

True Potential Q1 2024 Results

For the quarter ended
31 March 2024

29 May 2024

true potential



Agenda

1. CEO Update
2. Q1 2024 Financial Results
3. Summary and Q&A



Daniel Harrison

Chief Executive Officer
Co-founder



Ben Thorpe

Chief Financial Officer



Steven Rutter

Head of Finance

Agenda

1. CEO Update
2. Q1 2024 Financial Results
3. Summary and Q&A



Daniel Harrison

Chief Executive
Officer

Co-founder

CEO Update

1. Resilient and consistent inflows, supporting strong Assets under Management performance up 7% in Q1 2024 to £30.6bn.
2. Very strong Q1 2024 financial performance, with an 11% quarter on quarter increase in EBITDA.
3. Market opportunity continues to grow.
4. Ongoing evolution of our adviser recruitment offering.

Q1-24: Strong start to the year with AuM above £30bn

523k

True Potential clients
+16k vs Q4 23

96%

Client retention
Q4-23: 96%

£0.8bn

Net inflows
Q4-23: £0.8bn

92%

Fully integrated AuM
Q4-23: 92%

4.9

Trustpilot score
Q4-23: 4.9

£30.6bn

Total AuM
+£2.1bn vs Q4-23

107bps

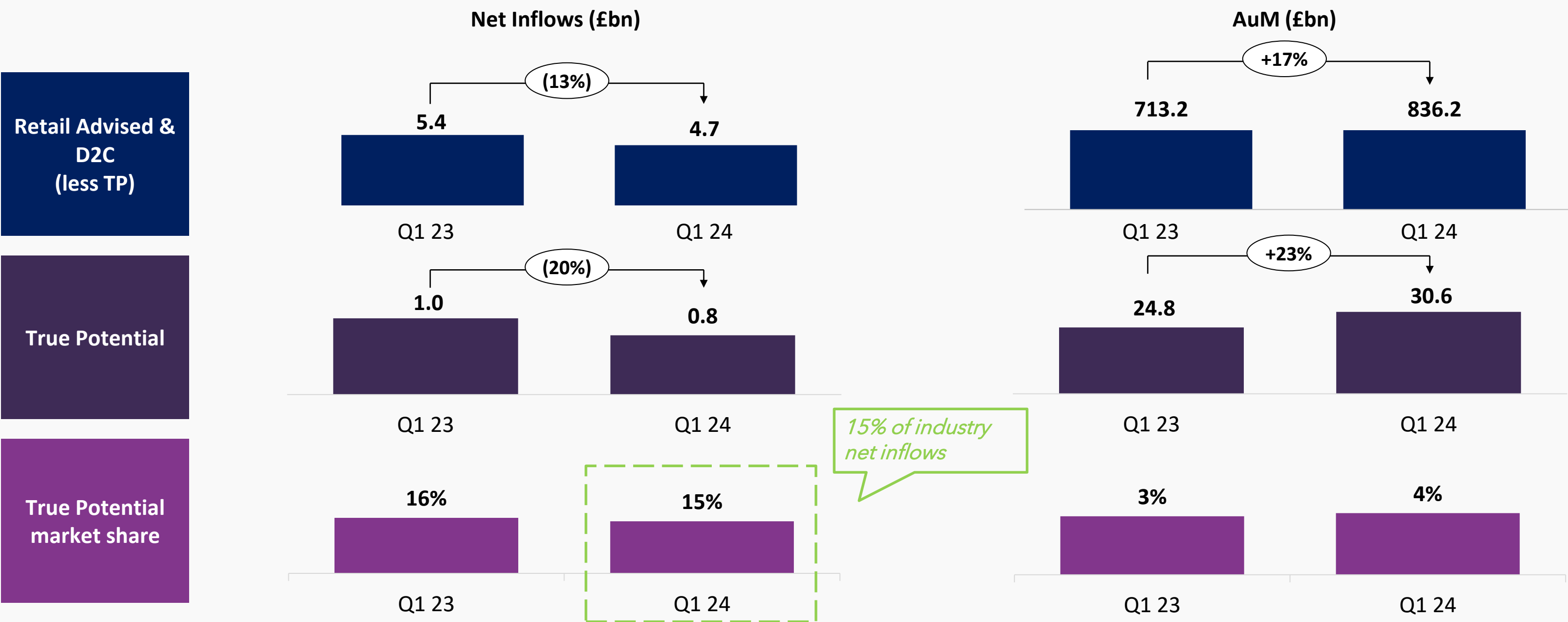
Net revenue margin
Q4-23: 106bps

78%

EBITDA margin as a
% net revenue
+1% vs Q4-23

Multi-channel client onboarding model delivering strong results

Relative performance against the industry



Retail Advised Source: Fundscape Platform Report 23/05/24

Agenda

1. CEO Update
2. Q1 2024 Financial Results
3. Summary and Q&A

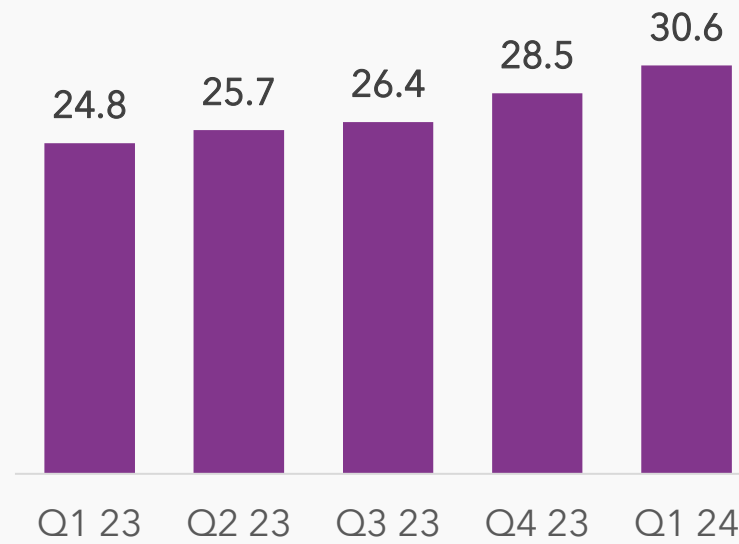


Ben Thorpe

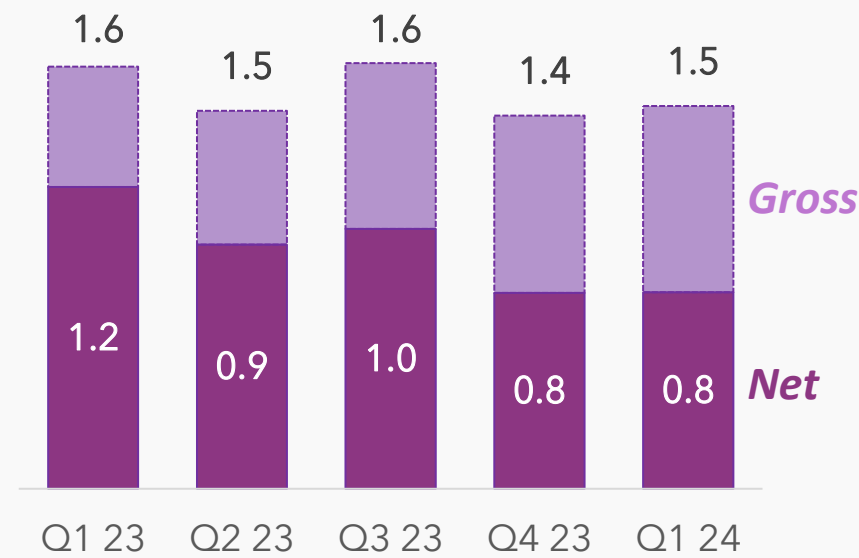
Chief Financial Officer

Consistent quarterly results delivery maintaining growth trajectory

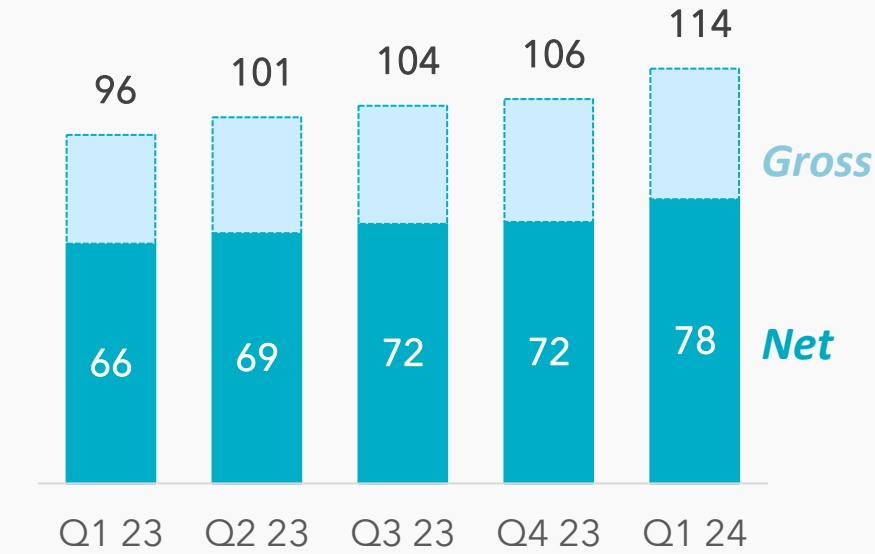
AuM (£bn)



Net inflows (£bn)



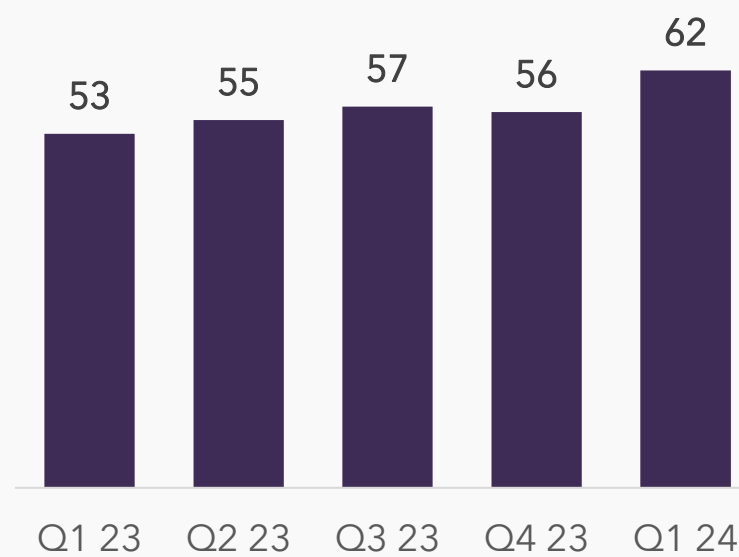
Net revenue (£m)



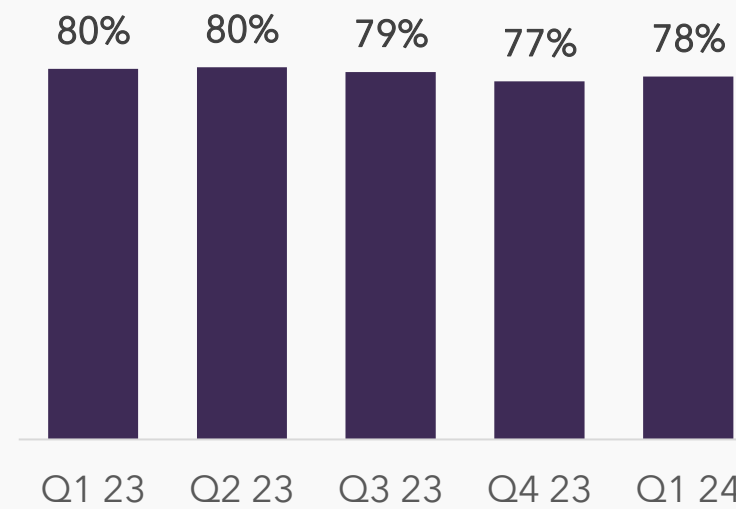
Net revenue margin (bps)



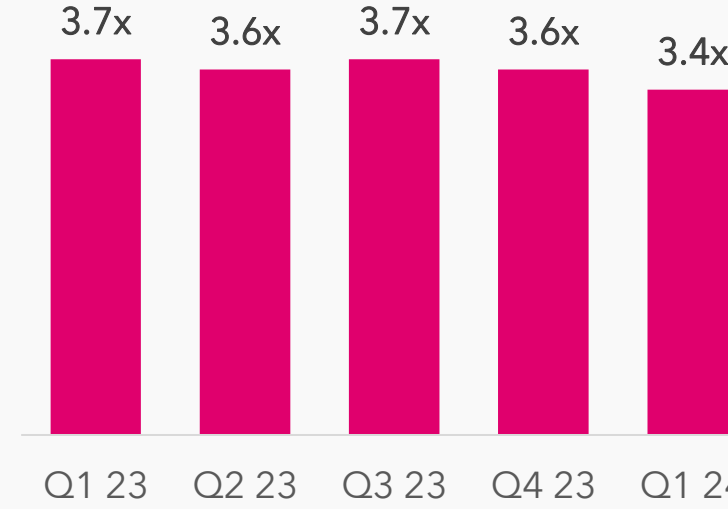
EBITDA (£m)



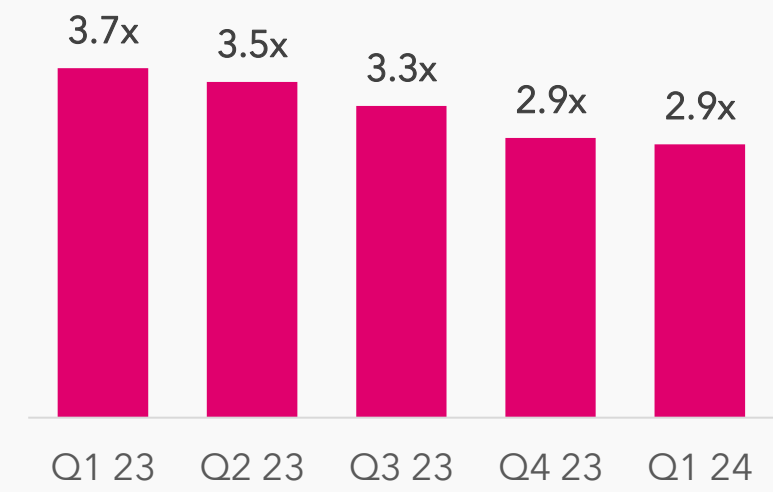
EBITDA margin



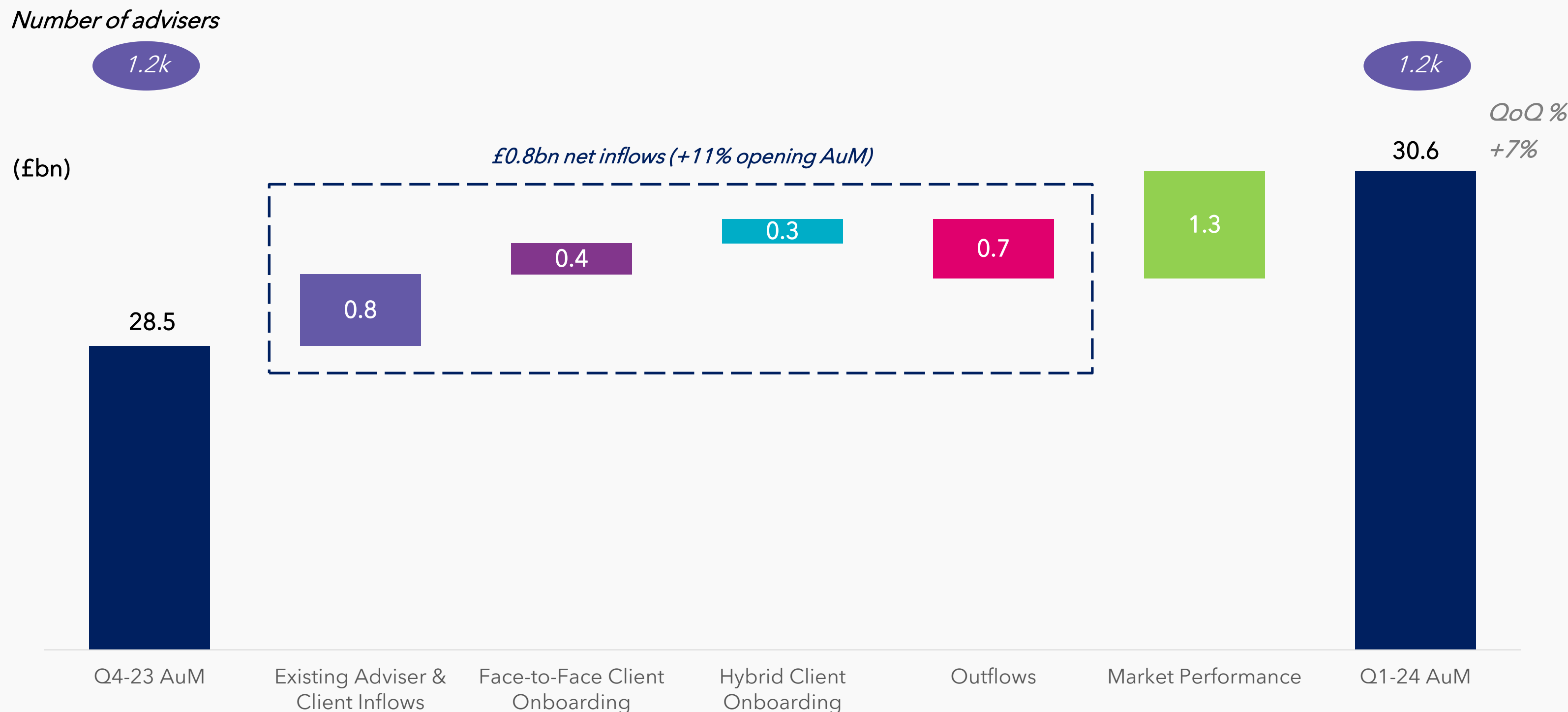
Leverage multiple



Interest coverage



Strong net flows and performance delivering 7% YTD AuM growth



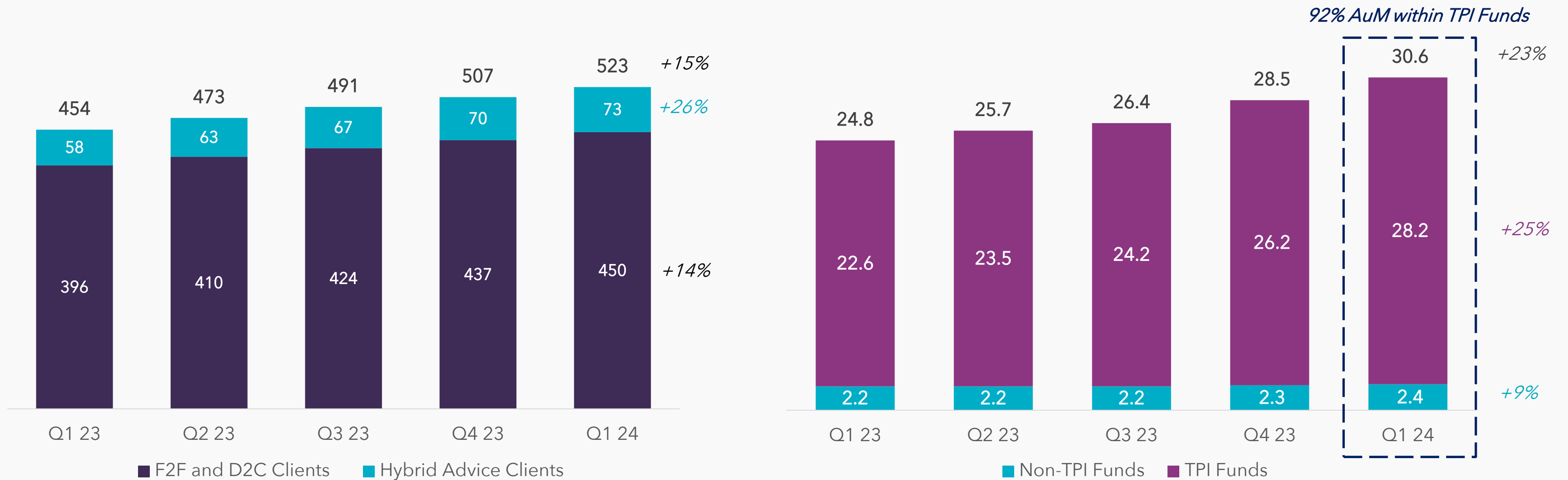
Driving continued double-digit client and asset growth

Number of clients (k)

YoY %

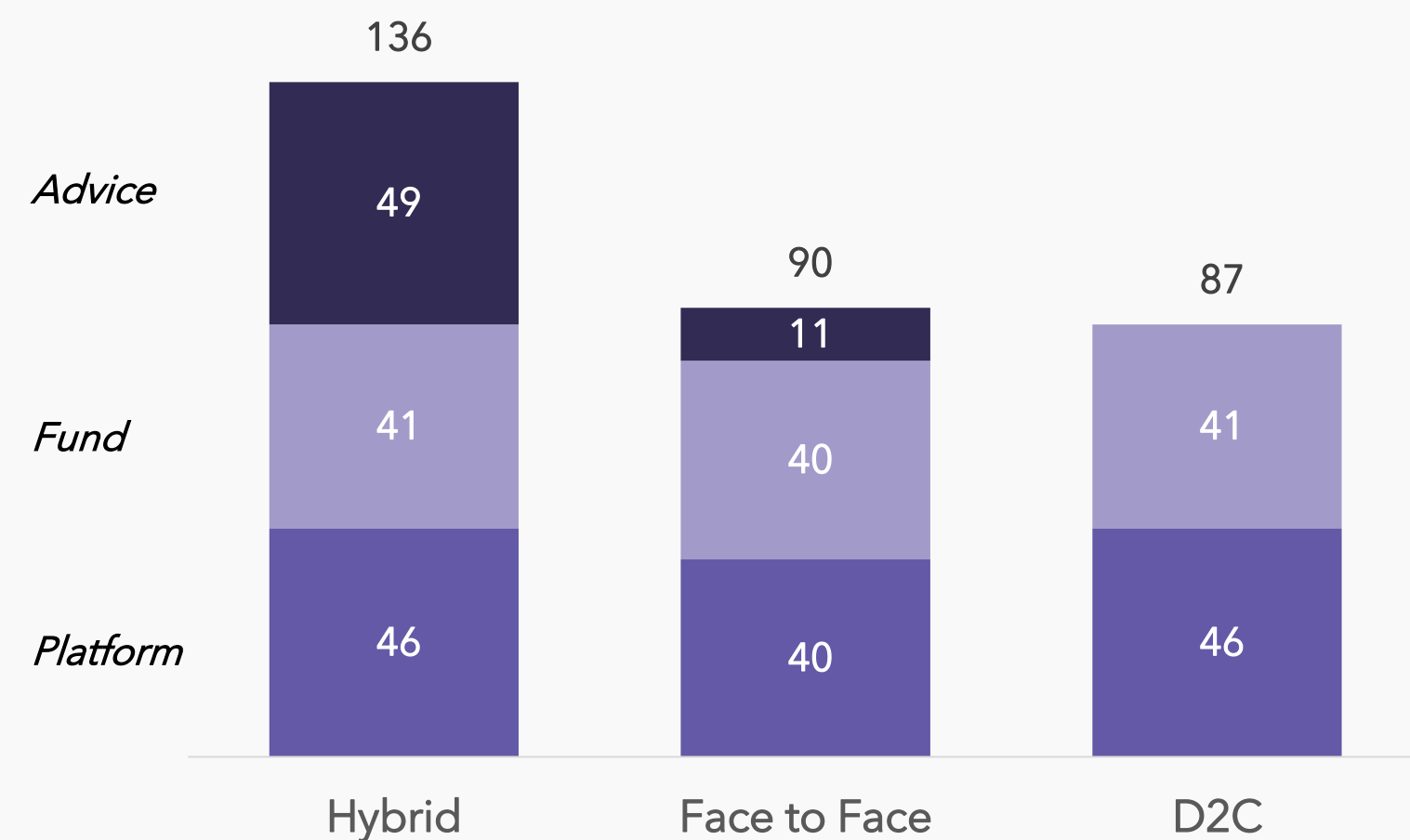
Assets under Management (£bn)

YoY %

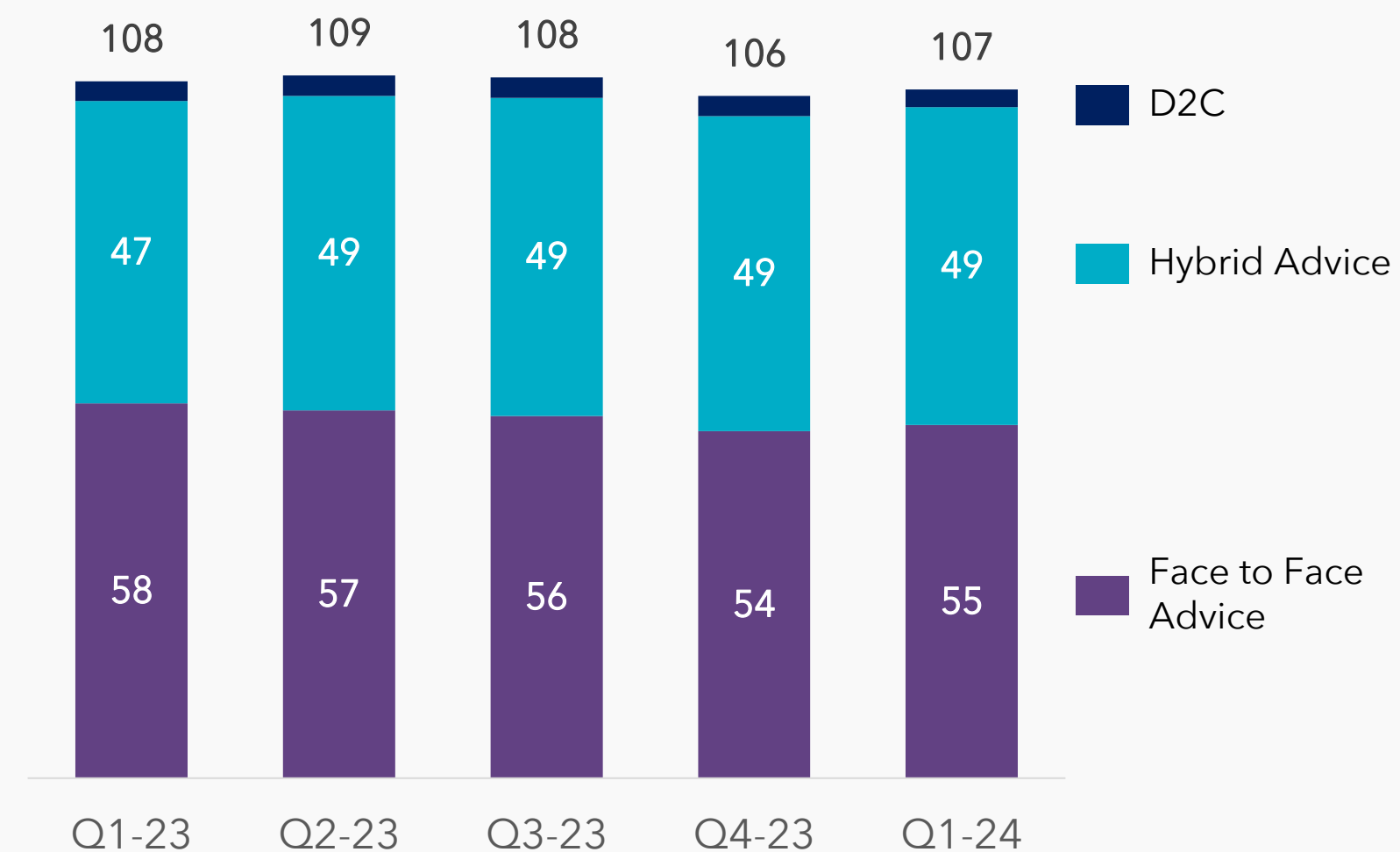


Multi-channel offering delivering diversified net revenue margin

Q1-24 Net revenue margin per product (bps)



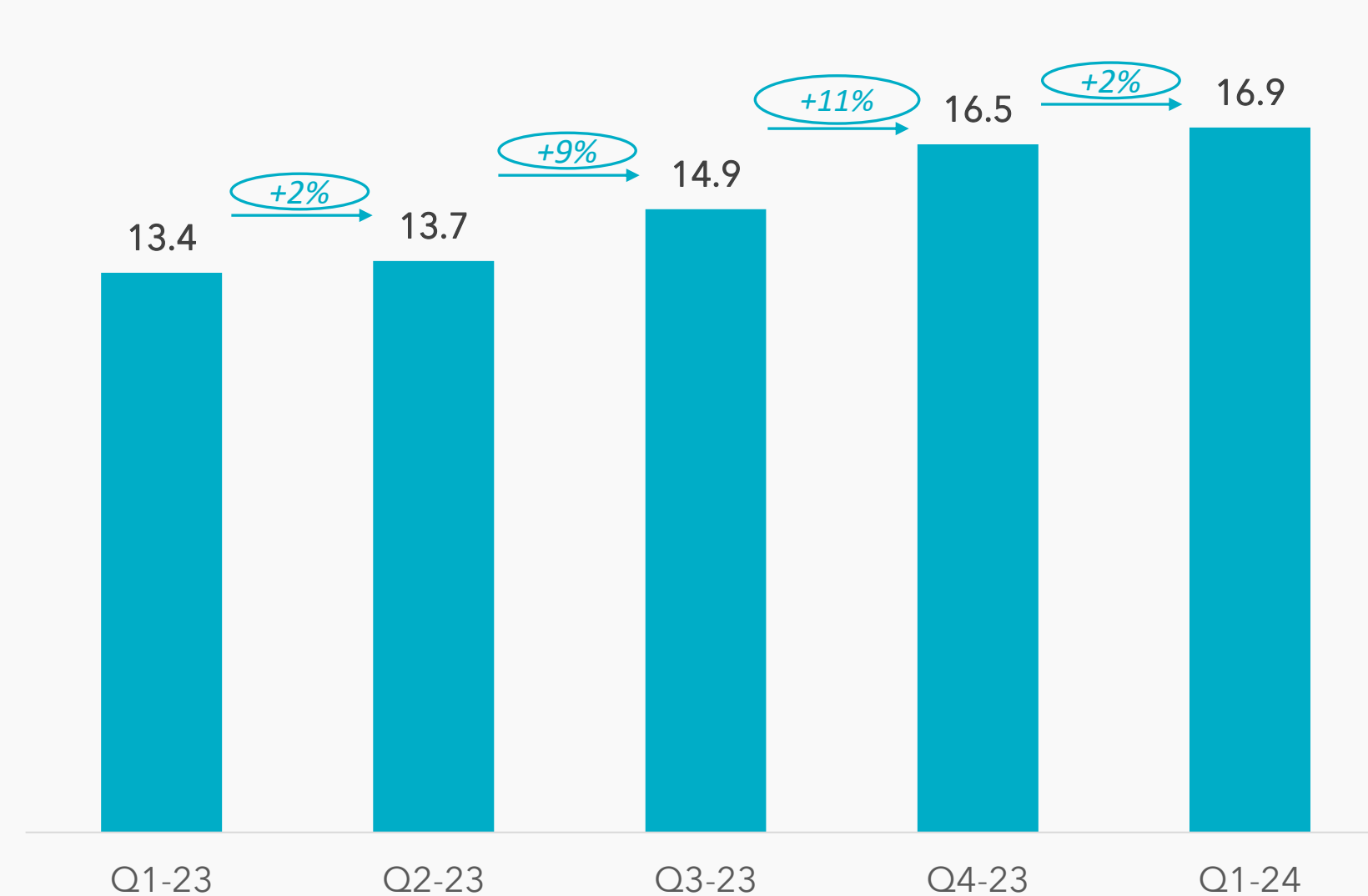
Net revenue margin per channel (bps)



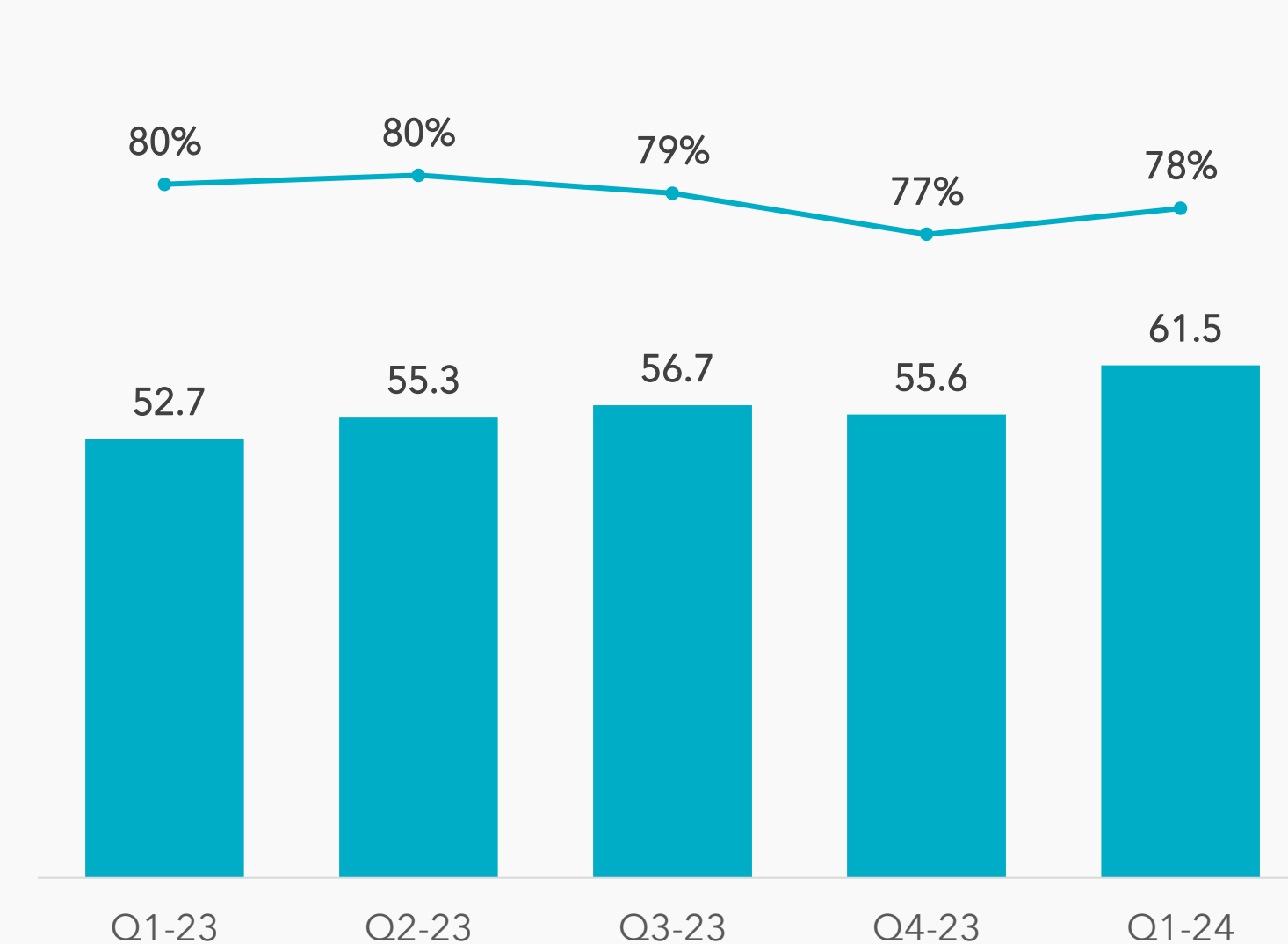
Fully integrated model drives EBITDA growth

Investment into technology and operating model continues to support operating leverage

Expenses (£m)



EBITDA (£m) / EBITDA margin (% net revenue)

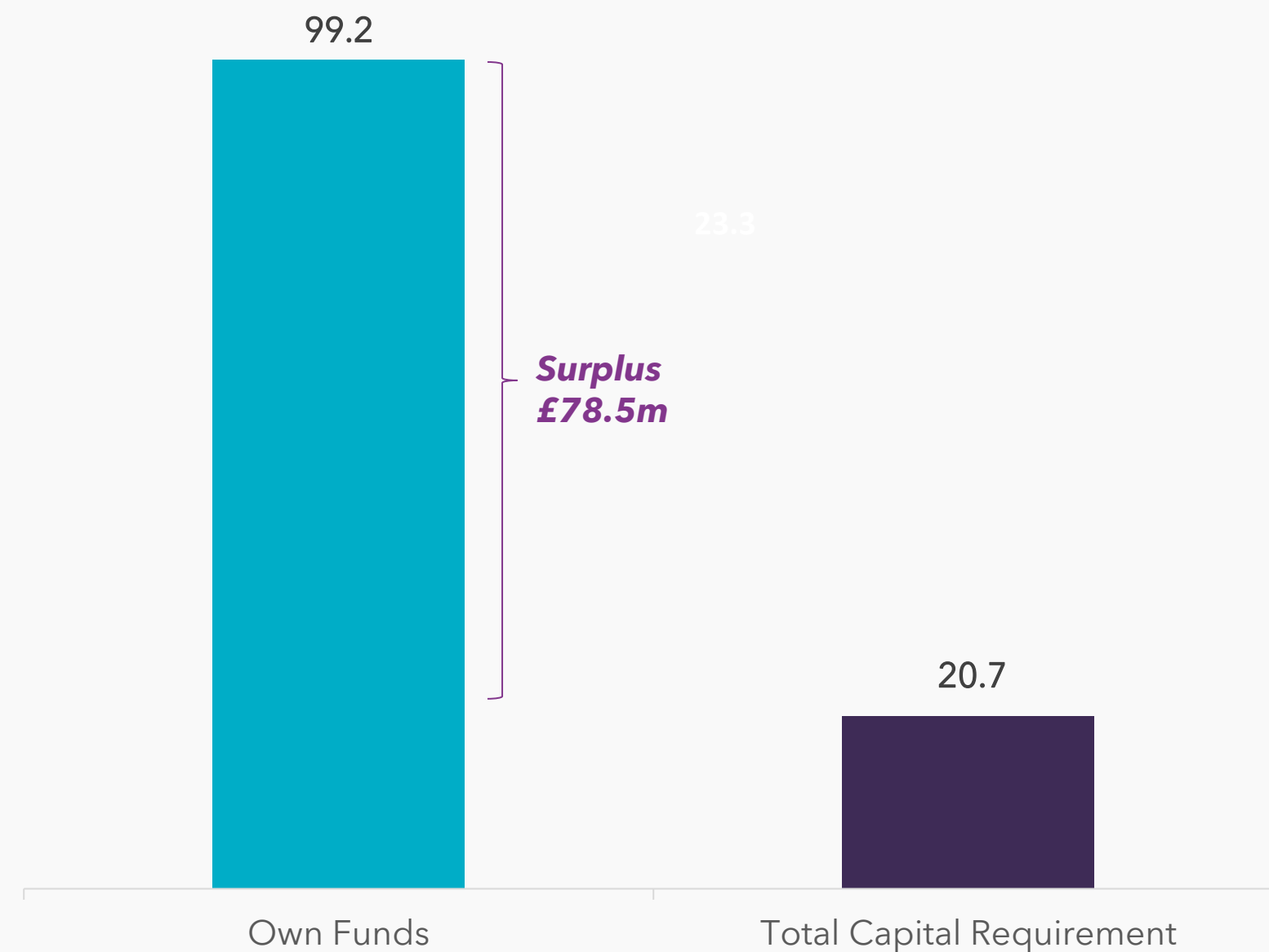


Well capitalised, with reducing leverage levels

No additional financing in Q1 2024

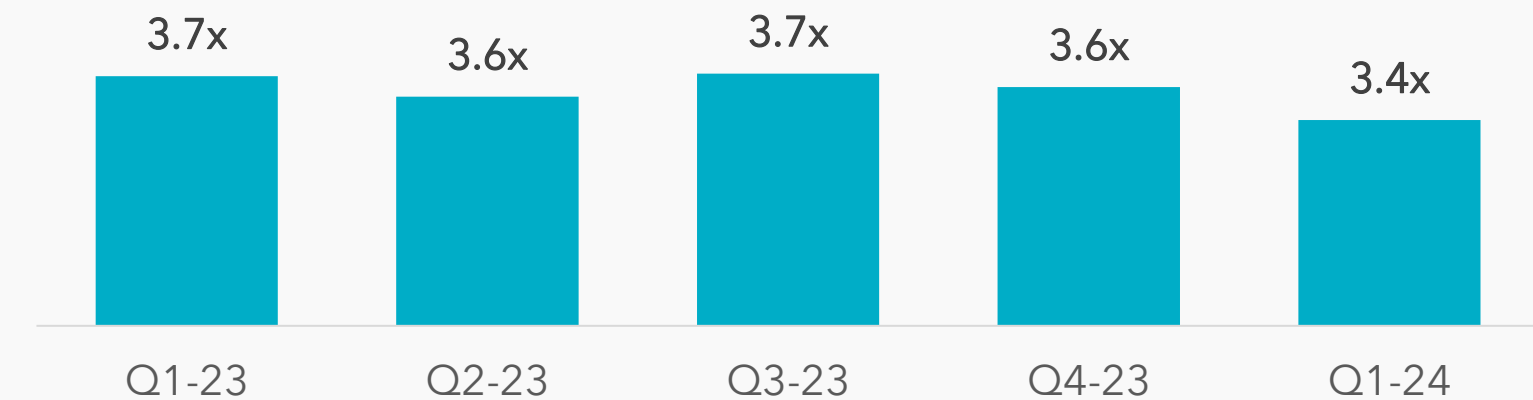
Regulatory Capital (£m)

Mar-24



Leverage Evolution

Leverage multiple (Net debt / Adjusted EBITDA)



Debt and Leverage (£m)

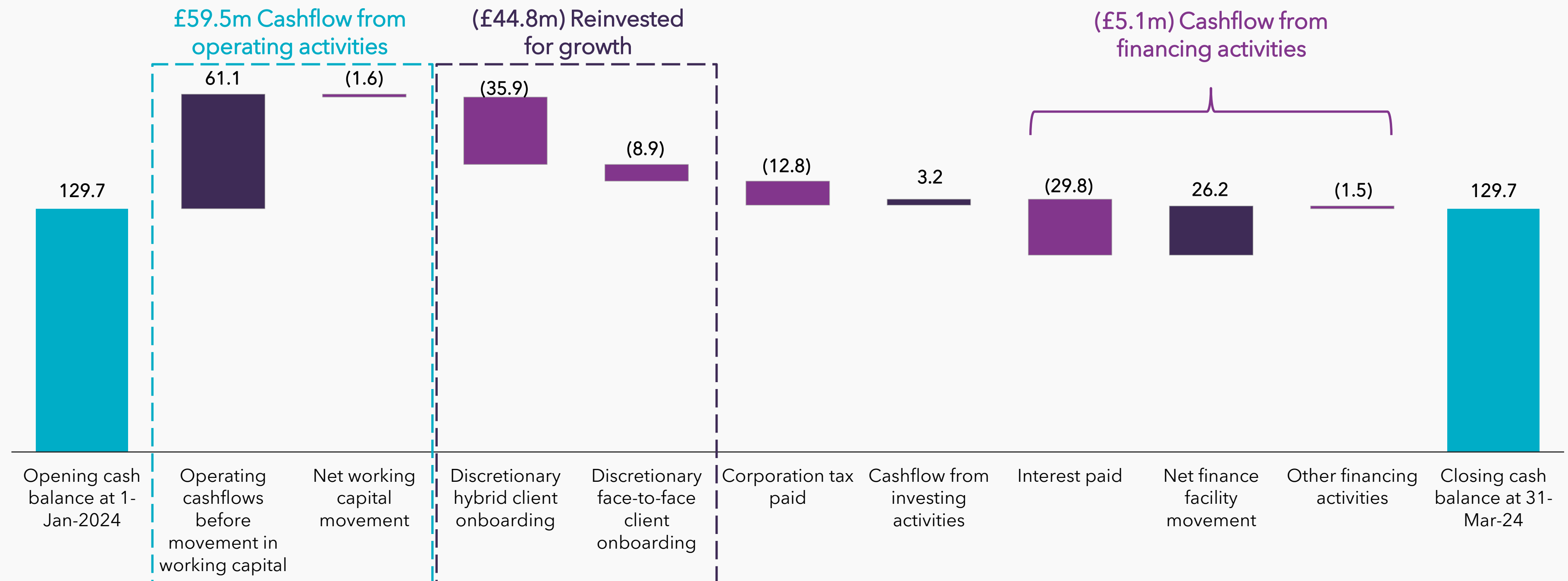
Mar-24

Adjusted EBITDA	261.6
Debt breakdown	
Total Gross debt	1,055.6
Less: Cash	(129.7)
Net debt	925.9
Leverage Multiple	3.4x

Adjusted EBITDA represents LTM 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 underlying cash generation reinvested to support growth profile

Cash (£m)



The cashflow bridge represents Kane Bidco Ltd cashflow reporting financials, with both the True Potential Group Ltd and Kane Bidco Ltd cashflow tables included within the appendix.

Agenda

1. CEO Update
2. Q1 2024 Financial Results
3. Summary and Q&A

Summary and Q&A

1. Supportive UK macroeconomic environment.
2. Continued enhancement of the client and adviser experience.
3. Well placed to deal with regulatory developments.

Appendix

True Potential: the UK's leading digital wealth manager

Unique proposition, best placed to win...

- ✓ Loyal, long-term and aspiring client base
- ✓ Huge and growing market opportunity
- ✓ Fully integrated multi-channel offering with attractive unit economics
- ✓ High growth, scalable and proprietary tech platform
- ✓ Superior financial profile

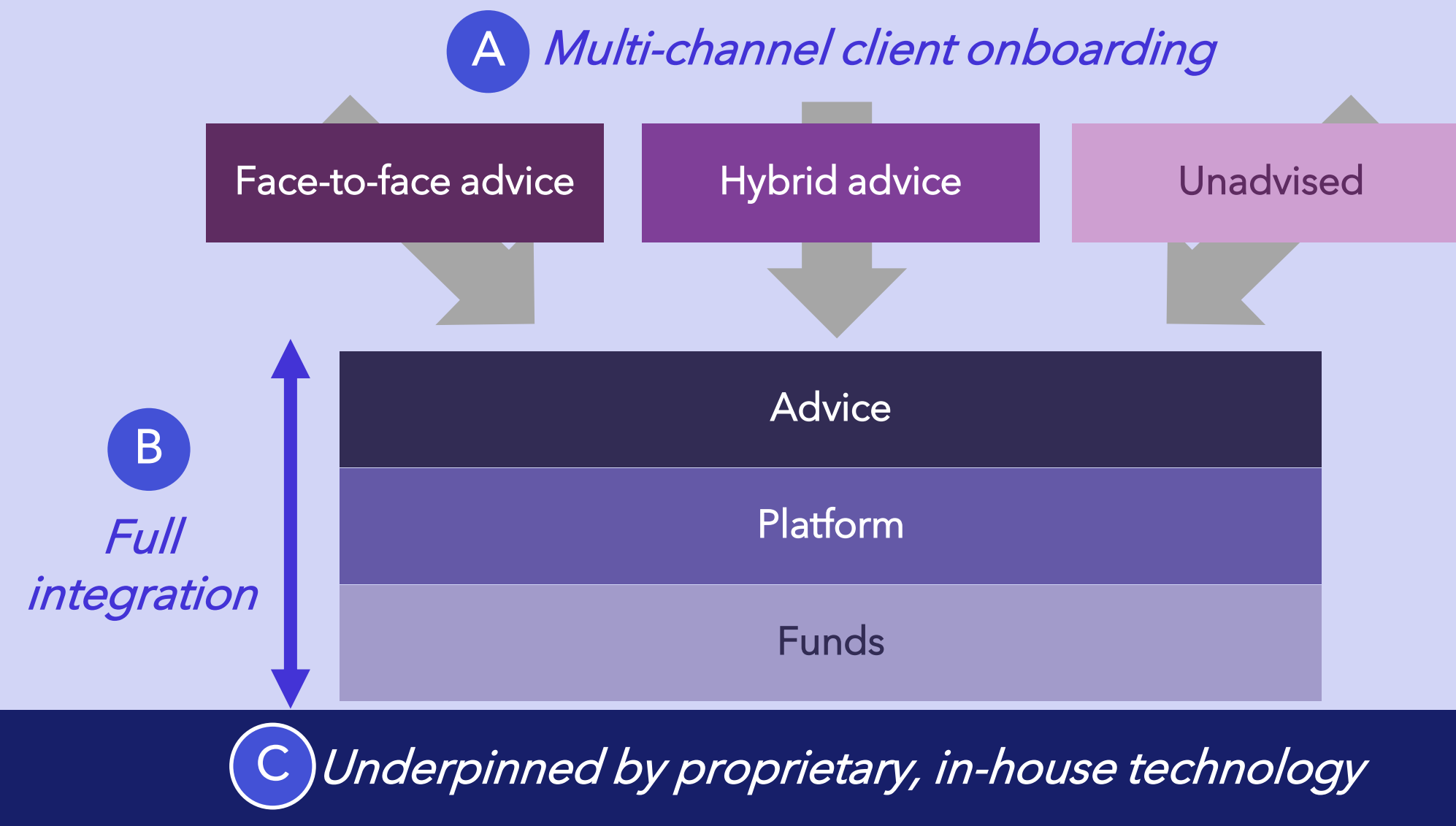
...leading to a superior FY23 financial profile

Flows and AuM	£29bn <i>AuM, >£30bn as of Mar-24</i>	29% <i>AuM CAGR '19-'23</i>
	£6.2bn <i>Gross inflows</i>	27% <i>Gross inflow rate¹</i>
	£3.9bn <i>Net flows</i>	17% <i>Net flow rate¹</i>
Revenue and Profitability	£406m <i>Gross revenue</i>	157bps <i>Gross revenue margin</i>
	£279m <i>Net revenue</i>	108bps <i>Net revenue margin</i>
	£220m <i>EBITDA</i>	79% <i>EBITDA margin</i>

¹ Calculated as a percentage of opening AuM.

Our performance comes from our unique business model

Our business is built to deliver the best client experience



...which leads to...

- 1 Loyal, long-term customers
- 2 Huge market opportunity
- 3 Attractive unit economics
- 4 High growth
- 5 Superior financial profile

There is a huge and growing market opportunity

Large addressable market...



- ✓ Deliberate focus on advised assets – sticky and stable clients and assets
- ✓ 90% of the market in resilient wrapped products: 70% in pensions, 20% in ISAs
- ✓ We can offer these clients a better offering than what they currently have

Long runway ahead: **4%** current market share

£31bn AuM
True Potential

...which will continue to grow



Ageing UK population



Shift from DB to DC



Inter-generational wealth transfer



Emerging “pension savings gap”



Increasing need for financial advice & guidance

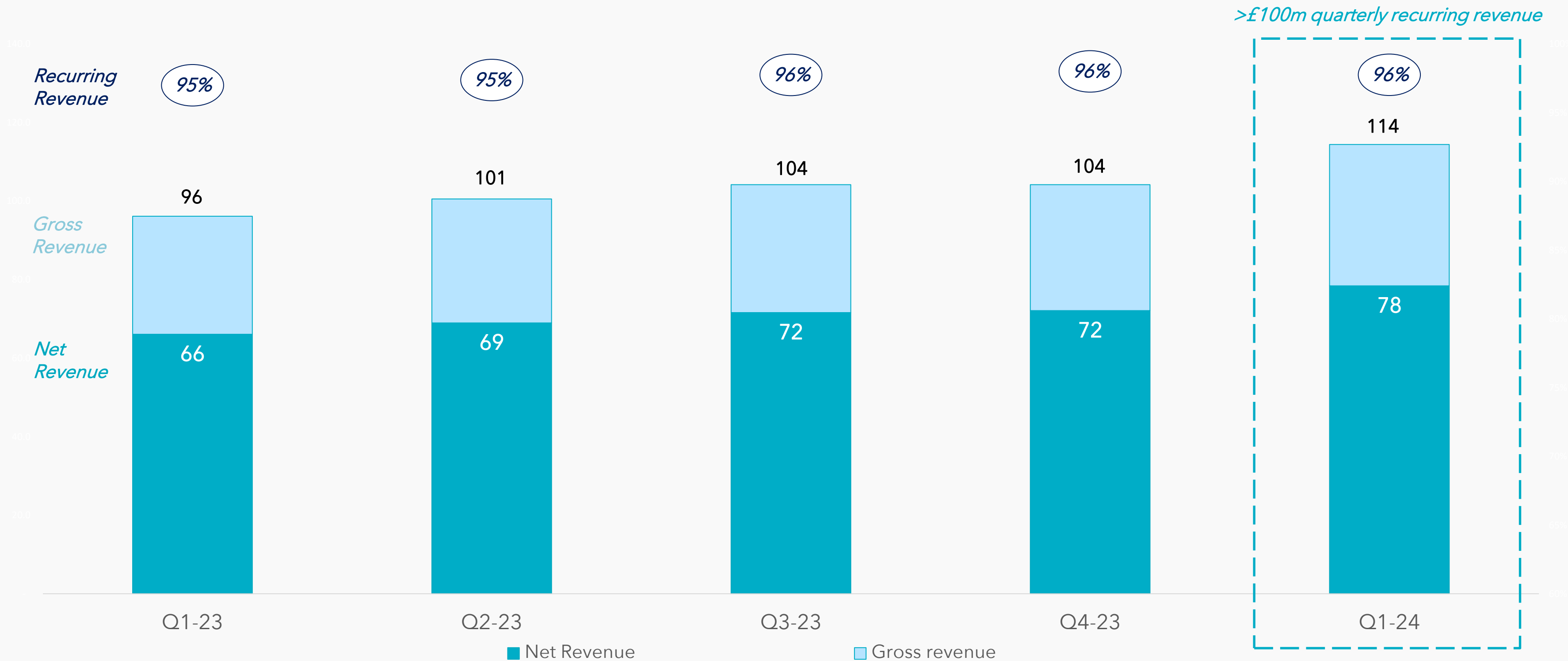
Structural growth
tailwinds

+7%

*Estimated market growth
(CAGR 2022-32)*

High growth and high quality recurring revenue

Gross and net revenue (£m)



Quarterly P&L

True Potential Group Ltd

P&L (£m)	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
Revenue	96.1	100.5	104.2	105.6	114.6
Fee expenses	(30.0)	(31.6)	(32.6)	(33.5)	(36.2)
Net revenue	66.1	68.9	71.6	72.1	78.4
Administrative expenses (excl, D&A)	(13.4)	(13.7)	(14.9)	(16.5)	(16.9)
EBITDA	52.7	55.2	56.7	55.6	61.5
D&A	(9.8)	(10.4)	(11.0)	(11.4)	(12.2)
Exceptional items	-	-	(3.4)	(0.9)	0.0
Operating profit	42.9	44.8	42.3	43.3	49.3
Finance income	0.3	0.7	0.3	1.0	1.3
Finance costs	0.0	0.0	0.0	(0.1)	0.0
Profit before tax	43.2	45.5	42.6	44.2	50.6
Taxation	(6.6)	(12.4)	(9.1)	(5.0)	(9.2)
Profit for the quarter	36.6	33.1	33.5	39.2	41.4

Kane Bidco Ltd

Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
96.1	100.5	104.2	105.6	114.6
(30.0)	(31.6)	(32.6)	(33.5)	(36.2)
66.1	68.9	71.6	72.1	78.4
(13.8)	(14.0)	(18.6)	(13.4)	(17.3)
52.3	54.9	53.0	58.7	61.1
(16.5)	(17.1)	(17.7)	(18.8)	(19.1)
0.0	0.0	0.0	(4.3)	-
35.8	37.8	35.3	35.6	42.0
0.3	0.7	0.3	1.0	1.3
(14.5)	(15.6)	(17.4)	(27.8)	(27.2)
21.6	22.9	18.2	8.8	16.1
(6.6)	(12.4)	(9.1)	2.2	(11.0)
15.0	10.5	9.1	11.0	5.1

Quarterly Cashflow

	<i>True Potential Group Ltd</i>					<i>Kane Bidco Ltd</i>				
Cash Flow (£m)	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
EBITDA excluding exceptional items	52.7	55.2	56.7	55.6	61.5	52.3	54.9	53.0	58.7	61.1
Less exceptional items	-	-	(3.4)	(0.9)	0.0	0.0	0.0	0.0	(4.3)	0.0
EBITDA including exceptional items	52.7	55.2	53.3	54.7	61.5	52.3	54.9	53.0	54.4	61.1
Operating cashflows before movement in working capital	52.7	55.2	53.3	54.7	61.5	52.3	54.9	53.0	54.4	61.1
Net working capital movement	(0.9)	(1.5)	0.9	(7.0)	(2.4)	(2.2)	4.3	1.4	(10.5)	(1.6)
Total discretionary client onboarding	(50.3)	(63.9)	(75.7)	(60.6)	(44.8)	(50.3)	(63.9)	(75.7)	(60.6)	(44.8)
<i>Discretionary hybrid client onboarding</i>	(46.9)	(59.5)	(70.9)	(52.5)	(35.9)	(46.9)	(59.5)	(70.9)	(52.5)	(35.9)
<i>Discretionary face-to-face client onboarding</i>	(3.4)	(4.4)	(4.8)	(8.1)	(8.9)	(3.4)	(4.4)	(4.8)	(8.1)	(8.9)
Corporation tax paid	(8.2)	(10.3)	(9.8)	(7.4)	(12.7)	(8.2)	(10.3)	(9.8)	(7.4)	(12.8)
Bidco intercompany loan	38.6	(36.7)	20.5	(38.9)	(2.3)	-	-	-	-	-
Cashflow from operating activities	31.9	(57.2)	(10.8)	(59.2)	(0.7)	(8.4)	(15.0)	(31.1)	(24.1)	1.9
Cashflow from investing activities	0.2	0.6	0.3	0.9	1.0	0.2	0.6	0.2	9.3	3.2
Cashflow from financing activities	(0.2)	(0.2)	18.5	143.7	(0.6)	40.1	(42.5)	39.0	100.2	(5.1)
<i>Interest Paid</i>	-	-	-	-	-	(23.3)	(4.4)	(26.1)	(7.7)	(29.8)
<i>Net finance facility movement</i>	-	-	-	-	-	63.5	(38.0)	65.3	108.1	26.2
<i>Other financing activities</i>	-	-	-	-	-	(0.2)	(0.1)	(0.2)	(0.2)	(1.5)
Net cash movement	31.9	(56.8)	8.0	85.4	(0.3)	31.9	(56.9)	8.1	85.4	(0.0)
Opening cash balance	61.1	93.0	36.2	44.2	129.6	61.2	93.1	36.2	44.3	129.7
Closing cash balance	93.0	36.2	44.2	129.6	129.3	93.1	36.2	44.3	129.7	129.7

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.

True Potential Executive Committee



Daniel Harrison

Chief Executive Officer



Ben Thorpe

Chief Financial Officer



Earl Glasgow

Chief Recruitment Officer



Jeff Casson

Chief Investment Officer



Steve Hutton

Chief Product Officer



Jamie Sexton

Chief Client Officer



Gregg Lang

Chief Operations Officer



David Reid

Chief Technology Officer

Contact

Steven Rutter

Head of Finance

StevenRutter@tpllp.com

Important disclaimer

Certain financial data included in this presentation consists of “non-IFRS financial measures”. These non-IFRS (Financial Reporting Standards) financial measures, as defined by True Potential Group Limited (“True Potential”), may not be comparable to similarly-titled measures as presented by other companies, nor should they be considered as an alternative to the historical financial results or other indicators of True Potential’s cash flow based on IFRS. Even though the non-IFRS financial measures are used by management to assess True Potential’s financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as superior to or substitutes for analysis of True Potential’s financial position or results of operations as reported under IFRS and previously FRS102. These non-IFRS financial measures have not been audited. The inclusion of such non-IFRS financial measures in this presentation or any related presentation should not be regarded as a representation or warranty by True Potential, any member of the Group, any of their respective affiliates, advisers or representatives or any other person as to the accuracy or completeness of such information’s portrayal of the financial condition or results of operations of True Potential and should not be relied upon when making an investment decision.

This presentation may contain forward-looking statements. All statements other than statements of historical fact included in this presentation are forward-looking statements. Forward-looking statements express True Potential’s current expectations and projections relating to their financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as “aim,” “anticipate,” “believe,” “can have,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “plan,” “project,” “should,” “target,” “will,” “would” and other words and terms of similar meaning, the negative thereof or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond True Potential’s control that could cause True Potential’s actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding True Potential’s present and future business strategies and the environment in which it will operate in the future. You acknowledge that circumstances may change and the contents of this presentation may become outdated as a result. For further information regarding True Potential’s business, please see the 2022 Annual Report available at www.tpllp.com. All forward-looking statements made on or after the date of this presentation and attributable to True Potential or any member of the Group are expressly qualified in their entirety by the primary risks set out in these documents.

The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and will not be updated to reflect material developments that may occur after the date of this presentation. The information and opinions in this presentation are provided as at the date of this presentation and are subject to change without notice. None of True Potential, any member of the Group, any of their respective affiliates, advisers or representatives or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation, or any action taken by you or any of your officers, employees, agents or associates on the basis of the information in this presentation.

This presentation does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in any member of the Group, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto.