



ASX announcement

CountPlus Limited



E&P FINANCIAL GROUP LIMITED

Investor Presentation and Update

24 June 2021 (Sydney)

A copy of the presentation is attached.

This presentation has been authorised for release to the ASX by the Board of CountPlus Limited.

Contact Details

Matthew Rowe

Chief Executive Officer and Managing Director

02 8218 8778

matthew.rowe@countplus.com.au

Laurent Toussaint

Chief Financial Officer

02 8218 8778

laurent.toussaint@countplus.com.au

Narelle Wooden

General Counsel & Company Secretary

02 8218 8778

narelle.wooden@countplus.com.au

CountPlus Limited

ABN 11 126 990 832

Level 8, 1 Chifley Square, Sydney, NSW 2000



Contents



Important information	3
CountPlus – FY21 executed transactions	4
Operating Environment	5
Count Financial	6
Count Financial – financial adviser movements	7
Count Financial – operational update	8
Wealth Axis transaction	10
Vision, Purpose, Values, Strategic Drivers and Priority Outcomes	11

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All currency amounts are in AUD unless otherwise stated.

CountPlus – FY21 executed transactions



Acquisitions so far in FY2021

Business acquired	Transaction type	Acquirer / merger partner	Revenue ^(a)	Acquisition date / expected completion
Leonard Tse	Tuck in	CountPlus One	\$257k	31 Jul 20
Arch Capital	Tuck in	Advice Co.	\$300k	17 Sep 20
U Factor Coaching	Tuck in	Advice Co.	\$105k	25 Sep 20
CBD Wealth	Tuck in	Cooper Reeves	\$300k	30 Sep 20
Odyssey Wealth Management	Tuck in	Bentleys	\$57K	2 Oct 20
Freedom Accounting Group	Tuck in	Mogg Osborne	\$750k	6 Oct 20
Hillard O'Donnell	Tuck in	O'Brien	\$570k	8 Dec 20
Stirling Partners	Tuck in	Bentleys	\$1.2 million	19 Mar 21
Colgin Financial Services	Fee parcel	Kidmans	\$270k	10 May 21
4Front Accountants	Merger OD-P™	Cooper Reeves	\$4.4 million	1 Jul 21
Wealth Axis	OD-P™	CountPlus	\$1.2 million	1 Jul 21
Total			\$9.4 million	

Note: ^a Represents estimated annualised revenue generated by the acquired firm, fee parcel or the merger partner. Revenue attributable to CountPlus may be lower than that presented given the impact of non-controlling interests.

Operating Environment

- Adviser Ratings estimates that at least 40% of consumers can afford a financial adviser, yet only 11% of the population are advised clients.
- Adviser numbers reduced by a further 12% in 2020 and are estimated to drop to 13,000 Advisers in 2023, a 53% reduction in adviser numbers since 2018 (which marks the year in which the Royal Commission hearings took place).
- Netwealth, in their 2020 Netwealth AdviceTech report indicated that “Star” advice firms represent 12% of the industry and adopt technology to improve their businesses. However, more than two-thirds are classified as “underperformers”, demonstrating that the industry is still in the early stages of technology adoption.
- Professional Indemnity (PI) Insurance costs continue to increase. A hardening PI market will create a renewed focus on governance, capital adequacy and risk management infrastructure.
- Accounting Audit Services are under significant cost pressure with rising employment costs and “war for talent” with closed borders. This segment accounts for less than 8% of aggregate firm revenue and is currently under review on a risk adjusted return basis.
- SME compliance and tax services are lightly affected by COVID-19, as stimulus policies and tax return adjustments mean that our core SME segment continue to require these services.

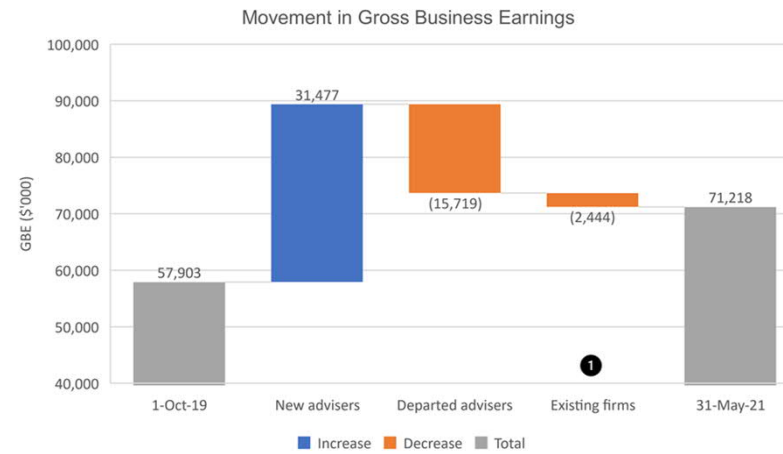
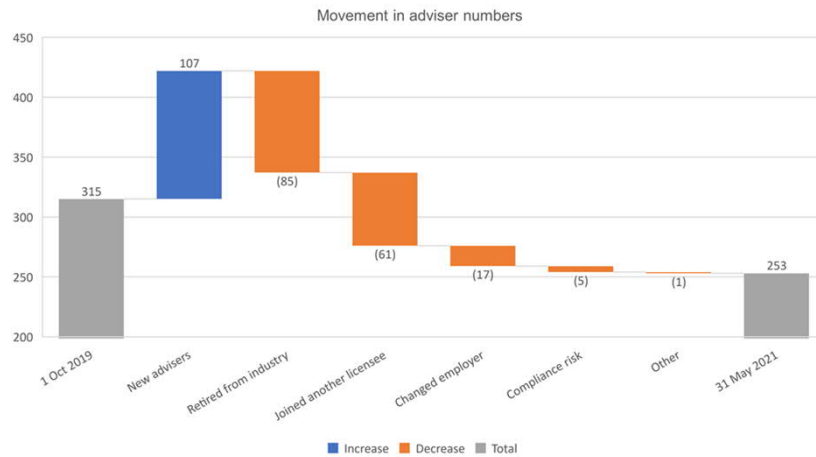


Count Financial



Count Financial – financial adviser movements

Adviser numbers and gross business earnings post acquisition



Key observations

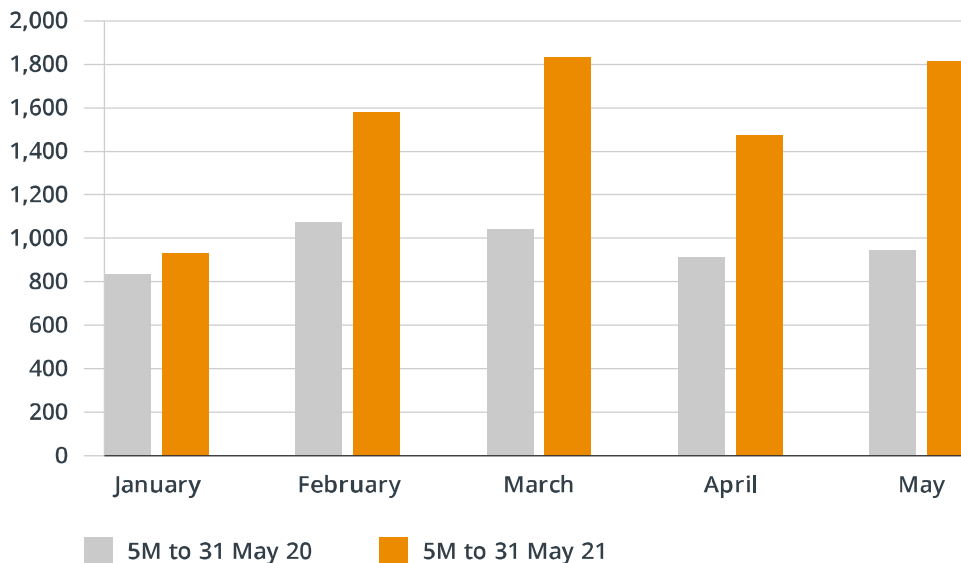
- Approximately half of the original adviser cohort have retired or ceased providing financial advice.
- With some licensees the offboarding approval process has stretched from 30 days to 120 days, this impacts Count Financial in the timing from when an Adviser agrees to join Count Financial and when they onboard.
- Gross Business Earnings represents the revenue generated by Financial Advisers in the Count Financial network. In FY2021 we pivot from grandfathered revenue to a model of fixed fee per adviser and a share of gross business earnings.

- ❶ This represents Gross Business Earnings (GBE) of existing firms ceased as a result of the ending of investment trail commissions (which were banned from 31 December 2020).

Count Financial – operational update

Count Financial is building a solid foundation of high-quality, sustainable financial advice firms

Number of advice documents produced



- Count Financial is seeking to enhance its business by servicing **high-quality, sustainable advice** firms. Firms that fit this profile demonstrate a client-centric approach, a strong focus on delivering quality advice to their clients and have invested in support infrastructure.
- The **number of advice documents** produced has increased by 59% between '5M to 31 May 2020' and '5M to 31 May 2021', with less Financial Advisers. We have enabled an 87% increase in advice documents produced per Financial Adviser.

Advice documents

	Total	Avg. per adviser
5M to 31 May 20	4,815	16
5M to 31 May 21	7,640	31
Increase	59%	87%



Count Financial – operational update



Count Financial is building a solid foundation of high-quality, sustainable financial advice firms



Count has a strong pipeline of recruitment opportunities

- Selection and recruitment standards for new firm entrants remain high.
- Count Financial has established a pipeline of 73 firms and 197 advisers.
- 4 firms are currently being onboarded, with 11 Financial Advisers and gross business earnings of \$3.9M.

FASEA education requirements

- 85% of Count Financial advisers have passed the FASEA exam compared with an industry average of 65%. The remaining advisers have either sat the FASEA exam in May 2021 or will sit the exam in July 2021.
- In addition to the FASEA exam, existing financial advisers must complete additional education requirements to meet FASEA standards prior to 1 January 2026. Over 60% of Count Financial advisers have 2 or fewer units to complete before 1 January 2026 to complete their financial adviser education requirements.

Remediation provision and indemnity deed

- Count Financial has raised a provision for remediation related to historical conduct of \$252 million, as notified in the CountPlus ASX announcement on 12 May 2021.
- Count Financial and CountPlus has been granted an indemnity from the Commonwealth Bank of Australia (CBA) for \$300 million to cover remediation of certain historical conduct within Count Financial.
- The total payment against the CBA indemnity was \$4.9 million at 31 May 2021.



Wealth Axis

Core-related investment made (announced 28 May 2021)



- Wealth Axis specialises in the provision of paraplanning and back-office support to the Australian financial advice industry. The business also provides technology support related to the implementation and customisation of Xplan and related to the development of customised technology solutions.
- Our investment provides a growth path and opportunity to become a major provider of outsourced paraplanning services, including via potential acquisitions in the space.
- Create a valued and efficient outsourced services solution covering paraplanning, administration and managed solutions.
- Develop and commercialise technology services based on monthly subscription fees, such as:
 - management of Xplan and MidWinter sites on behalf of external licensees
 - compliance and business reporting tools
 - reporting tools allowing consolidated view of client across accounting and financial planning parts of the business

Strategic rationale

- Count Financial member firms will benefit by gaining access to new financial advice outsourced solutions which will drive efficiency, profitability, reduce risk and improve the overall client experience.
- Given Count Financial's IT capabilities, there is an opportunity to work with Wealth Axis to develop and commercialise compliance and business reporting tools which will contribute:
 - Potential cost savings to Count Financial and reduced operating and compliance risk
 - Potential earnings from a full product offering to external third-parties and Count Financial member firms

Vision, Purpose, Values, Strategic Drivers and Priority Outcomes



Strong vision, backed by values-led execution

Our Vision

We will partner with leading firms and provide valued services to a professional community of financial advisers. We will, collectively, secure the financial well being of our clients.

Our Purpose

CountPlus collaborates with partner firms for mutual success, growth, and positive client outcomes.

Our Values

Bold and Courageous

We challenge the status quo.

Commitment

We go above and beyond to get the job done.

Teamwork

We work together, share the load, and have fun.

Strategic Drivers

Clients

We deliver advice that secures financial well being.

Firms

We provide financial and intellectual investment capital.

People

We invest in people and build leaders.

Focus

We believe in excellence = process x culture.

Financial

We will make a decent profit, decently.

Community

Our reputation is the sum of what the community thinks of us.

Priority Outcomes

Clients	Firms	People	Focus	Financial	Community
We will act fairly and in the best interest of clients.	All principals are aligned owners with CountPlus.	A recognition culture that incentivises the demonstration of our values.	We build firms that transcend generations.	Efficient and disciplined use of capital.	Our network is a complementor to our firms' success.
We deliver value in line with agreed client expectations.	CountPlus is a participatory investor in professional advice firms.	We assist firms build a bench strength of leaders and stars.	Culture is our competitive advantage.	We invest in people that fit our family photograph.	Engage with Professional Associations for best practice.
We make a positive difference in the financial wellbeing of our clients.	We add value through strategy, people systems, structure & governance, culture and leadership.	Our leaders are coaches.	We systemise the routine, but we lead people.	We deliver sustainable returns to our shareholders by providing advice that makes a positive difference in the lives of our clients.	Embed pro-bono and philanthropic programs aligned with the Count Charitable Foundation.
		We are who we promote.	We invest in technology that is additive to our core business.		