

Financial Year 2022 (‘FY22’) Results Presentation

Prime Financial Group Ltd (ASX: PFG)

19 August 2022

aspire, innovate, grow

2022 Highlights

Financial Performance

PFG's (Prime) 2022 full year report summarises our activities and performance for the financial year ended 30 June 2022. It provides a snapshot of our strategy and our operations across all areas of our business.

+15% to
\$7.8m

Underlying EBITDA* Growth

+18% to
\$26.3m

Revenue Growth

+14% to
1.93 cps

Reported Earnings
Per Share (EPS)

+57% to
1.10 cps

Full Year Dividend Up

30%

Margin Maintained

-26% to \$5.2m
(0.67X EBITDA*)

Reduction in Net Debt

+11% to
\$6.1m

Increase in Net
Operating Cashflow

*Underlying EBITDA (members/shareholders)

Other Important Information

Team has grown by 30%+ (flexible operating structure) plus Melbourne office space reduced by 50% (\$300k+ annual saving)

Organic and inorganic initiatives are accelerating as part of Prime's program to scale and differentiate our offering

Full year dividends increased by 57% in FY22 – forecast to increase by 36% in FY23

Share buyback ongoing – 4.5m shares purchased and \$789k spent to date*

*17 August 2022 closing

| Who we are



Purpose

Empowering you to achieve your aspirations.

Our Services

Integrated Accounting & Business Advisory, Wealth Management, SMSF and Capital Services with over \$1.1 billion of client funds under management (FUM).

Our Operations

Advisory & Capital Group with 130+ team members primarily across Melbourne, Sydney and Brisbane.

Continued focus on growing Melbourne, Sydney and Brisbane for all four service lines.

Centralised Services (IT, Finance, Marketing & HR) based in Melbourne plus an increasing presence in the Philippines to support team growth.

Capital Structure & Comparison



Prime's Capital Structure & Investment Information

Market Capitalisation at 19.5 cents at closing on 16 August 2022*	\$39.7m
Net debt at 30 June 2022	\$5.2m
Share Price*	19.5 cents
Reported EPS*	1.93 cps
Reported EPS Multiple	10 times
Full Year (Interim + Final) Dividend Per Share	1.10 cps
Full Year Dividend Yield (Fully Franked)	5.6%
Shares on Issue at 30 June 2022	201.6m

Prime's Comparable Companies

Prime's Comparable Companies	ASX Code	Market Cap*
Kelly Partners Group	KPG	\$232m
Centrepont Alliance	CAF	\$57m
Countplus	CUP	\$81m
Diverger	DVR	\$38m
Sequoia Financial Group	SEQ	\$76m
Fiducian Group	FID	\$240m

*At 16 August 2022 closing

Key Financial Information

FY22 vs FY21

Prime's key profitability measure is Underlying EBITDA for members/shareholders. This removes the impact of financing costs, movements in items such as depreciation, amortisation and one-off items, and focuses on the earnings available to shareholders

FY22 Underlying EBITDA (members/shareholders) includes non-recurring expenses of \$0.84 million (this includes a \$0.52 million one-off loss on the derecognition of Right-of-use (ROU) Asset) vs \$0.53 million in FY21

*Please see slide 16 for reconciliation of Reported and Underlying EBITDA to NPAT

**EBITDA is defined as earnings before interest, tax, depreciation and amortisation

Note: Rounding is to nearest AUD \$million and as such subject to rounding differences when calculating variances and totals

Financial Highlights*

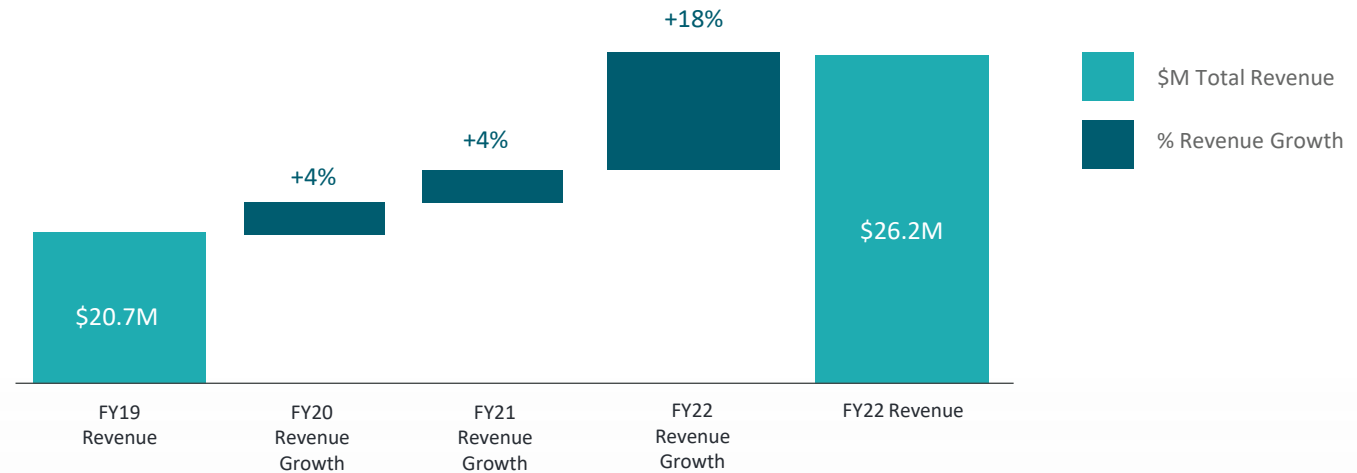
Prime – Members/Shareholders

	FY22	FY21	Change
Underlying			
Revenue – Contracts with Customers	\$26.2m	\$22.3m	18% ↑
EBITDA**	\$7.8m	\$6.8m	15% ↑
Margin	30%	30%	-
Reported			
EBITDA	\$6.9m	\$6.2m	11% ↑
NPAT	\$3.8m	\$3.1m	24% ↑
EPS - cents per share (cps)	1.93	1.69	14% ↑
Interim Dividend (cps) – 1 April 2022	0.50	0.30	67% ↑
Final Dividend (cps) – to be paid 30 September 2022	0.60	0.40	50% ↑

Revenue Growth & Service Lines

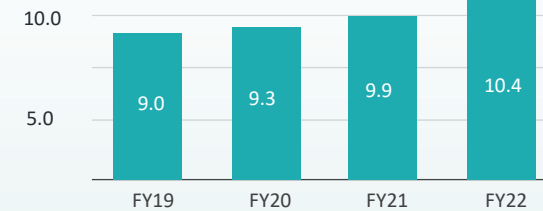
- 80%+ of total revenue is generated from existing customers on a recurring basis
- Revenue growth has accelerated in FY22 (18% - no acquisitions) versus the previous two years (4%)
- OneConnected firm growing revenue 4 ways:
 - Organically
 - New Revenue Contributors
 - New Service Lines
 - Acquisitions

Analysis of Revenue Growth (Contracts with Customers) by Year

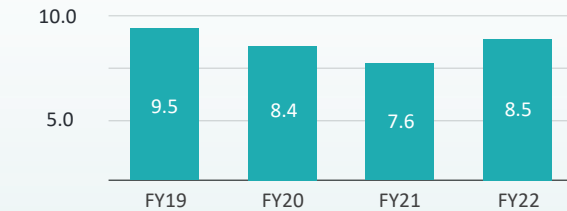


Analysis of Revenue Growth by Service Line (\$M)

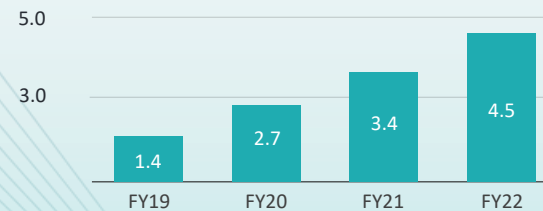
Accounting & Business Advisory



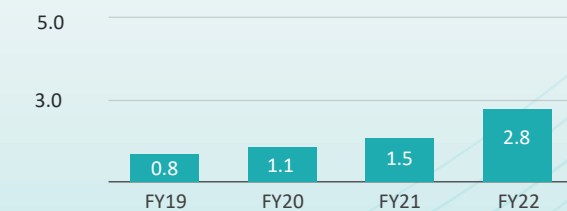
Wealth Management & Protection



Capital & Corporate Advisory



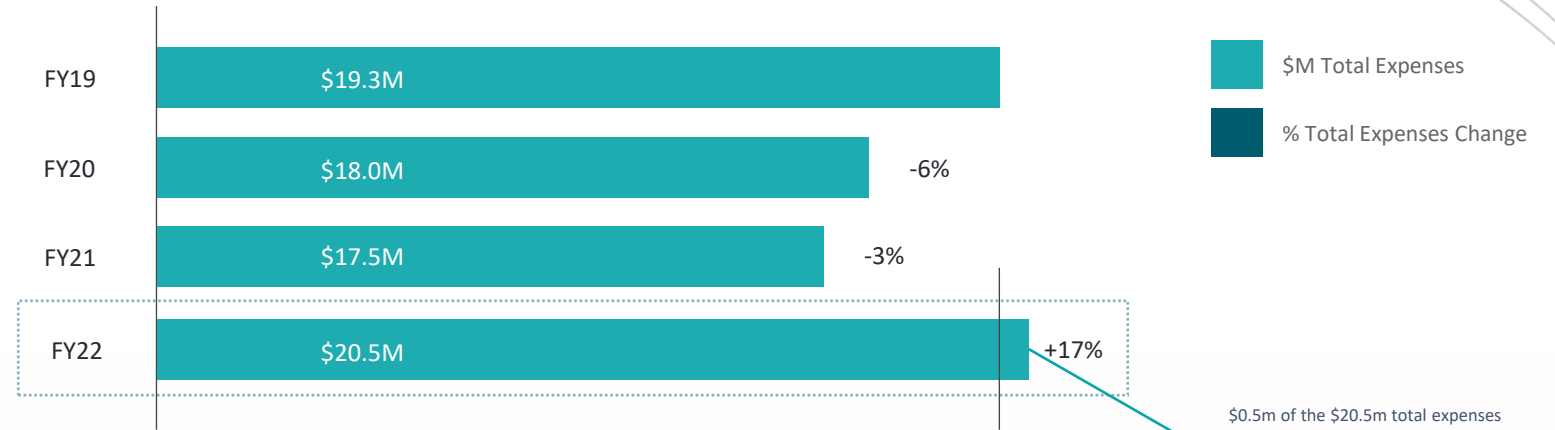
SMSF



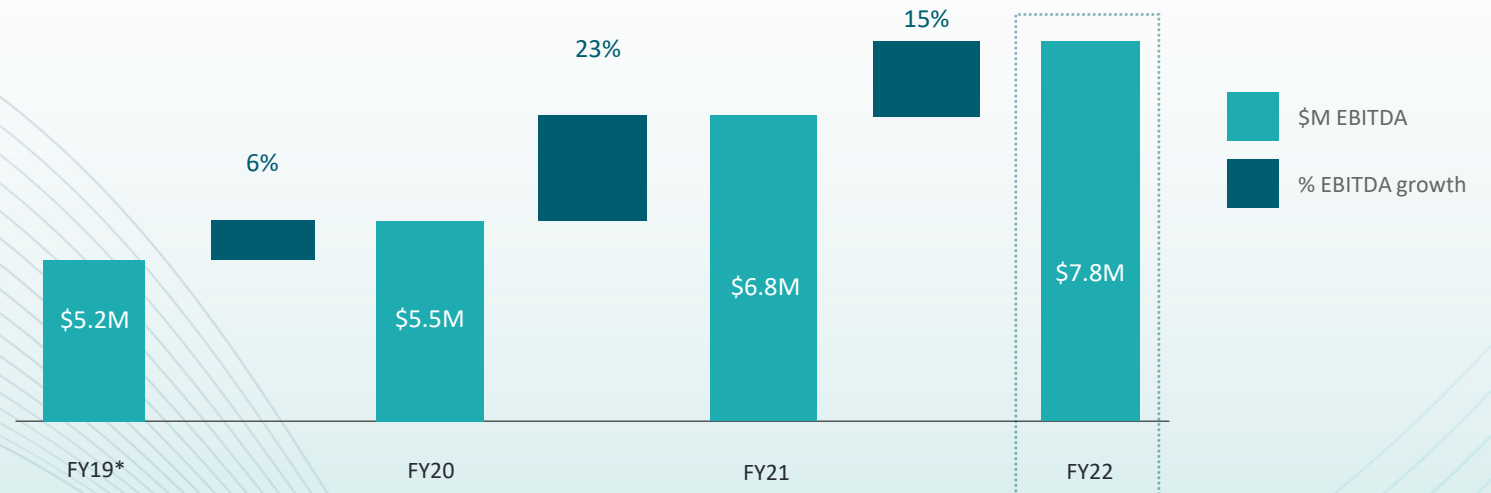
Expenses & EBITDA

- Excluding the \$0.5M loss on derecognition of the ROU Asset (a result of the one-off, non-cash, accounting treatment due to Melbourne office sublease), total expenses increased by 14%
- This increase was substantially an investment in the Prime team to enable Prime's growth strategy

Total Expenses by Year



Underlying EBITDA (members/shareholders) by Year

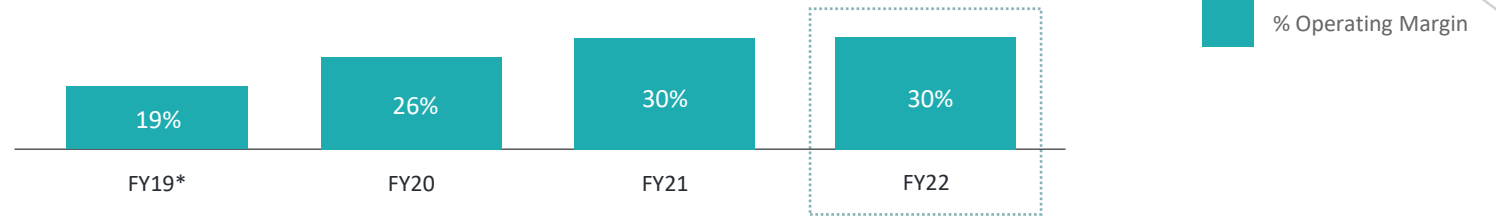


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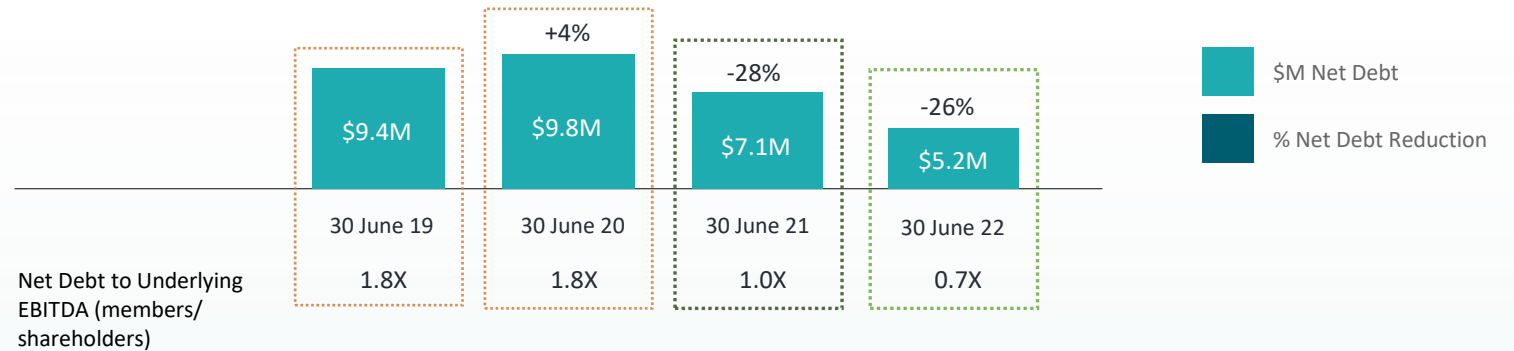
*FY19 pre AASB16 Leases Accounting Standard change

Margin, Cashflow & Net Debt Improvement

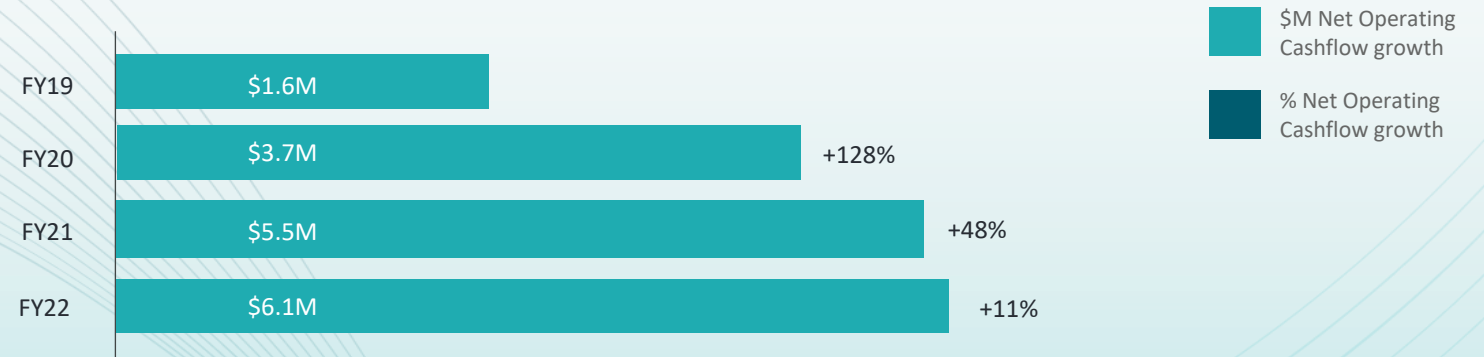
Analysis of Operating Margin by Year



Net Debt by Year



Net Operating Cashflow by Year



Note: Rounding is to nearest AUD \$million and as such subject to rounding differences when calculating variances and totals

*FY19 pre AASB16 Leases Accounting Standard change

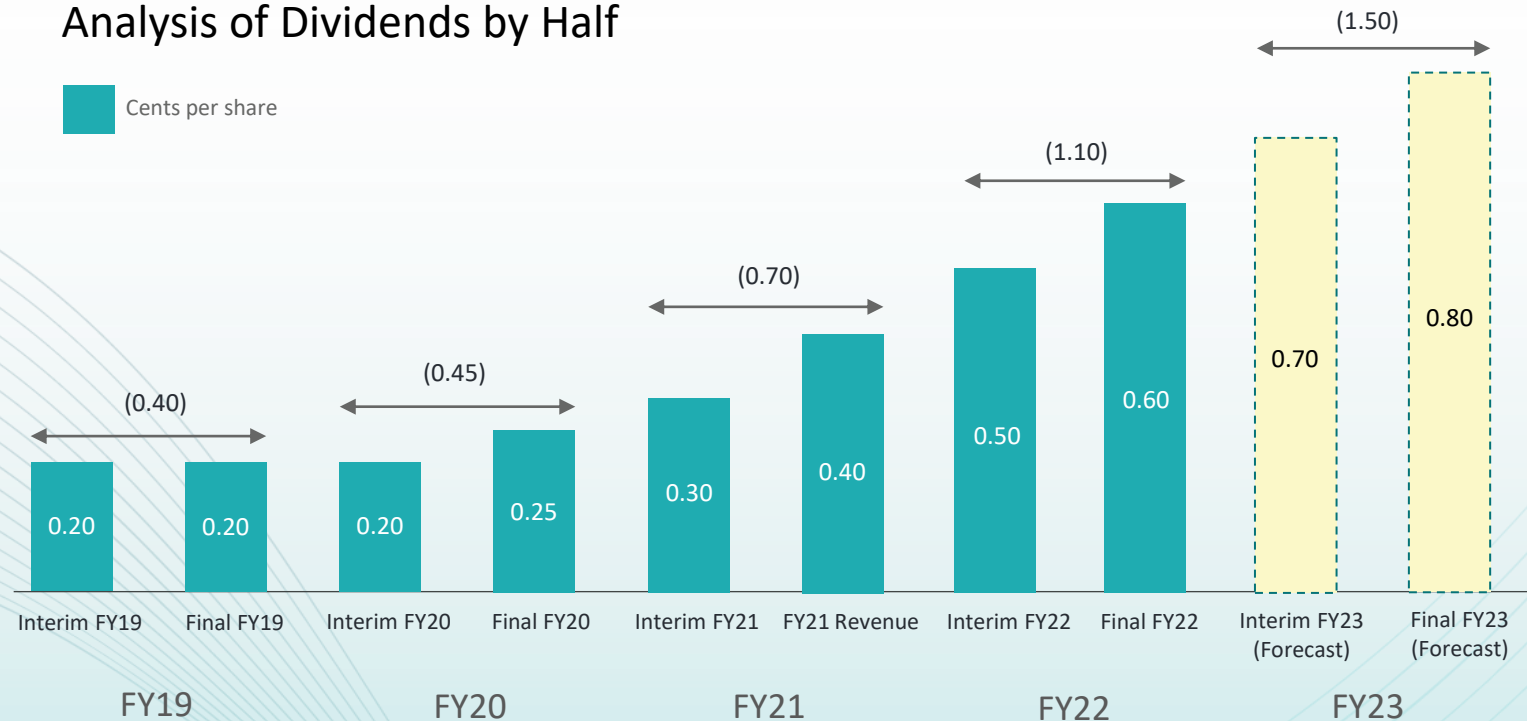
Dividends

- Target dividend payout ratio of 40 – 60% of reported and maintainable earnings
- FY22 final dividend declared of 0.60 cps (fully franked) vs final dividend of 0.40 cps in FY21 (+50%)
- Excluding the (Loss on derecognition of ROU Asset) \$0.5 million, the Full Year payout ratio is 52%
- FY22 payout ratio of 57% of reported NPAT (members/shareholders)
- Full Year FY23 dividends forecast to increase to 1.50 cps from 1.10 cps (+36%)

Key Dates for Dividends

Dividend	
Record Date	5 September 2022
Payment Date	30 September 2022
Dividend Reinvestment Plan (DRP) - Ceased	

Analysis of Dividends by Half



Balance Sheet, Cashflows & Net Debt

- Net debt reduction to \$5.2m (-26%) from \$7.1m at 30 June 2021
- Net operating cashflow of \$6.1 million (+11%)
- Investing cash outflow includes business acquisitions and development expenditure offset by lease payment received
- Financing cash outflow was substantially due to repayment of borrowings, dividends paid to members/shareholders & to non-controlling interests, lease liabilities and buyback
- Prime continues to target a net debt to Underlying EBITDA ratio of 0.5 – 1.0 times, in FY22 this was 0.67 times

Note: Rounding is to nearest AUD \$million and as such subject to rounding differences when calculating variances and totals

Balance Sheet (\$M)

Group	At 30 June 2022	At 30 June 2021
Cash	0.1	0.1
Total assets	59.8	58.3
Borrowings	(5.4)	(7.2)
Total liabilities	(13.1)	(14.6)
Net assets	46.6	43.7
Non-controlling interests	0.6	0.8
Equity attributable to members/shareholders	46.0	42.9
Group net debt	(5.2)	(7.1)

Cashflows – Reported (\$M)

Group	FY22	FY21
Operating cashflows	6.1	5.5
Investing cashflows	(0.8)	(0.8)
Financing cashflows	(5.1)	(4.7)
Net increase/ (decrease) in cash & cash equivalents	0.1	-
Cash	0.1	0.1

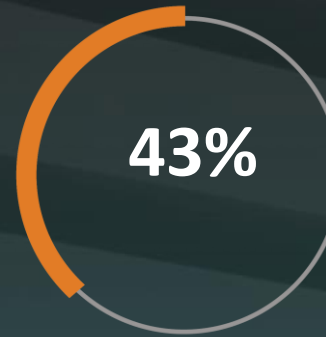


Clients and the Community

Note: Net Promoter Score (NPS) is a widely used market research metric that takes the form of a single survey question asking respondents to rate the likelihood that they would recommend a company, product, or a service to a friend or colleague.

Prime's most recent Net Promoter Score (NPS)

NPS Score Indicator



Clients

Prime's OneConnected team of specialists consistently delivers our clients additional value.

Our most recent combined Net Promoter Score was measured 'Great' by clients, with a high level of retention and cross referral internally.

Community

Prime continues to remain committed to community initiatives. As part of this, Prime have been involved with leading not-for-profit organisations; OzHarvest, MayDay, Share the Dignity and GIVIT.

As part of Prime's responsibility, we recognise the importance of being a positive contributor to our community and continue to offer all team members paid voluntary leave to give back to a charity of their choice.

Prime will be amplifying the impact we have as a team and firm through a greater focus on our Environmental, Social, and Governance (ESG) strategy in the year ahead.

| Our Strategy

The following presents a summary of Prime's Strategic Plan for our OneConnected Advisory & Capital Group

OneConnected Advisory & Capital Group

Purpose

Empowering you to achieve your aspirations

Goal

To be the leading Integrated Advice & Capital firm of the future

How

Helping our clients and business partners access advice, services, grants, networks, education, expertise and capital

Area & Objectives

Financial

Grow Revenue, Underlying EBITDA (members/shareholders) and EPS whilst improving dividends and scaling the firm

People

Build a team that adds value to clients through proactive, goal oriented advice

Technology

Utilise business operations data and technology to continue to improve client experience and deliver Prime's business strategy

Clients & Community

Provide clients with advice and services through OneConnected firm. Positively contribute to our community delivering value through an evolving set of programs, including the establishment of an ESG program

FY23 Key Priorities

Growth

- Continue to integrate Prime's client base - OneConnected firm and service offering
- Deliver additional business and corporate advisory services for Business Owners and Businesses
- Promote Prime's Wholesale & Family Office Wealth Management plus SMSF capability
- Inorganic growth and tuck-in opportunities

People & Culture

- Further develop and empower our people to confidently advise our clients and engage - client service is a priority
- Increase team ownership and alignment with shareholders through Prime's Performance Rights Plan

Systems & Efficiency

- Enhance efficiency, service delivery and growth through business intelligence and enablement software and systems in a OneConnected environment

| Outlook – FY23

Increased Earnings & Revenue Growth

- Revenue Growth 15%+
- Growth in Underlying EBITDA 5% to 10%
- EPS growth 15%+

Actively exploring Growth Opportunities

- Organic and inorganic initiatives are accelerating as part of Prime's program to scale and differentiate our offering

Increased Dividends - from 1.10cps (FY22) to 1.50cps (FY23) +36%

Forecast:

- Interim Dividend +40% to 0.70cps
- Final Dividend +33% to 0.80cps

Net Debt to Underlying EBITDA to remain within the target range

- 0.5 to 1.0 times

Capital Management

- Buyback commenced on 1 October 2021
- Approx. \$789k spent on the buyback since inception at an average share price of 17.6 cents
- Continue to buyback shares when the share price does not reflect fair value

Other items

- Prime's Team, Equity and Business ownership structure continues to provide alignment and incentive for growth, recruitment, retention and performance improvement

Appendices

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EBITDA & NPAT

Attributable to Members/ Shareholders Reconciliation

\$'000 AUD	FY22	FY21
Reported net profit after tax from operations (Group)	4,448	3,690
Add: Tax expense	1,407	1,160
Add: Interest expense/(income)	322	443
EBIT (Group) *	6,177	5,293
Add: Depreciation	49	54
Add: Amortisation	1,546	1,734
Reported EBITDA (Group) **	7,771	7,081
Non-recurring expenses including Restructuring & Repositioning	-	39
Non-recurring employee benefits	330	483
Share based payment expenses/(benefit)	-	(28)
Fair value movements/adjustments on Financial assets/contingent consideration	(3)	37
Loss on derecognition of ROU Asset	516	-
Gain on lease modification	-	(1)
Underlying EBITDA (Group)	8,614	7,612
Underlying EBITDA (members/shareholders)	7,770	6,778
Reported EBITDA (members/shareholders)	6,927	6,247

* EBIT is defined as earnings before interest and tax.

** EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

Prime Performance

Overview of financial performance for the last five years

- Positive momentum across all metrics

	2022	2021	2020	2019	2018
Underlying EBITDA to members/shareholders (\$,000's)*	7,770	6,778	5,533	4,099	3,772
Reported Profit/(loss) after tax attributable to members/shareholders (\$,000's)	3,814	3,074	2,132	1,315	(1,135)
Basic earnings per share (cents)	1.93	1.69	1.21	0.77	(0.67)
Dividend per share (cents)	1.10	0.70	0.45	0.40	0.90
Share price at the end of the financial year (\$)	0.170	0.097	0.070	0.065	0.125

*Excluding the impact of AASB-16 lease standard for 2019 and prior years.

| Experienced Board



Simon Madder

Chief Executive Officer, Managing Director & Chairman

- Co-founder, Managing Director & CEO of Prime Financial Group Ltd (Prime) since 1998
- 25 years' experience in Wealth Management & Accounting Services across Operations, Strategy & Acquisitions
- Share Ownership: 29.1m (14.6%)



Matt Murphy

Executive Director (effective 3 July 2020) & Managing Director – Accounting & Business Advisory

- Joined Prime in 2016 and an important part of Prime's vision as OneConnected professional services firm
- Experienced Leader, Accountant and Business Adviser with 20+ years' experience across Business, Accounting and Taxation Advisory services
- Share Ownership: 13.6m (6.8%)



Tim Bennett

Executive Director (effective 3 July 2020) & Managing Director – Capital & Corporate Advisory

- Established the Capital & Corporate Advisory division. Prior to joining Prime, Tim was a partner at a 'Big 4 Firm' leading a Mergers & Acquisitions group
- Chartered Accountant with 15+ years' specialist M&A experience having advised on a range of transactions, across all industry sectors
- 3.8 million Performance Rights



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