

True Potential Q1 2023 Results Call



true potential 

Presenting today.



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Q1-23: Continued strong momentum despite market conditions.

454k

True Potential clients
+15k vs Q4-22

98%

Client retention
(Q4-22: 98%)

£1.2bn

Net inflows
Q4-22: £1.2bn net inflows

94%

Fully integrated flows
Fully integrated AuM
remains 91% (Q4-22: 91%)

4.9

Trustpilot score
(Q4-22: 4.9)

£24.8bn

Total AuM
+£1.5bn vs Q4-22

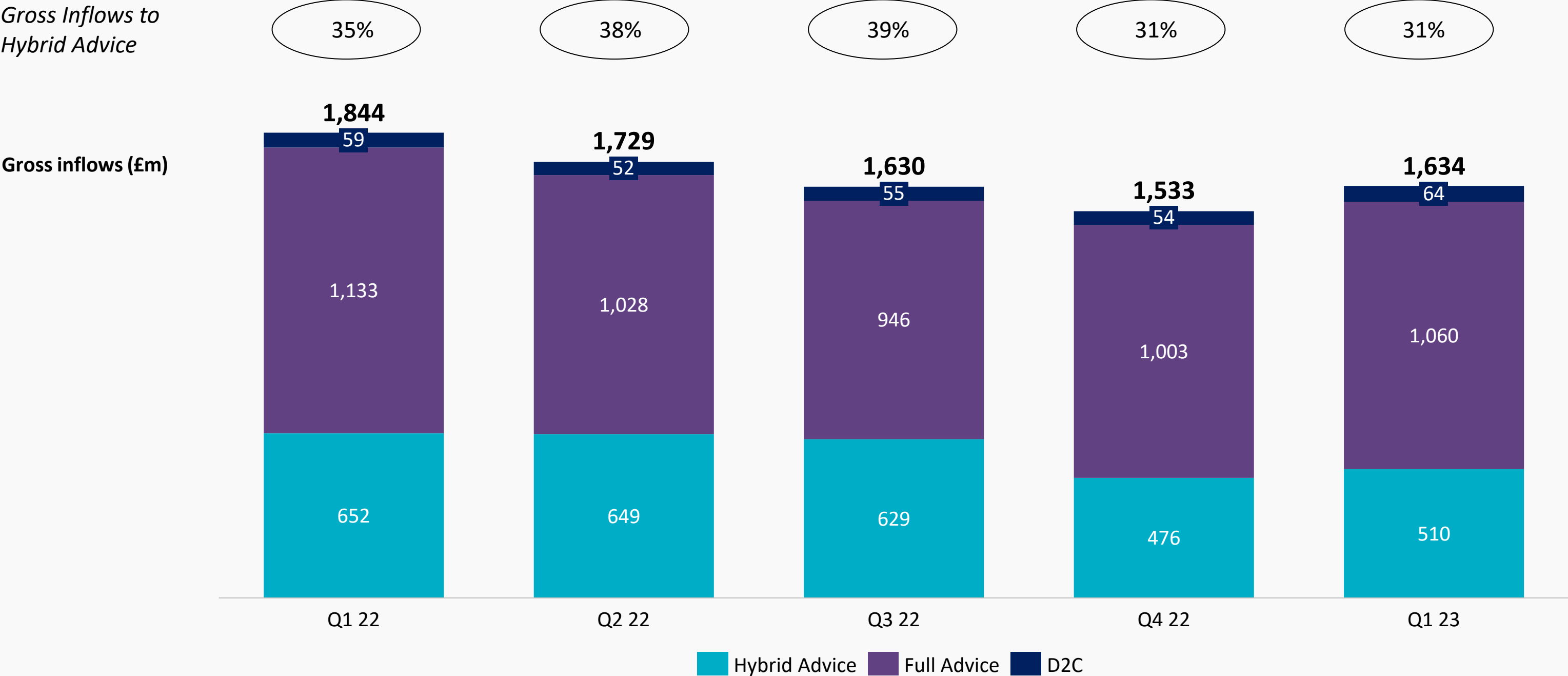
109bps

Net revenue margin
(Q4-22: 106bps)

80%

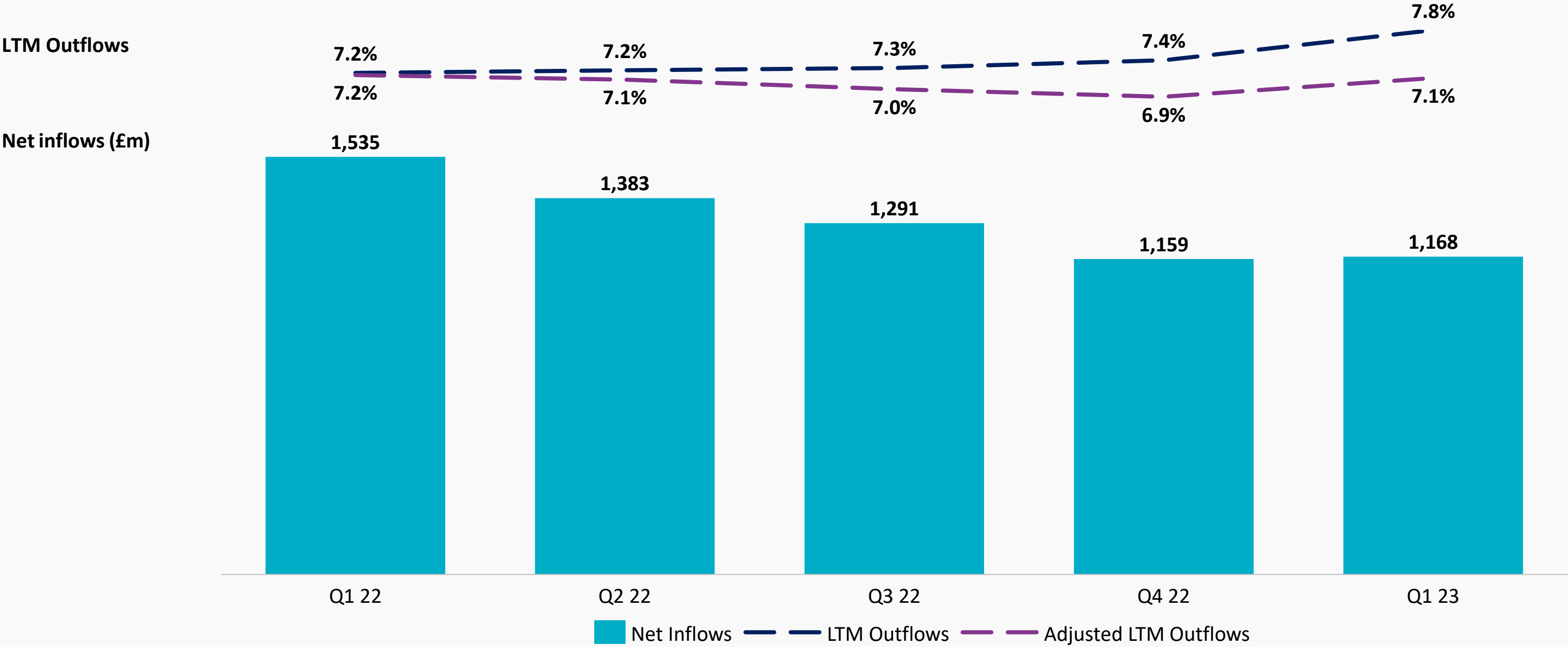
EBITDA margin as a
% net revenue
+1% vs Q4-22

Multi-channel strategy...



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

...leading to consistent net inflows...



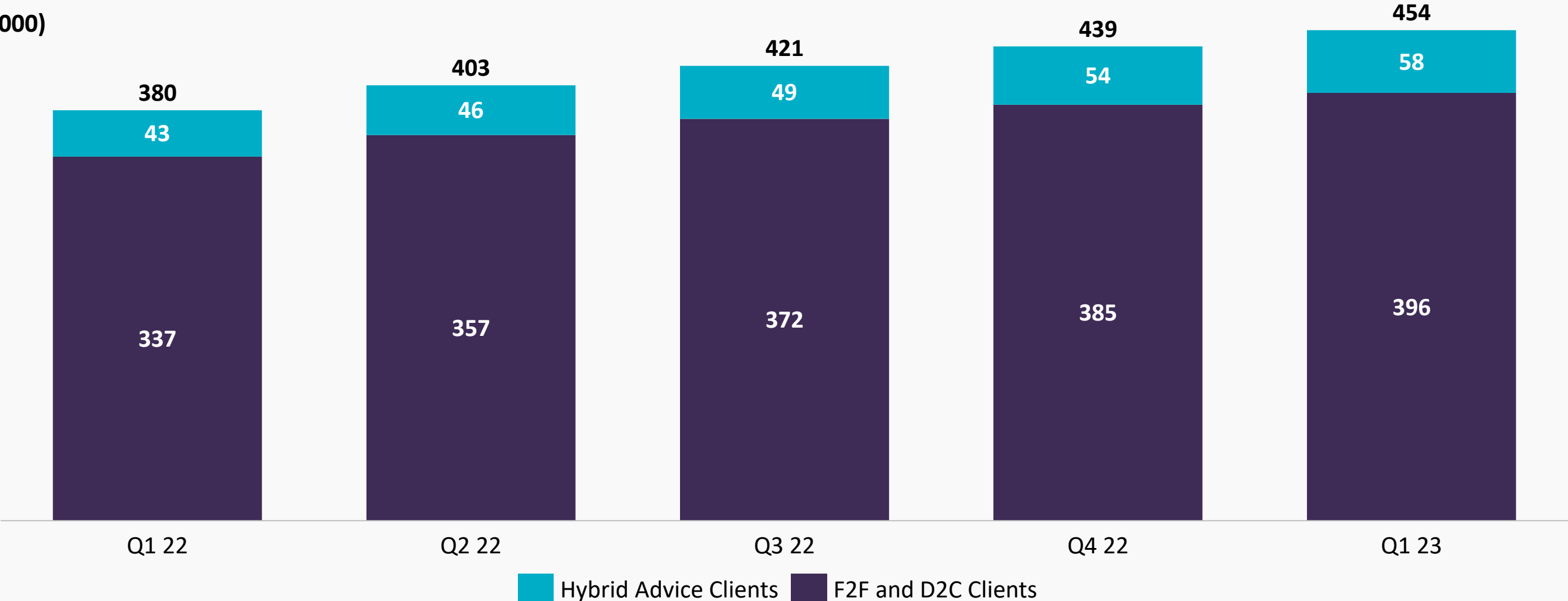
Hybrid Advice refers to Central Advice Team Clients, Face to Face Advice refers to all other advice channels and D2C refers to direct to consumer clients
 Outflows include all regular client withdrawals, pension income, one-off withdrawals and transfers out

...with continued growth in True Potential clients.

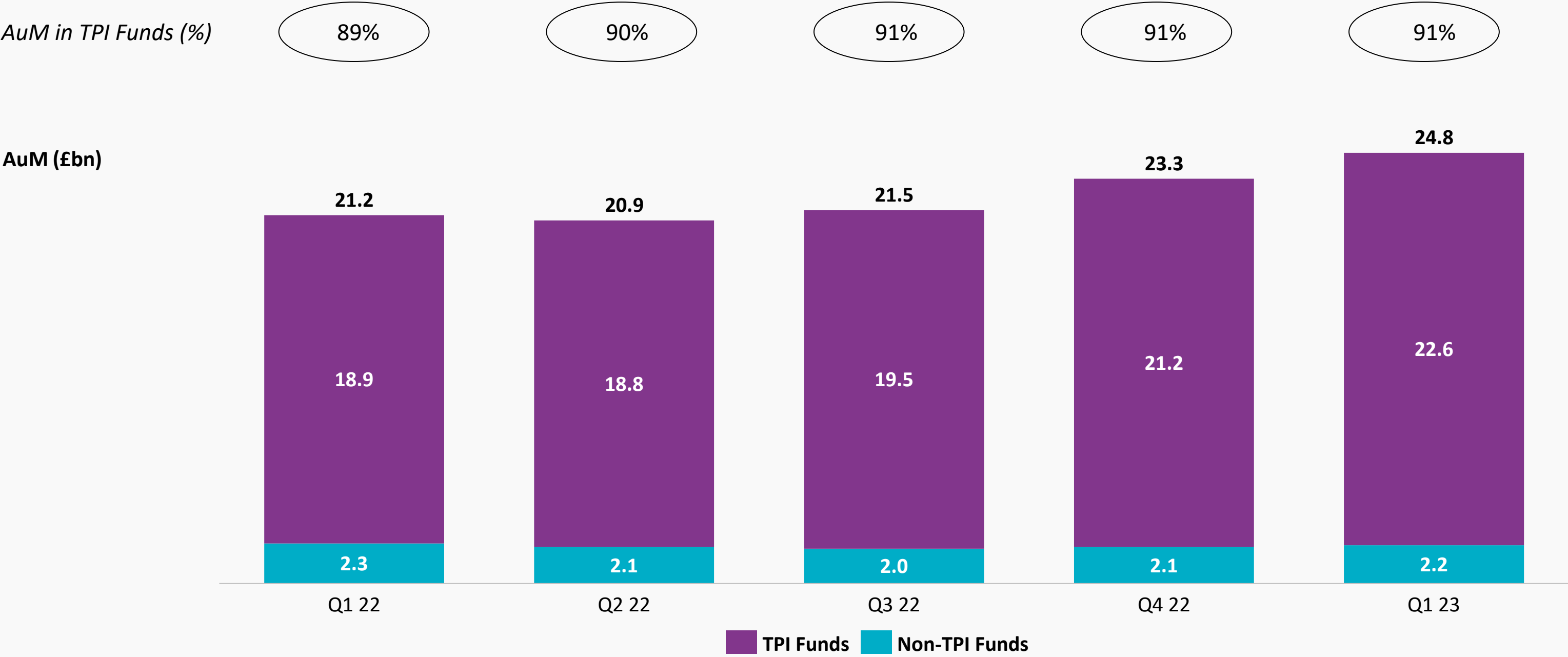
True Potential
Wealth Management
Advisers



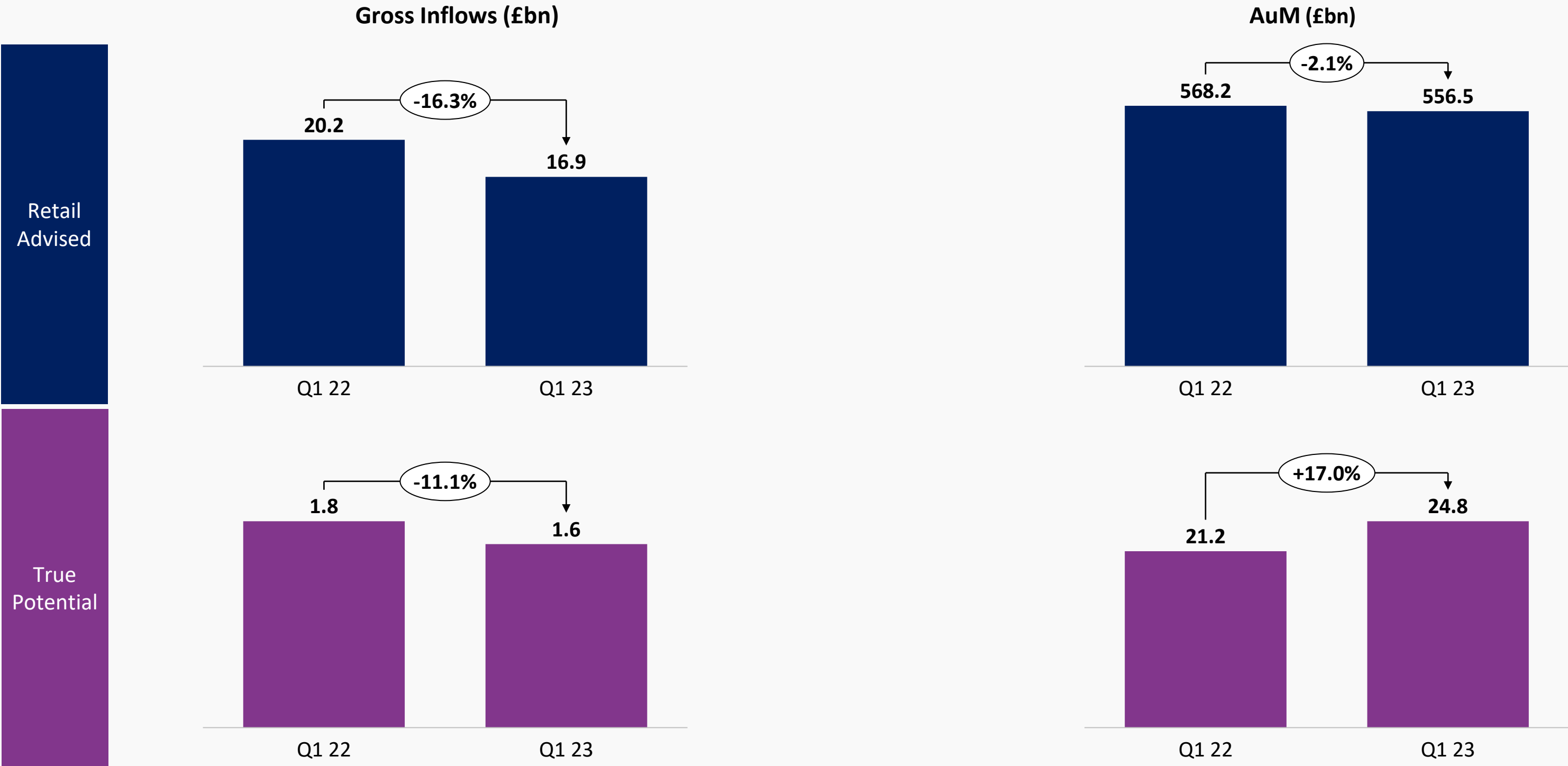
True Potential Clients ('000)



...underpins AuM growth...



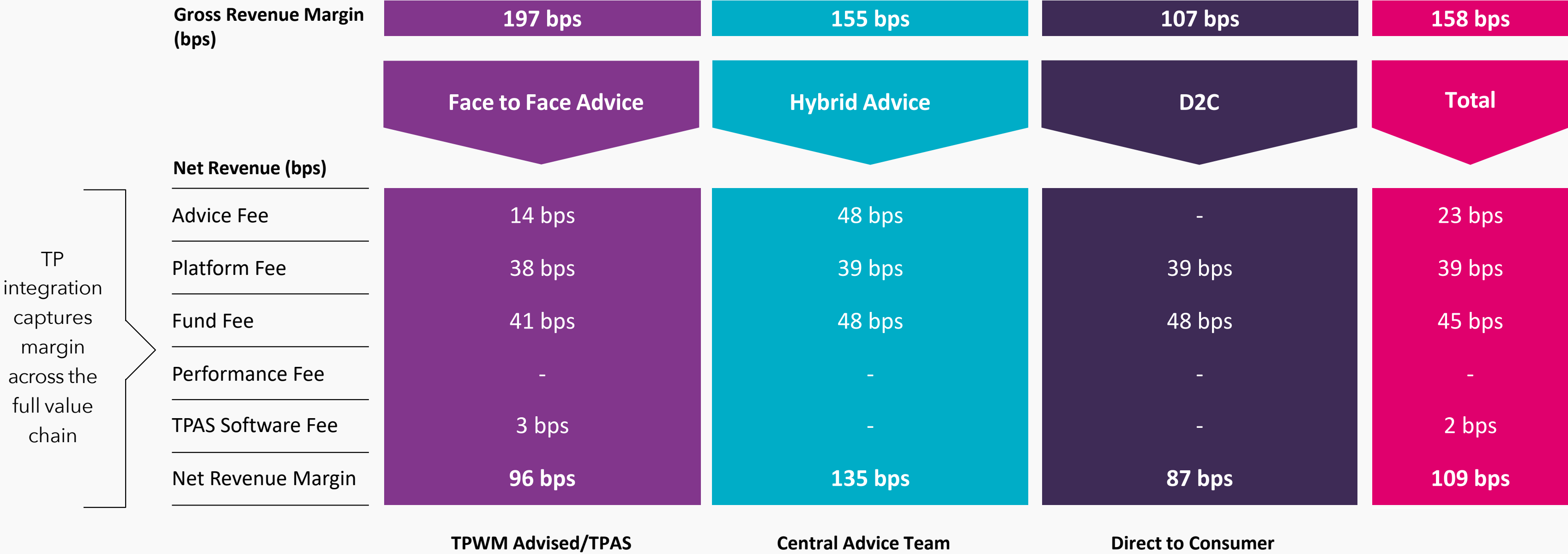
...further demonstrated by relative performance against the retail advised industry.



Source: Fundscape Platform Report: Q1-23 issue, May 2023

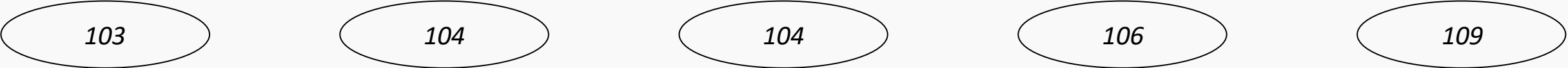
Diversified net revenue through multi-channels.

Vertically integrated multi-channel strategy

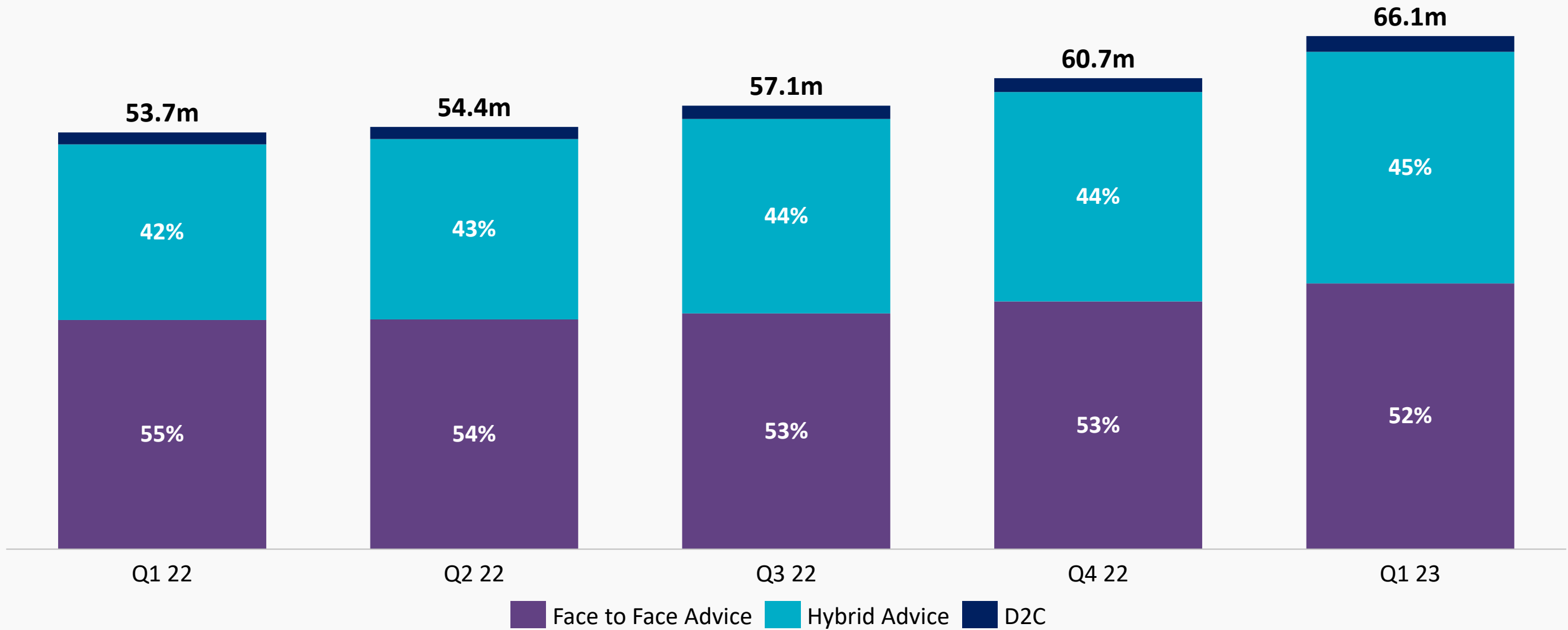


Diversified net revenue through multiple channels.

Net Revenue
Margin bps



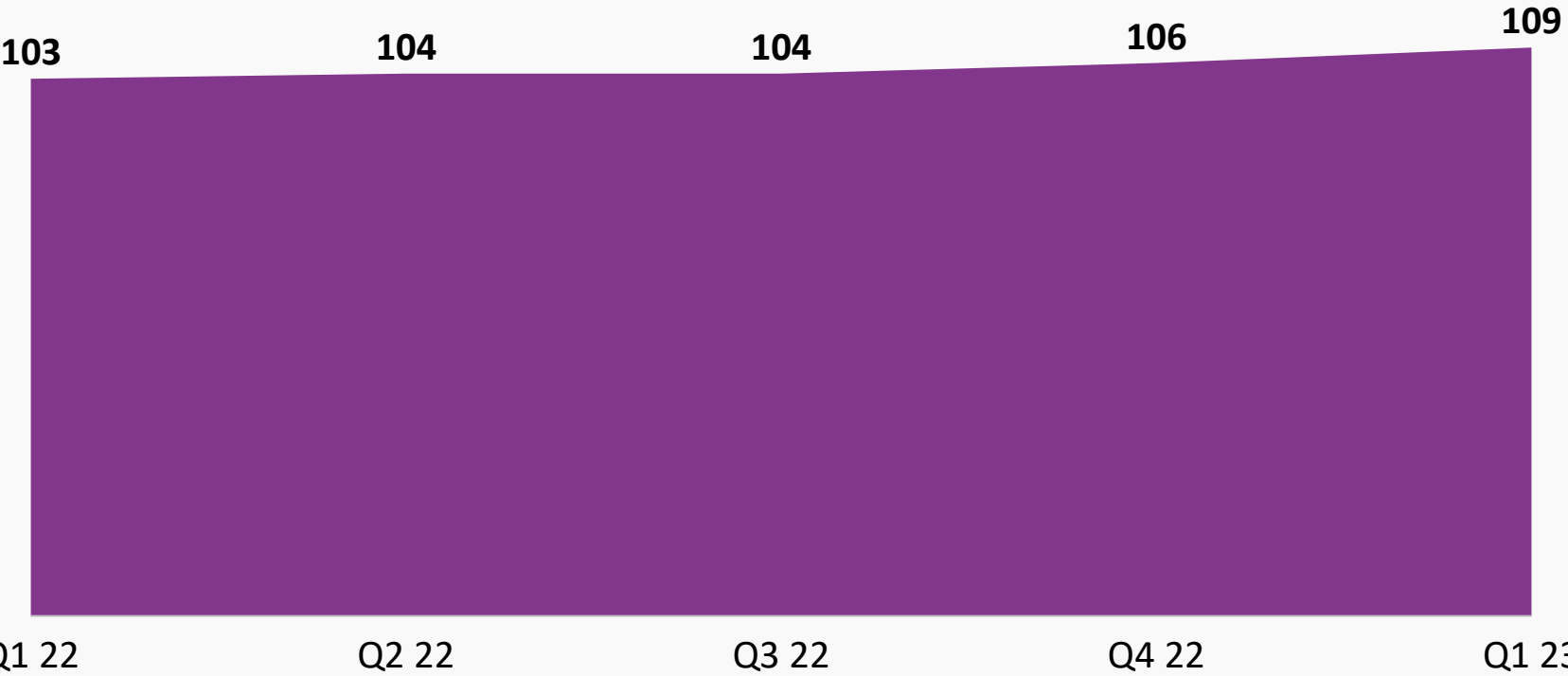
Multi-channel net revenue (£m)



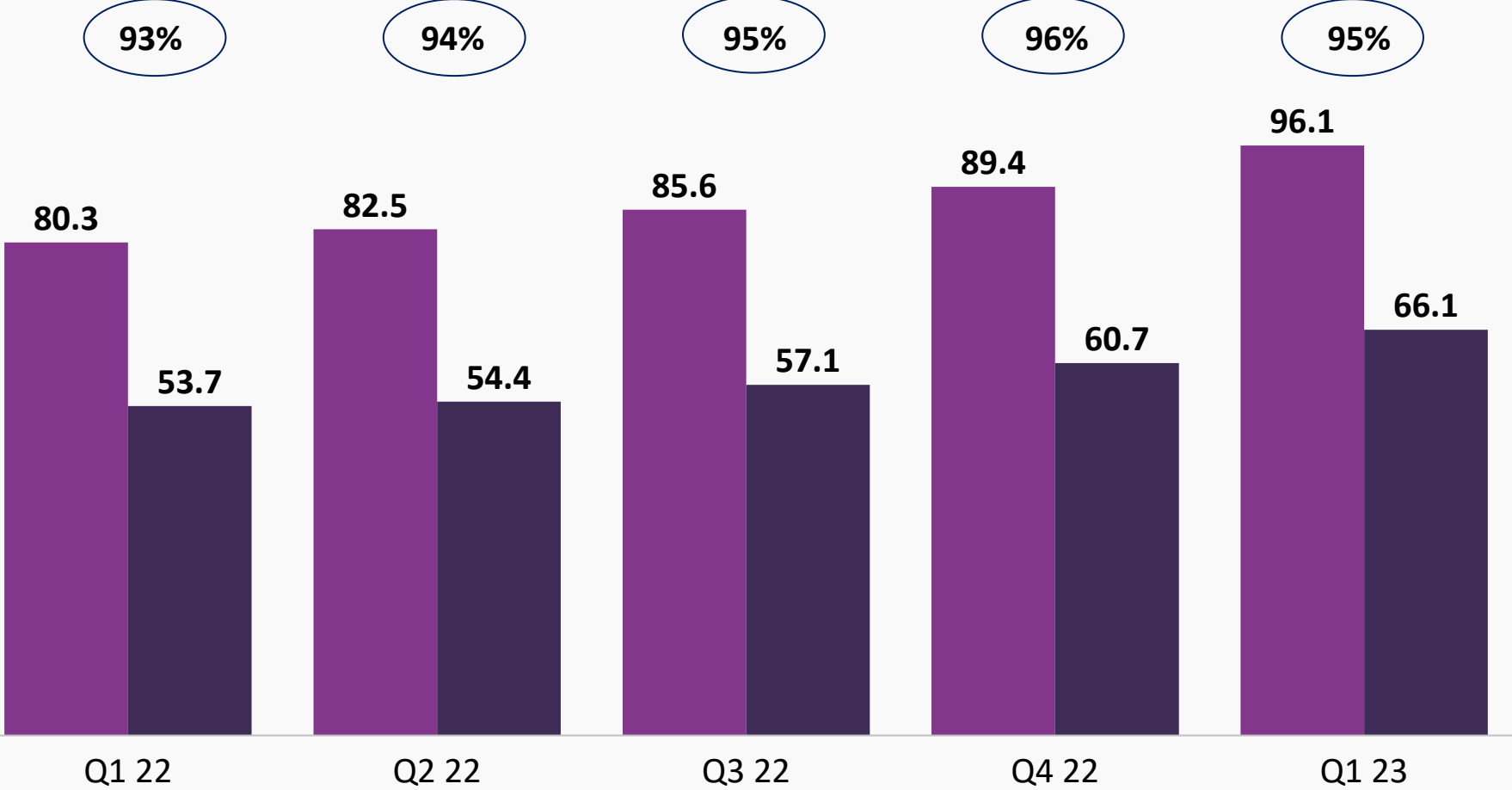
Fully integrated and scalable model drives revenue and EBITDA growth.

Full integration supports higher revenue margin

Net revenue margin (bps)



Gross revenue (£m)

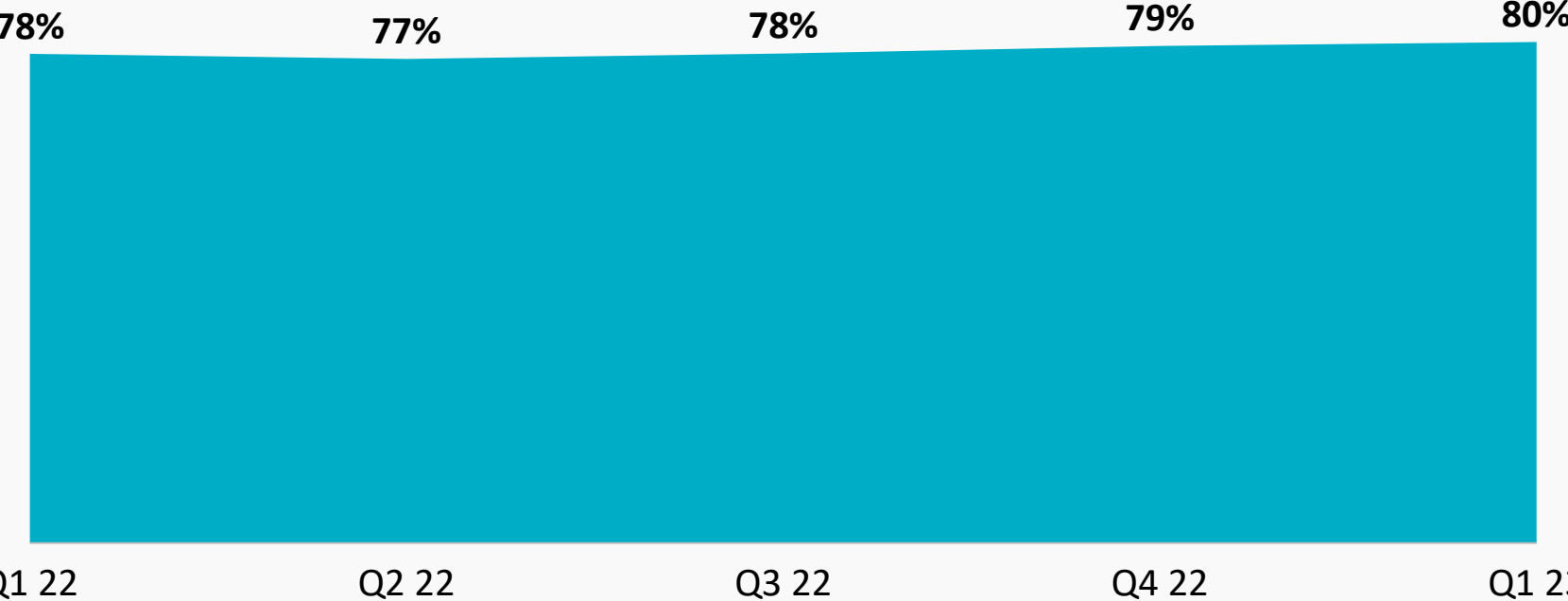


Gross Revenue Net Revenue Recurring Revenue (%)

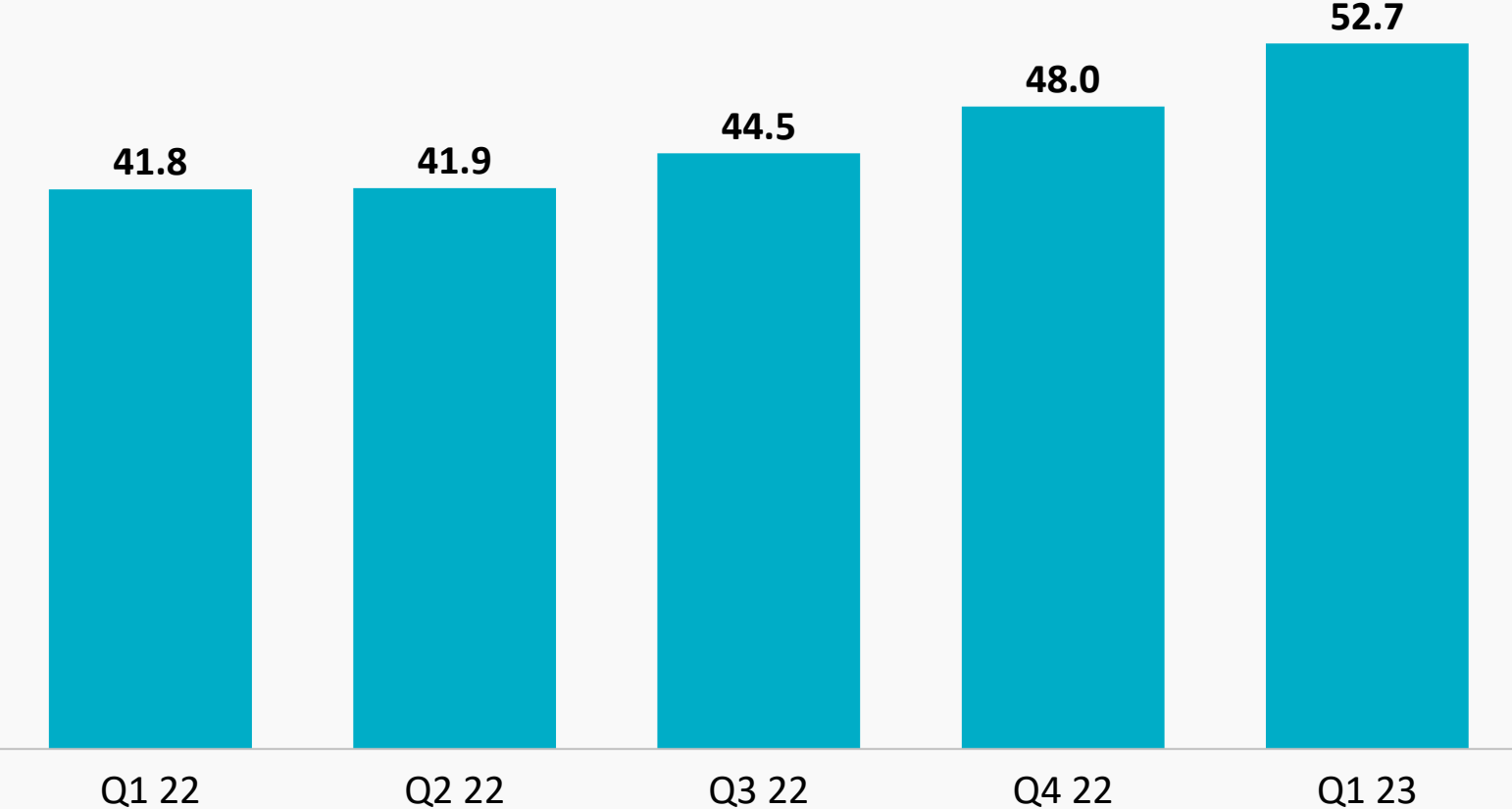
Fully integrated and scalable model drives revenue and EBITDA growth.

Technology and operating model support operating leverage

EBITDA margin (% net revenue)

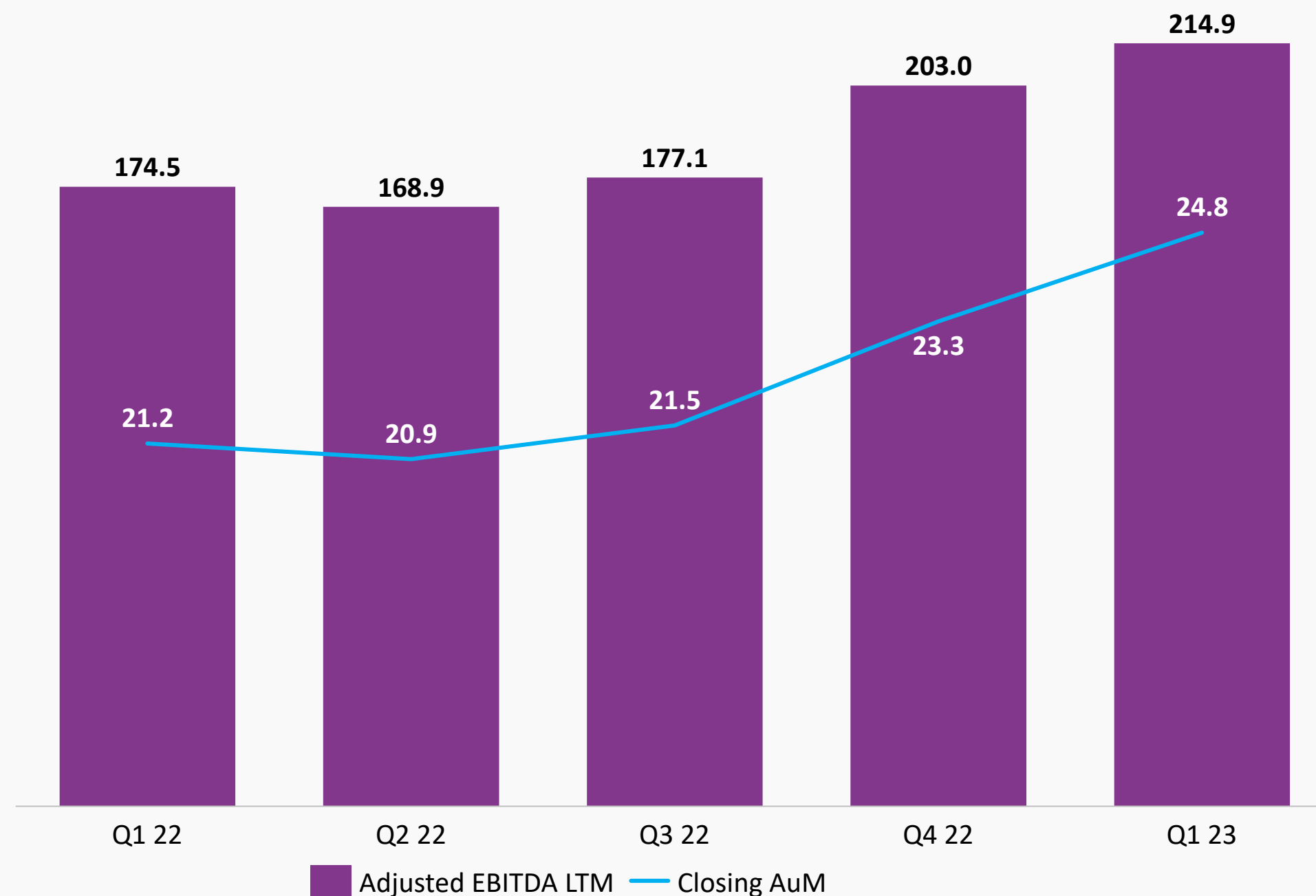


EBITDA (£m)



EBITDA excludes performance fee and exceptional items

And on an LTM basis, performance is stable given AuM trends through the quarter.



| EBITDA Leverage | | Mar-23 |
|---------------------------|--|--------------|
| Adjusted LTM EBITDA | | 214.9 |
| Gross Debt | | |
| HYB | | 700.0 |
| RCF | | 100.0 |
| KKR | | 50.0 |
| Internal Shareholder Loan | | 29.5 |
| Total Gross Debt | | 879.5 |
| Less: Cash | | (93.0) |
| Net Debt | | 786.5 |
| Leverage Multiple | | 3.7x |

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. The internal shareholder loan of £29.5m carries an interest rate of 2%, mirroring HMRC's official rate, with interest capitalisation. The loan is repayable on demand.

Strong operating cashflow generation and regulatory capital.

| | Q1 22 | Q2 22 | Q3 22 | Q4 22 | Q1 23 |
|--|---------------|---------------|---------------|---------------|---------------|
| EBITDA | 43.0 | 43.1 | 45.8 | 44.3 | 52.7 |
| Less exceptional items | (11.0) | 0.0 | (0.9) | 0.0 | 0.0 |
| Operating cashflows before movement in working capital | 32.0 | 43.1 | 44.9 | 44.3 | 52.7 |
| Net working capital movement | 2.2 | 2.0 | (0.3) | 0.5 | (0.9) |
| Total discretionary client onboarding | (38.0) | (51.1) | (57.2) | (69.9) | (50.3) |
| <i>Discretionary client onboarding 8%</i> | <i>(32.9)</i> | <i>(46.8)</i> | <i>(52.4)</i> | <i>(63.1)</i> | <i>(46.9)</i> |
| <i>Discretionary client onboarding 2%</i> | <i>(5.1)</i> | <i>(4.3)</i> | <i>(4.9)</i> | <i>(6.8)</i> | <i>(3.4)</i> |
| Corporation tax paid | (6.5) | (5.3) | (2.5) | (4.1) | (8.2) |
| Bidco intercompany loan | 0.0 | (0.4) | (25.5) | (9.4) | 38.6 |
| <i>Bond & RCF Interest</i> | <i>0.0</i> | <i>(0.4)</i> | <i>(25.4)</i> | <i>(1.0)</i> | <i>(24.4)</i> |
| Cashflow from operating activities | (10.8) | (11.3) | (40.7) | (38.6) | 31.9 |
| Cashflow from investing activities | (1.0) | (0.4) | 0.7 | (0.3) | 0.2 |
| Cashflow from financing activities | 78.4 | 37.1 | 19.7 | (0.2) | (0.2) |
| Net cash movement | 66.6 | 25.4 | (20.3) | (39.0) | 31.9 |
| Opening cash balance | 28.5 | 95.0 | 120.4 | 100.2 | 61.1 |
| Closing cash balance | 95.0 | 120.4 | 100.2 | 61.1 | 93.0 |

| Interest | Q1 2023 |
|------------------------------------|-------------|
| HYB Interest | 12.3 |
| RCF Interest | 1.3 |
| KKR Interest | 0.7 |
| Internal Shareholder Loan Interest | 0.1 |
| Interest Receivable | (0.3) |
| Interest Payable | 0.0 |
| Total Interest | 14.2 |

| Regulatory Capital | Q1 2023 |
|-----------------------------------|--------------|
| Own Funds | 639.4 |
| <i>Capital Requirement</i> | <i>17.2</i> |
| <i>Management Buffer</i> | <i>5.2</i> |
| <i>Stress Testing Requirement</i> | <i>221.0</i> |
| Total Requirement | 243.4 |
| Surplus | 396.0 |

We continue to monitor our financing requirements and may consider engaging in discussions with potential investors on raising additional financing as appropriate. As part of ongoing capital structure reviews we may consider buying back bonds if deemed appropriate.

Summary.

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