



# Results Presentation 1H FY2023

See wealth differently

15 February 2023

FY  
20  
23

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For further information please contact:

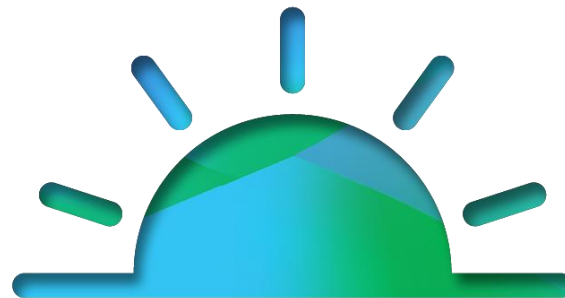
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Our purpose is

**To enable people to  
see wealth differently  
and discover a  
brighter future**



# Today's presenters and agenda

## Meet:



**Matt Heine**  
Managing Director



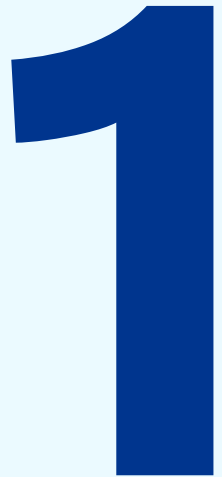
**Grant Boyle**  
Chief Financial Officer

## Discover:

1. 1H FY2023 business and financial highlights
2. Strategy and Product update
3. 1H FY2023 financial performance
4. Outlook
5. Questions
6. Appendix and additional information

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# 1H 2023 Business highlights



# Business and Financial highlights 1H 2023



## \$62.4B FUA

Non-Custodial Administration \$33M  
FUA reached \$65.1B<sup>1</sup>



## \$5.0B

FUA Net Inflows 1H 2023



## \$14.4B FUM

Managed Accounts & GSS Funds



## \$1.2B

FUM Net Inflows 1H 2023



## \$12.2B MA



## \$0.9B

MA Net Inflows 1H 2023



## #1 Platform\*

For Growth, Functionality & Service



## \$102.8M

Total Income 1H 2023  
Growth \$16.4M (+18.9%)



## 121,032 Accounts

12 month growth of 13,929 (+13.0%)



## \$30.6M

Underlying NPAT 1H 2023  
Growth \$3.1M (+11.4%)

1. Current FUA as at 13 February 2023 (unaudited)

\*Rated by Investment Trends as number 1 in Overall Satisfaction by users for the tenth consecutive year (2014-2021) and rated number 1 by Investment Trends for Best Platform Overall in 2017-2019 and 2021-2022.



# Netwealth as your #1 specialist investment platform partner

## Award winning platform



2022 Adviser Technology Needs Report  
Overall Satisfaction: Platform

Netwealth



2022 Australian Financial Advice Landscape Report  
Platforms: Best Overall Functionality

Netwealth



2021 Platform Competitive Analysis and Benchmarking Report  
Best Platform Overall

Netwealth



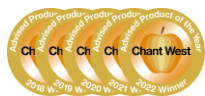
2022 Australian Financial Advice Landscape Report  
Platforms: Best Client Experience

Netwealth



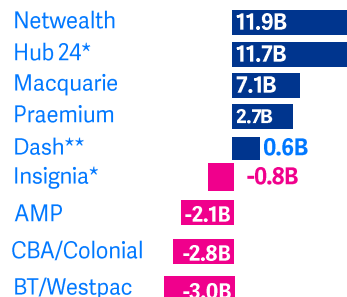
2022 Adviser Technology Needs Report  
Adviser Satisfaction with Mobile Access for Clients

Netwealth



Rated by Investment Trends as number 1 in Overall Satisfaction by users for the tenth consecutive year and rated number 1 by Investment Trends for Best Platform Overall in 2017, 2018, 2019 and 2022. Rated by ChantWest as best Advised Product of the Year for five consecutive years (2018-2022). Rated by Adviser Ratings Best Overall functionality and Best client experience In 2022.

## Fastest growing platform by net funds flow with increasing market share - Platform providers net funds flows (\$) (12 months to Sep 22)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Sep 2022

Total net flows of +\$25.3B (Not included above: Others of -\$0.04B)

\*HUB24 includes acquisition of Xplore Wealth, Insignia includes acquisition of MLC.

\*\*previously WealthO2

## Top 4 institutions are losing market share and represent 65.9% of market share

Platform providers by FUA / % market share / market share movement Sep 21 to Sep 22

Platform	FUA (\$B)	% market share	Market share movement
Insignia*	\$190B	20.6%	-0.4%
BT/Westpac	\$157B	17.0%	-0.9%
AMP	\$131B	14.2%	-0.4%
CBA/Colonial	\$130B	14.1%	-0.4%
Macquarie	\$110B	12.0%	+0.4%
Netwealth	\$58B	6.3%	+1.1%
Hub 24**	\$52B	5.7%	+1.1%
Praemium	\$20B	2.2%	+0.2%

Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Sep 2022

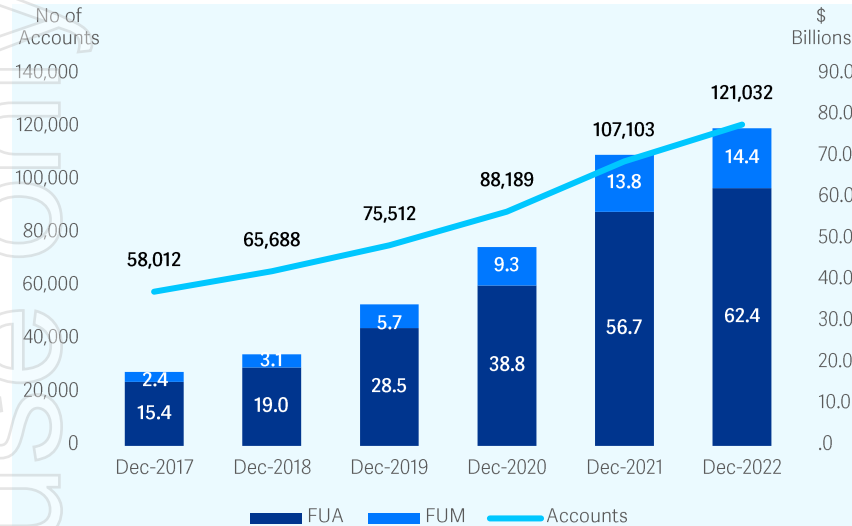
Total industry retail FUA of \$921.6B (as at Sep 22)

\*Insignia includes acquisition of MLC at Mar 21 and Mar 22

\*\*HUB24 +1.2% increase includes acquisition of Xplore Wealth at Sep 22

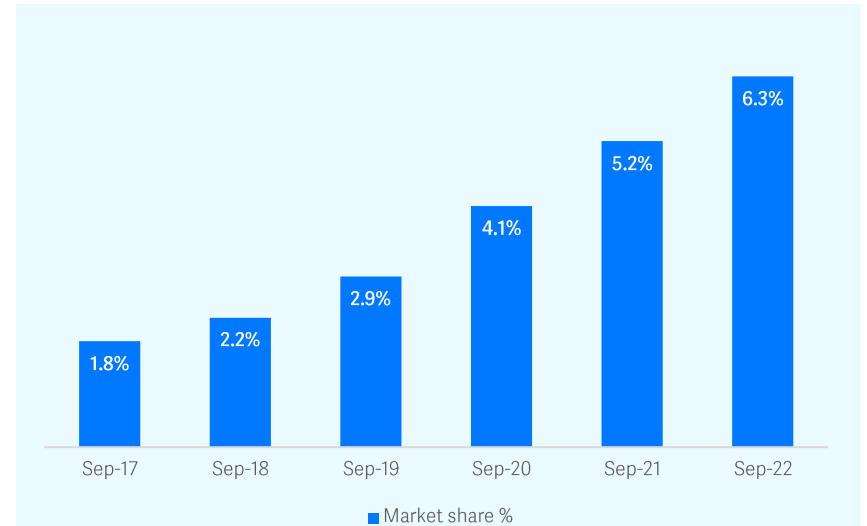
# Business growth drives market share gains

## Growth in FUA, FUM and Accounts



Source: Netwealth

## Market share increased to 6.3% for the year to Sep 22



Source: Plan for Life: Wraps, Platforms and Master Trusts (Sep 2022)



# Organic FUA net inflows growth

Both existing and new Financial Intermediaries contribute to yearly FUA net inflows

## Existing financial intermediaries

Continued migration of accounts from our existing Financial Intermediaries accounted for approximately 94% of the 1H 2023 FUA net inflows

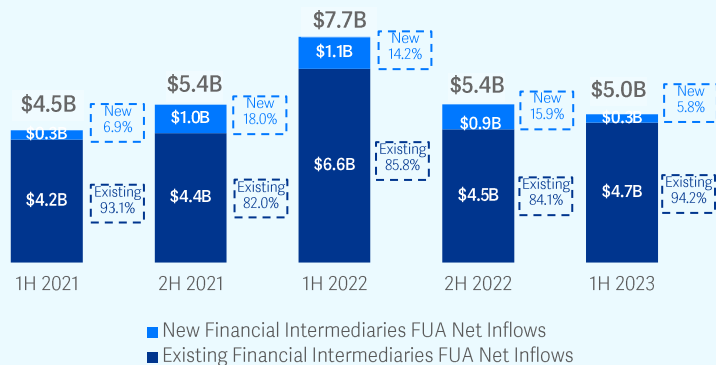
## New financial intermediaries

FUA growth from new Financial Intermediaries contributed approximately 6% of the 1H 2023 FUA net inflows.

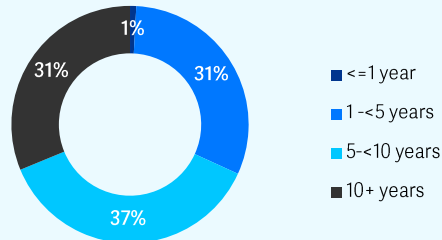
We have successfully secured several important new licensee relationships that will begin transitioning and funding new accounts in the current financial year, which should grow this % significant by year end.

The ageing of FUA shows a diverse and loyal client base with strong upside

## Half yearly FUA Net inflows analysis



## FUA by Adviser length of tenure (at 31 Dec 2022)



Source: Netwealth



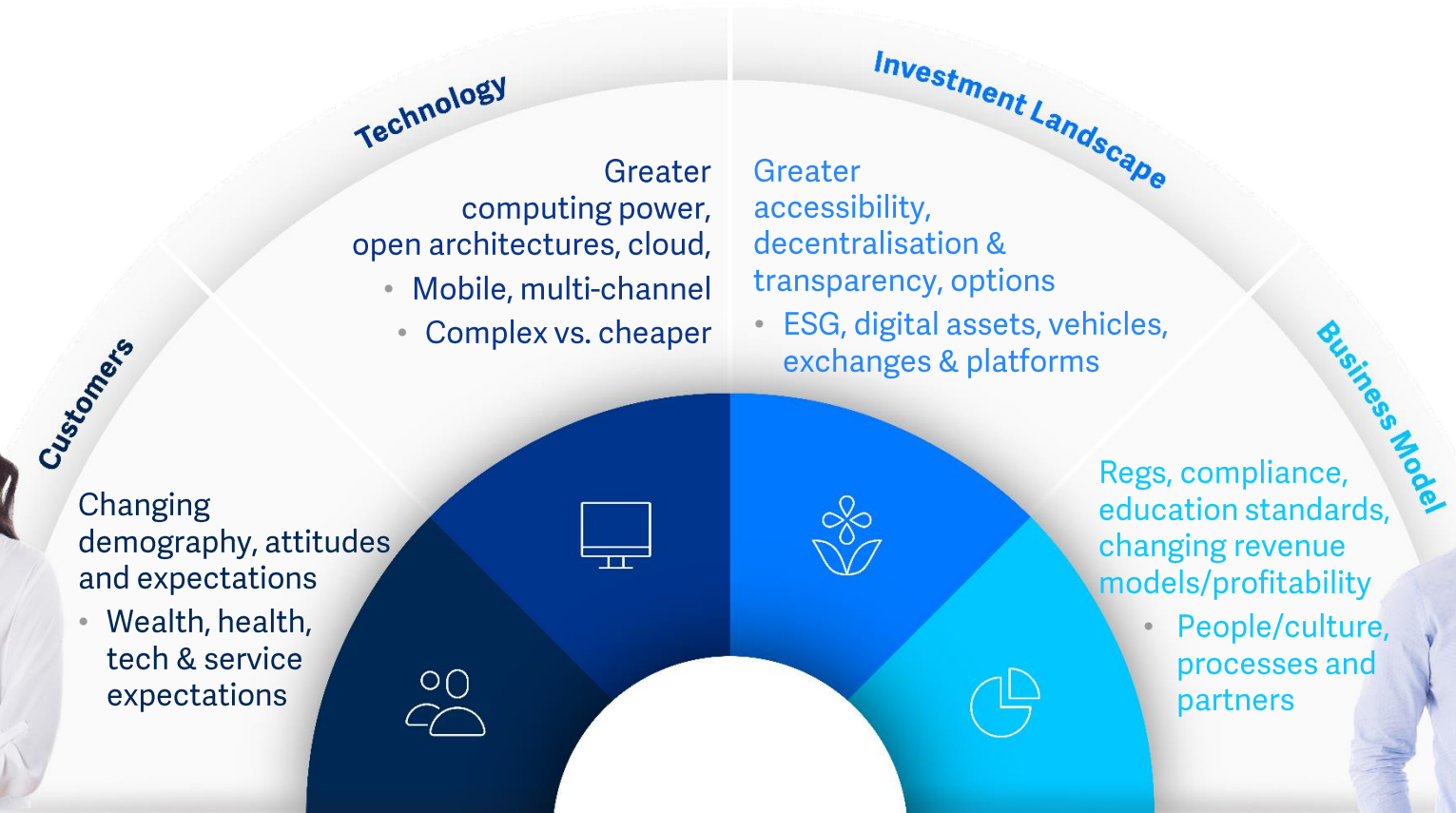
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# Strategy and product update

# 2

# Accelerating change = opportunities and challenges

only



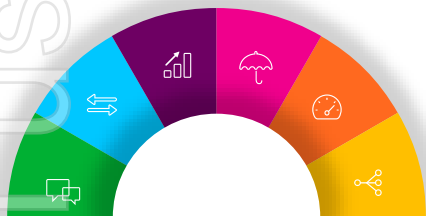
# Supporting wealth professionals and investors to see wealth differently

## 1

### A focus on technology and platform innovation

We have a home grown market leading investment platform that connects clients and advisers. It is agile and flexible to provide choice and remove barriers.

220+ IT staff dedicated to platform development, maintenance and security, accounting for ~38% of headcount expenses.



## 2

### A values-driven team focused on customer support and service

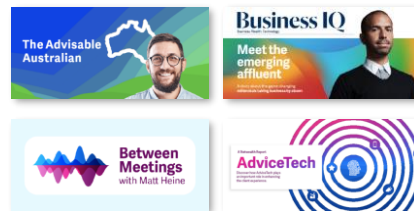
We are real people who are guided by our values and understand the critical importance of client service and support.



## 3

### Insights that provide new perspectives

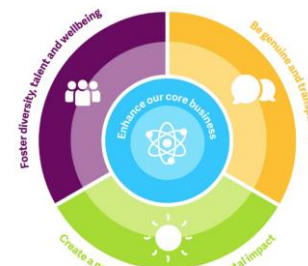
We provide deep insights to help clients to see the world in a new light, to help clients to spot the changes that matter today and tomorrow.



## 4

### A focus on sustainability and social impact

Wealth takes time to accumulate. Being sustainable and here for the long-term custody of our clients' assets is very important to us. We have a range of initiatives that support this vision.



# FY2023 Strategic Pillars update



## Upgrade functionality for MDA, HNW and mid-market clients

- Custom data-feeds and APIs delivered for MDA
- Ongoing – Report builder and enhancements to Managed Account



## Provide market leading client portal

- Bank accounts and properties available across mobile and desktop
- Live Xeppo integration



## Unlock and leverage data

- Data integration with Xeppo
- Ongoing - Public API suite build-out



## Enhance the leading platform core functionality

- MAPS non-custodial service is live in Beta
- Ongoing – Report builder and enhancements to Managed Account



## Scaling in the cloud

- Event streaming platform implemented
- API management platform implemented
- All new features are being deployed to Cloud
- Ongoing - migration of existing features to the cloud



## Focus on adviser efficiency

- Report and reviews
- Data and analytics
- Scale and stability
- MAPs
- Mobile and client engagement



## Maintain market leading customer service & technology

- Wrap payments enhanced
- Tasks and Activities feature to easily view, approve and manage
- Ongoing - Rebuild online account application



## Networth the employer of choice

- Work 180 endorsed
- Enhanced recognition and reward programmes



## Corporate sustainability as a core strategy

- IMPACT Fund supporting three charities and Netwealth supporting 2 NFP's
- Employee volunteering uptake increasing
- Ongoing - carbon emission review

# Advice Efficiency focused on reducing cost of advice



## Reporting & Reviews

- Report customisation
- Bulk reporting
- Benchmarks
- Report & review builder



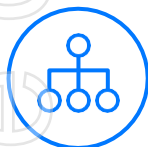
## Adviser efficiency

- Tasks & activities
- Managed Accounts enhancements & reporting
- Auto ROA enhancements



## Data and analytics

- 3rd party integrations, inc. Xepko
- API & Developers portal
- Business intelligence reports



## Scale and stability

- Back office upgrades & enhancements
- Ongoing cloud migration
- Security enhancements



## MAPs

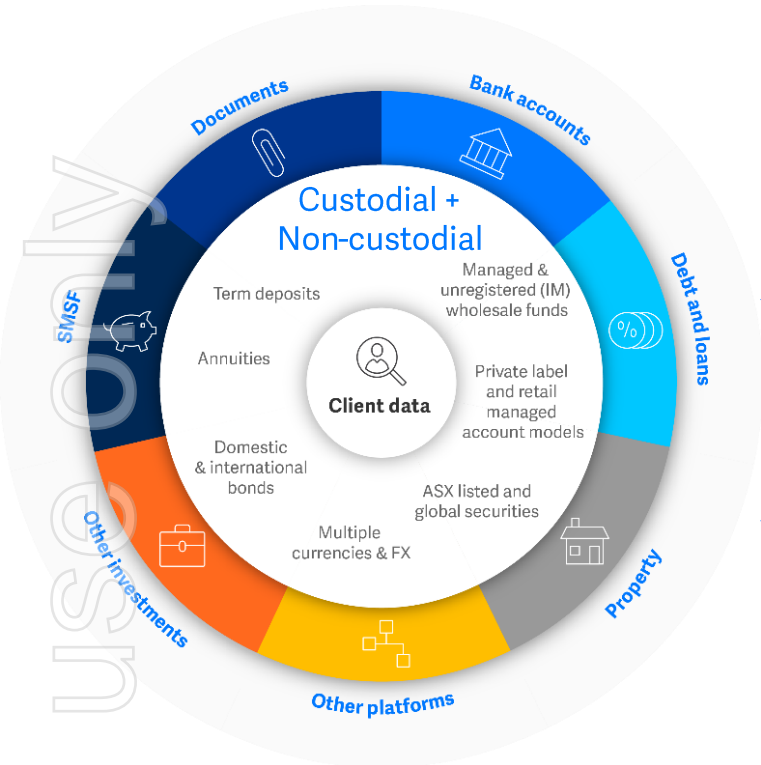
- Custodial and non-custodial
- Administration service
- Report enhancements



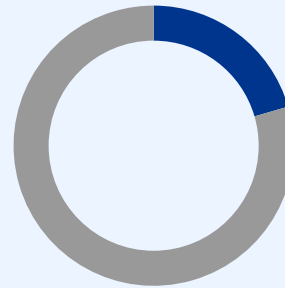
## Mobile and client engagement

- Apps & onboarding
- Access management & sharing
- 3<sup>rd</sup> party data integrations

# Netwealth's whole of wealth platform







## Introducing Wealth Accelerator MAPs (Multi-asset portfolio service)



● 20.5% non-custodial assets

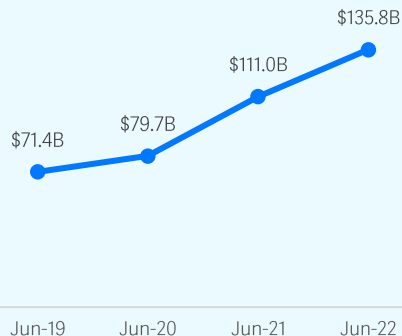
86.1% in-house

Advice firm who use in-house resources for data entry and administration of the off-platform assets

-  Netwealth assisted applications
-  Timely update of information
-  Tax Reporting & Annual Statements
-  Advice fee calculation

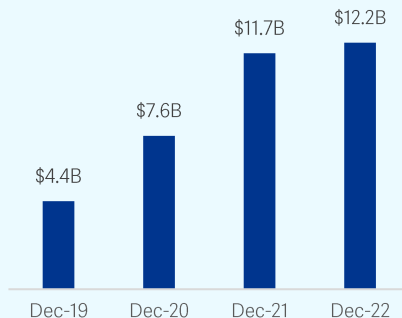
# The continued adoption of Managed Accounts

## IMAP Managed Account FUM (\$'B)



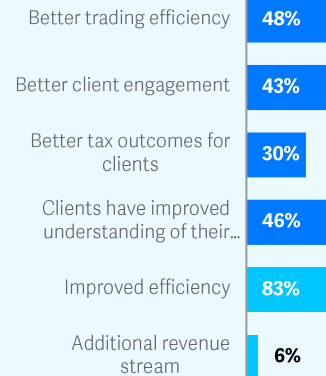
Source: Institute of Managed Account Professionals June 2022

## Netwealth Managed Account FUM (\$'B)



Source: Netwealth Managed Accounts data, as at December 2022

## What benefits have you received from Managed Accounts, of those that use them?



Source: Netwealth 2022 AdviceTech Report



# Client portal mobile app

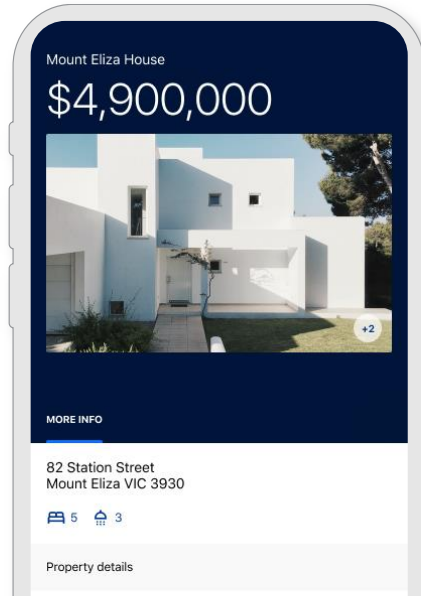
## White labelling

Mobile app plus browser-based desktop configured to the brand.



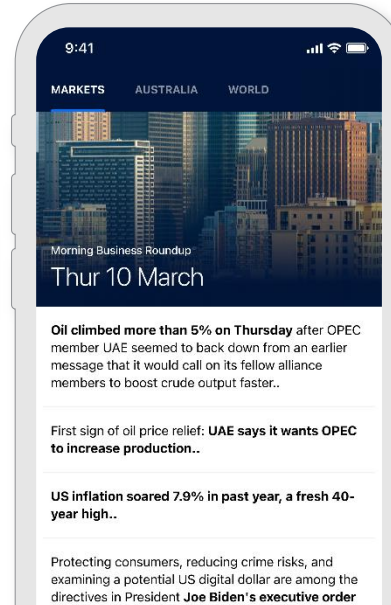
## Mobile 'whole of wealth'

Bank and property feeds plus integration with Xepxo data.



## Daily business & finance news

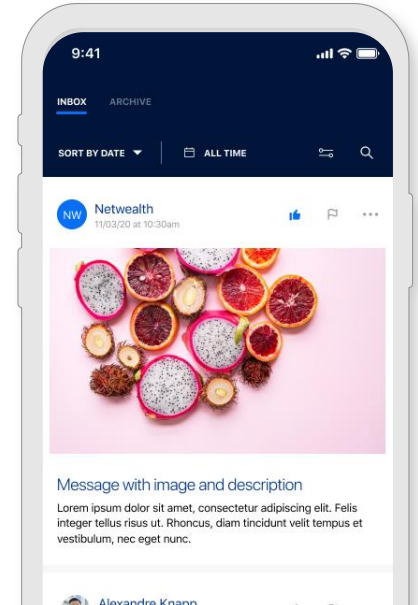
A daily feed of our morning business roundup business and finance news.



## Activities on mobile

Clients can view tasks and approve or action Netwealth or adviser originated activities, e.g. fee proposals.

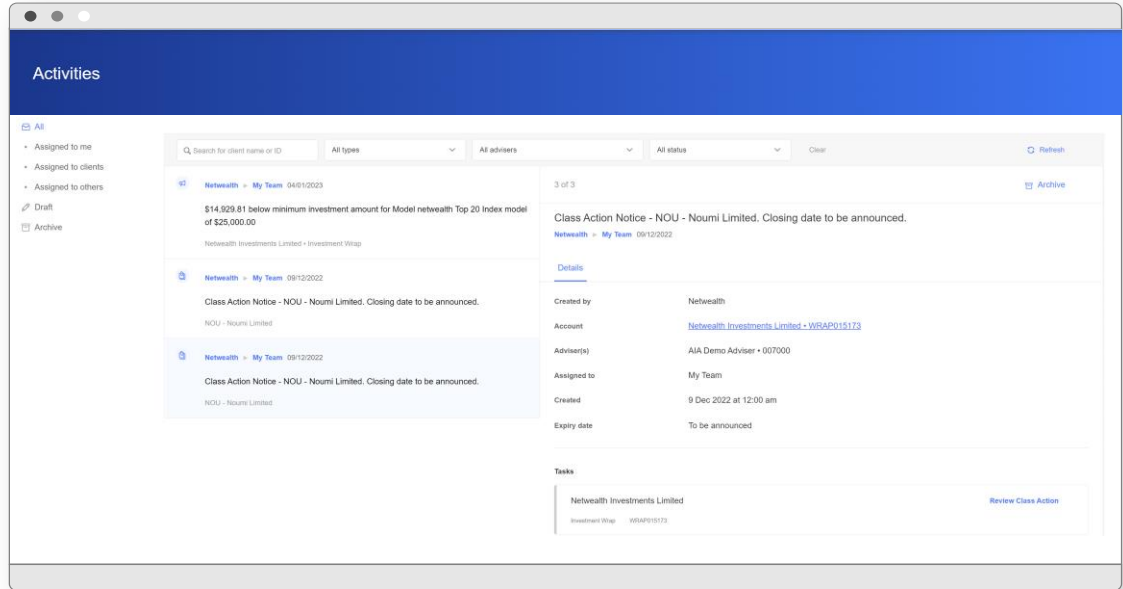
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# Activities tasks, alerts and messages

New Inbox-style feature-rich area of the platform, to enhance usability and team efficiencies, features include:

- Corporate actions, wholesale certificate expiries, TD maturities, minimum cash alerts, open proposals
- Notification of due and expiry dates
- Ability to filter, flag, re-assign activities
- Client instructions via the client portal (mobile app), including approvals and signatures
- Adviser to client message creation on an individual and bulk task basis
- New features which allows advisers and clients to easily view, approve and manage important tasks and alerts



# Corporate sustainability

This year so far...

- **Protect and enhance our core business**
  - Invest in system scalability and security.
  - Provision of more information and functionality to advisers.
  - Property data is live and available on the platform and mobile app.
- **Be ethical, genuine, and transparent in our dealings**
  - Carbon emissions understanding project underway.
  - FY2022 WGEA Report is now available on our website.
  - Uplifting sustainability reporting metrics to further transparency.
- **Promote diversity, talent and wellbeing**
  - Leadership workshops on resilient teams, mental health and emotional intelligence.
  - Formal career pathways for Sales BDM and TRM roles launched.
  - Graduate program continuing after successful launch in FY2022.
- **Create a lasting positive social and environmental impact**
  - Our FY2023 impact partners: Live4Life, People & Parks Foundation and Food for Change.
  - Financially support Banqer Primary and the Centre for Women's Economic Safety.
  - Employee volunteering opportunities include Eat Up, Go Girl, Food For Change, People and Parks with many more upcoming.



For more detail on our achievements and our goals, visit our website:  
<https://www.netwealth.com.au/web/about-netwealth/corporate-sustainability/>



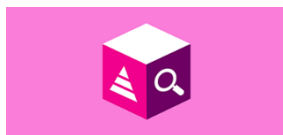
# Insights that matter

Events, white papers, videos, webinars and podcasts



## The Advisable Australian

A content series that analyses the wealth behaviours of Australians with an examination of their financial literacy, investing attitudes, saving habits, wellbeing, technology usage and their propensity to use financial advisers.



## Advice Foundations

A content series that looks to provide wealth professionals a unique perspectives in advice and technical advice strategies that deliver client best interest. Topics include the Federal Budget and legislative themes.



## Portfolio Construction Megatrends

A content series that examines the investing and portfolio construction themes, and pays attention to upcoming trends, societal and cultural shifts and technology advancements that can impact portfolio construction.



## AdviceTech Report

A content series that analyses the adoption trends of AdviceTech by wealth professionals, and pays special attention to the needs of advisers, their clients as well as the popular suppliers driving the industry.



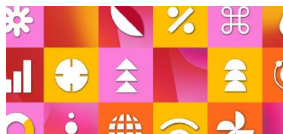
## colab

Netwealth's colab is an invite-only community of like-minded wealth professionals, brought together to learn, to be inspired, to support each other and collaborate!



## Between Meetings podcast series

Matt Heine, Joint Managing Director of Netwealth, chats to industry professionals and thought leaders on what opportunities and challenges they see for financial advisers and the wealth industry.



## Portfolio Construction podcast series

Paul O'Connor, Netwealth's Head of Investment Management & Research, picks the brains of wealth management professionals to uncover unique insights on the investment areas they are passionate about.



## Innovation toolkits

We've worked with some of Australia's leading innovation experts to create a collection of workshops & tools to inspire creativity in your team. These simple, team exercises have been designed to help your business see innovation differently.



## Business IQ magazine & newsletter

Gain insights from the industry's brightest minds and discover ways to grow your business. Explore articles that not only food for thought, but concrete actions that can deliver additional value to your business and clients.



## Morning business roundup daily newsletter

Netwealth's curated daily roundup of local and international market and economic news read by over 8,000 readers.

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# 1H 2023 Financial performance

# 3

# 1H 2023 financial results

Financials	1H 2023 Actual	1H 2022 Actual	Change	% Change
<b>Platform Revenue</b>	<b>99.8</b>	<b>84.6</b>	<b>15.2</b>	<b>18.0%</b>
Other Income	3.0	1.9	1.1	61.3%
<b>Total Income</b>	<b>102.8</b>	<b>86.5</b>	<b>16.3</b>	<b>18.9%</b>
Employee Benefits Expense	(38.1)	(31.0)	7.1	22.8%
Other Costs & Expenses <sup>2</sup>	(17.3)	(11.6)	5.7	49.3%
<b>Total Operating Expenses<sup>2</sup> excluding non-cash share based payments</b>	<b>(55.4)</b>	<b>(42.6)</b>	<b>12.8</b>	<b>30.1%</b>
Underlying EBITDA <sup>2</sup> excluding non cash share based payments	47.4	43.9	3.5	8.1%
Underlying EBITDA Margin excluding non cash share based payments %	46.1%	50.7%	-	-
Share Based Payments Expense	(1.2)	(1.9)	(0.7)	(34.2%)
<b>Total Operating Expenses<sup>2</sup></b>	<b>(56.6)</b>	<b>(44.5)</b>	<b>12.1</b>	<b>27.2%</b>
Underlying EBITDA <sup>2</sup>	46.2	42.0	4.2	10.0%
Underlying EBITDA Margin %	44.9%	48.6%	-	-
<b>Underlying NPAT</b>	<b>30.6</b>	<b>27.5</b>	<b>3.1</b>	<b>11.4%</b>
Underlying NPAT margin %	29.8%	31.8%	-	-
<b>Underlying Operating net cash flow before tax and interest<sup>1</sup></b>	<b>51.2</b>	<b>45.7</b>	<b>5.5</b>	<b>12.1%</b>
Underlying EPS – fully diluted (cents)	12.4	11.1	1.3	11.7%
Group cash and cash equivalents (EOP)	98.8	85.7	13.1	15.2%
Dividends (DPS)	11.0	10.0	1.0	10.0%

\$1.8 million brokerage expenses (1H 2022: \$1.7M), previously included net of Platform revenue, have been reclassified as expenses under Other costs and expenses in the table above.

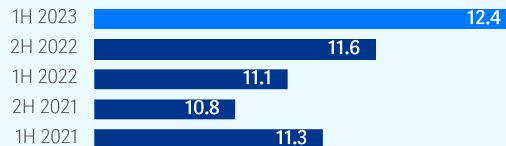
\$M unless otherwise stated

1. Operating net cashflow and EPS excludes non-recurring cashflow items for 1H 2022
2. Operating Expenses and Underlying EBITDA excludes \$0.5 million of legal and consulting costs in 1H 2022 which are non-recurring in nature as they relate to acquisitions no longer pursued

## Platform Revenue (\$M)



## EPS (cents)



## DPS (cents)



Source: Netwealth



# 1H 2023 key performance metrics

Platform Statistics	1H 2023 Actual	2H 2022 Actual	1H 2023 Actual	1H 2023 v 2H 2022 % Change	1H 2023 v 1H 2022 % Change	
	FUA (EOP)	62,414	55,652	56,654	12.2%	10.2%
	FUA inflows	8,771	8,496	10,183	3.2%	(13.9%)
	FUA outflows	(3,747)	(3,143)	(2,547)	19.2%	47.1%
	FUA net inflows	5,024	5,353	7,636	(6.1%)	(34.2%)
Funds Under Administration	Market Movement	1,737	(6,356)	1,880	-	-
	Fee Paying FUA % (EOP)	64.6%	65.4%	63.5%	-	-
	Annualised Platform Revenue per average FUA (bps)	33.1	31.7	32.3	4.4%	2.5%
	Non-Custodial Admin (EOP)	33	-	-	NA	NA
Funds Under Management	FUM (EOP)	14,440	13,079	13,817	10.4%	4.5%
	FUM net inflows	1,196	856	1,729	39.7%	(30.8%)
Managed Account (FUM)	Managed Account (EOP)	12,229	11,171	11,703	9.5%	4.5%
	Managed Account net inflows	867	813	1,508	6.6%	(42.5%)
Managed Funds (FUM)	Managed Funds (EOP)	2,211	1,908	2,114	15.9%	4.6%
	Managed Funds net inflows	328	43	220	662.8%	49.1%
Cash	Cash transaction account as a % of FUA (EOP)	6.9%	7.9%	6.1%	-	-
Clients	Accounts (EOP number)	121,032	115,642	107,103	4.7%	13.0%
	Financial intermediaries (EOP number)	3,421	3,327	3,254	2.8%	5.1%

\$M unless otherwise stated

EOP= End of Period

Net Inflows exclude market movement

## 1H 2023 commentary

- FUA increased \$6.7 billion (12.2%) during 1H 2023, including FUA net inflows of \$5.0 billion.
- Outflows during the period have increased substantially due to high net worth, larger institutional accounts and pension clients partially withdrawing funds.
- Positive market movements across global equity markets in 1H 2023 offsetting the negative market movement during 2H 2022, thus impacting closing FUA and increased year end fee paying FUA %
- Platform revenue per average FUA bps impacted by, higher cash margin and higher cash balances ( in early FY 2023).
- Managed Account increased \$1.1 billion (9.5%) during 1H 2023.

# Revenue Margins

Revenue per account and Revenue Margins improving

- Platform Revenue per Account increased to \$1,673, an increase of \$71 for 1H 2023
- Platform revenue/average FUA of 33.1 bps for 1H 2023, increased by 1.4bps compared to 2H 2022
- The growth in revenue was largely due to an increase in cash administration fee income, which was driven by the rise in interest rate from the Reserve Bank of Australia (RBA) and higher cash balances in early months of FY 2023.

—● Average FUA \$000/average no. of accounts



—● Annualised platform revenue \$/average no. of accounts



—● Platform revenue \$mil/average FUA

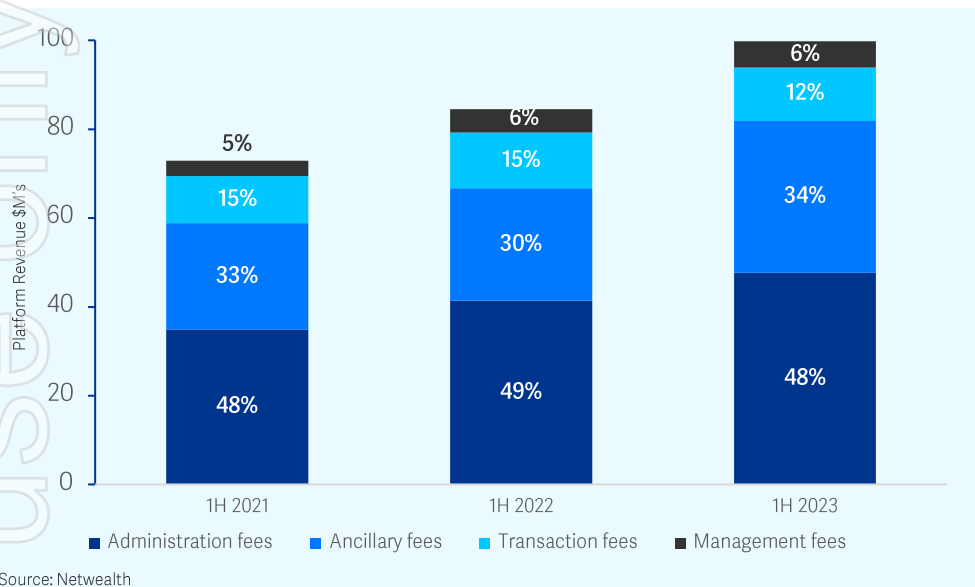




# Platform revenue composition

Revenue structure has demonstrated resilience across various market cycles.

## Platform revenue split 1H 2021 to 1H 2023



Source: Netwealth

Brokerage expenses, previously included "Net" in Platform revenue, have been reclassified as expenses under Other costs and expenses in the graph above.

### Administration fees

- Wrap
- Super

### Ancillary fees

- Pool cash interest retained
- Netcash
- International equities admin
- Managed model service
- Fund manager service
- Insurance admin
- SMSF admin
- Annuities
- Non-custodial administration
- Premium assets

### Transaction fees

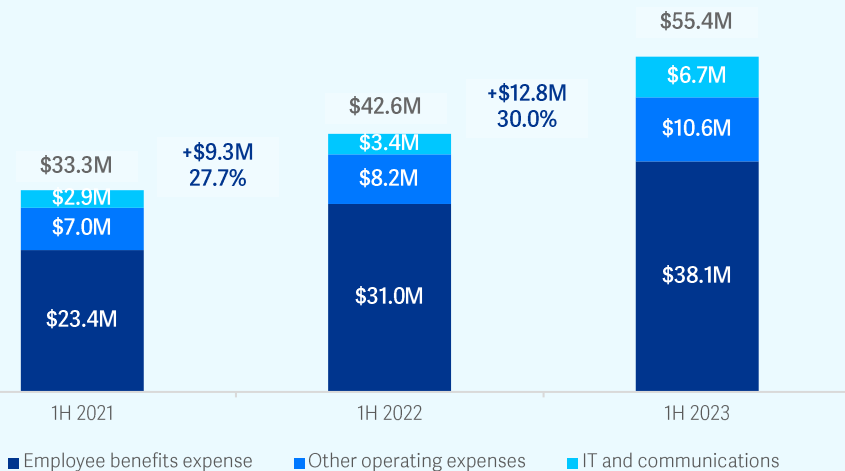
- Brokerage
- Share settlement
- Managed account brokerage
- FX margins
- International
- Offline transactions
- IPO & Broker handling

### Management fees

- NWL Funds
- Managed Account

# Focus on expense management

## Total underlying operating expenses



Source: Netwealth

## 1H 2023 commentary (comparisons 1H 2022)

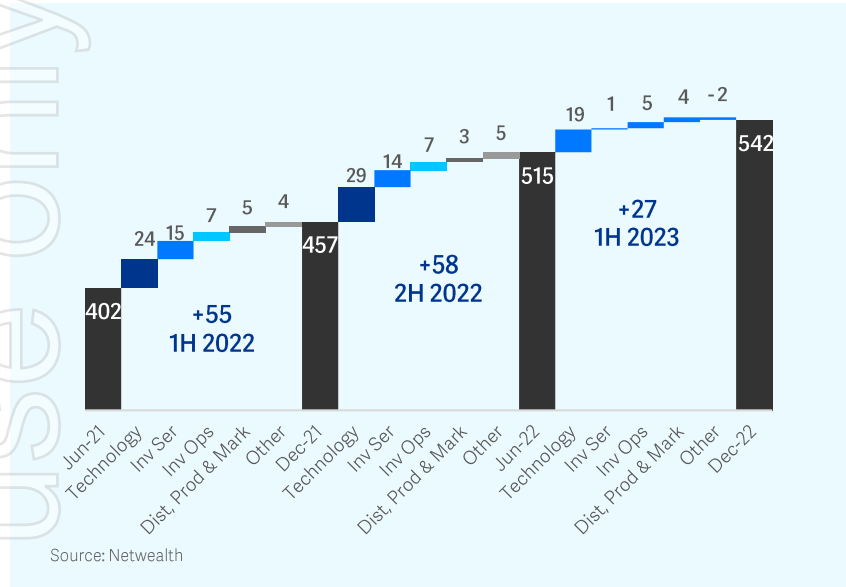
- Increased focus on expense management and operating leverage.
- Total underlying operating expenses of \$55.4 million (\$42.6 million), an increase of \$12.8 million, 30.1% increase from 1H 2022.
- Employee benefits expense increase of \$7.1 million, a 22.8% increase to 1H 2022.
- Headcount at 31 December 2022 of 542 with an additional 27 roles added in 1H 2023 (55 roles added in 1H 2022).
- Other increases in operating expenses include T&E and marketing and advertising costs, which have risen as the economy reopens after the COVID-19.
- IT and communications expenses increase primarily relate to our migration to the cloud and upgrading workflow, security and CRM/Contact systems

Excluding share based payments expenses and recognised transaction fee revenue on a "gross" basis and recording cost of execution as a direct cost and reflected this change in the comparative period.

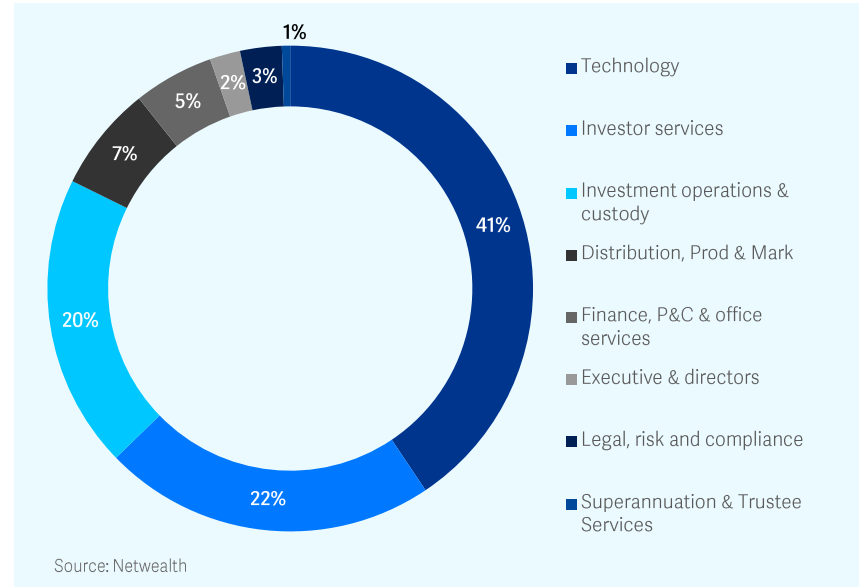
# Focus on operational leverage

Continued investment in Technology and minimal operational headcount increases

## 1H new hires down ~ 50% of PCP



## Headcount by function 31 December 2022



# Strategic capital expenditure

- To maintain efficiency and the ability to scale, we are enhancing our operational systems, strengthening security, and upgrading our IT infrastructure, including transitioning our systems to the cloud
- We are developing new features for Managed Accounts, Managed Discretionary Accounts, high net worth accounts, and mid-market clients to enhance their experience
- These initiatives are critical to allowing us to support our future rapid growth



# Summary Strong financial and market position



## Strong balance sheet

- low capital expenditure
- no debt
- significant cash reserves



## Exceptional correlation between EBITDA and Cash Flow



## High level of recurring and growing revenue



## Ongoing strategic investment across IT infrastructure, people and software



## A leader in mass affluent, high net-worth and private wealth solutions



## #1 Platform

1. Rated by Investment Trends as number 1 in Overall Satisfaction by users for the tenth consecutive year (2014-2021) and rated number 1 by Investment Trends for Best Platform Overall in 2017-2019 and 2021-2022.

Internal use only

# Outlook

# 4

# Outlook for 2H 2023

- Netwealth continues to gain market share with a strong pipeline and high win rate for new business across all key segments and has successfully secured several major new licensee relationships that will begin transitioning and funding new accounts in the current financial year.
- Netwealth maintains its net inflow guidance for FY2023 at approximately \$11 billion, subject to timing of transitions and no further deterioration in macro and geopolitical environment.
- As previously reported, the margin on the balance of the Netwealth cash transaction account has recently increased to 1.35%. The rate paid to clients on their cash transactions remains at RBA minus 0.65%.
- After a period of increased investment in our people, resources and technology our focus is now on driving productivity, efficiency, and operating leverage, which are important for ensuring sustainable growth and profitability.
- For the 2H 2023, we expect non-headcount expenses to stay comparable to those of the 1H 2023. Additionally, we anticipate that our employee growth will be consistent with what we saw in the first half of 2023.
- Netwealth is near completion of its non-custodial administration pilot and is on track for a broad market launch in March 2023.
- In partnership with Xeppo we have launched a market-leading digital capability which connects Netwealth platform technology to Xeppo's aggregated portfolio and client data. Further integrations and enhancements will be released on an ongoing basis.
- New features focused on adviser and client efficiency will be progressively launched throughout FY 2023 and beyond, beginning with market leading Record of Advice (ROA) production tool.

analysts only

# 1H 2023 Questions

# 5



# Thank you

**See wealth differently**  
**Discover the possibilities**



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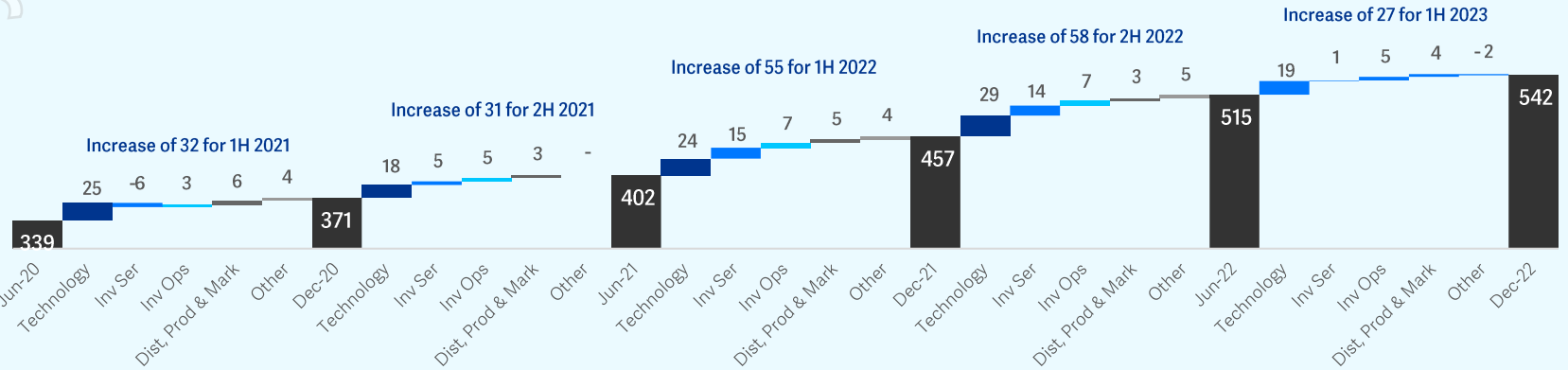
# 1H 2023 Appendix and additional information

# 6

# Investing in our people and technology

Strategic investments across IT infrastructure, people and software

## Analysis of half yearly headcount increase



# Underlying profit for 1H 2023

Set out in the table below is the reconciliation from EBITDA to underlying EBITDA and NPAT for 1H 2023 to reflect an adjustment on non recurring costs

## Consolidated Group for Period Ended

	31 Dec 2022	31 Dec 2021	Variance	Variance
	\$'000	\$'000	\$'000	%
<b>EBITDA</b>	<b>46,183</b>	<b>41,468</b>	<b>4,715</b>	<b>11.4%</b>
Add back: Non-recurring expense	-	501	(501)	(100.0%)
<b>Underlying EBITDA</b>	<b>46,183</b>	<b>41,969</b>	<b>4,214</b>	<b>10.0%</b>
Underlying EBITDA margin	44.9%	48.6%	(3.7%)	-
Interest on leases	(232)	(254)	(22)	(8.7%)
Depreciation and amortisation	(1,615)	(1,387)	228	16.4%
Income tax expense	(13,712)	(12,696)	1,016	8.0%
Addback: Tax impact from non-recurring expense	-	(150)	150	100.0%
<b>Underlying NPAT</b>	<b>30,624</b>	<b>27,482</b>	<b>3,142</b>	<b>11.4%</b>
Underlying NPAT margin	29.8%	31.8%	(2.0%)	-
<b>Underlying EPS (cents per share)</b>	<b>12.4</b>	<b>11.1</b>	<b>1.3</b>	<b>11.7%</b>

# Underlying profit excluding non-cash share based payments for 1H 2023

## Consolidated Group for Period Ended

	31 Dec 2022	31 Dec 2021	Variance	Variance
	\$'000	\$'000	\$'000	%
<b>Underlying EBITDA</b>	<b>46,183</b>	<b>41,969</b>	<b>4,214</b>	<b>10.0%</b>
Add back: non-cash share-based payment	1,221	1,857	(636)	(34.2%)
<b>Underlying EBITDA excluding non-cash share-based payment</b>	<b>47,404</b>	<b>43,826</b>	<b>3,578</b>	<b>8.1%</b>
Underlying EBITDA margin excluding non-cash share-based payment	46.1%	50.7%	(4.6%)	-
Interest on leases	(232)	(254)	(22)	(8.7%)
Depreciation and amortisation	(1,615)	(1,387)	228	16.4%
Income tax expense	(13,712)	(12,696)	1,016	8.0%
Addback: Tax impact from non-recurring expense	-	(150)	150	100.0%
<b>Underlying NPAT excluding non-cash share-based payment</b>	<b>31,845</b>	<b>29,339</b>	<b>2,506</b>	<b>8.5%</b>
Underlying NPAT margin excluding non-cash share-based payment	31.0%	34.0%	(3.0%)	-
<b>Underlying EPS excluding non-cash share-based payment (cents per share)</b>	<b>12.9</b>	<b>11.9</b>	<b>1.0</b>	<b>8.4%</b>

# Underlying Cash Flow

The table below sets out the summary of the underlying consolidated statement of cash flows for 1H 2023 and 1H 2022

## Consolidated Group for Period Ended

	31 Dec 2022	31 Dec 2021	Variance	Variance
	\$'000	\$'000	\$'000	%
Receipts from customers	104,196	91,172	13,024	14.3%
Other operating cash flows	(52,976)	(41,951)	(11,025)	(26.3%)
Adjustment for proceeds in relation to once-off leasehold incentives received	-	(3,537)	3,537	100.0%
<b>Underlying operating net cash flows before tax and interest</b>	<b>51,220</b>	<b>45,684</b>	<b>5,536</b>	<b>12.1%</b>
Investing activities	(2,553)	(3,101)	548	17.7%
Adjustment for seed funding for Managed Funds	(1,000)	1,000	(2,000)	(200.0%)
<b>Free cash flows</b>	<b>47,667</b>	<b>43,583</b>	<b>4,084</b>	<b>9.4%</b>