

June 2023 quarterly business update and outlook

ASX Release – 13 July 2023

Funds Under Administration exceeds \$70 billion and increases by 26% for FY2023

Quarterly highlights

- Funds Under Administration (FUA) increased by \$4.4 billion for the June quarter to \$70.3 billion, comprising FUA Net Inflows of \$3.2 billion and positive market movement of \$1.2 billion.
- FUA increased by 26.3% or \$14.6 billion for the year to 30 June 2023.
- Record custodial FUA Gross Inflows of \$6.2 billion for the June quarter, an increase of \$1.6 billion to PCP¹ and an increase of \$2.5 billion to the March quarter.
- Non-custodial administration service is now live for clients. A successful product launch in April 2023 with \$126 million of non-custodial FUA onboarded by 30 June 2023.
- Funds Under Management (FUM) increased by \$0.6 billion for the quarter ended 30 June 2023 to \$16.0 billion.
- FUM Net Inflows for the June quarter were \$0.4 billion.
- Managed Account balance increased by \$0.6 billion for the June quarter to \$13.6 billion.
- In the Investment Trends May 2023 Advisor Technology Needs Report, Netwealth achieved the top industry rating for overall satisfaction among primary users for the 11th consecutive year.

¹ PCP prior year corresponding period

Quarterly platform statistics

	Jun-2022	Sep-2022	Dec-2022	Mar-2023	Jun-2023	Growth#
Funds Under Administration (FUA)						
FUA - Custodial	55,652	58,103	62,414	65,883	70,146	26.0%
FUA - Non-custodial	-	-	33	40	126	-
Total FUA	55,652	58,103	62,447	65,923	70,272	26.3%
FUA Inflows - Custodial	4,542	4,656	4,115	3,658	6,180	36.1%
FUA Outflows - Custodial	(1,825)	(1,716)	(2,031)	(1,981)	(3,117)	-
FUA Net inflows Custodial	2,717	2,940	2,085	1,677	3,063	12.7%
FUA Net Inflows - Non-custodial	-	-	21	6	91	-
Total FUA Net Inflows	2,717	2,940	2,105	1,683	3,154	16.1%
Funds Under Management (FUM)						
Managed Account	11,170	11,479	12,229	13,035	13,592	21.7%
Managed Funds	1,908	2,020	2,211	2,300	2,368	24.1%
Total FUM	13,079	13,498	14,440	15,335	15,960	22.0%
Net Inflows – Managed Account	376	624	244	378	345	(8.2%)
Net Inflows - Managed Funds	18	208	120	14	27	47.2%
Total FUM Net Inflows	394	832	364	392	371	(5.7%)
Accounts (number)	115,642	118,464	121,032	123,649	127,507	10.3%
Market Movement						
Market movement FUA - Custodial	(4,650)	(489)	2,226	1,792	1,201	-
Market movement FUA - Non-custodial	-	-	12	2	(5)	-
Total FUA market movement	(4,650)	(489)	2,238	1,793	1,196	-
Total FUM market movement	(1,109)	(412)	577	504	253	

All figures in \$millions unless otherwise stated

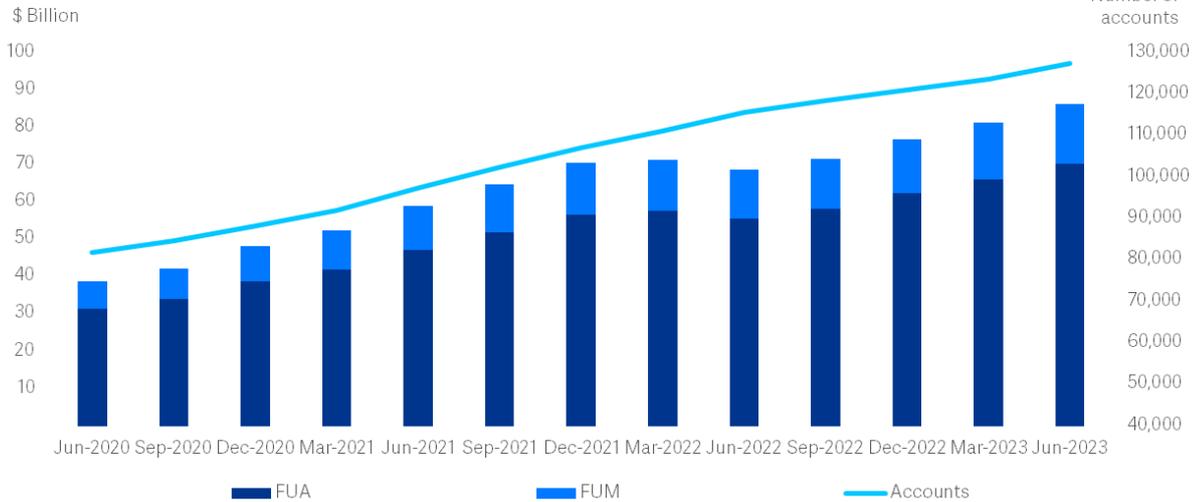
All figures provided are unaudited & net flows do not include market movement

Growth is the percentage increase on prior year corresponding period

- The Netwealth Cash transaction account balance was 6.4% of FUA at 30 June 2023.
- There was a large institutional account of \$1.2 billion opened during the quarter.
- Outflows for the quarter have continued at elevated levels. The high outflows relate primarily to:
 - Clients partially withdrawing funds to invest in off-platform investments including term deposits and other alternative investments, and
 - Large partial withdrawals for high net worth and large accounts.
- Member accounts at 30 June were 127,507, an increase of 3,858 accounts for the quarter, our strongest quarter for member growth in FY2023.

Platform growth and performance

Growth in FUA, FUM & Accounts

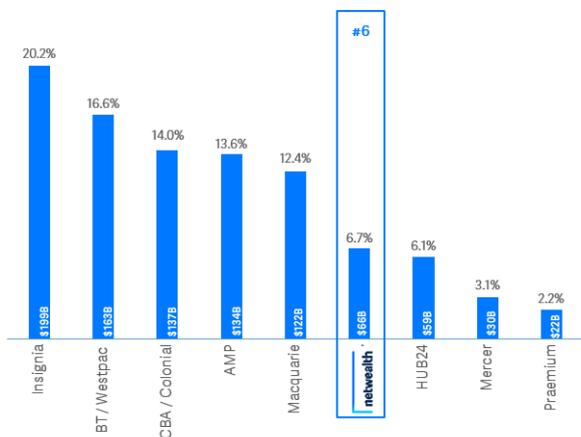


Source: Netwealth

Platform growth and performance

- Netwealth accounted for 66% of industry net funds flows with total Net Inflows of \$9.4 billion for the 12 months to March 2023.
- Netwealth’s market share increased to 6.7% at 31 March 2023, up 1.0% for the 12 months to 31 March 2023.

Platform providers by FUA market share % market share (Mar 2023)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Mar 2023
Total industry retail FUA of \$98.2B (as at Mar 23)

Platform provider net funds flows \$'Billions (12 months to Mar 2023)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Mar 2023
Total net flows of +\$14.2B (Not included above: Others of \$1.7B)

Business update and outlook

- Throughout the June quarter, we experienced significant growth and establishing new partnerships with advisers and licensees. This success has further reinforced our confidence in both our transition pipeline and the potential for new business opportunities. We remain optimistic about our ability to consistently attract substantial Net Inflows from all our key market segments in the foreseeable future.
- Despite strong inflows during the quarter, the prevailing economic uncertainty and its impact on investor sentiment have resulted in delays in committed transitions and new business activities for our existing clients. Moreover, the current market conditions have continued to make it challenging to estimate timing of these transitions on a monthly or quarterly basis.

Netwealth remains in a strong financial position:

- Highly profitable, with strong EBITDA margin;
- A very high correlation between EBITDA and operating cashflow, resulting in strong cash generation;
- Very high levels of recurring revenue, which results in predictable revenue; and
- Low capital expenditure, debt free and significant cash reserves.

About Netwealth

Netwealth is a financial services company listed on the Australian Securities Exchange (ASX: NWL). Netwealth was created with an entrepreneurial spirit to challenge the conventions of Australia's financial services.

We are a technology company, a superannuation fund trustee, and an administration business. Above all we exist to inspire people to see wealth differently and discover a brighter future.

Founded in 1999, Netwealth is one of the fastest growing wealth management businesses in Australia.

We are rated No.1 by our clients for overall satisfaction*.

Our financial products are:

- superannuation including accumulation and retirement income products;
- investor directed portfolio services for self-managed super and non-super investments;
- managed accounts;
- managed funds;
- self-managed superannuation funds administration; and
- non-custodial administration and reporting services.

Netwealth's digital platform supports how our financial products are delivered to market. Financial intermediaries and clients can invest and manage a wide array of domestic and international products through the platform.

The platform is built, developed, and maintained by our technology team. It is continuously enhanced using feedback from financial intermediaries, clients and other users and receives wide industry recognition as having market-leading functionality.

Supporting our financial products and technology platform is a significant investment in our people and resources to administer support, execute both custodial and non-custodial services and manage risk and governance.

This document has been authorised for release by the Board of Netwealth Group Limited.

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*Investment Trends May 2023 Adviser Technology Needs Report