allfunds

# 1H 2023
# Interim results

World's leading B2B WealthTech platform

London, 28 July 2023

# Agenda

1. **Business review**
   Juan Alcaraz - *CEO*
2. **Financial update**
   Alvaro Perera - *CFO*
3. **Q&A**
4. **Appendix**

# Business review

**Juan Alcaraz**
*CEO*

# Solid 1H23 with record performance against several operating and profitability indicators

## Growing AuA and record revenue growth

- **Growing AuA volumes by 4% YTD** driven by positive market contribution and **continuous client wins**
- **Historic record half-year revenues** of **€266.0m**
  - **Revenue growth rate of 13% vs 2H 22 and 3% Y-o-Y**
  - **Increased revenue margin** to 3.6bps thanks to active margin management and the natural hedge of net treasury income (€31.8m)
  - **Subscription revenues grew by >82% Y-o-Y to €26.6m**
- **Adjusted EBITDA of €171.8m, with a margin of 65% in line with 2023 guidance:**
  - **Non-recurring costs** below adjusted EBITDA **running off** in line with expectations

## Strong business outlook confirming our FY2023 guidance

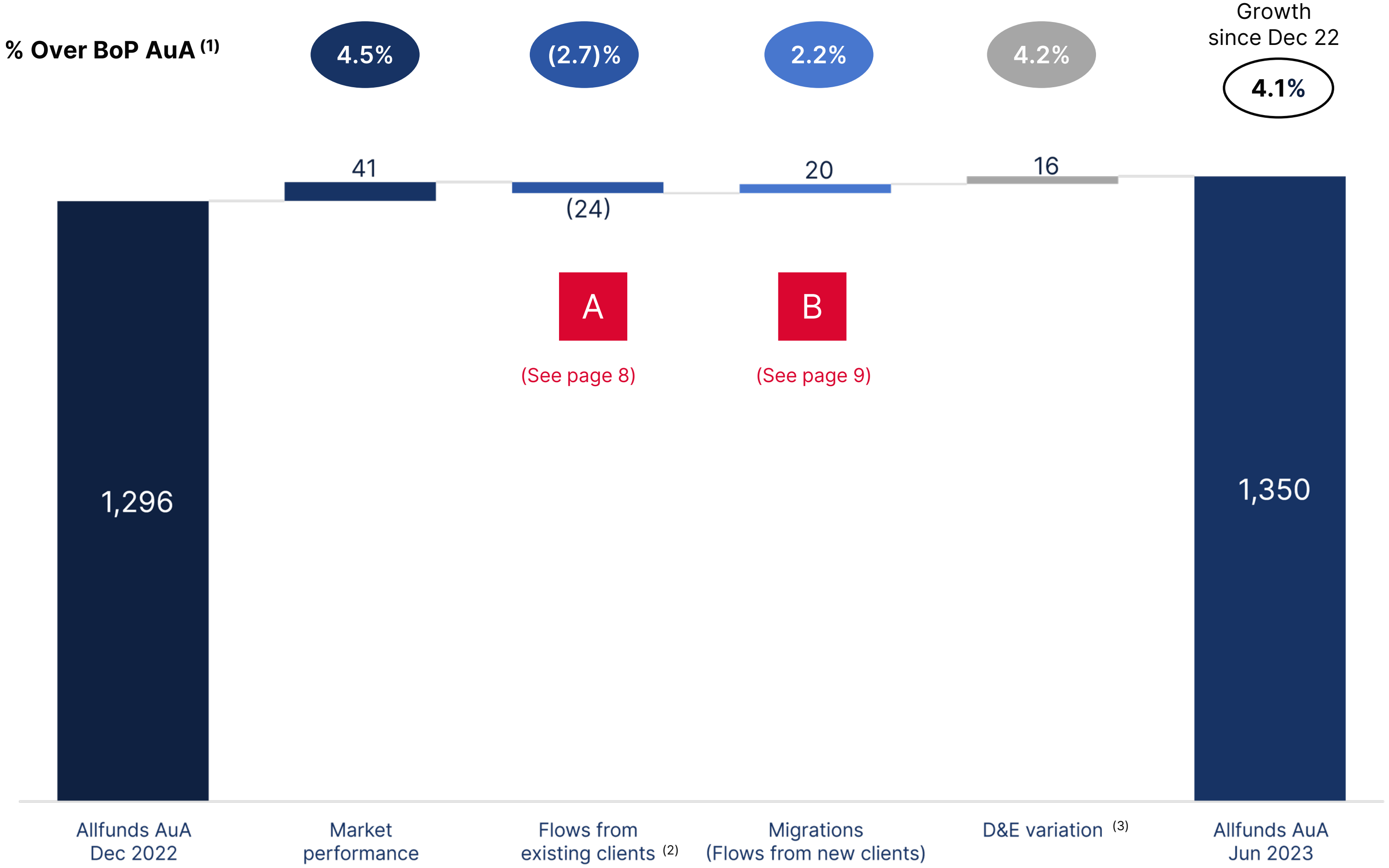
- **Flywheel effect growing stronger**: 10+ years of annual market share gains
- **Extensive room to further increase market penetration**
- **Strong migrations, generating >€20bn of AuA**:
  - **Flows from new customers expected to accelerate in 2H** as per current customer pipeline
  - Expected to **offset organic outflows concentrated in a very limited and identified number of clients**
- **Subscription-based revenues poised for significant organic growth** thanks to cross-selling initiatives related to completed M&A
- **Launch of Allfunds Alternatives Solutions**, our proprietary private capital markets platform
- **On track to deliver on our FY2023 guidance** (assuming a flat market until the end of the year)

## Committed to delivering value to our shareholders

- Consistent with **disciplined approach to capital allocation announced at IPO**
- **Strategic M&A**:
  - **Closing of MainStreet** in February: completion of a fully integrated product suite offering to our WealthTech platform
  - New exclusivity agreement to **acquire Local Paying Agent business of Iccrea Banca** in Italy
- Launch of a **share buyback programme of up to €100m**

# Return to AuA volume growth during 1H 2023

## Allfunds AuA bridge




- Allfunds Assets under Administration have increased 4.1% since December
- For the first time in more than a year, markets have contributed positively
- Outflows concentrated in a limited and identified number of clients
- Migrations have almost offset the outflows on existing clients and are expected to be stronger in the 2H
- Growth in D&E AuA mainly due to market performance

Note: AuA refer to Assets under administration at End of Period (EoP) as of 31 December 2022. 1H 2023 financial data unaudited

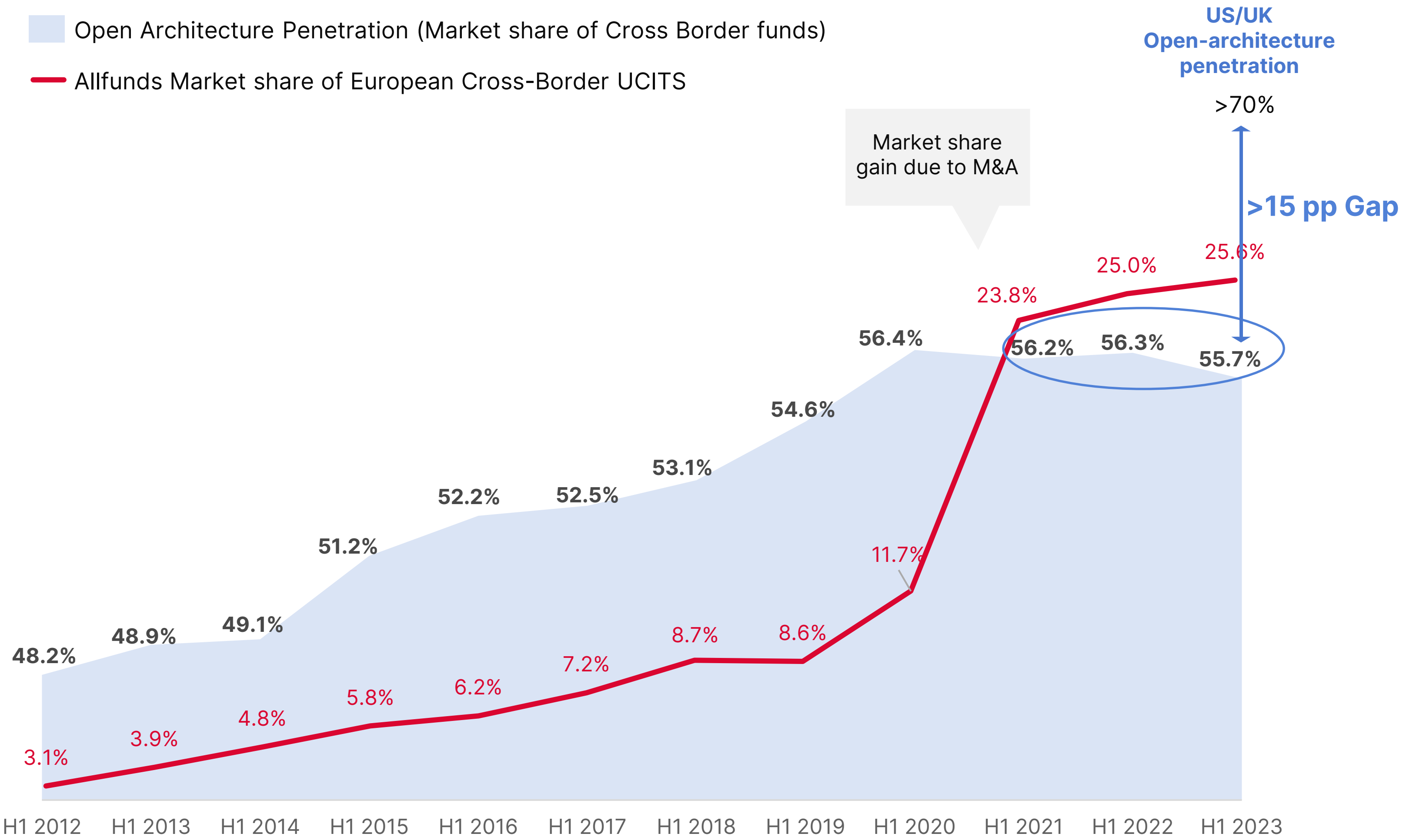
(1) Net flows as a % of BoP AuA is defined as volumes of AuA (inflows net of outflows) in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period (BoP). Figures calculated based on Platform service AuA, which amounted to €908bn and for D&E variation, based on Dealing & execution AuA which amounted to €388bn

(2) Refers only to flows from new clients in the platform or migrations of exclusively platform service clients

(3) Refers to flows (sum of AuA coming from existing clients and market performance, excluding migrations) increase on Dealing & Execution only portfolio AuA which refer to BNPP Acquisition only, excluding BNP *Banca Corrispondente* business and assets migrated into Allfunds platform as a result of BNP acquisition

# 10+ years of annual market share gains, with still extensive room to increase market penetration

## **Allfunds market share evolution** (1H 2012 - 1H 2023)




Source: ECB, Bloomberg and Morningstar. Cross-border mutual funds defined as Luxembourg or Ireland domiciled open-ended funds registered for sale in more than one country

Note: 1H 2023 financial data unaudited

(1) Continuous onboarding of new distributors and fund houses, incremental flows as a result of that, etc. See page 10 for further detail

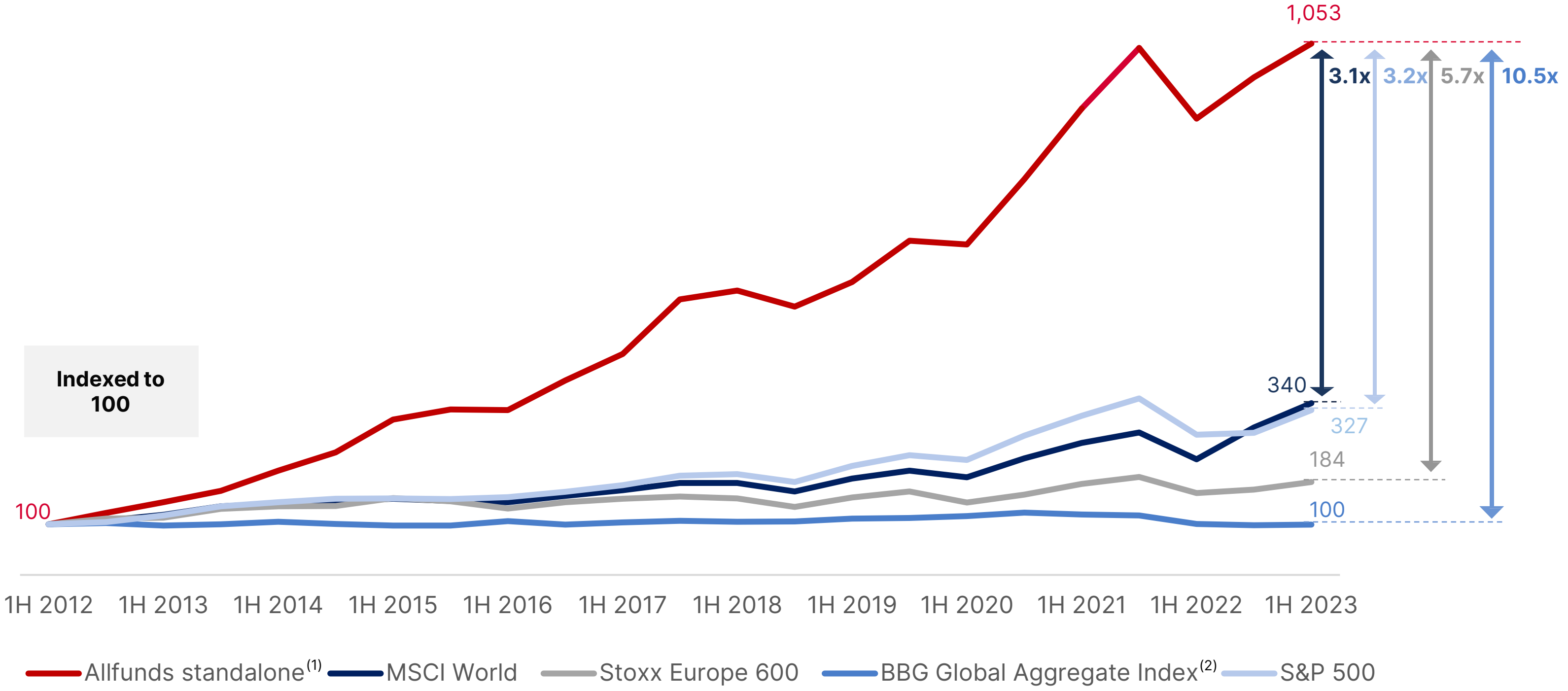
(2) See page 31 for further detail

- Long-term secular penetration trend to open-architecture with significant remaining runway
  - Last decade track-record on the back of structural drivers: best-in-class product, increased transparency, avoidance of conflict of interest
  - Significant gap vs open architecture penetration in US / UK (>70%)
- Allfunds has continuously gained market share, reaching a 25.6% of the European cross-border segment, thanks to the flywheel effect[(1)]
- Temporary reduction in open-architecture penetration in 2022/2023YTD:
  - Current environment and high interest rates have led to large distributors shifting some AuAs into low-risk captive money-markets
  - As the environment normalises and the need for diversified and differentiated investment products returns, open architecture is expected to return to growth
- **Negligible regulatory headwinds**: latest proposed draft regulation on inducements bans is limited to execution-only services only
  - Very limited impact for Allfunds: <1% of AuA and revenues[(2)]

# Allfunds continues to outperform the market

## Organic AuA Evolution (1H 2012 - 1H 2023)[1]

| | allfunds | MSCI World | Stoxx Europe 600 | Bloomberg Global Aggregate Index [2] | S&P 500 |
|---|---|---|---|---|---|
| % CAGR 1H 12-1H 23 | 23.9% | 8.3% | 5.7% | 0.2% | 11.4% |
| % CAGR 1H 20-1H 23 | 17.2% | 10.5% | 8.6% | (5.0)% | 12.8% |




Source: Bloomberg
Note: 1H 2023 financial data unaudited
(1) Refers to Allfunds AuA on a standalone basis, excluding any acquired AuA
(2) Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. Includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers

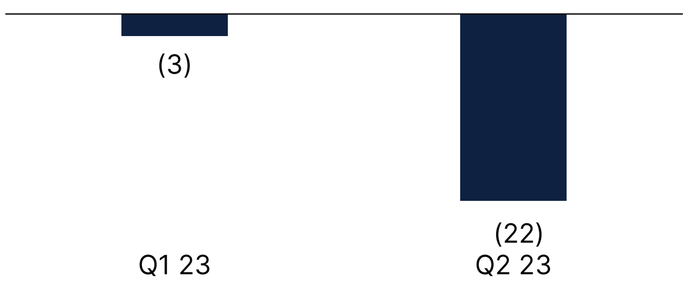
## Why we outperform the market

1. Outsourcing penetration by banks / wealth managers
2. Penetration-led growth of open architecture in wealth management
3. Client migrations / share gains from other platforms
4. Platform continues to lead in breadth and width of services and continues to be the gold standard

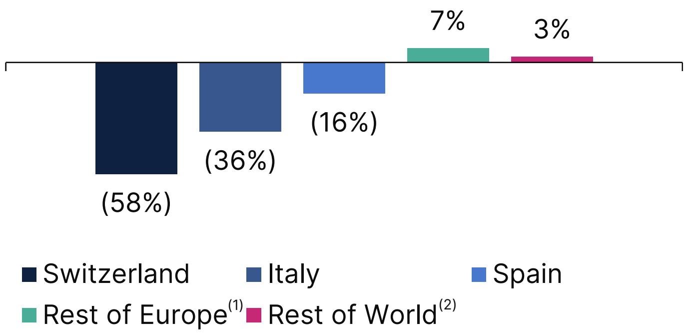
# A Deep dive on flows from existing clients

## Flows from existing clients breakdown (Q1 and Q2 2023)

### By Quarter

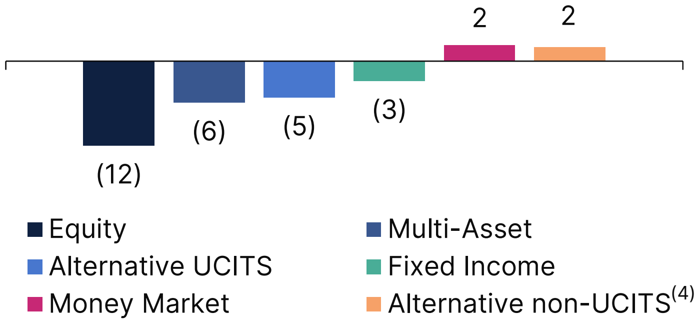



### By Region




Note: Negative percentages represent outflows, while positive inflows from existing clients

### By Asset Class




- Resilient flows from the vast majority of existing clients outside a handful of retail banks:
  - Excluding 3 countries (Switzerland, Italy and Spain), flows from existing clients were positive in this period
- Majority of outflows occurred in Switzerland following the banking turmoil
  - Revenues generated by Fund Houses associated with the volumes distributed by our largest Swiss distributor annually represent c.3.5%[3] of total net revenues
- Positive flows in the period have only taken place in two asset classes: money-market funds and private markets (alternatives non-UCITS)

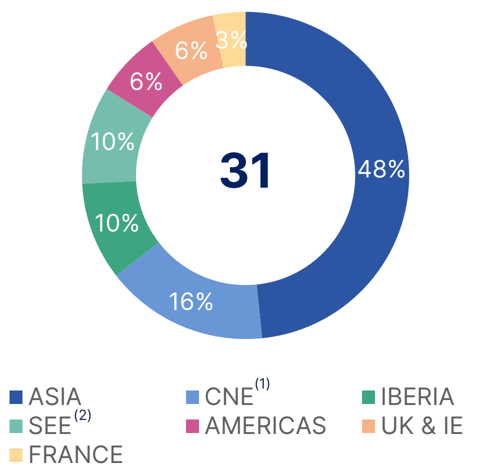
Note: 1H 2023 financial data unaudited
(1) Rest of Europe considers Benelux, Portugal, France, UK, Benelux, Northern, Eastern and Southern Europe.
(2) Rest of the World considers Asia, US, Latin America and Middle East
(3) Based on run-rate revenues
(4) Commitments received YTD on private capital markets (not included in flows)

# B Migrations, a stable engine of growth, on track to deliver guidance for 2023

## New clients diversification

**by Region**

% based on number of distributors onboarded

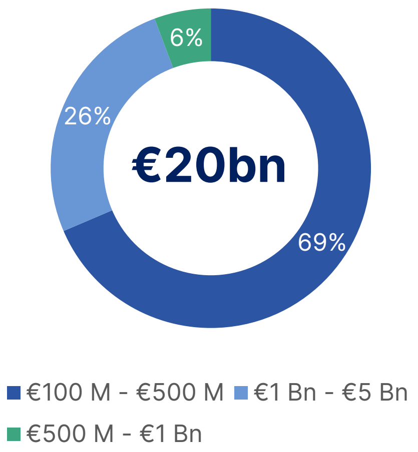



Growth coming from both core markets and new growth markets

## Mid-sized clients, our sweet spot

**by Size**

% based on total AuA of migrations

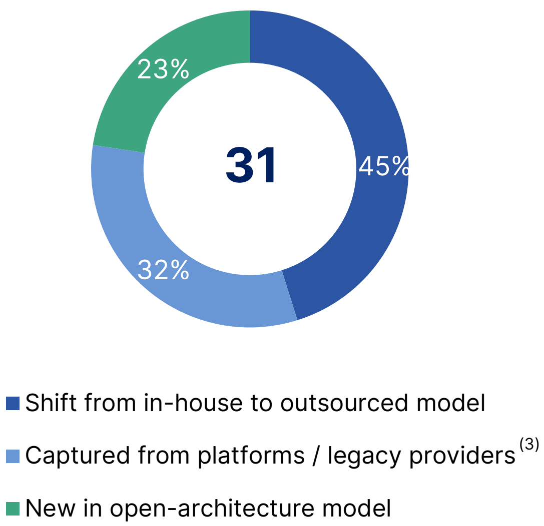



Maintained focus on mid-sized clients

## Capturing market share from competitors

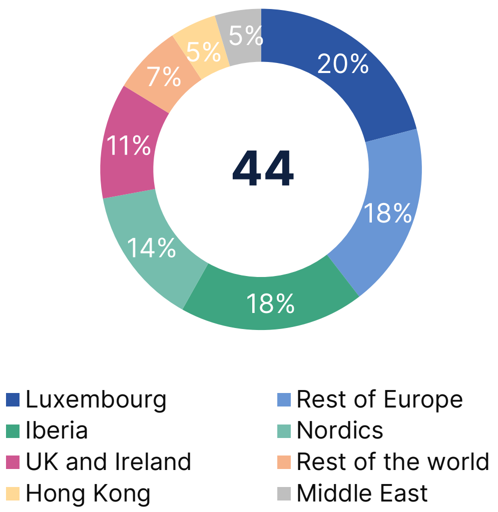
**by Origin**

% based on number of distributors onboarded




A third of the onboarded clients have been captured from other platforms / legacy providers

## New Fund houses onboarded from core markets

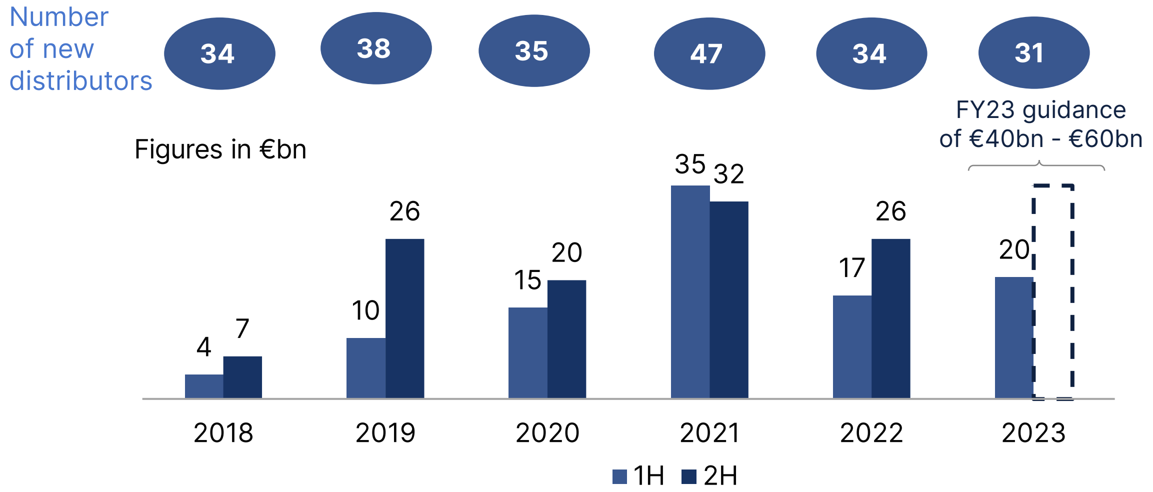



Predominance of FHs from core markets, such as Luxembourg, Iberia, Nordics and Rest of Europe

Note: 1H 2023 financial data unaudited
(1) Refers to Central and North of Europe
(2)Refers to Middle East and Africa
(3)Including client conversion clients from the Dealing & Execution only portfolio, representing 3% of total number of distributors

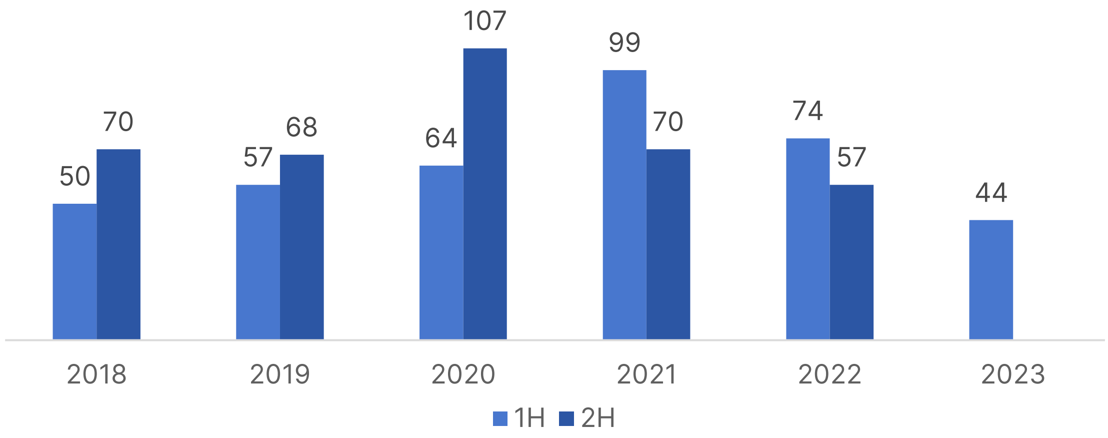
# B Flywheel effect remains strong with a strong pipeline for the 2H

## Solid new client migrations (AuA)

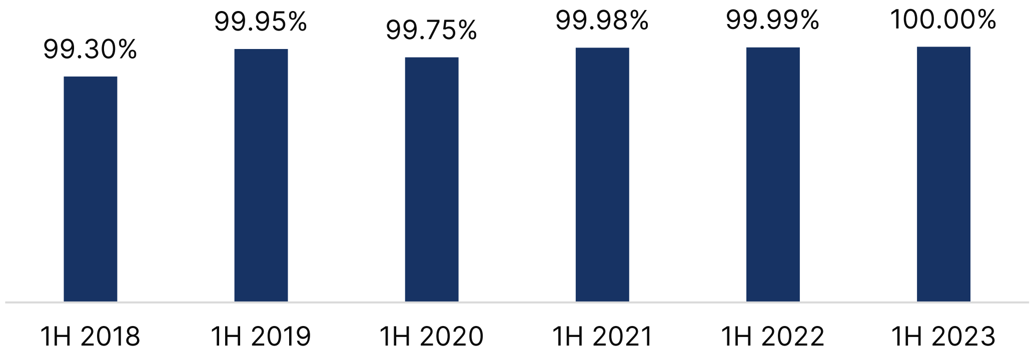



## Constant onboarding of fund houses to the platform

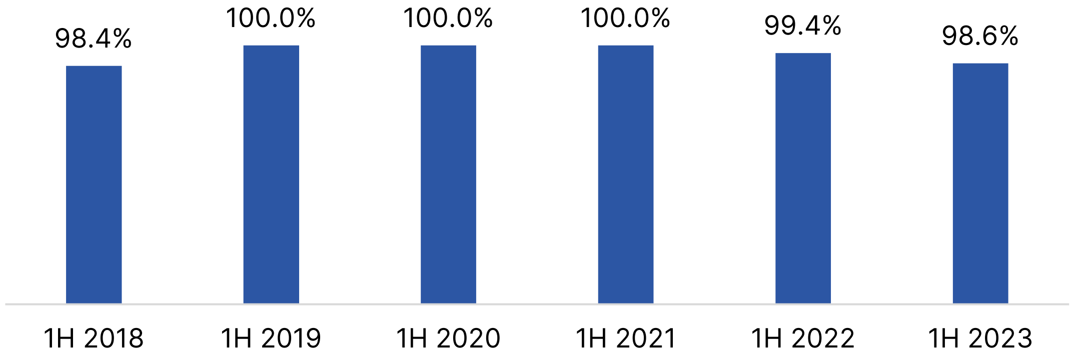
Number of new fund houses




## Distributors: customer retention rate (1)




## Fund houses: customer retention rate (2)




Note: 1H 2023 financial data unaudited

(1) Calculated as 1 minus churn rate. Churn figures based on total AuA lost in a given year due to Distributors leaving the platform

(2) Calculated as 1 minus churn rate. Churn figures based on fund houses with GDAs in place that have cancelled their agreements during the year

# A unique enhanced value proposition

Allfunds´compelling one-stop shop

**Tech** Solutions

**Regulatory** Solutions

**Data** Analytics

**ESG** MainStreet(1)

NEW
Unique ESG approach for top tier financial groups, providing **a one stop shop for their sustainability requirements**

**Investment** Solutions

**Private** Markets

NEW
New proprietary **Allfunds Alternatives platform** to offer new funds and distribution services

**Blockchain**

**Connect**

Note:
(1) Closing of MainStreet Partners took place on February 2023

# We continuously make our proposition to our clients more compelling

| | Key milestones in 1H 2023 | Contribution to Allfunds |
|---|---|---|
| 1 **Allfunds Alternative Solutions (AAS)** | • **Launch in March**: integrated solution that will streamline the operational aspects of private asset investments, making alternative more accessible to distributors<br>• **Allfunds Private Partners** (APP) program announced in July: selective programme to support a limited number of fund houses with leading products for private banks and wealth managers. Initial group of 5 top leading global managers but more expected to join in 3Q:<br>Blackstone, Franklin Templeton Investments, Carlyle, Apollo, Morgan Stanley | • Asset class growing at double-digit rate<br>• Attractive economics with double-digit bps margin<br>• Low AuA volatility |
| 2 **Boosting our subscription-based business** | • **Go-to-market strategy deployed to all our platform clients**<br>• **Completion of a fully integrated product suite offering to our WealthTech platform:**<br>— MSP fully integrated in Connect and Nextportfolio<br>— New Connect more user friendly, with **record number of monthly users >9,700**<br>• **Launch of strong regional campaigns :** In 6 months, we generated the **same level of deal value than in the whole 2022** | • Acceleration of subscription revenues<br>• Multi-year contracts, ensuring recurring revenues |
| 3 **Further adoption of Allfunds blockchain technology** | fast<br>• FAST is one of our **most tangible success of our blockchain technology**. Currently being commercialised in Italy, Spain and globally with transfer agents, to facilitate the transfer of funds, reducing time and bringing efficiencies to the industry<br>AZIMUT DEFINING INVESTMENT DIRECTION<br>• **Real tokenisation** of Azimut Luxembourg-domiciled fund, joint initiative with Azimut and BNPP Securities Services | • Leading the innovation in the industry and becoming a trusted partner |
| 4 **ManCo services** | • Successful launch of Fund hosting services: c.10 new clients amongst leading Wealth Management firms from Asia and Latin America, as well as US and UK boutique Asset Managers | • Onboarding of new fund houses |

# 1 Allfunds is ideally positioned to lead the Alternatives Funds opportunity

Large growth and margin accretion potential

## Significant untapped market opportunity

- Highest growth asset management segment/product
- Low AuM volatility due to multi-year (5-10yr) capital commitments
- "Hot spot" for affluent individual investors: currently <5% of affluent individual investors assets allocated to alternatives

## Allfunds has launched a specialised platform to tap the opportunity, successfully attracting major global fund houses

- Allfunds to support a key strategic growth priority for both distributors and fund houses:
  - — Distributors were demanding easier access to private markets
  - — Launch of the APP program with strong partners on the back of strong demand from fund houses, as a strategy to boost the initiative
- Opportunity to expand revenue TAM (additional €2bn - €6bn), as guided during IPO, with higher-yielding unit economics vis-à-vis other asset classes
- Full upside potential starting from c.€2bn of commitments at launch in March 2023

**Medium Term market opportunity** (€tn)

| | | |
|---|---|---|
| **Global Retail Wealth TAM[1]** | | **€181-208tn** |
| % Invested in Alternatives in medium term | x | 5-8% |
| **Global Alts Retail Wealth TAM[1]** | | **€9-16tn** |
| % in Europe | x | 20-30% |
| **European Alts Retail Wealth TAM[1]** | | **€2-5tn** |

**Medium Term comparison:** European Alts vs. Mutual Funds

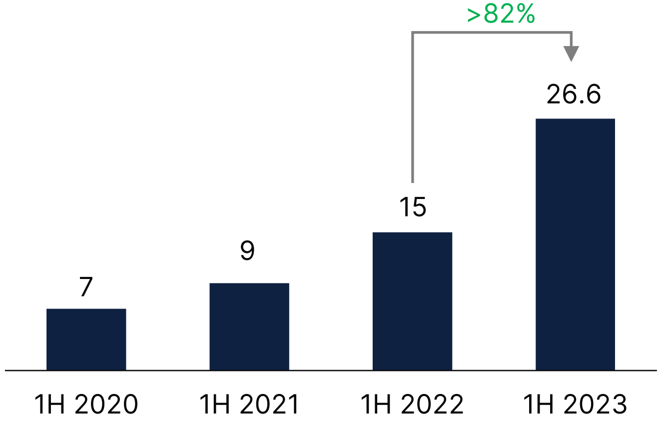
| | | Mutual Funds | Alternatives |
|---|---|---|---|
| **AuA** | | **~€14.5tn[2]** | **€2-5tn** |
| x | Illustrative fee margin (bps) | Low to mid-single digit | Double-digit margin |
| **Revenue TAM** | | **~€7bn** | **€2-5bn** |

Note:
(1) Based on third-party estimates reports and assuming an exchange rate US $/€ of 0.9035
(2) Market size from IPO prospectus

# 2 Boosting our subscription-based revenues

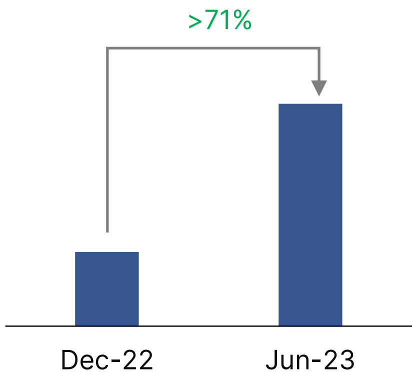
## Subscription business continues growing at a fast pace

**Revenue in €m**

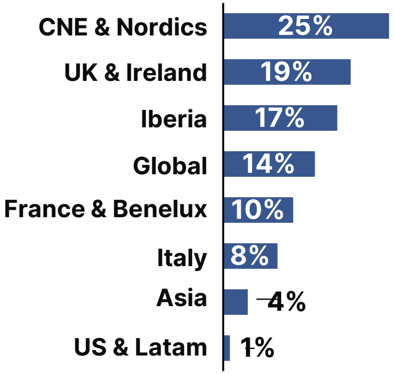



## Increasing and diversifying our pipeline

**Deal value pipeline [1]**




**By Region**



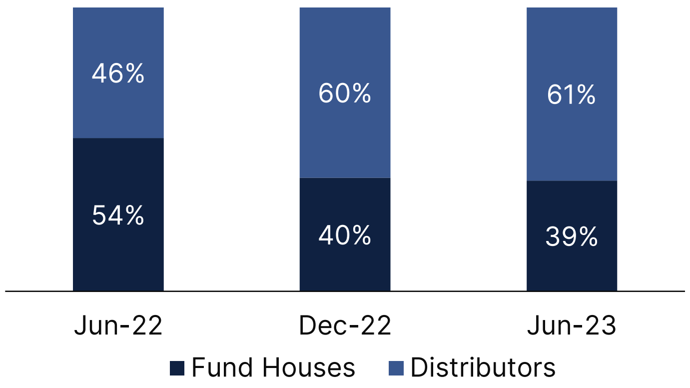

## Expanding through all growth levers

**Deal value[2] breakdown by sale type**

| 43% | 28% | 29% |
|---|---|---|
| New clients | Cross-selling | Up-selling |
| *New entities paying for Subscription revenues* | *Introducing clients to other business lines (including platform clients)* | *Additional monetisation through further product features* |

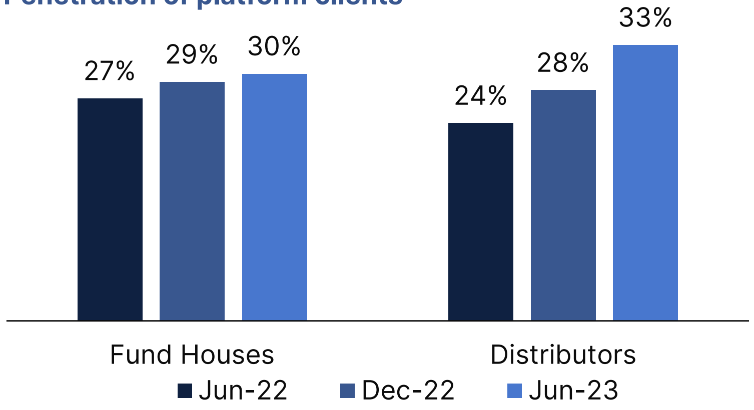
## Targeting both FH & Distributors

**Origin of subscription revenues**



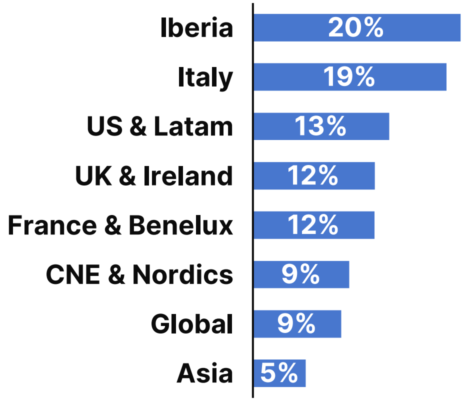

## Further penetrating platform customer base

**Penetration of platform clients**




## Sustainable diversification

**Deal value[2] won by region**




Note: 1H 2023 financial data unaudited

(1) Includes deals in stages of proposal, in negotiation or pending signature from new areas Allfunds Tech Solutions, Allfunds Data Analytics and rest of digital services/tools for 2023

(2) Deal value considers amount of set-up fees and annual recurring revenues

# A strong investment case

## A leading global scaled WealthTech

- Global reach and local presence
- Ideally positioned to keep capturing market share (x3 gain in 4 years)
- Large & high-growth market underpinned by open-architecture penetration and outsourcing

## A one-stop-shop

- Compelling value proposition
- Sticky value proposition for blue-chip clients (~99% fund house and distributor retention)
- Game-changing digital tools and proprietary technology
- Continued focus on operating efficiencies
- Private markets platform

## Unique and attractive revenue model

- "Buy-free" model for Distributors
- Paired with powerful flywheel effect
- Continuous innovation

## Superior financial profile

- Best-in-class growth (+13% CAGR 20-23E in net revenues)
- High margin and cash flow conversion (Adj. EBITDA 65% and average 86% pre-tax cash conversion[(1)])
- Proven M&A track record, successfully closing and integrating 5 acquisitions in less than 4 years

Note: 1H 2023 financial data unaudited

(1) See page 33 for further details on calculation

# Financial update

**Alvaro Perera**
*CFO*

# Record half year revenues

## Strong Revenues

**€266m**

Net revenues

1H 2023 Net revenues

Record half of revenues in the history of Allfunds

## High margin

**c.65%**

Adjusted EBITDA margin[(1)]

1H 2023

In line with guidance

## High profitability

**€172m**

Adjusted EBITDA

1H 2023

Record reported EBITDA of €150m

## Highly-cash generative

**€101m**

Free Cash Flow

1H 2023 normalized Free Cash flow

83% of pre-tax cash conversion[(2)]

Note: 1H 2023 financial data unaudited

(1) Excluding separately disclosed items such as integration and M&A related costs, as well as other one-offs

(2) See page 33 for further details on calculation

# 1H 2023 – Income Statement

| Figures in €m | 1H 2023 | 2H 2022 | % H-o-H | 1H 2022 | % y-o-y change |
|---|---|---|---|---|---|
| Net platform revenues | 239.4 | 210.2 | 14% | 244.4 | (2%) |
| Net subscription and other revenues | 26.6 | 25.5 | 4% | 14.6 | 82% |
| **Net revenues** | **266.0** | **235.6** | **13%** | **259.0** | **3%** |
| Adj. Personnel Expenses | (57.2) | (40.5) | 41% | (42.5) | 35% |
| Adj. SG&A | (38.7) | (33.8) | 14% | (29.3) | 32% |
| **Adjusted Expenses** | **(95.9)** | **(74.4)** | **29%** | **(71.8)** | **33%** |
| Other operating income / (Expense) | 1.7 | 0.8 | n.m. | 1.2 | 40% |
| **Adjusted EBITDA** | **171.8** | **162.0** | **6%** | **188.4** | **(9%)** |
| Adj. EBITDA margin % | 64.6% | 68.8% | (4.2 p.p). | 72.7% | (8.1 p.p.) |
| Finance costs | (6.2) | 0.8 | n.a. | (5.2) | 20% |
| D&A (excl. PPA intangibles amortisation) | (18.5) | (17.3) | 7% | (13.8) | 34% |
| Provisions (1) | (2.4) | (6.5) | (63%) | (2.6) | (7%) |
| **Adj. Profit Before Tax** | **144.7** | **139.1** | **4%** | **166.8** | **(13%)** |
| Adj. Cash tax (2) | (40.6) | (37.7) | 8% | (43.3) | (6%) |
| **Adj. Profit After Tax** | **104.1** | **101.4** | **3%** | **123.5** | **(16%)** |
| **Adjusted EPS** | **0.17** | **0.16** | **3%** | **0.20** | **(15%)** |
| **Memo:** | | | | | |
| Separately disclosed items | (21.7) | (42.2) | (49%) | (40.1) | (46%) |
| **Reported EBITDA** | **150.2** | **119.8** | **25%** | **148.3** | **1%** |
| EBITDA margin % | 56.5% | 50.9% | 5.6 p.p. | 57.3% | (0.8 p.p.) |
| **Reported EPS** | **0.061** | **0.018** | **n.m.** | **0.060** | **1%** |

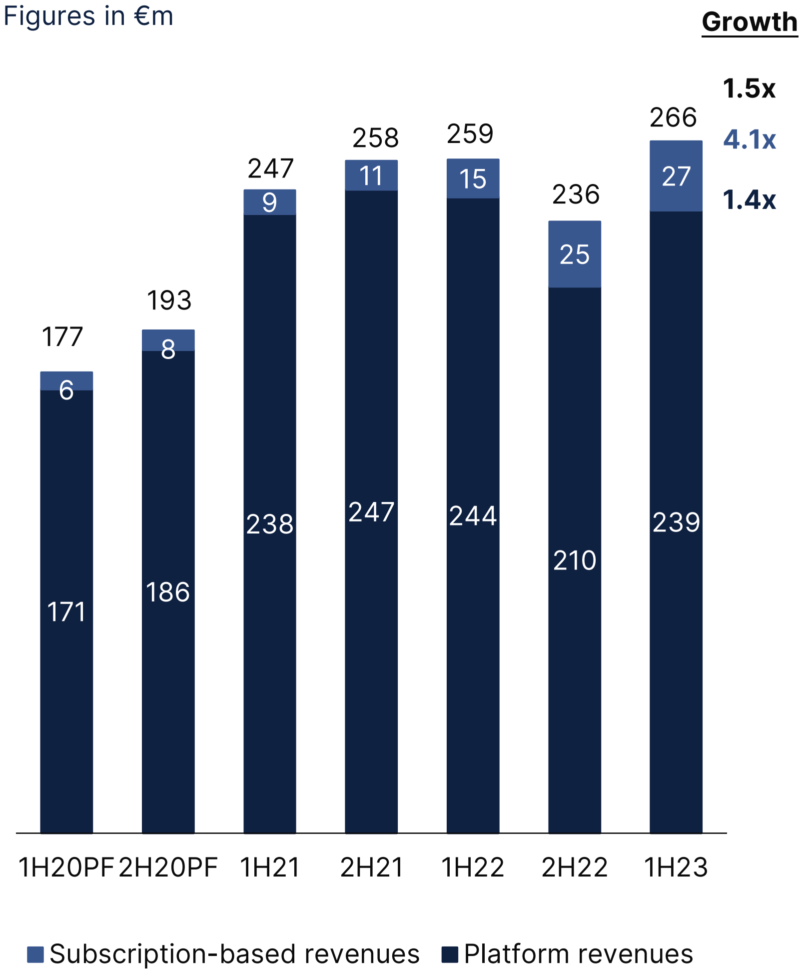
Note: 1H 2023 financial data unaudited
(1) Recurring provisions related to the normal course of the business
(2) Tax expense in 1H 2023 based on 28% cash tax rate over Adjusted PBT (including tax step-up)

- Revenues have grown 13% vs 2H 2022 and a 3% vs 1H 2022
- Adjusted EBITDA has also increased by 6% vs 2H 2022, despite the dilution in margins linked to the carried M&A
- Significant alignment of Adjusted and Reported figures, following the reduction of 49% of the separately disclosed items vs 2H 2022; largest remaining item is the temporary Spanish bank levy

# Record 1H Total Revenues

## Total revenues

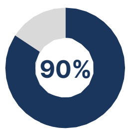
Figures in €m

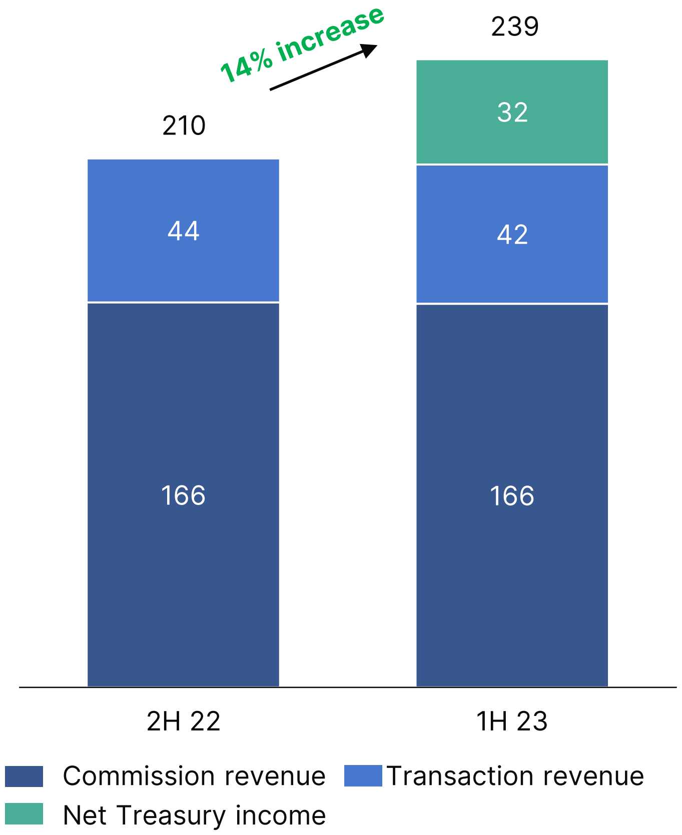



Note: 1H 2023 financial data unaudited

## Platform revenues

Figures in €m




- Strongest 1H of revenues, with the best performance in the history of Allfunds

### Platform revenues

- **Resilient revenues** despite drop in volume of AuA thanks to positive asset mix (with equities recovery YTD) and lower volume of transactions (representing 18% over platform revenues vs historical average of 20%)
- **Net treasury** income is becoming a key positive area of revenue growth contribution, as a natural hedge

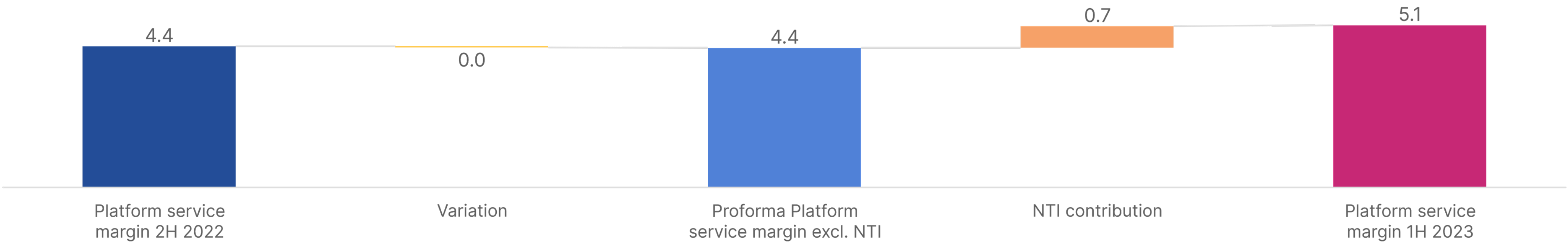
### Subscription revenues

- Acceleration in subscription revenues due to completed M&A
- Subscription revenues represent currently 10% of total net revenues

# Significant increase in Platform Revenue margin

| | AuA Dec 2022 (€bn) (1) | 2H 2022 Platform Margin | AuA June 2023 (€bn) (1) | 1H 2023 Platform Margin |
|---|---|---|---|---|
| Platform service | 908 | c. 4.4 bps(2) | 945 | c. 5.1 bps(2) |
| Dealing & Execution | 388 | c. 0.2 bps(3) | 405 | c. 0.2 bps(4) |
| **Aggregate** | **1,296** | **c. 3.2 bps(5)** | **1,350** | **c. 3.6 bps(6)** |

## **Growing total platform service margin, stable performance excl. NTI** (bps)



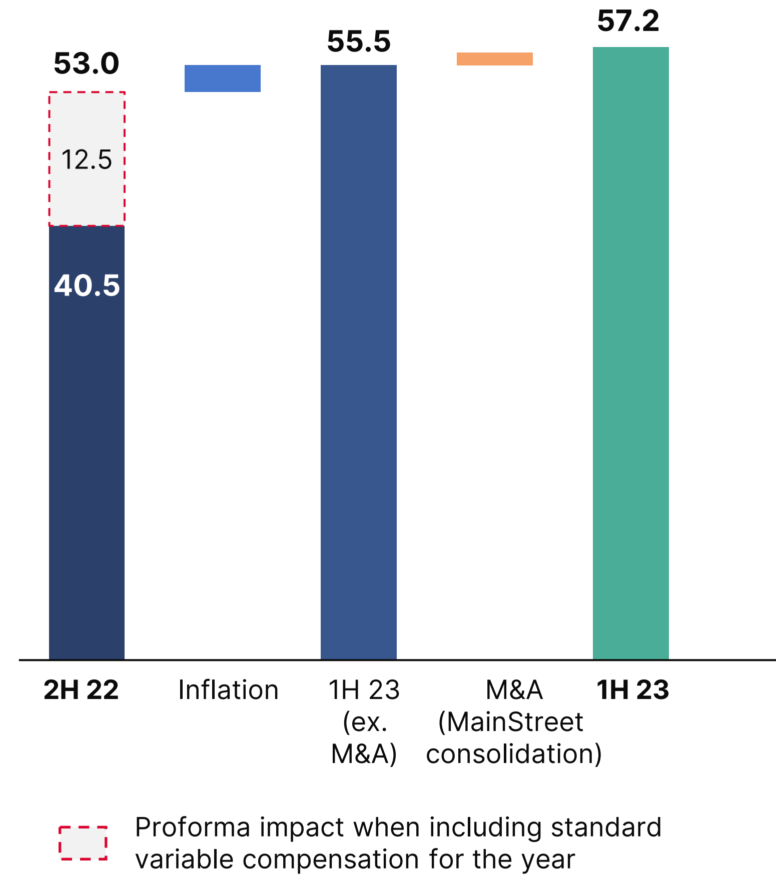

Note: 1H 2023 financial data unaudited

(1) End of Period AuA as of 31 December and 30 June, respectively
(2) Calculated as average annualised revenues over average AuA of €924bn and €938bn, respectively
(3) Assuming annualised revenues and calculated over average AuA of €398bn
(4) Calculated as average annualised revenues over average AuA of €401bn
(5) Calculated as average annualised revenues over average AuA of €1,322bn for the period
(6) Calculated as average annualised revenues over average AuA of €1,339bn for the period

# Allfunds with higher cost due to investment in growth

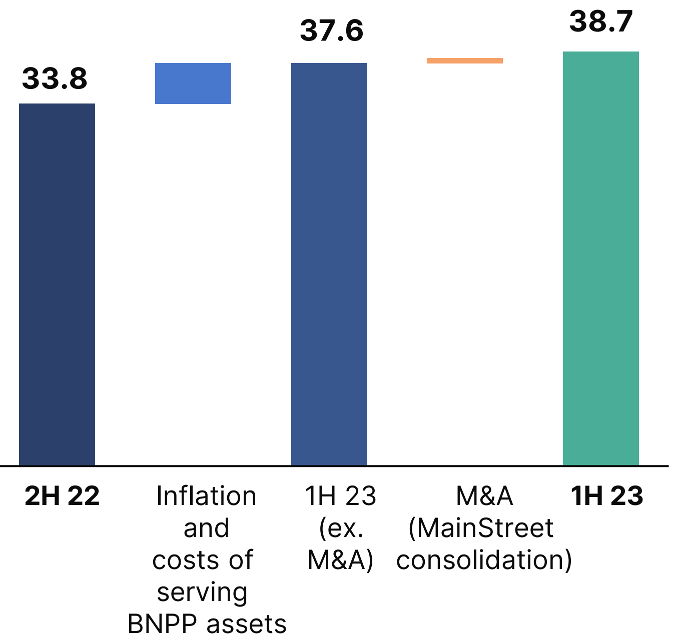
## Personnel expenses Bridge

Figures in €m




## SG&A Bridge

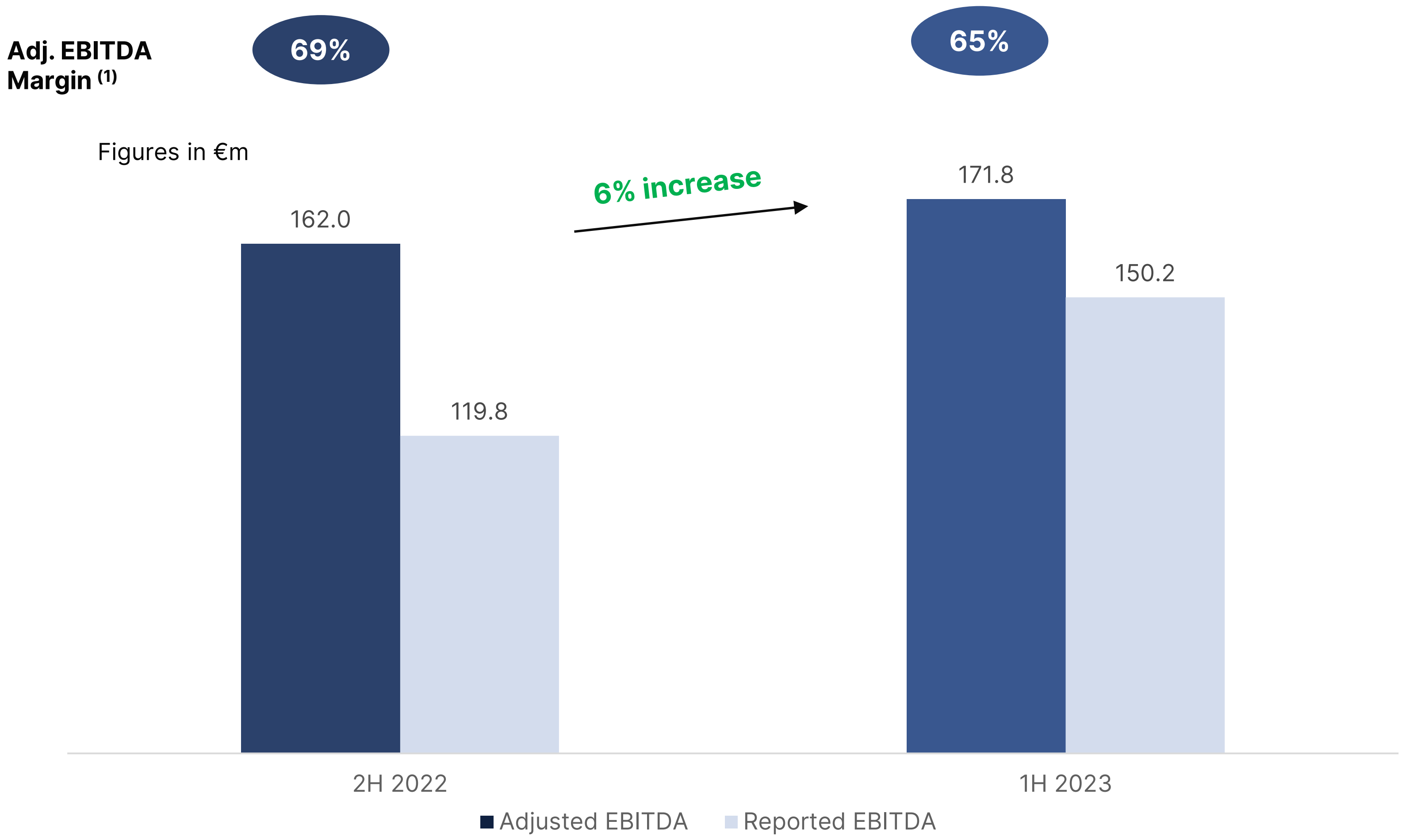
Figures in €m




Note: 1H 2023 financial data unaudited

- Higher adjusted expenses due to investment in future growth of the company
- Increase in personnel expenses mainly due to:
  - — Moderate impact of inflation in wages and salaries (6% annual impact)
    - Like-for-like headcount decreased from 1,031 employees as of 31 December 2022 to 1,006 employees as of 30 June 2023, mostly driven by synergies and efficiency programs launched
  - — Rebasement of variable compensation at the start of the year, to bring back a standard level of variable compensation following last year exceptional adjustment due to market environment
  - — Additionally, 41 employees from MainStreet Partners were consolidated into the group
- Increase in SG&A as a result of:
  - — Incremental costs to serve migrated BNPP assets of around €2m, following the TSAs disconnection
  - — Moderate inflation
  - — Incremental costs following M&A integrations
  - — Consolidation of Mainstreet Partners costs
- As a result, expenses to remain relatively stable going forward, generating operational leverage

# Adj. EBITDA margin in line with guidance




- Adjusted EBITDA margin at 65% in line with mid-60s guidance:
  - — Acquired businesses onboarded at a lower EBITDA margin, other factors such as rebasement of one-off costs and incremental costs from BNPP TSA disconnection
- Adjusted EBITDA grew by 6% vs 2H 2022:
  - — Assets growing, mainly due to market performance and migrations
  - — Revenues increased by 13% thanks to growth in net treasury income
  - — Moderate adjusted expenses
- Adj. EBITDA margin expected to trend upward driven by operational leverage

Note: 1H 2023 financial data audited

(1) Excluding separately disclosed items such as integration and M&A related costs, as well as other one-offs

# Allfunds has delivered its capital allocation policy since IPO

Allfunds confirms disciplined approach to capital allocation via ordinary dividends (20-40% pay-out), strategic M&A (e.g. Mainstreet in 2023) and additional distributions to shareholders based on its excess capital: launch of a share buy-back programme of up to €100m

## Framework

### 1 Ordinary dividend

Dividend pay-out ratio
of 20%-40%
of Adjusted Profit After Tax

### 2 Strategic M&A

**Scope**

- Market consolidation
- Increase capabilities in Software and Data Analytics

**Criteria**

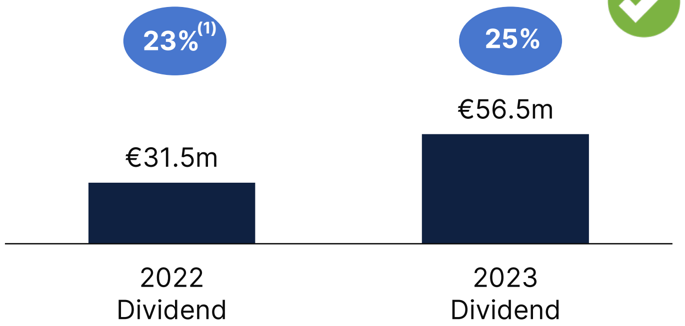
- Value-accretive
- Growth accretive
- Highly recurring / subscription revenues
- Revenue synergies and efficiencies

### 3 Shareholder Distributions

Can be returned to shareholders
via
buy-back or special dividend

## Delivery

**Pay-out ratio on Adj. PAT**




**2022**

WebFG by allfunds

instiHub

**2023**

MAINSTREET PARTNERS

GRUPPO BCC ICCREA

**Launch of a share buy-back program of up to €100m**

(1) Based on 2021 Adjusted profit after tax accounted since the IPO (April 2021)

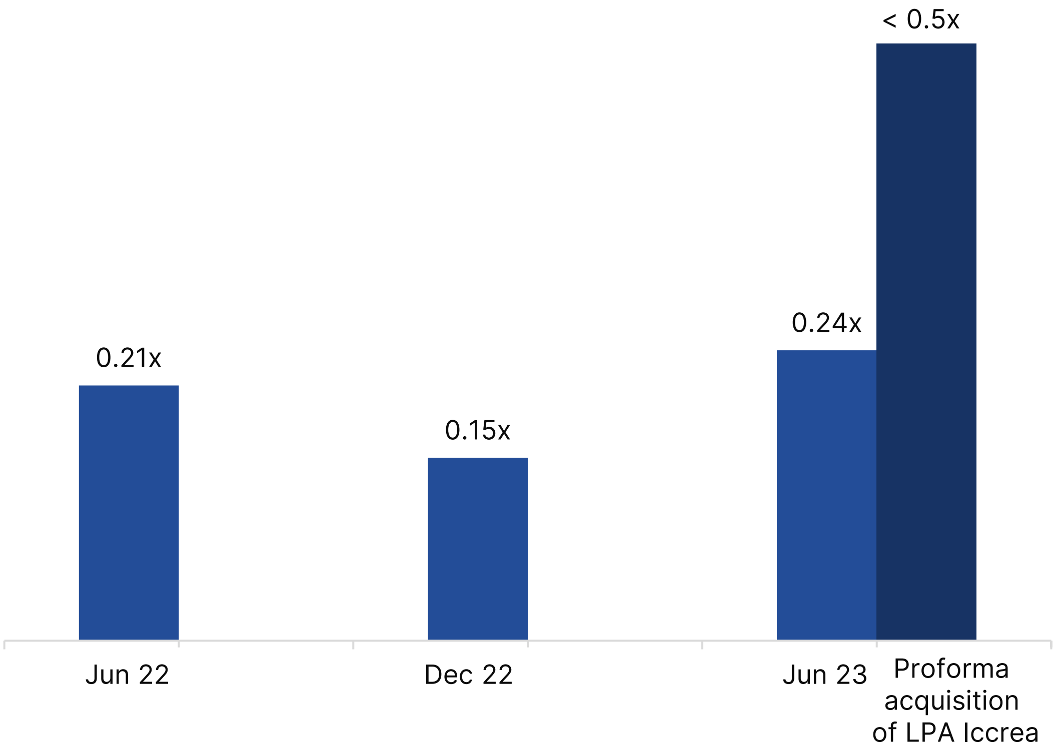
# Allfunds has currently a low leverage ratio

Additional leverage capacity

## Net financial debt (1H 2022 - 1H 2023)

| Figures in €m | Jun 2022 | Dec 2022 | Jun 2023 |
|---|---|---|---|
| Gross financial debt | 196.0 | 196.0 | 240.0 |
| Cash at Allfunds Group Plc | (3.3) | (4.0) | (2.9) |
| *CET1 capital* | *436.4* | *487.0* | *501.9* |
| *Min. Capital required [(1)]* | *(324.3)* | *(348.7)* | *(346.1)* |
| Excess capital | (112.1) | (138.3) | (155.8) |
| **Net financial debt [(2)]** | **80.5** | **53.7** | **81.2** |

## Net financial debt / Adj. EBITDA ratio[(3)]




Note: 1H 2023 financial data unaudited

(1) Minimum capital requirement of 17.8%, 17.9% and 17.9% as of June 2022, December 2022 and June 2023 respectively

(2) Net Financial Debt calculated as Gross Financial Debt minus cash at plc level minus notional excess capital above minimum regulatory requirement

(3) Calculated as Net Financial Debt over LTM Adj. EBITDA

# MoU to acquire the Local Paying Agent business of Iccrea Banca

## High-level transaction overview

| | |
|---|---|
| **1 Transaction status and perimeter** | • **MoU signed with Gruppo BCC Iccrea and exclusive negotiations** to acquire the *Banca Corrispondente* **or local paying agent business of Iccrea Banca**<br>— Gruppo BCC Iccrea is the largest Italian cooperative banking group, ranking as fourth largest banking group by total assets (€173.5bn) and third by number of branches in Italy (~2,440)(1)<br>• Comprehensive transaction perimeter(2), together with a **strategic long-term agreement with Iccrea Banca and its group** |
| **2 Background and strategic rationale** | • **Consolidating Allfunds leading position in the attractive *Banca Corrispondente* business in Italy**, becoming Italy's largest player<br>• **Strategic partnership with the 3rd largest financial institution in Italy by branches**. Strong growth potential within its client base and potential cross-selling opportunities<br>• Low integration costs, low incremental costs and low execution risks |
| **3 Highly attractive financial profile** | • **c. €10bn-€12bn of AuAs** and **>€10m annual revenues**, with very limited incremental cost<br>• **Highly accretive platform service margin** (c.double-digit bps margin, c.2x Allfunds current margin)<br>• **EBITDA margin accretive** and expected **c.2% EPS accretion in year 1**<br>• Neutral impact on Allfunds Banking Group's Solvency position, as the acquisition is fully funded through the Allfunds Group revolving credit facility |
| **4 Timing** | • Transaction subject to signing final legal documentation in 3Q23 and **closing by end 2023** |

Source: Allfunds
Note: 1H 2023 financial data unaudited
(1) See page 37 in Appendix for further detail
(2) Includes acquisition of SIP, Banca Agente and Placement Support agreements

# Confirming FY 2023 Outlook

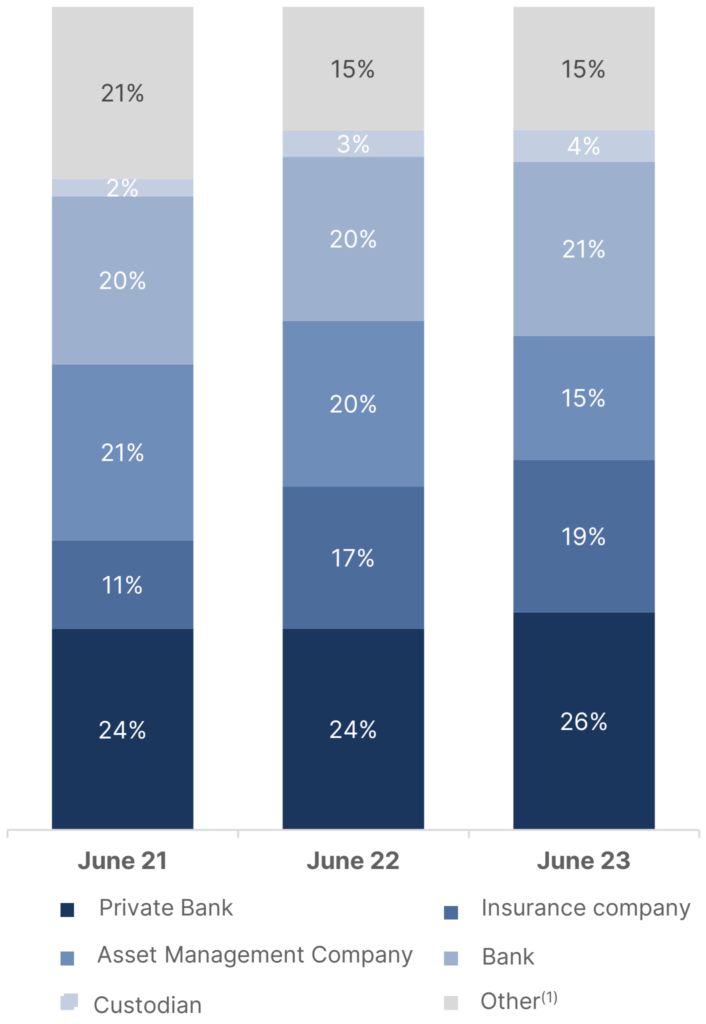
| | **FY 2023 Outlook** February | **FY 2023 Outlook** Today | **Comments** |
|---|---|---|---|
| **Underlying market performance assumptions** | Flat market performance February for the remainder of the year | Flat market performance since end of June for the remainder of 2023 | Up mid-single digit YTD |
| **New Client Migrations** | €40bn - €60bn | ✓ | All in Platform Service |
| **Flows from Existing Clients** | Gradual recovery | Gradual recovery delayed vs February expectation | Stable flows outside limited number of clients |
| **AuA Dec 2023 EoP** (Platform and Dealing & Execution) | €1.4Tr - €1.45Tr | c. €1.4Tr | |
| **Net Revenue growth FY 2023** | High-single to low-double digit | ✓ | |
| *Subscription Revenues* | *>12% of total revenues* | ✓ | *Target of 30% to be reached in the mid-term* |
| **Adj. EBITDA Margin** | Mid-sixties % | ✓ | Trending to 70% |
| *Adj. EBITDA Margin excluding M&A* | *c. 70%* | ✓ | *Trending to mid-seventies in the mid-term* |

# Q&A

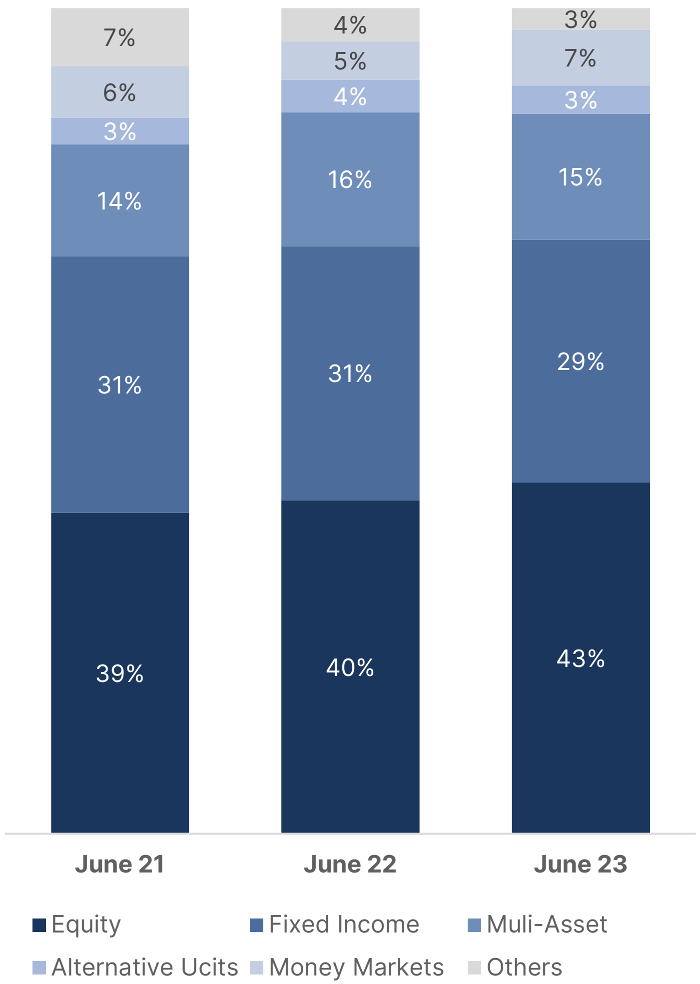
# Appendix

# Allfunds AuA breakdown

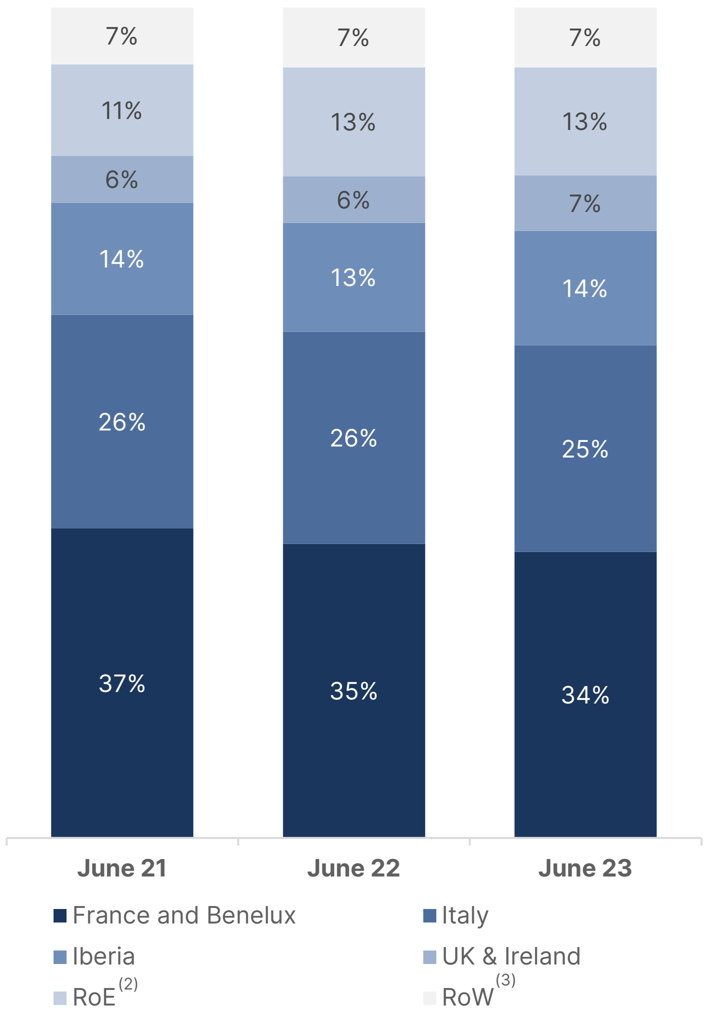
## by Type of Client




## by Asset Class




## by Geography




Note: 1H 2023 financial data unaudited. Based on Allfunds Total AuA

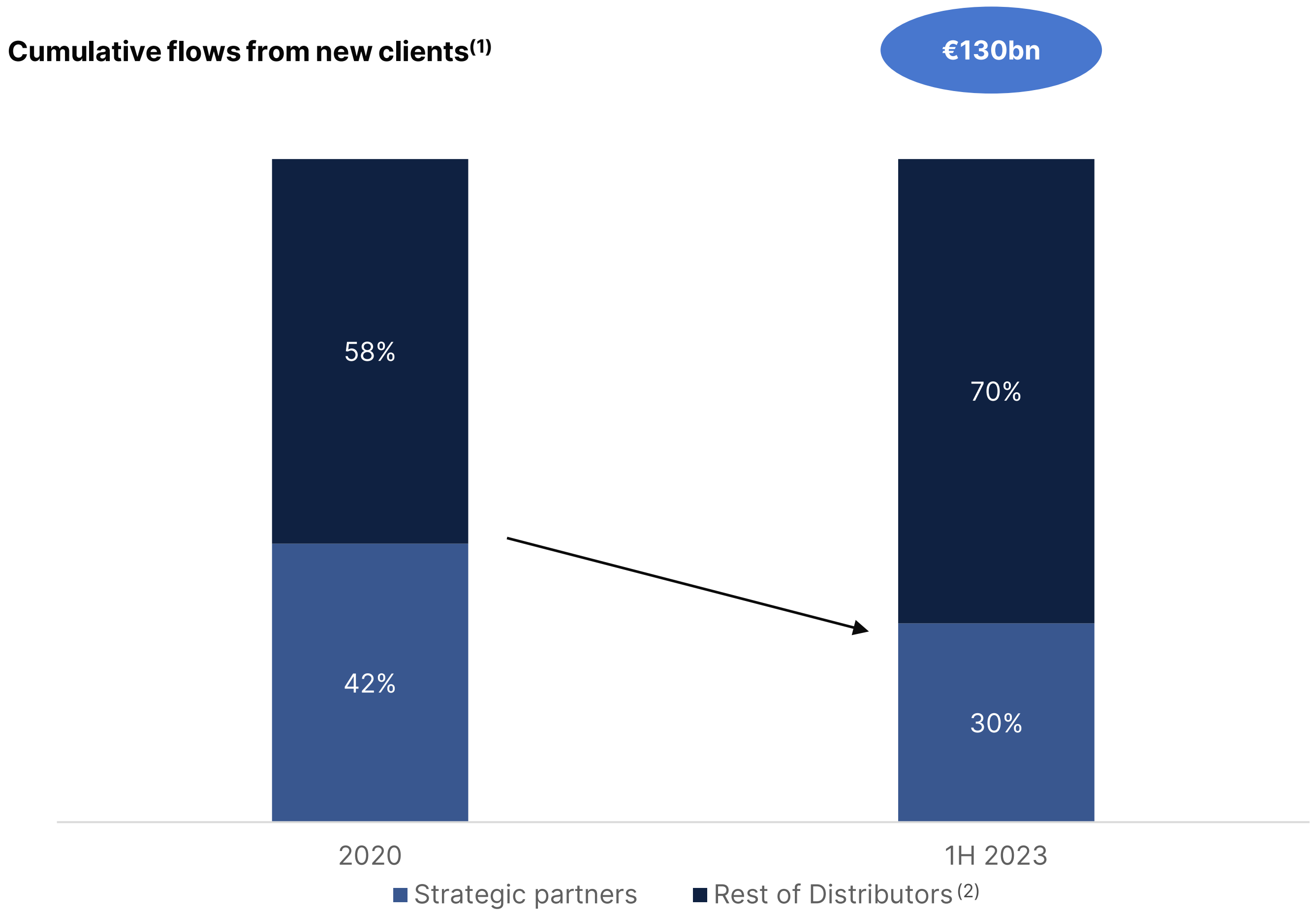
(1) Includes stock brokers / broker dealers, custodian, IFA platform, endowments / foundations, test, investment bank and others

(2) Rest of Europe refers to Nordics and Central Europe

(3) Rest of World includes Asia, US and LatAm

# Allfunds client base: highly diversified, thanks to the continuous onboarding of new clients

## Net revenues by type of distributor




Note:
(1) From December 2020 until June 2023
(2) No exclusivity agreement in place with rest of distributors

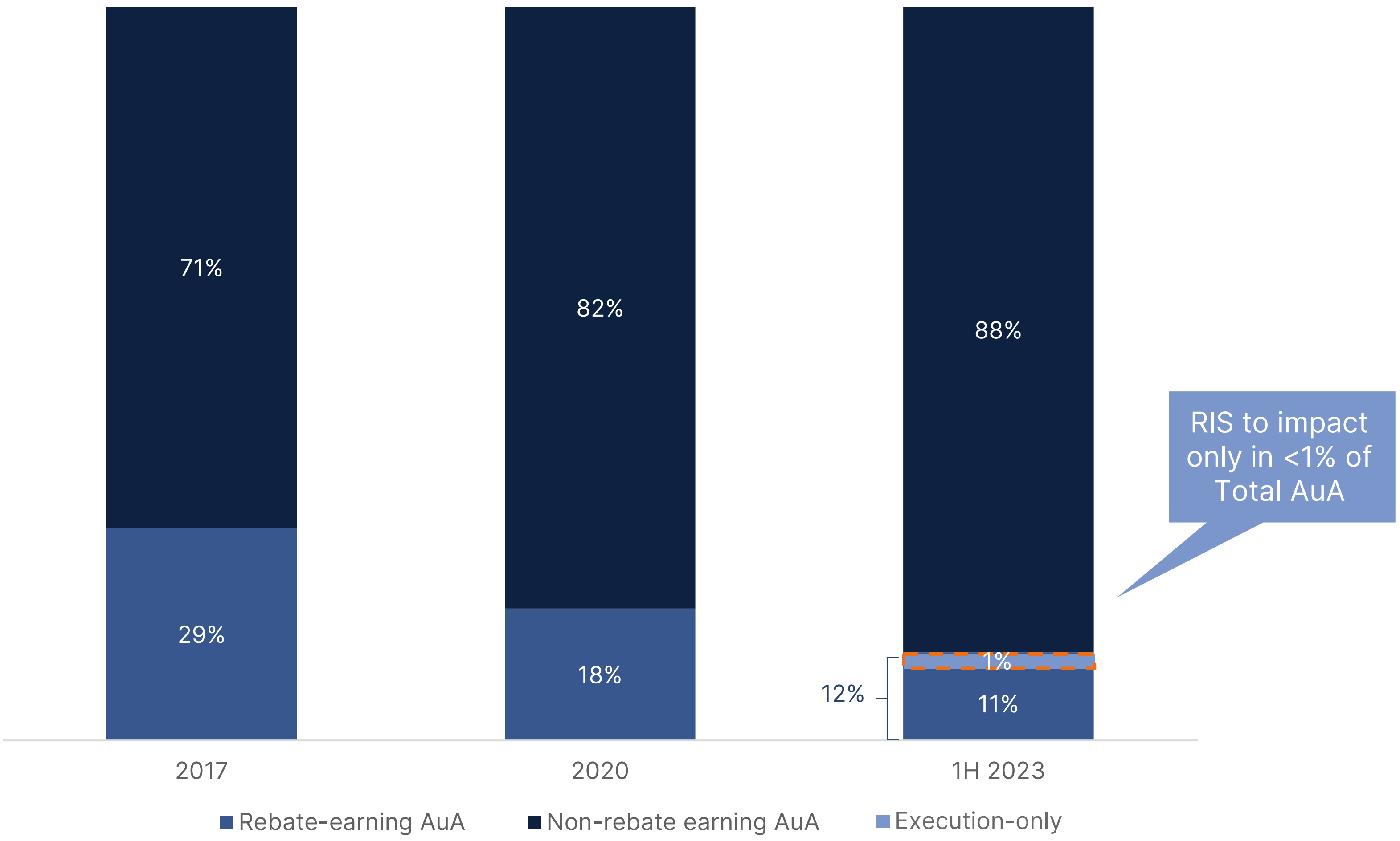
## Increasingly fragmented distributor base

- Concentration has reduced significantly thanks to new client onboarding and incremental flows from existing clients
- Key Strategic partners:
  - Very embedded operationally
  - Doing business with them across multiple regions and business lines
  - Expanding our business with them
  - Under buy-free model
  - Long-term contractual relationships
- Expecting to make a €60m payment to original shareholder banks in connection with our agreement from 2017
  - Exclusivity to be extended by 2 years to end 2025 as part of this, as agreed in 2017
  - No P&L impact: linked to M&A transaction with former shareholder / to be accounted as an intangible
- As a reminder, no changes are expected to any of the rest of the agreements in place:
  - None of these entail any further payment
  - Contractually bound until 2029 and 2030

# Update on new Retail Investment Strategy

## Negligible impact from RIS, impacting <1% of AuA

### **Shift to non rebate-earnings AuA evolution** (2017-2023)




Source: Allfunds

### New Retail Investment Strategy

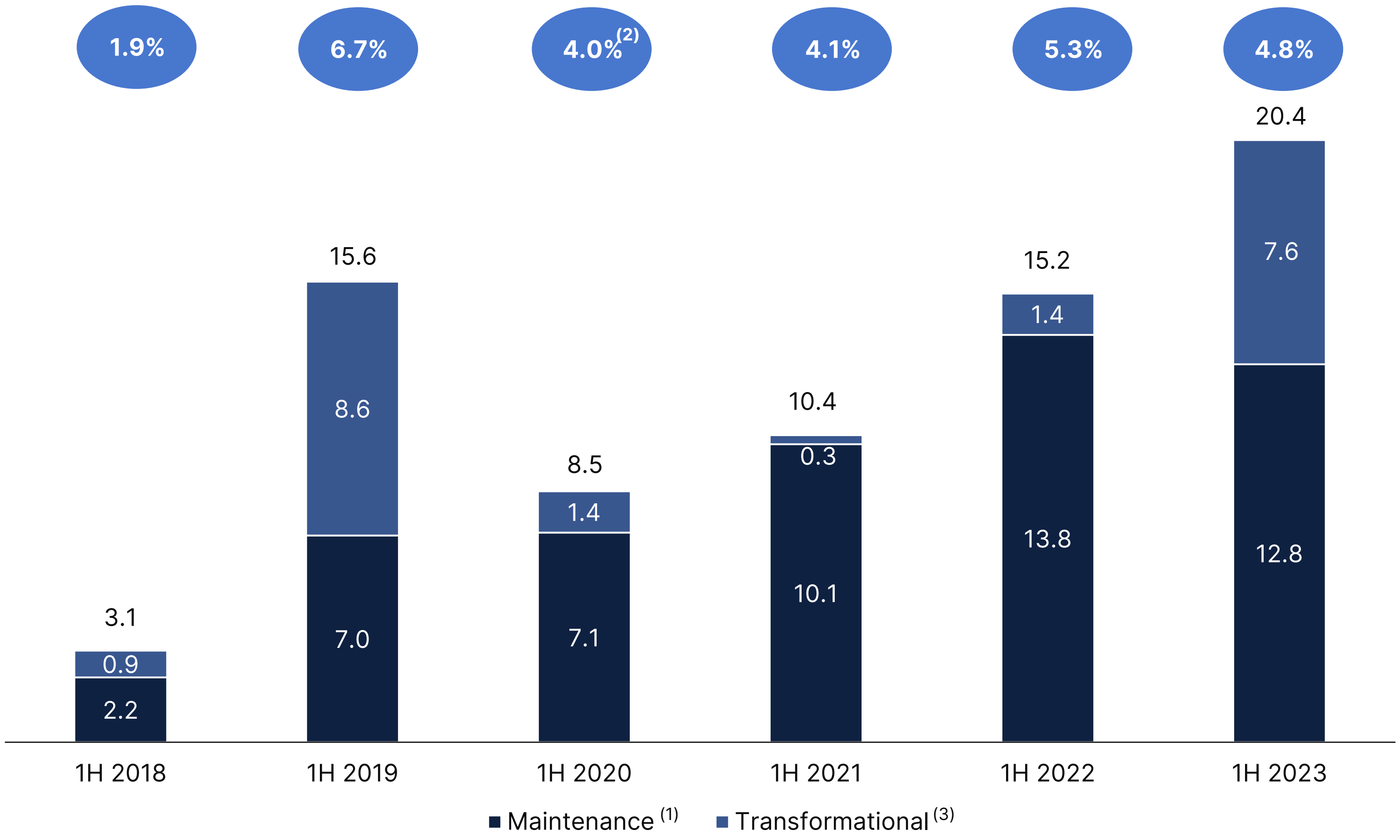
New proposed draft regulation bans inducements only for execution-only services. The impact is thus rather limited:

- **Negligible impact from new regulation on RIS, impacting <1% of AuA and <1% of revenue**
  - Impact only in 7% of rebate-earning AuA
  - Maximum potential revenue loss of 1%. Although some potential mitigants can make this number lower
  - Proposal expected to come into force not before 2026
- Allfunds was already ahead of the curve and actively reducing non-rebate earning AuA since 2017 (from 29% of AuA to only 12% today) given anticipated changes to regulation
- Allfunds continues to shift its business mix and apply its new pricing model, reducing the exposure to rebate-earning AuA
- To the extent that the rebate becomes less relevant in the client's decision making to choose a platform, Allfunds will be ideally positioned to gain new clients given our value proposition is the most complete and compelling in the market
  - Opportunity to gain market share in key European markets with predominance of rebate AuA
  - Additional opportunity to offer our services to help Distributors execute and implement regulation faster and in an efficient way

# Sustained investment in Capex

## Maintenance Capex(1) as a % of net revenue

Figures in €m




Note: 1H 2023 financial data unaudited
(1) Excluding right-of-use asset additions under IFRS 16
(2) Based on 2020 pro-forma net revenues of €370m
(3) Transformational capex refers to capex related to carve-outs, M&A, innovation and development of Blockchain capabilities

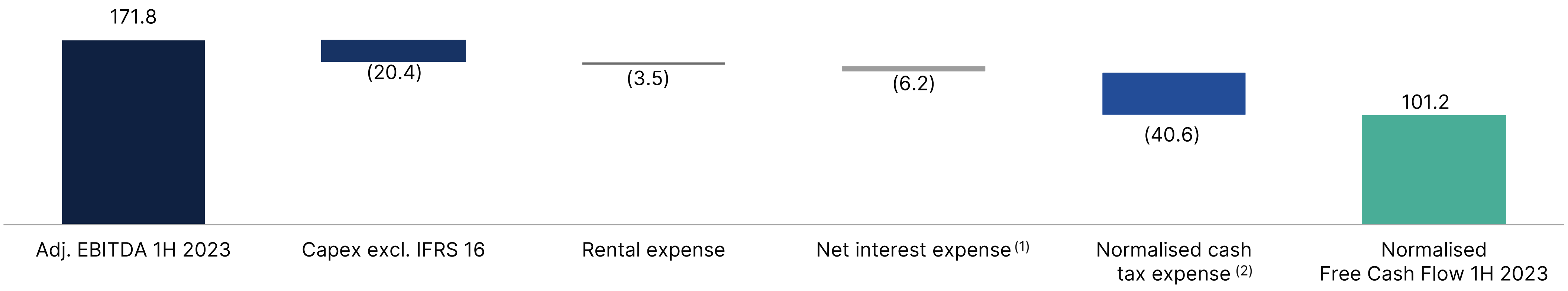
- Underlying capital expenditure of €20.4m for 1H 23 due to IT development projects to support the future growth of the Group and new initiatives, especially the Allfunds Alternative Solutions platform
- Our maintenance capex represents only 4.8% of total net revenues, generally in line with previous years

# Solid cash flow generation

In the last 4 years, we had an average pre-tax cash flow conversion of 86%

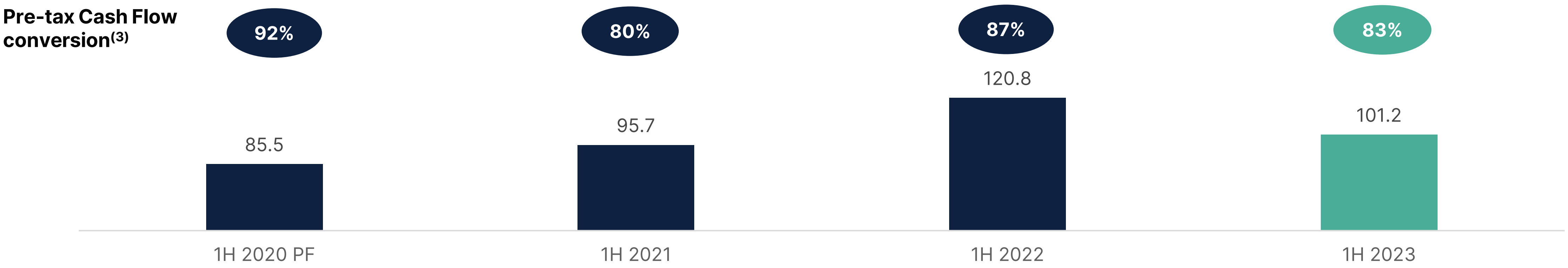
## 1H 2023 cash flow generation

Figures in €m




## Historical cash flow generation

Figures in €m




Note: 1H 2023 financial data unaudited

(1) Refers only to the cost of financing due to RCF. Cost of RCF, impacted also by higher interest rates and higher amounts drawn, to represent on average c.5% -6% at current interest rates

(2) Tax expense based on 28% cash tax rate over Adjusted PBT (including the impact of the tax step-up from Italy)

(3) Calculated as Free cash flow before normalized cash tax expense of the period over last 12-month Adj. EBITDA for the period

# Bridge to reported figures

| Figures in €m | 1H 2023 | 2H 2022 | % H-o-H change | 1H 2022 | % Y-o-Y change |
|---|---|---|---|---|---|
| **Adjusted EBITDA** | **171.8** | **162.0** | **6%** | **188.4** | **(9%)** |
| Transitional Service Agreements (TSAs) | (2.5) | (25.5) | (90%) | (23.1) | (89%) |
| Consultancy costs, legal fees and M&A | (4.9) | (9.3) | (47%) | (9.3) | (47%) |
| Other non-recurring items | (11.2) | (3.5) | n.m. | (3.7) | n.m. |
| Employee share scheme | (3.1) | (3.9) | (22%) | (4.0) | (23%) |
| **Reported EBITDA** | **150.2** | **119.8** | **25%** | **148.3** | **1%** |
| *Reported EBITDA margin* | *56.5%* | *50.9%* | *5.6 p.p.* | *57.3%* | *(0.8 p.p.)* |
| Finance costs | (6.2) | 0.8 | n.m. | (5.2) | 20% |
| Provisions / Impairments | (2.4) | (6.5) | (63%) | (2.6) | (7%) |
| D&A (excl. PPA intangibles amortisation) | (18.5) | (17.3) | 7% | (13.8) | 34% |
| PPA intangibles amortisation | (52.4) | (71.0) | (26%) | (68.9) | (24%) |
| Extraordinary results | - | - | - | - | - |
| **Profit / (Loss) before tax** | **70.7** | **25.9** | **n.m.** | **57.8** | **22%** |
| Tax expenses | (32.2) | (14.8) | 117% | (19.7) | 63% |
| **Profit / (Loss) for the year after tax** | **38.5** | **11.1** | **n.m.** | **38.1** | **1%** |

Note: 1H 2023 financial data unaudited

- Increase of EBITDA due to growth in revenues
- Significant decrease in TSA costs, in line with expectations as well as in consultancy costs despite activity in M&A:
  - Increase in other non-recurring items relates to the Spanish bank levy
- Higher tax expenses reflect the increase of relative weight of regions with higher tax rate as well as due to the tax accounting impact of the Spanish bank levy (non-deductable from CIT), implying a tax rate of 45%

# Significant alignment of Adjusted and Reported figures

| Separately disclosed items - Items Affecting Adj. EBITDA | 1H 2023 | 2H 2022 | % H-o-H change | 1H 2022 | % Y-o-Y change |
|---|---|---|---|---|---|
| Transitional Service Agreements (TSAs) | (2.5) | (25.5) | (90%) | (23.1) | (89%) |
| Consultancy costs, legal fees and M&A/IPO | (4.9) | (9.3) | (47%) | (9.3) | (47%) |
| Other non-recurring items[(1)] | (11.2) | (3.5) | n.a. | (3.7) | n.a. |
| Employee share scheme (LTIP) | (3.1) | (3.9) | (22%) | (4.0) | (23%) |
| **Total** | **(21.7)** | **(42.2)** | **(49%)** | **(40.1)** | **(46%)** |
| Adjustments as % Adj. EBITDA | 12.6% | 26.0% | (13.4 p.p.) | 21.3% | (8.7 p.p.) |

| Bridge from Adj. PAT to PAT- Items Affecting Adj. Profit / Loss for the year after tax | 1H 2023 | 2H 2022 | % H-o-H change | 1H 2022 | % Y-o-Y change |
|---|---|---|---|---|---|
| Separately disclosed items | (21.7) | (42.2) | (49%) | (40.1) | (46%) |
| PPA intangibles amortisation | (52.4) | (71.0) | (26%) | (68.9) | (24%) |
| Extraordinary results | - | - | - | - | - |
| Tax expense | (32.2) | (14.8) | n.m. | (19.7) | 63% |
| Adjusted cash tax expense[(1)] | 40.6 | 37.7 | 8% | 43.3 | (6%) |
| **Total** | **(65.6)** | **(90.3)** | **18%** | **(85.4)** | **24%** |

Note: 1H 2023 financial data unaudited

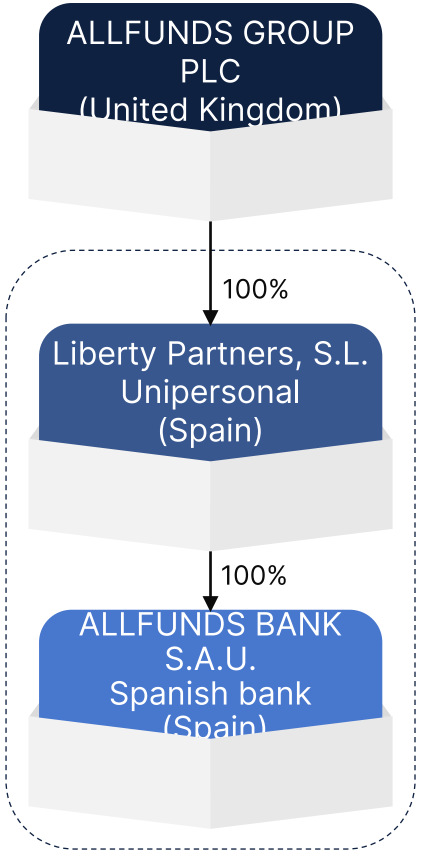
(1) Tax expense based on 28% cash tax rate over Adjusted PBT (including the impact of the tax step-up from Italy)

- Meaningful decrease in TSA (Transitional Service Agreement) costs, in line with expectations due to the end of the migration of BNPP assets
- Reduction in consultancy costs, despite the M&A activity in 1H 2023
- Other non-recurring items have increased as expected due to the payment of the Spanish bank levy

- PPA decrease due to the calendar amortization of PPA coming from Allfunds acquisition
- Adjusted cash tax expense increased 8% year-on-year due the increase of relative weight of regions with higher tax rate
- The resulting adjusted cash tax rate, calculated over Adjusted Profit Before Tax, of 28% compares with 27% for 2H 2022

# Regulatory supervision and solvency position

## Allfunds Banking Group - Solvency position




Entities supervised by Bank of Spain
**“Allfunds Banking Group”**

| | | | | Change vs Dec-22 | |
|---|---|---|---|---|---|
| **Figures in €m** | **Jun-23** | **Dec-22** | **Jun-22** | **Amount** | **%** |
| Credit Risk | [1] 1,085 | 1,103 | 1,162 | 18 | 3% |
| Operational Risk | 829 | 829 | 651 | 0 | 0% |
| Market Risk | 16 | 9 | 11 | 7 | 78% |
| **RWAs - Pillar 1** | [1] **1,930** | **1,941** | **1,825** | **11** | **2%** |
| *Credit and Market Risk (% of total RWA)* | *57%* | *57%* | *64%* | - | - |
| *Operational Risk (% of total RWA)* | *43%* | *43%* | *36%* | - | - |
| **CET1 (incl. Profit)** | [2] **502** | **487** | **436** | **15** | 3% |
| CET1 ratio (incl. Profit) | 26.0% | 25.1% | 23.9% | n.a. | 0.3 p.p. |

Note: 1H 2023 financial data unaudited.

1. RWAs for Pillar I requirements have decreased in H1 2023, thanks to a strong control of risk exposures
2. Increase due to lower deductions in CET1 associated to the decrease in intangibles assets.

# MoU to acquire the Local Paying Agent business of Iccrea Banca

## Gruppo BCC Iccrea

### Largest Cooperative Banking Group in Italy…

- Gruppo BCC Iccrea is the **first cooperative banking group in Italy, as well as the largest**, comprising of 118 affiliated banks operating as a single entity
- The group offers a **holistic set of services** across retail, corporate, commercial, and institutional products; supporting **5.2m customers** with a workforce of **22,144 employees** as of Dec-22
- The group has **2,440 branches across Italy**, most of which are concentrated on North/Center Italy, with at least one branch across 1,680 municipalities
- Solid financial profile and capital with **FY22 Net Profit at €1.8bn** and **19.2% CET1 Ratio** as of FY22
- Gruppo BCC Iccrea is currently **rated** by the main rating agencies, with rating BB+ (Stable) by Fitch, BB+ (Stable) by S&P and BB (High) (Positive) by Morningstar DBRS

### Full Service Financial Institution…

**BCC BANCA ICCREA**
**Group Management, Coordination and Control**

| Retail | | Corporate | | Institutional | | Operations | |
|---|---|---|---|---|---|---|---|
| Asset management | BCC RISPARMIO & PREVIDENZA | Corporate lending and subsidized loans | BCC BANCA ICCREA; BCC FINANCING | Treasury and finance payments and settlements custody | BCC BANCA ICCREA | ICT services | BCC SISTEMI INFORMATICI |
| Consumer finance | BCC CREDITO CONSUMO; BCC SERVIZI ASSICURATIVI | Leasing solutions | BCC LEASING; BCC RENT & LEASE | Bad loans management | BCC GESTIONE CREDITI | Back office, logistics and procurement services | BCC SINERGIA |
| Bancassurance | BCC Assicurazioni; BCC Vita | Factoring | BCC FACTORING | | | Real estate management | BCC BENI IMMOBILI |
| Debit and credit cards | Partnership with FSI; BCC PAY | | | | | | |

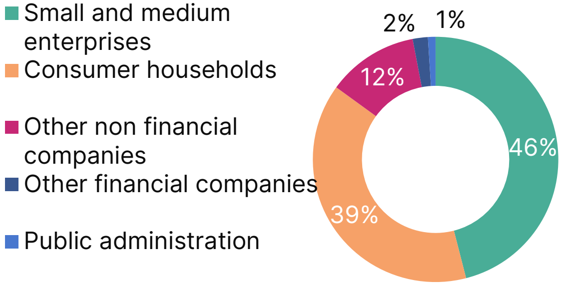
**Commercial Banks** | Lending, deposits, etc. | BCC 118 Affiliated BCCs

### …Leading Player in the Italian Banking Sector

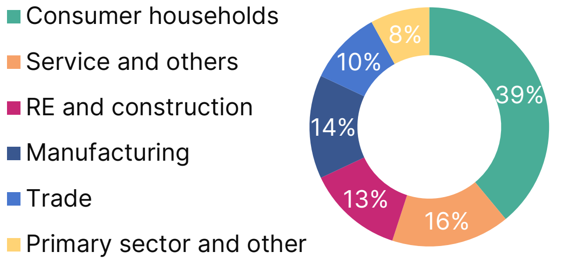
| 3rd By No. of Branches | 4th By Total Assets |
|---|---|
| **5.2m** Customers | **22,144** Employees |
| **€94.8bn** *(6.1% market share)* Gross Loans to Customers | **€120.6bn** *(6.4% market share)* Direct Funding from Customers |

### …Supporting a Well Diversified Customer Base[1]

**by Counterparty**




**by Economic Sector of the Counterparty**




Source: Gruppo BCC Iccrea Investor Presentation as of FY22
Note: (1) Based on Gross Loans

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