

# True Potential Q1 2022 Results Call.



true potential 

# Presenting today.



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CFO, Co-founder,  
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Financial Reporting

# Q1-22: Strong momentum despite market conditions.

380k

True Potential clients  
+16k vs Q4-21

98%

Client retention  
(Q4-21: 98%)

£1.5bn

Net inflows  
30% BoP AuM (Q4-21:28%)

95%

Fully integrated flows  
Increasing fully integrated  
AuM to 89%

4.9

Trustpilot score  
(Q4-21: 4.9)

£21.2bn

Total AuM  
+0.5bn vs Q4-21

103bps

Net revenue margin  
Unchanged vs Q4-21

78%

EBITDA margin as a  
% net revenue  
+4% vs Q4-21

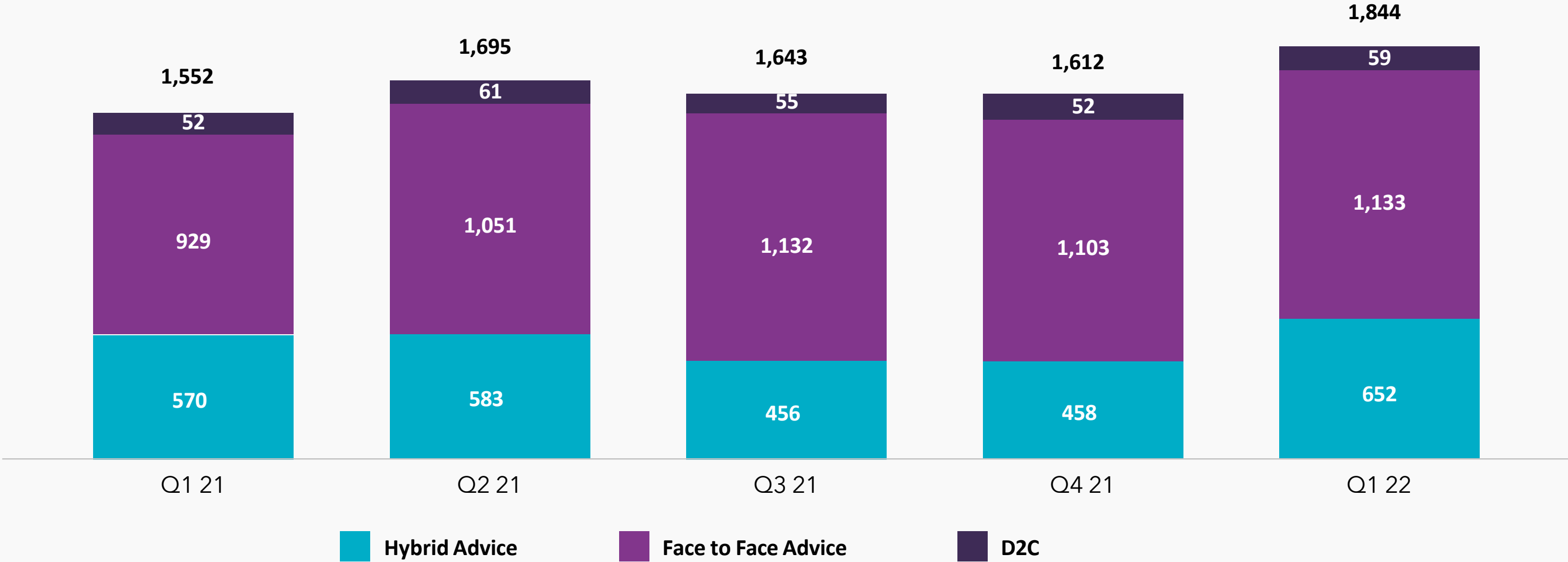
Continued inflows supporting sustained AuM growth.

# Multi-channel strategy...

Gross inflows to Hybrid Advice (%)



Gross inflows (£m)



Hybrid Advice refers to Central Advice Team Clients, Face to Face Advice refers to all other advice channels and D2C refers to direct to consumer clients

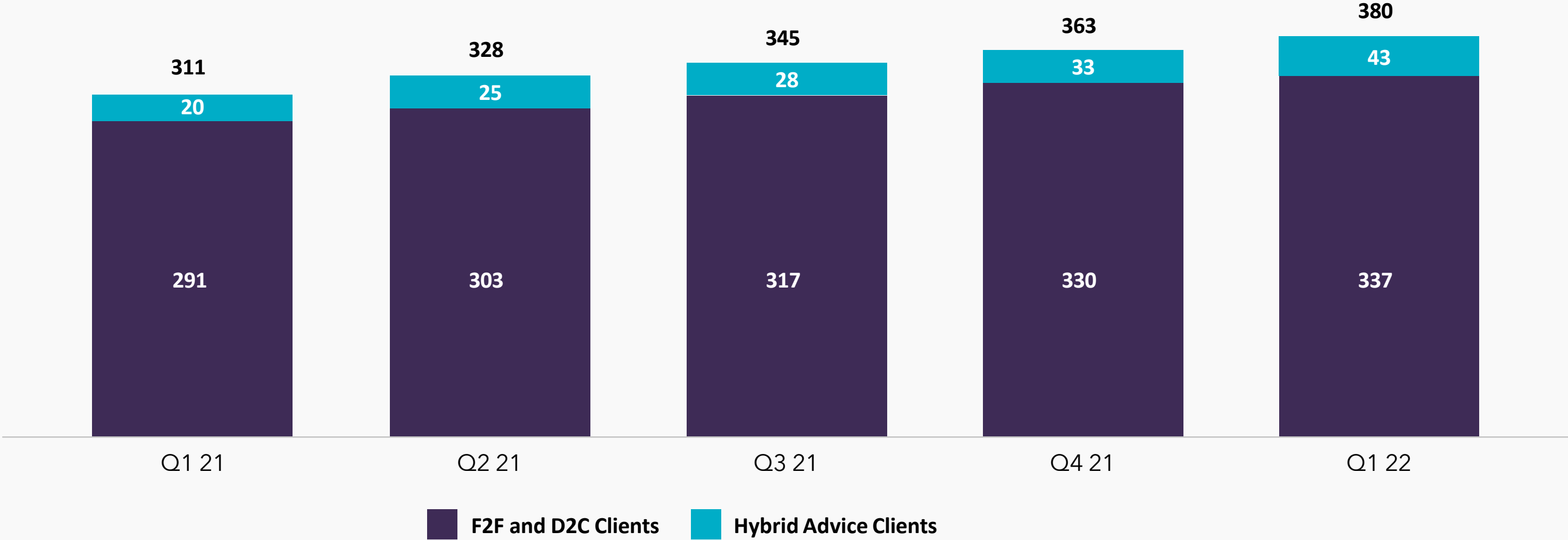
Continued inflows supporting sustained AuM growth.

# ...with continued growth in True Potential clients...

True Potential  
Wealth Management  
Partners



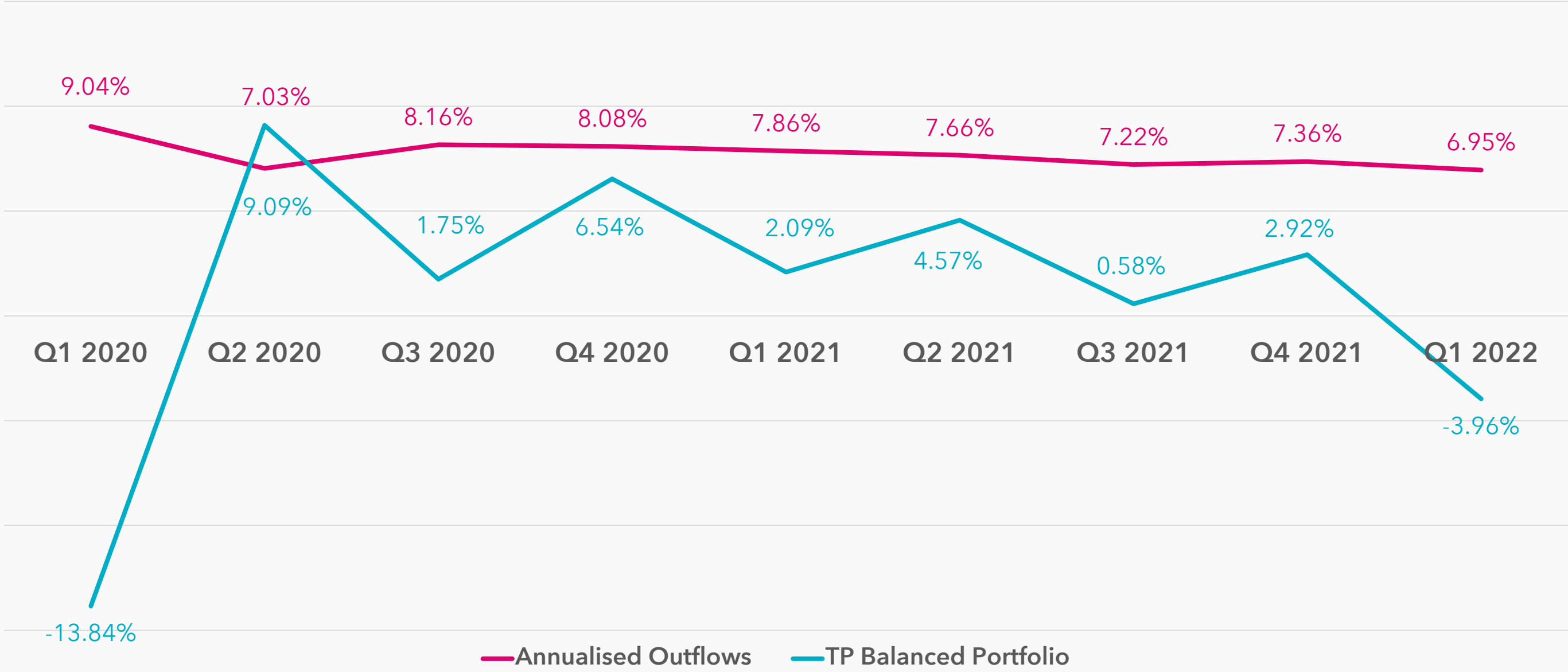
True Potential Clients ('000)



Continued inflows supporting sustained AuM growth.

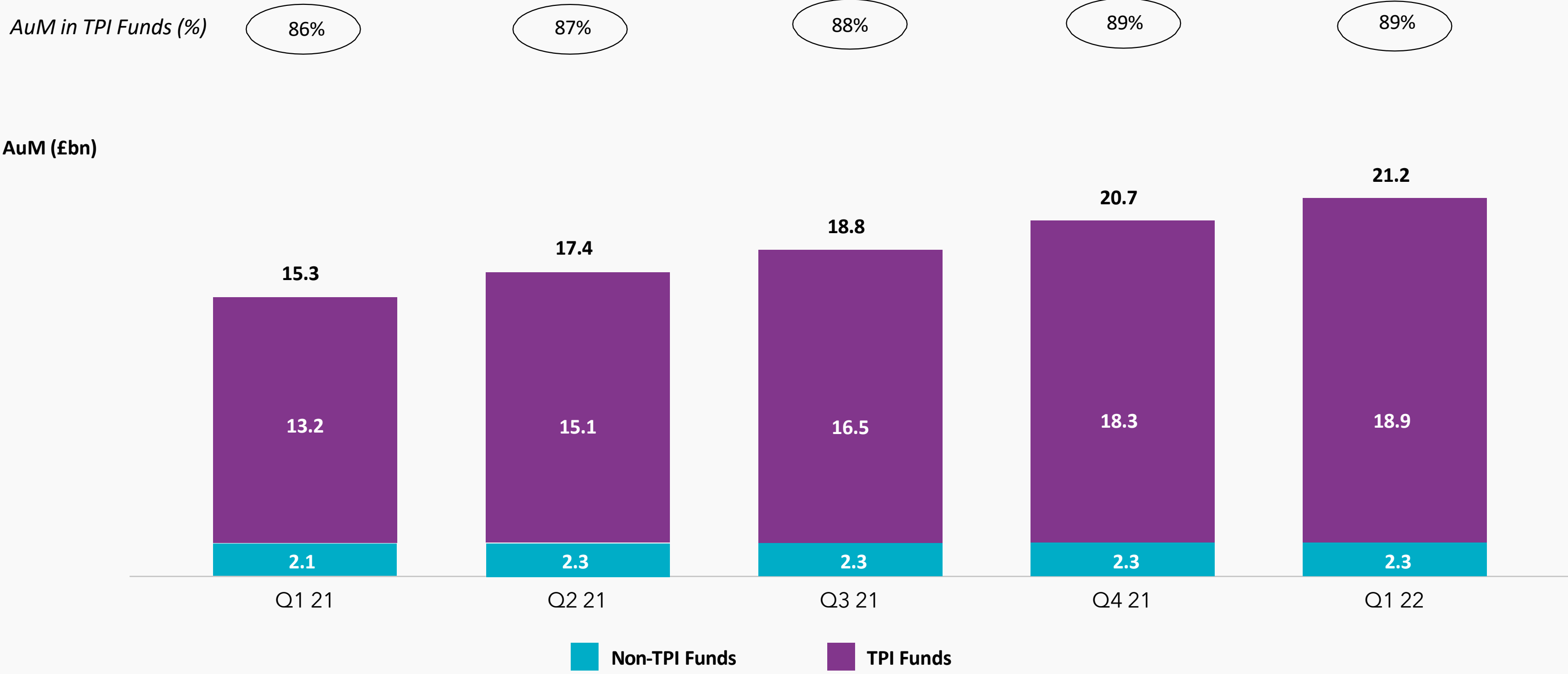
# ...Stable outflows despite market performance...

Annualised quarterly outflows (%)  
TP balanced portfolio performance in the quarter (%)



Continued inflows supporting sustained AuM growth.

# ...underpins AuM growth.



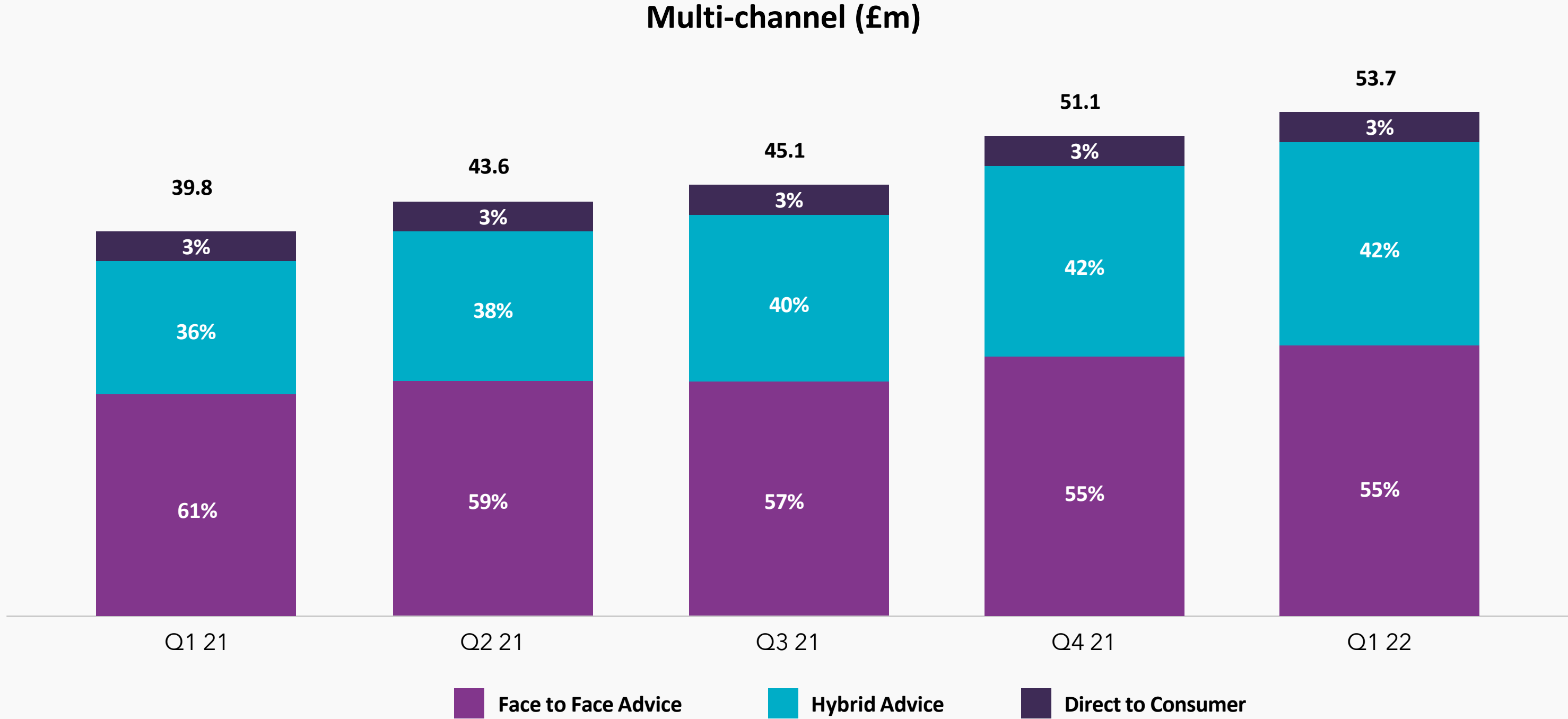
# Diversified net revenue through multi-channels.

Net revenue (£m)

## Multi-channel

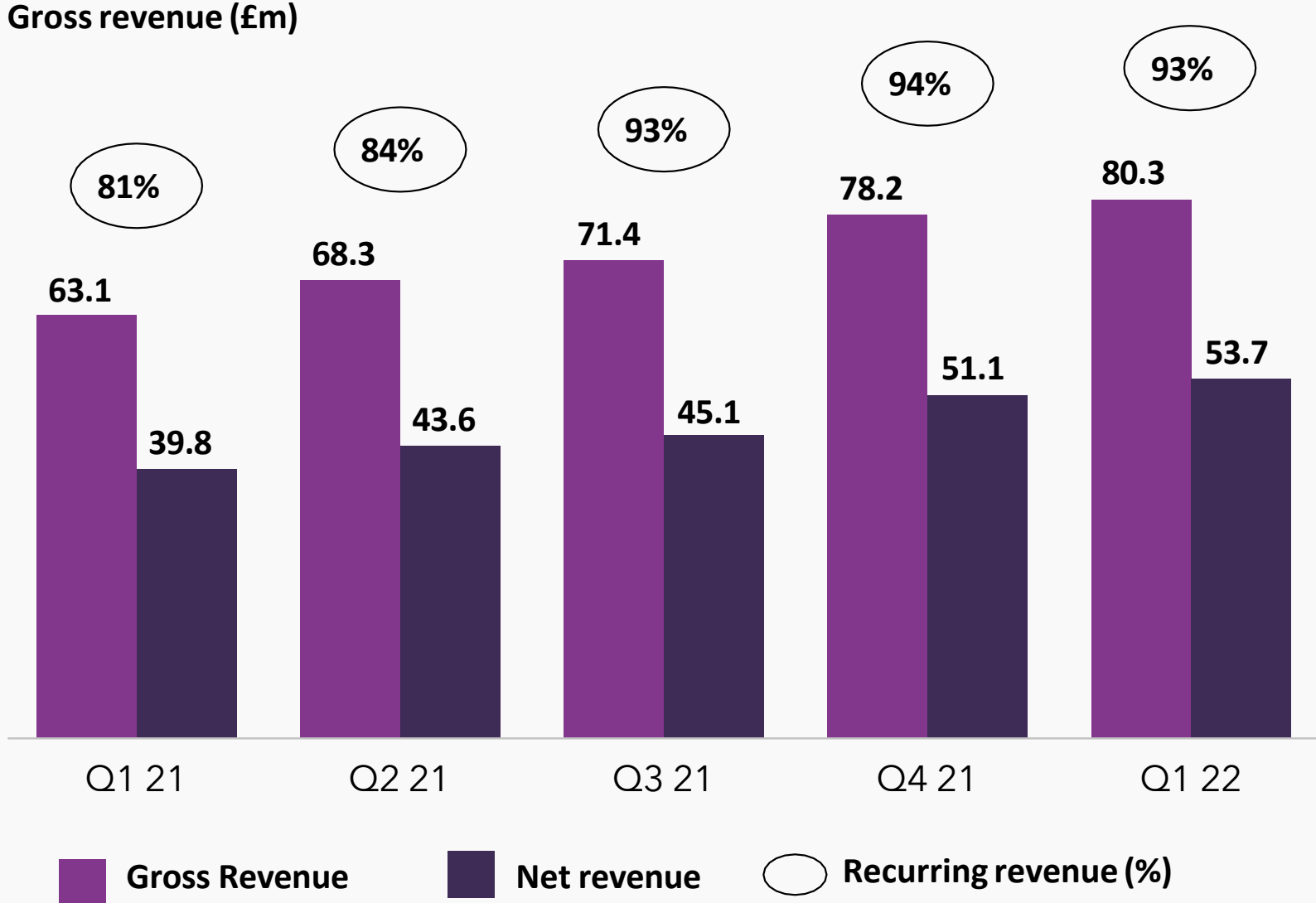
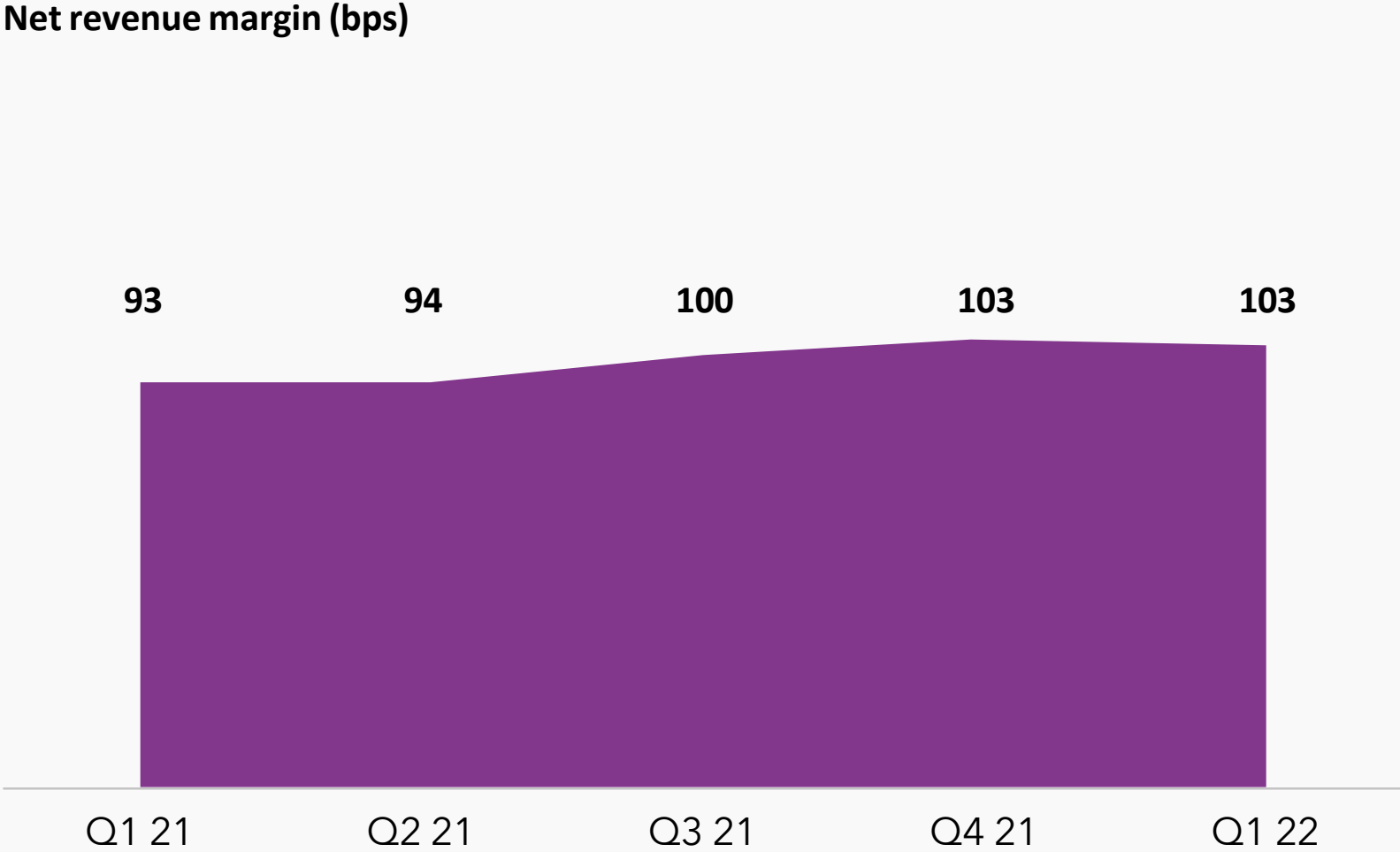
Net Revenue		Face to Face Advice	Hybrid Advice	D2C	Total
TP integration captures margin the full value chain	Advice Fee	2.9	8.2	-	11.1
	Platform Fee	12.7	6.3	0.7	19.7
	Fund Fee	12.8	8.1	0.9	21.8
	Performance Fee	-	-	-	-
	TPAS Software Fees	1.1	-	-	1.1
	<b>Total</b>	<b>29.5</b>	<b>22.6</b>	<b>1.6</b>	<b>53.7</b>
	<b>TPWM Advised/TPAS</b>	<b>Central Advice Team</b>	<b>Direct to Consumer</b>		

# Diversified net revenue through multiple channels.



# Fully integrated and scalable model drives revenue and EBITDA growth.

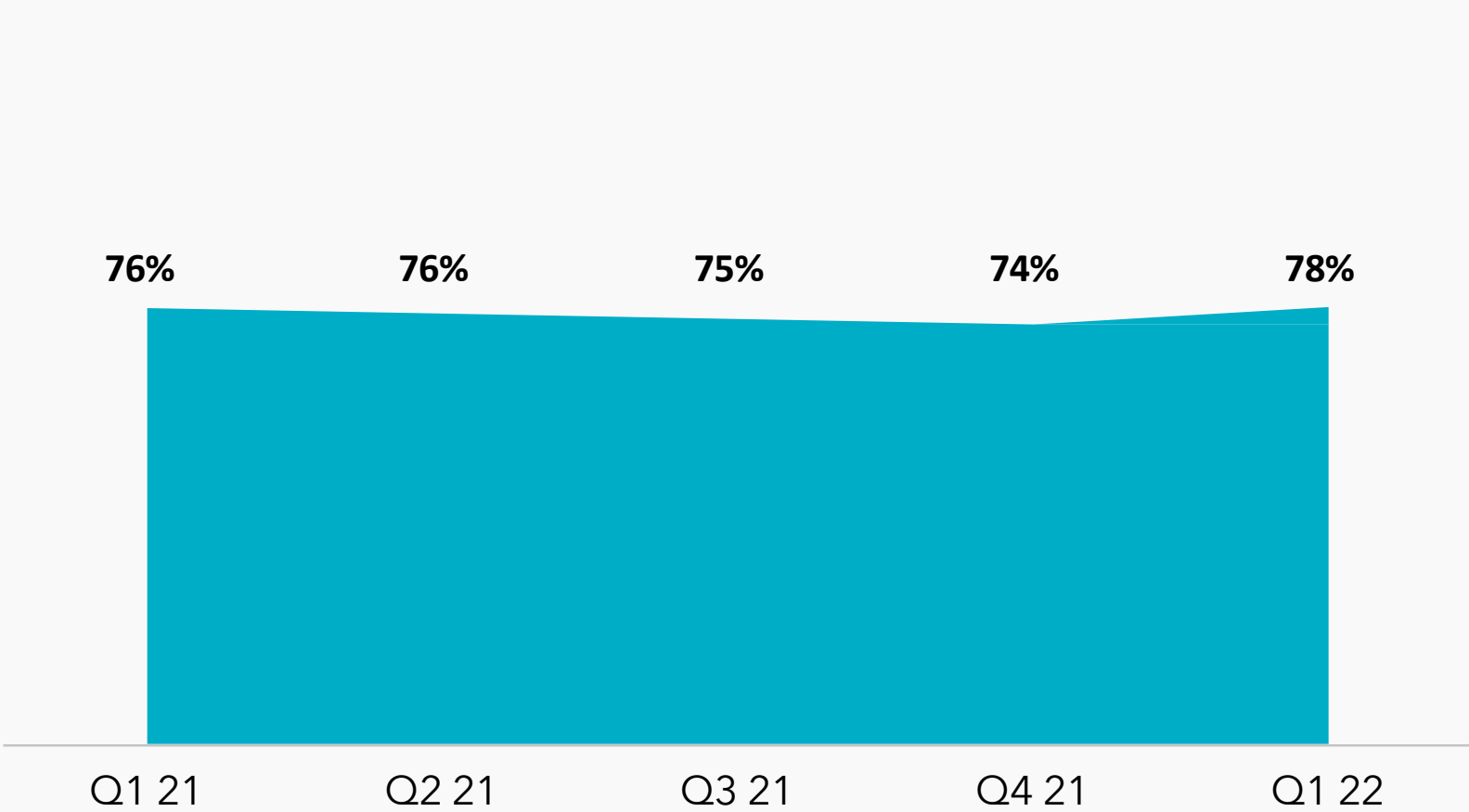
Full integration supports higher revenue margin



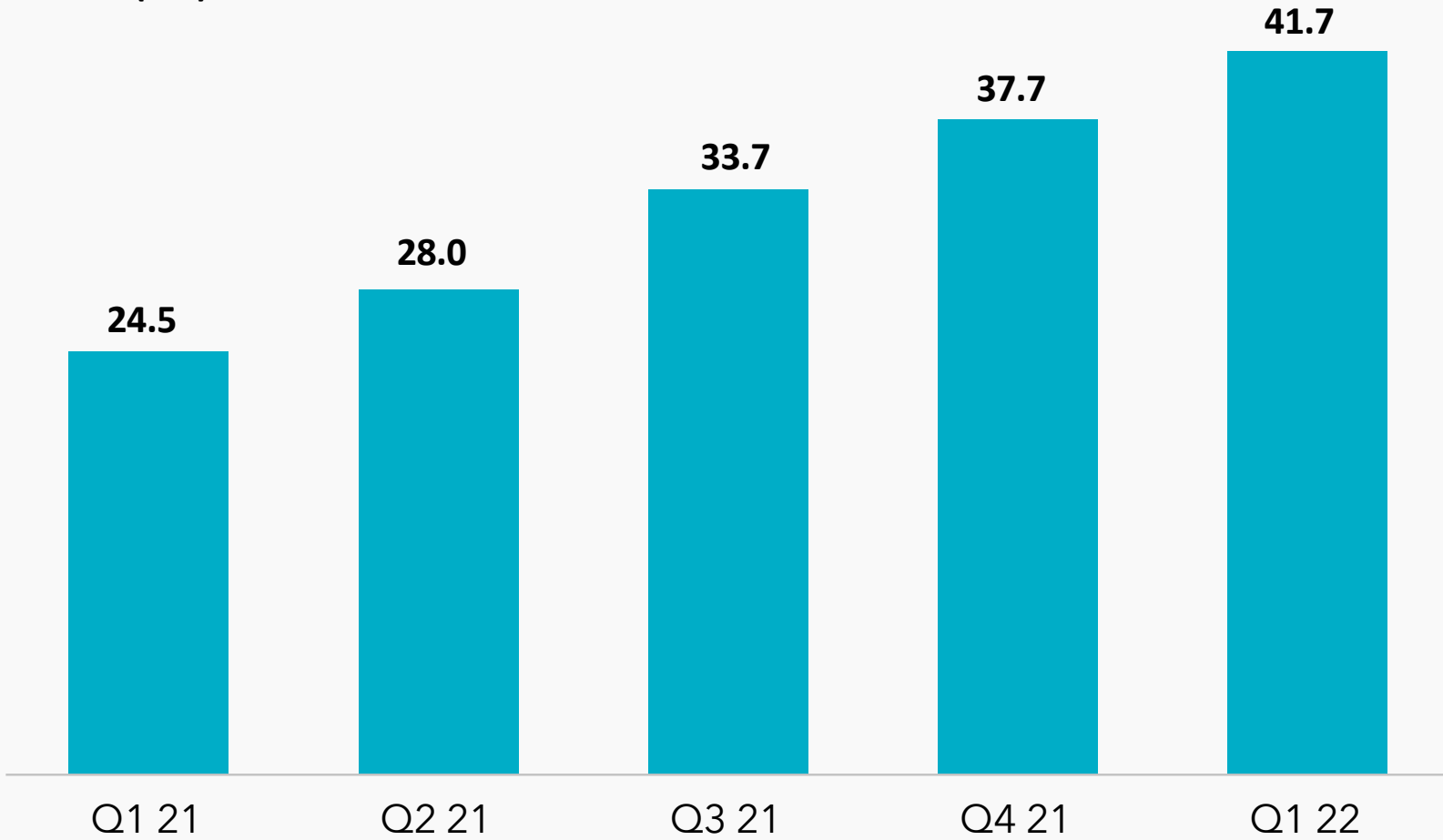
# Fully integrated and scalable model drives revenue and EBITDA growth.

Technology and operating model drives EBITDA

EBITDA margin (% net revenue)

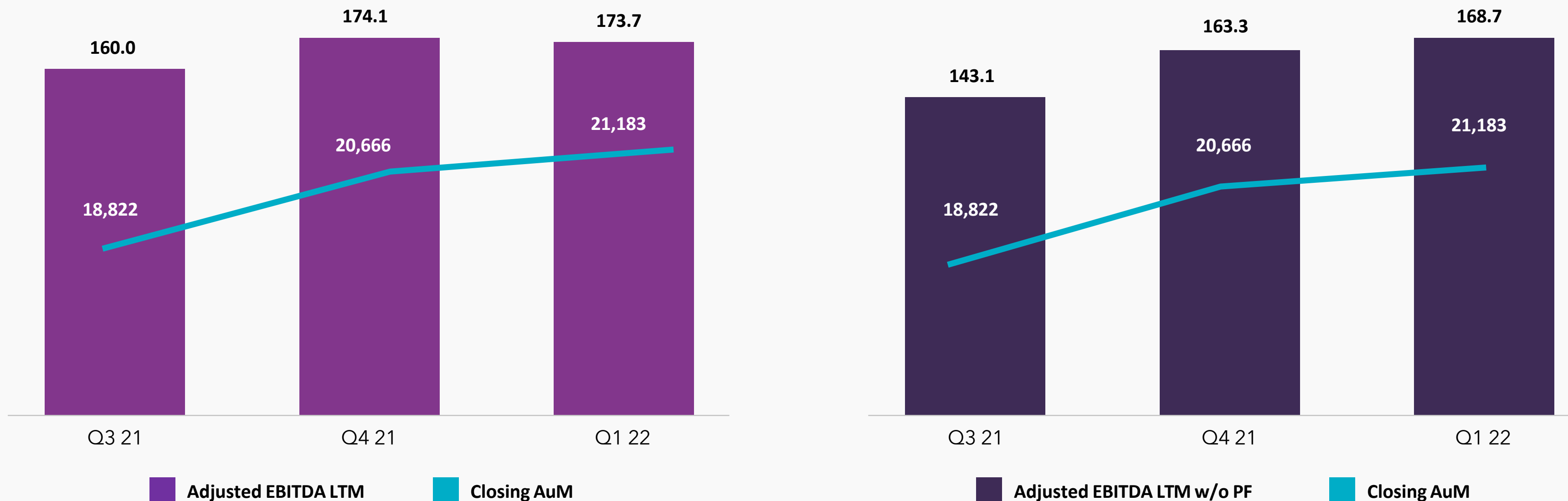


EBITDA (£m)



EBITDA excludes performance fee and exceptional items

**And on an LTM basis, continue to see EBITDA growth given underlying AuM growth.**



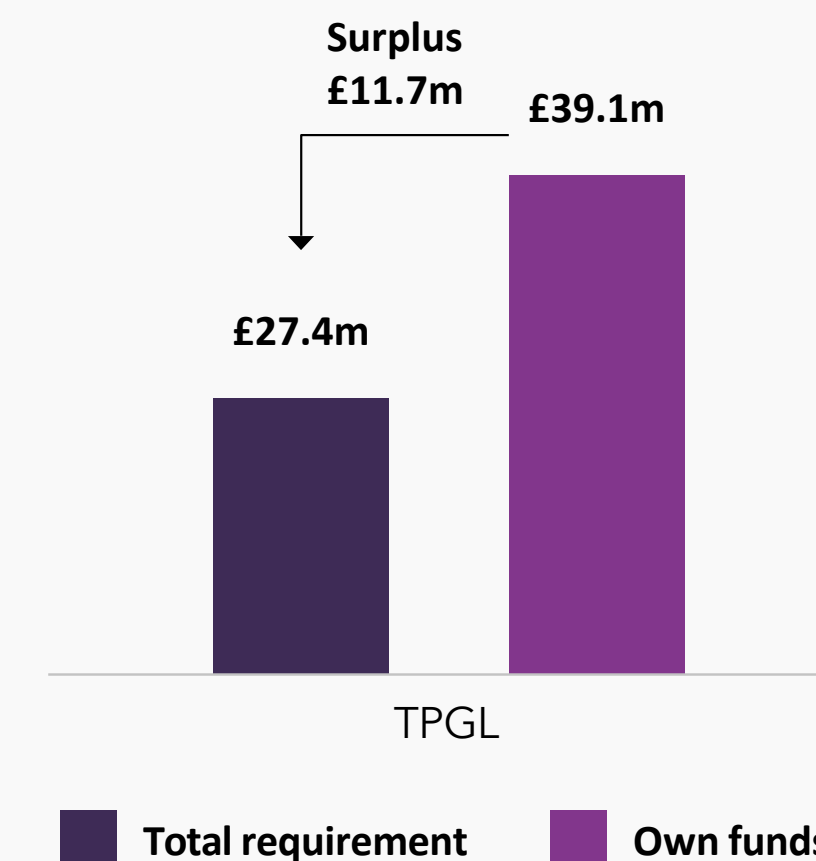
Adjusted EBITDA represents EBITDA adjusted for run-rate impact of the movement in AUM to the end of the current period, to reflect the financial performance already embedded

# Strong operating cashflow generation and regulatory capital.

Cashflow	2020	2021	Q1 2022
EBITDA	74.0	132.2	41.7
Net working capital movement	(11.3)	10.9	3.3
Transaction related costs	-	-	(11.0)
Taxes paid	(9.3)	(19.0)	(6.5)
Interest paid	(32.8)	(35.3)	(27.5)
<b>Cashflow from operating activities</b>	<b>20.6</b>	<b>88.8</b>	<b>(0.1)</b>
Maintenance capex	(3.1)	(2.2)	(0.3)
Growth capex	(70.5)	(179.5)	(34.0)
Recruitment loans	(5.9)	(20.5)	(5.1)
Discretionary spend	(76.4)	(200.0)	(39.1)
<b>Cashflow from investing activities</b>	<b>(79.6)</b>	<b>(202.2)</b>	<b>(39.4)</b>
<b>Cashflow from financing activities</b>	<b>60.1</b>	<b>118.0</b>	<b>106.0</b>
<b>Net cash movement</b>	<b>1.1</b>	<b>4.6</b>	<b>66.6</b>
Opening cash balance	22.7	23.8	28.5
<b>Closing cash balance</b>	<b>23.8</b>	<b>28.5</b>	<b>95.0</b>

EBITDA Leverage	Mar-22
<b>Adjusted EBITDA LTM</b>	<b>173.7</b>
Gross debt	
HYB	700.0
RCF	25.0
Internal shareholder loan	36.5
<b>Total gross debt</b>	<b>761.5</b>
Less: cash	(95.0)
Net debt	666.5
<b>Leverage multiple</b>	<b>3.8x</b>
Interest	Q1 total
Bond interest	7.8
RCF interest	0.3
Internal shareholder loan interest	0.0
Interim bridge	1.2
<b>Total interest</b>	<b>9.2</b>

## Regulatory capital on a consolidated basis – IFPR regime



The internal shareholder loan of £36.5m carries an interest rate of 2%, mirroring HMRC's official rate, with interest capitalisation. The loan is repayable on demand.

# Summary.

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