CountPlus
Quality Partnerships, Leading Advice

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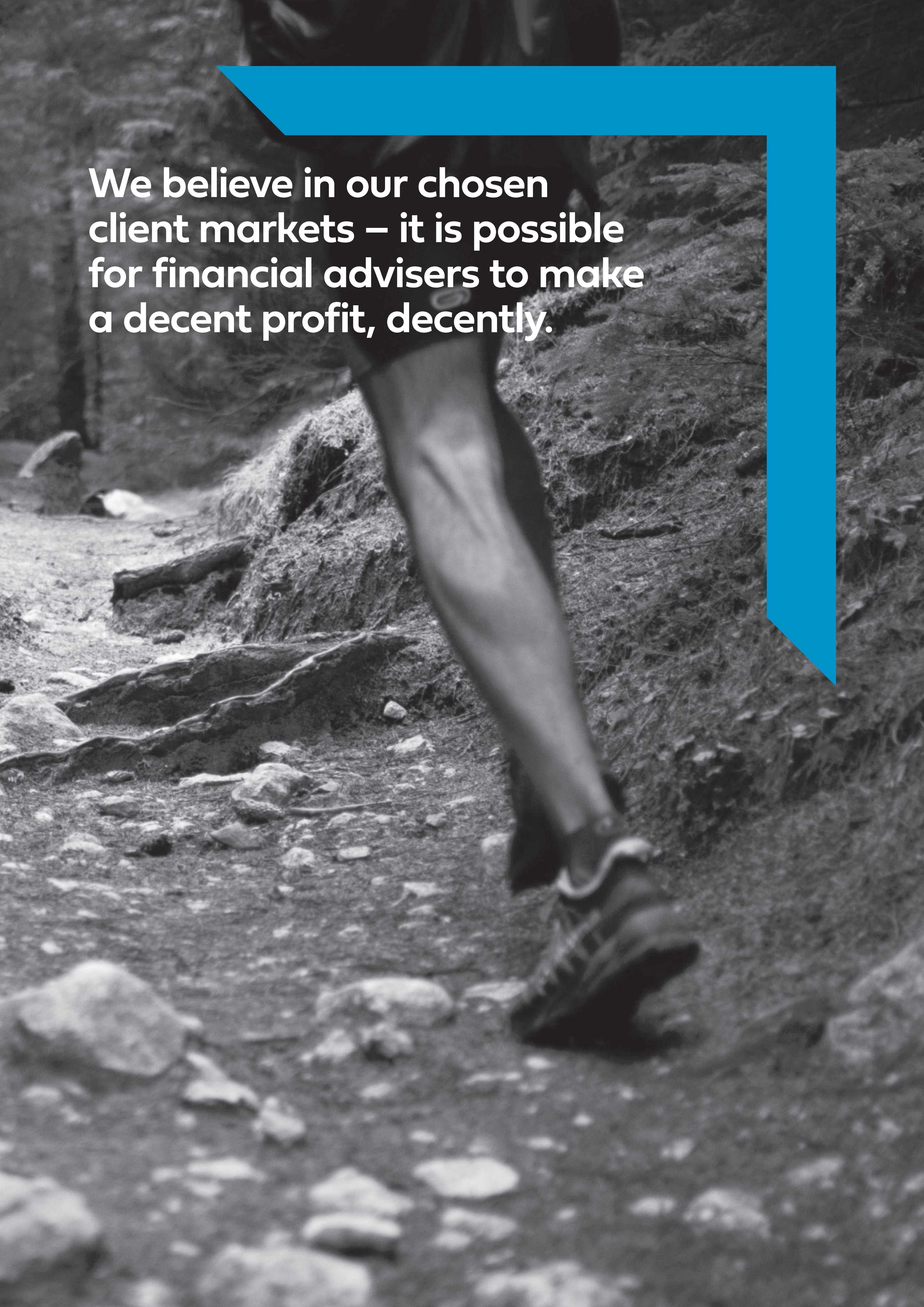
We believe in our chosen client markets – it is possible for financial advisers to make a decent profit, decently.



WELCOME

To my fellow shareholders: welcome to the CountPlus AGM for 2019

This has been a transformative period for CountPlus, and I am pleased to report on the growth of our core business, and our recent acquisition of Count Financial.

Financial track record

Transformation plan delivering improved earnings growth

Financial Results summary	FY19	FY18	Movement – FY19 vs FY18	
	$'000	$'000	$'000	%
Revenue from operating activities	68,646	74,386	(5,740)	(8)
Adjusted Earnings before interest, tax and amortisation ("EBITA")	8,262	7,843	419	5
Adjusted Net profit after tax ("NPAT")	5,002	3,764	1,238	33
Adjusted Net profit attributable to CountPlus shareholders	3,681	2,741	940	34
Adjusted Net profit after tax before amortisation ("NPATA")	6,442	5,834	608	10
Share of associates earnings	1,553	828	725	88
Net cash	8,503	8,975	(472)	(5)
Reported earnings / (loss) per share – cents	1.48	(0.16)	1.64	1027
Adjusted earnings per share – cents	3.33	2.48	0.85	34
Net asset value per share – cents	25.01	23.70	1.31	6

Notes:

- FY19 revenue from operating activities reflects the change in business model for TFS, sale of a non-core asset (Achieve payroll), exit and retirement of Principals;
- Adjusted is defined as reported results adjusted for one-off, non-recurring items; and
- The FY18 reported loss per share is for continuing and discontinued operations.

As our Chair has mentioned, CountPlus posted an increase in adjusted net profit after tax of 33% compared to year end 2018.

Our average EBITA margin of our firms increased to 20%, an increase from 15% in 2018 and 12% when we started our turnaround plan.

A disciplined approach to the four cornerstones of professional practice – planning, people, leadership and processes – has led to the achievement of key goals and a significant improvement in financial and operating performance since May 2017. I would like to take this opportunity to thank our people in our firms for their contribution and would like to call out the leaders in our firms for their dedication and discretionary effort. In a people business we understand that success is the culmination of discretionary effort.

Our cash conversion rate lifted in 2019 to be 85% of adjusted EBITA and our working capital management improved with lock-up at 82 days – coming down from 94 days in 2018.

It should be noted that our balance sheet will improve further at the half year ending 31 December 2019 as the Count Financial balance sheet has some $15.0M in net assets of which $14.2M is cash at bank.

We retain a $25.0M debt facility with our bankers at Westpac.

COUNTPLUS – SNAPSHOT

Industry at a Glance

- Financial Advice Revenue $4.7B
- Accounting Revenue $20.3B
- 19,554 Financial Advice Firms
- 34,731 Accounting Firms
- Mature lifecycle
- Low level of concentration
- SMSF, Superannuation and retirement advice significant revenue segments across Accounting and Financial Advice
- Remains an unmet need for Financial Advice

Operating Environment

- Major institutional advice players exiting
- Increasing regulation
- New education and professional standards increasing barriers to entry for financial advisers
- Financial Adviser population dislocation and exit
- "Old world" revenue models under pressure
- Major succession planning challenges
- Supply side pressures – consumer demand for financial advice stable and increasing
- Technology and data playing role in dislocation. Scale now required to play.

Opportunities

- Major institutional advice players exiting – end of product subsidy to AFSL operating models
- Accountant and Financial Adviser succession
- Consolidation of smaller competitors
- Economies of scale with larger network
- "Old world" revenue models under pressure – new model "user pay" model needed and benefits of scale becoming apparent
- Investment in specialist tools that allow vertically integrated professional advice business – separate product and advice
- Leverage trusted adviser status of Accountants

Core Clients

- Mass Affluent
- SME Family/Private Business
- SMSF
- SME Self Employed

That the industry is in a period of significant upheaval there is no doubt.

There are thousands of advisers looking at their careers following significant changes to the operating models of major institutions and in some cases the complete exit from their advice businesses.

There are clear signs of dislocation in the financial advice market – adviser exits, significant downward pressure on "old world" business valuations, increasing regulatory requirements, higher barriers to entry with the lifting of educational standards, new exam and education standards for existing advisers, technology solutions that require scale and infrastructure and a significant change in community expectations of how financial advice is delivered.

At this time, in what many will view as a contrarian play – we are doubling down in the financial advice space while others are leaving the field of play. We fundamentally believe that financial advice has a critical role to play in the well-being of our community. We are motivated by the positive difference that quality financial advice can make in the lives of our clients.

Our core clients comprise of mass affluent clients – people with between $200k and $1.0M in investible assets, small business and the self-employed. Small businesses and the self-employed are the back-bone of our economy, they are aspirational, they have advice needs, they seek out the services of Accountants, they want an ongoing relationship with someone that will help them achieve their goals and they will pay a fair fee for services they value.

We believe in our chosen client markets – it is possible for financial advisers to make a decent profit, decently.

That is why we put our financial and intellectual capital on the table to bring Count Financial back to its natural home at CountPlus.

I would like to thank our shareholders for providing the overwhelming support through our vote earlier this year to make that acquisition.

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COUNTPLUS INVESTMENT ACTIVITY

Since the last AGM, CountPlus has successfully completed six investments

Investments made in Core

O'Brien	Kerry Albert & Co	Rundles	Count Financial	Latitude Advisory Services	DMG Financial
November 2019	March 2019	April 2019	October 2019	November 2019	November 2019
40% purchased		40% purchased	100% purchased		30% purchased
Four Principal converged firm based in Melbourne	Purchased as a tuck in to Unite Advisory. Oldest Count Financial firm in Coffs Harbour	Three Principal converged firm based in Melbourne	Australia's largest AFSL in the converged space	Purchased as a tuck in to Kidmans Partners	Ten Principal converged firm based in Sale and Yarram
$1.164M invested	$1.205M invested	$2.481M invested	$2.500M invested	$0.900M invested	$2.891M invested

Since our last AGM we have completed 6 acquisitions and deployed $11.10M to grow our network and earnings for shareholders.

The acquisition of Count Financial is an important step in a series of steps we are looking to make to broaden our core business of Accounting and Financial Advice. We believe in the importance of Accountants and Financial Advisers in the overall value chain of delivering professional advice to clients.

The purchase of Count Financial has sent a signal to the market that we have doubled down on the converged model at a time of uncertainty in financial advice. As a result of our investment we have experienced:

- An increase in enquiries from firms looking to join our Owner-Driver, Partner network ;
- An increase in inbound enquiries to join Count Financial; and
- An increase in enquiries around other support services that could be additive to our core operating model.

Our investment in DMG Financial, announced yesterday, is another example of our selection process.

OWNER, DRIVER – PARTNER

Investment in DMG Financial announced 18 November 2019

Owner, Driver-Partner model

DMG FINANCIAL

- CountPlus Limited continues its growth strategy with the acquisition of a 30% interest in DMG Financial, a significant regional practice located in Sale and Yarram, Victoria (Gippsland). The practice is one of the largest in the Gippsland region and has seven shareholder-principals;
- The existing DMG management and team will remain in place;
- Together with CountPlus, DMG will implement synergies between the two groups moving forward;
- The investment extends CountPlus' network from 19 to 20 Partner firms, and will be earnings accretive ; and
- Consideration for the investment is a cash payment of $2.891 million.

DMG Financial are a great firm, with experienced professionals, a strong bench-strength of up and coming talent, values that align with ours and a client first approach to everything they do.

DMG Financial is a significant regional practice located in Sale, Victoria (Gippsland). DMG Financial is one of the largest accounting and financial planning firms in the greater Gippsland area and has seven shareholder principals.

The existing key principals and management personnel of DMG will remain in place and together with CountPlus will seek sustainable growth assisted by the CountPlus 'Owner-Driver, Partner' model.

The acquisition extends the CountPlus network from 19 to 20 member firms and is expected to be earnings accretive in the first year. Consideration for the investment is a cash payment of $2.891 million.

UPDATE – COUNT FINANCIAL

An accounting-led financial advice future

The finalisation of the Count Financial acquisition last month, and the integration of that business into the CountPlus structure, represents the largest step in growth to date for CountPlus and offers us the immediate ability to scale the CountPlus business into both the accounting and financial advice sectors.

We understand that success hinges on cultural alignment and we have commenced our process to help Count Financial reset its strategic plan, deploy the right team structure and embed new leaders who know what we expect from a values-based, high-performing professional services team.

Update

- Announced to ASX on the 13 June 2019
- EGM held 6 August 2019 – 99.79% voted in favour of Count Financial acquisition
- The completion of the Count Financial acquisition was achieved on 1 October 2019 as planned, the transition was delivered in a 15-week period post deal announcement to market
- In a joint effort with CBA, the operational cut-over happened over five-days from Friday 27 September through to Tuesday 1 October 2019
- No unplanned business outages were experienced, and the business opened under CountPlus' ownership at 9am on Tuesday 1 October 2019
- The CountPlus/Count Financial team are now co-located in new fit-for purposes premises – 8th Floor, 1 Chifley Square
- Implementation of our 100-day plan is underway and on-track
- There is a focus on culture and rebuilding the sense of community within the firm network
- Released expanded approved paraplanning panel on 30 October, providing access to 65 additional Australian based paraplanners to help firms produce advice documents

- Approval of two digital signature providers to support efficiency in advice process for advisers and clients
- Regulatory technology tool – Lumen – to support monitoring of client advice due to be implemented before 31 December 2019
- First stage of changes to adviser fee models announced to be implemented 1 December 2019
- Board members have been appointed to Count Financial with significant advice experience and have set direction and expectations for the business
- A balance sheet of $15.0M in assets – no debt – and $14.2M in cash on 1 October 2019 completion
- $200M CBA indemnity against certain past regulatory and advice failure liabilities – CBA to manage and resource remediation program
- CBA confirmed its intention to sell down its 35.85% equity interest in CountPlus

Looking back, from 13 June 2019 when we announced the Count Financial acquisition, through to 1 October 2019 there were 15 weeks. In amongst this, we also sought shareholder approval at our EGM on 6 August, 2019.

It is a credit to our team and CBA that we opened the doors on 1 October 2019 and things just worked. To give you one example of the logistics involved, some four million documents came across – digitally – from CBA to CountPlus.

To manage the integration, we developed and have implemented a 100-day plan, which we are tracking at present. That plan manages the collective next steps for Count Financial, while also aligning with how we think about the new world of financial advice.

A large part of our planning for Count Financial revolves around Professional Standards.

LIFTING PROFESSIONAL STANDARDS

- Since 1 January 2019, all advice documentation stored centrally on Xplan advice platform
- All 11,003 ongoing service clients re-engaged with new standard agreements in last 12 months
- Provision of advice and ongoing service delivery can now be monitored via Xplan advice platform
- Appointment of Peter Kell, former ASIC Deputy Chair, as independent expert
- New fit for purpose supervision and monitoring framework approved and now being implemented
- New tools and training to support Best Interest Duty released
- New adviser standards released to support FASEA Code of Ethics

The biggest advocate for good advice is the client. This is why our client-centric approach is non-negotiable and fundamental to our business.

The CountPlus Advice Value Proposition designs the entire structure of the business – including its network of advice firms, technology partners and service providers, governance structures, quality assurance, professional standards, education and professional development – around the needs of the client.

Every business in our network must subscribe to that thinking or there is no place for them with us.

A lot of heavy lifting has been undertaken to improve the professional standards and quality assurance processes within Count.

You will see that a lot of focus has been on quality assurance, record keeping and documentation. It should also be noted that some firms are currently trialing what is called the "truck roll" project whereby all paper-based records and advice data on other systems are being scanned, digitised and moved onto the main XPlan advice operating system. The CBA intend to undertake this truck roll project, at their cost, for existing Count member firms.

EDUCATION STANDARDS – COUNT WELL POSITIONED

- Existing financial advisers must:
  - Pass the industry exam by 1 January 2021*
  - Meet the new FASEA Education Standards by 1 January 2024*
- The new education standards will require advisers to complete between 1 and 8 study units depending on existing qualifications
- Recognition of accounting qualifications
- 33% of Count advisers only required to complete one bridging subject (ethics)
- A further 45% only required to complete up to four subjects

** Government have proposed to extend date to 2022 for passing industry exam and 2026 to meet new education standards – not yet legislated.*

A major dislocation event in financial advice is the new FASEA education, examination and ethics regime. The Accounting profession already requires university qualifications, ongoing education, examination and a professional ethical framework.

Our members are well placed to meet the new FASEA requirements with an estimated 33% of our advisers only requiring one bridging subject (ethics) and a further 45% only required to complete up to four subjects.

Count Financial has begun the process of assisting our advisers to meet the FASEA examination requirements. The future will require dedication to education and training, a focus on best practice and operating in a transparent manner with clients. There must be conviction in doing the right thing and lifting standards across the industry.

COUNT ADVISER NUMBERS

30 June 2017 Count had 292 firms and 587 authorised representatives
30 June 2018 Count had 199 firms and 428 authorised representatives
30 April 2019 Count had 160 firms and 359 authorised representatives
30 September 2019 Count had 139 firms and 315 authorised representatives

Since completion on 1 October 2019 a review has been undertaken and some firms offboarded, Count currently has 129 Firms and 298 authorised representatives.

Between 30 April 2019 and present:

- 6 firms off boarded and have left industry that generated NIL gross business earnings
- 11 firms have left the industry completely, they generated an average < $40K gross business earnings
- 2 firms have sold to external parties, average $76k gross business earnings
- 7 small firms switching to other licensees – average gross business earnings of these firms: $184k
- Regrettable loss of 2 larger firms switching to other licensees – average gross business earnings of these firms: $925k
- 1 medium firm merged with larger business already part of another licensee: gross business earnings: $537k
- 2 larger firms asked to leave for cultural and risk management reasons: gross business earnings: $997k and $725k

** Gross business earnings: Annual gross business earnings – total financial advice fees and commissions earned by underlying firm.*

It has been well known that Count has been experiencing a significant reduction in member firms and authorised representatives over a number of years.

CountPlus believes we are 'outsider-insiders' – we come to this with fresh eyes and no baggage but we have also been prominent users of Count Financial services and understand, from the inside, the frustrations of the past few years. As outsider-insiders, we know the status quo is simply not an option.

We are already hard at work in transforming Count Financial into a business that fits the CountPlus family photograph. This has included the removal of some businesses that were not going to be able to make the transition to our model, and also the revitalisation of what it means to be a part of a professional network, and a core community of firms.

We have decided that in focusing on our core, the combination of CountPlus, Count Financial and a network of engaged and motivated firms will create more value than the parties could create on their own.

The future sustainable operating model of an AFSL will come from a transparent user pay approach, a separation of product and advice, best practice enabled systems and process, scale and infrastructure. It is with scale in mind, we provide an update on our other AFSL business – Total Financial Solutions.

UPDATE – TOTAL FINANCIAL SOLUTIONS

Total Financial Solutions has undertaken its own transformation in recent years. It has a strong sense of community and has moved to the "new world" of advice and away from conflicted remuneration models. It has not been easy, but the TFS Advisers have knowingly made changes to their business models and through their resilience are better for it.

Update

- Announced to ASX on the 28 June 2019 that the goodwill carrying value of Total Financial Solutions ("TFS") would be impaired to NIL.
- TFS will cease operating as an AFSL entity early in the 2020 calendar year.
- At the time of writing, TFS has one known client remediation matter under investigation. It is unlikely this will result in compensation being paid.
- At the time of writing, there are no known outstanding regulatory matters.
- TFS Advisers have been notified of the proposed change to TFS operations and;
- 32 TFS Firms (62 Authorised Representatives) have been identified as a cultural, strategic and operating fit with Count Financial and have been invited to join Count Financial. The average gross business earnings of these firms are $706k.
- 4 TFS Firms (4 Authorised Representatives) have decided to exit the industry. The average gross business earnings of these firms are $98k.
- 3 TFS Firms (8 Authorised Representatives) have not been offered the opportunity to join Count Financial and we are working respectfully with these firms to assist them join another AFSL. The average gross business earnings of these firms are $763k.
- There will be synergies as a result of this decision.
- We believe we are best served by focusing management resources on a single operating AFSL and we believe this decision also reduces operating risk.

** Gross business earnings: Annual gross business earnings – all fees and commissions.*

A decision has been made to cease the AFSL operations of TFS early in the new calendar year. Great effort is being made to manage this change with TFS Advisers in a respectful and transparent manner with a key focus on minimising any impacts on clients.

A select group of TFS Advisers have been provided the opportunity to join Count Financial and to date this invitation has been positively received by these firms.

The goodwill carrying value of TFS was impaired to nil at the 30 June 2019.

We believe that, in future, we will be best served by focusing management resources on a single operating AFSL and we also believe this decision reduces operating risk within CountPlus.

QUESTIONS