Infocus Wealth Management Limited

Results Presentation and Strategy Update
for the Half-Year ended 31 December 2021

Darren Steinhardt, Managing Director

March 2022

Infocus is a national wealth management organisation.

At our heart, we're an advice business.

At our commercial core, we're the builders of a comprehensive framework offering all of the operational, infrastructural, and professional elements to successfully serve multiple levels of the developing financial advisory profession – and we achieve this in a continually evolving and complex regulatory environment.

Philosophically, we strive to be the partner of choice for successful financial advisers.

Strategically, we achieve this through our unique ability to offer a suite of services that enable advisers to engage with us in a way that serves their business model and needs.

EXECUTIVE SUMMARY

The expectations from the financial advisory profession for FY22 is a year of transformation; a year where the final elements of the governments regulatory change agenda come into effect, allowing the business structures and operating models for the future to be settled. To date, FY22 is operating according to these expectations.

As outlined at our recent Extraordinary General Meeting and then again at the FY21 Annual General Meeting (AGM), I've been back in the role of Managing Director of Infocus for ~4 years now and it's been a tough journey. I believe we (the Board, the Executive team, and our broader team) have done a good job in navigating the company through the myriad challenges brought about by the aforementioned regulatory change agenda, while at the same time seeking to restore the company to a position of strength and health. We've achieved a degree of success with the company now firmly entrenched in the Top 20 advisory groups in the country. However, there's more to do as we not only battle our way through, and out of, the last of the known and unknown challenges, but also prepare our company for the significant opportunities that lie ahead.

The FY22 half year has delivered results that are not unexpected, but they are short of what I would have liked to have been able to report.

Our activity is high, we're executing well on our strategic objectives with the right people doing the right things at the right time. We're growing strongly in 3 of our 5 key revenue generation areas, but disappointingly the revenue reductions driven by regulatory change and the Hayne Royal Commission (HRC) have offset the benefits of our growth. Further, the closing out of client remediation expenses stemming from our Business Health Check and the HRC has had an abnormal impact on our expense line.

But there is a growing light at the end of the tunnel …

We're at record highs on both of our two leading indicators of growth, Adviser numbers and Funds under Advice (FUA). Gross Revenue and Funds under Management (FUM) are also at all time highs. Adviser numbers are approaching 200 with FUA approaching $10Bn, inclusive of Work in Progress (WIP), but unfortunately there's a time lag between operational and revenue growth. This time lag is best illustrated by FUM which was up 56% in FY21 for only a 7% FY21 increase in revenue; fast forward to FY22 and FUM is up a further 9% in H1 but revenue is up on PCP by a whopping 106%. In addition, I'm thrilled to announce that March 22 will see the launch of PlatformplusWRAP, the final element in our 'end to end' fintech platform and a key plank to drive the execution of our 'Playing a Bigger Game' strategy; this is game changing.

With the above in mind, I expect another year before we begin to clearly see the fruits of our investment and the efforts of our labour come to fruition. I'm grateful to our shareholders and noteholders for their continued patience and support.

EXECUTIVE SUMMARY cont.

Please find below some commentary on the information in this pack.

Slide 5 – an outline of our **Key Results**, showing solid growth in Gross Revenue but a reduction in profitability off the back of the loss of higher margin revenues stemming from the HRC. Adviser numbers were down for the HY due to the removal of advisers at the end of December 2021 off the back of the Financial Adviser Standards and Ethics Authority (FASEA) changes, but slide 15 shows a February update with Adviser numbers back to high point. Pleasingly, while the FASEA and the HRC have driven a mass industry exodus, we have been able to replace each loss with new talent with enhanced scale and capability; this will auger very well for the future.

Slide 6 – segmentation of our **Net Revenue**, highlighting the underlying areas of growth and decline, and the reasons for the same. We now have 3 of 5 key (net) revenue areas are growing, we've got 2 to go and we're well advanced in getting there.

Slides 8 – 11 – an overview of our '**Playing a Bigger Game**' strategy, including our strategy objectives, and how we're progressing with execution.

Slide 13 – an overview of **Financial Results**, as stated earlier these are not the numbers I wanted to report, but I don't expect we're too far away from being back on a path of solid financial performance. Please see the detailed financial report for further information.

Slides 14 – 15 – details on our balance sheet, cashflows, new funding arrangements and the early repayment of our **Convertible Notes**.

Slides 17 – 22 – given the timing of this half-year report, the **Appendices** provide an update as at March 2022 on the Basis of Performance, being Adviser numbers, Funds under Advice, Funds under Administration, Funds under Management, Platformplus user numbers and Market Share.

FY22H1 KEY RESULTS

Gross Revenue	EBITDA	NPAT	Net Bank Debt
$38.763m, up 7%	$0.363m, down 83%	$(638k), down $1,358k	$6.608m, up 6%
Financial Advisers	**Offices**	**Funds under Advice**	**Funds under Management**
172, down 4.4%	124, even	$8.659Bn, up 1.5%	$614m, up 9%

An expected, albeit challenging half-year in continued difficult circumstances, achieving improvement in 4 out of our 8 Key Result areas.

- Overall solid revenue growth but significant contraction in higher margin segments leading to a reduction in EBITDA and NPAT.
- Bank debt reduction has stalled whilst we increase investment to replace lost revenues.
- Solid B2B adviser recruitment, although slower than ideal transition speed meant that appointments were not sufficient to offset regulatory (FASEA) driven adviser exits. However, a strong WIP will see a new record high in early 2022.
- Funds under Advice at a new record high.
- Growth in Funds under Management of 9% to a new record high, with our SMAs continuing to have strong performance
- Continued progress made in the enhancement of our B2C advisory business.

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FY22H1 FINANCIAL RESULTS

Reduction in EBITDA due primarily to loss of platform revenue, increase in legacy claims remediation provisions and staff returning to pre-Covid contractual terms

Financial Results	2021 $'000	2020 $'000	% change
Gross Revenue	$38,763	$36,353	+ 6.6%
Net Revenue	$7,821	$8,666	- 9.8%
EBITDA	$363	$2,188	- 83.4%

Segmentation of Net Revenue	2021 $'000	2020 $'000	% change
Financial Advisory Network – B2B	$3,244	$2,867	+ 13.2%
Financial Advisory Practice – B2C	$2,140	$2,817	- 24.0%
Investment Management	$597	$290	+ 105.8%
Platform	$743	$1,564	- 52.5%
Software	$973	$714	+ 36.1%
Other	$125	$415	- 69.9%

Continued solid organic growth with newly recruited advisers offices tending to be much larger than those departing

Revenue reduction due to client book sales, regulatory impact, and ongoing contract breaches of certain former staff

Prior period impacted by $334k adjustment to net management fees on Alpha Unit Trusts

Revenue loss due to regulatory change and commercial decisions of counter-parties. Will start to re-build following launch of PlatformplusWRAP

Introduction of user based software fees from 1 July 2021, in addition to external clients

Prior year included $250k profit on sale of client books

STRATEGY UPDATE

STRATEGY UPDATE

Infocus reset its strategy in July 2021, with our 'Playing a Bigger Game' strategy revolving around the unbundling of advice and infrastructure to build profitable business units that can operate stand alone, but are stronger synergistically.

Strategy Objective

Our Playing a Bigger Game 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 industry, with profitable business units covering Advice, Financial Technology and Investment Management that can operate on a stand alone basis, but are stronger synergistically.

Successful execution of our Playing a Bigger Game strategy will see the company recover from the planned and unplanned discontinuance of revenue streams out of the HRC and regulatory change, while leveraging the disruption caused by this royal commission exercise for the benefit of the company and stakeholders.

Playing a Bigger Game will see Infocus arise as a high quality enterprise of material value, repaying the commitment given by our people and the investment made by our shareholders.

Drivers of Success

Advice at Scale – our scale must be material, we must be BIG.

- Expansion of scale of the Advisory Network to Tier 1* via both quality organic growth and opportunistic quality acquisition.
- Extension of our target market to include self-licensed, small and mid-sized AFSLs where we generate advice style revenues without the associated regulatory risk.

Harvesting of Scale – taking advantage of our scale for the benefit of all stakeholders, being retail / wholesale clients, financial adviser clients, and of course shareholders:

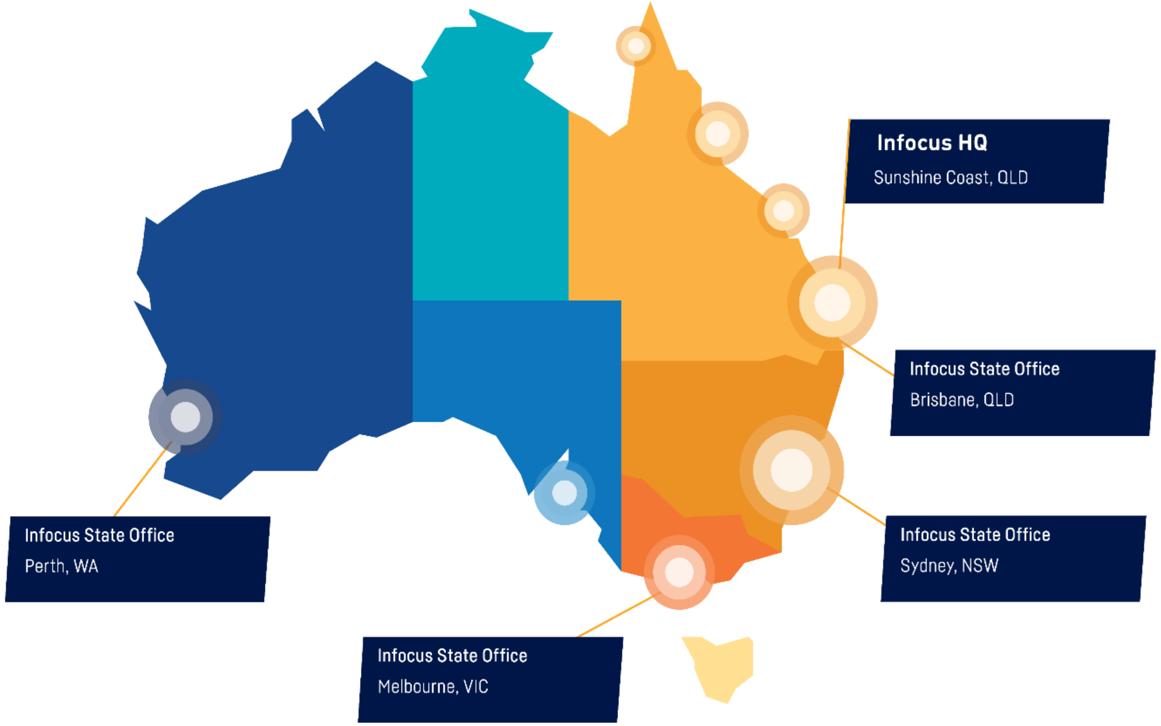
- We will use our scale to drive down input costs and to improve operating margin for company and our financial adviser clients.
- We will use of scale for the drive development of associated services and financial product solutions to drive down costs for retail / wholesale clients.
- We will use our scale to drive arbitrage opportunities.

** Tier 1 participant = >500 advisers*

Infocus today is a leading wealth management organisation ...

- Firmly entrenched in the Top 20 financial advisory organisations nationally.
- One of the few advisory organisations that can boast year on year growth.
- ~200 financial advisers, mortgage brokers and accountants in >120 financial advisory practices around the country.
- Recognised industry leading wealth technology infrastructure, Platformplus.
- Recognised industry leading investment management infrastructure, Alpha Investment Management.
- Recognised industry standard in advice governance.
- Over 18,000 clients and funds under advice of ~$9Bn (and rapidly growing).

Recognised for quality, known for culture, envied for capability, viewed as a leader.



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… with a clear strategy to transform into a top tier wealth management organisation of the future

	Turnaround **Dec 2017 – June 2021**	**Playing a Bigger Game** **July 2021 – June 2024**
Grow Revenue	**Reinvigorate B2B** • Refresh engagement framework • Organic growth **Consolidate B2C** • Integrate past acquisitions + clean house • Divest inappropriate assets • Implementation of Succession Plan • Litigate myriad contract breaches (ongoing)	**Accelerate B2B** • Review / enhance engagement framework • Expand target market beyond AFSL • Organic growth and enhanced pace of onboarding + opportunistic acquisitions **Best Practice B2C** • People, policy and process • Organic growth + acquire appropriate assets
Enhance Efficiencies	**Advice Excellence** • Review and refresh advice process **Platformplus Wealth Management System (WMS)** • Enhance advice strategy capability (e.g. SMSF) • Enhance Fact Find, ADS, AMS, RMS, ICCS, templates **Investment Management** • Renovate Alpha funds • Develop and launch SMAs • Capital markets capability	**Operational Excellence Collective** • Best practice systems and process implemented • Driver to the development priorities of Platformplus **Platformplus WMS** • Portal – materially enhance digital engagement capabilities • Platform – launch an integrated WRAP • AMS – financial modelling / product comparison, practice dashboards, enhanced data, interface, enhanced ADS **Investment Management** • Growth of SMA and Unit Trusts • Bespoke portfolio implementation (e.g. SMAs)
Effectively Manage Risk	**Advice Risk Management** • Development of systems to meet FASEA, RC and other regulatory change driven requirements • Integration of risk management into AMS **Business Health Check** • Adviser review program + clean house • Advice lookback program + clean house **Legacy Issues** • Long-term and RC complaints • Counter-party arrangements	**Advice Risk Management** • Ongoing incorporation and development of systems to meet regulatory obligations • Enhanced to introduce DDO capability, PDS library, plus enhancements of Knowledge Base • Further automation of exception reporting / warnings **Business Health Check** • Ongoing BHC program with topical focus • All former BHC programs incorporated into the annual audit program **Legacy Issues** • Resolved

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EXECUTION REVIEW

B2C	B2B	Platformplus	Invest. Management
Review While we're progressing with the implementation of our Exemplar operational model , we're not yet progressing at the speed or revenue levels at which we are comfortable. Further, COVID and the BHC review have hit this business unit hard with a material impact on revenue and costs.	**Review** Performance lagged early in the financial year as our recruiting resources struggled, the signing of new practices / advisers was operating below requirements. Following a change in personnel activity was enhanced, including the review of WIP and active engagements, leading to an almost immediate improvement in results. Sign-ups now on target, now its over to onboarding to bring in the revenue.	**Review** The launch of WRAP, originally scheduled for September 21 has been extended to March 22. Development of AMS in line with objectives. Development of RMS in line with objectives. External AFSL sales of Platformplus operating in line with objectives, which are currently set low allowing us to learn and prepare for growth.	**Review** The performance and operations of the Alpha SMAs and Unit Trusts are sound, and the communications plan is very effective. The renovation of the Alpha funds is complete, we have recently determined that we'll apply a 'green screen' over these funds to enhance their appeal to end consumers and to meet the needs of advisers now that ESG is a part of the Code of Conduct for all advisers.
Current Operational Focus • Enhanced reporting for more rigorous operational mandate. • Team stability. • Implement next steps of Exemplar plan, which is mandating of pricing, platform and portfolio policies. • Acquisition of client books for Melbourne (***complete***), Sydney (***complete***), Sunshine Coast and Brisbane to bolster client numbers and revenue.	**Current Operational Focus** • A change in resourcing requirements. • New resources picked up the WIP. • Engaged aligned resources to drive further recruitment outcomes. • Executive team members to target larger opportunities and larger individual practices.	**Current Operational Focus** • Engaged with partners (FNZ and EQT) to firm up the date for project delivery (***confirmed as end March 2022***). • Pushing ahead with work necessary to prepare other parts of the business for launch (e.g. the readying of Adviser Bespoke SMAs for WRAP launch (only available for larger opportunities)).	**Current Operational Focus** • From an adviser engagement perspective, now that border restrictions have eased we've got our BDMs back out on the road. • Once we're comfortable with the 'green screen' on the Alpha funds, we'll re-launch them to our network initially and post the completion of an external research process we'll make them available to advisers beyond the Infocus network.

FINANCIAL RESULTS

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FINANCIAL RESULTS

Half-year Ending 31 December	2021 $'000	2020 $'000	% Change
Gross Revenue	38,763	36,353	Up 6.5%
Less Brokerage Paid	(31,067)	(28,102)	Up 10.6%
Other Income	125	415	
Net Revenue	**7,821**	**8,666**	Down 9.8%
Labour	5,046	4,377	
Client Legal Claims and Remediation Costs	467	350	
Other Direct	611	571	
Overheads	1,334	1,200	
Total Expenses	**7,458**	**6,498**	Up 14.8%
EBITDA	**363**	**2,168**	Down 83.3%
Depreciation and Amortisation	(813)	(874)	
Finance Costs	(418)	(415)	
Income Tax Benefit /(Expense)	230	(159)	
Net Profit After Tax	**(638)**	**720**	
Less minority interest	(44)	(42)	
Attributable to Shareholders of Infocus	**-682**	**678**	
Earnings per share (cents)	*(1.6)*	*1.6*	

Earnings impacted by significant external factors

Revenue

- Total revenue up as a result of growth in continue solid growth in our Advisory network.
- Net revenue down by $911k as a result of lost product distribution fees removed post Hayne Royal Commission.
- Prior year included $250k profit on sale of client books.

Expenses

- Wages and overheads were artificially lower in prior year due to staff agreeing to temporary reduction in contracted hours as a result of COVID-19.
- Client legal claims includes $200k increase in provision for AFCA claims reopened as a result of the Hayne Royal Commission dating back to 2008.
- Resolution of overcharging by former B2B adviser and completion of the group wide Business Health Check resulted in additional remediation expense over and above the amounts disclosed and provided for last year.
- Overheads have returned to more normal levels as Covid-19 lockdown restrictions have eased.

EBITDA

- Significantly impacted by lost revenue referred to above and non-recurring claims and remediation expenses.

FINANCIAL RESULTS (continued)

Balance Sheet and Cash Flows

Balance Sheet Movements (for the half-year to 31 December 2021)

- Net assets down $673k to $12.6 million.
- Total borrowings up $0.2 million to $12.3 million.
- Bank borrowings (including amount drawn on overdraft at balance date) up $0.4 million to $7.4 million.

Cash Flows (for the half-year to 31 December 2021)

- Net cash from operations down 71% to $0.97 million.
- $1.4 million paid in claims and remediation costs during the half-year.
- $702k invested in capex (IT).

New Funding Arrangements

The removal of product distribution revenue and the substantial payouts of compensation for legacy issues from prior periods has seen a significant temporary reduction in net operating cash flows.

The Company needs to continue its investment in Platformplus (and in particular in PlatformplusWRAP) to be able to generate strong operating cash-flows into the future. We have therefore been working with Westpac on a long-term funding strategy for this ongoing investment.

SME Recovery Loan Scheme ("SMERLS")

- $5 million loan facility over 10 years.
- Variable interest rate (currently 5.18%).
- No repayments for first 12 months, reverting to monthly P&I repayments over the remaining 9 years.
- Use of proceeds to include early repayment of Convertible Notes ($4.082 million, less those Noteholders that choose to convert to ordinary shares).
- Existing Westpac term loan and overdraft facilities to continue under existing terms and conditions, with the intention that the term loans will be rolled forward for a further 2 years before the end of calendar 2022.

FINANCIAL RESULTS (continued)

Early Repayment of Convertible Notes

Background

The ability to access cheaper, longer term funding under the Australian Government supported SMERLS program has provided the Company with the opportunity to redeem the $4.082 million in Convertible Notes now rather than the scheduled maturity date of 7 June 2024. These Convertible Notes will be redeemed in early May 2022.

Process

- The Company is required to give Noteholders 30 days prior notice of any proposed early redemption, and those notices have now been sent out dated 1 April 2022 advising Noteholders that the Notes will be redeemed in full on 2 May 2022 unless the Noteholders exercise their rights to convert to ordinary shares.
- In view of the fact that Noteholders will be forgoing the relatively attractive interest income over the remaining 25 months to maturity, and are being asked to make an early decision on whether they wish to convert to ordinary shares, the Company has decided to offer a premium of 10% additional ordinary shares on conversion (ie. 2.62 ordinary shares for each $1 Note. Noteholders have until 27 April 2022 to notify the Company if they wish to convert some or all of their Notes prior to the early redemption date.
- The Company has received advice from directors and executives accounting for $855k of Notes on issue that they intend to exercise their option to convert to ordinary shares.

APPENDICIES

Updated to February 2022

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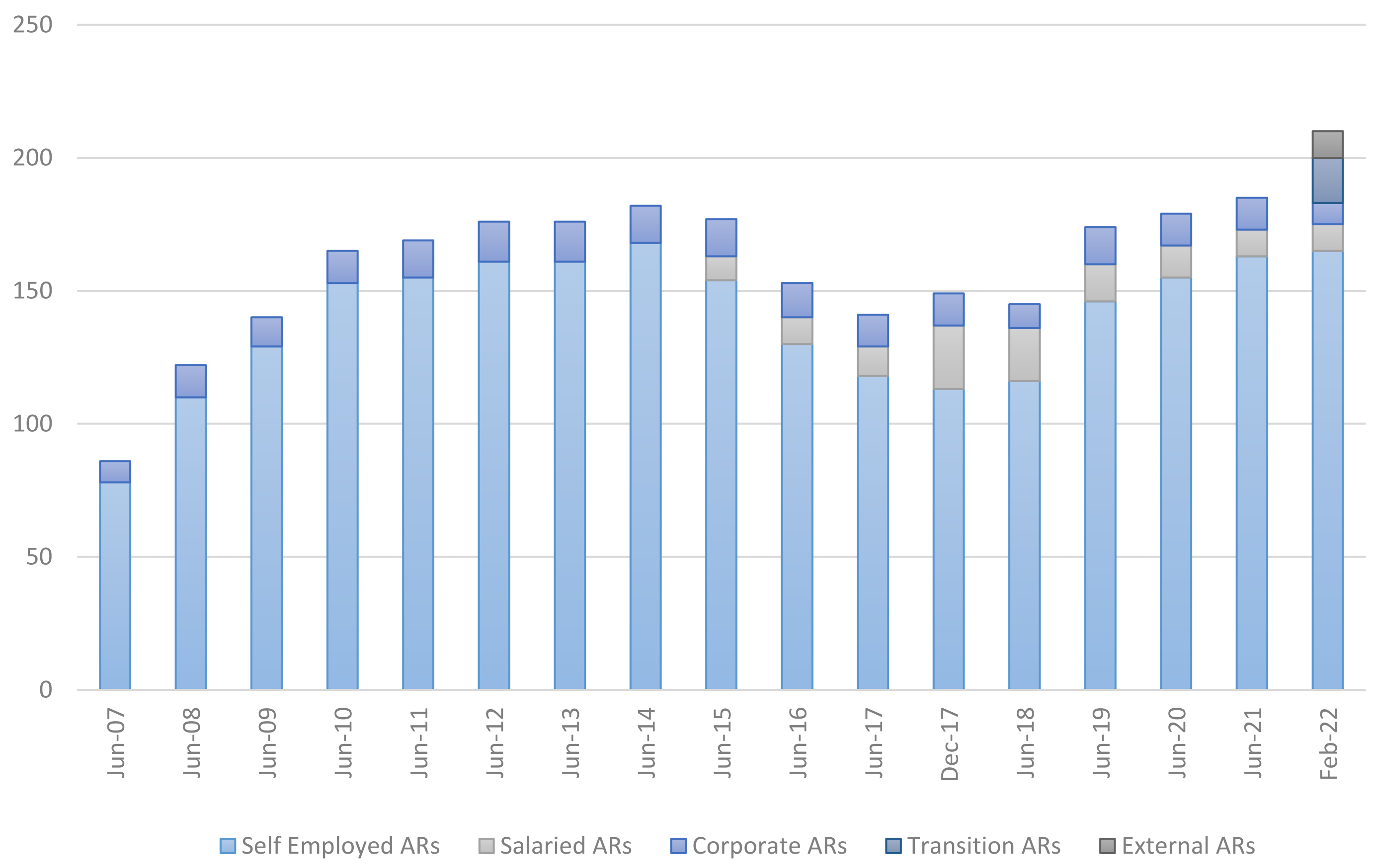
ADVISERS – March 22



Infocus' objective under it's 'Playing a Bigger Game' strategy is to become a Tier 1 Advisory Network by FY24, which is measured by >500 advisers.

Adviser numbers are one of two reliable leading indicators of revenue, with decline or growth in adviser numbers a broad indicative measure of the health of the business. The number of advisers in our community as at March 2022 is 193, which incorporates the removal of 10 advisers from the group in December 2021 as a result of not meeting the FASEA educational requirements.

The specific details of our adviser community include:

- B2B, 165 (including 3 provisional advisers)
- B2C, 10 (including 1 provisional adviser)
- Corporate, 8.
- External – 10 (in 7 self-licensed AFSLs).

Our Work in Progress (WIP) stands at 17 advisers, specifically:

- B2B 15
- B2C 2.

Our FY22 objective is to have **>225** advisers operating under the Infocus AFSL. We believe we have a high probability of hitting this objective.

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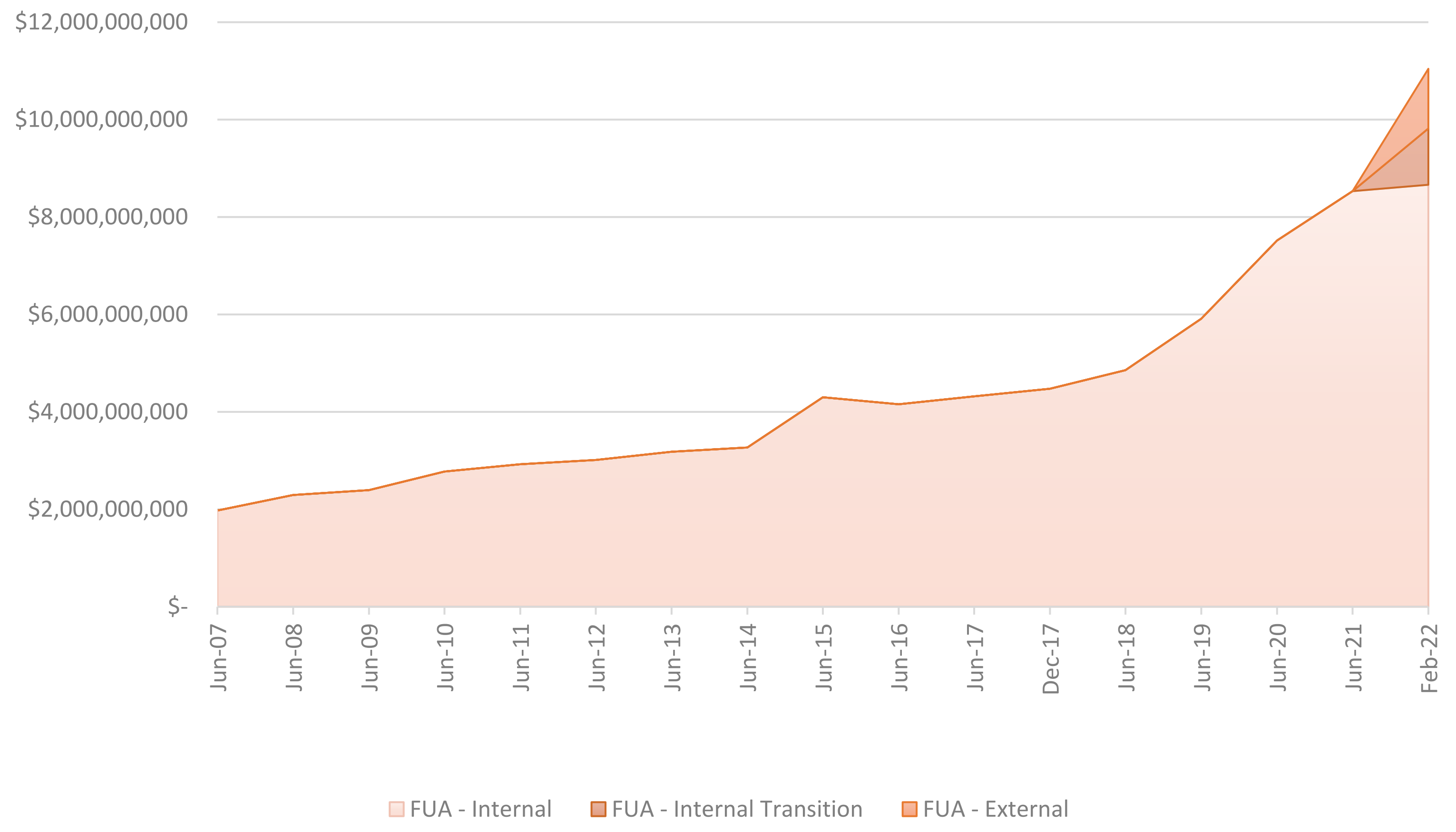
FUNDS under ADVICE – March 22



Infocus' objective under it's Playing a Bigger Game strategy is to grow Funds under Advice (FUA) in our community to >$25Bn by FY24.

FUA is the second of the reliable leading indicators of revenue, with decline or growth in FUA an indicative measure of the health of the business. Annualised brokerage revenue is traditionally ~1% of FUA.

- FUA in FY2022 from advisory practices within the Infocus Advisory Network commenced the period at $8.53Bn, FUA at the end of March 22 was over **$8.659Bn**, growth of 1.5% FYTD and a record high.
- WIP FUA from advisory practices in transition into Infocus Advisory Network is a further **$1.16Bnm**.
- FUA from external AFSLs who have aligned themselves with our community via the engagement of Platformplus and/or Professional Standards services is now **$1.222Bn**.

The objective for Internal FUA is to be >$10Bn at the end of FY22. We're on track to hit this objective.

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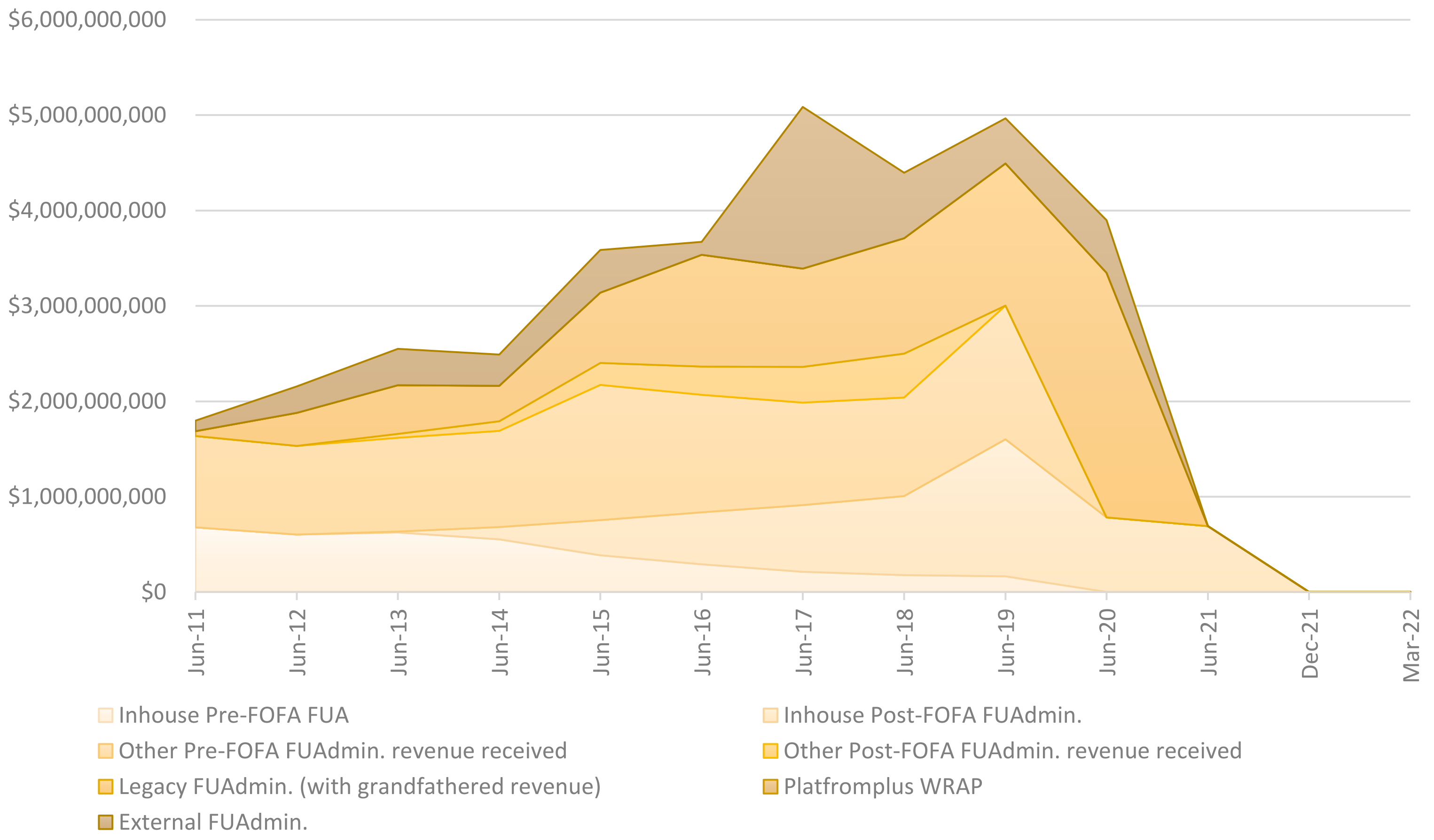
FUNDS under ADMINISTRATION –March 22



Regulatory change out of the Hayne Royal Commission recommendations completely decimated FUAdmin. and it's associated revenue.

FUAdmin. generating revenue decreased from >$5Bn in June 2017 to $0m in December 2021. The opportunity for new revenue growth from FUAdmin. is enormous representing 100% of our FUA, plus the FUA of aligned external AFSLs. We'll harness this opportunity and rebuild the lost revenue via the launch of PlatformplusWRAP.

PlatformplusWRAP launched in late March 2022, 3 accounts are operational with FuAdmin. of ~$1m.

Our WIP stands at 10 accounts.

Our long-term objective is to grow FUAdmin. to >75% of FUA, our short-term objective is to get to $1Bn in FUAdmin.

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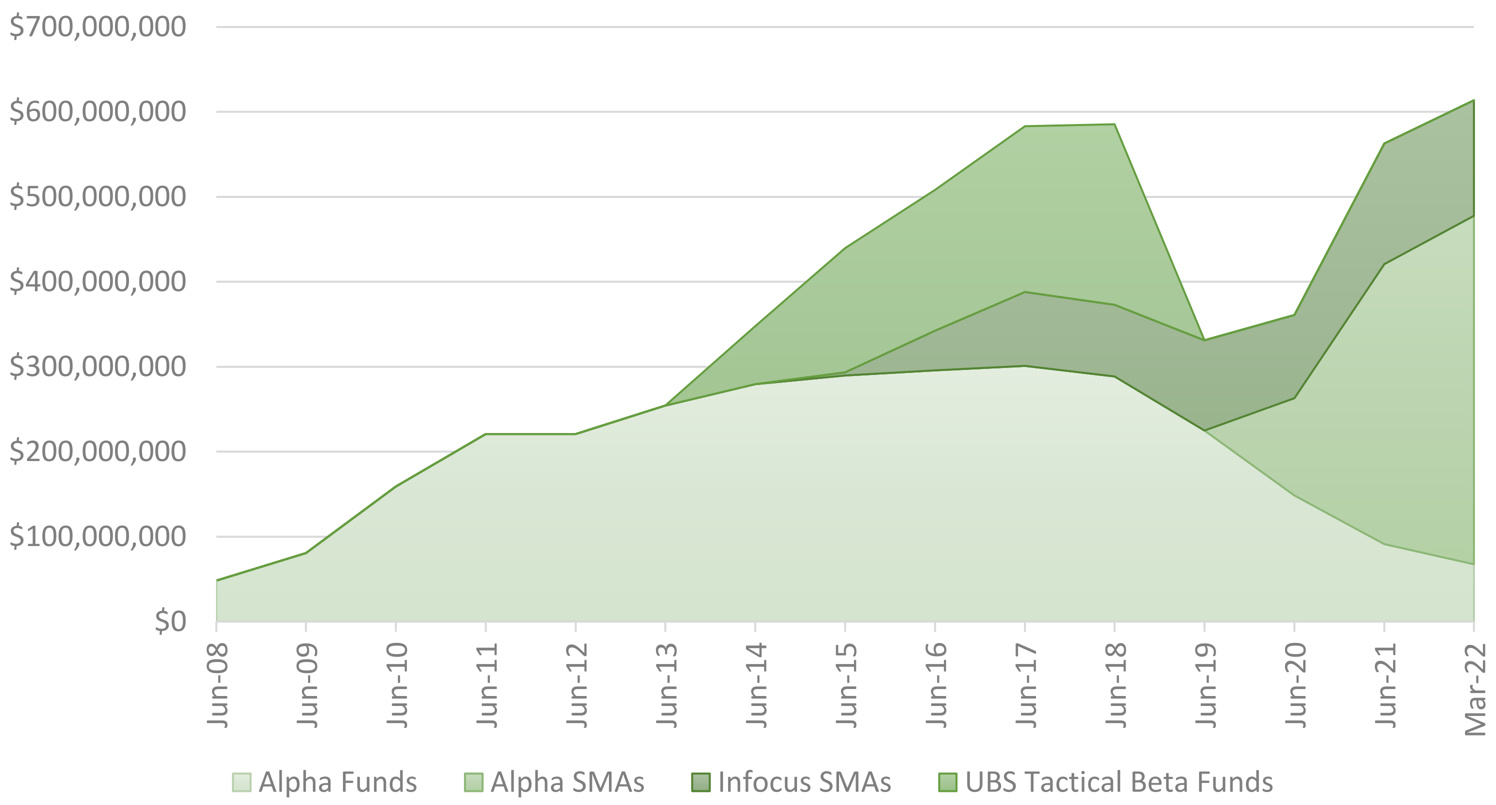
FUNDS under MANAGEMENT – March 22

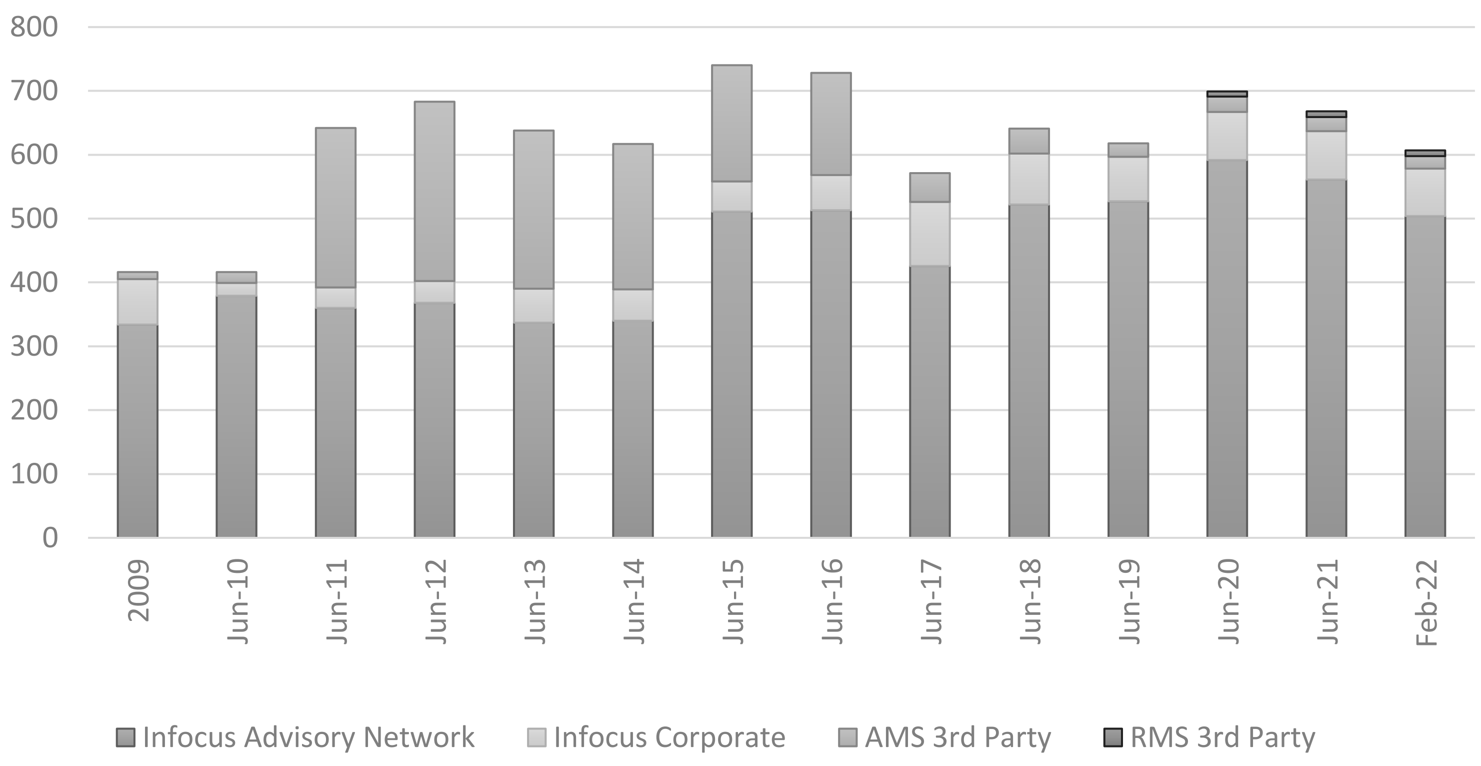


Investment Management FUM sits at $614m, a record high, with a penetration rate of 7.1% of FUA.

- Alpha Managed Funds were the subject of a major renovation program to rectify the outcomes of poor decisions by former management. This task was formally completed in December 21. We expect a rebound in FUM with the funds becoming the default portfolio solutions on PlatformplusWRAP
- Alpha SMAs continue to work their way into the advice recommendations of advisers with penetration now at 40.0% of all new business volumes. FUM is $410m, a record high, although the rate of growth has slowed as advisers are holding back waiting for the launch of PlatformplusWRAP.
- Infocus SMAs FUM sits at $136m, a record high, FUM is expected to continue to grow at a moderate rate.
- The UBS Tactical Beta funds were previously used as a component of the Infocus Model Portfolios. Regulatory change from the FOFA legislation caused their termination.

Our objective is to grow FUM to >50% of FUA, while we are at a record high, we still have a long way to go.

WEALTH TECHNOLOGY – March 22



Growth of Platformplus users, both within the Infocus network and externally to the Infocus network is a Key Priority for the business over the Playing a Bigger Game strategy period. While we'll continue to obtain growth from internal users, and we'll seek to license AMS and RMS directly to external AFSLs.

- Total user numbers as at March at 607, down -10.6% from FY21. This reduction is as a result of the clean out of dormant users following the introduction of a per user software fee to the Infocus Advisory Network, the removal of offshore users, and advisers exiting the Infocus network / industry due to HRC driven regulatory change.

- Internal user numbers are at 578, being 504 Infocus financial advisers (plus support) and 74 corporate users.

- External users at 29, being 20 with AMS and 9 with RMS.

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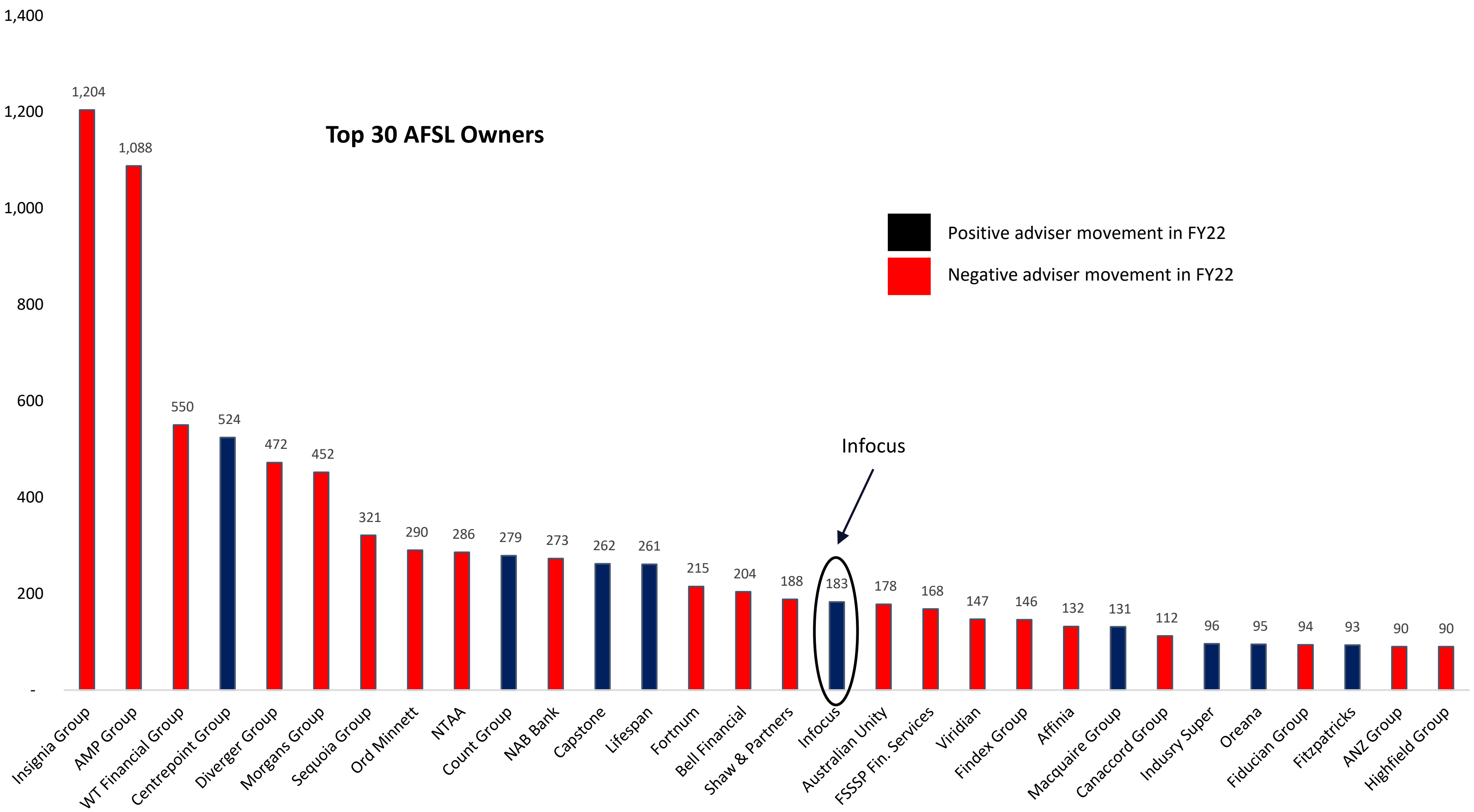
MARKET SHARE- March 22



The size of the financial advisory market continues it's post HRC decline. FY22 commenced with 18,969 advisers, to March 22 we've seen an FY22 loss of -1,687 advisers (-8.89%) to 17,197.

- Infocus maintains it's record of year on year growth from January 2018.
- Infocus ranks #17 of AFSL owners with 183 financial advisers and a market share of 1.06%, our WIP list will see us move up the ranks to #16.
- Infocus ranks #20 out of 2,127 AFSLs in size as measured by adviser numbers.
- The Top 30 AFSL owners have a combined 50.15% market share, a reduction of ~25% post the Hayne Royal Commission.
- 1,997 AFSLs have >20 advisers, this is primarily self licensed advisory practices.

Data from Wealth Data as at 31 March 2022

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DISCLAIMER

This presentation is for general information purposes only and should be read in conjunction with the Half Year Financial Report for the six months ended 31 December 2021. This presentation does not provide recommendations or opinions in relation to specific investments or securities.

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Investors should consult with their own legal, tax, business and/or financial advisers in connection with any investment decision.

All numbers are as at 31 December 2021 unless otherwise stated. Numbers may not add up due to rounding.

Results Presentation and Strategy Update
for the Half-Year ended 31 December 2021

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