

Netwealth FY2020 Results Presentation



Our purpose is

**To enable people to
see wealth differently
and discover a brighter
future**



Our culture is value-driven

Curious
Optimistic
Collaborative
Agile
Genuine
Courageous



Our strategy is to deliver



Best-in-class technology

Market leading, home grown platform, agile and tailored to client needs



Best-in-class service

Award winning, nimble and highly responsive – ‘we make our clients look good’



Insights that matter

Provide deep insights to our clients and spot change that matters

Today's presenters and agenda



Michael Heine
Joint Managing
Director



Matt Heine
Joint Managing
Director



Grant Boyle
Chief Financial
Officer

1. FY2020 business and financial highlights
2. FY2020 financial performance
3. Outlook
4. Questions
5. Appendix and additional information

FY2020 Business and Financial highlights



Financial Highlights FY2020

Netwealth delivered 24.8% underlying EBITDA growth



\$64.8M¹

EBITDA



52.3%¹

EBITDA Margin



\$43.8M¹

NPAT



\$123.9M

Total Income



\$64.5M¹

Operating net cashflow
pre tax



17.9 cents¹

EPS



Dividend 14.7 cps

Interim Dividend 6.9 cps
Final Dividend 7.8 cps



ASX 200

NWL in the S&P ASX200 index
from 23 September 2019

1. Underlying EBITDA, EBITDA margin, NPAT, Operating net cashflow and EPS are prepared applying accounting standard AASB 117 Leases and to exclude non-recurring expenses for FY2019. Accounts have been stated in accordance with the new accounting standard AASB16 Leases, adopted from 1 July 2019. A reconciliation is provided in the Appendix. EPS has been calculated on the basis all performance shares and options currently on issue will vest in full.

EPS – Earnings per share
CPS – Cents per share

Business Highlights FY2020



\$31.5B FUA

Growth of \$8.2B (+35.0%)



\$7.3B FUM

Growth of \$3.3B (+84.4%)



\$5.8B MA

Growth of \$3.0B (+110.0%)



\$9.1B

FUA net inflows
Growth of \$4.7B (+109.5%)



\$3.7B

FUM net inflows
Growth of \$2.8B (+312.4%)



\$3.3B

MA net inflows
Growth of \$2.6B (+342.9%)

Strong financial and market position

1

Strong balance sheet

- low capital expenditure
- no debt
- significant cash reserves

2

High correlation between EBITDA and operating cash flow (99.4% conversion)

3

High level of recurring and growing revenue

4

Ongoing strategic investment across IT infrastructure, people and software

5

A leader in mass affluent, high net-worth and private wealth solutions

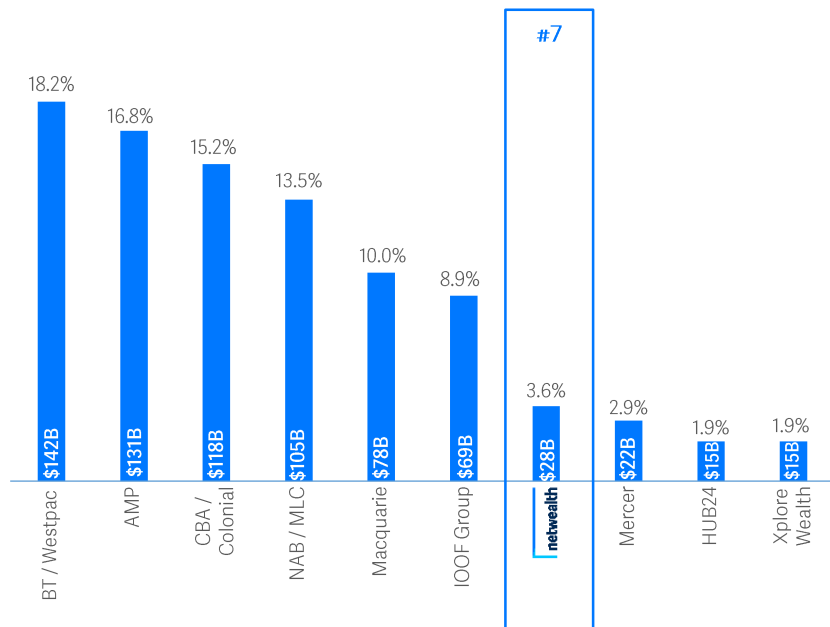
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Australia's No 1 platform¹ and fastest growing²

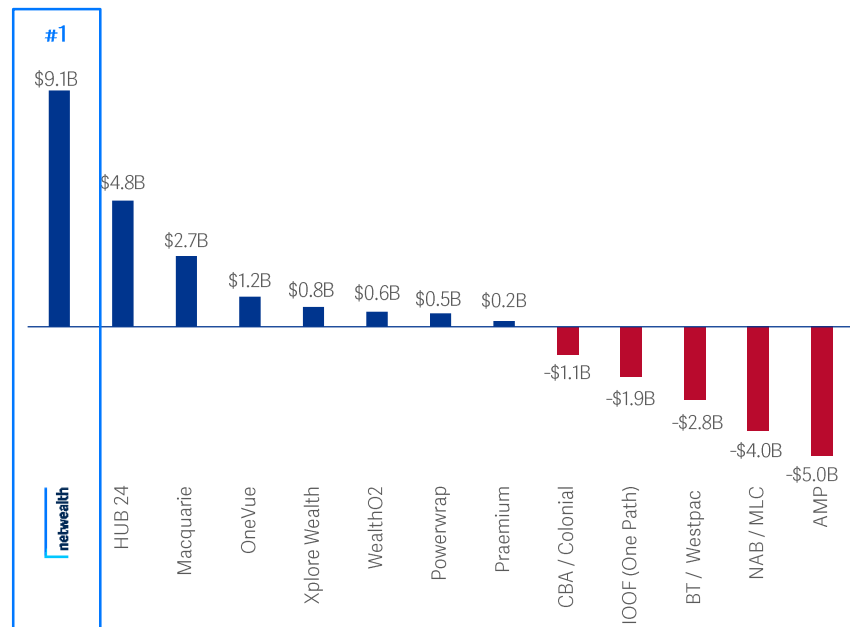
1. Investment Trends May 2020 Planner Technology Report & Investment Trends December 2019 Platform Competitive Analysis and Benchmarking Report
2. Strategic Insights, Master Trusts, Platforms Wraps – March 2020 (in absolute terms and relative to its size (excluding the IOOF/ANZ merger)

Significant market opportunity

Platform providers by FUA market share¹
% market share (Mar 2020)



Platform provider net funds flows²
\$'Billions (12 months to Mar 2020)



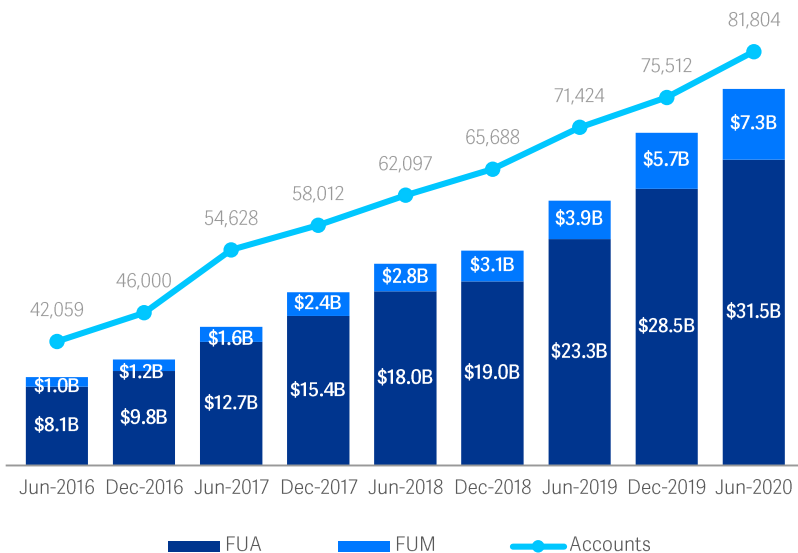
Source: Strategic Insight: Master Trusts, Platforms & Wraps (Mar 2020)

Source: Strategic Insight: Master Trusts, Platforms & Wraps (Mar 2020)

1. Total industry retail FUA of \$777.4B (as at Mar 2020)
 2. Total net flows of \$+2.9B. (12 months to Mar 2020) (Not included above: Others of -\$2.2B)

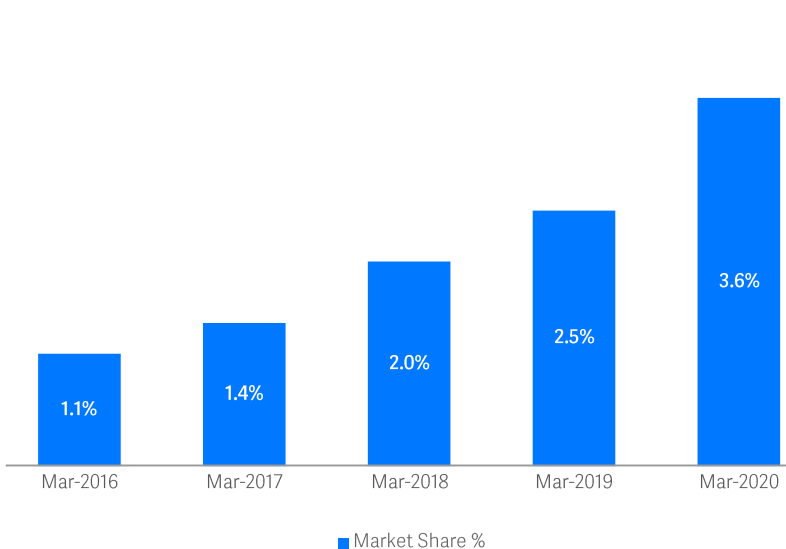
Sustained and accelerating growth

Growth in FUA, FUM and Accounts



Source: Netwealth

Growth in market share to 3.6% for the year to Mar 2020



Source: Strategic Insight: Master Trusts, Platforms & Wraps (Mar 2020 & Mar 2018)

Driven by new and existing Financial Intermediaries

2,843 Financial Intermediaries on the platform at 30 June 2020, up 264 (10.2%) compared to 30 June 2019

FUA growth is driven by

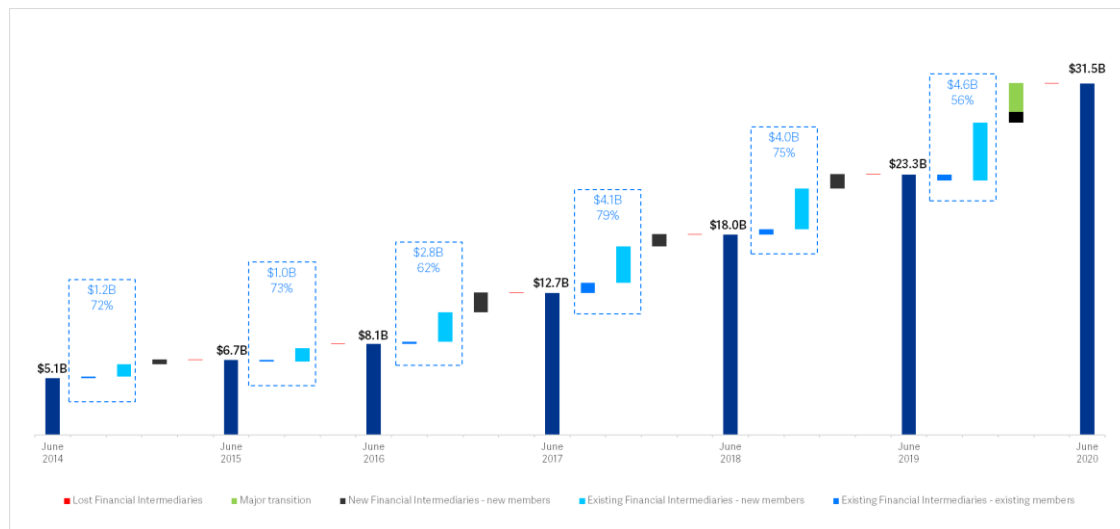
Existing Financial Intermediaries:

- Continued migration of accounts from our existing Financial Intermediaries accounted for approximately 56% of the FUA added

New Financial Intermediaries:

- FUA growth from new Financial Intermediaries contributed approximately 44% of the FUA increase
- A major transition made up 31% of the overall FUA increase

Breakdown of FUA growth FY2015 to FY2020

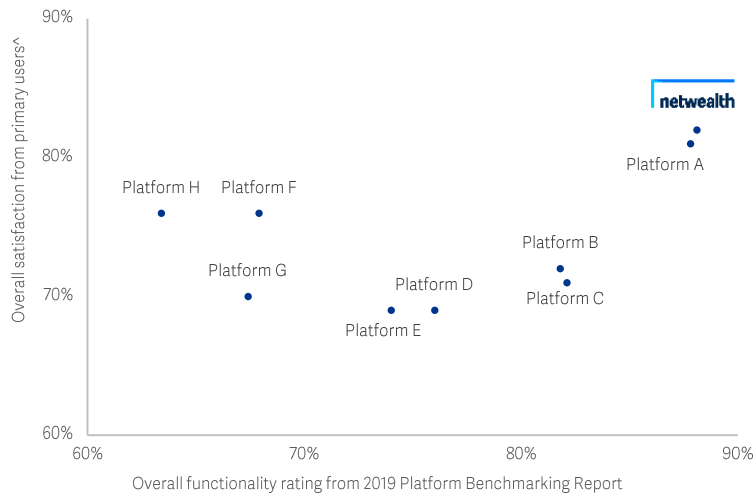


Source: Netwealth

Australia's leading platform

Ranked No1 for overall platform functionality for the fifth year in a row and achieved the highest overall satisfaction score among primary users for the ninth year in a row, according to research by Investment Trends

Overall functionality score by overall satisfaction from primary users[^]
Source: Investment Trends



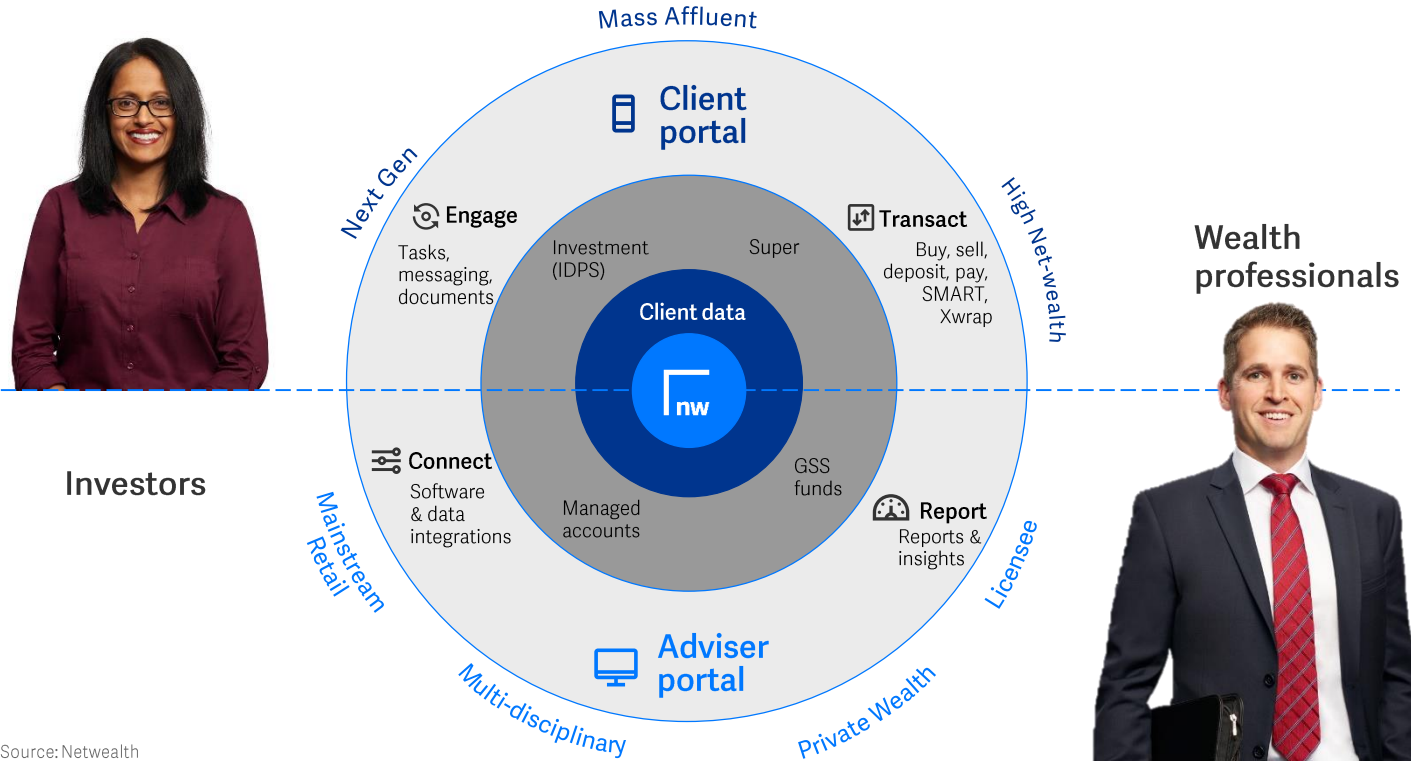
[^]Based on planner rating in March 2020. Composite score: Weighted average using Very good=100%, Good=67%, Average=50%, Poor=17%, Very poor=0%



Also:

- Ranked 1st for digital wealth applications and services among wealth institutions by Investment Trends January 2020 Digital Wealth Report
- In the Adviser Ratings 2019 Financial Advice Landscape Report December 2019 Netwealth ranked 1st for: net promoter score, adviser experience, ongoing adviser support, overall functionality and client experience by Adviser Ratings
- Netwealth Super Accelerator product won Chant West Best Advised Product of the year for the 3rd year in a row

Development of our "Whole of wealth" platform



Source: Netwealth

Introducing Netwealth's enhanced client experience

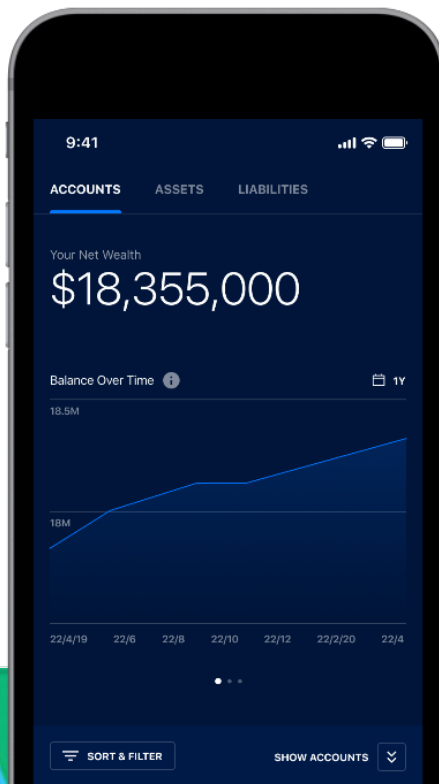
Secure mobile access to your most important wealth information

At Netwealth we are fully invested in a digital future to help both investors of all types – from next-generation to high net-worth clients.

We take our cues from financial organisations, but more importantly look for inspiration from leading technology companies like Google and Amazon.

Our latest innovation is the upcoming release of our mobile client portal app, with a breadth of features spanning beyond portfolio management.

The next generation of client portal will be mobile 1st and cater for the entire wealth needs of your clients.



Coming soon

- Mobile 1st
- 'Whole of wealth'
- Adviser portal

Investment in technology

A focus predominantly on a new digital client engagement and mobile first “whole of wealth” offering, as well as, enhancing reporting, transactional capabilities and client service tools and channels

Expanding technology team

- Hybrid scrum teams co-located in Melbourne and Vietnam
 - access to skilled IT staff to meet demand
 - to increase technology capability
 - cost effective (> 35% cost benefit per scrum team)
- We rely on an agile development methodology, with scrum teams dedicated to platform feature development

Transformational product features

- Continuous improvement by releasing enhancements to the platform on fortnightly cycle
- For FY2020 approximately 50% of IT resources were dedicated to new product features and transformative innovation and with the remaining 50% on BAU and regulatory compliance
- IT headcount increase of 30 (20 Melbourne/10 Vietnam) for FY2021, 40% of who will be focused on significant new functionality

Future fit

- Strategic increase in investment in our IT infrastructure, people and software for FY2020 & FY2021
- Dedicated to building market leading product features for:
 - our increasingly diverse client base and demands
 - constant innovation
 - emerging trends
 - compliance with regulatory changes
- Continually refresh and evolve our technology to maintain our ‘tech-stack’

COVID-19 response

Well positioned to meet the challenges presented by COVID-19 and subsequent economic disruption

- Successfully transitioned staff to remote working with limited disruption to service and operation and without a net increase to our operating costs
- In our recent annual staff survey, staff engagement score improved to 79% and productivity remains high



In the community

Helping young Australians see wealth differently with Banqer

- Our joint mission is to help our primary school students be prepared for the financial world ahead
- This our 4th year of supporting Banqer as it expands into Australia, allowing Australian schools and over 20,000 students nationwide to access the Banqer platform free of charge
- For the year ended 30 Dec 2019: 8,000 school children in 330+ classrooms across 180+ schools
- Together our response to COVID-19 and kids schooling from home was a free two week program with 10 fun online daily 'financial literacy' activities

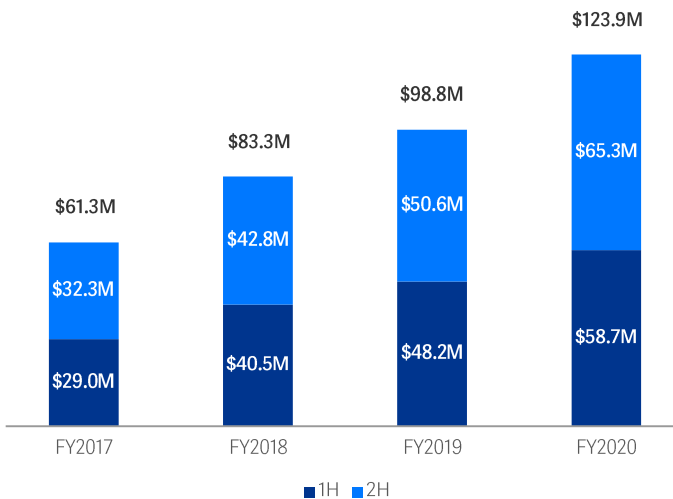


FY2020 Financial performance



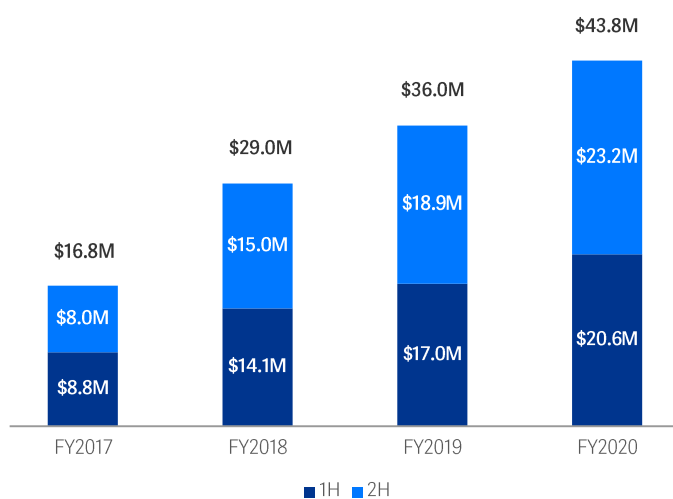
Delivered scalable growth for FY2020

FY2020 Total Income of \$123.9M, up 25.5%



Source: Netwealth

FY2020 Underlying NPAT of \$43.8M, up 21.7%



Source: Netwealth

1. Underlying NPAT is prepared applying accounting standard AASB 117 Leases and to exclude non-recurring expenses for FY2019. Accounts have been stated in accordance with the new accounting standard AASB16 Leases, adopted from 1 July 2019. A reconciliation is provided in the Appendix.

FY2020 financial results

Financials ⁽¹⁾	FY2019 Actual	FY2020 Actual	Change 19 V 20	% Change 19 V 20	1H 2020 Actual	2H 2020 Actual	Change 1H V 2H	% Change 1H V 2H
Platform Revenue	96.4	121.3	25.0	25.9%	57.3	64.0	6.7	11.6%
Other Income	2.4	2.6	0.2	6.8%	1.3	1.3	(0.0)	(3.7%)
Total Income	98.8	123.9	25.1	25.5%	58.7	65.3	6.6	11.3%
Employee Benefits Expenses	(32.3)	(41.6)	(9.2)	28.5%	(19.9)	(21.7)	(1.9)	9.4%
Other Costs & Expenses	(14.5)	(17.5)	(3.0)	20.9%	(8.3)	(9.2)	(0.8)	10.1%
Total Operating Expenses	(46.8)	(59.1)	(12.3)	26.2%	(28.2)	(30.9)	(2.7)	9.6%
Underlying EBITDA	52.0	64.8	12.9	24.8%	30.5	34.4	3.9	12.8%
Underlying EBITDA Margin %	52.6%	52.3%	(0.3%)		52.0%	52.7%	0.7%	
Underlying NPAT	36.0	43.8	7.8	21.7%	20.6	23.2	2.7	13.1%
Underlying NPAT margin %	36.4%	35.3%	(1.1%)		35.0%	35.6%	0.6%	
NPAT continuing operations (FY2020 AASB16)	35.2	43.7	8.5	24.0%	20.5	23.1	2.6	12.7%
NPAT margin %	35.6%	35.2%	(0.4%)		35.0%	35.4%	0.4%	
Underlying Operating net cash flow pre tax	49.5	64.5	15.0	30.2%	30.5	34.0	3.5	11.6%
Cash conversion ratio to EBITDA	95.3%	99.4%	4.2%		100.0%	98.9%	(1.1%)	
EPS based on Underlying NPAT - diluted (cents)	14.8	17.9	3.1	21.2%	8.4	9.5	1.1	13.1%

\$'M unless otherwise stated

FY2020 commentary (comparisons FY2019)

Highly profitable

- EBITDA¹ of \$64.8M (\$52.0M), increase of 24.8% for the year
- EBITDA¹ margin of 52.3% (52.6%)

Exceptional cash generation

- Operating net cash flow pre-tax¹ of \$64.5M (\$49.5M)

Strong balance sheet

- Low capital expenditure, debt free and significant cash reserves

Shareholder value

- Full year dividend of 14.7 cps
- EPS¹ of 17.9 cents (14.8 cents), an increase of 3.1 cents (21.2%) for the year

1. Underlying EBITDA, EBITDA margin, NPAT, NPAT margin and Operating net cashflow and EPS are prepared applying accounting standard AASB 117 Leases and to exclude non-recurring expenses for FY2019. Accounts have been stated in accordance with the new accounting standard AASB16 Leases, adopted from 1 July 2019. A reconciliation is provided in the Appendix. EPS has been calculated on the basis all performance shares and options currently on issue will vest in full.

FY2020 key performance metrics

Platform Statistics	FY 2019 Actual	FY2020 Actual	Change 19 V 20	% Change 19 V 20	1H 2020 Actual	2H 2020 Actual	Change 1H V 2H	% Change 1H V 2H
Funds Under Administration								
FUA (eop)	23,337	31,502	8,165	35.0%	28,511	31,502	2,991	10.5%
Fee Paying FUA %	61.0%	63.1%	2.1%	3.4%	60.9%	63.1%	2.2%	3.6%
FUA net inflows	4,334	9,080	4,746	109.5%	4,355	4,725	370	8.5%
Funds Under Management								
Managed Account	2,760	5,795	3,035	110.0%	4,368	5,795	1,427	32.7%
Managed Funds	1,186	1,483	297	25.0%	1,382	1,483	101	7.3%
FUM (eop)	3,946	7,277	3,331	84.4%	5,749	7,277	1,528	26.6%
Managed Account net inflows	751	3,324	2,574	342.9%	1,503	1,821	317	21.1%
Managed Funds net inflows	148	382	234	157.7%	202	180	(23)	(11.2%)
FUM net inflows	899	3,706	2,807	312.4%	1,706	2,001	295	17.3%
Key Statistics Annualised								
Platform Revenue / average FUA (bps)	48.1	43.7	(4.4)	(9.2%)	44.6	42.9	(1.7)	(3.7%)
Underlying EBITDA ⁽¹⁾ / average FUA (bps)	25.9	23.3	(2.6)	(9.9%)	23.7	23.1	(0.6)	(2.7%)
Platform Revenue / average number of accounts (\$)	1,460	1,604	144.2	9.9%	1,564	1,642	78.0	5.0%
Accounts (eop, number)	71,424	81,804	10,380	14.5%	75,512	81,804	6,292	8.3%
Financial Intermediaries (eop, number)	2,579	2,843	264	10.2%	2,711	2,843	132	4.9%

\$M unless otherwise stated

eop - end of period

FY2020 commentary (comparison FY2019)

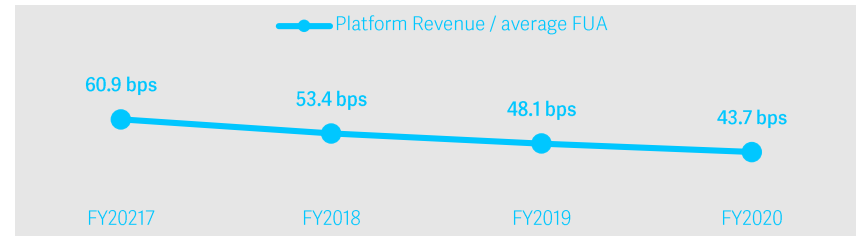
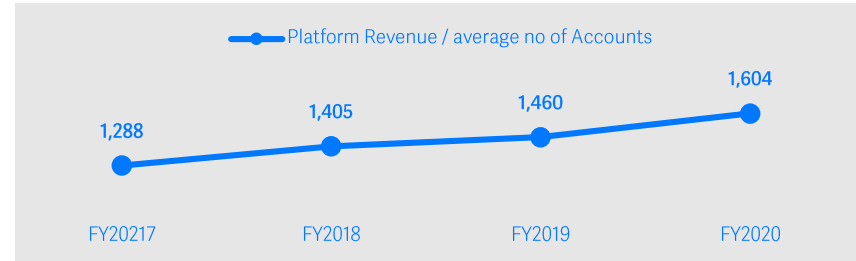
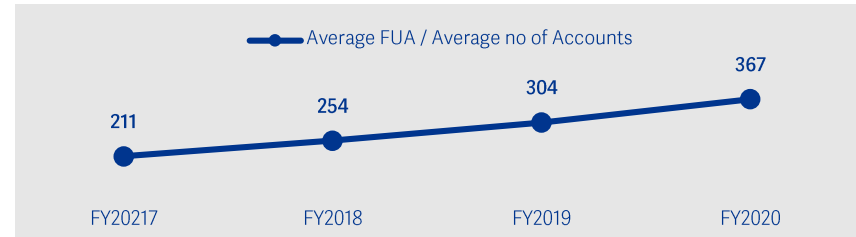
- FUA of \$31.5B, up \$8.2B (+35.0%)
- 63.1% fee paying FUA
- Record FUA net inflows of \$9.1B, up \$4.7B (+109.5%)
- FUM of \$7.3B, up \$3.3B (+84.4%)
- MA FUM of \$5.8B, up \$3.0B (+110.0%)
- At 30 June 2020 the cash transaction account as a percentage of FUA was 9.8% and was significantly higher during Q4 than the FY2020 average of 8.8%

1. Underlying EBITDA prepared applying accounting standard AASB17 Leases. Accounts have been stated in accordance with the new accounting standard AASB 16 Leases adopted from 1 July 2019. A reconciliation is provided in the Appendix.

Key statistics analysis

Focused on profitable & sustainable revenue growth

- Average Account size increased to \$367K for FY2020 and \$385K for Jun 2020 (Wrap \$897K, Super \$195K at Jun 2020)
 - as average Account size increases, revenue streams are diversified and ancillary revenues increase
- Platform Revenue per Account increased to \$1,604, an increase of \$144 (9.9% increase) for FY2020 reflecting:
 - an increase in average Account balance
 - higher transaction and ancillary revenues
- Platform Revenue over average FUA of 43.7 bps for FY2020, was down 4.4 bps for the year:
 - accounts have been progressively migrating to the new pricing and all accounts will be transferred by 31 December 2020
 - average Account size increases

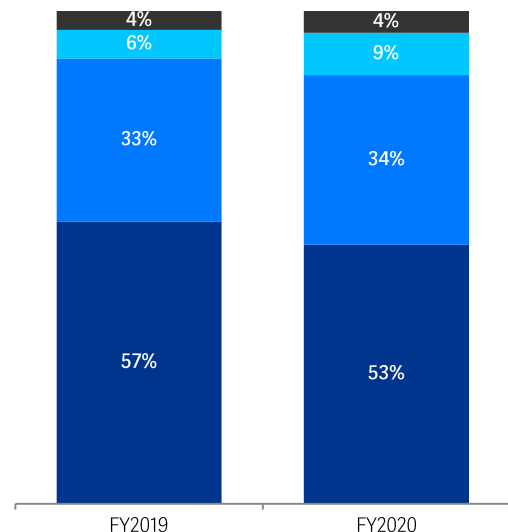


Source: Netwealth

Platform revenue composition

Non-administration fee income percentage of platform revenue increased by 4% to 47% for FY2020

Platform revenue split FY2019 & FY2020



Source: Netwealth

● Administration fees

- Wrap
- Super

● Ancillary fees

- Pool cash interest retained
- Netcash
- International equities admin
- Managed model service
- Fund manager service
- Insurance admin
- SMSF admin
- Annuities

● Transaction fees

- Brokerage
- Share settlement
- Managed account brokerage
- FX margins
- International
- Offline transactions
- IPO & Broker handling

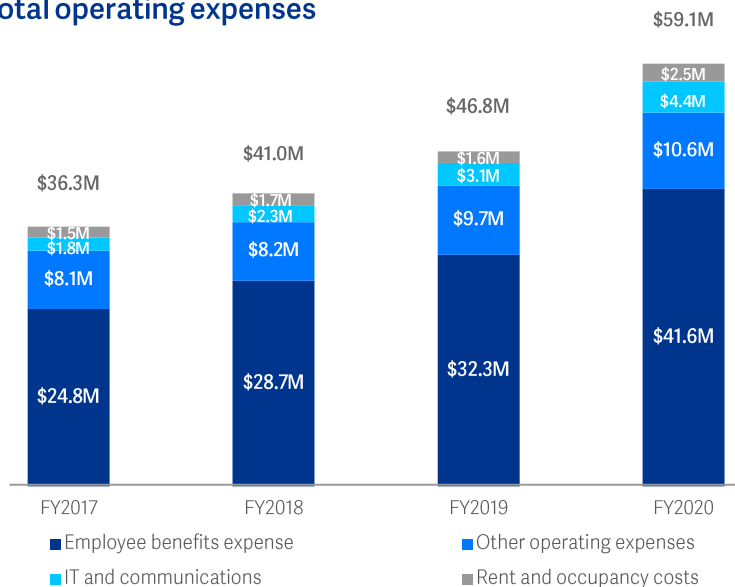
● Management fees

- NWL Funds
- Managed Account

Ongoing investment supporting ongoing growth

Strategic investments across IT infrastructure, people and software

Total operating expenses



Source: Netwealth

FY2020 commentary (comparisons FY2019)

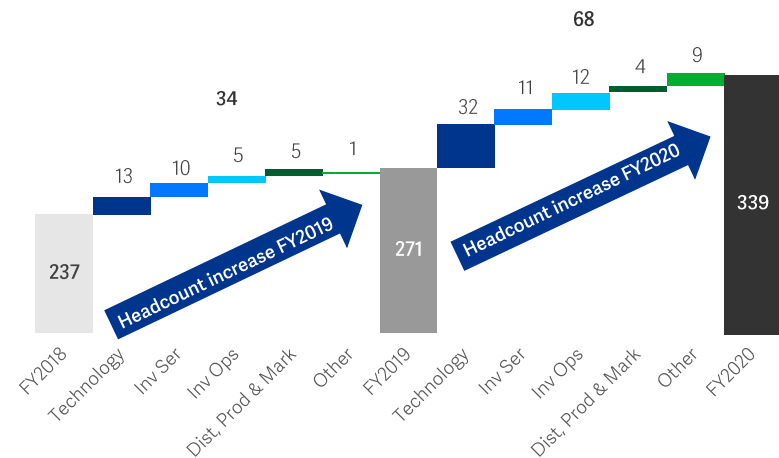
- Total operating expenses¹ of \$59.1M (\$46.8M), an increase of \$12.3M (26.2% increase) for the year
- Employee benefits expense represented 70% of total operating expenses and includes inhouse IT development, product development and client service teams
- Employee costs increase of \$9.2M, up 28.5% reflects headcount increase of 68 for FY2020 and the full year impact of FY2019 increase of 34
- Total other operating expenses increase of \$3.0M to \$17.5M, reflecting expense increases for our organisational technology stack, occupancy, insurance and client rectification expenses
- COVID-19 impact on operating expenses was minimal for FY2020. Full operational activity was maintained and new staff continued to be onboarded

1. Underlying operating expenses is prepared applying accounting standard AASB 117 Leases and to exclude non-recurring expenses for FY2019. Accounts have been stated in accordance with the new accounting standard AASB16 Leases, adopted from 1 July 2019. A reconciliation is provided the Appendix.

Strategic investment in our people

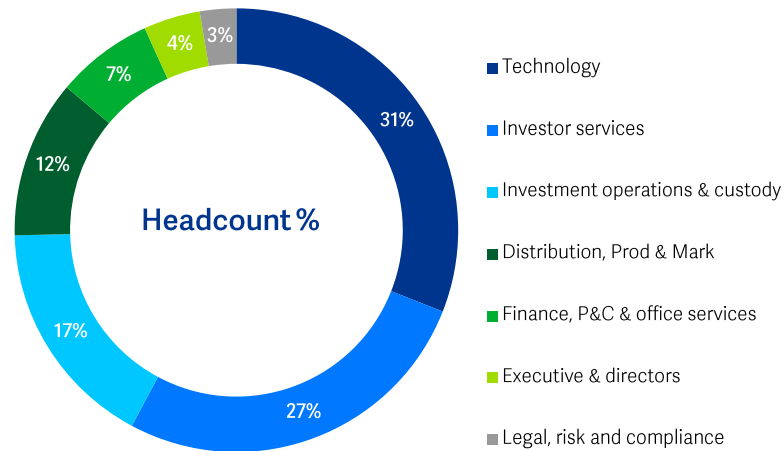
Across technology, operations and distribution to support continued scalability and innovation

Strategic increase in headcount, increase of 32 in Technology for FY2020 (10 Melbourne and 22 Vietnam)



Source: Netwealth

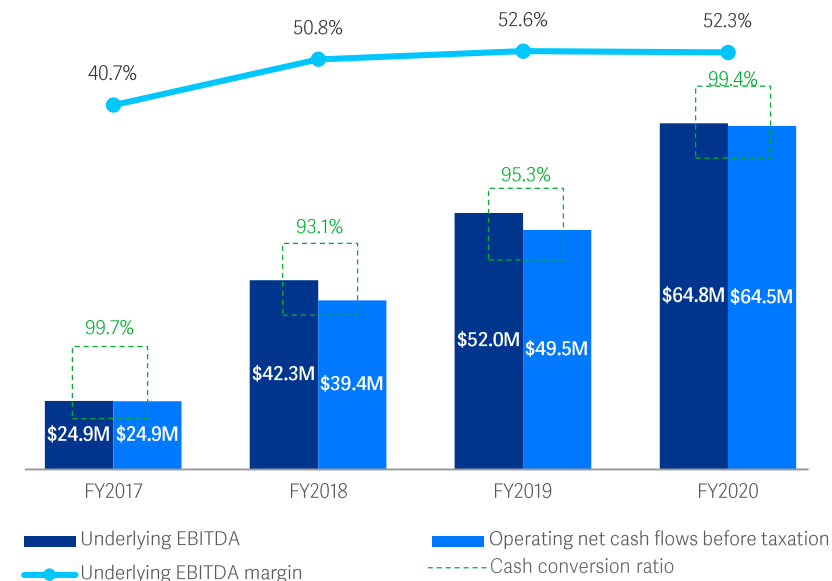
Headcount by function 30 June 2020



Source: Netwealth

Strong cost management and exceptional cash generation

High correlation between Underlying EBITDA and cash flow



Source: Netwealth

- Strong cost management, demonstrated operating leverage & further invested in the platform to maintain scalability and efficiency
- Strategic investment in IT infrastructure, people and software
- 99.4% EBITDA cash conversion ratio due to:
 - Low working capital requirements
 - Limited capital expenditure
 - Internal software and product maintenance and enhancement costs expensed
 - Better quality of earnings as software development costs are expensed
 - Debt free

1. Underlying EBITDA, EBITDA margin and Operating net cashflow prepared applying accounting standard AASB117 Leases. Accounts have been stated in accordance with the new accounting standard AASB 16 Leases adopted from 1 July 2019. A reconciliation is provided in the Appendix.

Summary of business and financial highlights

1

Track record of growth in FUA, FUM, revenue and profitability

- Record \$9.1B FUA net inflows for FY2020
- FUA of \$31.5B, up \$8.2B (+35.0%) for FY2020
- FUM \$7.3B, up \$3.3B (+84.4%) for FY2020
- Total income of \$123.9M, up \$25.1M (+25.5%) for FY2020
- Underlying EBITDA¹ of \$64.8M, up \$12.9M (+24.8%)
- Underlying EBITDA margin¹ of 52.3%
- Underlying NPAT¹ of \$43.8M and margin 35.3%

2

“Whole of wealth” offering

- Focusing on a new digital client engagement mobile first offering
- Developing and evolving our revenue streams by expanding our product and service offering
- Provide our premium offering for sophisticated and HNW clients for greater investment flexibility and functionality

3

New pricing launched

- New pricing launched to all members and investors bringing all clients to front book fee rates
- Clients are progressively migrating and all will be transferred by 31 Dec 2020
- Average Account size is increasing
- A reduction in annualised platform revenue over average FUA to 43.7bps

4

Favourable industry trends

- The highest 12-month net funds flow in the industry for the 8th consecutive quarter²
- Market share position up to 7th overall²
- Ranked No1 for overall platform functionality and the highest overall satisfaction score among primary users by Investment Trends³
- Ranked 1st for net promoter score, adviser experience, ongoing adviser support, overall functionality and client experience by Adviser Ratings⁴
- All grandfathered commissions to end by 31 December 2020

5

Strategic investment for the future

- Continue to investment in IT infrastructure, people and software
- Enhancing reporting, transactional capabilities and client service tools and channels
- Offer a range of services that are not widely available such as bonds, international trading with multi-currency trading and wholesale funds



Exceptional cash generation

- Debt free
- Internal software and product maintenance and enhancement costs expensed

Return to shareholders

- Annual dividend of 14.7 cents per share

1. Underlying EBITDA, EBITDA margin, NPAT and NPAT margin are prepared applying accounting standard AASB 117 Leases and to exclude non-recurring expenses for FY2019. Accounts have been stated in accordance with the new accounting standard AASB16 Leases, adopted from 1 July 2019. A reconciliation is provided in the Appendix.
 2. Strategic Insight: Master Trusts, Platforms & Wraps (Mar 2020)
 3. Investment Trends – December 2019 Platform Competitive Analysis and benchmarking Report & Investment Trends – May 2020 Planner Technology Report (Primary users of the platform)
 4. Adviser Ratings 2019 Financial Advice Landscape Report December 2019

Outlook



Outlook

- Netwealth expects to continue to benefit from the significant changes currently reshaping the industry and remains positive about the future and continued market share growth
- In addition to growing market share within the affluent advice segment, high net-worth and private wealth groups represent a significant opportunity for the industry. Netwealth is well placed to support the unique and differentiated needs of the segment
- To capitalise on the current market opportunity and to retain our market leadership across key market segments, Netwealth will continue to strategically increase its investment in IT infrastructure, people and software. Key initiatives are supported by the planned addition of 30 IT resources (20 Melbourne/10 Vietnam) in FY2021, who will focus predominantly on a new digital client engagement and mobile first “Whole of wealth” offering, as well as, enhancing reporting, transactional capabilities and client service tools and channels
- In addition to investment in technology, Netwealth will launch in August the first of two new active funds, Magellan Global Specialist Series Infrastructure Fund and Magellan Global Specialist Series Global Fund. The funds, which will be available in our Wealth and Super Accelerator Core and Plus products, are the first in a series of new mandated funds which will continue to be rolled out progressively in the coming 12-18 months
- Fees and ancillaries in FY2021 will be impacted by the previously announced new pricing of our back book and the full year impact of a lower cash margin
- Depending on market volatility and investor behaviour, compared to Q4 2020, Netwealth may also be impacted by a reduction in the percentage of its clients FUA held in their cash transaction account and lower transaction revenues, should market volatility reduce
- With the legislated end to all grandfathered commissions on 31 December 2020, Netwealth expects additional transition opportunities as advisers seek to provide their clients greater competitive pricing and functionality

Outlook

- The COVID-19 outbreak has led to increased market volatility, world-wide economic disruption and continues to have a significant impact on individuals and businesses. Given the dynamic and evolving nature of COVID-19 and the unknown duration of this pandemic, Netwealth will continue to assess and monitor any further impacts
- Having regard to this uncertain environment, and based on Netwealth's current pipeline, existing clients and the growth in new clients currently transitioning onto the platform, projected FUA net inflows for FY2021 is forecast at approximately \$8 billion
- Finally, and importantly, Netwealth remains in a very sound financial position:
 - Highly profitable, with strong EBITDA margin
 - A very high correlation between EBITDA and operating cashflow, resulting in exceptional cash generation
 - Very high levels of recurring revenue, which result in predictable revenue
 - Very low capital expenditure, debt free and significant cash reserves.



Thank you



Questions



Important notice and disclaimer

General Information only

Information provided is general information presented in a summary format as at 18 August 2020, and is therefore not necessarily complete. This presentation is for informational purposes only and is not to be relied upon as advice to investors or potential investors. This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. Investors should not rely on this presentation to make any investment decision, and should make their own assessment, conduct their own research of Netwealth and the Netwealth Group and consider these factors with their legal, tax, business and/or financial adviser before making any investment decision.

Forward-looking statements

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Financial data

All figures in the presentation are provided in Australian dollars. Financial data may be subject to rounding.

This document has been authorised for release by CFO and Company Secretary, Mr Grant Boyle

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Appendix and additional information



Appendix 1 – Reconciliation of underlying adjustments

Reconciliation from statutory results to underlying results	FY2019 Actual	FY2020 Actual	Change 19 V 20	% Change 19 V 20
Statutory EBITDA on continuing operations	50.8	66.2	15.3	30.1%
Rental expense (pre AASB 16)	-	(1.3)	(1.3)	100.0%
Add back: Client rectification costs and legal expenses	1.1	-	(1.1)	100.0%
Underlying EBITDA	52.0	64.8	12.9	24.8%
Underlying EBITDA margin	52.6%	52.3%	(0.3%)	
Statutory NPAT on continuing operations	35.2	43.7	8.5	24.0%
Depreciation on right-of-use assets (post AASB 16)	-	1.4	1.4	100.0%
Interest on leases (post AASB 16)	-	0.1	0.1	100.0%
Rental expense (pre AASB 16)	-	(1.3)	(1.3)	(100.0%)
Net tax impact from leases (adoption of AASB 16)	-	(0.1)	(0.1)	(100.0%)
Client rectification costs and legal expenses	1.1	-	(1.1)	(100.0%)
Tax impact from client rectification costs and legal expenses	(0.3)	-	0.3	100.0%
Underlying NPAT	36.0	43.8	7.8	21.7%
Underlying NPAT margin	36.4%	35.3%	(1.1%)	

\$'M unless otherwise stated

- Set out in the table is a reconciliation of underlying adjustments to the consolidated statement of profit or loss and other comprehensive income. The underlying adjustments relate to a one-off client rectification costs incurred in FY2019 and on the basis of pre-transition to AASB 16 Leases. The Board and management monitor the underlying NPAT pre AASB16 and this information is provided to enable comparison with prior corresponding period and previous guidance provided.

Appendix 2 – Reconciliation to underlying net cash flow pre tax

<u>Cash flow workings</u>	<u>FY2020 Actual</u>	<u>FY2019 Actual</u>
Underlying EBITDA	64.8	52.0
Non-cash items in EBITDA	0.6	0.2
Changes in working capital	(0.1)	(1.6)
Capital expenditure	(0.9)	(0.7)
Net (purchases) / sale proceeds on financial investments	0.0	(0.3)
Operating net cash flows before taxation	64.5	49.5
Cash Conversion Ratio (%)	99.4%	95.3%

\$'M unless otherwise stated

Appendix 3 – Consolidated statement of financial position

As at	30-Jun-20	30-Jun-19
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	85.5	58.5
Trade and other receivables	10.3	8.6
Other current assets	4.4	3.5
Financial assets	1.2	3.3
TOTAL CURRENT ASSETS	101.4	73.8
NON CURRENT ASSETS		
Property, plant and equipment	1.6	2.5
Intangible assets	0.3	0.4
Right-of-use assets	4.7	-
Deferred tax assets	3.8	4.7
TOTAL NON CURRENT ASSETS	10.5	7.6
TOTAL ASSETS	111.9	81.4
CURRENT LIABILITIES		
Trade and other payables	7.5	6.3
Provisions	4.3	3.2
Current tax liabilities	18.1	7.4
Lease liability	1.3	-
TOTAL CURRENT LIABILITIES	31.1	16.9
NON CURRENT LIABILITIES		
Lease liability	3.8	-
Provisions	0.9	0.7
TOTAL NON CURRENT LIABILITIES	4.7	0.7
TOTAL LIABILITIES	35.9	17.6
NET ASSETS	76.0	63.8
EQUITY		
Issued capital	23.1	23.5
Reserves	1.3	0.8
Retained earnings	51.6	39.5
TOTAL EQUITY	76.0	63.8

\$'M unless otherwise stated

Debt free with \$85.5M in cash

Including regulatory capital required

- ASIC Net Tangible Assets - \$10.2M
- Operating risk financial requirement - \$29.0M
- \$14.7M tax payment July 2020