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ASX Announcement | 28 April 2023
DomaCom Limited (ASX: DCL)

DomaCom's current strategic objectives now almost fully implemented and delivering on targets

Highlights

- As of the 31st March 2023 Funds Under Management (FUM) on the DomaCom platform reached over $197m representing an impressive 8% growth quarter-on-quarter (QoQ) and a remarkable 73% higher year-on-year (YoY).
- DomaCom's FUM subsequently pushed up through the $200m milestone just after quarter's end.
- DomaCom customer accounts numbered 2,291 by the end of the March 2023 quarter, up 5% QoQ and 40% YoY.
- The number of sub-funds on the DomaCom platform rose to 131 by 31 March 2023, up 2% QoQ and 31% YoY.
- DomaCom expects to report strong FUM growth over the balance of its 2023 financial year, as investors continue to take up diversification opportunities presented by offerings in the DomaCom Fund.
- After quarter's end, experienced financial services sector professional Steven James was appointed to the DomaCom Board as a Non-Executive Director.
- DomaCom's cash balance at the end of the March 2023 quarter totalled $1.185m.

DomaCom Limited (ASX:DCL) ('**DomaCom**' or '**Company**'), is pleased to announce its Appendix 4C cash flow report for the quarter ended 31 March 2023 (Q3 FY23), along with the following financial and operational update.

Ongoing Funds Under Management growth delivered

DomaCom continued to report strong growth in key performance metrics over the March 2023 quarter, as shown in the following table.

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Growth Metric		Percentage Change	
		QoQ	YoY
Funds Under Management ($m)	197	+8	+73
Customer Accounts (No.)	2,291	+5	+40
Sub Funds (No.)	131	+2	+31

Funds Under Management on the DomaCom platform was over $197m as at 31 March 2023. This represents an increase of approximately $15m (or 8%) on the previous quarter figure of $182m and is well above the end-March 2022 number of $114m (with an impressive YoY gain of $83m or 73%). This strong FUM growth performance over the last three quarters has provided a sustainable foundation for DomaCom to support the continued growth of the business.

The growth in FUM has been accompanied by continued growth in customer accounts, which reached 2,291 by the end of the March 2023 quarter. This metric advanced on both a QoQ (up 111 or 5%) and YoY (up 658 or 40%) basis.

The growth in FUM has also been accompanied by a further net increase in the number of sub-funds on the DomaCom platform. By 31 March 2023, 131 sub-funds were in place. This total was up by 2 (or 2%) on the prior quarter figure, as four new sub-funds were added, and two existing ones closed. The number of sub-funds at the end of DomaCom's Q3 FY23 reporting period was well above the year-ago number, with the YoY increase in sub-funds of 31 (a gain of 31%).

Fee revenue temporarily impacted by one-off process improvements

We are delighted to report that fee revenue for the three months ended 31 March 2023 was $444,000, representing an impressive 29% increase over the $343,000 reported in the same quarter last year. Although fee revenue for the March 2023 quarter was $552,000 (55%) lower than the $996,000 reported in the December 2022 quarter, we attribute this temporary slowdown to additional compliance and governance measures and improvements in disclosures that were being put in place. We are pleased to announce that these new processes have been fully implemented, and we are confident in our strong pipeline of business, anticipating accelerated growth in revenue in the coming quarters. Despite the forecast FUM being slightly below our previously announced forecast of $300m by 30 June 2023, we remain on track to not only meet but to exceed our annual fee revenue forecast of $2.4 million for the year ended 30 June 2023. We sincerely appreciate the support of our stakeholders in helping us achieve these significant milestones.

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A continued focus on cost base discipline

In accordance with ASX Listing Rule 4.7C, the Company provides the following additional commentary relating to the financial results included in the Appendix 4C for the quarter ended 31 March 2023.

During the quarter ended 31 March 2023, the payment of remuneration to executive and non-executive directors and their related parties amounted to $133,000. Furthermore, a net amount of $84,000 was received as reimbursement for expenses previously paid on behalf of the related party DomaCom Fund.

DomaCom remained vigilant in monitoring its costs throughout the quarter, with operating expenses amounting to $1,219,000, representing a $17,000 decrease from the previous quarter. This reduction was primarily driven by a decrease in employment costs of $87,000, as well as a reduction in legal and professional fees of $133,000. These savings were partially offset by modest increases in various operational and non-operational costs such as IT costs, governance, insurance, and amortisation of internally developed software. The increase in operating payments within the "Cash flows from operating activities" of Appendix 4C is attributed to the timing of payments made for these underlying expenses.

DomaCom is committed to maintaining a prudent approach towards cost management while remaining focused on delivering value to its stakeholders. By keeping a close eye on costs and optimising its operations, the Company is well-positioned to achieve sustainable growth and maximise returns for its investors.

Implementation of business strategy

The Company is committed to executing its business strategy and achieving robust growth in its operations throughout and beyond the remainder of the 2023 financial year. This growth will be driven by enhanced client engagement, robust risk management and governance controls, and a strengthened financial position.

Following the successful completion of a comprehensive re-branding initiative and a corporate restructuring program aimed at prioritising client satisfaction and cost optimisation, the Company is now channelling its efforts towards expanding its distribution channels and cultivating strategic partnerships with new commercial entities. By offering a wider range of customer solutions, the Company aims to establish itself as a leading provider of innovative and comprehensive business solutions that meet the evolving needs of its clients.

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Through these initiatives, the Company is confident in its ability to deliver sustainable growth and create long-term value for its stakeholders.

DomaCom Board of Directors undergoes further renewal

Just after quarter's end, DomaCom announced that experienced financial services sector professional Steven James had been appointed as a Non-Executive Director on its Board of Directors.

Steven James has over 30 years' experience in the financial services industry. He has held senior roles at the Commonwealth Bank of Australia, National Australia Bank and Westpac, and was also a foreign exchange dealer at Deutsche Bank and Bank of America. Steven has, over time, built up a detailed knowledge of the FX trading, financial planning and stock-broking financial market segments. While working in the stock-broking sector, Steven was a key figure in developing Australia's largest wholesale broking business. He is currently a Director at Aston Consulting, which provides specialist strategic advice services, covering areas like capital raising, marketing and implementation, product distribution and implementation, digital transformation and corporate change management. Steven is also a highly experienced Company Director. He has been on the boards of a wide range of listed and unlisted entities, including sporting bodies, financial services organisations and property industry business groups.

Steven's marketing, product distribution and digital transformation skills will be valuable resources as DomaCom continues to deliver on its growth strategy. His expertise in corporate governance will be tapped as DomaCom delivers on its ESG responsibilities.

At the same time, Matthew Roberts, who has been a Non-Executive Director of the Company since back in September 2019 has resigned from this role to pursue increased responsibilities and commitments both locally and internationally.

DomaCom CEO John Elkovich commented, "We are proud of DomaCom's achievements since being readmitted to quotation on the ASX. Since that time, we have continued to expand the business and progressively tick off key growth and development milestones set out in the strategic plan we released to the market back in mid-calendar 2022.

We look forward to a strong final quarter of the 2023 financial year. The strong performance throughout the year would not have been possible without the continued efforts of the whole DomaCom team, who continue to make invaluable contributions to the Company's progress. Over the months ahead, we look forward to providing the market with further updates on our efforts to penetrate targeted niche segments of Australia's investment markets."

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This announcement has been authorised for release to the market by Company Secretary Philip Chard.

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About DomaCom
DomaCom Limited (ASX:DCL) is the operator of an innovative managed investments platform for a wide range of assets across wholesale and retail markets. The platform offers investors and financial advisers easy access, reporting and transparency with comparatively lower minimum investments and competitive costs and structures. Investments on the platform can include a range of unique assets from agriculture, energy, securities, commercial and residential property.

As a leader in the Australian financial sector, DomaCom has a reputation for innovative structures and making portfolio diversification a reality for investors.

To learn more, please visit: www.domacom.com.au