

ASX Announcement – 27 September 2022

WTL FY2022 FULL YEAR STATUTORY ACCOUNTS

Revenue exceeds \$103M, with \$34.9M contribution from Synchron in just 3 ½ months

Restructure and acquisitions drive EBITDA above \$3.9M

Primary B2B operations record operating profit before tax of \$3.34M – up 260% on prior year

WT Financial Group Limited (“WTL”, “the Company” or “the Group”) today released its audited full year statutory accounts year to 30 June 2022 (“FY2022”) confirming its previously released (unaudited) preliminary final report as lodged on 26 August 2022.

Summary of results

Total Revenue & Other Income was up 664% to \$103.63M (FY2021 \$13.56M), with *Direct Cost of Sales* of \$92.56M (FY2021 \$9.05M).

Total Operating Expenses (excluding depreciation, amortisation, interest and tax) were \$7.15M (FY2021 \$4.77M), resulting in an *Operating Profit* (EBITDA) of \$3.92M (FY2021 \$36K).

Depreciation & Amortisation totalled \$503k (FY2021 \$419k), and underlying *Net Interest Expense* (excluding acquisition-related debt restructuring) was \$598k (FY2021 \$615k) resulting in an *Underlying Operating Net Profit Before Tax* of \$2.82M (FY2021 underlying before tax loss of \$998K).

After accounting for one-off debt restructuring of \$472k (associated with the Synchron acquisition), statutory *Net Profit Before Tax* was \$2.35M (FY2021 before tax loss of \$3.89M after \$2.89M of restructuring costs).

With the benefit of carried-forward tax losses of more than \$9M no cash tax liability will arise; however, the Company’s statutory tax calculation was \$477k (FY2021 tax benefit of \$605k) resulting in a statutory *Net Profit After Tax* of \$1.87M (FY2021 after tax loss of \$3.29M).

The Company’s cash balance on 30 June 2022 was \$3.38M, with additional undrawn facilities of \$2.12M available to it.

Restructure and acquisitions

The Company said prior year (“FY2021”) comparisons should be read in the context of its transformational restructure to a predominately business-to-business (“B2B”) focus from its previous direct to consumer (or “B2C”) focus, including its acquisition of both Sentry Group Pty Ltd (“Sentry”) which was completed on 19 July 2021 and Synchronised Business Services Pty Ltd (“Synchron”) which was completed 15 March 2022.

The Company’s CEO, Keith Cullen, said, “Our successful acquisition and renovation strategy with Sentry and Synchron helped drive the Group’s primary B2B operations to an operating profit before tax of \$3.34M. With Synchron contributing to the B2B division’s revenue for just three and a half months of the financial year we are looking forward to a very positive FY2023 with the benefit of a full year contribution from the acquisition”.

Mr Cullen concluded, “We have built the right scale to enable us to continue to expand our range of services to support our advisers at a time when the demand for advice continues to grow.”

Investor and broker briefing

The Company will hold an investor and broker briefing and results presentation, followed by a Q&A session this Thursday 29 September 2022 at 11.00am AEST, via video link.

A Zoom Webinar registration link will be provided by way of a further ASX release later today.

Sentry acquisition Upside Payment

As set out in more detail with the Company's audited accounts, subsequent to the reporting date the Company's auditor issued a certificate confirming that base fee revenue for the purposes of calculation of the Sentry Upside Consideration was \$4.29M, thereby exceeding the minimum revenue benchmark of \$3.55M by \$734k. This calculates to an Upside Consideration of \$1.45M which the Company intends satisfy as to 50% cash and 50% shares ("**Upside Shares**") in accordance with the terms of the Sentry share purchase agreement ("**SPA**"). This amount is fully provisioned as a liability in the FY2022 financial statements.

Under the terms of the SPA the issue price the Upside Shares will be calculated as 85% of the volume weighted average price at which WTL Shares traded on ASX over the 30 days up to the date of determination of the Upside Consideration and the Upside Shares will be subject to escrow restrictions for a period of 12 months.

The Company anticipates lodging an Appendix 3B with respect to the Upside Shares later today.

ENDS

About WT Financial Group Limited

WT Financial Group Limited has established itself as the largest non-institutionally-owned, non-product producing financial adviser network in Australia. Its advisory services are delivered primarily through a group of privately-owned financial advice practices whose advisers operate as authorised representatives under its Wealth Today, Sentry Group, and Synchron subsidiaries.

The Group's B2C division delivers a range of services, encompassing financial planning, accounting & tax services and mortgage finance services, directly to wholesale and retail clients through the Spring Financial Group brand.

The Group offers market-leading financial education services for advisers and consumers through regular seminar programs and the publication of its Wealth Adviser library of more than 100 financial literacy handbooks and manuals on a broad range of financial and investment market topics.

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