

ASX Announcement

23 February 2023

Centrepoint Alliance delivers scale and profit growth in H1 FY23

Centrepoint Alliance Limited (ASX: CAF) ("Centrepoint" or "the Company"), a leading provider of advice and business services to financial advice firms throughout Australia, is pleased to provide the Company's Interim Financial Report and Appendix 4D for the six months ended 31 December 2022.

H1 FY23 Financial Highlights

- Strong financial performance, achieving normalised EBITDA (excluding LTI awards, one-off costs and asset sale) of \$3.8 million, up \$1.3m (52%) from H1 FY22 driven by organic licenced adviser fee growth and continued benefits from increased scale, as a result of the ClearView Advice ("CVA") acquisition
- PBT of \$3.7m, up \$2.8m on PCP due to \$1.5m from the sale of Ventura Funds and \$1.3m from increased earnings
- Interim fully franked ordinary dividend of 0.5c plus fully franked special dividend of 0.5c (for Ventura Funds sale) declared on 22 February with a payment date of 17 March
- Gross revenue increased \$38.8m (+41% on PCP) driven by \$7.3m organic licenced adviser growth and \$31.5m through CVA acquisition
- Management expenses up 9% on PCP (down 6% on PCP excluding CVA acquisition) due to \$0.8m increase in employment expense and \$0.2m increase in subscriptions from CVA acquisition. Cost to income ratio of 77% represents improvement over 82% in the PCP, due to relative gross profit increase post acquisition and continued expense synergies (realised in H2 FY22)
- Cash of \$15.4m, up \$0.7m from June 2022 primarily due to \$2.9m net cash flow from operations offset by \$2.0m dividends paid

H1 FY23 Operational Highlights

- Centrepoint continues to benefit from scale of operations following the completion of integration activities from the CVA acquisition on 1 November 2021
- Embedding a consistent operating model, uniform licensee pricing and improvement in service levels, leading to increasing adviser satisfaction and strong adviser retention
- Standardisation of advice technology. Xplan, the core system used by licenced advisers across the Group is now standardised with consistent features, functionality, templates and software wizards. Service and support teams have been aligned to the standard operating model and technology systems
- Centrepoint has maintained a clear number 3 ranking in the market based on adviser numbers, with 511 licenced advisers. In the first half of FY23, 33 new advisers were appointed and the pipeline remains strong
- In December an additional 8 self-licenced firms were recruited, ending the first half with 194 self-licenced firms which means 771 advisers are using Centrepoint Alliance services. This takes Centrepoint's adviser network to 1,282 or 8% of the approximate total advice market of 15,900 advisers

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- The restructure of Investment Management achieved a milestone with the completion of the sale of Ventura Funds to Russell Investment Management Limited. Work is well advanced to launch and distribute a range of managed portfolios on external platforms
- Lending as a Service launched in September 2022 and is in the early stages of commercialisation. The recruitment of inhouse brokers is completed and pilot advice firms recruited, with positive feedback from advisers and clients. The focus is now on engaging with more advice firms, to build volume and scale. Rising interest rates and the general need for refinancing are anticipated to drive further demand
- The Company continues to actively explore consolidation opportunities in what is a fragmented industry, but one which continues to improve and strengthen
- Centrepont's strategy remains focused on three key areas to improve the business and drive further growth:
 1. Scaling and growing the licensee and lending solutions businesses
 2. Transforming the portfolio solutions and asset management business
 3. Investing in financial services technology to improve business efficiency and develop new innovative services

Centrepont Alliance Limited Chairman, Alan Fisher, said:

"Centrepont is well placed for future growth 14 months post the acquisition of ClearView Advice. The Management Team has demonstrated their ability to integrate a transformative acquisition and extract expected synergies. We have had a disciplined approach to capital management and a successful sale of non-core assets. Dividend payments have been maintained whilst increasing balance sheet strength. Overall, the business is well positioned to capitalise on M&A opportunities in the current environment."

Centrepont Alliance Limited CEO, John Shuttleworth, said:

"The strong financial results delivered in the half reflect a business that is now operating at scale with a lean and uniform operating model. Having completed integration activities, Centrepont is in a strong position to focus on growth with our key priorities being organic growth from the core business and commercialisation of our strategic initiatives."

The release of this announcement has been authorised by the Board of Directors.

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About Centrepont Alliance

Centrepont Alliance (ASX: CAF) is a leading provider of advice and business services to financial advice firms throughout Australia. It offers a complete suite of governance, business management, client growth and advice services that enable advisers to spend more time providing advice to their clients.

Centrepont Alliance is proactively leading the evolution of financial advice business models in Australia. It has introduced a clear fee-based pricing model that will support the provision of more transparent and better financial advice for Australia, increasingly through the use of digital and data technology enabled solutions.

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