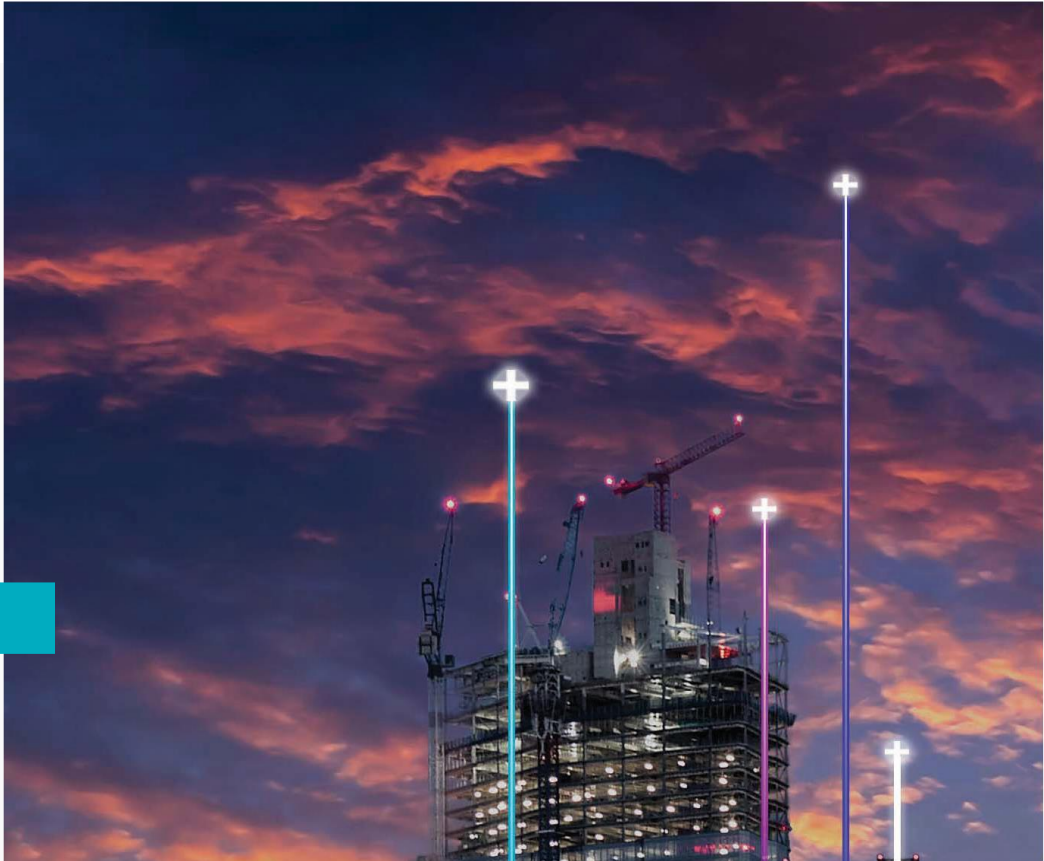


True Potential Q3 2023 Results Call



true potential 

Presenting today.



Daniel Harrison

CEO, Co-founder,
Senior Partner



Ben Thorpe

Chief Financial
Officer



Steven Rutter

Head of Finance

Q3-23: Continued strong momentum despite market conditions.

491k

True Potential clients
+18k vs Q2-23

97%

Client retention
(Q2-23: 98%)

£1.0bn

Net inflows
Q2-23: £1.0bn net inflows

94%

Fully integrated flows
Q2-23: 95%

4.9

Trustpilot score
(Q2-23: 4.9)

£26.4bn

Total AuM
+£0.7bn vs Q2-23

110bps

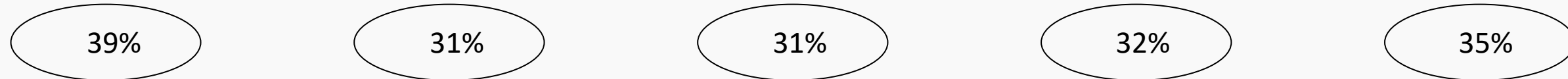
Net revenue margin
(Q2-23: 110bps)

79%

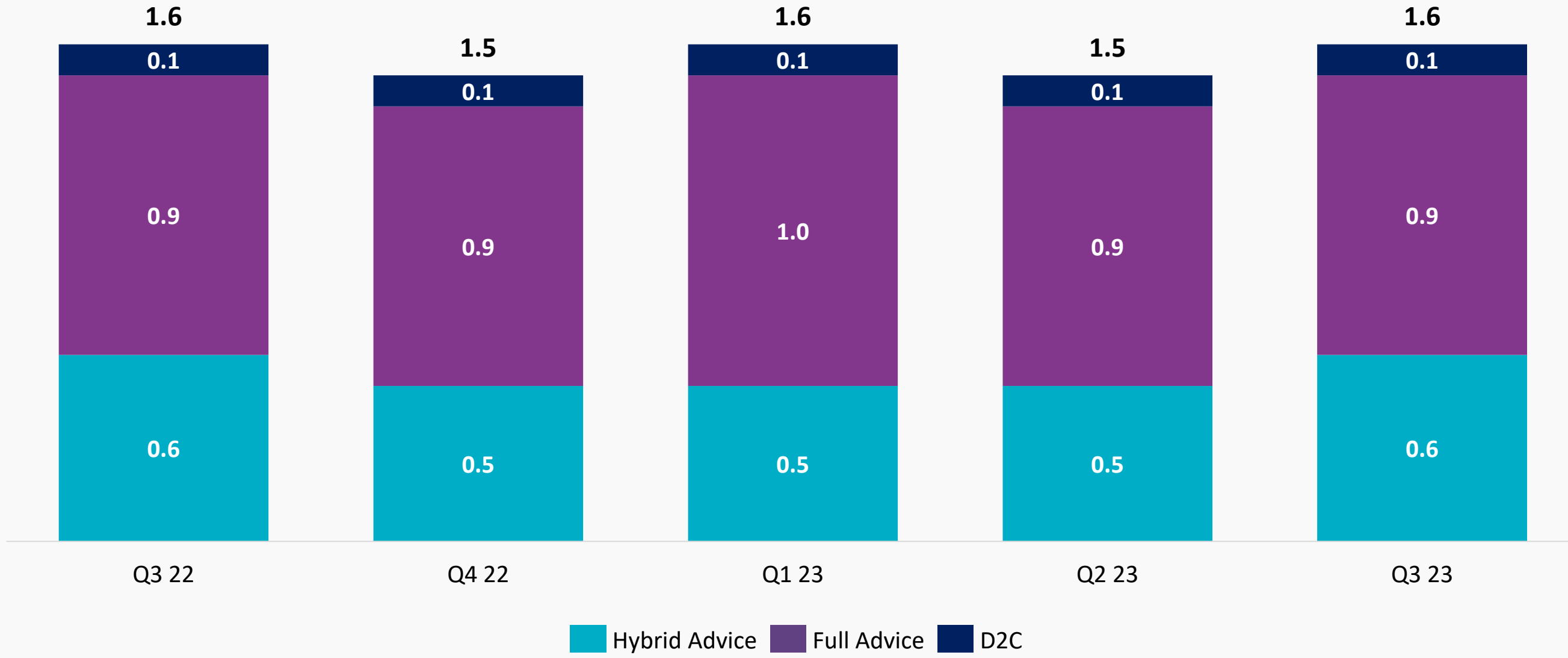
EBITDA margin as a %
net revenue
-0.8% vs Q2-23

Multi-channel strategy...

Gross Inflows to Hybrid Advice



Gross inflows (£bn)

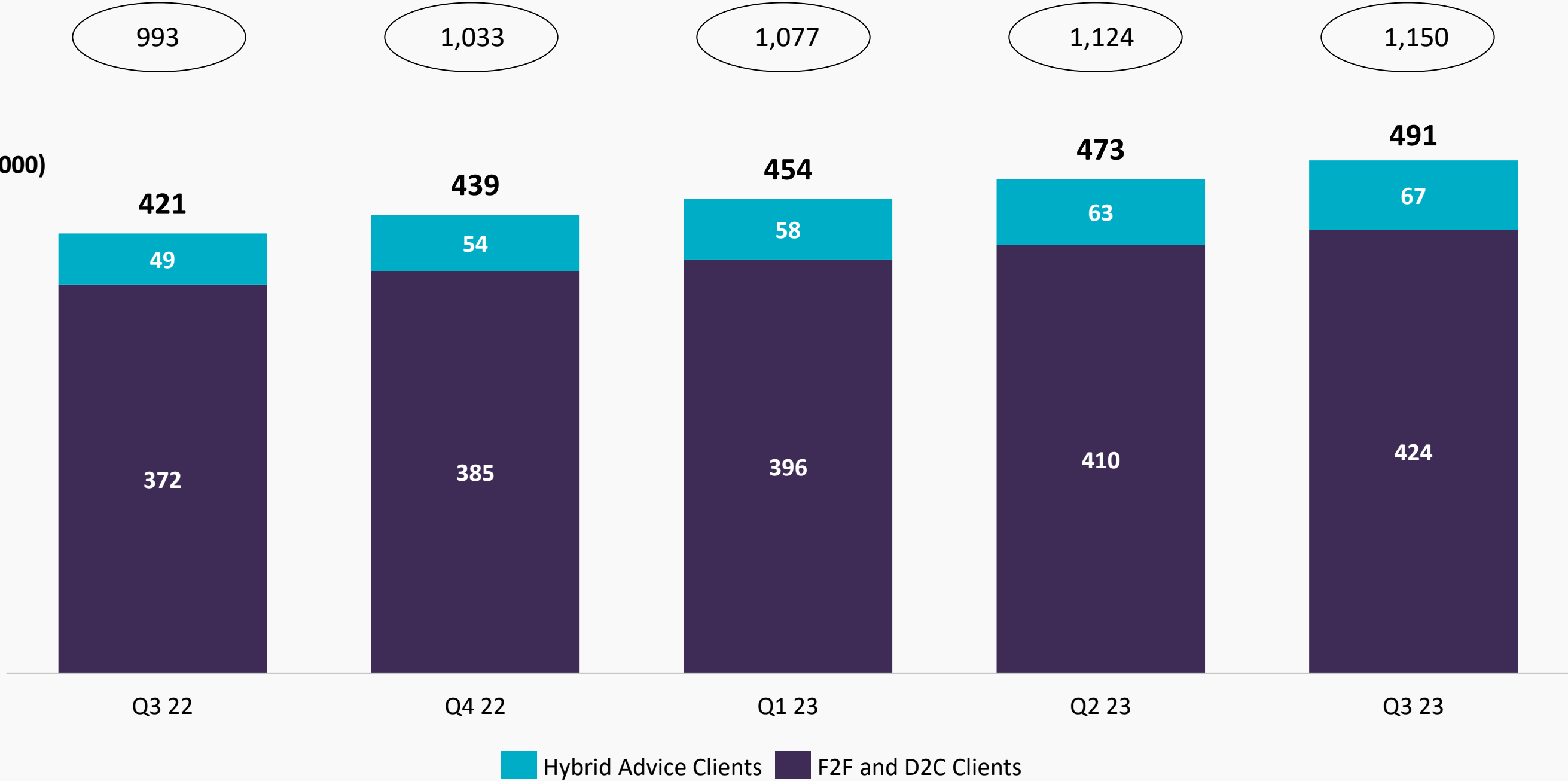


Hybrid Advice refers to Central Advice Team Clients, Face to Face Advice refers to all other advice channels and D2C refers to direct to consumer clients

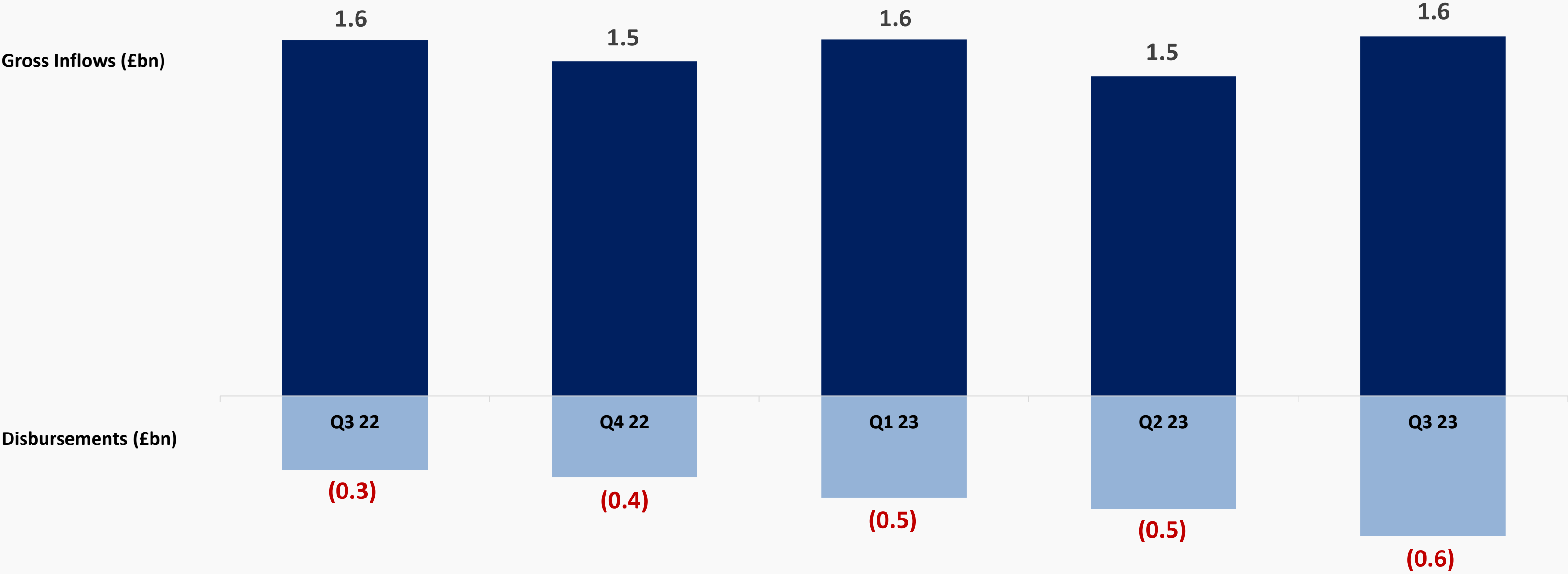
...with continued growth in True Potential clients...

True Potential
Wealth Management
Advisers

True Potential Clients ('000)



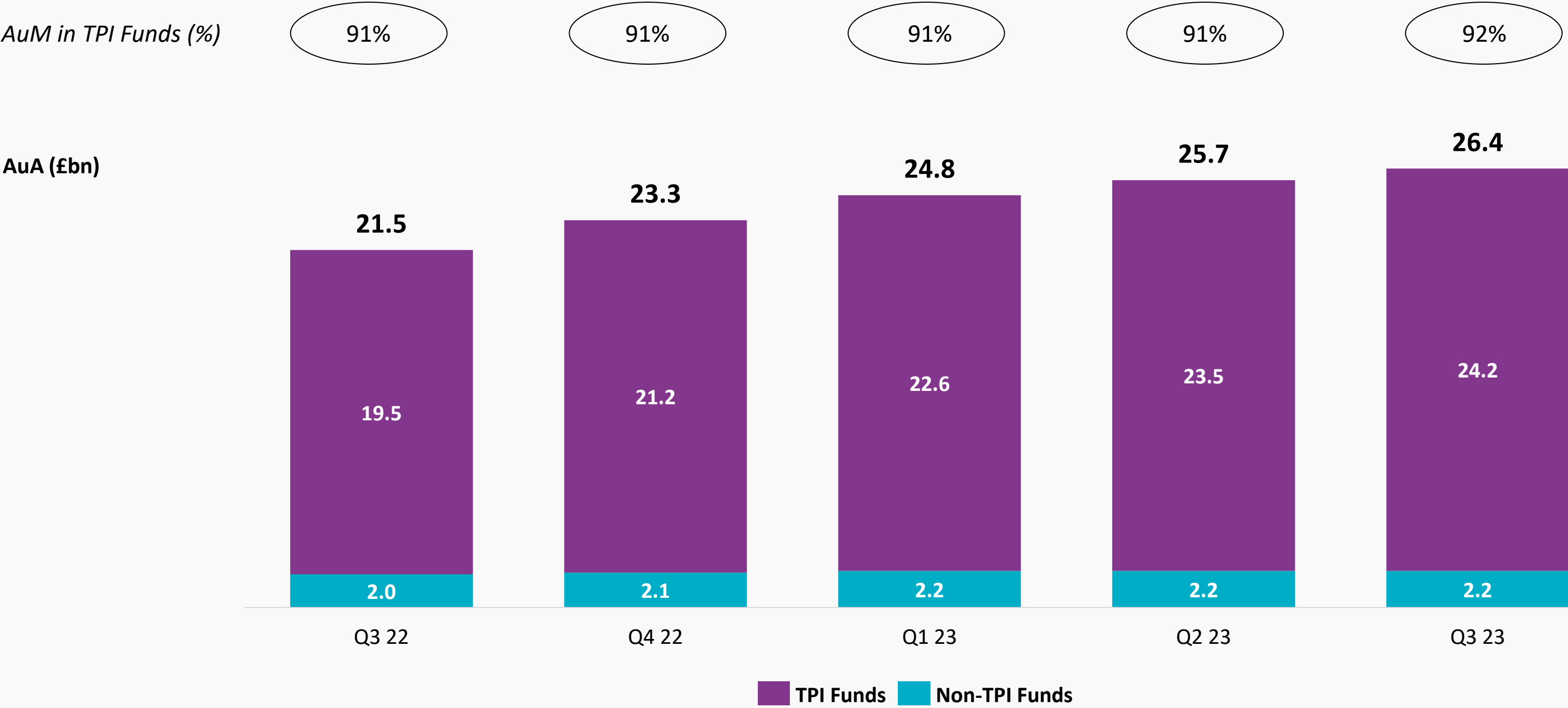
...leading to consistent net inflows...



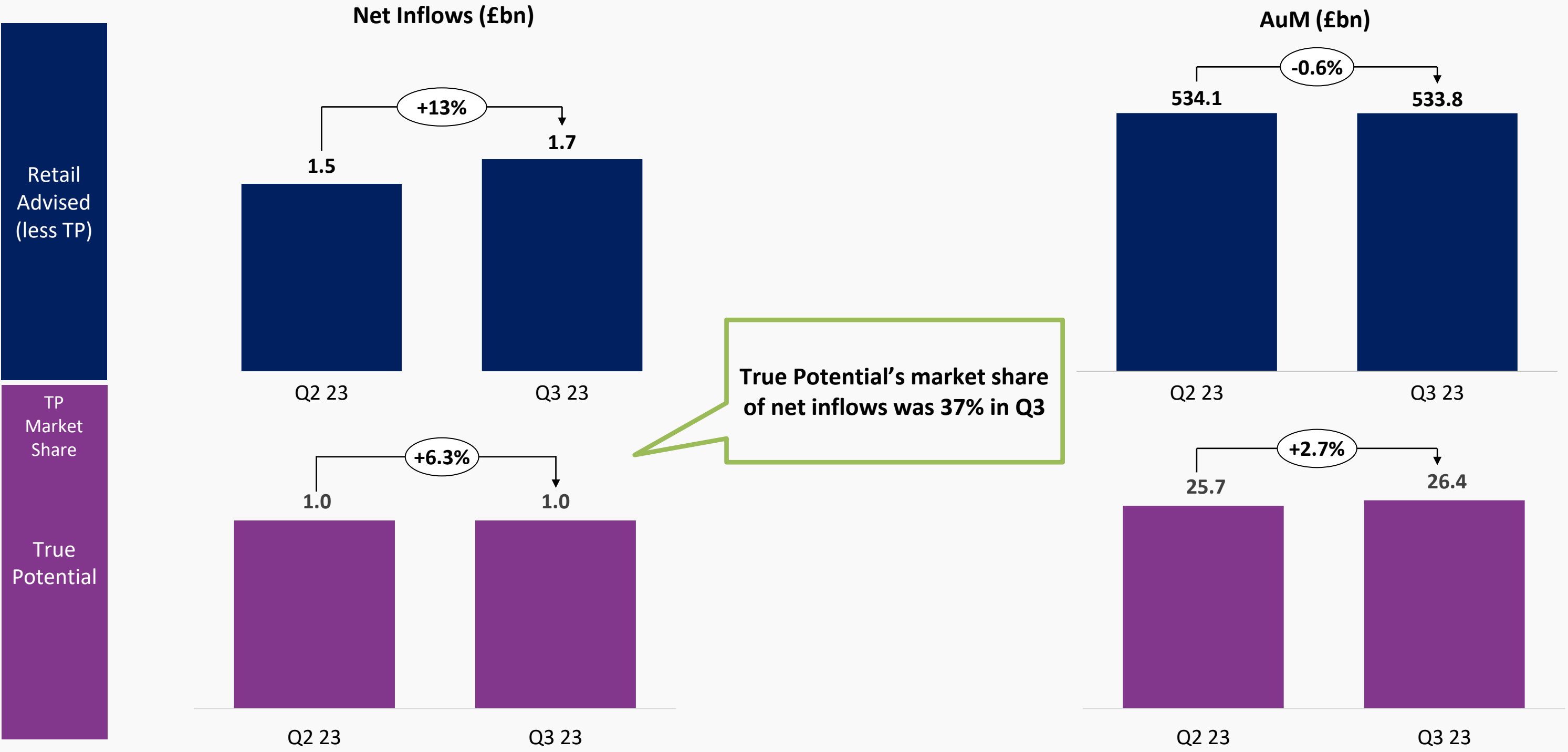
Hybrid Advice refers to Central Advice Team Clients, Face to Face Advice refers to all other advice channels and D2C refers to direct to consumer clients

Outflows include all regular client withdrawals, pension income, one-off withdrawals and transfers out

...that underpins AuM growth...



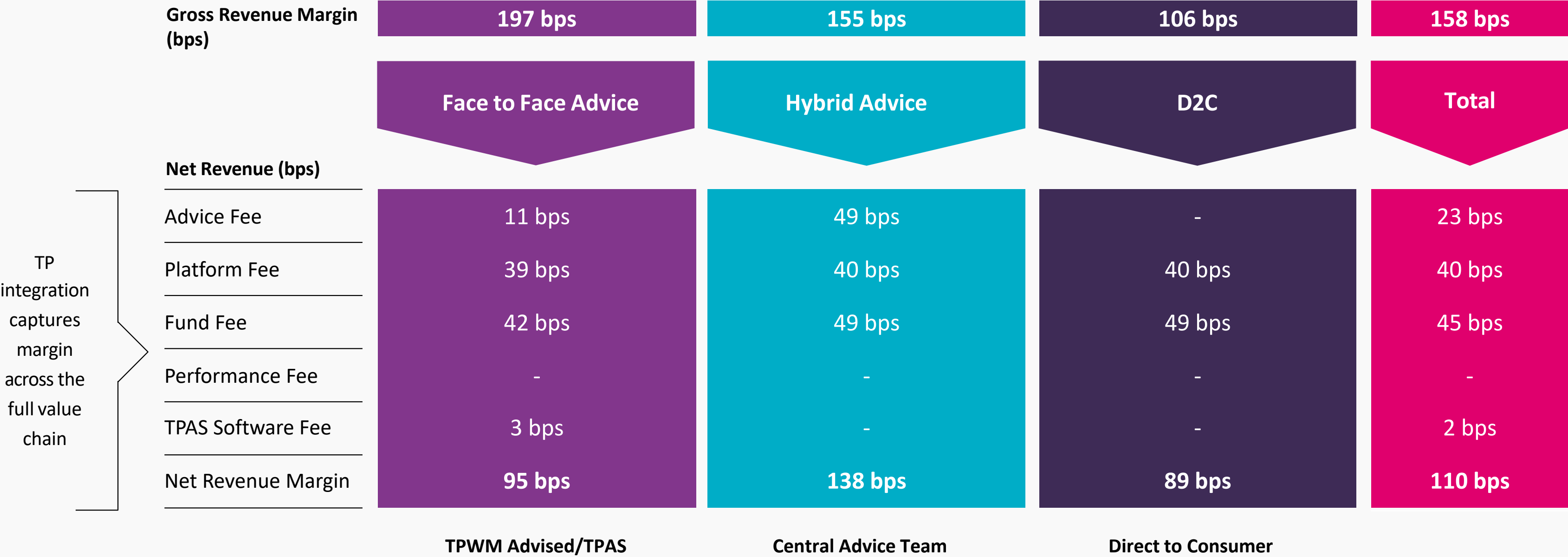
...further demonstrated by consistent market share and relative AuM performance against the retail advised industry.



Retail Advised Source: Fundscape Platform Report 16/11/23

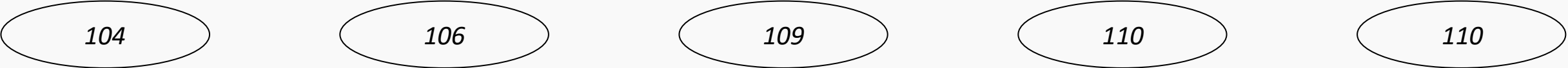
Diversified net revenue through multiple channels.

Vertically integrated multi-channel strategy

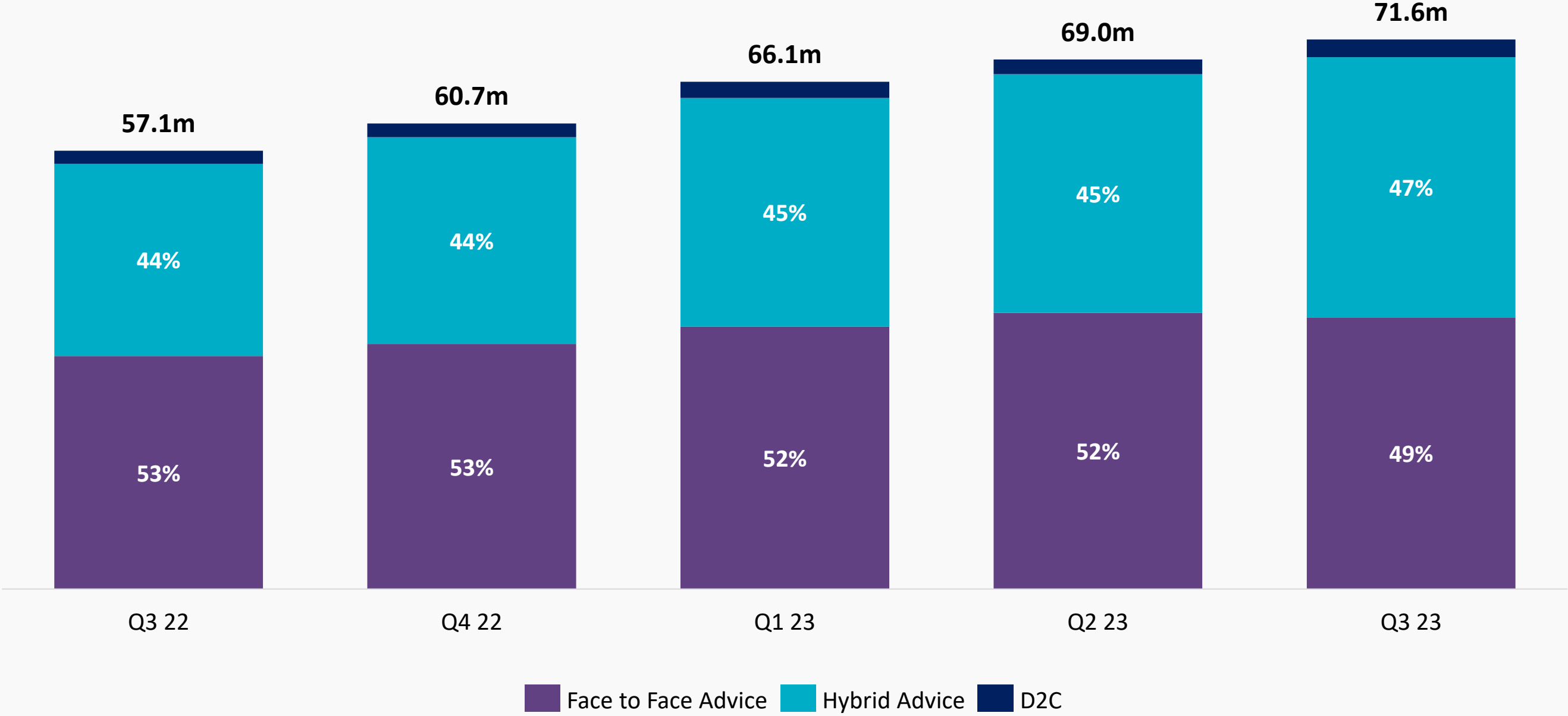


Diversified net revenue through multiple channels.

Net Revenue
Margin bps



Multi-channel net revenue (£m)

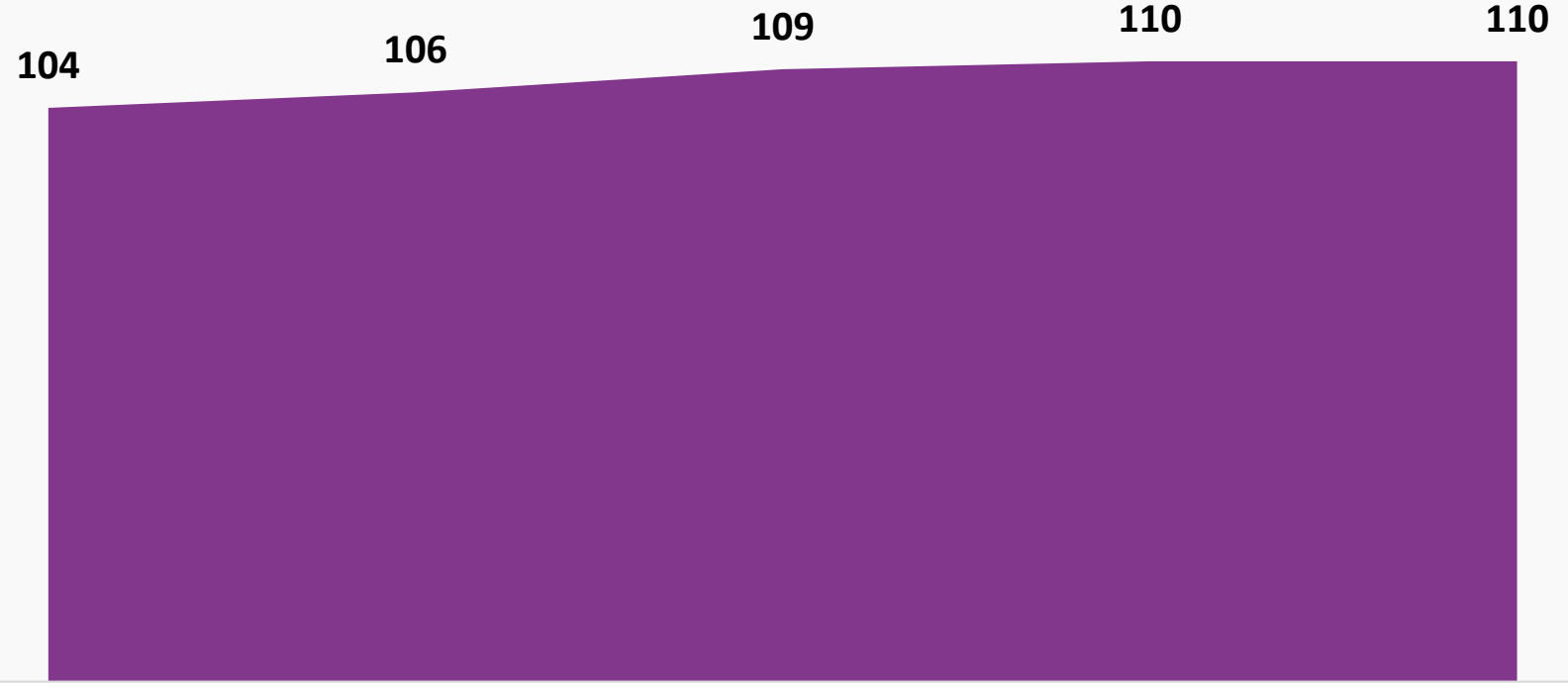


Face to Face Advice Hybrid Advice D2C

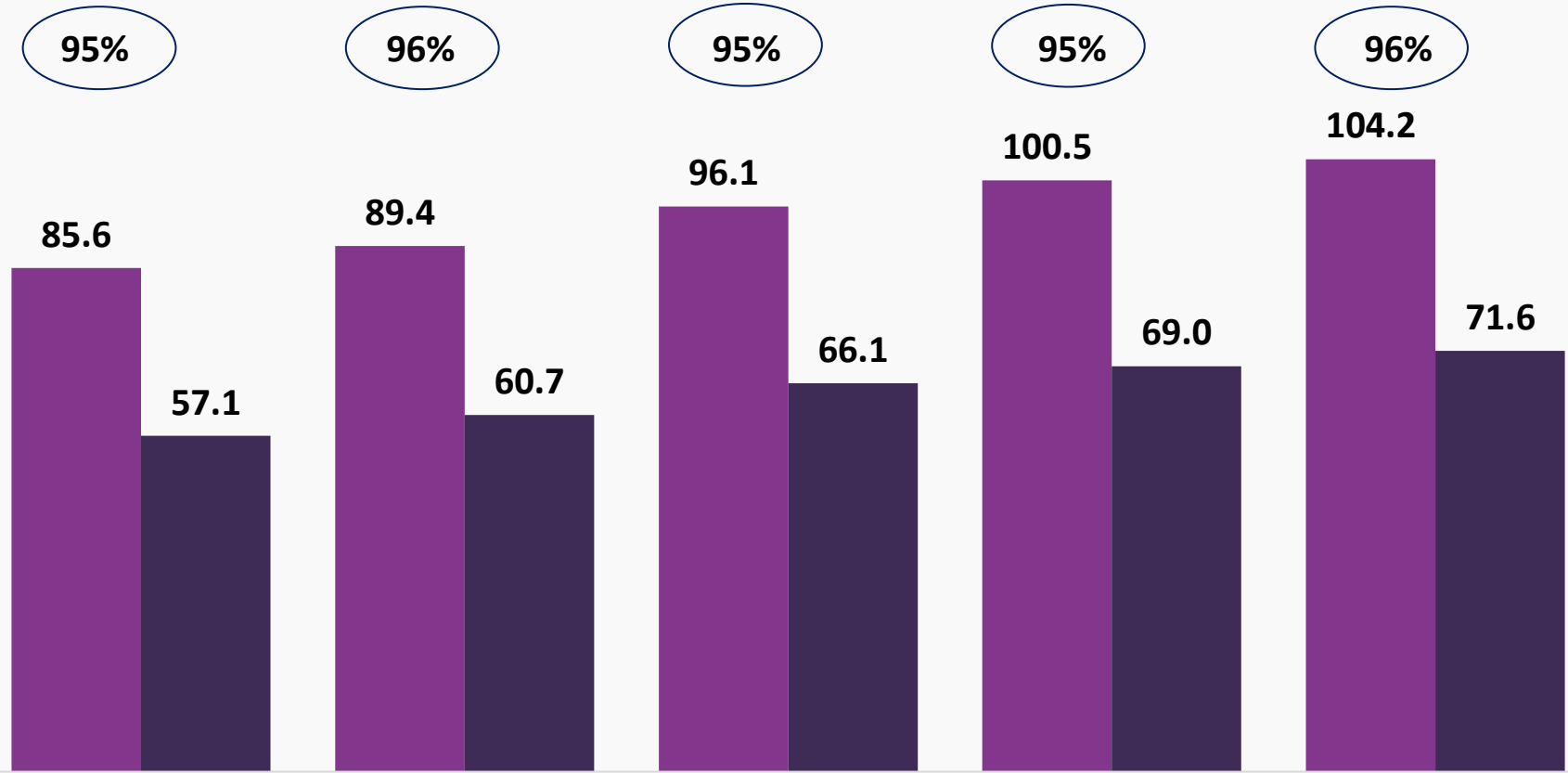
Fully integrated and scalable model drives revenue and EBITDA growth.

Full integration supports higher revenue margin

Net revenue margin (bps)



Gross revenue (£m)

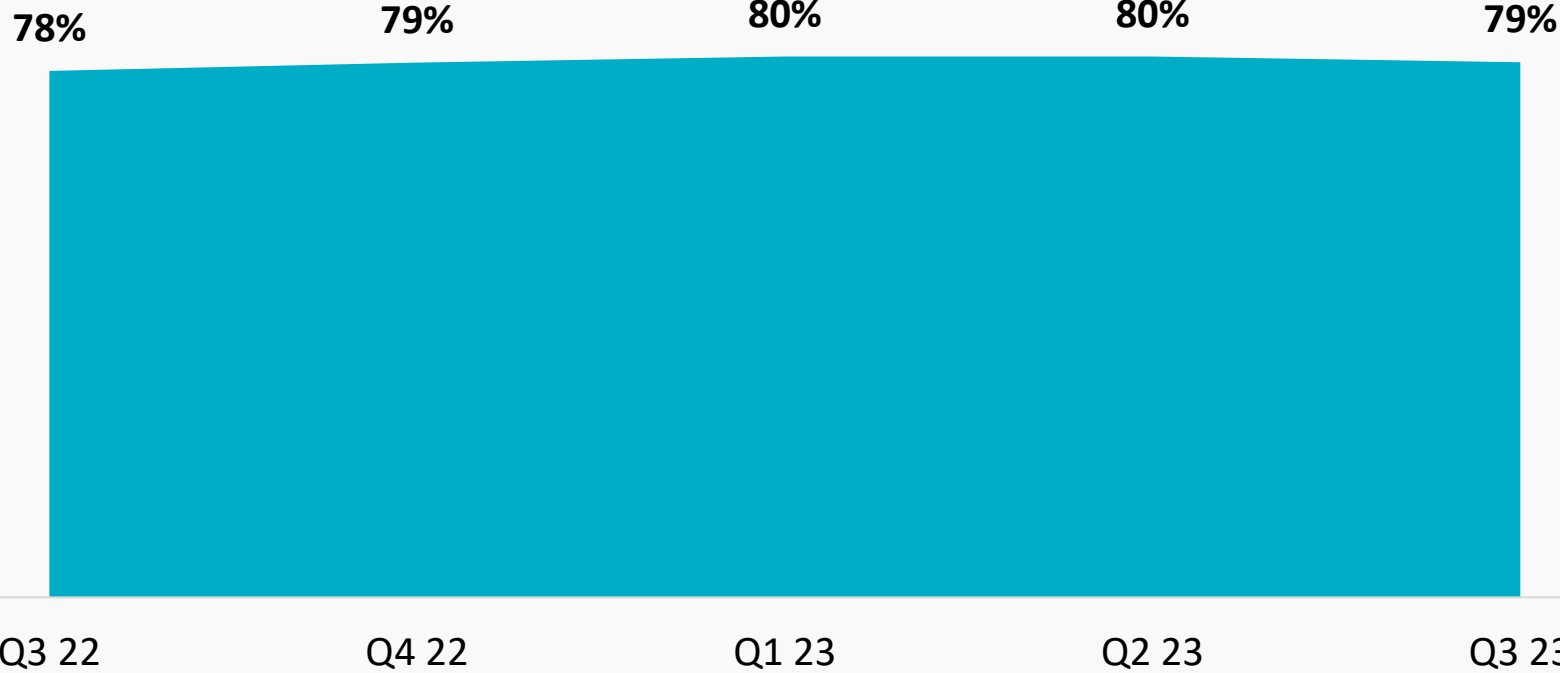


■ Gross Revenue ■ Net Revenue ○ Recurring Revenue (%)

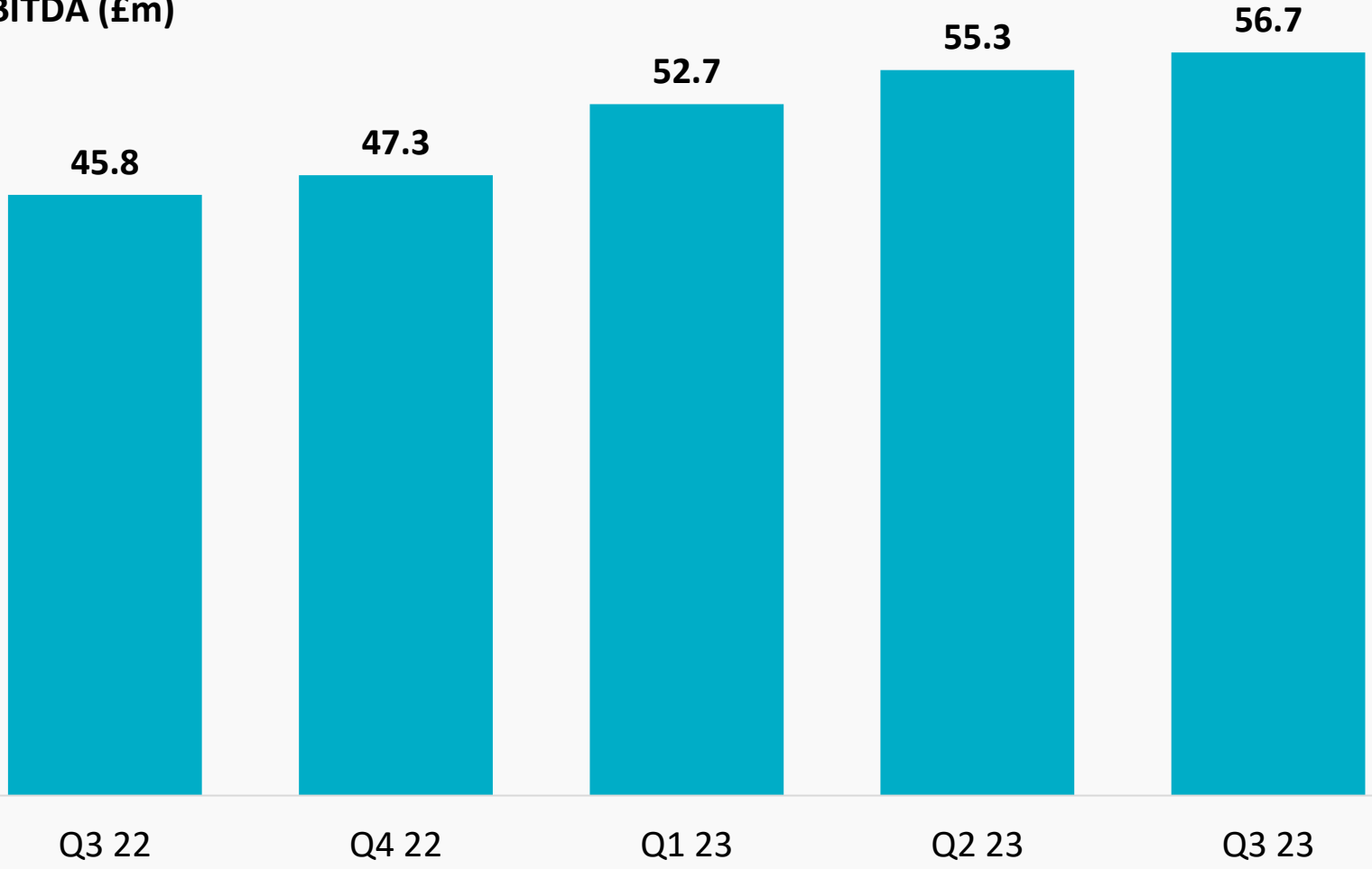
Fully integrated and scalable model drives revenue and EBITDA growth.

Technology and operating model support operating leverage

EBITDA margin (% net revenue)

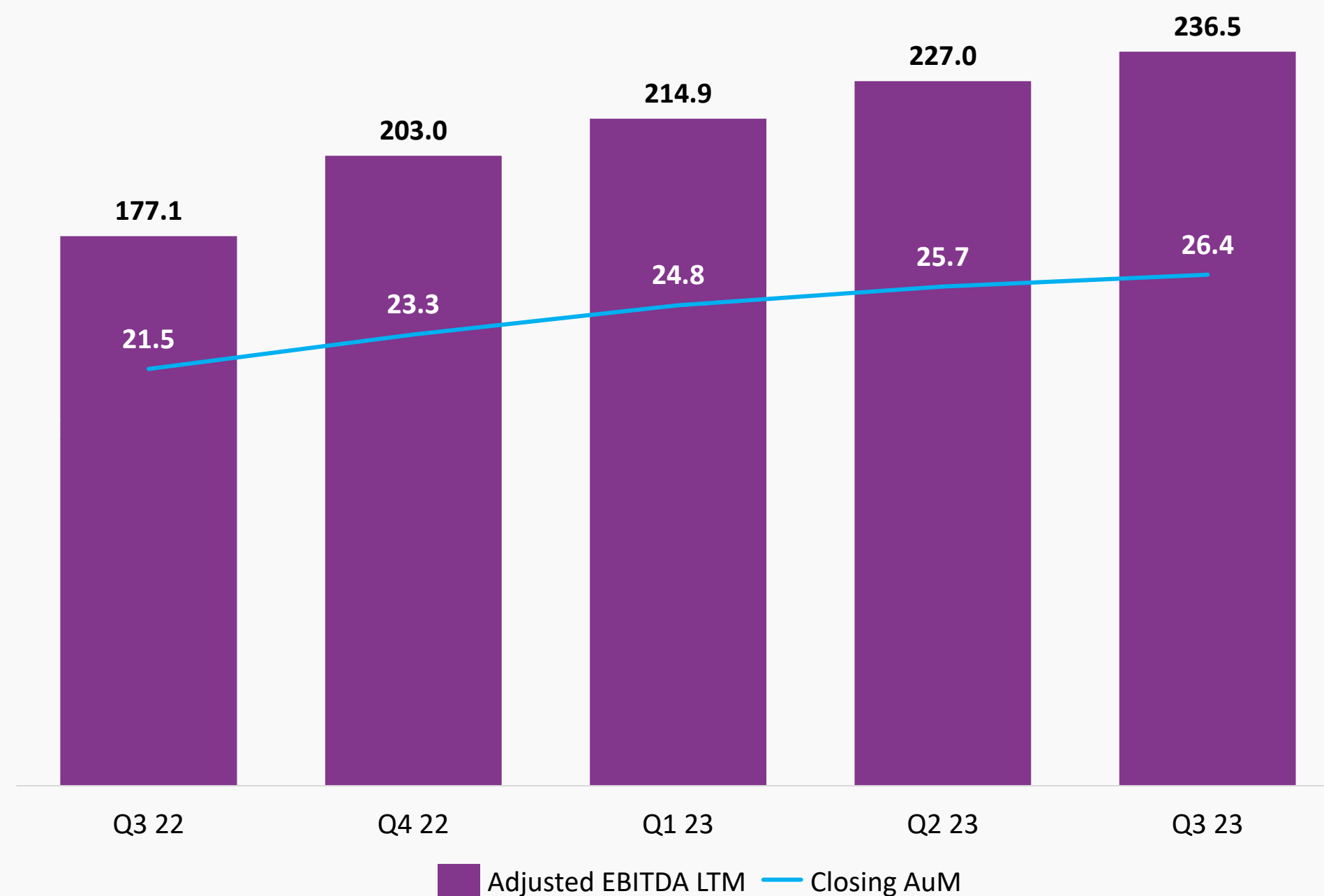


EBITDA (£m)



EBITDA is presented under IFRS and excludes performance fee, exceptional items and complaints provision.

And on an LTM basis, performance is strong given AuM trends through the quarter.



EBITDA Leverage		Sep-23
Adjusted LTM EBITDA		236.5
Gross Debt		
HYB & Private Notes		850.0
Internal Shareholder Loan		29.8
RCF		29.6
Total Gross Debt		909.4
Less: Cash		(44.2)
Net Debt		865.2
Leverage Multiple		3.7x

Adjusted EBITDA represents EBITDA adjusted for run-rate impact of the movement in AUM to the end of the current period, to reflect the financial performance already embedded. The internal shareholder loan of £29.8m carries an interest rate of 2%, mirroring HMRC's official rate, with interest capitalisation. The loan is repayable on demand.

Strong operating cashflow generation and regulatory capital.

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
EBITDA excluding exceptional items and complaints provision	45.8	47.3	52.7	55.3	56.7
Less exceptional items	(0.9)	0.0	0.0	0.0	(3.4)
Less complaints provision	0.0	(3.0)	0.0	0.0	0.0
EBITDA including exceptional items and complaints provision	44.9	44.3	52.7	55.3	53.3
Operating cashflows before movement in working capital	44.9	44.3	52.7	55.3	53.3
Net working capital movement	(0.3)	0.5	(0.9)	(1.7)	1.0
Total discretionary client onboarding	(57.2)	(69.9)	(50.3)	(63.9)	(75.8)
Discretionary client onboarding 8%	(52.4)	(63.1)	(46.9)	(59.5)	(70.9)
Discretionary client onboarding 2%	(4.9)	(6.8)	(3.4)	(4.4)	(4.8)
Corporation tax paid	(2.5)	(4.1)	(8.2)	(10.3)	(9.8)
Cashflow from operating activities	(15.2)	(29.2)	(6.7)	(20.6)	(31.2)
Cashflow from investing activities	0.7	(0.3)	0.2	0.6	0.3
Cashflow from financing activities	(5.8)	(9.6)	38.4	(36.9)	39.0
Increase / (Decrease) in finance loan	19.6	(8.4)	63.0	(33.5)	64.4
Interest paid	(25.4)	(1.2)	(24.6)	(3.4)	(25.4)
Net cash movement	(20.3)	(39.0)	31.9	(56.8)	8.0
Opening cash balance	120.4	100.2	61.1	93.0	36.2
Closing cash balance	100.2	61.1	93.0	36.2	44.2

Interest Accrued	Q3 2023
HYB & Private Notes	15.9
RCF Interest	1.4
Internal Shareholder Loan Interest	0.2
Interest Receivable	(0.3)
Interest Payable	0.0
Total Interest Accrued	17.1

Regulatory Capital *	Q3 2023
Own Funds	660.8
Capital Requirement	17.2
Management Buffer	5.2
Stress Testing Requirement	445.1
Total Requirement	467.5
Surplus	193.3

*Note that following the reporting date and for subsequent reporting periods True Potential will deduct costs directly associated with client onboarding from regulatory capital, in line with its prior regulatory capital treatment which was applied prior to its transition from FRS 102 to IFRS for FY2022. True Potential has appropriate regulatory capital based on this methodology, following an RCF drawdown and interim profit verification. We continue to monitor our financing requirements and may consider engaging in discussions with potential investors on raising additional financing as appropriate. As part of ongoing capital structure reviews, we may consider buying back bonds if deemed appropriate.

Summary.

- **Continued positive momentum despite challenging market conditions**
- **Multi-channel distribution delivered excellent AuM and EBITDA growth**
- **Market leading margins achieved through integrated proprietary technology solution and highly efficient Newcastle location**
- **Strong operating cashflow generation and high interest cover**

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