

ASX Announcement

23 August 2023

Strong earnings of \$7.6m and final dividend of 2 cents per share

Centrepoint Alliance Limited (ASX: CAF) (“Centrepoint Alliance” or “the Company”), a leading provider of advice and business services to financial advice firms throughout Australia, is pleased to provide the Company's Annual Financial Report and Appendix 4E for the year ended 30 June 2023.

Key Messages

Centrepoint Alliance is well positioned to take advantage of the positive changes occurring in the industry and future growth opportunities.

- Adviser numbers across the industry have stabilised in the last three quarters post FASEA, with graduate advisers growing (off a small base).
- Advisers are experiencing significant demand for services post the COVID-19 pandemic, reflecting a buoyant market for financial advice.
- Positive regulatory changes from the Quality of Advice Review will improve productivity for advisers.
- Centrepoint Alliance is a clear number three in the market ranked by adviser numbers.
- Adviser retention is strong and there are considerable opportunities in the pipeline.
- The Company is benefiting from a scalable and efficient operating model post completion of integration with standard systems, business processes and uniform pricing and nominal exposure to inflationary pressures.
- New strategic initiatives Lending as a Service and Managed Accounts are building momentum.

FY23 Financial Highlights

The key financial highlights for the fiscal year 2023, outlining the company's performance and growth:

EBITDA (excluding LTI, One-Off Costs & Asset Sales) \$7.6 million, up 6% (+\$0.4 million) from the previous comparable period ('PCP'), driven by increased gross profit from ClearView Advice ('CVA') acquisition and organic licensee fee growth.

Profit Before Tax ('PBT') of \$6.6 million grew by \$4.0 million on PCP, principally driven by Asset Sales (\$1.8 million), reduced LTI / One-Off costs (\$1.7 million), and increase in EBITDA (\$0.4 million).

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Gross revenue increased by \$43.1 million, a 19% increase on PCP. The growth stemmed from \$22.4 million in organic licenced adviser expansion and a \$20.7 million contribution from the CVA acquisition.

Gross profit rose by 4% (+\$1.3 million) compared to PCP, driven by the revenue increase from the CVA acquisition and organic licenced fee growth, partially offset by investment margin runoff.

Management expenses increased by 4% over PCP, primarily due to higher employment from a full year of CVA trading, marketing and travel costs. Total headcount reduced from 104 to 100 from PCP reflecting the ongoing disciplined cost management.

Cash balance increased to \$15.6 million, up by \$0.9 million from June 2022. This was driven by a net cash inflow of \$4.8 million, offsetting dividend payments of \$3.9 million.

On 22 August 2023, the Board declared a fully franked final dividend of 2.0 cents per share. The dividend will be paid on 29 September 2023, delivering fully franked FY23 ordinary dividends of 3 cents per share.

These financial highlights reflect Centrepoint Alliance's commitment to growth, efficient management and delivering shareholder value. The Company is focused on maintaining this trajectory in the future.

FY23 Operational Highlights

Centrepoint Alliance ranks as the third largest licensee, with 511 authorised representatives operating under the Company licences and 196 self-licenced practices supported by an estimated 797 advisers and continues to solidify its position as one of the leading destinations for advisers.

Service levels continue to improve off a strong base with response times improving 27% year on year.

The pipeline for adviser recruitment is robust with over 360 advisers in discussions with Centrepoint Alliance. Retention has been strong with only 2 firms (<5%) moving to another licensee.

Lending as a Service has been embraced by advice firms with 30 firms now participating with an additional 27 in the pipeline. Average monthly leads in the June quarter were 45 per month. More than \$25m in loans have been settled and \$20m in loans being finalised.

The strategy to grow managed accounts continues to progress. Over the last 12 months the business has strengthened governance with a majority non-executive board appointed for Ventura the investment manager, an independent review of governance and conflicts has been completed, and Morningstar appointed as an asset consultant.

Mergers and Acquisitions

Centrepoint Alliance is committed to accelerating growth through M&A activity to accelerate earnings growth.

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The Company has received indicative approval from NAB for a debt facility of \$10m to fund acquisitions. Details of the term sheet and purpose of the funding will be announced once the facility is established. This facility combined with the strong balance sheet and cash position will assist completing future transactions.

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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