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IHP Group quarterly update - Q2 of financial year 2023

Group headlines:

- Ongoing strong flows in Q2 FY23, with net inflows to the Transact platform of £0.9bn, and gross inflows of £1.8bn.
- Record number of Transact platform clients of 228k at the end of Q2 FY23 (Q2 FY22: 218k).
- The average daily funds under direction (FUD) for Q2 of financial year 2023 was £53.8bn (Q2 FY22: £52.5bn).
- Total Group revenue is expected to be £66m for the first half of financial year 2023 (H1 FY22: £67m).
- Cost guidance for financial years ending 30 September 2023 and 30 September 2024 remains unchanged (as issued at our year end reporting in December 2022).

Transact platform:

- Total net inflows to the Transact platform for the first half of financial year 2023 of £1.6bn.
- During Q2 of financial year 2023 c.5.5k new clients were added to the Transact platform, and c.200 new advisers were registered.
- Additionally, during Q2, a review was undertaken of portfolios in accordance with regulatory requirements, for clients who had only small residual balances. This ongoing exercise will help improve operational efficiency. In this quarter it resulted in a reduction in client numbers of c.4.2k and also registered advisers of c.270.
- At the end of the quarter the total number of platform clients was 228k, and registered advisers was 7.6k.

£m	Quarter ended 31 March 2023	Quarter ended 31 March 2022	H1 ended 31 March 2023	H1 ended 31 March 2022
Opening FUD	52,063	54,539	50,070	52,112
Inflows	1,825	2,092	3,294	4,068
Outflows	-900	-697	-1,669	-1,385
Net flows	925	1,395	1,625	2,683
Market movements	994	-2,376	2,313	-1,169
Other movements ⁽¹⁾	-9	-58	-35	-126
Closing FUD	53,973	53,500	53,973	53,500
Average daily FUD for the period (£m)	53,842	52,551	52,643	53,038
Number of registered advisers	7,563	7,356	7,563	7,356
Number of platform clients	228,232	218,787	228,232	218,787

Time4Advice:

- Total registered users of CURO software was 2.5k as at 31 March 2023 (10% higher than as at 30 September 2022).

Alex Scott, IHP Group Chief Executive Officer, commented:

"I am pleased to report another quarter of solid net inflows for the Transact platform, with net inflows of £0.9bn for the quarter and £1.6bn in total for the first half of financial year 2023. For the first half of the year this represents an annualised net flow rate of over 6% of opening period FUD.

The retention of clients and assets on the Transact platform remains very high. This is a result of the combination of high quality, personal, financial planning delivered by UK authorised advisers, and the service that Transact delivers for clients.

During this period of ongoing economic and market volatility, clients rely more than ever on their advisers. The recent UK budget also announced specific measures that will enable more saving into UK pensions. We therefore see the demand for high quality advice only continuing to grow, and we will continue to support UK advisers and capitalise on this market opportunity.

We continue to implement our platform digitalisation programme to deliver comprehensive online functionality for advisers and clients, as well as straight through processing for core internal administration activities. This means that our customer services staff will be able to spend more of their time on the most important value adding activities for advisers and clients.

Overall, we remain focused on our aim to be the number one provider of software and services for clients and UK financial advisers.

We look forward to reporting our results for the first half of financial year 2023 on 26 May 2023."

£m	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
Opening FUD	46,929	50,310	52,112	54,539	53,500	50,300	50,070	52,063
Inflows	1,994	1,967	1,976	2,092	1,703	1,505	1,469	1,825
Outflows	-657	-660	-688	-697	-703	-785	-769	-900
Net flows	1,337	1,307	1,288	1,395	1,000	720	700	925
Market movements	2,112	553	1,207	-2,376	-4,152	-927	1,319	994
Other movements ⁽¹⁾	-68	-59	-68	-58	-48	-23	-26	-9
Closing FUD	50,310	52,112	54,539	53,500	50,300	50,070	52,063	53,973
Average daily FUD for the period (£m)	48,677	51,647	53,514	52,551	51,889	52,217	51,470	53,842
Number of registered advisers	7,056	7,161	7,278	7,356	7,469	7,537	7,632	7,563
Number of platform clients	205,532	208,611	213,178	218,787	221,992	224,705	226,996	228,232

Transact platform historical information:

Notes:

(1) Includes fees, taxes and investment income.

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