

Infocus Wealth Management

ANNUAL GENERAL MEETING

29th November 2023



infocus

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The Big Picture
Roy McKelvie,
Chairman

Performance & Strategy Update
Darren Steinhardt,
Managing Director

Financial Results
Mike Laffoley,
Chief Financial Officer

AGM Ordinary Business
Roy McKelvie
Chairman

AGENDA

THE BIG PICTURE

Roy McKelvie - Chairman of the Infocus Board of Directors

ACHIEVEMENTS

FY23 Objectives

1. Growth
2. Re-engagement with network post COVID-19
3. Accelerate the roll out of PlatformplusWRAP
4. Grow FUM within Infocus and Alpha suite of implemented portfolio solutions
5. Obtain an investment grade rating
6. Leverage our best practice governance and risk management framework to enhance our PI Insurance solutions

FY23 Achievements

1. Achieved 29th year of consecutive growth, launch of Partner Program to drive further growth
2. iCON22 held in October with 85% attendance
3. 5 x tech upgrades, FUAdmin growth to \$166.7m
4. Growth of FUM by 89%, from \$550m to now well over \$1Bn with growth accelerating
5. Achieved 3.75 stars and favourable rating from SQM Research
6. The renewal of PI insurance coverage successfully placed in April 2023 with enhanced conditions and no premium impact to advisers



Favourable



FY23 Disappointments

1. The level of growth achieved was not of a sufficient quantum to return the company to an acceptable level of profit
2. A reduction in adviser and practice numbers, the first such reduction in five years
3. The development work to close out the PF+WRAP Statement of Works is not yet complete. This has caused a lag to inflows with an associated negative impact to revenue
4. Plans to develop PlatformplusSIGN, a universal FDS / Fee Consent App, were placed on hold due to regulatory uncertainty
5. The continuation of three x legal matters is a drag on focus and resources

THE YEAR AHEAD

Regulatory Environment

- Quality Advice Review
- ASIC (and cost, e.g., ASIC funding mechanism, COSL)
- Education Pathways
- Other ideological bumpkin



Industry Response / Impact

- Collaboration
- Cautious optimism
- Tech investment is on hold
- Further exodus risk finely balanced
- The continuation of a suboptimal system

Strategic Direction

- More / better advice
- Playing a Bigger Game - scale
- Partner Program - alignment
- OEC - execution
- Infrastructure – cost and efficiency



Financial Implications

- Client wins
- Advisers win
- We win

PERFORMANCE & STRATEGY UPDATE

Darren Steinhardt - Founder & Managing Director

INDUSTRY BACKDROP

We are the 17th largest financial advice group in Australia

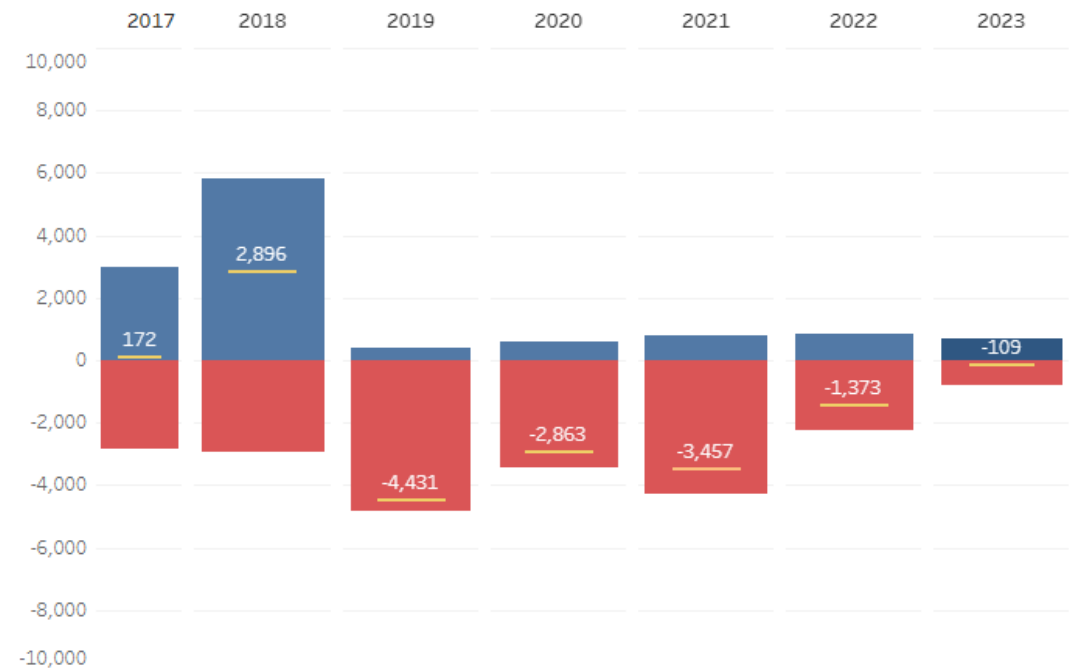
159 financial advisers across 102 practices

Adviser market share of 1.12% , revenue market share of 2.2%



Supply continues to tighten ...

Year on Year Comparison



... while demand continues to grow.

REVENUE DRIVERS

Infocus has diversified revenue opportunities covering multiple advisory segments and key components of the financial advisory value chain.

B2B

All financial advice practices operating within the Infocus network pay licensee fees, including a base fee and a percentage of fee and commission revenue generated.

B2C

Fees for advice and tax/accounting, in addition to commissions for life insurance and mortgage broking.

B2D

A growing opportunity from the delivery of a range of user pays services provided to advisory practices licensed externally to Infocus.

Software

User pays license fees for PlatformplusWMS.

Platform

Revenue from investment, superannuation and pension accounts operating on PlatformplusWRAP.

Investment Management

Revenue generated from the building and management of a series of managed funds, separately managed accounts, and consulting services.

GROUP STRATEGY

Strategy Objective

Our strategy will see Infocus complete its evolution from a mid-sized player in the Financial Advice industry, to a strong Tier 1 participant in the Wealth Management industry, with profitable business units covering Advice, Financial Technology and Investment Management that can operate on a stand alone basis, but are stronger synergistically.

1.

EXPANSION OF SCALE

the Advisory Network to Tier 1 (i.e., >250 advisers).

2.

OPPORTUNITIES OF SCALE

we will use our scale to drive down input costs and to improve operating margin for ourselves, our clients, and their clients.

INFOCUS TODAY



ADVICE

- 18,000 clients
- B2B, 102 Practices, Partner Program
- B2C, Project Focus, re-set for Growth
- Operational Excellence Collective, incl. OEC, OEX, Ops Engine, and the Paraplanning Collective



INFRASTRUCTURE









- Governance, operating at best practice standards
- PlatformplusWMS Ecosystem, incorporating AMS, RMS, and CMS
- PlatformplusWRAP
- B2D, new opportunity, 10 AFSLs



INVESTMENT MANAGEMENT

- 3.75 stars from SQM Research
- \$1.025Bn across managed funds, managed investments, separately managed accounts, and bespoke portfolios
- Institutional grade capital market capability

FY23 KEY RESULTS

GROSS REVENUE	EBITDA	NPAT	NET BANK DEBT
 <p>\$76.73m Up 4.7%</p>	 <p>\$1.204m * Up 312%</p>	 <p>-\$2.313m Up \$1.462m</p>	 <p>\$9,107m Down 19%</p>
FINANCIAL ADVISERS	ADVISORY PRACTICES	FUNDS UNDER ADVICE	FUNDS UNDER MANAGEMENT
 <p>159 Down 9%</p>	 <p>102 Down 14%</p>	 <p>\$9.7Bn Up 8%</p>	 <p>\$1.025m Up 89%</p>

* Underlying EBITDA, reportable EBITDA was \$930k, up 218% on FY2022

FY23 NET REVENUE ANALYSIS

Financial Results	2023 \$'000	2022 \$'000	% Change from 2022	2021 \$'000	% Change from 2021
Gross Revenue	\$76,730	\$73,800	+ 3.97%	\$69,609	+10.23%
Net Revenue	\$14,066	\$14,049	+ 0.001%	\$15,988	-12.0%
EBITDA	\$1,204	\$292	+ 312.3%	\$2,545	-52.7%

Segmentation of Net Revenue	2023 \$'000	2022 \$'000	% Change from 2022	2021 \$'000	% Change from 2021
Financial Advisory Network	\$6,219	\$5,937	4.75%	\$5,568	11.69%
Financial Advisory Practice	\$4,242	\$4,241	0.02%	\$5,361	-20.87%
Investment Management	\$1,511	\$1,239	21.95%	\$1,235	22.35%
Platform	\$769	\$286	168.88%	\$2,231	-65.53%
Software	\$1,325	\$1,477	-10.29%	\$1,445	-8.30%

B2B – up 4.75%, sustained year on year organic growth

B2C – up 0.02%, the first year of growth for over five years, finally stemming losses caused by actions of former staff

Investment Management – up 21.95%, continued strong revenue growth off the back of booming FUM growth

Platform – sustainable revenue up 168.88%, albeit off a low base. The commencement of the program to rebuild revenue lost off the back of recent regulatory change

Software – down -10.29%, revenue aligned to adviser numbers

GROWTH STRATEGY



ADVICE

- Further implementation of our Partner Program
- Grow B2B via organic means and opportunistic acquisitions
- Grow B2C via organic means and acquisitions
- Further expansion of the Operational Excellence Collective and associated activities



INFRASTRUCTURE

- Build inflows to PlatformplusWRAP
- Continue the evolution of PlatformplusAMS
- Maintain best practice in governance
- Provision of Infrastructure services beyond Infocus, e.g. growth of B2D



INVESTMENT MANAGEMENT

- Maintain or enhance our research rating
- Continue to build flows towards our suite of implemented portfolio solutions
- Provision of further bespoke portfolios
- Provision of Investment Management services beyond Infocus

FINANCIAL RESULTS

Mike Laffoley - Chief Financial Officer

FINANCIAL RESULTS

- Results summarised here are as per the audited financial statements contained in the Annual Report
- Gross revenue includes brokerage collected on behalf of self-employed advisers, the vast majority of which is passed through to advisers.
- Net revenue year-on-year was flat with much of the increase in brokerage being passed through to advisers. Pleasingly, there was growth in both infrastructure services and investment management revenue.
- Direct costs were down, primarily as a result of lower claims and provisions. The increase in overheads was as a result of running our first iCON in 3 years.
- EBITDA is starting to rebuild, albeit from a low base.
- Borrowings are up as a result of the raising of \$3.475million in Convertible Notes.

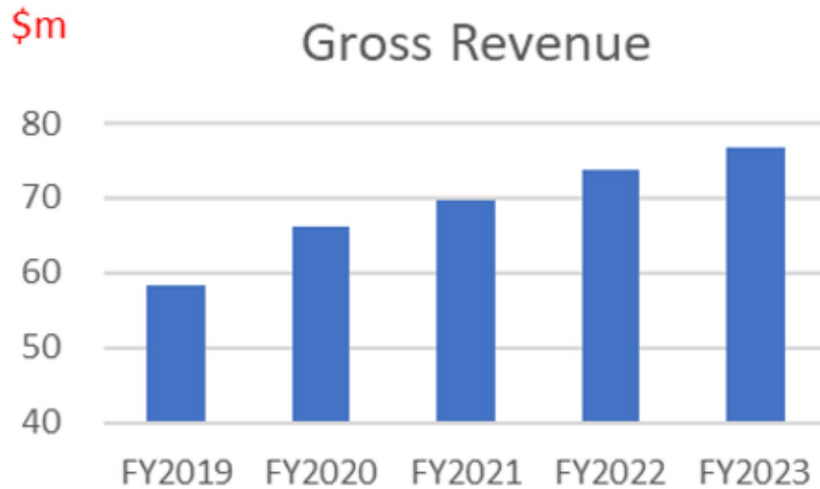
	2023 \$'000	2022 \$'000	% Change
Gross Revenue	76,730	73,800	up 4%
Net Revenue	14,066	14,049	up 0.1%
Direct Costs	9,724	10,759	down 10%
Overheads	3,577	3,332	up 7%
EBITDA	930	292	up 218%
NPBT	(2,546)	(2,549)	flat
NPAT	(2,313)	(3,775)	up 39%
Borrowings	13,701	12,482	up 10%
Shareholders Equity	9,076	11,433	down 14%

CASH FLOW SUMMARY

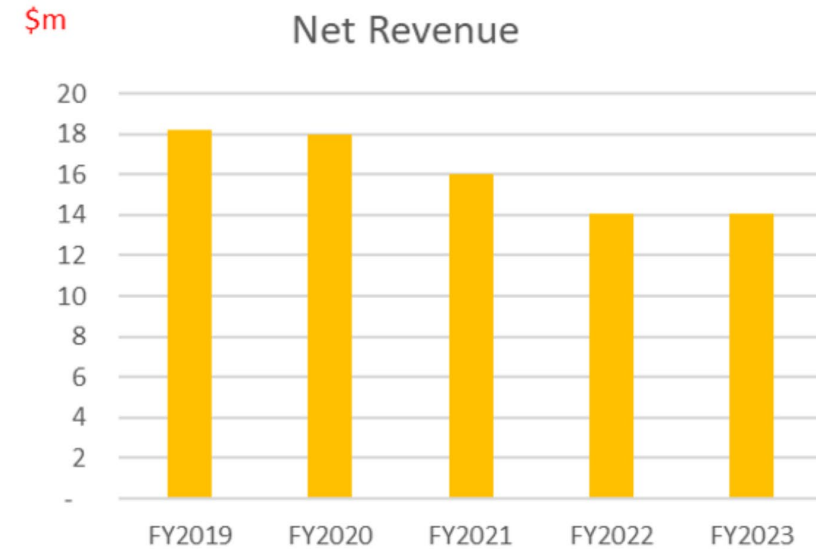
- Cash-flows from operations improved \$712k on the prior year and were positive for FY2023H2. We have returned to generating positive operating cash-flows.
- Proceeds from the sale of client books came from ex salaried advisers who chose to start their own advice businesses, and became self-employed advisers authorised through our B2B channel.
- Capital expenditure was primarily for the continued development of Platformplus (AMS and WRAP).
- Movement in net borrowings includes \$3.265 million raised in Convertible Notes in May/June 2023 less net reduction in bank borrowings.
- At 30 June 2023 we had \$3.26 million in undrawn bank loan facilities.

	2023 \$'000	2022 \$'000
Available cash at start of year	559	1,592
Net cash from operations	(518)	(1,230)
Proceeds from sale of client books	432	621
Capex	(833)	(1,839)
Movement in net borrowings	1,378	1,519
Other movements	(46)	(104)
Available cash at end of year	972	559
Undrawn Bank Funding	3,260	1,930

5 YEAR REVENUE

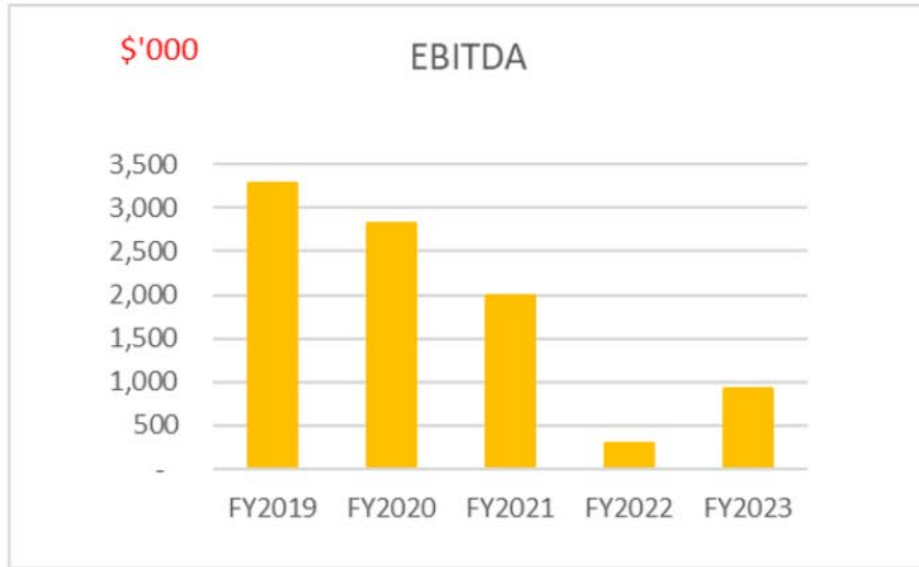


- Growth in gross revenue largely driven by growth in our B2B gross brokerage.
- We have generally been recruiting larger, more efficient advice offices which has more than compensated for revenue from smaller departing offices.

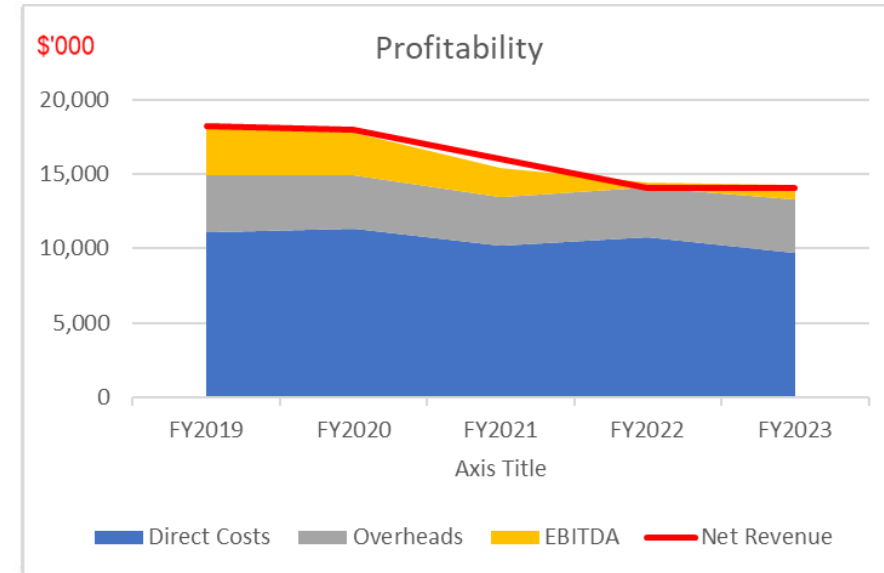


- Growth in gross brokerage has not translated to comparable growth in net revenue, which has been materially impacted by loss of distribution revenue from external platforms.
- Loss of external platform revenue flows straight through to the bottom line, so percentage reductions are higher. FY2021, FY2022 and FY2023 all significantly impacted.
- This bottomed out in FY2023, and we are now starting to see growth in both platform and investment management revenues.

5 YEAR PROFITABILITY



- EBITDA numbers as per audited financial statements (FY2019 to FY2023).
- Discontinuance of external platform/product revenue had a major impact on both FY2021 (\$1,519k) and FY2022 (\$1,505k).
- FY2021 and FY2022 results were also impacted by claims, remediation and bad debts expenses (\$766k and \$796k) respectively, which have not recurred in FY2023.



- Loss of revenue flowing from Hayne related issues has bottomed out. Regulatory changes is the primary cause of falling profitability.
- Expenses have been kept in check, and as platform and investment revenues grow, going forward we expect to see much of this flow to the bottom line.

AGM - ORDINARY & SPECIAL BUSINESS

- **Receive and consider the Financial Statements**
for noting only (no resolution required)
- **Resolution 1**
Re-election of Director – Mr. Jon Hubbard

AGM - ORDINARY & SPECIAL BUSINESS

To receive and consider the Company's financial report, the Directors' Report and the Auditor's report for the period ended 30 June 2023

Emphasis of Matter in Auditor's Report Related to Going Concern

- Drawing of attention – not a qualification. Our accounts are true and fair and continue to be prepared on a going concern basis (this item was also referred to in previous years' audit reports).
- Note 2A.(bb) to the financial statements provides a comprehensive explanation on matters relevant to this matter. It was entirely appropriate that the financial statements were prepared on a going concern basis, and we have been meeting all of our contracted principle and interest repayment obligations to Westpac on the due dates, but out of an abundance of caution your directors considered it prudent to continue to draw attention in Note 2A.(bb) to the ongoing assessment of going concern. The Auditor is therefore obliged to include this as an emphasis of matter in her report to members.

RESOLUTIONS TO BE PASSED

Resolution 1

Re-election of Director – Mr. Jon Hubbard

To consider and if thought fit, pass the following resolution as an ordinary resolution:-

That Mr. Jon Hubbard who retires in accordance with Rule 15.4 of the Company's Constitution, and being eligible for re-election, be elected as a Director of the Company.

OTHER BUSINESS & QUESTIONS

***in*focus**