



# Results Presentation FY2022

See wealth differently

24 August 2022

FY  
20  
22

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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**

For further information please contact:

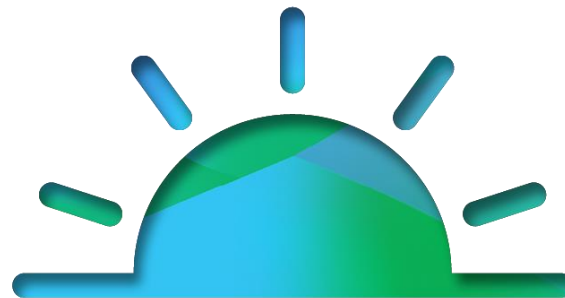
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Our purpose is

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



# Today's presenters and agenda

## Meet:



**Michael Heine**  
Joint Managing Director



**Matt Heine**  
Joint Managing Director



**Grant Boyle**  
Chief Financial Officer

## Discover:

1. FY2022 business highlights
2. Strategy and Product update
3. FY2022 financial performance
4. Outlook
5. Questions
6. Appendix and additional information

# FY2022 Business highlights

# 1

# Business highlights FY2022



**\$55.7B FUA**

FUA reaches \$60B<sup>1</sup>



**\$13.0B**

FUA Net Inflows FY2022



**\$13.1B FUM**



**\$2.6B**

FUM Net Inflows FY2022



**\$11.2B MA**



**\$2.3B**

MA Net Inflows FY2022



**#1 Platform\***

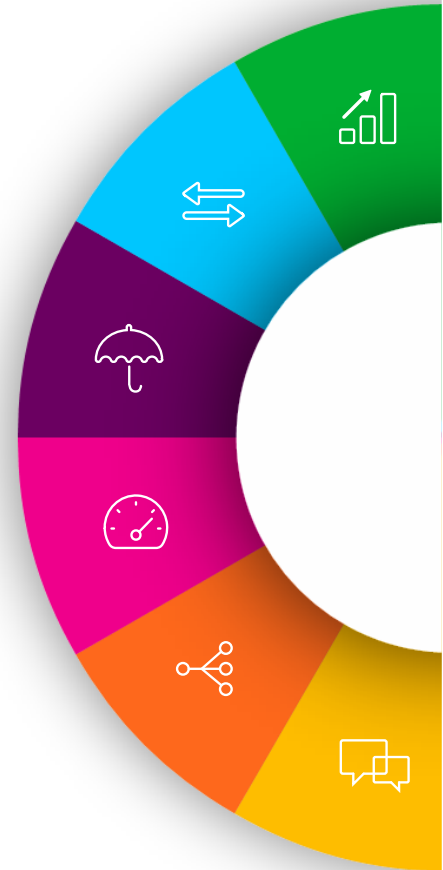


**115,642 Accounts**

12 month growth of 18,323 (+18.8%)

<sup>1</sup> Current FUA and FUM as at 19 August 2022 (unaudited)

\*Rated by Investment Trends as number 1 in Overall Satisfaction by users for the tenth consecutive year (2014-2021) and rated number 1 by Investment Trends for Best Platform Overall in 2017-2019 and 2021-2022.



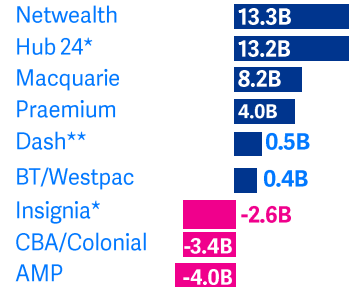
# Netwealth as your #1 specialist investment platform partner

## Award winning platform



Rated by Investment Trends as number 1 in Overall Satisfaction by users for the tenth consecutive year and rated number 1 by Investment Trends for Best Platform Overall in 2017, 2018, 2019 and 2022. Rated by ChantWest as best Advised Product of the Year for five consecutive years (2018-2022). Rated by Adviser Ratings Best Overall functionality and Best client experience in 2022.

## Fastest growing platform by net funds flow with increasing market share, Platform providers net funds flows (\$) (12 months to Mar 22)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Mar 2022

Total net flows of +\$27.8B (Not included above: Others of -\$1.7B)

\*HUB24 includes acquisition of Xplore Wealth, Insignia includes acquisition of MLC.

\*\*previously WealthO2

## Top 4 institutions are losing market share and represent 67.3% of market share

Platform providers by FUA / % market share / market share movement Mar 21 to Mar 22

Insignia*	\$207B	20.8%	-0.9%
BT/Westpac	\$175B	17.6%	-0.6%
CBA/Colonial	\$144B	14.5%	-0.5%
AMP	\$144B	14.4%	-1.0%
Macquarie	\$117B	11.8%	+0.8%
Netwealth	\$58B	5.8%	+1.2%
Hub 24**	\$51B	3.9%	+1.2%
Praemium	\$21B	2.1%	+0.2%

Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Mar 2022

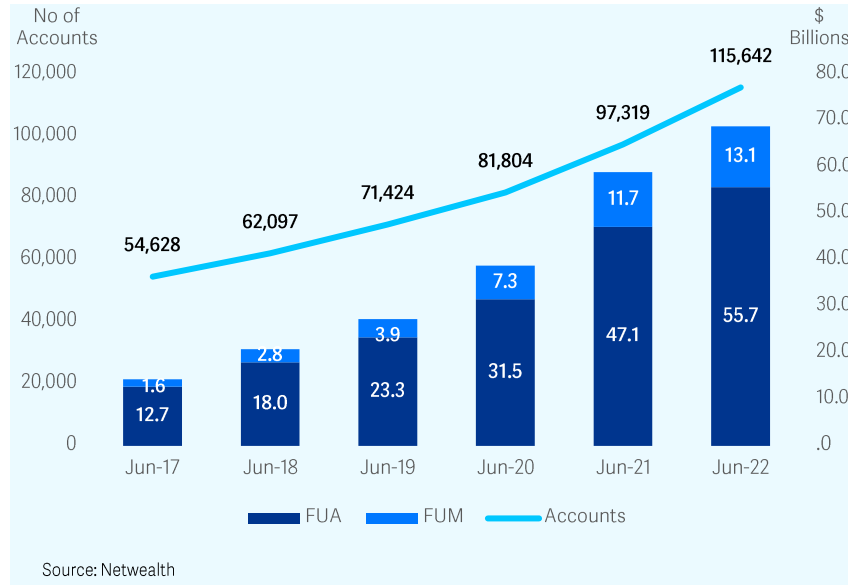
Total industry retail FUA of \$995.3B (as at Mar 22)

\*Insignia includes acquisition of MLC at Mar 21 and Mar 22

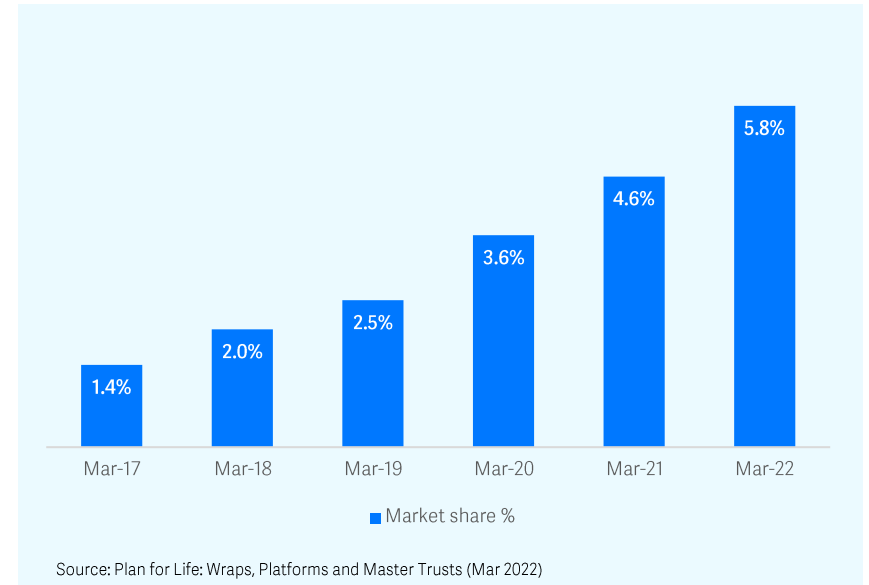
\*\*HUB24 +1.2% increase includes acquisition of Xplore Wealth at Mar 22

# Business growth drives market share gains

## Growth in FUA, FUM and Accounts



## Market share increased to 5.8% for the year to Mar 22





# Compounding organic FUA net inflows growth

Both existing and new Financial Intermediaries contribute to yearly FUA net inflows

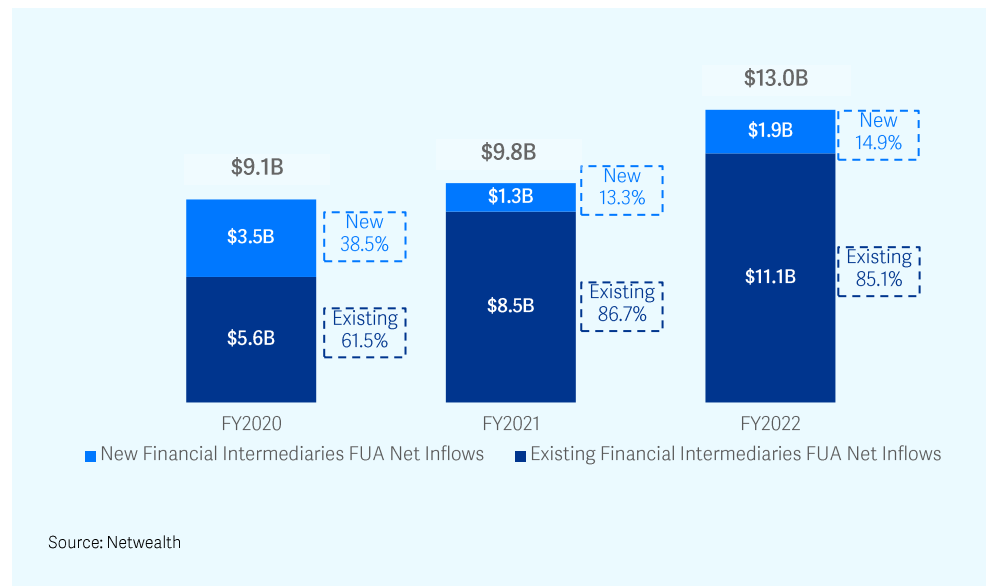
## Existing financial intermediaries

Continued migration of accounts from our existing Financial Intermediaries accounted for approximately 85% of the FY2022 FUA net inflows

## New financial intermediaries

FUA growth from new Financial Intermediaries contributed approximately 15% of the FY2022 FUA net inflows

## Yearly FUA Net inflows analysis



# Strategy and product update

# 2

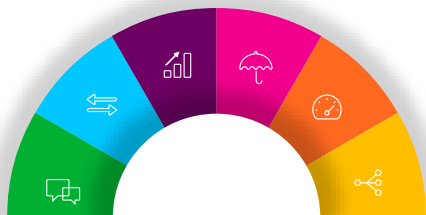
# Supporting wealth professionals and investors to see wealth differently

## 1

### A focus on technology and platform innovation

We have a home grown market leading investment platform that connects clients and advisers. It is agile and flexible to provide choice and remove barriers.

200+ IT staff dedicated to platform development, maintenance and security, accounting for ~30% of headcount expenses.



## 2

### A values-driven team focused on customer support and service

We are real people who are guided by our values and understand the critical importance of client service and support.



## 3

### Insights that provide new perspectives

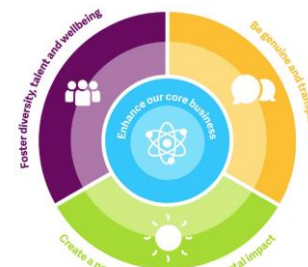
We provide deep insights to help clients to see the world in a new light, to help clients to spot the changes that matter today and tomorrow.



## 4

### A focus on sustainability and social impact

Wealth takes time to accumulate. Being sustainable and here for the long-term custody of our clients' assets is very important to us. We have a range of initiatives that support this vision.

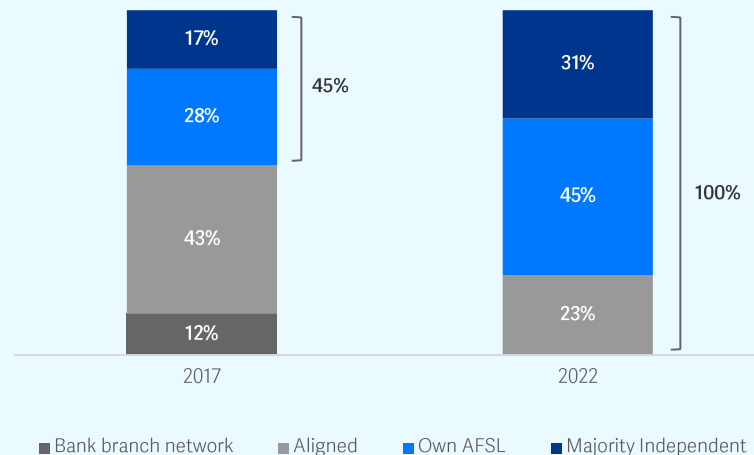


# A large and growing addressable market

Objective is to continue to increase our penetration of financial intermediaries by increasing their efficiency and productivity and continuing to add new features for the end customer

- The proportion of advisers that have their own AFSL or are majority independent increased from 45% of the market to 76% since the Royal Commission
- Netwealth now wins business across all segments of the Adviser market
- Dec 2017 to Mar 2022 Netwealth has grown FUA by \$42 billion (CAGR of 36%) and grown market share from 1.9% to 5.8%
- Continued fraction/disruption in the market provides opportunity for organic growth for Netwealth
- We are now an approved platform for use in Aligned networks.

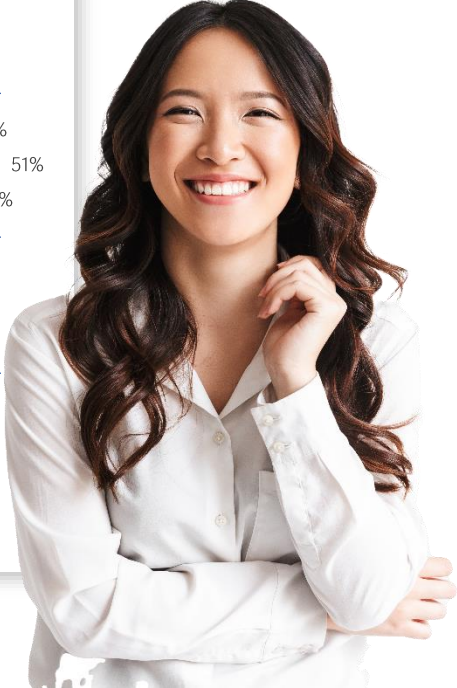
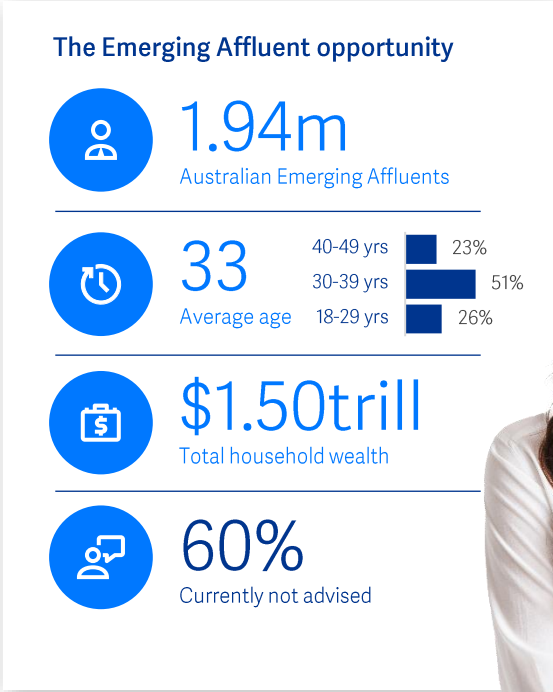
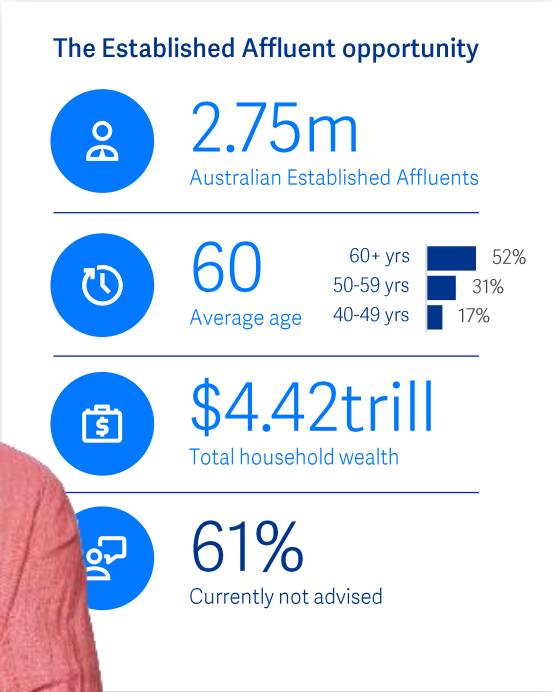
## Changing structure of adviser market, so 100% of the market is now contestable



Source: Investment Trends May 2022 Adviser Technology Needs Report

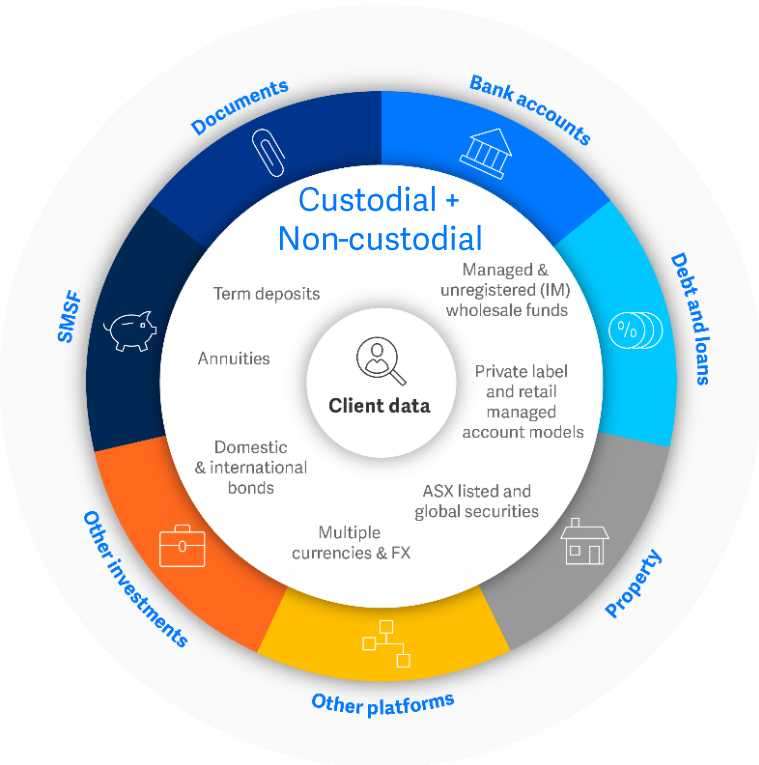
# Two Advisable Australian segments represent a significant advice opportunity and are a key focus for Netwealth

These two key segments total ~26% of the population 18+ but account for ~60% of total household wealth

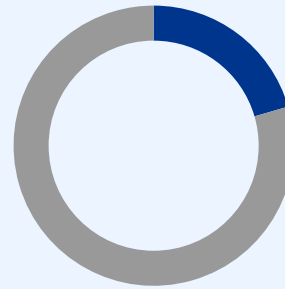


Source: 2022 Netwealth Advisable Australian:

# Netwealth's whole of wealth platform



## Introducing Wealth Accelerator MAPs (Multi-asset portfolio service)



● 20.5% non-custodial assets

86.1% in-house

Advice firm who use in-house resources for data entry and administration of the off-platform assets

- Netwealth assisted applications
- Timely update of information
- Tax Reporting & Annual Statements
- Advice fee calculation

# FY2023 Strategic Pillars



## Upgrade functionality for MDA, HNW and mid-market clients

To enhance our award-winning feature-set to better support MDA, HNW advisers/licensees & mid-market institutional investors.



## Enhance the leading platform core functionality

Continually invest and roll out new features that support platform functionality – for investing, reporting and fee management.



## Provide market leading client portal

To expand our client portal for advisers to interact online with all of their clients – both Netwealth and non-Netwealth account holders via mobile and desktop.



## Scaling in the cloud

With our progressive move to the cloud, enhancing our IT tooling so we can continue to scale (build, deploy, host, monitor & support the Netwealth platform).



## Unlock and leverage data

Unlock data for clients, advisers, licensees and model managers to drive their efficiency and new insights & opportunities.



## Maintain market leading customer service & technology

Netwealth seeks to be the market leader in service and technology, viewing this as a key differentiator.



## Netwealth the employer of choice

Position us as a preferred employer through an engaging employee experience.



## Corporate sustainability as a core strategy

To develop/deliver initiatives that ensure that we are genuine & transparent in our dealings, and we deliver meaningful environmental & social impact.

# Advice Efficiency focused on reducing cost of advice



## Reporting & Reviews

- Report customisation
- Bulk reporting enhancements
- Benchmarks
- Report & review builder



## Adviser efficiency

- Tasks & activities
- Managed Accounts enhancements & reporting
- Auto ROA enhancements



## Data and analytics

- 3rd party integrations, inc. Xeppe
- API & Developers portal
- Business intelligence reports



## Scale and stability

- Back office upgrades & enhancements
- Ongoing cloud migration
- Security enhancements



## MAPs

- Custodial and non-custodial
- Administration service
- Report enhancements



## Mobile and client engagement

- Apps & onboarding
- Access management & sharing
- 3rd party data integrations



# Wealth Accelerator

## Multi-asset portfolio service (MAPs)

### For investors looking for a centralised account and reporting solution

Wealth Accelerator accounts can access an outsourced administration solution for assets which cannot be held in custody.

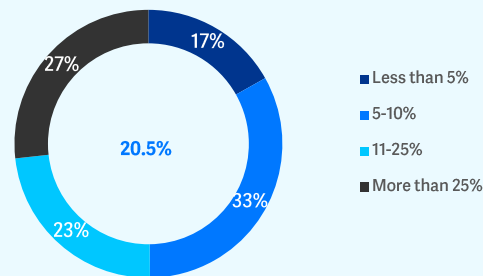
### The service offering

- Submit investment instructions on client behalf
- Transfer cash in and out of the client's platform cash account to facilitate investments
- Act as the mailing house for all correspondence
- Maintain records of holdings and income
- Administer assets for reporting and tax statement purposes
- Charge a percentage based admin fee plus a flat dollar fee per asset, per annum

### Benefits for advisers & clients

- Liaise with Netwealth to manage non-custodial investments (including initial application and AML)
- Timely updates of information with Netwealth acting as the mail house
- Visibility alongside custodial assets on client portal
- Inclusion in both Tax and Annual Statements
- Calculation of advice fees over assets which form part of this service

On average, what percentage of your clients super and investment is held off-platform (e.g. in property or in a direct share portfolio)?



## 86.1% in-house

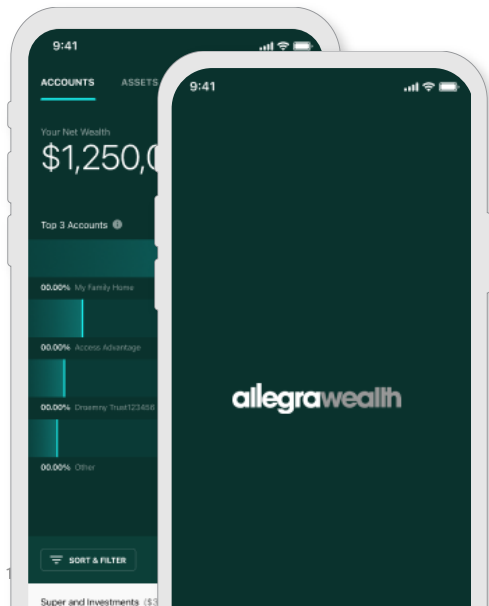
Advice firm who use in-house resources for data entry and administration of the off-platform assets

Source: 2022 Netwealth AdviceTech Report

# Client portal mobile app

## White labelling

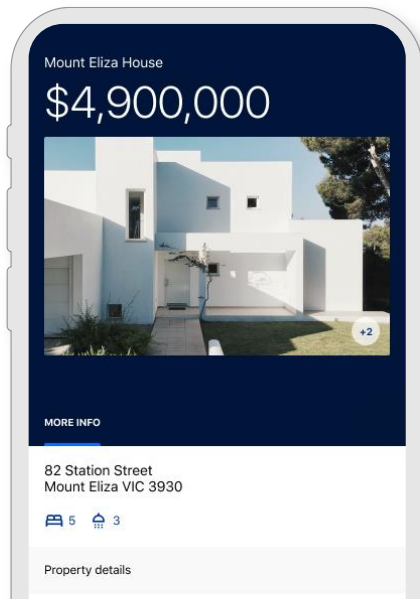
Mobile app plus browser-based desktop configured to the brand.



## Mobile 'whole of wealth'

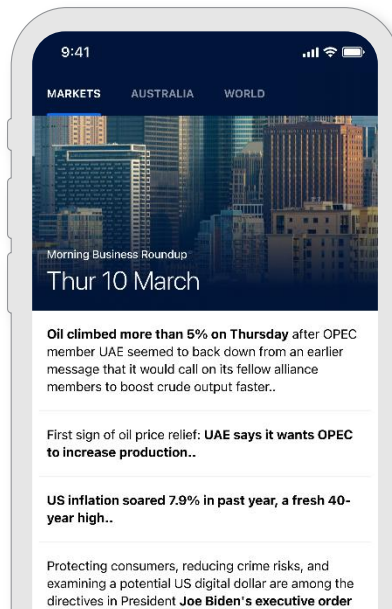
Bank and property feeds plus integration with Xepxo data.

Prototype only



## Daily business & finance news

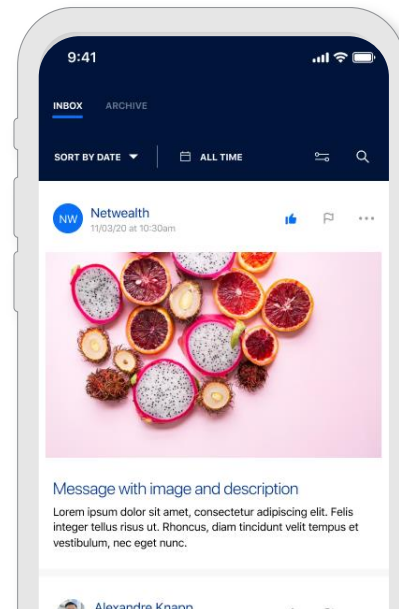
A daily feed of our morning business roundup business and finance news.



## Activities on mobile

Clients can view tasks and approve or action Netwealth or adviser originated activities, e.g. fee proposals.

Prototype only



# Activities tasks, alerts and messages

New Inbox-style feature-rich area of the platform, to enhance usability and team efficiencies, features include:

- corporate actions, wholesale certificate expiries, TD maturities, minimum cash alerts, open proposals
- Notification of due and expiry dates
- Ability to filter, flag, re-assign activities
- Client instructions via the client portal (mobile app), including approvals and signatures
- Adviser to client message creation on an individual and bulk task basis

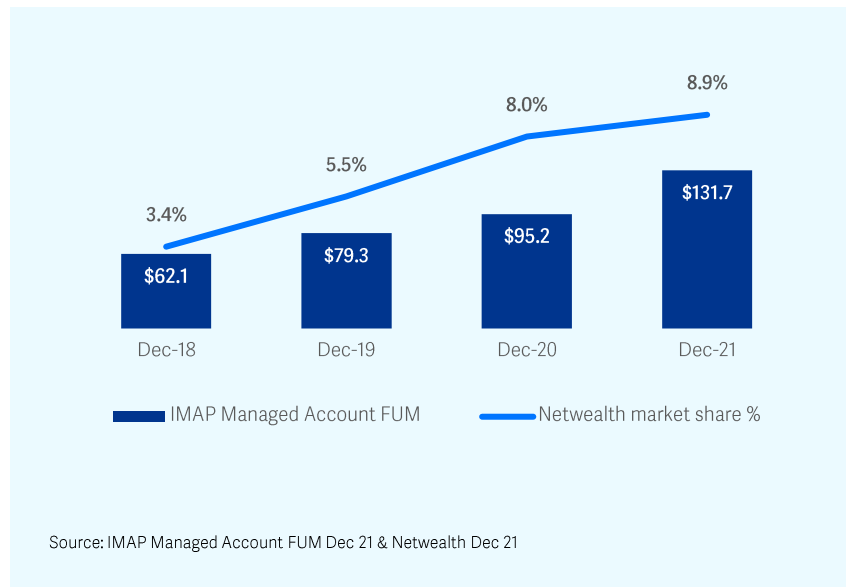
Prototype only

The screenshot displays the Netwealth 'Activities' dashboard. The top navigation bar includes 'netwealth', 'My Business', and a search bar. Below the navigation, there are tabs for 'Dashboard', 'Activities', 'Reports', 'Bulk Transactions', 'Open an Account', 'Business Settings', 'Research', and 'Support'. The main content area is titled 'Activities' and shows a list of tasks. A sidebar on the left provides filters for 'All', 'Assigned to me', 'Assigned to clients', 'Assigned to others', 'Drafts', and 'Archive'. Below the sidebar, there are 'Saved views' for 'Pending withdrawals', 'Term deposits', and 'Corporate actions'. The task list includes items like 'Adviser approval needed', 'NAB 1 yr 0.95% term deposit is maturing in 14 days on 30 September 2021', 'Document missing for Super Account', 'ALS limited ALS Renounceable Rights Issue closes in 14 days on 30 September 2021', 'Pending withdrawal shortfall - \$10,000.00 withdrawal amount', and 'Corporate Action Meeting Notice - CBA Commonwealth Bank of Australia closes on 25 November 2021'. A detailed view of the 'Document missing for Super Account' task is shown on the right, including a message to 'Anna and John' and two PDF attachments: 'soa\_document-23945.pdf' and 'soa\_document-23946.pdf'.

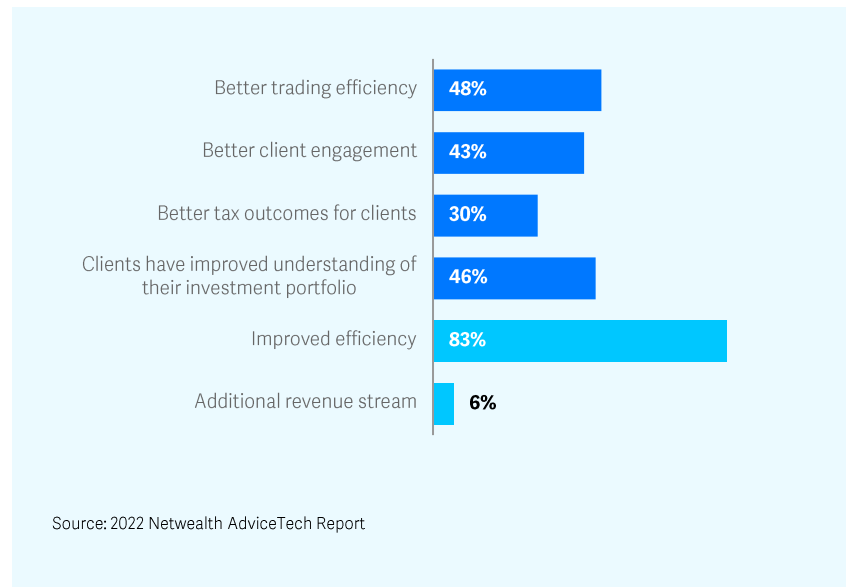
# Managed Account industry outperformance

Netwealth is a leading player in the Managed Account industry

**Netwealth Managed Account market share increased to 8.9% at Dec 21 as industry Managed Account FUM continued to increase**



**What benefits have you received from Managed Accounts, of those that use them?**

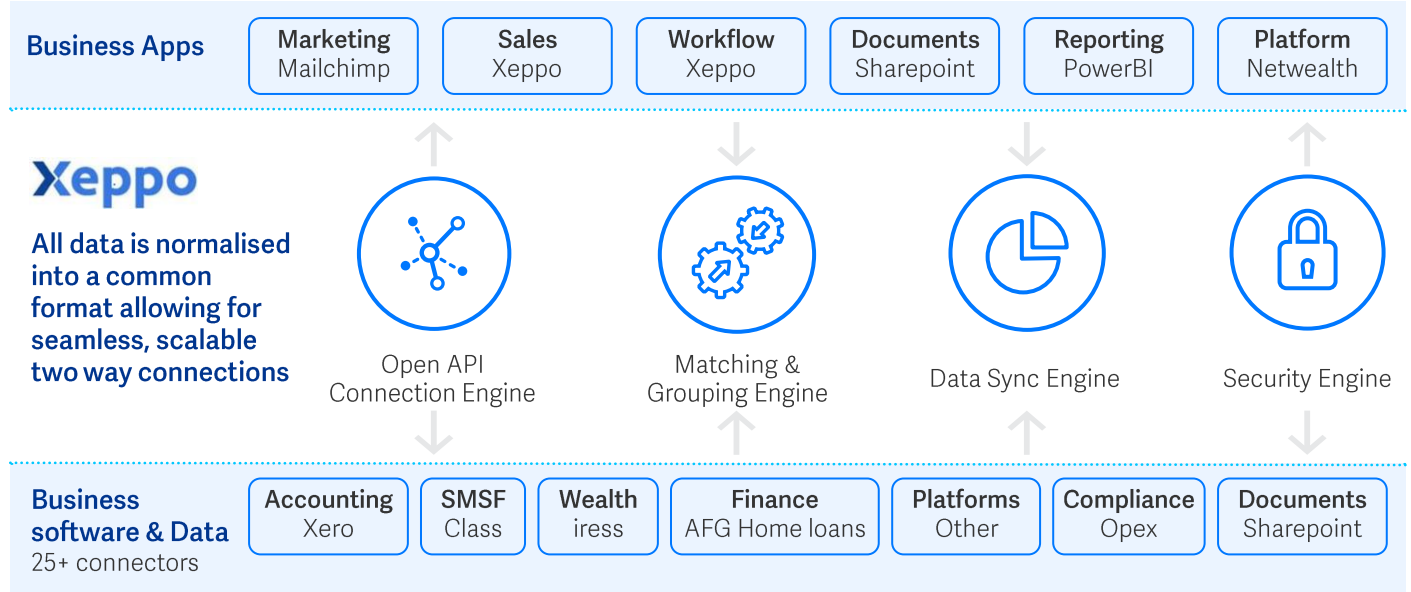


# Further investment in Xeppo and data analytics

**Connect your financial services and accounting data with Xeppo and Netwealth to unlock its full potential**

Xeppo and Netwealth unlock the power of data with client information in a single view interface, automates tasks that drive client relationships and the analysis of data in real-time to drive business growth and revenue decisions.

Growth funding of up to \$2.5 million to accelerates ongoing development and expansion in data analytics and business management platform which aligns with Netwealth’s “Whole of Wealth” strategy. Pathway to 100% ownership.



# Reporting and analytics

NEW: Practice Insights

## Aggregate data across multiple sources

Using Practice Insights and Xeppo to consolidate and clean data across disparate data sets (e.g. Netwealth, Commpay or Xplan) for analysis and insights about clients. Save valuable time using pre-configured dashboards.

## Improve data quality

Identify data gaps across key client topics, including details, advice and FDS.

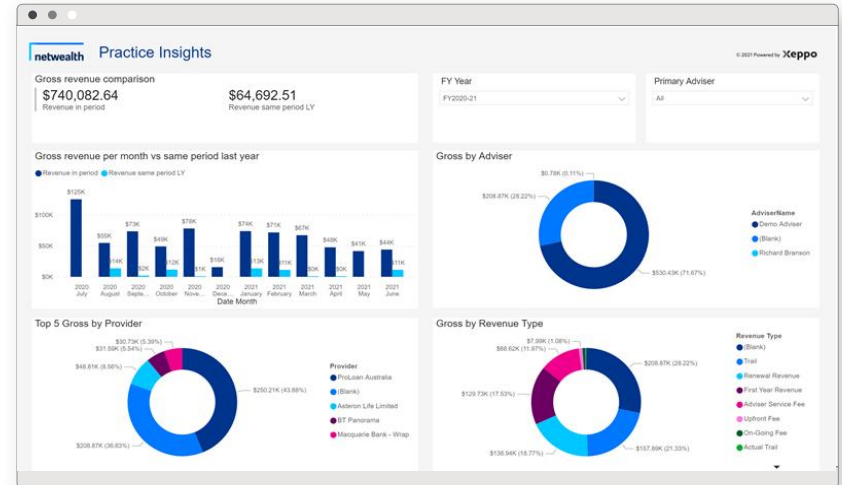
## Understand clients revenue and fees better

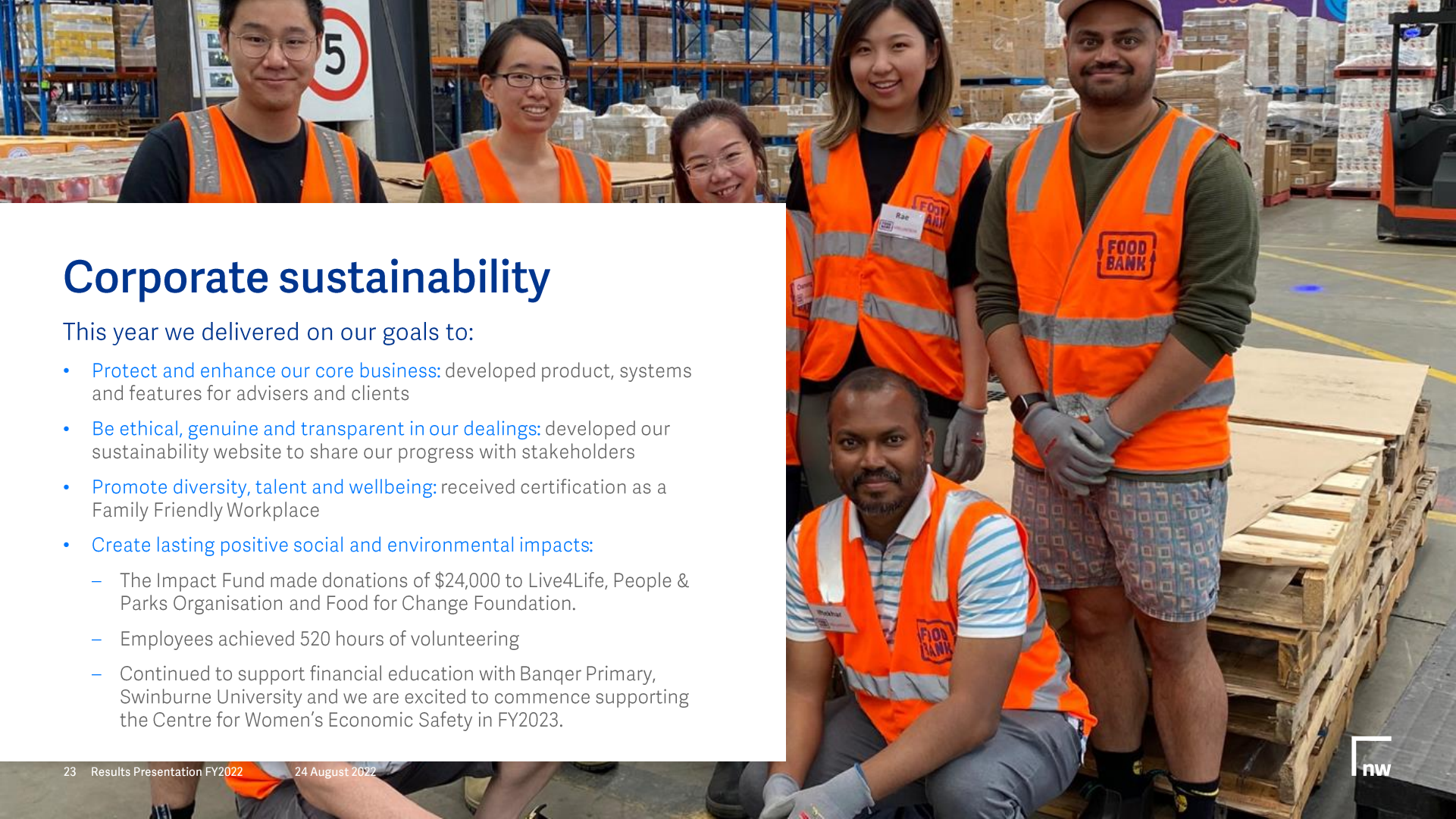
Access data visualisations of FUA and revenue across different dimensions, inc. client groups, source of revenue, adviser (and for different periods).

## Highlight and flag important client KPIs and compliance risks

With Practice Insights and Xeppo advice firms will have access to a range of important client KPIs, including:

- Fee for no service
- Excessive fees
- No FDS
- Investment outside risk profile
- ROA with no SOA
- Insurance policies with no fees
- And more...





## Corporate sustainability

This year we delivered on our goals to:

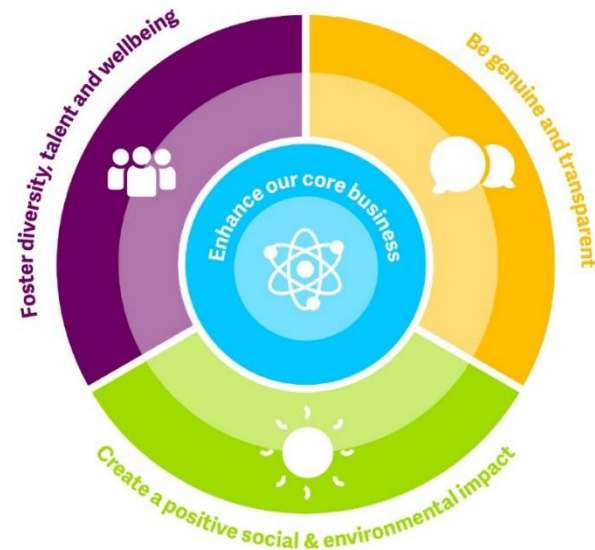
- **Protect and enhance our core business:** developed product, systems and features for advisers and clients
- **Be ethical, genuine and transparent in our dealings:** developed our sustainability website to share our progress with stakeholders
- **Promote diversity, talent and wellbeing:** received certification as a Family Friendly Workplace
- **Create lasting positive social and environmental impacts:**
  - The Impact Fund made donations of \$24,000 to Live4Life, People & Parks Organisation and Food for Change Foundation.
  - Employees achieved 520 hours of volunteering
  - Continued to support financial education with Banquer Primary, Swinburne University and we are excited to commence supporting the Centre for Women’s Economic Safety in FY2023.

# Corporate sustainability

## Looking forward

- **Protect and enhance our core business**
  - Continue to invest in system scalability and security
  - Provision of more information and functionality to advisers
- **Be ethical, genuine, and transparent in our dealings**
  - Incorporate corporate sustainability targets into Executive performance metrics
  - Engage stakeholders on our progress to date
- **Promote diversity, talent and wellbeing**
- **Create a lasting positive social and environmental impact**
  - Continue to financially support Live4Life, People & Parks Organisation and Food for Change Foundation through fundraising into the Netwealth Impact Fund
  - Achieve 1,000 hours of volunteering across our business
  - Financially support Banquer Primary and the Centre for Women's Economic Safety
  - Work with students at Swinburne University on a Design Sprint to explore improving knowledge of cyber security

For more detail on our achievements and our goals, visit our website: <https://www.netwealth.com.au/web/about-netwealth/corporate-sustainability/>





# Our people strategy

Employee's experience that centres around our people, our culture, our capability and our community

## Talent development and retention

- Recognise, reward, promote and celebrate our talented people internally and externally
- Create stronger career pathways to promote succession and talent development
- Engage new hiring partners to increase efficiency and equitable work share
- Grow the graduate program

## Inclusion and diversity

- Implement the remaining Respect@Work recommendations
- Increased services to support all types of carers

## Social and wellbeing

- Increase awareness of financial wellbeing and digital wellbeing
- Targeted social networking as workplace attendance increases
- Health and wellbeing activities, such as the triathlon, healthy week and other events

**Netwealth employee satisfaction score of 79% (top 25% quartile)**

## A successful year in talent acquisition

- Continued strong growth in talent even in a challenging hiring environment
- Headcount growth of ~30%
- Expanded throughout Australia and further into Vietnam

## Scaling for the future through key organisation structure enhancements

- Implemented our graduate program
- Achieved a gender pay gap of 3.9% for employees and 13.8% for managers
- 81% of employees believe they have a good work life balance

# FY2022 Financial performance

# 3

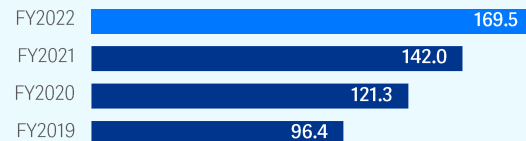
# FY2022 financial results

Financials	FY2022 Actual	FY2021 Actual	Change	% Change
<b>Platform Revenue</b>	<b>169.5</b>	<b>142.0</b>	<b>27.5</b>	<b>19.4%</b>
Other Income	3.8	2.9	0.9	30.0%
<b>Total Income</b>	<b>173.3</b>	<b>144.9</b>	<b>28.4</b>	<b>19.6%</b>
Employee Benefits Expense	(63.8)	(50.1)	13.7	27.4%
Other Costs & Expenses <sup>1</sup>	(21.3)	(15.0)	6.3	41.8%
<b>Total Operating Expenses<sup>1</sup> excluding non-cash share based payments</b>	<b>(85.1)</b>	<b>(65.1)</b>	<b>20.0</b>	<b>30.7%</b>
Underlying EBITDA <sup>1</sup> excluding non cash share based payments	88.2	79.8	8.4	10.5%
Underlying EBITDA Margin <sup>1</sup> excluding non cash share based payments %	50.9%	55.0%	(4.1%)	-
Share Based Payments Expense	(3.1)	(0.4)	2.7	659.8%
<b>Total Operating Expenses<sup>1</sup></b>	<b>(88.2)</b>	<b>(65.5)</b>	<b>22.7</b>	<b>34.6%</b>
Underlying EBITDA <sup>1</sup>	85.1	79.3	5.7	7.2%
Underlying EBITDA Margin <sup>1</sup> %	49.1%	54.8%	(5.7%)	-
<b>Underlying NPAT<sup>1</sup></b>	<b>55.9</b>	<b>54.1</b>	<b>1.8</b>	<b>3.3%</b>
Underlying NPAT margin <sup>1</sup> %	32.3%	37.3%	(5.0%)	-
<b>Underlying Operating net cash flow before taxation<sup>1</sup></b>	<b>83.7</b>	<b>78.1</b>	<b>5.6</b>	<b>7.1%</b>
Underlying EPS – diluted (cents) <sup>1,2</sup>	22.7	22.1	0.6	2.7%

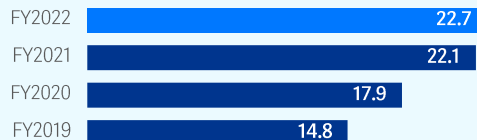
\$M unless otherwise stated

1. Operating Expenses, Underlying EBITDA, Underlying NPAT, Underlying operating net cash flow and Underlying EPS excludes \$0.5 million of legal and consulting costs which are not recurring in nature as they relate to acquisitions no longer pursued
2. EPS has been calculated on a dilutive basis to include all ordinary shares and have assumed all options and rights currently on issue has vested and converted to ordinary shares as at the beginning of the period

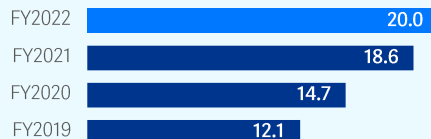
## Platform Revenue (\$M)



## EPS (cents)



## DPS (cents)



Source: Netwealth



# FY2022 key performance metrics

Platform Statistics		FY2022 Actual	FY2021 Actual	\$ Change	% Change
Funds Under Administration	FUA (EOP)	55,652	47,138	8,514	18.1%
	FUA net inflows	12,989	9,811	3,178	32.4%
	Market Movement	(4,475)	5,825	-	-
	Fee Paying FUA % (EOP)	65.4%	65.6%	-	-
	Platform Revenue per average FUA (bps)	31.4	36.8	(5.4)	(14.8%)
Funds Under Management	FUM (EOP)	13,079	11,746	1,333	11.3%
	FUM net inflows	2,585	3,247	(662)	(20.4%)
Managed Account (FUM)	Managed Account (EOP)	11,170	9,835	1,335	13.6%
	Managed Account net inflows	2,321	2,964	(643)	(21.7%)
Managed Funds (FUM)	Managed Funds (EOP)	1,908	1,911	(3)	(0.1%)
	Managed Funds net inflows	264	283	(19)	(6.8%)
Cash	Cash transaction account as a % of FUA (EOP)	7.9%	6.9%	-	-
Clients	Accounts (EOP number)	115,642	97,319	18,323	18.8%
	Financial intermediaries (EOP number)	3,327	3,130	197	6.3%

\$M unless otherwise stated  
EOP – End of Period  
Net Inflows exclude market movement

## FY2022 commentary

- Record FUA net inflows of \$13 billion for FY2022
- Negative market movements across global equity markets in 2H2022 impacted closing FUA and increased year end fee paying FUA %
- Platform revenue per average FUA bps impacted by higher average balances, lower cash margin and lower cash balances
- Growth in FUM net inflows for FY2022 when one off transition is excluded
- Managed Account net inflows significant contributor to FUM growth
- Managed Funds balance impacted by negative market movements in 2H2022
- Cash transaction account balances increased at end of Q4 FY2022
- Strong growth in Accounts and Financial Intermediaries

# Key statistics analysis

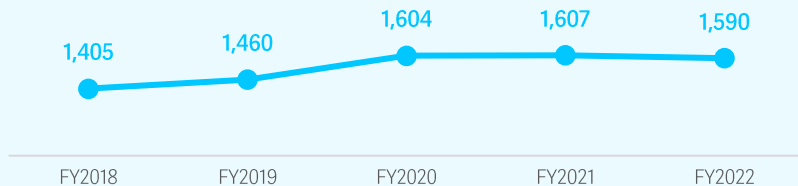
## Revenue per account maintained despite interest rate headwinds in FY2022

- Average Account size increased to \$507,000 for FY2022
  - as average Account size increases, revenue streams are diversified and ancillary revenues increase
- Platform Revenue per Account decreased to \$1,590, a decrease of \$17 for FY2022 reflecting:
  - The lower cash margin rate and lower cash balances
  - The lower cash margin rate was partially offset by an increase in platform revenue per account across all other revenue streams, reflecting a larger average account size and an increase in platform revenue diversification.
- Platform revenue/average FUA of 31.4 bps for FY2022, decreased by 5.4bps compared to FY2021, primarily due to lower cash margin rate, lower cash balances and higher average account sizes.
- The average bps earned in 2H2022 was higher than 1H2022 (when cash is excluded).

—●— Average FUA \$000/average no. of accounts



—●— Platform revenue \$/average no. of accounts



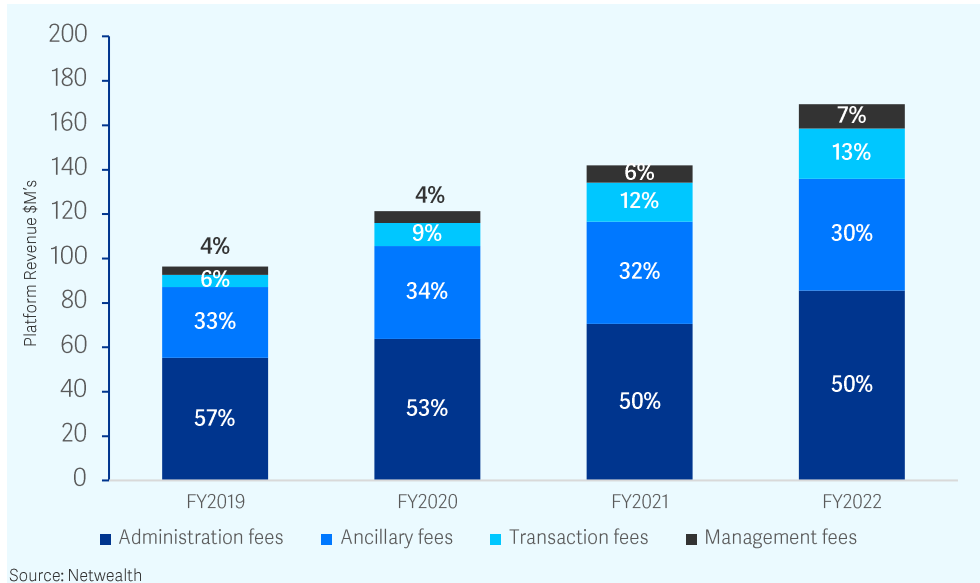
—●— Platform revenue \$mil/average FUA



# Platform revenue composition

FY2022 ancillary fee revenue diversification was impacted by lower cash fee income, all other fee areas increased for the year

## Platform revenue split FY2019 to FY2022



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
- Non-custodial administration
- Premium assets

### Transaction fees

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

### Management fees

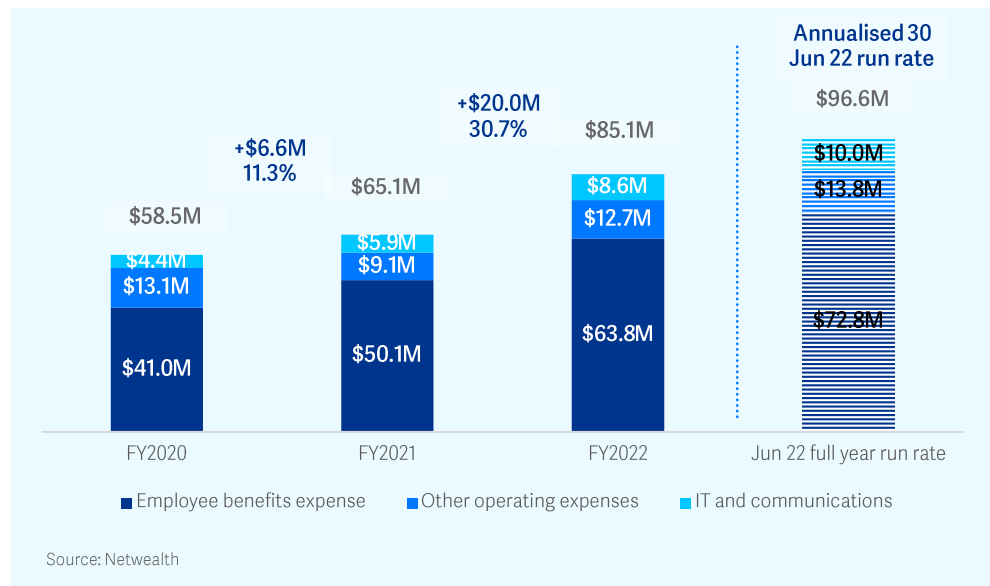
- NWL Funds
- Managed Account

Going forward Netwealth will be recognising transaction fee revenue on a "gross" basis and recording cost of execution as a direct cost.

# Significant re-investment to support revenue growth and innovation

Strategic investments across IT infrastructure, people and software

## Total underlying operating expenses\*



## FY2022 commentary (comparisons FY2021)\*

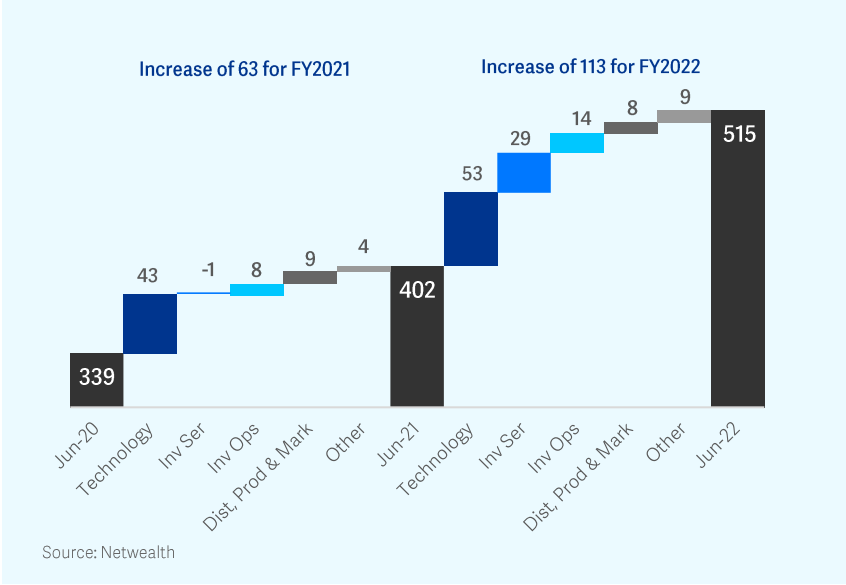
- Total underlying operating expenses of \$85.1 million (\$65.1 million), an increase of \$20.0 million, 30.7% increase from FY2021
- Employee benefits expense of \$63.8 million represents 75% of total underlying operating expenses and includes inhouse Technology development, product development and client service teams
- Employee benefits expense increase of \$13.7 million, a 27.4% increase to FY2021 reflects the FY2022 headcount increase of 113 roles; headcount increase of 55 roles in 1H2022 and 58 roles in 2H2022 and the full year impact of FY2021 headcount increase of 63 roles
- A scale up of investment in software and IT infrastructure increased IT and communicating operating expenses by \$2.7 million (46.4% increase) to \$8.6 million for FY2022
- Jun 2022 full year run rate illustrates full year impact of FY2022 initiatives

\*Excluding share based payments expenses

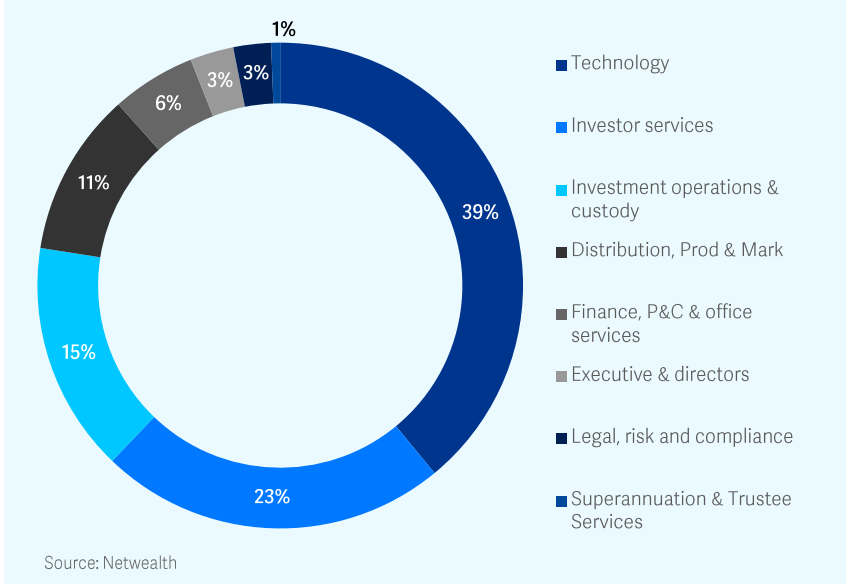
\*Excluding share based payments expenses

# Investing in our people

Increase in Technology headcount of 53 roles, 47% of FY2022 new hires



Headcount by function 30 June 2022





# Summary Strong financial and market position



## Strong balance sheet

- low capital expenditure
- no debt
- significant cash reserves



## Exceptional correlation between EBITDA and Cash Flow



## High level of recurring and growing revenue



## Ongoing strategic investment across IT infrastructure, people and software



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



## #1 Platform

1. Rated by Investment Trends as number 1 in Overall Satisfaction by users for the tenth consecutive year (2014-2021) and rated number 1 by Investment Trends for Best Platform Overall in 2017-2019 and 2021-2022.

# **FY2023 Succession and Outlook**

# 4

# Managing succession

- In accordance with the company's succession plan, Michael has advised that he intends to step back from the day to day management of Netwealth.
- Effective 1 October 2022 Matt Heine will be appointed sole Managing Director and Michael will continue to act as an Executive Director.
- The succession plan has been in place for a considerable length of time and this change is just one of the planned phases.
- Executive team are very well placed to continue to lead and grow the company and build on the existing strategy which has been so successful to date.

# Outlook

- Net Inflows growth continued to accelerate in FY2022 and we expect to benefit from ongoing industry consolidation and change.
- Expect benefits from growth in the affluent, high net-worth and private wealth groups as the platform functionality supports and enables the unique and differentiated needs of the segment.
- Our pipeline and win rate for new business remains very strong across all key market segments including, brokers, mid market & small institutions with a number of large endowment funds and trusts transitioning.
- Optimistic about the success of our new non-custodial administration services (MAPs) and we expect this service to grow through FY2023.
- Recent increases in the cash margin rate will positively impact cash revenue for FY2023 and beyond.
- Investment in strategy will enable us to:
  - maximise the opportunity build upon our success;
  - maintain our scalability and service levels;
  - continue to be an innovative market leader; and
  - focus on profitable growth and revenue diversification.
- Continuing to invest in our people and technology to enable us to grow rapidly in the future, however our head count growth is expected to slow in 2023.
- Forecast FY2023 FUA Net Inflows in the range of \$11 to \$13 billion, subject to no material deterioration in economic and financial market condition, regulatory changes, unexpected loss of significant clients or delays in timing of major transitions.
- We will provide further updates throughout the year as FUA Net Inflows conditions become more certain.

# FY2022 Questions

# 5

# Thank you

**See wealth differently**  
**Discover the possibilities**



# **FY2022**

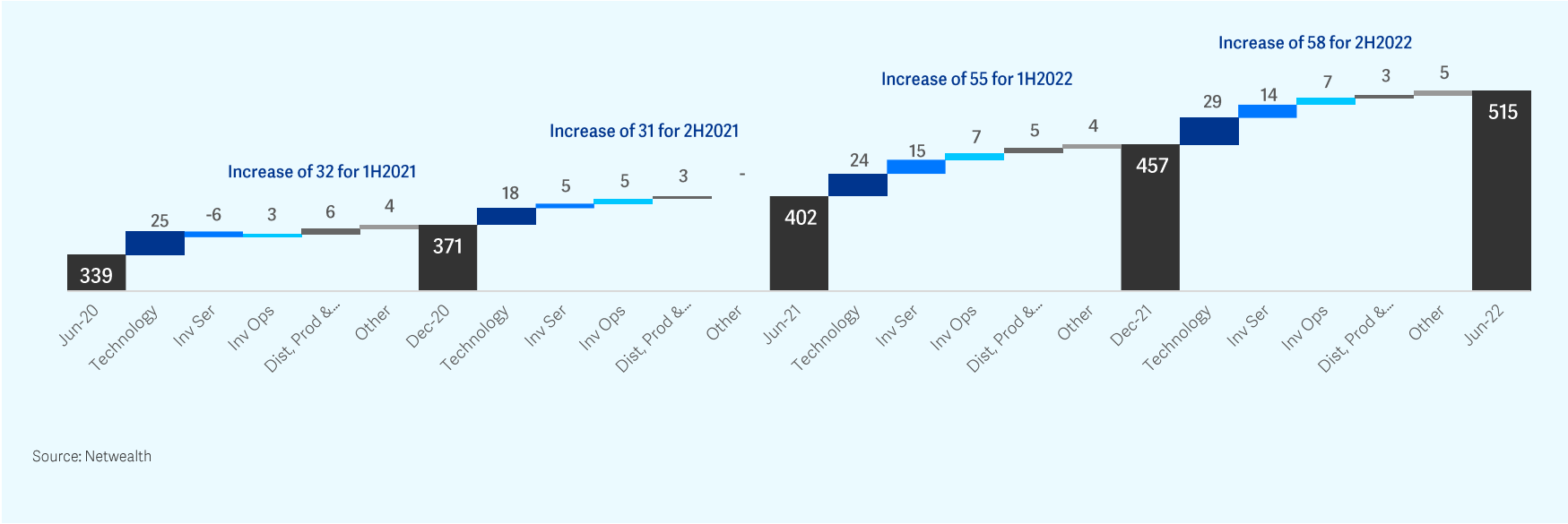
## **Appendix and additional information**

# 6

# Investing in our people and technology

Strategic investments across IT infrastructure, people and software

## Analysis of half yearly headcount increase



Source: Netwealth



# Underlying profit for FY2022

Set out in the table below is the reconciliation from EBITDA to underlying EBITDA and NPAT for FY2022 to reflect an adjustment on non recurring costs

## Consolidated Group for Period Ended

	30 Jun 2022	30 Jun 2021	Variance	Variance
	\$'000	\$'000	\$'000	%
<b>EBITDA</b>	<b>84,591</b>	<b>79,349</b>	<b>5,242</b>	<b>6.6%</b>
Add back: Non-recurring expense	501	-	501	100.0%
<b>Underlying EBITDA</b>	<b>85,092</b>	<b>79,349</b>	<b>5,743</b>	<b>7.2%</b>
Underlying EBITDA margin	49.1%	54.8%	(5.7%)	-
Interest on leases	(497)	(64)	433	674.7%
Depreciation and amortisation	(2,984)	(2,054)	930	45.3%
Income tax expense	(25,558)	(23,128)	2,430	10.5%
Addback: Tax impact from non-recurring expense	(150)	-	150	100.0%
<b>Underlying NPAT</b>	<b>55,903</b>	<b>54,103</b>	<b>1,800</b>	<b>3.3%</b>
Underlying NPAT margin	32.3%	37.3%	(5.0%)	-
<b>Underlying EPS (cents per share)</b>	<b>22.7</b>	<b>22.1</b>	<b>0.6</b>	<b>2.7%</b>

# Underlying profit excluding non-cash share based payments for FY2022

## Consolidated Group for Period Ended

	30 Jun 2022	30 Jun 2021	Variance	Variance
	\$'000	\$'000	\$'000	%
<b>Underlying EBITDA</b>	<b>85,092</b>	<b>79,349</b>	<b>5,743</b>	<b>7.2%</b>
Add back: non-cash share-based payment	3,053	402	2,651	659.5%
<b>Underlying EBITDA excluding non-cash share-based payment</b>	<b>88,145</b>	<b>79,751</b>	<b>8,394</b>	<b>10.5%</b>
Underlying EBITDA margin excluding non-cash share-based payment	50.9%	55.0%	(4.1%)	-
Interest on leases	(497)	(64)	433	676.6%
Depreciation and amortisation	(2,984)	(2,054)	930	45.3%
Income tax expense	(25,558)	(23,128)	2,430	10.5%
Addback: Tax impact from non-recurring expense	(150)	-	150	100.0%
<b>Underlying NPAT excluding non-cash share-based payment</b>	<b>58,956</b>	<b>54,505</b>	<b>4,451</b>	<b>8.2%</b>
Underlying NPAT margin excluding non-cash share-based payment	34.0%	37.6%	(3.6%)	-
<b>Underlying EPS excluding non-cash share-based payment (cents per share)</b>	<b>23.9</b>	<b>22.2</b>	<b>1.7</b>	<b>7.6%</b>

# Underlying Cash Flow

The table below sets out the summary of the underlying consolidated statement of cash flows for FY2022 and FY2021

## Consolidated Group for Period Ended

	30 Jun 2022	30 Jun 2021	Variance	Variance
	\$'000	\$'000	\$'000	%
Receipts from customers	186,387	151,211	35,176	23.3%
Other operating cash flows	(96,096)	(80,056)	(16,040)	(20.0%)
Adjustment for (proceeds)/ payment in relation to leasehold	(3,080)	2,982	(6,062)	(203.3%)
Adjustment for (proceeds)/payment of non recurring deposit	(4,000)	4000	(8,000)	200.0%
Adjustment for payments of non recurring legal and consulting costs	501	-	501	100.0%
<b>Underlying operating net cash flows before taxation and interest</b>	<b>83,712</b>	<b>78,137</b>	<b>5,575</b>	<b>7.1%</b>
Investing activities	(3,695)	(3,221)	(474)	14.7%
Adjustment for acquisitions	-	2,521	(2,521)	(100.0%)
Adjustment for seed funding for Managed Funds	1,000	1,500	(500)	(33.3%)
<b>Free cash flows</b>	<b>81,017</b>	<b>78,937</b>	<b>2,080</b>	<b>2.6%</b>

# Investing so we can grow rapidly

Netwealth continues to invest with focus on medium to long term



## Maintain market leading customer service & technology (FY2021 + FY2022)

Implemented a new workflow management system in November 2021 to create efficiency in processing and to increase workflow transparency to clients and financial advisers.



## Scaling via the cloud (FY2022)

Continued the migration of our infrastructure to the cloud, providing better service to clients, simplified maintenance and enhanced response systems.

## Investment in software capital

