

ASX Release – 20 February 2025

Insignia Financial 2025 Half-Year Results

Simplifying the business, reducing costs and laying foundations for long-term sustainable growth

Overview

- Underlying net profit after tax (UNPAT¹) of \$124 million, up 30% on the prior corresponding period (pcp).
- Statutory net loss after tax (NPAT) of \$17 million, improved by \$33m from pcp.
- Net revenue up 1.5% on pcp driven by strong markets, and up 5.5% on an ongoing basis, excluding the impact of Rhombus Advisory and Advice divestments.
- Expenses decreased by \$36 million (6.9%) from pcp to \$482 million.
- Average FUMA increased by \$25 billion (+8.6%) on pcp to \$320 billion.
- IT Separation from NAB completed in November 2024, with formal exit of the TSA by 2H25.
- Optimisation program delivered net cost reductions of \$36 million on pcp and on track to deliver full year savings of \$60-\$65 million ahead of schedule, allowing for accelerated reinvestment.
- Master Trust target strategy confirmed with the signing of a Master Services Agreement with SS&C to collaborate on the simplification and transformation of the Master Trust business.
- Dividend remains paused to maintain balance sheet flexibility and fund initiatives that will deliver long term value.

1H25 Financial Key Metrics

\$m	1H25	1H24	% Change
Net Revenue	705.8	695.7	1.5%
Operating Expenses	(482.2)	(518.1)	6.9%
EBITDA	223.6	177.6	25.9%
Cost to Income	68.3%	74.5%	6.2%pts
UNPAT	124.3	95.5	30.2%
Statutory NPAT	(16.8)	(49.9)	66.3%
Average Funds under Management and Administration (FUMA)	320.0	294.6	8.6%
Closing FUMA	326.8	300.6	8.7%

¹ A reconciliation of NPAT to UNPAT is included in slide 26 of the Results Presentation.

Insignia Financial Ltd (ASX: IFL) ("Insignia Financial" or the "Company") today announced UNPAT for the six months ended 31 December 2024 (1H25) of \$124 million, an increase of 30% on 1H24. NPAT in 1H25 was a loss of \$17 million (1H24: loss of \$50 million), reflecting the benefits of the cost optimisation program.

Commenting on the result, **Insignia Financial Chief Executive Officer, Scott Hartley, said:** *"It's pleasing to report a 30% increase in our underlying net profit after tax to \$124 million which has been driven by market growth and a continued reduction in operating expenses as we see the benefits of our optimisation program."*

"Throughout the first half of FY25, we achieved a number of milestones critical to our ongoing plans to simplify our business, and continued to lay the foundations for long-term sustainable growth."

"We embedded a new operating structure and executive team, unveiled our strategy to become Australia's leading and most efficient wealth management company by 2030, successfully completed the IT separation of MLC and implemented pricing changes in Master Trust to improve retention."

"We've also continued to uplift our risk and governance capability, including the appointment of Danielle Press as Chair and Non-Executive Director of Insignia Financial's trustee boards late last calendar year."

"In our Advice businesses – Bridges and Shadforth – we've seen a growth in net revenue, revenue per adviser and revenue per client, driven by improved adviser efficiency and a focus on higher value clients."

"Within Wrap, we continued to improve the adviser experience and enhance functionality, including the expansion of the SMA menu on MLC Expand by 56 investment options."

"In our Master Trust business we have finalised our agreement with SS&C Technologies which will see us partner to help convert our size into meaningful scale benefits, through lower cost-to-serve, competitive fees and industry-leading service outcomes."

"The growth in net flows in our Asset Management business was driven by ongoing strength in MLC's contemporary Managed Accounts solution and retail multi-asset offerings, and strong net inflows in the domestic institutional fixed income capability."

"Our flagship MySuper option (MLC MySuper Growth) also achieved top quartile performance over three and five years, and four of our multi-asset offerings received top honours at the 2025 Money Magazine 'Best of the Best' Awards."

"By achieving our gross optimisation target early, it has allowed us to accelerate our reinvestment plans for our 2030 strategy, and bring forward some of this investment in 2H25."

"We remain on track to achieve our strategic priorities for the second half of FY25 including, meeting our operating cost reduction target, preparing for the Master Trust servicing transition to SS&C and refreshing the MLC brand to launch in market in 1H26."

"With our 2030 Strategy we have a clear pathway to achieve our vision of becoming Australia's leading and most efficient wealth management company by 2030."

Insignia Financial announces it has signed agreement with SS&C

Insignia Financial has signed a binding Master Services Agreement (MSA) with SS&C Technologies (SS&C) to collaborate on the transformation and simplification of its Master Trust business.

The agreement will see approximately 1,400 members of the administration, technology and digital teams that support Insignia's Master Trust business, as well as technology and certain premises transition from Insignia to SS&C, to ensure a continuity of service, operations and product knowledge for super fund members.

Transitioning team members will join SS&C from mid-2025.

Following transition to SS&C, the two organisations will work closely together to transform Insignia Financial's multiple Master Trust technology platforms and operating models to one, with SS&C's registry solution Bluedoor at its core. This simplification work is expected to occur between 2026 to 2028.

Commenting on the signing, CEO of Superannuation Dave Woodall said: "This is an exciting milestone in the transformation and simplification of Insignia's Master Trust business.

"This innovative model and partnership is the first of its scale in the industry and is one that is beneficial to Insignia's people, customers and shareholders.

"SS&C is a global technology and fund administration leader, and their expertise and capabilities will help us deliver superior member outcomes and an enhanced experience with contemporary technology for our more than one million members.

"Our people will also benefit from the career growth and development opportunities that will be available to them by being part of a global super administrator, with ambitions to be a leader in the Australian market.

"Importantly, Insignia will continue to internally provide key servicing and administration functions, including claims, complaints, product development, relationship management, marketing, and member education, advice and guidance."

The eight-year agreement defines fixed costs per member, stepping down over the life of the agreement. The costs to Insignia Financial to transition and simplify its Master Trust operations were included in the forecasts provided in the Investor Day presentation in November 2024.

Insignia Financial will provide some transitional services to SS&C under a Transitional Services Agreement (TSA).

Business Unit Update

Advice

Advice key metrics (\$m)	1H25	1H24	% Change
Net Revenue	78.0	74.7	4.4%
Operating Expenses	(57.1)	(59.2)	3.5%
EBITDA	20.9	15.5	34.8%
UNPAT	11.8	8.0	47.5%
Advisers (#)	200	211	(5.2%)

Advice Net Revenue increased 4.4% on pcp primarily as a result of strong new client growth and higher asset-based fee income. Operating expenses reduced due to the realisation of optimisation benefits from strategic initiatives, offset by increases in salaries and Adviser incentives. Adviser numbers stabilised post planned optimisation and natural attrition.

Wrap

Wrap key metrics (\$m)	1H25	1H24	% Change
Net Revenue	142.5	138.7	2.7%
Operating Expenses	(80.6)	(89.4)	9.8%
EBITDA	61.9	49.3	25.6%
UNPAT	39.7	32.1	23.7%
Closing FUA (\$b)	99.1	91.8	8.0%
Average FUA (\$b)	97.7	87.6	11.5%
Net Flows (\$b)	0.6	1.3	(53.8%)

Wrap Net Revenue increased due to the impact of higher average FUA from market growth and positive net flows partly offset by a decline in margin from the migration of FUA to Expand from MLC Wrap. Operating expenses decreased due to the realisation of optimisation benefits, partially offset by annual cost inflation. Net flows declined mainly due to \$1.8b transitioned to Insignia Financial's private label (Rhythm) in 1H24. Underlying net flows improved following MLC Wrap migration to Expand.

Master Trust

Master Trust key metrics (\$m)	1H25	1H24	% Change
Net Revenue	372.8	342.5	8.8%
Operating Expenses	(239.2)	(244.3)	2.1%
EBITDA	133.6	98.2	36.0%
UNPAT	90.6	68.2	32.8%
Closing FUA (\$b)	132.3	123.3	7.3%
Average FUA (\$b)	130.7	120.4	8.6%
Net Flows (\$b)	(1.4)	(1.5)	6.7%

Master Trust Net Revenue increased due to the impact of higher average FUA from market growth. Pricing changes to the MasterKey suite of products took effect on 1 October 2024 and are expected to improve retention and flows momentum, with no expected impact on revenue margin in FY25. Operating expenses decreased due to the realisation of optimisation benefits, partially offset by additional opex investment. Net flows improved within the Advised channel.

Asset Management

Asset Management key metrics (\$m)	1H25	1H24	% Change
Net Revenue	111.9	105.4	6.2%
Operating Expenses	(50.6)	(61.9)	18.3%
EBITDA	61.3	43.5	40.9%
UNPAT	42.2	30.2	39.7%
Closing FUM (\$b)	95.4	85.5	11.6%
Average FUM (\$b)	91.7	86.6	5.9%
Net Flows (\$b)	2.1	(1.8)	Large

Asset Management Net Revenue increased due to an increase in Private Equity and Alternatives performance fees and market growth, partially offset by the divestment of IOOF Ltd investment bond business in late 1H24. Operating expenses decreased due to the realisation of optimisation benefits both in the core Asset Management business as well as supporting enablement functions. The improvement in net flows is driven by continued growth in MLC's contemporary Managed Accounts solution and a significant improvement in net flows in the domestic fixed income capability resulting from institutional client rebalancing and a large new institutional mandate win in late 1H25.

Corporate

Corporate key metrics (\$m)	1H25	1H24	% Change
Corporate – Other	4.9	11.5	(57.4%)
Rhombus & Divested Advice	(4.3)	22.9	(large)
Net Revenue	0.6	34.4	(98.3%)
Operating Expenses	(54.7)	(63.3)	13.6%
EBITDA	(54.1)	(28.9)	(87.2%)
UNPAT	(60.0)	(43.0)	(39.5%)

Net Revenue for Corporate – Other was impacted by lower legacy Advice revenue (insurance related revenue) and the release of provisions in 1H24. Net Revenue for Rhombus & Divested Advice was impacted by the separation of Rhombus Advisory on 1 July 2024 and FY24 Advice divestments impacts and the 1H25 deconsolidated loss on sale. Operating expenses decreased due to realisation of optimisation benefits, separation of Rhombus Advisory on 1 July 2024, and 1H24 Advice divestments impacts, partially offset by inflationary impacts on centralised costs and higher project costs.

Remediation

No additional provisions were required in 1H25, and the balance of \$111.7 million was a 47.7% reduction from the 30 June 2024 balance of \$213.7 million. This reduction was split between payments made to clients during the half of \$81.3 million, and program costs of \$20.7 million.

Outlook

Insignia Financial last released guidance in November 2024, and this guidance remains unchanged.

Master Trust margin is expected to be lower in 2H25 than 1H25, driven by an anticipated increase in investments costs, net pricing impacts, and normalised good value claims. Investment in Vision2030 initiatives will be accelerated in 2H25 but opex is expected to remain within existing guidance.

This announcement was approved for release by the Board of Insignia Financial Ltd.

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About Insignia Financial Ltd

With origins dating back to 1846, today Insignia Financial is a leading Australian wealth manager. Insignia Financial provides financial advice, superannuation, wrap platforms and asset management services to members, financial advisers and corporate employers.

Further information about Insignia Financial can be found at www.insigniafinancial.com.au

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