

WT FINANCIAL GROUP LIMITED (ASX: WTL)

ASX Release 26 February 2021

Half-year to 31 December 2020 – Indicative results

Ongoing restructure program delivers revenue growth of 15% to \$7.13 M – operating cost containment with significant further reductions to come

WT Financial Group Limited (the Company or the Group) is finalising its Interim Report and Appendix 4D for the half-year to 31 December 2020 which it anticipates releasing later today. In the interim it provides the following indicative information.

Half year revenue and other income was up 15% to \$7.13M with containment of operating expenses delivering an EBITDA positive result of \$169K, despite the headwinds presented by the impact of the COVID19 pandemic and the burden of carrying costs associated with surplus office accommodation.

Summary of indicative results

Total revenue and other income increased 15% to \$7.13M (H1FY2020: \$6.22M), while operating expenses were relatively steady, down 3% to \$2.48M (H1FY2020: \$2.55M).

Cost of goods sold increased 39% to \$4.48M (H1FY2020 \$3.19M), reflective of an increased revenue contribution from non-salaried advisers in the Group's Wealth Today network, which resulted in an EBITDA profit of \$169K (H1FY2020 \$466K).

Impacted by costs associated with restructuring credit facilities and the inclusion of \$45k of financing charges associated with premises leases (in line with the mandatory adoption of AASB16 – Leases), finance costs were up 108% on the PCP to \$248K.

Depreciation & amortisation was up 56% on the PCP to \$376K (H1FY2020 \$240K) and included \$240K associated with surplus office accommodation premises leases (again in line with the mandatory adoption of AASB16 – Leases).

Income tax benefit was \$122K (H1FY2020: expense \$45K) resulting in a consolidated loss of \$332K (H1FY2020: NPAT \$61,431).

The Company said surplus office accommodation had a total net impact of \$398K on the half year profit before tax.

It expects continued revenue growth and reductions in occupancy costs totalling around \$800K pa (above and below the EBITDA line), as it exits the contractual commitments of its surplus office accommodation, to deliver sustainable profitability.

The conclusion of its Sydney premises lease in November this year will result in around \$600K of reductions. Surplus Melbourne accommodation remains under contract until November 2022. Whilst the COVID19 lockdowns in Melbourne hampered sublease/lease assignment efforts across 2020, the Company is confident that it will be able to exit ahead of lease expiry delivering a further cost reduction of \$200K pa if and when it does.

Ongoing restructuring

Over the past three years the Group has embarked on a transformational restructure to reduce its focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focused enterprise targeting predominately recurring revenue lines.

Central to its strategic transformation has been the acquisition of the Group's Wealth Today Pty Ltd (Wealth Today) subsidiary which provides a comprehensive range of "dealer group" services to financial advisers who are independent business operators acting as authorised representatives.

Concurrently the Group has rationalised its B2C financial advice and wealth management operations conducted under the Spring Financial Group banner, which has helped deliver the significant cost reductions (and resulted in the surplus office accommodation noted above).

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About WT Financial Group Limited

WT Financial Group is a diversified financial services group. Its advice and product offerings are delivered primarily through a group of independent financial advisers operating as authorised representatives under its Wealth Today Pty Ltd subsidiary. The Group's B2C division delivers a range of services directly to wholesale and retail clients through the Spring Financial Group brand, encompassing financial planning, accounting & tax services, mortgage finance services, and investment and asset management. The B2C division also operates the *mymoney247* personal financial management "fintech" platform.

The Group offers market-leading financial education and market information services for advisers and consumers through the operation of its sharecafe.com.au website, regular seminar programs, and the publication of its Wealthadviser library of more than 100 financial literacy eBooks on a broad range of financial and investment market topics.

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