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ASX Announcement

25 August 2021

Centrepoint Alliance continues strong growth throughout FY21 and agrees to transformational acquisition of ClearView Advice

Centrepoint Alliance Limited (ASX: CAF) ("Centrepoint Alliance" or "the Company"), a leading provider of advice and business services to financial advice firms throughout Australia, is pleased to provide the Company's Annual Financial Report and Appendix 4E for the year ended 30 June 2021 and advise of a significant acquisition.

FY21 Financial Highlights

- Strong financial turnaround, achieving net profit after tax (NPAT) of $1.8m compared to a net loss after tax of $2.0m in FY20, spurred by continued revenue growth in advice fees, diligent expense management and an expected run-off in legacy funds and administration
- Gross revenue increased by 6% from FY20 to $138m, driven by strong performance of the licensee solutions business and an increase in authorised representative fees
- Expenses declined by 15.7% from FY20 to $26.5m, reflecting management's continued focus on cost reduction across employment, travel and entertainment and primarily due to the cessation of any further legacy claims stemming from the Australian Financial Complaints Authority (AFCA) rules
- EBITDA of $3.1m, up $3.0m on prior year
- Continued strong cash performance: operations generated net cash of $2.6m, driving a strong closing cash balance of $11.1m and providing balance sheet support for the execution of the Company's growth strategy
- Declared a fully franked ordinary dividend of 1c per share with a record date of 24 September 2021 and payment date 8 October 2021

FY21 Operational Highlights

- Centrepoint Alliance is well placed to benefit from disruption forced by industry-wide pressure on margins and tighter education standards, as the Company offers a full range of adviser services, delivered to a consistently high standard throughout a tight-knit and supportive advice community - which is encouraging significant inbound adviser enquiries
- Transition to fee for service model is largely complete, with the new offer for authorised representatives completed at the end of FY20 and the new model for self-licensed firms completed during FY21
- Extending services to self-licensed firms remains a core part of the Group's strategy and supported the Company's FY21 growth, adding 16 new self-licensed firms during the financial year including three new wholesale contracts to end FY21 with 149 firms. An additional 23 existing firms were transitioned to the new fee for service offer
- Resilient licensed adviser base of 315 authorised representatives with strong levels of service and satisfaction. Technology improvements are assisting rapid resolution of enquiries and average turnaround times have improved year-on-year by 20%, with 93% resolved within 2 days

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- Continued investment in technology to enhance the scalable service platform for advisers, with successful integration of XPLAN service provider Enzumo (costs down 15% on prior year)

Acquisition of ClearView Advice

- Centrepoint Alliance has agreed to purchase ClearView Financial Advice Pty Ltd, Matrix Planning Solutions Ltd and LaVista Licensee Solutions Pty Ltd ("ClearView Advice") from ClearView Wealth Limited (ASX: CVW)
- Combined entity will have significant scale and access to further growth opportunities, with 1,303 advisers (490 licensed and 813 self-licensed), market-leading advice technology (Lumen compliance monitoring, Enzumo adviser technology customisation and Compass integrated financial planning software) and a strong institutional shareholder and strategic partner in ClearView, which will become a substantial (25%) shareholder in Centrepoint Alliance
- Total consideration of $15.2 million, comprising $3.2 million in cash and $12.0 million in escrowed CAF shares, presents significant accretive value to Centrepoint Alliance at an FY21 revenue multiple of 1.2x.
- It is envisaged that ClearView's Managing Director and CEO, Mr Simon Swanson, will join the Centrepoint Alliance Board upon completion, expected on or around 31 October 2021

Centrepoint Alliance CEO, John Shuttleworth, said:

"Centrepoint Alliance is proud to have delivered continued improvements in revenue and profitability throughout FY21. Our net profit after tax of $1.8m compares very favourably to the $2m net loss after tax recorded in the prior year, representing solid performance through challenging trading conditions.

"When I joined Centrepoint Alliance earlier this month, I found a Company that benefits from a very favourable position in a rapidly evolving advice industry, with competitive pricing and capabilities in both the licenced and self-licensed segments. In a regulatory environment that is becoming increasingly complex, Centrepoint Alliance remains well positioned to assist firms to run compliant practices and benefit from quality support services.

"Focusing on our core business has positioned the Company with a strong platform for growth that continues to present an attractive destination for advisers. We enter FY22 with a positive outlook for growth and look forward to providing quality business services and support to a broader range of financial advice professionals in the year ahead."

About ClearView Advice

ClearView Advice consists of three ClearView subsidiaries: ClearView Financial Advice Pty Ltd ("CFA"), Matrix Planning Solutions Ltd ("Matrix") and LaVista Licensee Solutions Pty Ltd ("LaVista"). These businesses are market leading providers of licensing solutions to financial advisers.

CFA and Matrix are mid-sized AFS Licensed dealer groups, together providing traditional dealer group licensing support to a network of 175 advisers. LaVista, with a network of 106 advisers across 34 adviser practices, provides outsourced B2B licensee services to self-licensed financial advisers and support services to third party dealer groups.

ClearView Advice benefits from best-in-class technology, having fully integrated Lumen software, which allows for automated compliance monitoring and supervision across all clients under the licensee. ClearView's advice businesses have been named Australia's Overall Licensee of the Year in three out of the past four years, as rated by independent research company CoreData.

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With more than $11.9 billion of funds under advice, $182 million of premiums under advice and 281 total advisers, ClearView Advice has carved out a strong market position providing strategic financial advice targeting middle to upper income customers. ClearView Advice achieved unaudited FY21 gross profit of $13.2 million and EBITDA of $1.1 million.

Strategic Rationale, Financial Impact and Levers for Growth

ClearView Advice benefits from leading edge technology and strong management and compliance processes.,. Centrepoint Alliance has identified a significant opportunity for CFA, Matrix and LaVista to scale the existing infrastructure to support a larger number of AFSLs and financial advisers and thereby create significant profit uplift through extraction of material synergies.

The transaction provides the combined entity with immediate scale, annualised EBITDA in excess of $8.0m, a strong and effective management team, best of breed technology and processes and the capability to take a market leading position in the financial advice industry to build a strategically successful and profitable financial advice business. Centrepoint Alliance and ClearView benefit from a close cultural alignment, focusing on high-quality, affordable and technology-driven advice services, and the businesses to be combined are viewed as highly complementary.

Post-acquisition, the combined entity will have significant scale for operational leverage, with 1,303 advisers (490 licensed and 813 self-licensed), market-leading advice technology (Lumen compliance monitoring, Enzumo adviser technology customisation and Compass integrated financial planning software) and a strong institutional shareholder and strategic partner in ClearView, which will become a substantial (25%) shareholder in Centrepoint Alliance.

Transaction Summary

Centrepoint Alliance will acquire ClearView Advice under a Share Purchase Agreement for total consideration of $15.2 million, comprising $3.2 million in cash and $12.0 million in CAF shares to be issued to the vendors. The total number of securities to be issued are 48 million ordinary, fully paid shares in CAF issued at $0.25 per share, all of which are subject to voluntary escrow restrictions for one year. The purchase price represents an FY21 revenue multiple of 1.2x, presenting significant accretive value to Centrepoint Alliance shareholders.

The transaction is subject to a number of conditions, including approval of shareholders of Centrepoint Alliance, regulatory approvals and other customary conditions. A notice of meeting and explanatory memorandum will be dispatched to shareholders approximately five weeks before the Company's 2021 Annual General Meeting. A detailed organisation chart is being collaboratively designed by both parties which includes a formal transitional services agreement. The objective is for the revised Organisational Chart to be operational immediately after completion, to deliver committed and agreed synergies.

It is envisaged that ClearView's Managing Director and CEO, Mr Simon Swanson, will join the Centrepoint Alliance Board upon completion.

The transaction is expected to be completed on or around 31 October 2021.

Centrepoint Alliance CEO, John Shuttleworth, said:

"We are delighted to welcome ClearView Advice and its high-quality, well-branded adviser network to Centrepoint Alliance. Our acquisition of ClearView Advice will transform Centrepoint Alliance by boosting our financial scale and delivering new compliance and technology capabilities which are highly complementary to our existing business.

"The acquisition creates a powerful combination of complementary intellectual property, skills, experience and balance sheet access, setting the platform to participate in further organic and strategic transactional growth as industry disruption continues.

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"Post-acquisition we will emerge with more than 1,300 licensed and self-licensed advisers across Australia, making the Company one of a select number of heavyweight independent advice and business services firms with the scale and efficiency to deliver strong profitability in year one. We look forward to welcoming ClearView Wealth Ltd as a strategic partner and stakeholder and are excited by what the future will bring us together."

Annual General Meeting

Centrepoint Alliance, in accordance with ASX Listing Rule 3.13.1, advises that its next Annual General Meeting ('AGM') will be held on 01 November 2021 at 11:00am AEDT. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is 06 September 2021.

Having regard for the COVID-19 pandemic, social distancing requirements and the health and safety of all involved, the 2021 AGM will be held as a virtual event. Shareholders and visitors will not be able to physically attend the AGM. Details about how shareholders can participate online will be included in the Notice of Meeting. This is in line with temporary modifications to the law and current regulatory guidance.

The release of this announcement has been authorised by the Board of Directors.

For further information, please contact:

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About Centrepoint Alliance

Centrepoint Alliance (ASX: CAF) is a leading provider of advice and business services to financial advice firms throughout Australia. It offers a complete suite of governance, business management, client growth and advice services that enable advisers to spend more time providing advice to their clients.

Centrepoint Alliance is proactively leading the evolution of financial advice business models in Australia. It has introduced a clear fee-based pricing model that will support the provision of more transparent and better financial advice for Australia, increasingly through the use of digital and data technology enabled solutions.

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