

Praemium Limited

2022 Half-year results

Investor presentation

14 February 2022

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The platform of everything

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Who we are

Praemium is a leading provider of wealth management technology, platform and portfolio administration services

Our story

Software company founded in 2001

ASX listed in 2006 to launch the UK platform

Offices in Australia, the UK, UAE, Armenia, China and Hong Kong

Over 1,000 clients, across global financial institutions

Covering over \$200 billion in assets

Our products

Portfolio management platform

Leading edge portfolio management technology for the Australian, UK and other international markets

Portfolio administration

Excellence in performance and tax reporting

CRM & financial planning

Cloud-based financial planning software

Investment management technology and products

Multi-asset, multi-currency model portfolios

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Business highlights

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Looking forward

Q&A

Executive summary H1 FY2022

Strong top-line momentum

- Continuing tailwinds for independent wealth management platforms
- Record half for FUA and platform inflows
- Strong pipeline of opportunities to support future growth

Investments in growth

- Extending our competitive edge with ongoing R&D investment
- Building our brand presence with expanded sales & marketing
- Supporting our growth and client experience by filling over 20 vacant roles despite challenging conditions in the employment market
- Underlying EBITDA growth expected to exceed revenue growth from this half

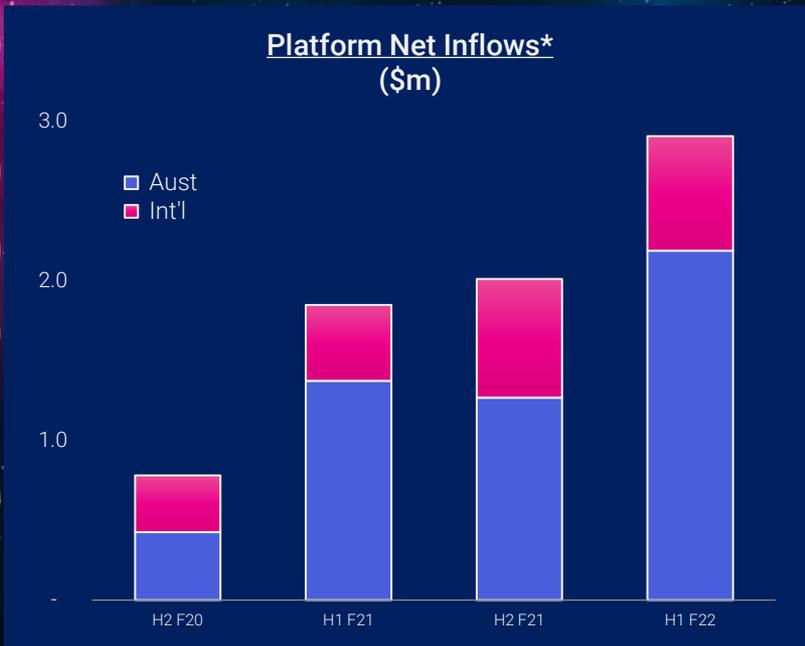
Sale of International business

- Sale to Morningstar for \$A65 million (£35 million)
- Allows focus on accelerating our growth in the Australian platform market
- Praemium Board intends to return surplus net proceeds to shareholders

Record inflows and FUA

Record net inflows of \$2.9 billion*

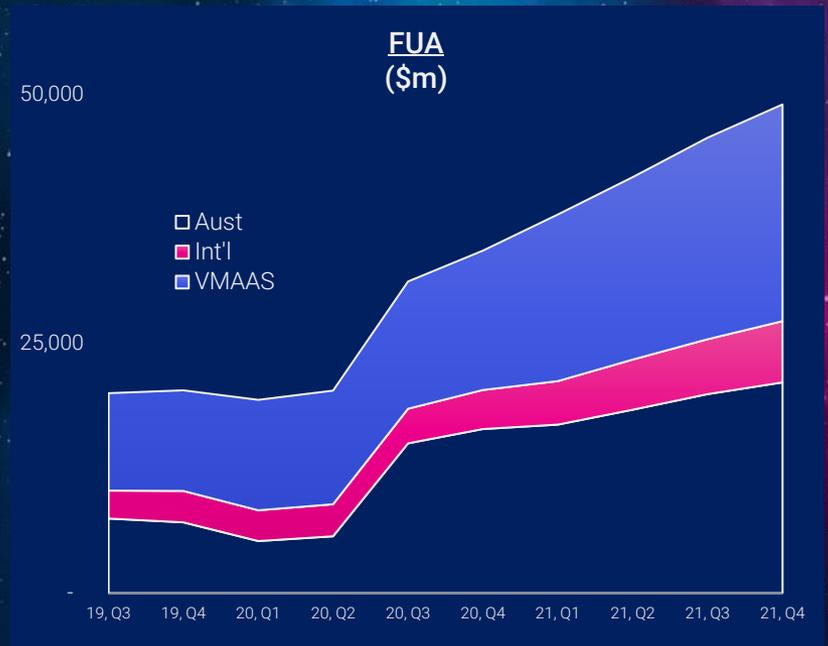
Australian platform inflows of \$2.2 billion
International platform inflows of \$0.7 billion



* FY20 & FY21 net inflows exclude a major client transition

Record global FUA of \$49.0 billion

Platform FUA of \$27.3 billion, up 33%
VMAAS FUA of \$21.7 billion, up 55%



VMAAS: Virtual Managed Account Administration Service comprises non-custodial-FUA

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A productive half

Continued product development

Focus on delivering solutions to support advisers meet new regulatory requirements and enhance their business efficiency:

- Development of solutions to support the new Design and Distribution Obligations (DDO)
- Enhancements to Præmium's Adviser portal including on-demand reports
- New self-service functionality for SMA Model Managers
- Enhancements to non-custody solutions (VMA & VMAAS) for even more efficient corporate actions processing
- Continued growth in external fintech providers accessing Præmium's global API service

Industry recognition



- Winner of Leading Platform for Discretionary Management at *Schroders 2021 UK Platform Awards*
- Winner of Best International Platform and Best Digital Proposition at the *International Adviser Awards* in London

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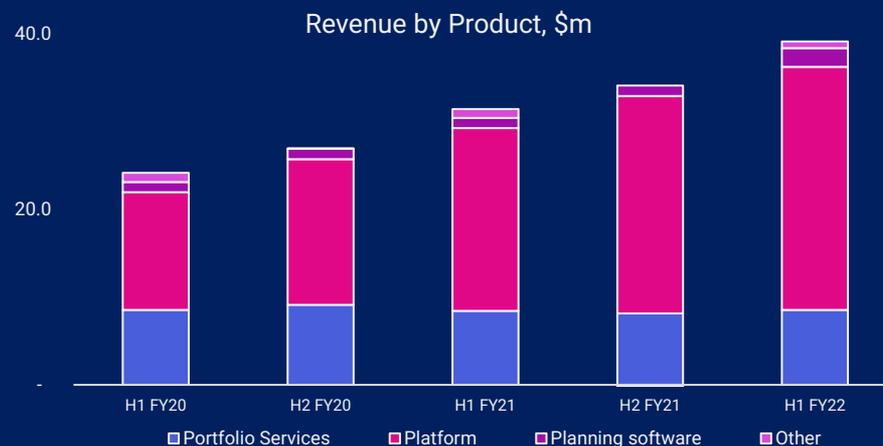
Q&A

H1 FY2022 financial results

Group Financial Results (\$m)	H1, FY21 ⁽¹⁾	H1, FY22 ⁽²⁾
Revenue (net)	31.5	39.2
Cost of operations	(9.6)	(12.3)
Gross margin	21.9	26.9
GM % of net revenue	69.9%	68.5%
Expenses:		
Information Technology	(3.2)	(5.4)
Sales & Marketing	(6.9)	(8.3)
General & Admin	(4.7)	(5.7)
Total expenses	(14.8)	(19.4)
EBITDA (underlying)³	7.1	7.5
EBITDA %	23%	19%
EBITDA (continuing)³	8.1	7.6
EBITDA (discontinuing)³	(1.0)	(0.1)
Share schemes	(1.7)	(2.0)
D&A ⁴	(3.6)	(4.6)
EBIT	1.8	0.9
Divestment & restructure ⁵	(1.6)	(2.1)
FX & other	4.2	(0.3)
NPBT	4.4	(1.5)
Tax	(1.6)	(1.1)
NPAT	2.8	(2.6)

Strong top-line momentum

- Net revenue growth of 25% to \$39.2 million, driven by platform revenue growth of 33%
- Gross margin up 23% to \$26.9 million
- Gross margin% decline from full half of Powerwrap and investment in operations to support growth & service



Investing in growth

- Inclusion of Powerwrap cost base (H1 FY21 4 months)
- Ongoing R&D investment
- Continued focus on sales & marketing
- Underlying EBITDA of \$7.5 million, up 6%

¹ Results include acquisition of Powerwrap Limited from September 2020. Revenue disclosed net of product commissions

² H1 FY2022 results above include the Australian segment (continuing operation) and International segment (discontinuing segment) for the purposes of comparison to the prior year.

³ Underlying EBITDA and segment EBITDA is detailed at Note 7 of the Half-Year Report

⁴ Amortisation includes software intangibles \$3.3m and lease assets \$0.9m

⁵ Refer slide 13 for detailed breakdown

Australian segment result (continuing operations)

Australia results \$m	H1 FY21	H1 FY22	Change H1%
Platform	16.7	21.7	31%
Portfolio services	8.0	8.5	7%
Portfolio services (PWL)	0.4	-	-
Planning software	0.1	0.1	5%
Revenue	25.2	30.3	21%
Cost of operations	(6.3)	(8.8)	39%
Information Technology	(2.9)	(5.1)	77%
Sales & Marketing	(4.7)	(5.2)	10%
General & Admin	(2.7)	(3.0)	18%
Expenses	(16.6)	(22.1)	34%
Segment EBITDA	8.6	8.2	(6%)
EBITDA %	34%	27%	
Corporate expenses	(0.5)	(0.6)	24%

EBITDA \$8.2 million, 27% EBITDA margin

- 39% increase in operations to support client growth
- Lower client recovery of \$0.7 million (COGS)
- 25% increase in R&D headcount and 32% increase in IT support costs offset by lower R&D capex (\$0.5m) from regulatory projects

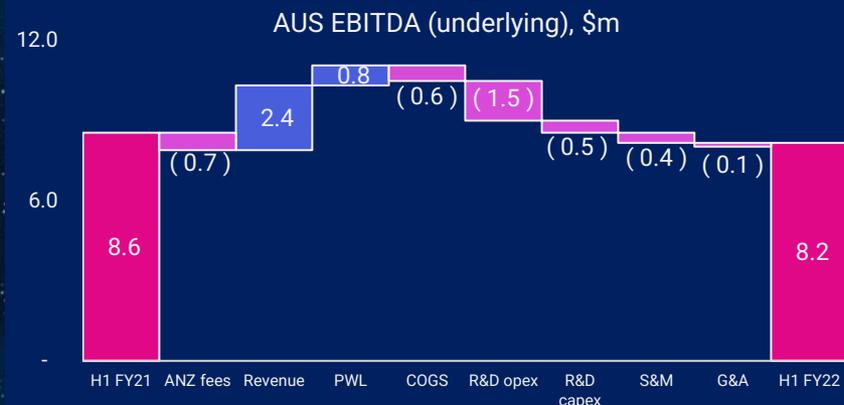
Revenue growth of 21%

Platform revenue \$21.7 million, up 31%

- Driven by FUA growth of 28%
- PPS revenue growth 18%
- Average revenue margin of 23 bps (PPS 34, PWL 17¹)

Portfolio services revenue \$8.5 million, up 7%

- VMA software revenue up 5%
- VMA admin revenue up 28%



Powerwrap contribution

- Revenue contribution of \$10.1 million for 1H22
- EBITDA contribution of \$0.8 million from full half
- \$3.3 million in annualised cost synergies achieved
- Investment in sales & marketing generating results

Results of the Australian Business comprise the operations of Australia, Armenia and Shenzhen.
Refer Note 7 of Half-Year Report for segment disclosures, based on continuing operations. Inclusion of Shenzhen operations \$0.5 million

¹Based on annualised revenue and inclusive of fees and recoveries

International segment result (discontinuing operations)

International results \$m	H1 FY21	H1 FY22	Change H1%
Platform	3.5	5.4	53%
Platform (funds)	0.8	0.6	(24%)
Planning software	1.1	2.1	91%
Other	0.9	0.8	(23%)
Revenue	6.3	8.9	38%
Product commissions	(0.1)	0.0	(122%)
Revenue (net)	6.2	8.9	41%
Expenses*	(7.2)	(9.0)	23%
Segment EBITDA	(1.0)	(0.1)	(94%)

Revenue growth of 41% (net)

- Platform revenue up 53%, FUA up 58%
- Fund revenue down 24% with Smartfund Protected funds closed
- Planning software revenue up 91% from WealthCraft licence growth and Hong Kong contract finalisation

Breakeven achieved

Expenses up 23% from operational capability to support growth

EBITDA breakeven, a 94% improvement:

- UK \$0.1 million profit, 176% improvement
- Asia (HK) \$0.8 million profit
- UAE cost centre \$1.0 million, up 44%

Results of the International Business comprise the operations of United Kingdom, Jersey, Hong Kong and Dubai, which have agreed to be sold to Morningstar, Inc.

Refer Note 7 of Half-Year Report for segment disclosures, based on discontinuing operations.

Cashflow

Cashflow (\$m)	H1 FY21	H1 FY22
Operating cashflow	5.2	2.5
R&D incentive	0.8	-
Tax paid	(2.2)	(1.9)
One-off costs	(1.6)	(0.7)
Net operating cashflow	2.2	(0.1)
Business acquisition (net)	1.2	-
Intangible capex	(3.4)	(2.9)
Equipment capex	(0.2)	(0.3)
Investments	(0.5)	(0.2)
Net investing cashflow	(2.9)	(3.4)
Net financing cashflow	14.2	(3.6)
Net cash movement	13.5	(7.1)
Opening cash	15.9	26.7
Unrealised FX	(0.5)	(0.2)
Closing cash	28.9	19.4

Maintaining cash generation

- Operating cashflow of \$2.5 million
- UK R&D incentives to be received in H2
- Net operating outflow of \$0.1 million, net of divestment and restructuring costs
- R&D capex of \$2.9 million from continuing projects across Australia
- Financing cashflow includes loan repayments \$1.5 million and lease payments \$2.1 million
- International business proceeds expected in CY22

Segment cashflow	H1 FY21	H1 FY22
Continuing operations	4.3	2.9
Discontinuing operations	(2.1)	(3.0)
Net operating cashflow	2.2	(0.1)

Balance sheet

Balance Sheet (\$m)	Jun'21	Dec'21
Cash	26.7	19.4
Receivables	9.0	7.1
Financial assets	2.1	14.3
Intangibles	64.3	58.8
Other assets	10.4	11.3
Assets	112.5	110.9
Tax liabilities	-	-
Borrowings	13.6	12.1
Other liabilities	19.0	19.4
Liabilities	32.6	31.5
Net Assets	79.9	79.4

One-off Costs (\$m)	H1 FY21	H1 FY22
Divestment costs	-	1.2
Acquisition costs	1.2	0.4
Restructure costs	0.4	0.3
Arbitration costs	-	0.2
Total expenses	1.6	2.1

Stable balance sheet

- Strong cash reserves
- Group regulatory cash requirement of \$12 million
- Financial assets include international business held for sale
- Powerwrap tax losses of \$9 million able to be utilised in future periods
- Franking credits of \$13 million

One-off costs

- Divestment costs include legal, advisory and related costs for International business sale
- Acquisition costs include takeover defence costs
- HK arbitration now concluded

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The platform of everything

Leader in non-custodial

VMA, our unique proprietary technology

The most accurate portfolio and tax reporting engine

VMA Admin underpinned by the best SaaS reporting capability

Outsourced administration now proven and scalable

The One solution for comprehensive reporting and efficient administration

VMA: Virtual Managed Account

Managed Accounts expert

Next-generation Managed Accounts platform

Leading edge Adviser and Investor Portals

Full end-to-end digital process

ESG ethical managed investment solutions

Data insights through AI machine learning on a \$200B+ database

The One platform for every asset, every client and every advice business

Leader in High Net Worth (HNW)

Broad product suite for the complex needs of HNW clients

A unified platform for custodial & HIN-based portfolios

An independent, open-architecture platform designed specifically for the HNW market

Gaining share of Australian platform market

\$990 billion¹

Tailwinds for independent wealth management platforms

- Industry forces of new regulations, generational change of advisers and increased independent advice
- Expanding HNWI market with Australian millionaires' controlling \$2.77 trillion in investable assets, up 37%²
- Managed Accounts now exceeds \$100 billion, an increase of 39% in FY2021 and CAGR of 21% over the past 3 years³

Challenger platforms gaining market share

- Advice firms seeking better investment solutions for their clients and business
- Combination of Præmium and Powerwrap broadens appeal to advice market
- Record \$3.4 billion in annual net inflows, 4th highest in 2021¹

2.0% market share¹

Well positioned to address market

The Platform of Everything

- Enhancement of proposition to fully serve retail and HNWI markets
- Powerwrap platform offer to drive scale and merge best of both businesses
- Additional functionality across ESG, API integration and non-custody

¹ Plan for Life media release: Wrap, Platform and Master Trust Managed Funds at September 2021

² Investment Trends High Net Worth Investor Report, November 2021

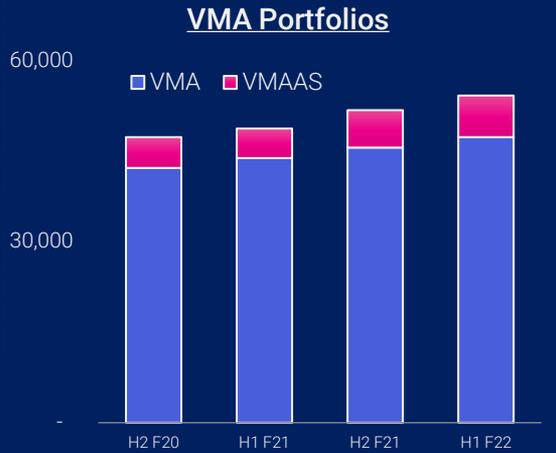
³ Institute of Managed Account Professionals (IMAP), The State of Managed Accounts, June 2021

Institutional platforms: CBA, Westpac, NAB, IOOF, AMP, Mercer, Macquarie

Challenger platforms: Præmium, NWL, HUB

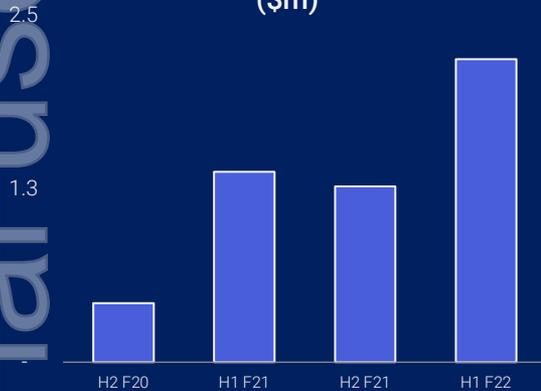
Strong momentum through FY2022

\$3.4 billion
92% increase in annual net inflows



\$42 billion
41% increase in total FUA

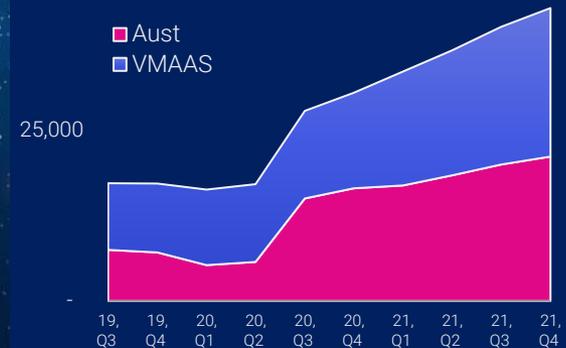
AUS platform Net Inflows*
(\$m)



*Excluding major client transition

54,000+
VMA portfolios up 8%
VMAAS portfolios up 42%

FUA (\$m)



We continue to see a solid pipeline of inflows and opportunities to support future growth across all business segments

Completion of International divestment

Transaction overview

Sale of International business to Morningstar for \$AUD 65 million (£35 million)

Comprises all operations in United Kingdom, Jersey, Hong Kong and Dubai

Completion

Completion of the transaction subject to regulatory approval and other customary conditions

Parties expect to complete the transaction during Q2/Q3 of calendar year 2022

Sale proceeds

Board intends to return surplus net proceeds to shareholders

Further updates will be provided as the process progresses

Sale will allow Praemium to focus its financial and leadership resources on the enormous opportunity in the Australian platform market

It is a significant milestone in our journey to becoming one of Australia's largest independent specialist platform providers

The road ahead – growth investments generating results

**Investing
in growth**

Continuing revenue momentum

- Record platform inflows
- Strong revenue growth in core products
- ANZ impact completed

Investments in supporting revenue growth

- Maintaining R&D leadership
- Investment in operations to support growth and service
- Continued focus on sales & marketing

Expense growth to stabilise

- Key vacancies filled (over 20 roles) to meet service expectations
- Operating leverage to continue in expense functions
- Further Powerwrap synergies targeted post scheme migration (\$4 million in annualised synergies by 30 June 2022, with a further \$2 million annualised in FY2023 from efficiencies and natural attrition)

**Looking
forward**

Underlying EBITDA expected to resume growing at a rate above the rate of revenue growth from this half

Full year underlying EBITDA guidance of between \$16.5 - \$18.5 million

Dividend policy expected to be introduced for FY2023 onwards



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