excluding profit on sale of assets (1H23 \$0.4m, 1H22 \$nil), transaction costs (1H23 \$0.1m, 1H22 \$nil) and redundancy and restructuring costs (1H23 \$0.1m, 1H22 \$0.1m).

2. Includes share of results from associates (1H23 -\$1.4m loss, 1H22 \$1.1m ) and excludes interest income (1H23 \$0.1m, 1H22 \$nil).

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

**Revenue** contraction of \$3.3m includes revenue from the FY22 COG Broker Conference membership fee (+0.7m), offset by a decrease in share of results from the associate Earlypay (-\$2.5m) and the sale of the Hal Group IT business, effective 31 August 2022 (-\$1.5m).

**EBITDA to shareholders** includes -\$0.8m charges from the FY22 COG Broker Conference (no Broker Conference was held back in FY21 due to COVID-19) slightly higher head office costs, partially offset by a lower cost of sales and administrative expense from the HAL Group IT business, following the business sale on August 2022.

**COG corporate costs** continue to be tightly managed and include employment and other head office expenses. They are slightly up on last year, reflecting investment in people and IT infrastructure.

## Consolidated statement of financial position

As at \$m	31 Dec 2022	30 Jun 2022
Cash and cash equivalents	60.7	76.1
Trade and other receivables	15.8	18.9
Contract assets	2.9	2.9
Financial assets - lease receivables	11.7	20.3
Financial assets - loans	58.3	53.0
Other assets	2.0	2.0
<b>Total current assets</b> <sup>1</sup>	<b>151.4</b>	<b>173.2</b>
Contract assets	8.2	7.9
Financial assets - lease receivables	21.9	27.2
Financial assets - loans	129.6	114.8
Other financial assets	8.6	7.2
Financial assets at fair value through OCI <sup>2</sup>	0.2	0.2
Equity accounted associates	23.9	25.6
Property, plant and equipment	8.4	8.2
Intangible assets	154.8	148.2
Right-of-use lease assets	5.9	5.7
<b>Total non-current assets</b>	<b>361.5</b>	<b>345.0</b>
<b>Total assets</b>	<b>512.9</b>	<b>518.2</b>
Trade and other payables	23.3	32.2
Customer salary packaging liability	6.2	6.3
Interest bearing liabilities	204.0	195.7
Other liabilities	9.1	13.3
Lease liabilities	1.4	1.8
<b>Total current liabilities</b> <sup>1</sup>	<b>244.0</b>	<b>249.3</b>
Trade and other payables	9.0	1.9
Interest bearing liabilities	36.0	41.2
Deferred tax liabilities	10.9	12.3
Other liabilities	1.3	1.3
Lease liabilities	5.0	4.6
<b>Total non-current liabilities</b>	<b>62.2</b>	<b>61.3</b>
<b>Total liabilities</b>	<b>306.2</b>	<b>310.6</b>
<b>Net assets</b>	<b>206.7</b>	<b>207.6</b>

**Cash and cash equivalents** decreased by \$15.4m mainly due to loan originations in Westlawn during the period.

**Financial assets – lease and loan receivables** relates to lease, chattel mortgage and other lending product receivables in the Funds Management and Lending segment. The overall increase of \$6.2m is largely due to new originations in Westlawn (mostly relating to the chattel mortgage product), partially offset by the run-off of the TL Commercial Finance's lending portfolio.

**Equity accounted associates** mainly relates to the investment in Earlypay. The decrease of \$1.7m is largely related to the share of results recognised for the period coupled with cash dividend received in the period.

**Intangible assets** mainly relates to identified intangibles and goodwill on acquisition of controlled entities. The movement in the period reflects \$10.8m of intangibles recognised on the acquisition of Chevron Equipment Finance, partially offset by the amortisation of those intangibles (aside from goodwill).

**Interest bearing liabilities** represents borrowings funding the lease / loan book as well as corporate debt. The movement in the period includes corporate facilities drawdowns of \$5.8m obtained to fund acquisitions.

<sup>1</sup> As at 31 December 2022, the Group's current assets of \$151.4m are \$92.6m lower than current liabilities of \$244.0m 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 form of liquidity issue.

<sup>2</sup> Other comprehensive income

## Consolidated statement of cash flows

For the half year ended 31 December	1H23 \$m	1H22 <sup>1</sup> \$m
Receipts from customers	232.5	231.8
Payments to suppliers and employees	(162.8)	(148.9)
Dividends received	0.3	0.3
Finance cost paid	(3.1)	(2.7)
Income tax paid	(9.1)	(7.0)
<b>Net cash inflow from operating activities</b>	<b>57.8</b>	<b>73.5</b>
Net cash outflow on acquisitions <sup>2</sup>	(7.6)	(24.1)
Payments for deferred consideration	-	(0.1)
Payments for equipment - finance leases	(5.3)	(2.9)
Payments for loans advanced	(53.9)	(56.3)
Payments for property, plant and equipment	(0.9)	(0.4)
Payment for intangible assets	(0.6)	-
Payment for investments	(3.6)	-
Proceeds from sale of investments	6.7	6.5
Proceeds from sale of property, plant and equipment	-	0.2
Loan repayments received	0.1	0.3
<b>Net cash (outflow) from investing activities</b>	<b>(65.1)</b>	<b>(76.8)</b>
Non-controlling interest acquisition contribution	1.2	0.1
Proceeds from issue of shares	2.1	27.0
Costs of raising capital	(0.1)	(0.7)
Proceeds from interest bearing liabilities	30.0	30.5
Repayments of interest bearing liabilities	(27.2)	(27.5)
Repayments of lease liabilities - right-of-use lease assets	(0.7)	(0.8)
Dividends paid	(9.0)	(10.0)
Dividends paid by subsidiaries to non-controlling interests	(4.4)	(4.9)
<b>Net cash (outflow) inflow from financing activities</b>	<b>(8.1)</b>	<b>13.7</b>
<b>Net (decrease) increase in cash</b>	<b>(15.4)</b>	<b>10.4</b>
Cash at the beginning of the year	76.1	94.5
Cash at the end of the period <sup>3</sup>	60.7	104.9

**Net cash inflow from operating activities** includes \$105.2m (1H22: \$89.0m) 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 70% interest in Chevron Equipment Finance (through COG's subsidiary QPF) for a total consideration of \$7.0m (1H22: includes the acquisition of an additional 30% interest in Platform Group for a total cash consideration of \$14.7m and the acquisition of an additional 24% interest in Westlawn for a total cash consideration of \$9.3m).

**Net cash (outflow) from financing activities** includes \$2.1m from shares issued under the Dividend Reinvestment Policy (DRP) (1H22: includes proceeds of \$20.0m from issue of shares, largely utilised in new acquisitions and \$7.0m from shares issued under the DRP).

<sup>1</sup> Certain prior year amounts have been reclassified or restated to conform to the current period presentation.

<sup>2</sup> Net of cash acquired

<sup>3</sup> Cash at the end of the period includes restricted cash of \$10.4m (30 June 2022: \$11.6m). Restricted cash represents 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 is not available for general use.

## Capital management

# Efficient capital management and strong cash position

### 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 2022 was \$38.8m (see Appendices).

### Dividend

The Company's dividend policy permits a payout ratio of up to 70% of NPATA to members.

The Company has a Dividend Reinvestment Plan (DRP). The DRP rules are disclosed on the Company's website [www.cogfs.com.au](http://www.cogfs.com.au). Under the DRP, holders of ordinary shares can elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares issued under the DRP may be subject to a discount of up to 5% of the market price, or a higher percentage determined by the Board.

For the year ended 30 June 2022, the Board declared a **final dividend** of 4.8 cps (2021: 6.0 cps). The aggregate amount of the dividend was paid on 21 October 2022 out of the Company's profit reserve at 30 June 2022, and was **100% franked**. COG issued 1,340,099 fully paid shares on 21 October 2022 under its DRP in respect of the FY22 final dividend.

### Dividend (continued)

For the half-year ended 31 December 2022, the Board declared a fully franked **interim dividend** of 3.7 cents per fully paid ordinary share (2021: 3.5 cents per fully paid ordinary share). The total dividend of \$6.9m will be paid on 18 April 2023 out of the Company's profits reserve at 31 December 2022 to all shareholders registered on the record date of 16 March 2023 and will be **100% franked**. The ex-dividend date for entitlement will be 15 March 2023. The DRP will apply to the interim dividend.

### Capex

Capex for 1H23 was \$1.5m (1H22: \$0.4m) and mainly relates to the development and implementation of new IT systems.

### Acquisition finance facility

COG has established a \$31 million acquisition finance facility with a major Australian Bank for a term of 5 years. The facility has a revolving feature with drawdowns amortising across the term. Security and covenants are standard for a facility of this kind including a first ranking general security interest over the assets and undertakings of COG.

As at 31 December 2022, \$9.1m has been utilised on the acquisition of further ownership interests in Linx Group and Earlypay Limited as well as partial funding of the Chevron Equipment Finance acquisition, and \$21.9m remains available for future use.

## Capital management

### Capital raising

On 21 October 2022 the Company issued 1,340,099 fully paid ordinary shares totalling \$2.1m as part of the COG's Dividend Reinvestment Plan (DRP).

On 11 August 2022 the Company issued 102,814 fully paid ordinary shares totalling to \$0.2m as part of the Group's FY21 Long-term incentive (LTI) plan for the CEO.

### Investments

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

- On 1 July 2022, QPF Holdings Pty Limited (QPF) (a 57% owned subsidiary of COG) acquired a 70% controlling interest in Club Transport Finance Pty Limited (trading as Chevron Equipment Finance) (Chevron) for a total cash consideration of \$7 million. Chevron specialises in arranging asset finance for commercial clients. Its client base consists of SMEs predominantly operating in the transport and earthmoving sectors Australia wide.
- On 1 September 2022, Fleet Network Pty Limited (Fleet Network) (a 95.2% owned subsidiary of Platform) acquired the novated lease business known as Australian Car Packaging for a total cash consideration of \$0.2m.
- On 30 September 2022, Platform Consolidated Group Pty Ltd (Platform) (a wholly owned subsidiary of COG) acquired an additional 50% interest in Fleet Avenue Pty Ltd (Fleet Avenue) for a total cash consideration of \$0.6m, taking COG's controlling interest in Fleet Avenue from 50% to 100%.

### Investments (continued)

- On 1 January 2023, Linx Group Holdings Pty Ltd (Linx) (a 59.8% owned subsidiary of COG) acquired an additional 4.2% interest in Sovereign Tasmania Pty Ltd (Sovereign) for a total cash consideration of \$0.1m, taking Linx's controlling interest in Sovereign from 54.1% to 58.3%.
- On 23 January 2023, QPF Insurance Pty Ltd (a 80% owned subsidiary of QPF) and Chevron (a 70% owned subsidiary of QPF) acquired each a 50% interest in Chevron Insurance Consultants Pty Ltd (Chevron Insurance) for a total cash consideration of \$0.4m (50% each).

In addition to the above, the following internal reorganisation occurred during the 1H23:

- On 18 October 2022, Beinformed Group Pty Ltd (Be Car Wise) (a wholly owned subsidiary of Platform) was transferred from Platform to Fleet Network as part of plans to consolidate the novated lease business across the COG Group. As a result, Fleet Network issued 478 ordinary shares to Platform for a deemed subscription price of \$4.9m. Platform now owns 95.2% of Fleet Network.

### Disposal of non-core business

- On 31 August 2022, the Group sold the non-core managed IT business services provided by Hal Group Pty Limited which generated a profit on sale of \$395k. Hal Group Pty Limited has been renamed to COG TLC Pty Limited following the business sale.

## 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.

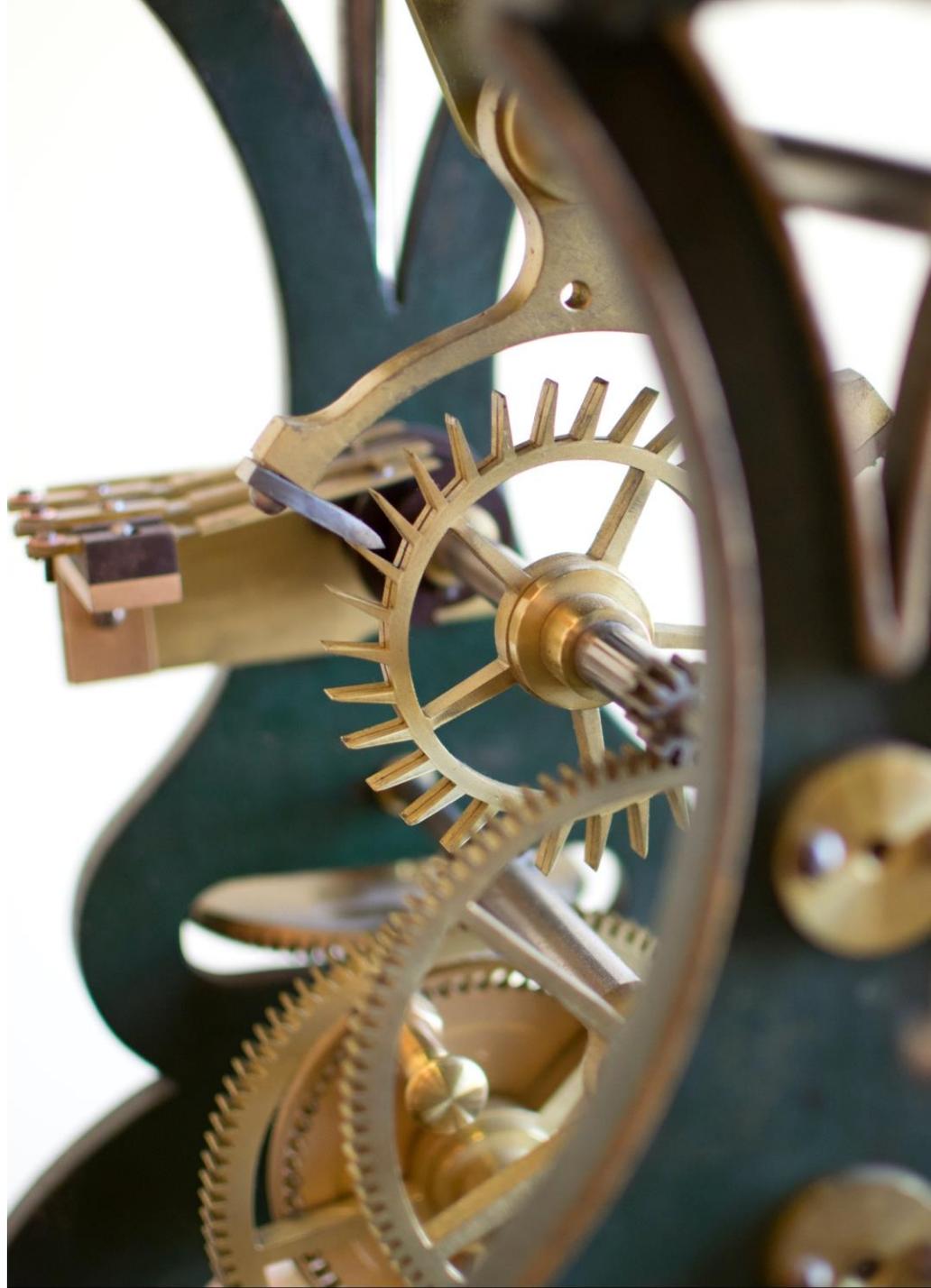
COG will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Presentation except as required by law or by any appropriate regulatory authority.

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 2022, and COG's 30 June 2022 Annual Financial Report, and all other ASX announcements by COG.

# Appendices



## Appendices

# Statutory income statement

	1H23 \$m	1H22 \$m	Pcp Change
Revenue	164.3	154.6	6%
<b>Underlying EBITDA from core operations</b>	<b>24.5</b>	<b>23.4</b>	<b>5%</b>
Impairment	-	(0.7)	-100%
One-off unguaranteed residual rights recognition	-	1.0	-100%
Profit on disposal of assets	0.4	-	-%
Acquisition-related expenses	(0.2)	-	-%
Redundancy and restructuring costs	(0.1)	(0.2)	-50%
<b>EBITDA from core operations</b>	<b>24.6</b>	<b>23.5</b>	<b>-5%</b>
Net interest expense	(0.2)	(0.2)	0%
Depreciation & amortisation	(6.8)	(5.9)	15%
<b>NPBT</b>	<b>17.6</b>	<b>17.4</b>	<b>1%</b>
Tax	(4.8)	(5.2)	-8%
<b>NPAT</b>	<b>12.8</b>	<b>12.2</b>	<b>5%</b>
Profit after tax attributable to:			
Non-controlling interests	4.5	4.2	7%
<b>Members of COG</b>	<b>8.3</b>	<b>8.0</b>	<b>4%</b>

**Impairment** in the 1H22 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, going forward, volume-based incentive is expected to largely replace trail commission).

**One-off unguaranteed residual rights recognition** in 1H22 reflects the receivable recognised on the execution of a new principal and agency agreement for a lease receivables portfolio.

**Profit on disposal of assets** reflects the gain recognised on the disposal of the non-core HAL Group IT business.

**Depreciation & amortisation** includes \$5.3m for amortisation of identified intangibles on acquisition of controlled entities (1H22: \$4.4m) and \$1.2m impact of AASB 16 Leases adoption (1H22: \$0.9m).

## Appendices

# Reconciliation between statutory NPAT and underlying NPATA

	Members and NCI <sup>1</sup>			Members		
	1H23 \$m	1H22 \$m	Variance \$m	1H23 \$m	1H22 \$m	Variance \$m
<b>NPAT</b>	<b>12.8</b>	<b>12.2</b>	<b>0.6</b>	<b>8.3</b>	<b>8.0</b>	<b>0.3</b>
<b>Adjustments (after tax):</b>						
Impairment	-	0.6	(0.6)	-	0.6	(0.6)
One-off unguaranteed residual rights recognition	-	(0.7)	0.7	-	(0.4)	0.4
Profit on disposal of assets	(0.3)	-	(0.3)	(0.3)	-	(0.3)
Redundancy and restructuring costs	0.6	0.1	0.5	0.5	0.1	0.4
Acquisition-related expenses	0.1	-	0.1	0.1	-	0.1
<b>Underlying NPAT</b>	<b>13.2</b>	<b>12.2</b>	<b>1.0</b>	<b>8.6</b>	<b>8.3</b>	<b>0.3</b>
Amortisation of intangibles from acquisitions after tax	3.7	3.1	0.6	2.6	2.3	0.3
<b>NPATA</b>	<b>16.9</b>	<b>15.3</b>	<b>1.6</b>	<b>11.2</b>	<b>10.6</b>	<b>0.6</b>

1. Non-controlling interests

## Appendices

# Acquisition history

Date	Company	Activity	Acquirer	Interest acquired	Price	Consideration
Dec-15	Platform Consolidated Group (PCG)	Aggregation platform and finance broker	COG	60.0%	\$22.9m	76% cash / 24% equity
Oct-16	Consolidated Finance Group	Independent equipment finance aggregator	COG	80.0%	\$14.7m	60% cash / 40% equity
Oct-16	Linx Group Holdings (Linx)	Finance broker (VIC, NSW)	COG	50.0%	\$13.1m	60% cash / 40% equity
Oct-16	QPF Holdings (QPF)	Finance broker (QLD, WA)	COG	50.0%	\$21.3m	60% cash / 40% equity
Nov-16	Fleet Avenue	Motor vehicle finance broker	PCG	50.0%	\$0.2m	100% cash
Mar-17	Fleet Network	Finance broker (WA)	PCG	80.0%	\$6.1m	74% cash / 26% equity
Jul-17	DLV (Qld)	Finance broker (QLD)	QPF	50.0%	\$1.6m	50% cash / 50% shares
Jan-18	BusinessWorks	IT support services	COG	100.0%	\$1.3m	100% cash
Feb-18	Vehicle and Equipment Finance	Finance broker (VIC, NSW)	PCG	50.0%	\$3.0m	100% cash
May-18	Simply Finance	Finance broker	PCG	25.0%	\$0.8m	100% cash
Jul-18	Consolidated Finance Group	Acquisition of minority interests	COG	20.0%	\$4.2m	100% cash
Aug-18	Geelong Financial Group	Finance broker (VIC)	PCG	50.0%	\$0.3m	100% cash
Sep-18	Centrepont Finance	Finance broker (VIC)	COG	100.0%	\$8.3m	90% cash / 10% shares
Oct-18	Westlawn Finance	SME finance provider, insurance broking and funds management	COG	31.8%	\$14.3m	70% cash / 30% shares
Nov-18	Heritage Group	Finance broker (VIC)	Linx	50.0%	\$5.0m	100% cash
Feb-19	Sovereign Tasmania	Finance broker (TAS)	Linx	50.0%	\$2.2m	75% cash / 25% shares
Jul-19	QPF	Acquisition of minority interests	COG	5.6%	\$1.7m	100% cash
Oct-19	PCG	Acquisition of minority interests	COG	3.6%	\$1.1m	50% cash / 50% equity
Nov-19	Fleet Network	Acquisition of minority interests	PCG	15.8%	\$1.0m	100% cash
Jan-20	Earlypay Limited	Debtor finance provider	COG	17.4%	\$22.0m	100% cash

## Appendices

# Acquisition history (continued)

Date	Company	Activity	Acquirer	Interest acquired	Price	Consideration
Jul-20	Westlawn Finance	SME finance provider, insurance broking and funds management	COG	19.0%	\$7.5m	100% cash
Jul-20	PCG	Acquisition of minority interests	COG	0.2%	\$-	100% cash
Aug-20	Heritage Group	Finance broker (Vic)	Linx	13.3%	\$0.6m	100% cash
Oct-20	QPF	Acquisition of minority interests	COG	1.5%	\$2.4m	17% cash / 83% equity
Nov-20	Access Capital	Finance broker (SA, NT)	QPF	80.0%	\$9.2m	11% cash / 39% equity / 50% debt
Dec-20	Sovereign Tasmania	Acquisition of minority interests	Linx	4.2%	\$0.1m	100% cash
Jun-21	Linx	Acquisition of minority interests	COG	4.9%	\$2.1m	75% cash / 25% equity
Jul-21	Centrepoint Yeppoon	Finance broker (QLD)	DLV	100.0%	\$1.0m	100% cash <sup>7</sup>
Nov-21	Westlawn Finance	SME finance provider, insurance broking and funds management	COG	24%	\$9.3m	17% cash / 83% equity
Nov-21	PCG	Acquisition of minority interests	COG	30.1%	\$14.7m	17% cash / 83% equity
Jan-22	PCG	Acquisition of minority interests	COG	0.1%	\$-	100% cash
Mar-22	Equity-One Mortgage Fund	Funds management and contributory mortgage scheme	Westlawn	70%	\$24.8m	100% cash
Apr-22	Linx	Acquisition of minority interests	COG	4.9%	\$3.0m	100% cash
May-22	Earlypay	Debtor finance provider	COG	3.2%	\$5.0m	100% cash
Jul-22	Chevron Equipment Finance	Finance broker (QLD)	QPF	70%	\$7.0m	40% equity / 60% debt
Sep-22	Australian Car Packaging	Novated lease	Fleet Network	100%	\$0.2m	100% cash
Sep-22	Fleet Avenue	Motor vehicle finance broker	PCG	50% <sup>1</sup>	\$0.6m	100% cash
Jan-23	Sovereign Tasmania	Acquisition of minority interests	Linx	4.2% <sup>2</sup>	\$0.1m	100% cash
Jan-23	Chevron Insurance Consultants	Insurance broker (QLD)	QPFI <sup>3</sup> / Chevron <sup>4</sup>	50% / 50%	\$0.2m / \$0.2m	100% cash

1. From 29 September 2022, Platform owns 100% of Fleet Avenue

2. From 1 January 2023, Linx owns 58.3% of Sovereign Tasmania

3. QPF Insurance

4. Chevron Equipment Finance

## Appendices

# Proportionate share of unrestricted cash attributable to members

\$ millions

	Total Cash	Restricted cash <sup>1</sup>	Unrestricted cash	Proportionate share of unrestricted cash attributable to Members <sup>2</sup>
PCG Group	13.2	(6.8)	6.4	5.6
QPF Group	4.3	-	4.3	2.2
Linx Group	2.8	-	2.8	1.5
Westlawn Group	27.4	(3.6)	23.8	16.5
CFG	3.2	-	3.2	3.2
COG Parent	8.1	-	8.1	8.1
HAL Group	1.7	-	1.7	1.7
<b>Total Cash</b>	<b>60.7</b>	<b>(10.4)</b>	<b>50.3</b>	<b>38.8</b>

1. Cash and cash equivalents include restricted cash of \$10.4m (30 June 2022: \$11.6m). Restricted cash includes amounts 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 is not available for general use.

2. Based on COG's ownership of entity