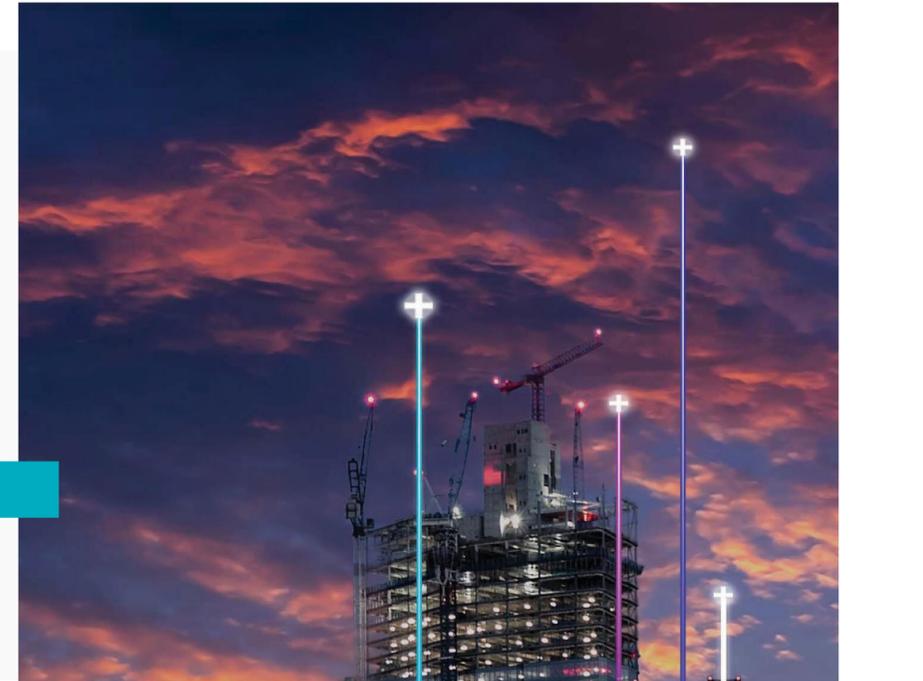


# True Potential Q2 2023 Results Call



true potential



# Presenting today.



**Daniel Harrison**

CEO, Co-founder,  
Senior Partner



**Ben Thorpe**

Chief Financial  
Officer



**Steven Rutter**

Head of  
Financial Reporting

# Q2-23: Continued strong momentum despite market conditions.

**473k**

True Potential clients  
+19k vs Q1-23

**98%**

Client retention  
(Q1-23: 98%)

**£1.0bn**

Net inflows  
Q1-23: £1.1bn net inflows

**95%**

Fully integrated flows  
Q1-23: 94%

**4.9**

Trustpilot score  
(Q1-23: 4.9)

**£25.7bn**

Total AuM  
+£0.9bn vs Q1-23

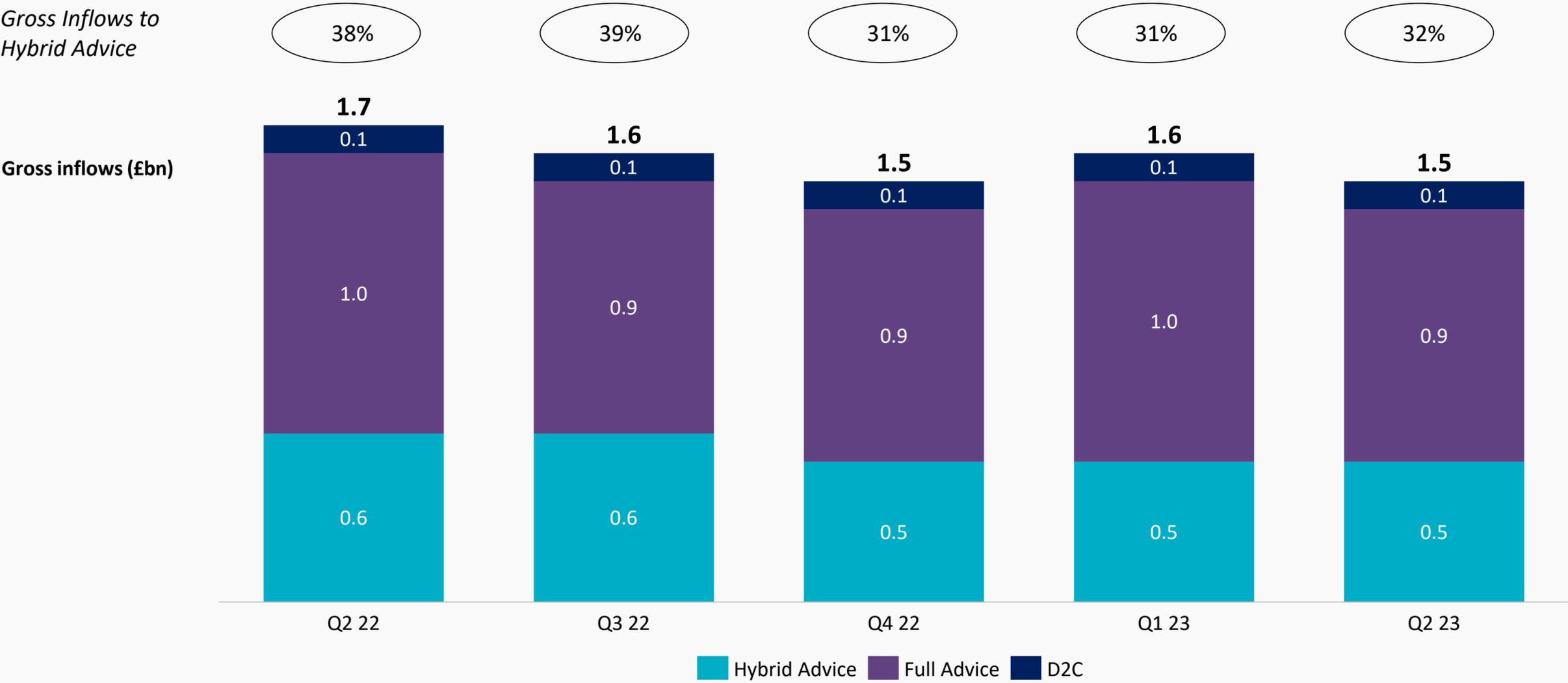
**110bps**

Net revenue margin  
(Q1-23: 109bps)

**80%**

EBITDA margin as a %  
net revenue  
+0.5% vs Q1-23

# Multi-channel strategy...



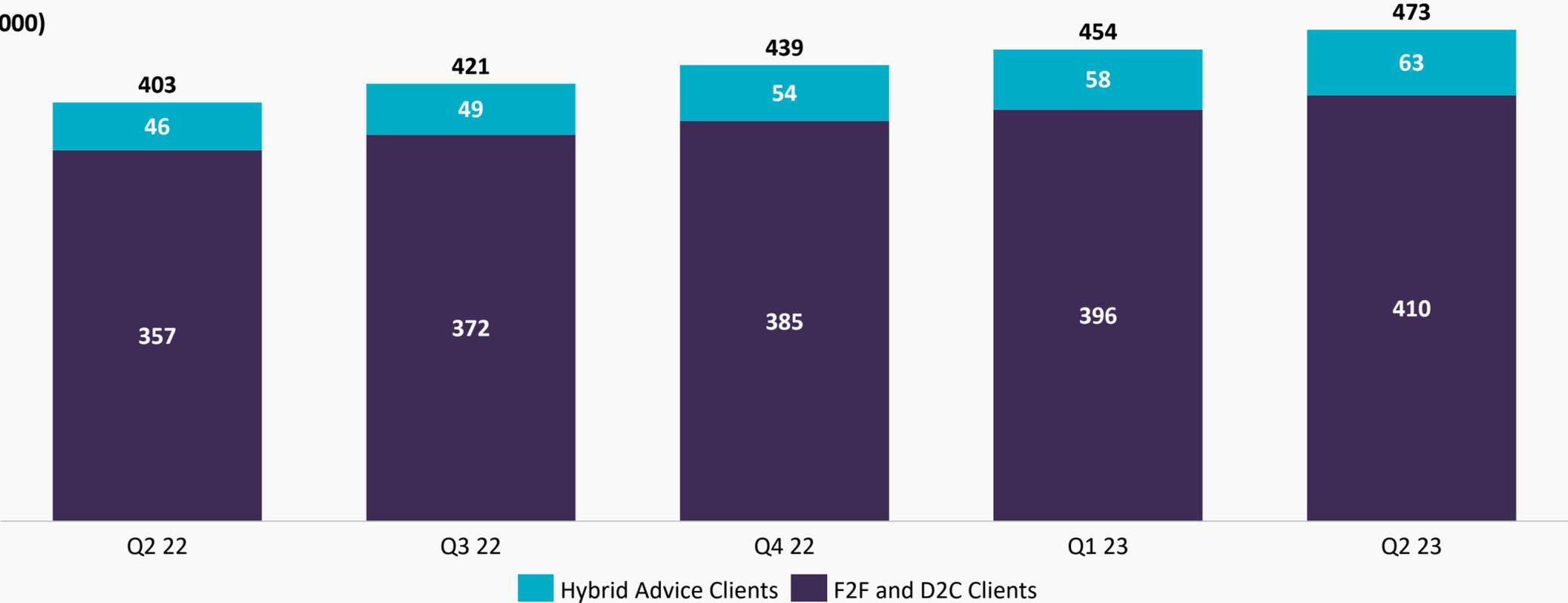
Hybrid Advice refers to Central Advice Team Clients, Face to Face Advice refers to all other advice channels and D2C refers to direct to consumer clients

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

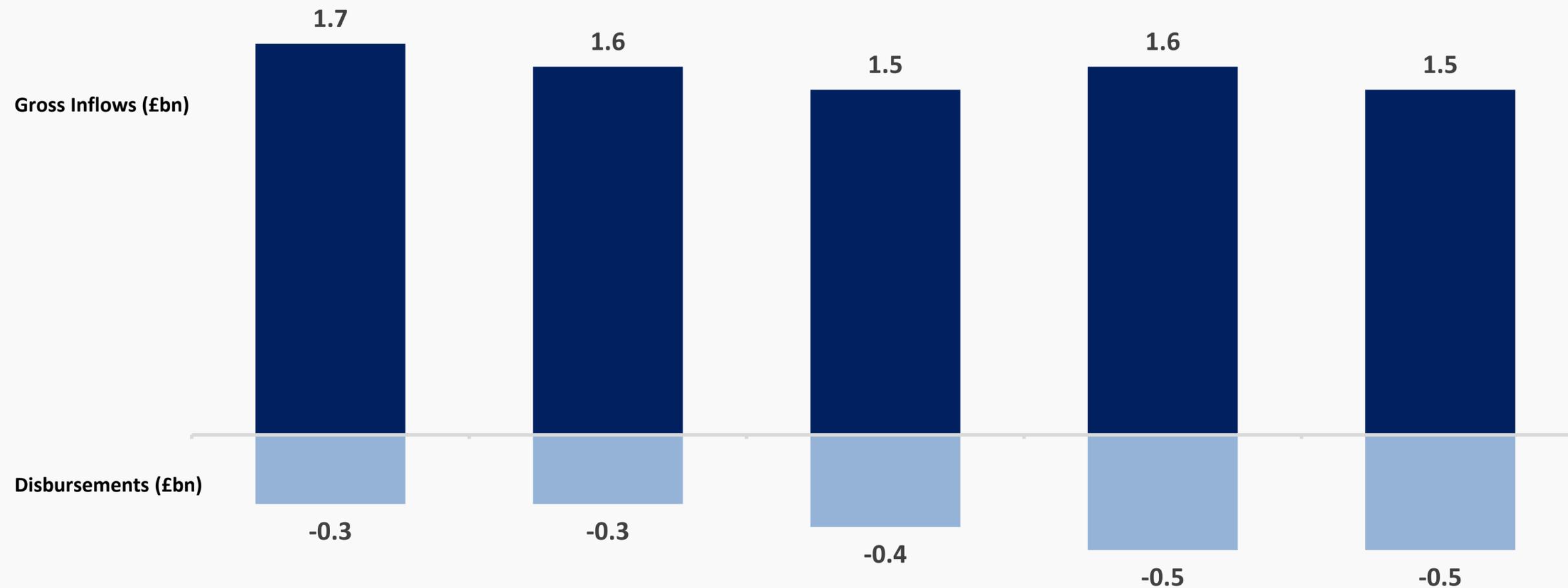
True Potential  
Wealth Management  
Advisers



True Potential Clients ('000)

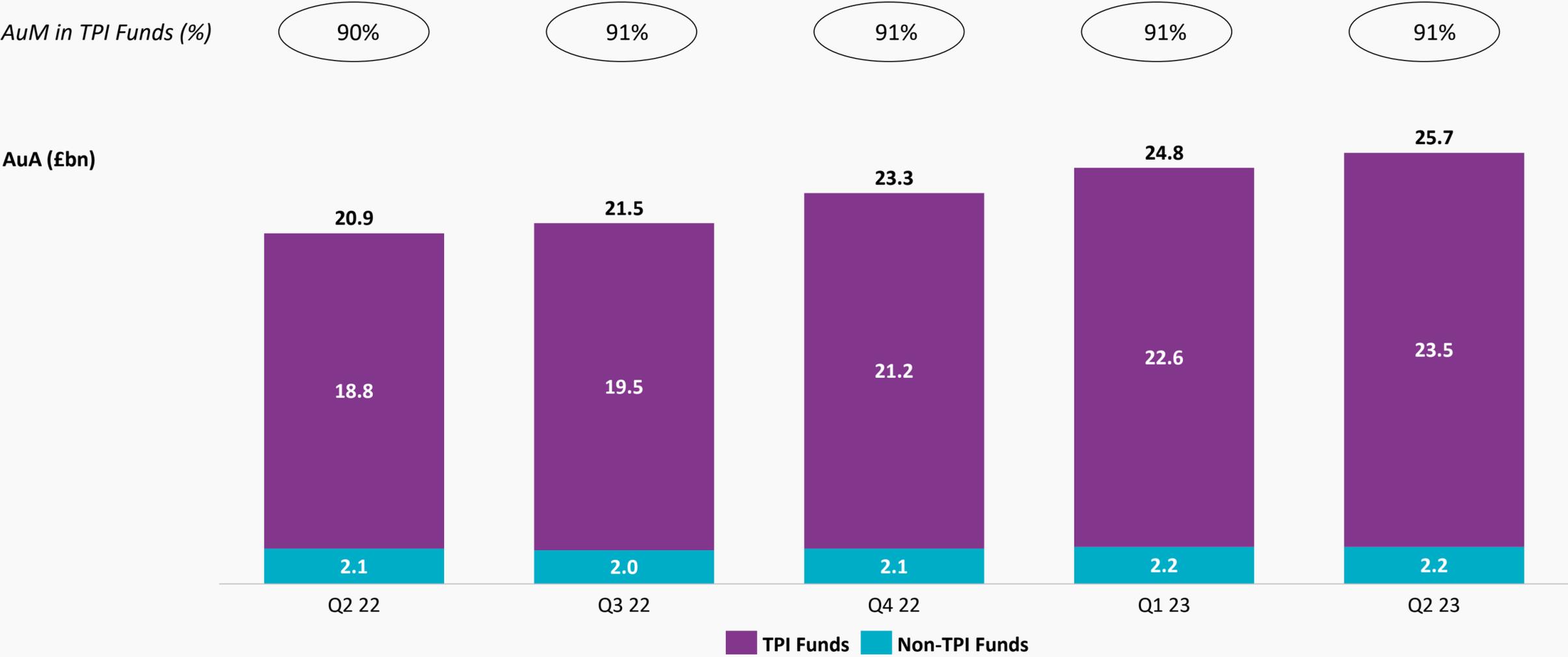


## ...leading to consistent net inflows...

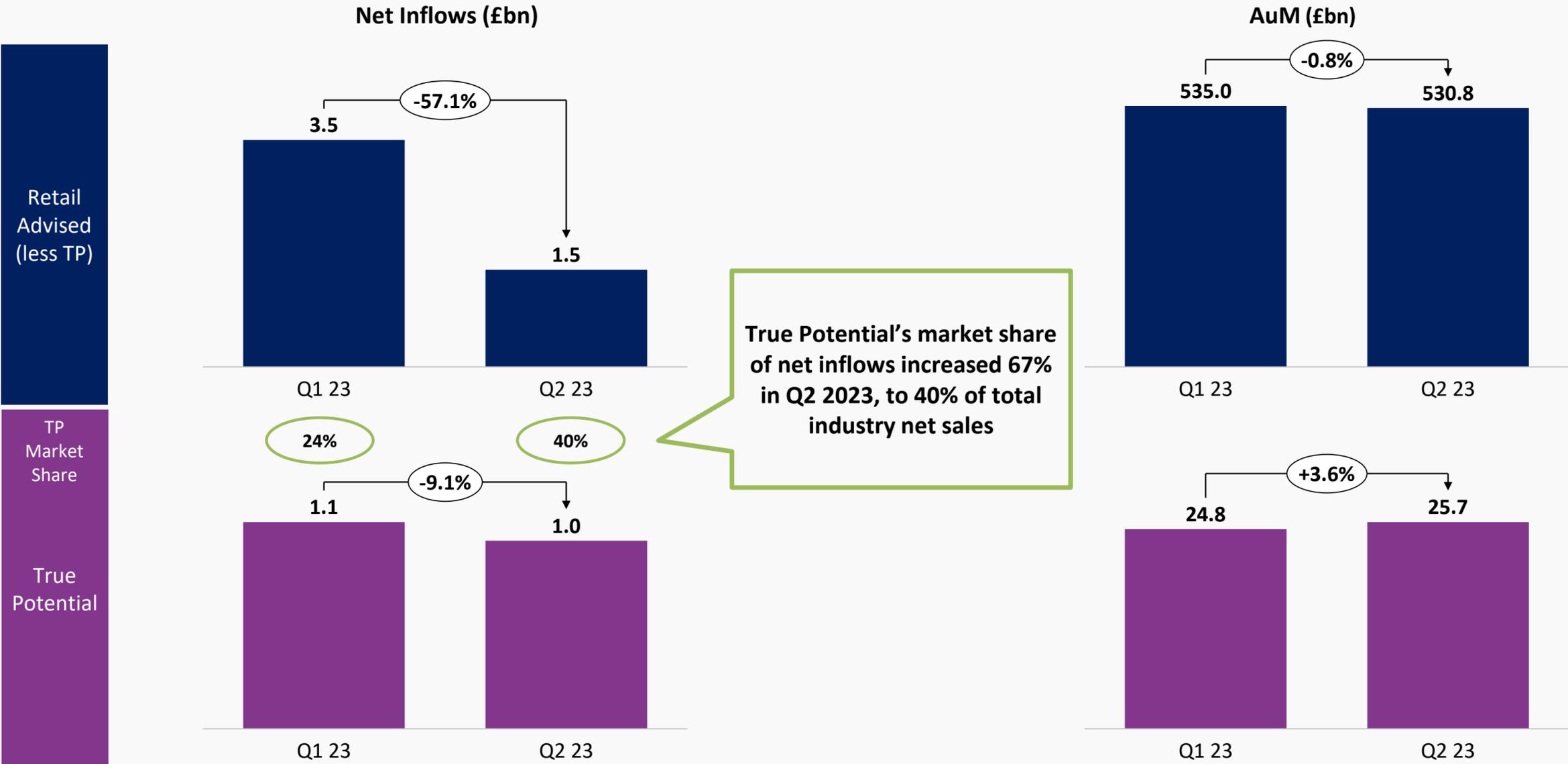


Hybrid Advice refers to Central Advice Team Clients, Face to Face Advice refers to all other advice channels and D2C refers to direct to consumer clients  
Outflows include all regular client withdrawals, pension income, one-off withdrawals and transfers out

# ...that underpins AuM growth...



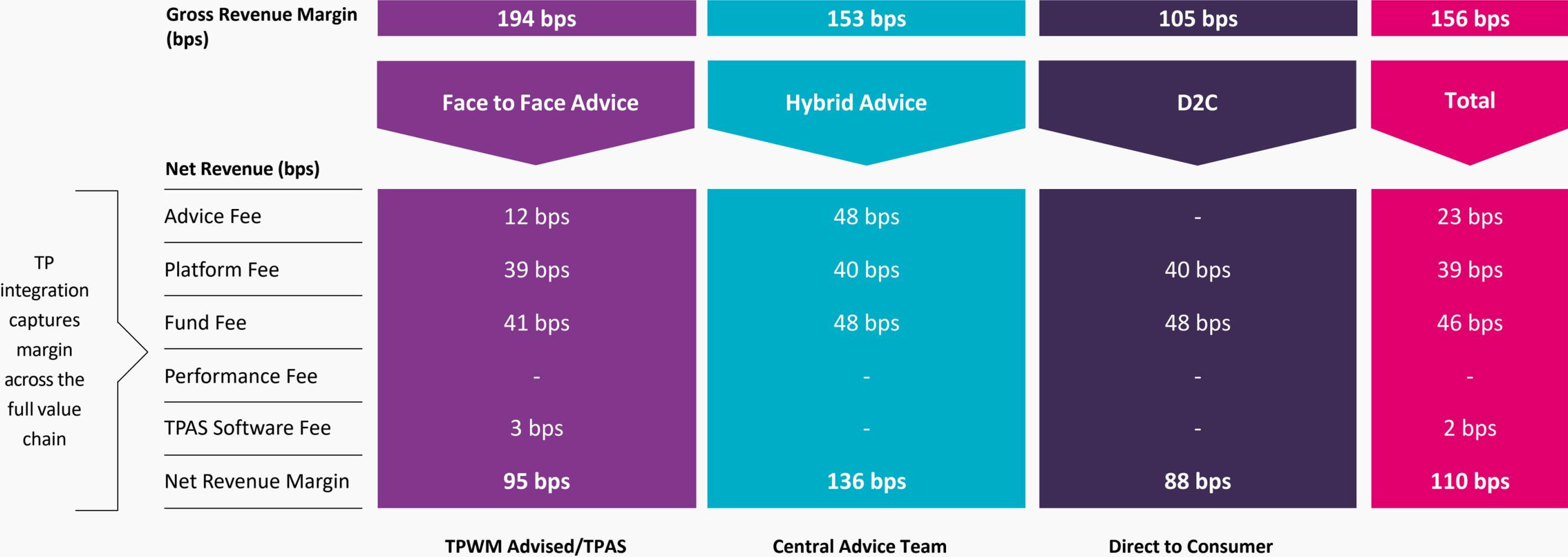
# ...further demonstrated by relative performance against the retail advised industry.



Retail Advised Source: Fundscape Platform Report: Q3-23 issue, August 2023

# Diversified net revenue through multi-channels.

## Vertically integrated multi-channel strategy

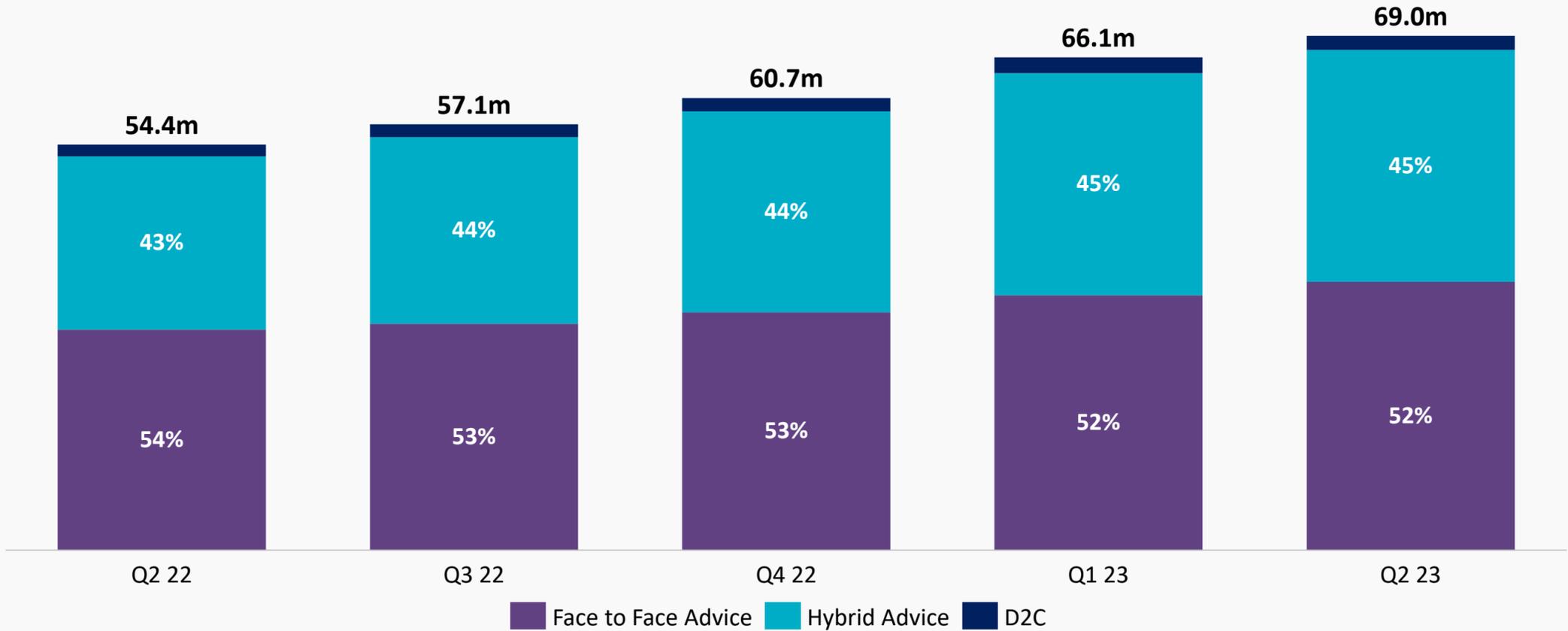


# Diversified net revenue through multiple channels.

Net Revenue  
Margin bps

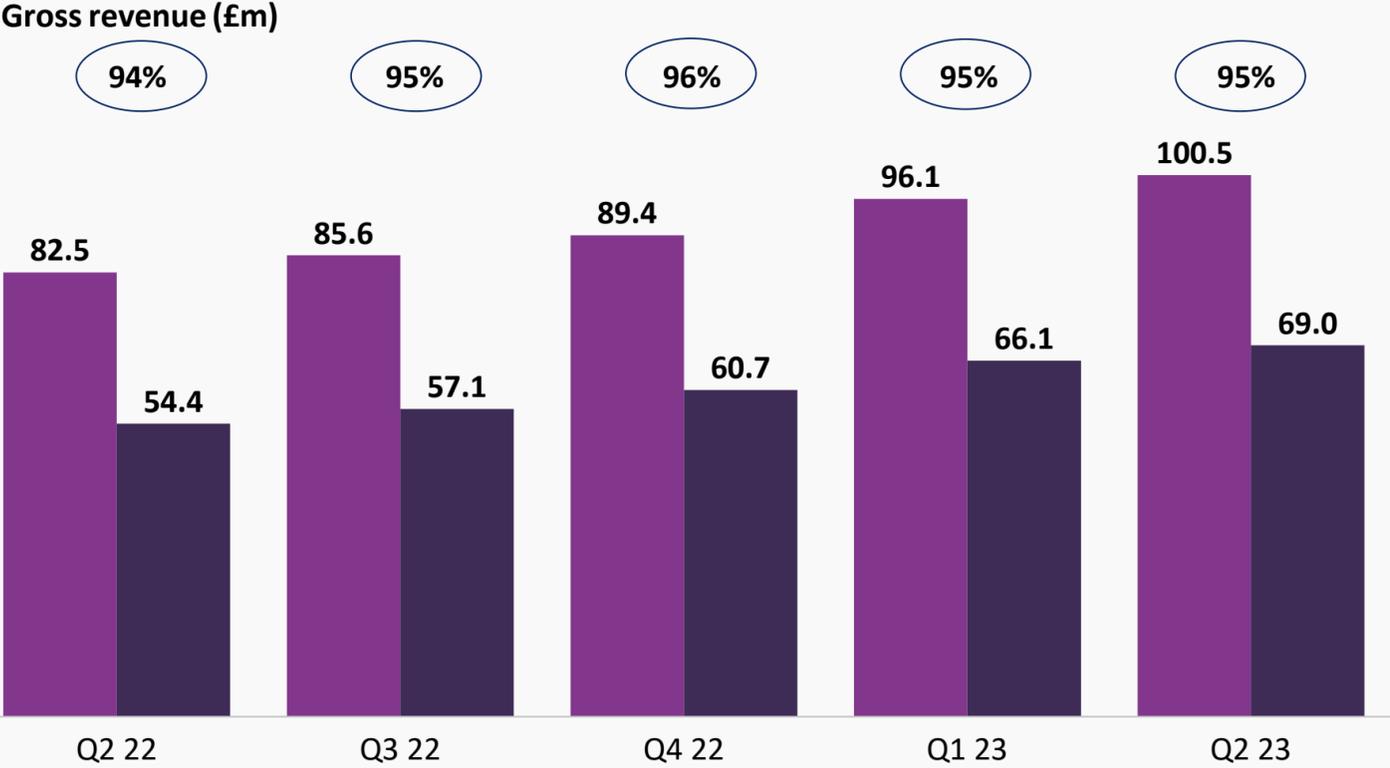
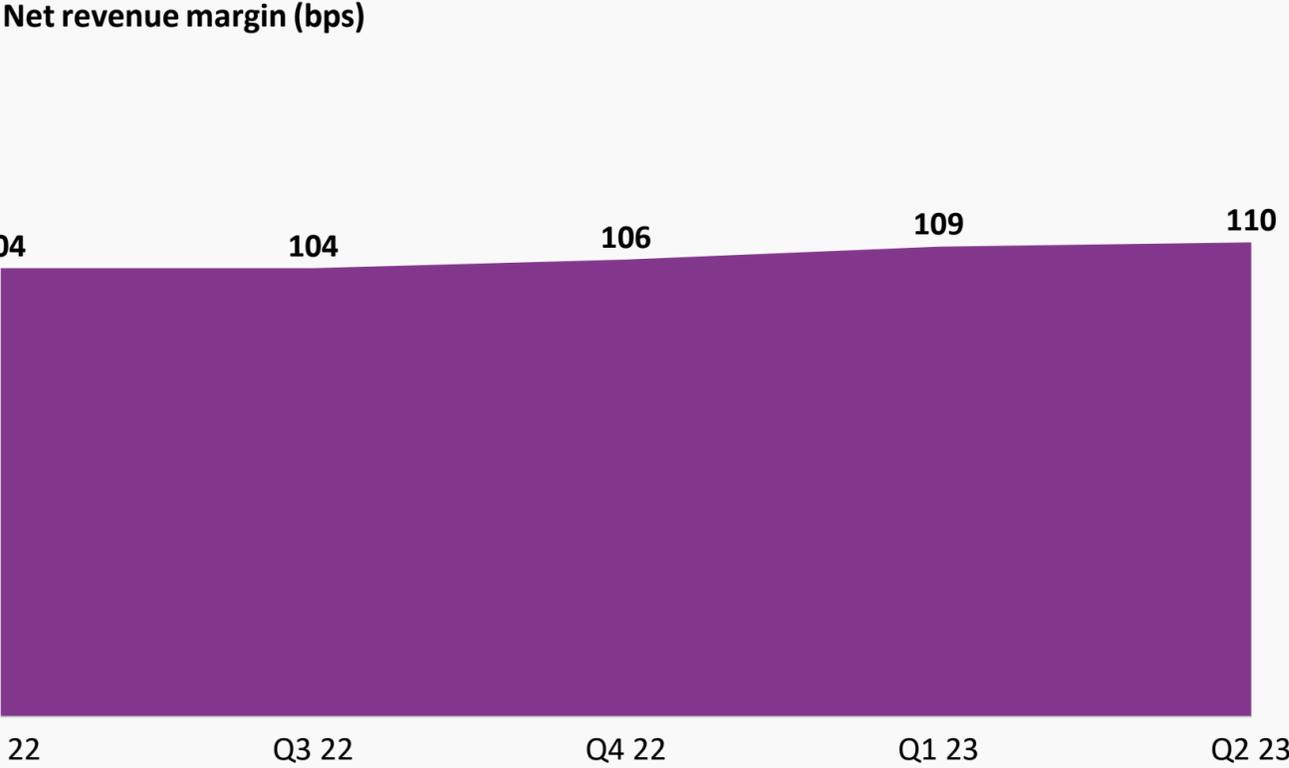


Multi-channel net revenue (£m)



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

Full integration supports higher revenue margin

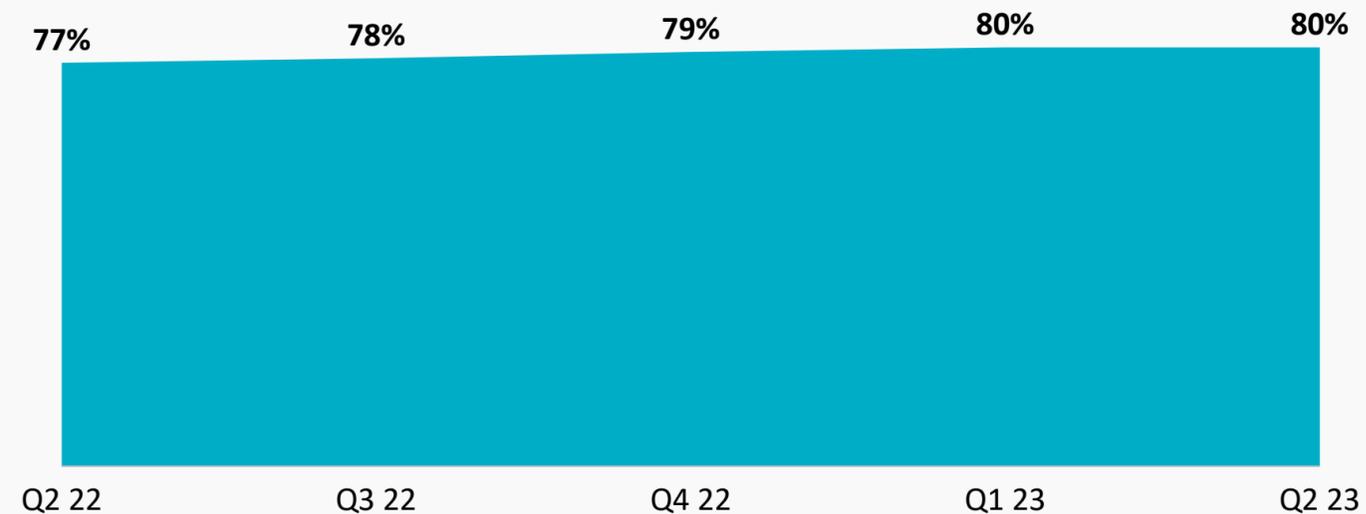


■ Gross Revenue ■ Net Revenue ○ Recurring Revenue (%)

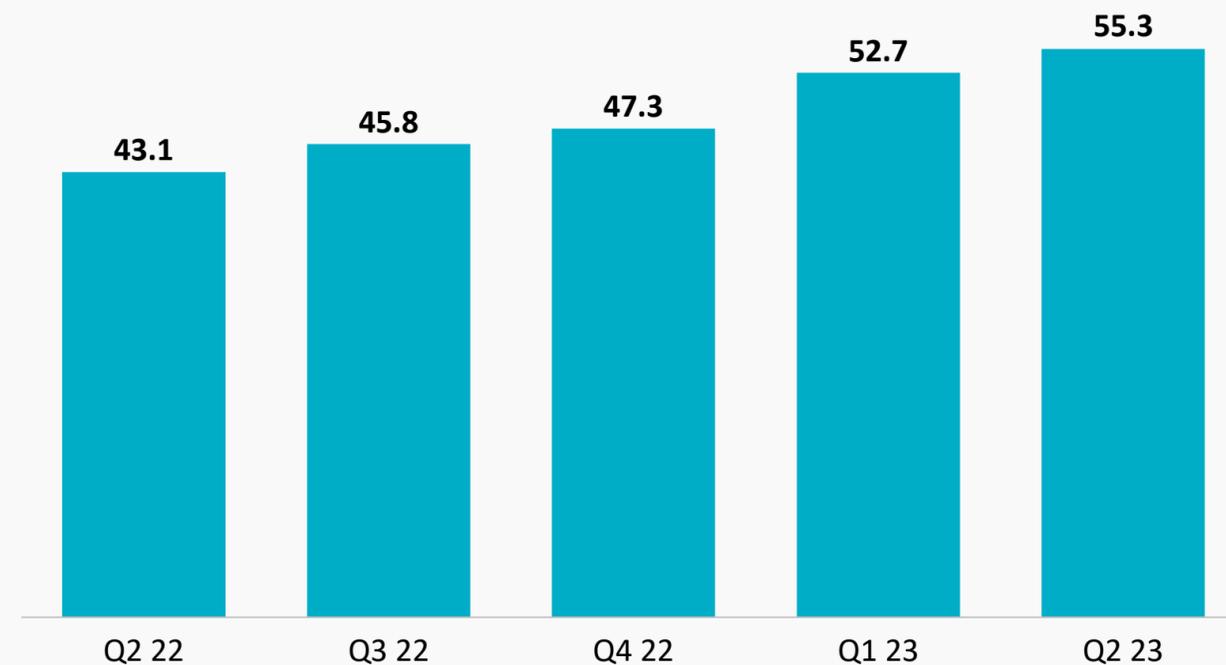
# Fully integrated and scalable model drives revenue and EBITDA growth.

Technology and operating model support operating leverage

EBITDA margin (% net revenue)

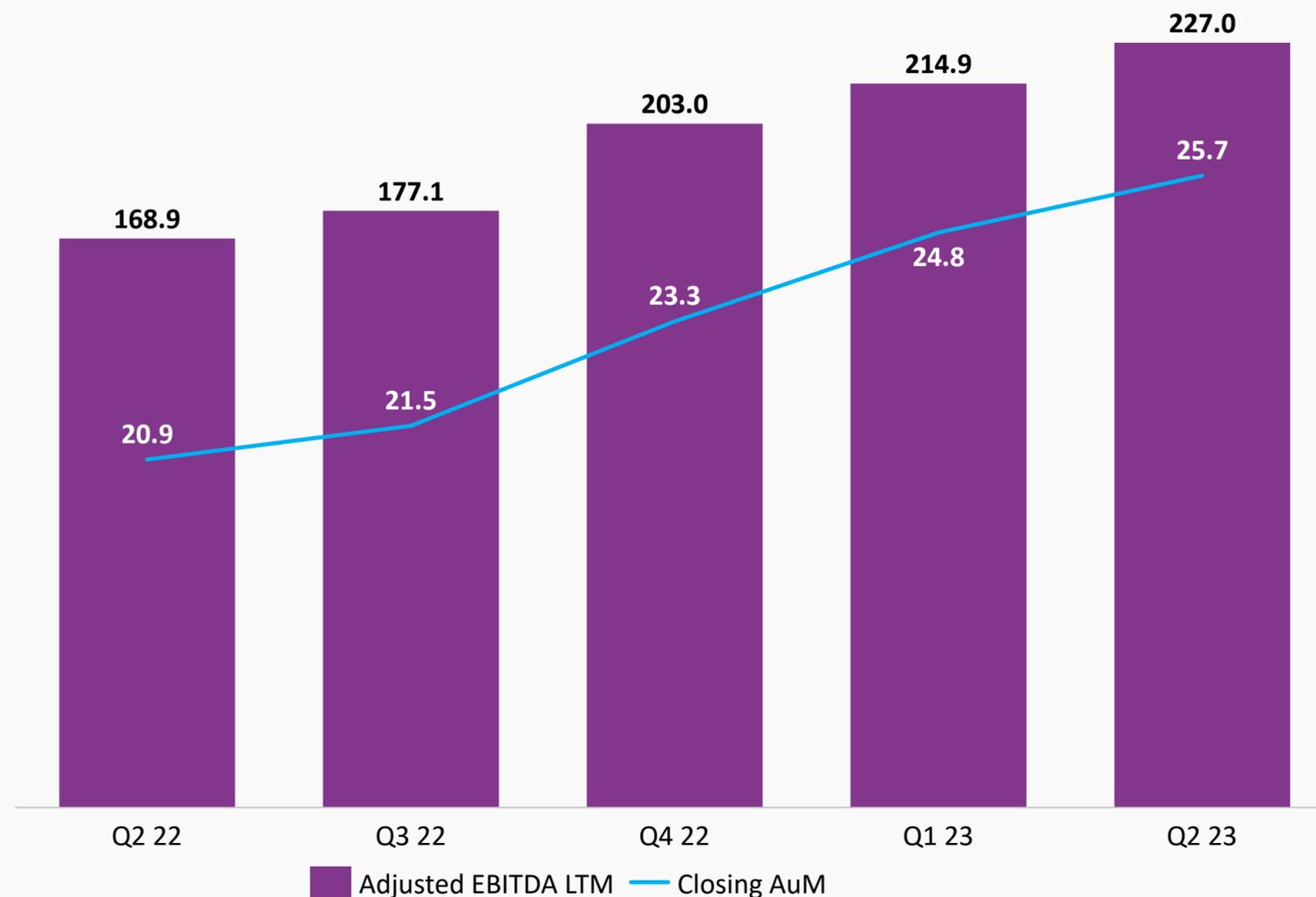


EBITDA (£m)



EBITDA is presented under IFRS and excludes performance fee, exceptional items and complaints provision.

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



| EBITDA Leverage           |  | Jun-23       |
|---------------------------|--|--------------|
| Adjusted LTM EBITDA       |  | 227.0        |
| <b>Gross Debt</b>         |  |              |
| HYB                       |  | 700.0        |
| RCF                       |  | 62.0         |
| KKR                       |  | 50.0         |
| Internal Shareholder Loan |  | 29.7         |
| <b>Total Gross Debt</b>   |  | <b>841.7</b> |
| Less: Cash                |  | (36.2)       |
| Net Debt                  |  | 805.5        |
| <b>Leverage Multiple</b>  |  | <b>3.6x</b>  |

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 £29.7m 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.

|   | Q2 22         | Q3 22         | Q4 22         | Q1 23        | Q2 23         |
|---|---------------|---------------|---------------|--------------|---------------|
| <b>EBITDA</b>   | <b>43.1</b>   | <b>45.8</b>   | <b>44.3</b>   | <b>52.7</b>  | <b>55.3</b>   |
| Less: exceptional items                                       | 0.0           | (0.9)         | 0.0           | 0.0          | 0.0           |
| <b>Operating Cashflows before movement in working capital</b> | <b>43.1</b>   | <b>44.9</b>   | <b>44.3</b>   | <b>52.7</b>  | <b>55.3</b>   |
| Net working capital movement                                  | 2.4           | (0.3)         | 0.5           | (0.9)        | (1.7)         |
| Total discretionary client onboarding                         | (51.1)        | (57.2)        | (69.9)        | (50.3)       | (63.9)        |
| Discretionary client onboarding 8%                            | (46.8)        | (52.4)        | (63.1)        | (46.9)       | (59.5)        |
| Discretionary client onboarding 2%                            | (4.3)         | (4.9)         | (6.8)         | (3.4)        | (4.4)         |
| Corporation tax paid  | (5.3)         | (2.5)         | (4.1)         | (8.2)        | (10.3)        |
| <b>Cashflow from Operating Activities</b>                     | <b>(10.9)</b> | <b>(15.1)</b> | <b>(29.2)</b> | <b>(6.7)</b> | <b>(20.6)</b> |
| <b>Cashflow from Investing Activities</b>                     | <b>(0.4)</b>  | <b>0.7</b>    | <b>(0.3)</b>  | <b>0.2</b>   | <b>0.7</b>    |
| <b>Cashflow from Financing Activities</b>                     | <b>36.7</b>   | <b>(5.8)</b>  | <b>(9.6)</b>  | <b>38.4</b>  | <b>(36.9)</b> |
| Increase/(Decrease) in finance loans                          | 37.1          | 19.6          | (8.4)         | 63.0         | (33.5)        |
| Interest Paid   | (0.4)         | (25.4)        | (1.2)         | (24.6)       | (3.4)         |
| <b>Net Cash Movement</b>                                      | <b>25.4</b>   | <b>(20.2)</b> | <b>(39.0)</b> | <b>31.9</b>  | <b>(56.8)</b> |
| Opening Cash Balance  | 95.0          | 120.4         | 100.2         | 61.1         | 93.0          |
| Closing Cash Balance  | 120.4         | 100.2         | 61.1          | 93.0         | 36.2          |

| Interest Accrued                   | Q2 2023     |
|------------------------------------|-------------|
| HYB Interest                       | 12.3        |
| RCF Interest                       | 1.9         |
| KKR Interest                       | 1.2         |
| Internal Shareholder Loan Interest | 0.2         |
| Interest Receivable                | (0.7)       |
| Interest Payable                   | 0.0         |
| <b>Total Interest Accrued</b>      | <b>14.9</b> |

| Regulatory Capital         | Q2 2023      |
|----------------------------|--------------|
| Own Funds                  | 640.7        |
| Capital Requirement        | 17.2         |
| Management Buffer          | 5.2          |
| Stress Testing Requirement | 260.6        |
| Total Requirement          | 283.0        |
| <b>Surplus</b>             | <b>357.7</b> |

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.

- Continued positive momentum despite challenging market conditions
- Multi-channel distribution delivered excellent AUM and EBITDA growth
- Market leading margins achieved through integrated proprietary technology solution and highly efficient Newcastle location
- Strong operating cashflow generation, high interest cover and robust regulatory capital

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