



Results Presentation
for the Half-Year ended 31 December 2019

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March 2020

AGENDA

KEY POINTS



01. Introduction



02. General Business Update



03. Building a Profitable,
Sustainable Business



04. H1 FY2020 Highlights



05. Turn-Around Strategy



06. Financial Track Record



07. Industry Consolidation,
Opportunities and Regulatory Overview



08. Growth Strategy Outlook

INTRODUCTION

Following a decade of Financial Services industry Reviews, Enquiries, Royal Commissions, and regulatory development driven by the various governments of the day, we now find ourselves at the dawn of a new era, an era that will transition our industry into a profession. There'll be winners and losers, and many industry participants are at the cross-roads. During calendar 2019 we witnessed the exodus from the industry of the 4 major banks as well as a growing number of the minor banks and institutional participants; we've also seen the failure of under-resourced / under-governed independent industry participants. On the flip side, during the past 12 months there was robust growth by independent industry participants of quality and capability, including Infocus.

Many financial advisers across the industry are struggling with the pace of change with some 15 per cent (or 4,200 individuals) exiting the industry during 2019.

At the end of 2017 our business underwent a change of leadership and the development of a turn-around strategy. During 2018 and 2019 Infocus made significant strides in executing this turn-around strategy, two of our three business divisions are now operating in line with expectations with the third division on a path to meet expectations in 2020.

Our team has grown, it now incorporates 106 individuals consisting of 71 permanent team members, 29 contractors (including offshore) and 6 individuals involved in our Board and Governance functions. The quality, capability and dedication of our team is something of which I'm immensely proud, with our team and culture being real differentiators at a time in the evolution of our industry when we need to be close to our network of financial advisers, to help them successfully and appropriately navigate our industry change.

Infocus is in a good position. We expect to complete our turn-around strategy by mid-year, and current business development focus sets us up for a prosperous future.

GENERAL BUSINESS UPDATE

The industry theme over the past year has been that of FASEA and Royal Commission driven regulatory change. This change has touched all areas of our business, and has driven the need for adjustments to our business models, advisory processes and our governance frameworks.

We welcome the majority of this change as it's provided an opportunity to draw a line in the sand to cease legacy, outdated and inefficient business practices. We now have transparent and conflict free pricing for both financial advisers and retail clients which has underpinned and strengthened our revenues; we now have a simpler and controlled process for the provision of advice that aligns to our new regulatory obligations which has enhanced our operational efficiencies; we now have a refreshed governance framework across our advice process which enhances our ability to effectively manage risk.

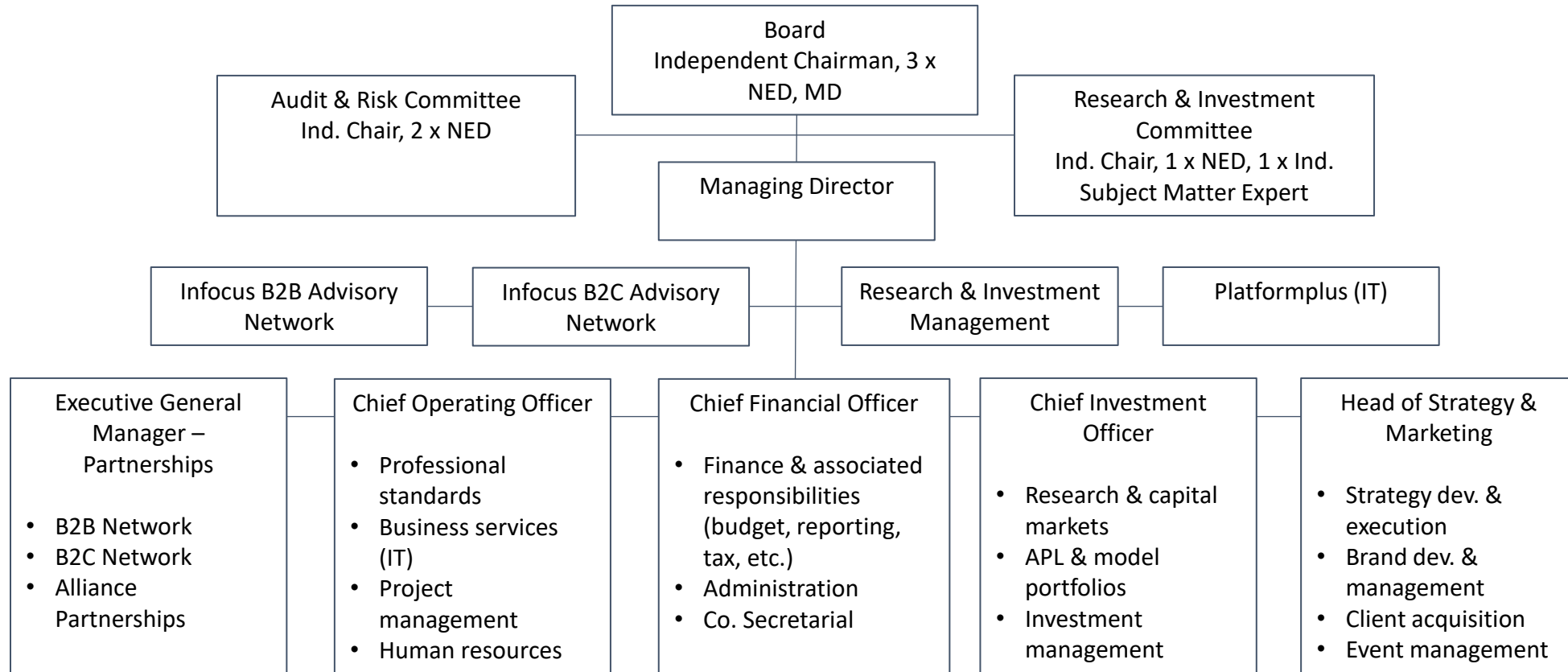
As we conclude H1 FY2020 and head into H2 FY2020 Infocus has:

- 167 financial advisers, and approximately \$6.3Bn of Funds under Advice.
- Our B2B division operating in line with risk, governance and budget expectations and requirements; well positioned for sustained growth.
- Our B2C division coming out of the other end of the change driven by the integration of recent acquisitions; while it's currently operating in line with risk, governance expectations we expect it to operate in line with budget expectations and requirements in the near future.
- Our Research and Investment Management division operational with our SMAs and Investment Trusts, while at the same time operating an effective Approved Product List.
- Our Platformplus IT solution upgraded to assist advisers, with all FASEA processes and oversight obligations operational, in addition to its current capability.

Our team is working diligently to build a profitable and sustainable business for the new financial advisory profession, one that provides meaningful benefit to all stakeholders.

GENERAL BUSINESS UPDATE cont.

ORGANISATION CHART



BUILDING A PROFITABLE SUSTAINABLE BUSINESS



Financial Advice	<ul style="list-style-type: none">• B2C – retail client facing division of the group, operating a best practice Financial Advisory business model on the Sunshine Coast, in Brisbane, Sydney and Melbourne.• B2B – national network of 113 successful professional financial advisory firms.• Ancillary services of Property, Lending and Tax Advisory supporting both B2C and B2B divisions.
Financial Technology	<ul style="list-style-type: none">• Platformplus SaaS providing end to end, FoFA and FASEA compliant, comprehensive financial planning software.• Platformplus RMS (revenue management system) providing brokerage management software.
Investment Management	<ul style="list-style-type: none">• Philosophically based, process driven, portfolio construction methodology.• 5 diversified portfolio profiles aligned to client risk profiles.• 4 diversified separately managed accounts (SMAs) and 8 sector specific managed funds.• \$356m in Funds under Management (31 December 2019).

H1 FY2020 HIGHLIGHTS

Financial Advisers



167 financial advisers in
113 financial advisory
practices

FUA



FUA of \$6.3 Bn, up 6.5% for
the 2020 financial year to
date

Technology Internal



Platformplus has 642
users, up 20 users for the
2020 financial year to date

Technology External



Platformplus RMS
brokerage system released
with 12 AFSL clients
operational

Gross Revenue



\$32.88m, on budget and
up 12% from PCP

Operating Profit



\$1.24m, on budget

NPAT



\$223k, on budget

EPS



EPS of 1.0, on budget

Strategic Priorities

- Financial Advice
 - B2B organic growth strategy successfully attracted 22 new firms with 45 financial advisers to the group.
 - B2C program of development well advanced, addressing resourcing and operational constraints.
 - FASEA compliant operating model launched.
- Investment Management
 - Alpha SMAs released and now operational and accepting inflows on preferred platforms.
 - Alpha Unit Trusts review completed, enhancements to rollout in Q2 2020.
- Turn-Around Strategy
 - Significant progress made, turn-around expected to conclude by the end of FY2020.

TURN-AROUND STRATEGY



Dec 2017 → June 2018 → Dec 2018 → June 2019 → Dec 2019 → Now → June 2020

Legend

Completed	WIP	To Do
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FINANCIAL RESULTS

Half-year Ending 31 December	Current Yr Reported \$'000	AASB 16 Impact \$'000	Current Yr Historical \$'000	Prior Yr Historical \$'000	% Change
Gross Revenue	32,884		32,884	29,137	Up 12.9%
Less Brokerage Paid	(23,954)		(23,954)	(19,691)	
Other income	103		103	328	
Net Revenue	9,033		9,033	9,774	Down 7.6%
Labour	4,845		4,845	5,472	
Other Direct	119		119	395	
Overheads	2,338	491	2,829	2,477	
Total Expenses	7,302		7,793	8,344	Down 6.6%
EBITDA	1,731		1,240	1,430	Down 13.3%
Depreciation and Amortisation	911	433	478	588	
Finances Costs	451	64	387	466	
Income Tax Expense	108	(2)	110	86	
Net Profit After Tax	261	-4	265	290	Down 8.6%
Less minority interest	(38)		(38)	(58)	
Attributable to Shareholders of Infocus	223		227	232	Down 2.2%
<i>Earnings per share (cents)</i>	<i>1.0</i>		<i>1.1</i>	<i>1.1</i>	

Impact of AASB 16 - Leases

AASB 16 is the new accounting standard for leases. It requires the recognition of an asset for future enjoyment of premises and a liability for the rent over the term of the lease. The impact on reported profit is a reduction in rental expense (overheads) and an increase in depreciation and finance costs. To provide a sensible comparison to prior period results we have adjusted current period to remove the impact of AASB 16. For full details refer to Note 9 to the Half-year financial statements.

Improved earnings and strengthened balance sheet

Revenue

- Solid growth in gross revenue is in line with budget and comes off the back of successful growth in our B2B division.
- Reduction in net revenue is as a result of the continued work being undertaken to complete the turnaround of our B2C division.

Expenses

- Expenses well managed.

Operating Profit

- Operating profit as per EBITDA is in line with budget, with expectations to outperform the prior year in H2.

Net Profit Attributable to Shareholders

- In line with budget and prior year with expectations to outperform in H2.

Balance Sheet

- Continued strengthening of balance sheet with an increase in net assets of \$155k and a reduction in borrowings of \$922k in the half-year to 31 December 2019.

INDUSTRY CONSOLIDATION, OPPORTUNITIES and REGULATORY OVERVIEW

Opportunity – Organic growth by taking advantage of the current disrupted market.

- During calendar 2019 we witnessed the exodus from the industry of the 4 major banks as well as a growing number of the minor banks and institutional participants; we've also seen the failure of under-resourced / under-governed independent industry participants.
- New educational standards with the introduction of the FASEA regime gives rise to additional opportunities. All Infocus financial advisers have been assessed with training plans implemented where necessary.
- This industry disruption has led to enhanced organic growth opportunities for Infocus. Over the past 2 years we have grown our B2B network from 113 financial advisers (December 2017) to 152 (December 2019) with a further 22 financial advisers approved in transition. During this same time we rejected ~250 financial advisers applications.
- Infocus has been preparing for the move away from grandfathered trail commissions to ensure minimal disruption to business once the banning of this revenue takes place on the 1st of January 2021.
- Infocus was an industry leader in addressing the user pays trend in financial advisory groups, with the discontinuation of conflicted remuneration and an adjustment in AFSL fees to represent a transparent and true cost of service.

GROWTH STRATEGY OUTLOOK

Opportunity – Continuation on our journey of becoming the partner of choice for successful financial advisers.

- Financial Advice:
 - Continue to attract high quality financial advisers to our network.
 - Delivering accessible, cost effective financial advice, making the provision of financial advice economically viable on a standalone basis.
- Financial Technology:
 - Continued development of functionality to satisfy client needs while delivering efficiencies and lowering the cost to serve.
 - Commercialise Platformplus software.
- Investment Management:
 - Leverage the Infocus investment philosophy to further enhance investment outcomes while at the same time lowering investment cost and execution risk.
 - Refocus the platform suite to a contemporary and simplified platform offering.

CONCLUSION

Our focus for FY2020 revolves around the three operational objectives of Growing Revenue, Enhancing Efficiencies and Effectively Managing Risk. We've made solid progress for H1 and expect to see sound results continue through the remainder of FY2020.

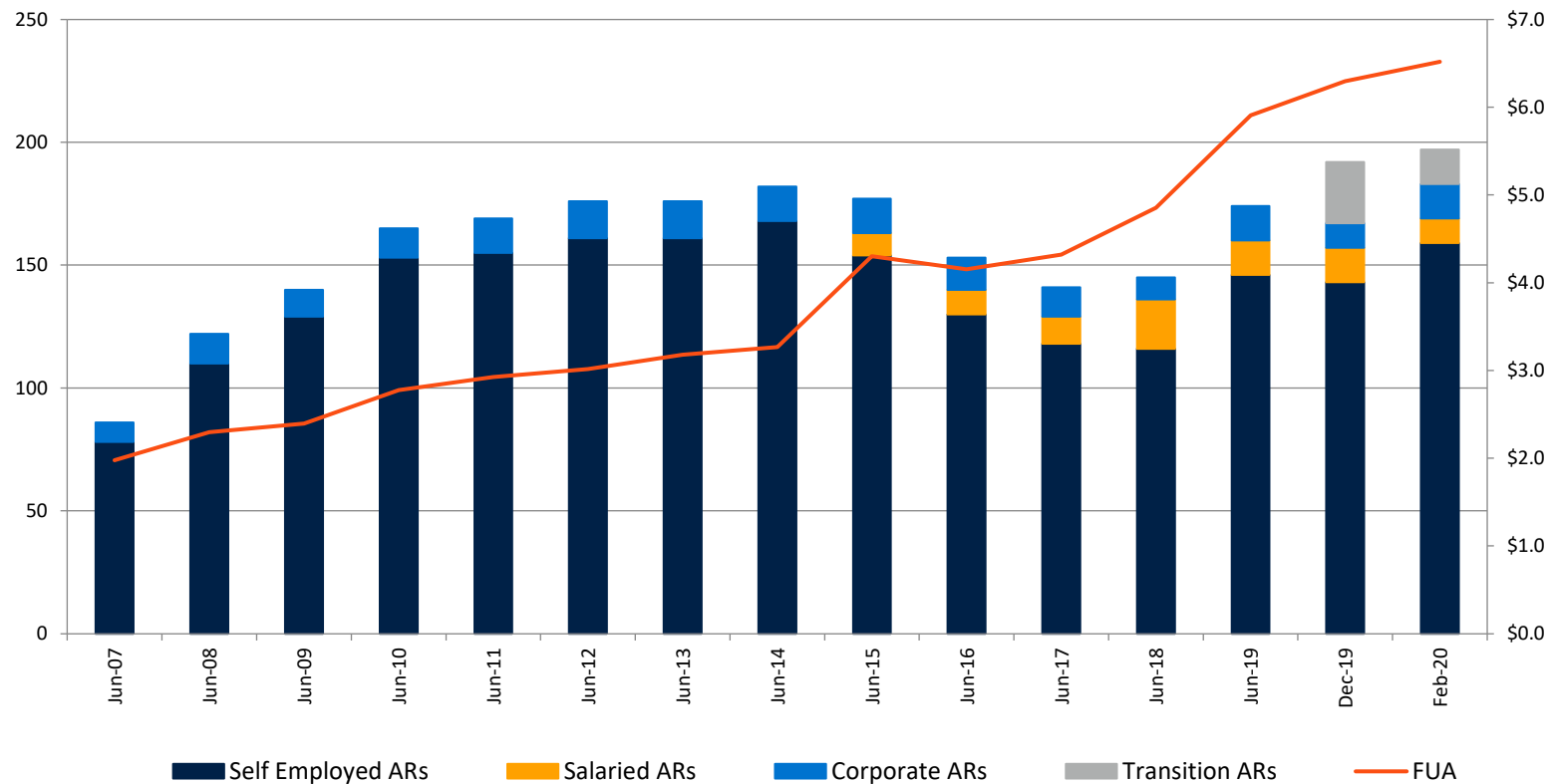
The investments made to update systems to facilitate changes to the financial advice process following regulatory change, along with support to training and adviser education, hold our financial advisory network in good stead to weather the current industry disruption and prosper into the future.

Infocus is well positioned for sustainable growth.

BASIS OF PERFORMANCE

December 2019 (with February 2020 update)

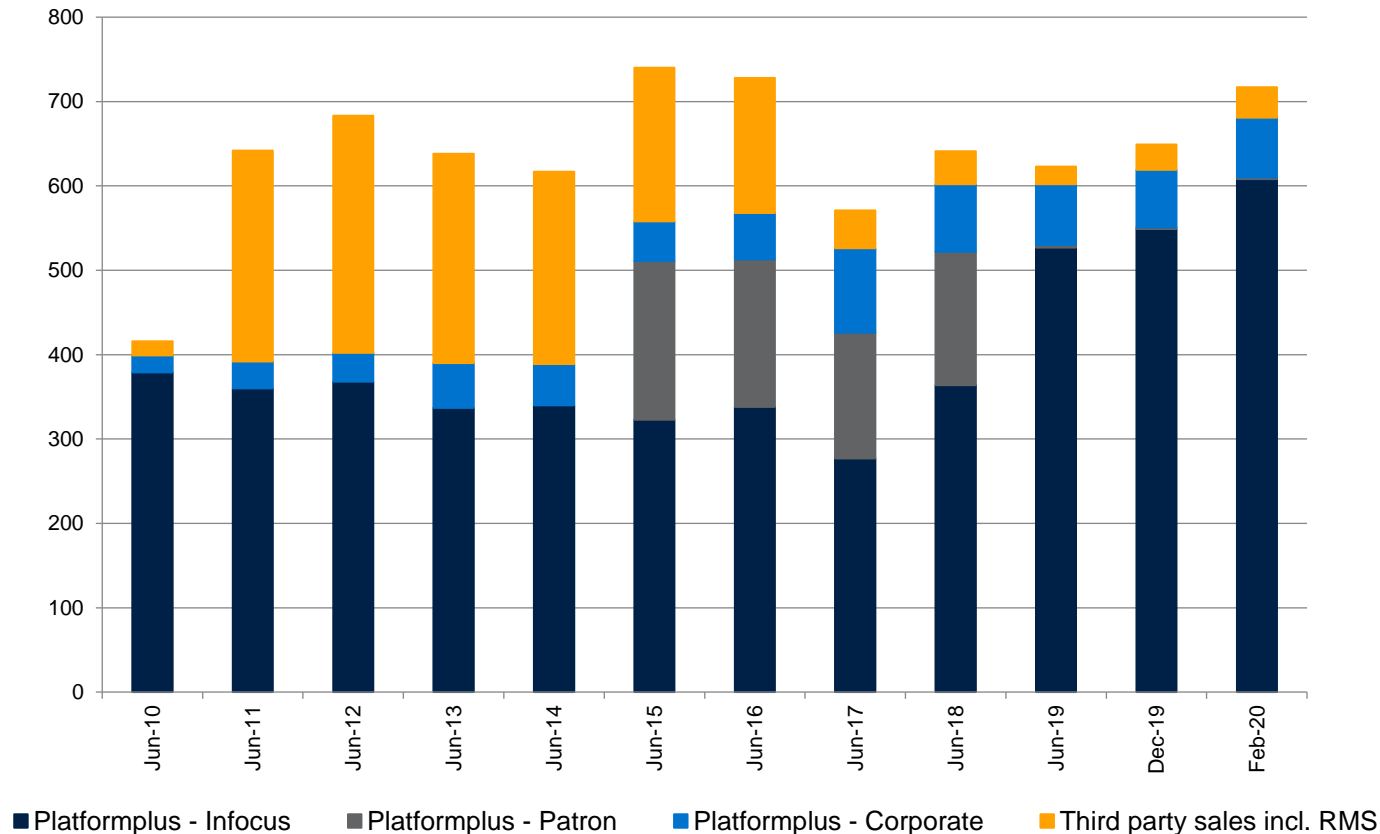
FUA and FINANCIAL ADVISERS



- FUA as at December 19 is up 6.5% on June 19 at \$6.3Bn (February 20 is up 10.3% on June 19 to \$6.5Bn), this due to positive market movement and sustained strong growth in the B2B channel with a further ~\$1Bn of growth locked in for the coming months as a result of current transitions in the pipeline.
- Total financial advisers (FA) numbers continue to grow. December has total FAs at 167 with a further 23 in transition (February has total FAs at 183, a new record for Infocus, with a further 14 FAs in transition).

FUA – Funds under Advice.

WEALTH TECHNOLOGY



- Total user numbers at 649 (4.2%), up 26 from June 19 (February update, total user numbers at 717, up 94 (15%) from June 19).
- Organic growth during the period is a result of growth of adviser numbers and support staff in the B2B channel.
- We have had growth in External user numbers via our acquisition of Platformplus RMS. External numbers have grown from 22 to 30
- The high-point in external users at 315 supports demand for the product in the broader market and we're in discussions with a number of potential third party customers. The external licensing of Platformplus represents a strong revenue opportunity and we expect to be in a position during FY20 to begin to seriously consider external sales.



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