

ASX Announcement

2023 financial year results

30 August 2023

Generation Development Group (ASX:GDG) is pleased to announce its financial results for the full year ended 30 June 2023.

Highlights

<p>Underlying Net Profit After Tax Life / Administration Business</p> <p>\$8.2m</p> <p>Increased by 30% (FY22: \$6.3m)</p>	<p>Revenue</p> <p>\$40.2m</p> <p>Increased by 14% (FY22: \$35.3m)</p>	<p>Product Sales</p> <p>\$515.0m</p> <p>Leader in market inflows with a 47% market share</p>
<p>Active Advisers</p> <p>1,865</p> <p>Increased by 10% on pcp</p>	<p>Cash</p> <p>\$17.0m*</p> <p>as at June 2023</p> <p><small>*includes term deposits greater than 3 months</small></p>	<p>Full year dividend</p> <p>2.0 cents</p> <p>Dividend paid per share</p>

	FY23 (A\$'000)	FY22 (A\$'000)	Change (%)
Revenue*	40,201	35,254	14
Expenses*	(31,985)	(28,908)	(11)
Underlying net profit after tax benefit - Life / Administration business	8,216	6,346	30
Income tax expense	(14)	(4)	(250)
Underlying income from Associates	3,613	2,048	76
Annuity business costs (net of tax)	(4,596)	(3,023)	(52)
Underlying NPAT	7,219	5,367	35

* Underlying excluding Benefit Funds and non-recurring, including income tax benefit

“It was another stellar year for Generation Development Group, achieving total sales of \$530m for both Investment Bonds and Annuities. Funds Under Management increased 22% to \$2.6b, with active Financial Advisers growing 10% to 1,865. Having more Financial Advisers writing and supporting our business bodes well for delivering sales growth in FY24. Generation Life has continued to strengthen its customer value proposition, developing more product features for estate planning purposes and increasing the number of Tax Optimised Investment options to 20. The strategy behind these investments targets the \$4.9 trillion¹ intergenerational wealth transfer and capitalises on the proposed changes to Superannuation. Pleasingly, we have increased our equity holding in Lonsec from 40.7% to 49.2%, as it continues to deliver well above expectations with 57% EBITDA growth in FY23.”

Grant Hackett

Chief Executive Officer and Managing Director of Generation Life

Financial

Underlying Life / Administration business NPAT of \$8.2m was an increase of 30% from FY22. This was on the back of strong FUM growth of 22% on the prior corresponding period to \$2.6bn and revenue growth of 14% to \$40.2m. GDG also recorded 47% of investment bond market inflows, the highest share among industry peers, lifting GDG's overall market share to 25%.

GDG continues to be well capitalised with a cash balance of \$17.0m and declared a final FY23 dividend of 1cps for the period.

Operational

GDG continued to grow across several key segments of the business: Approved Product Lists increased by 21% to 661, Active Financial Advisers grew by 10% to 1,865 and new Bond numbers increased by 2% to 21,339 in FY23.

GDG retained Highly Recommended ratings from both Zenith and Lonsec, and continues to be the only investment bond provider in the market to hold these Highly Recommended ratings.

Lonsec, in which GDG increased its equity interest to 49% in March 2023, delivered 57% and 35% underlying EBITDA and NPAT growth, and continues to exceed expectations. They are well progressed in the final year of their 3-year accelerated growth strategy which commenced in the beginning of FY22. Lonsec Investment Solutions, which helps dealer groups and independent financial advisers establish diversified managed portfolios and separately managed account solutions continue to achieve strong growth, with funds under management increasing 143% in the last twelve months to \$8.8bn.

Lifeline

GDG's investment-linked lifetime annuity, Lifeline generated sales of \$15m in FY23. In addition to combining the value of investment returns and provision of income guaranteed for life, it also provides investors with the ability to switch between investment options and construct different portfolios at any time. In June 2023, we released a second Product Disclosure Statement (PDS) for Lifeline, which included five new product features and six additional investment options that better cater for a higher interest rate environment.

1. Generation Life – Looking In the Next Generation by Core Data 2023.

GDG Outlook

Solid sales momentum for investment bonds including a record June 2023 quarter has continued into FY24 and, subject to relatively stable market conditions, we remain very positive on continuing to grow our overall sales result.

Lifeline sales has been building in momentum. We believe it is a 2 to 3 year process and remain committed to the high levels of activity and adviser education required to get this product to scale. There is enormous opportunity for the addressable market to grow as baby boomers enter retirement and more superannuation assets transition into pension phase.

We expect Lonsec to surpass expectations in executing on its 3 year, accelerated growth plan. In addition to increasing its Research product coverage, it continues to find new opportunities to grow Lonsec Investment Solutions and funds under management.

Results Webinar

GDG will host a results webinar today. A Q&A session will follow the presentation.

Date	Wednesday, 30 August 2023
Time	11:00am (AEST)
Presenters	Grant Hackett OAM, CEO and Managing Director of Generation Life and Terence Wong, CFO of GDG

To register for the webinar, please follow this link:

https://us02web.zoom.us/webinar/register/WN_HrN26iQ2SBKd1pIs7SM_Pg

After registering, you will receive a confirmation email containing information about joining the webinar.

Prior to the webinar, investors are invited to submit questions to simon@nwrcommunications.com.au.



Outthinking today.

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