



# Half Year 2024 (H1 FY24) Results Presentation

Prime Financial Group Ltd (ASX:PFG)

**20 February 2024**

*aspire, innovate, grow & impact*



# Connecting Aspirations, Opportunities & Expertise

We are a market leading Advice, Capital & Asset Management Group.

We believe in uncapped opportunities and are committed to creating prosperous and sustainable financial futures for all.



\$1.2B FUM

170+ Team Members

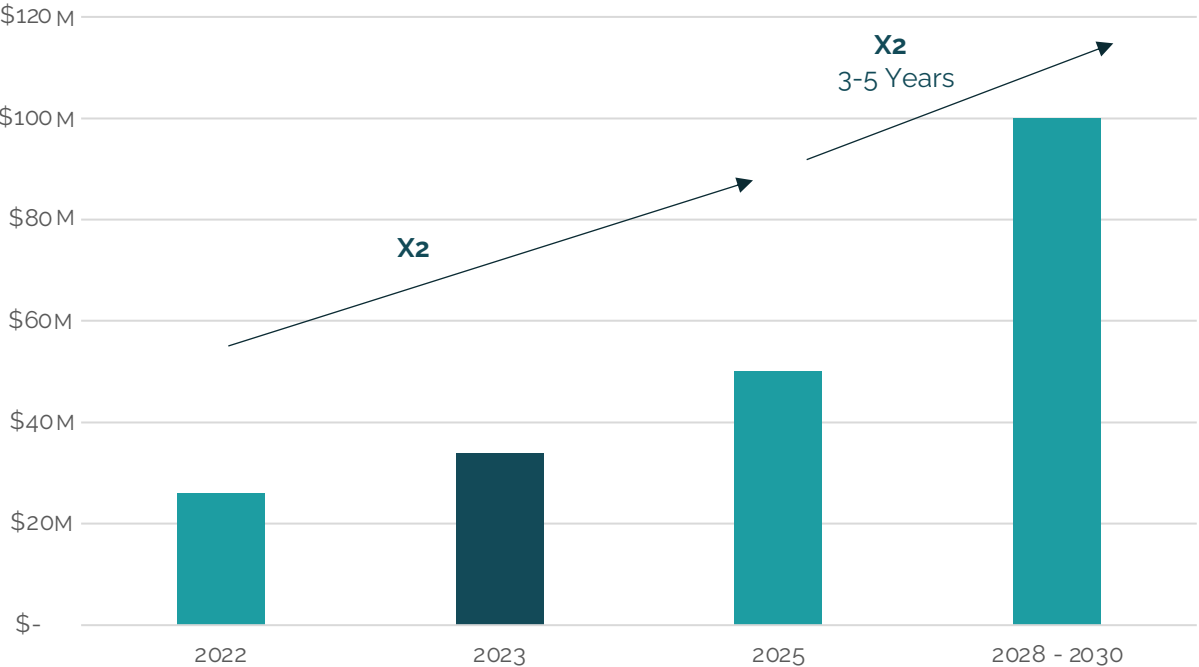
Global Footprint

4 Service Lines

25-Year History

# Delivering on Growth

Our goal is to double revenue from \$26M in FY22 to \$50M in FY25  
**And then double revenue again to \$100M within 3-5 years**



## Organic Growth

Organic growth realised across all service lines:

- Wealth Management
- Capital & Corporate Advisory
- Accounting & Business Advisory
- Self-Managed Super Funds (SMSF)



## New Service Offerings

- Debt Capital Advisory
- Sports, Entertainment and Media Capital Advisory
- Consulting
- Property
- Expansion of Wholesale Investor Service



## Acquisitions

- Intello (SMSF) acquired Oct 2022
- Altor (Wealth) acquired Feb 2024
- Will continue to pursue EPS-accretive acquisitions

# H1 FY24 Overview & Highlights

# H1 FY24 Highlights: Delivering growth & Investing for the future

<div>+14% to \$18.2M</div> <div>Revenue</div>	<div>+2% to \$3.8M</div> <div>Underlying EBITDA (members/shareholders)</div>	<div>21%</div> <div>EBITDA Margin</div>
<div>-0.02cps (vs 0.88 cps)</div> <div>Reported earnings per share (EPS)</div>	<div>+7% 0.75 cps</div> <div>Interim Dividend Up</div>	<div>1.4 x Underlying EBITDA to Net Debt Ratio</div> <div>Net Debt of \$11.98M</div>

# Strong top-line growth despite challenging Capital Markets

- Revenue of \$18.2 million, up 14% on the prior corresponding period (pcp), driven by strong Wealth Management performance (up 38% on pcp).
- Accounting & Business Advisory, SMSF and Capital revenues all up between 1-12%.
- Material investment in new services plus the strategic acquisition of alternative asset manager Altor Capital Pty Ltd (Altor) post the end of the half.
- Prime's Capital division impacted by difficult conditions across equity capital markets:
  - Still delivered 12% growth due to positive contributions from Debt Capital Advisory and Consulting.
  - Client engagement numbers remain strong and growing.
- Underlying EBITDA of \$3.8 million, up 2% on pcp, driven by continued investment in new service offerings which are scaling, but not yet profitable.
- Reported EBITDA of \$1.7 million, down 53% on pcp, predominantly due to a number of one-off costs related to investment in growth via new service offerings and acquisitions plus restructuring & repositioning.
- Reported EPS of -0.02 cents per share (cps), down 0.90 cps on pcp.
- Gearing position remains comfortable, with Underlying EBITDA to Net Debt of 1.4X; this is expected to reduce in H2 with improved operating cashflow.
- Interim dividend up 7% to 0.75 cps, fully franked. Dividend Reinvestment Plan implemented.
- Prime on track to deliver FY24 guidance of revenue growth of 15-20%, underlying EBITDA growth of 10%-15% and dividend growth of 5-10%.
- Prime continues to deliver on its goal to double revenue from \$26 million in FY22 to \$50 million in FY25 and then double it again to \$100 million within 3-5 years of FY25.



# Financial Results H1 FY24

Strong top-line growth despite challenging capital markets



# Prime's 5-year Performance

	H1 FY20	H1 FY21	H1 FY22	H1 FY23	H1 FY24	CAGR*
Underlying EBITDA to members/shareholders (\$000's)	2,411	2,841	3,408	3,707	3,764	12%
Reported profit/(loss) after tax attributable to members/shareholders (\$M)	1.2	1.0	1.3	1.7	0.0	n/a
Basic earnings per share (cents)	0.67	0.58	0.66	0.88	0.0	n/a
Final dividend per share (cents)	0.20	0.25	0.40	0.60	0.80	41%
Share price at the end of the half year (\$)	0.078	0.092	0.190	0.230	0.225	30%

\*Compound Annual Growth Rate



## Investment in business to drive further growth

- Strong top-line growth in H1 FY24, with revenue increasing by 14%, driven by a robust performance in Wealth Management (up 38% on pcp) plus a moderate contribution from new service lines such as Debt Capital Advisory and Consulting with Accounting & Business Advisory and SMSF revenues up.
- Strong revenue growth in Wealth Management was driven by a continued and growing focus on Wholesale Investment opportunities plus a material increase in origination from Prime's Property team across both equity and debt investing.
- The Capital division was impacted by difficult conditions in equity capital markets, with deal completions proving more difficult. However, the division, which includes recently established Consulting services, still delivered 12% revenue growth, and combined, had a higher number of client engagements than in H1 FY23.

\*Please see slide 22 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 \$M and as such subject to rounding differences when calculating variances and totals

### Financial Highlights

	H1 FY23	H1FY24	Change	
<b>Underlying</b>				
Revenue - Contracts with Customers	\$16.0M	\$18.2M	14%	↑
Expenses - Total	(\$12.2M)	(\$14.4M)	(18%)	↓
EBITDA**	\$3.7M	\$3.8M	2%	↑
Margin	23%	21%	(3%)	↓
<b>Reported</b>				
EBITDA	\$3.5M	\$1.7M	(53%)	↓
NPAT*	\$1.7M	\$0.0M	n/a	
Diluted EPS - cents per share (cps)	0.88	(0.02)	n/a	



# Revenue Growth



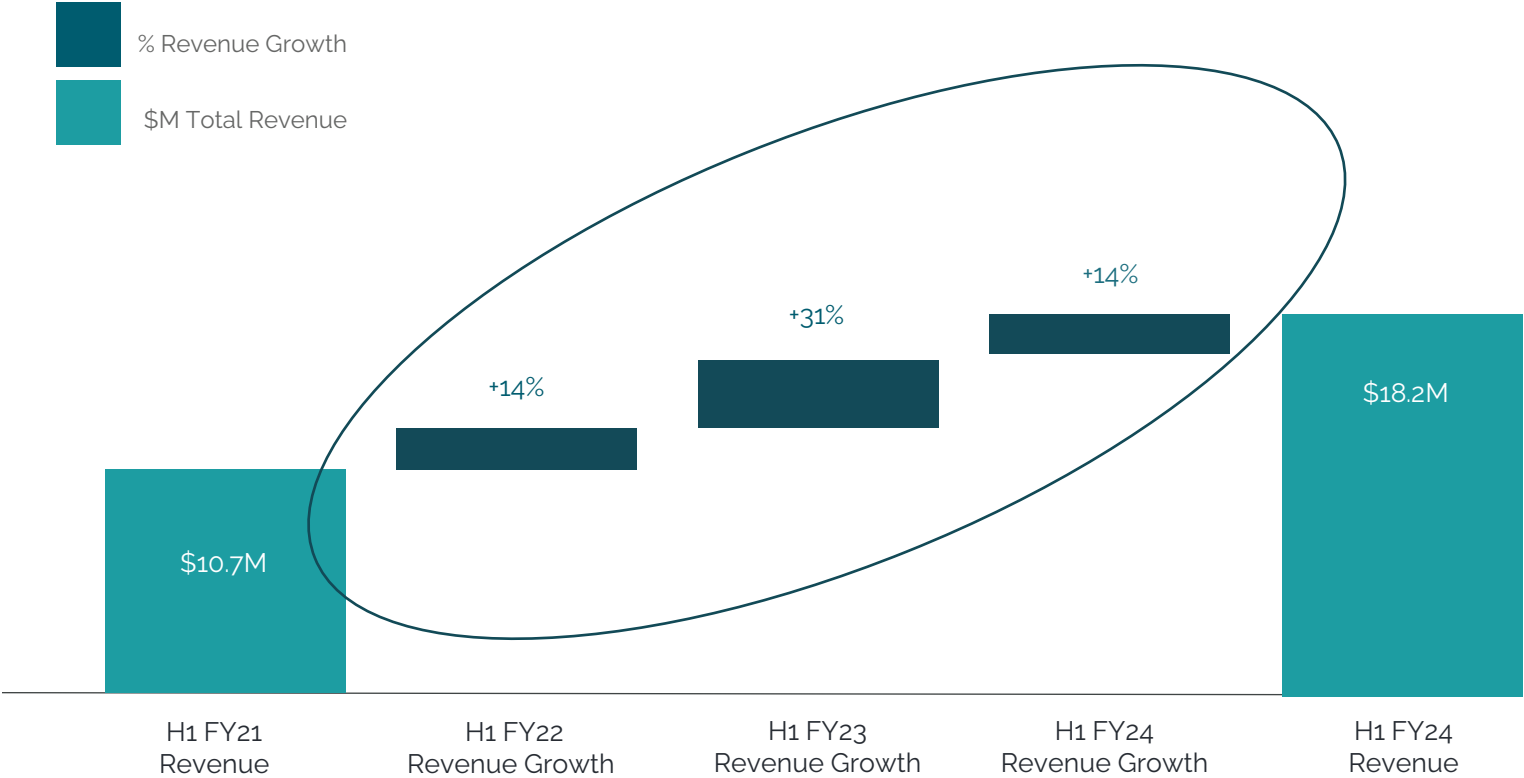
70%+ of total revenue is generated from existing clients on a recurring basis



Revenue growth has accelerated over the past 3 years vs the prior periods

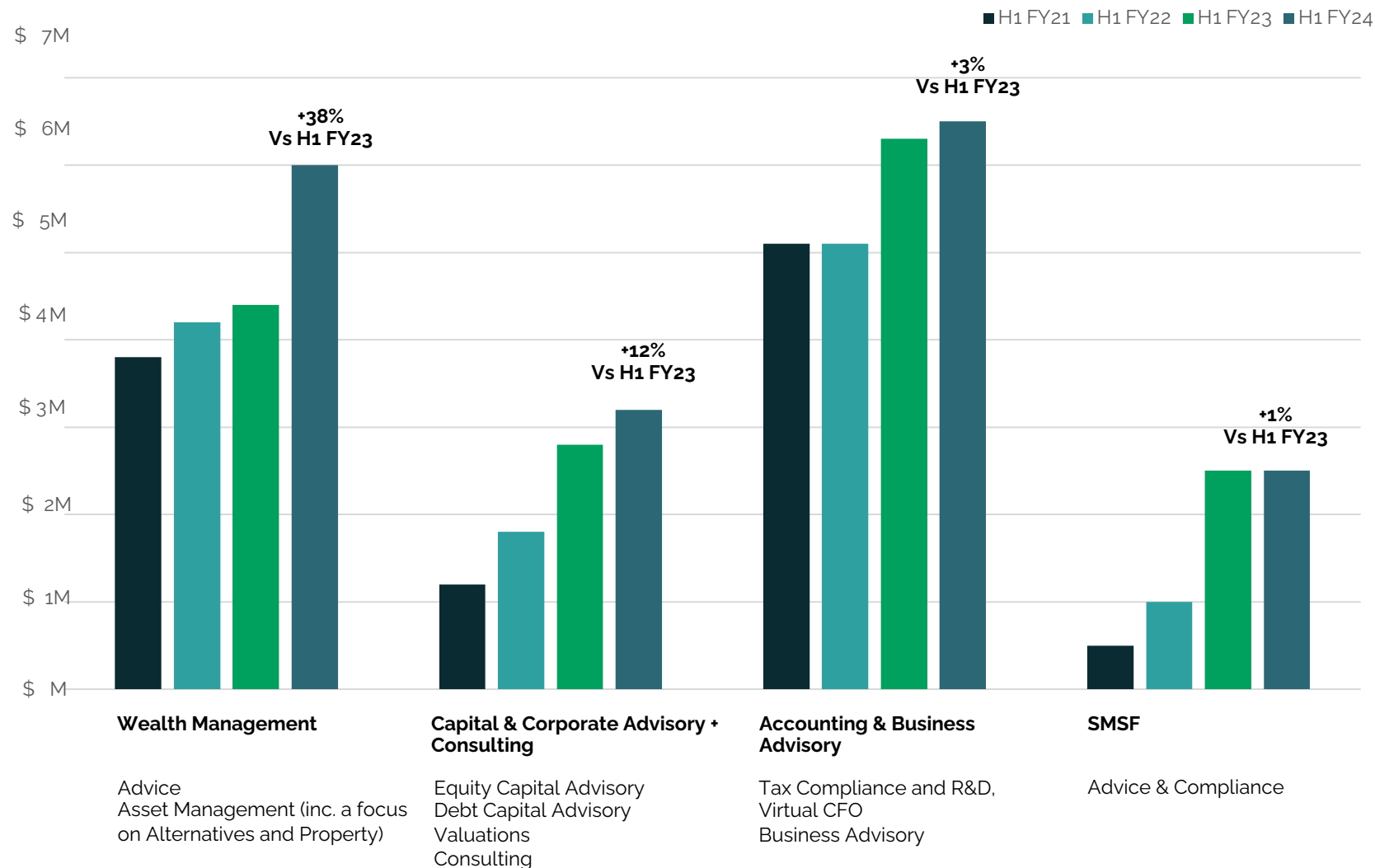


On target to achieve \$50M in revenue by FY25





# Revenue Growth By Service Line



## OneConnected Group

- Strong revenue growth (up 38% on pcp) in Wealth Management due to:
  - Continued and growing focus on Wholesale Investment opportunities
  - A material increase in origination from Prime's Property team across both equity and debt investing
- Moderate contribution from new service lines such as Debt Capital Advisory and Consulting.
- Accounting & Business Advisory, SMSF and Capital revenues all up between 1-12%.
- Capital division impacted by challenging conditions in equity capital markets, with deal completions proving more difficult.
- Capital still delivered 12% revenue growth and had a higher number of client engagements than in H1 FY23.

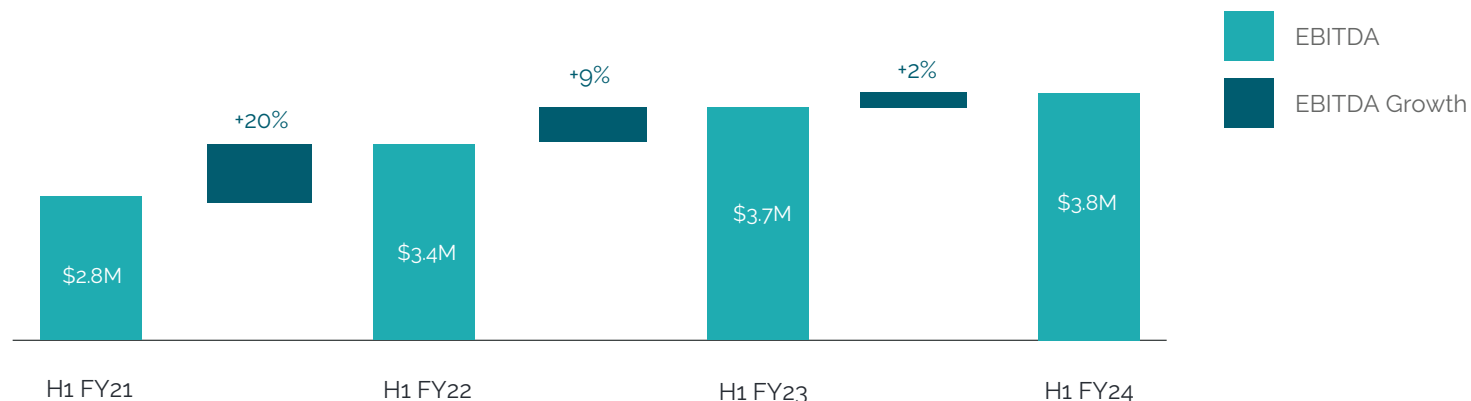


# Underlying EBITDA and Margin

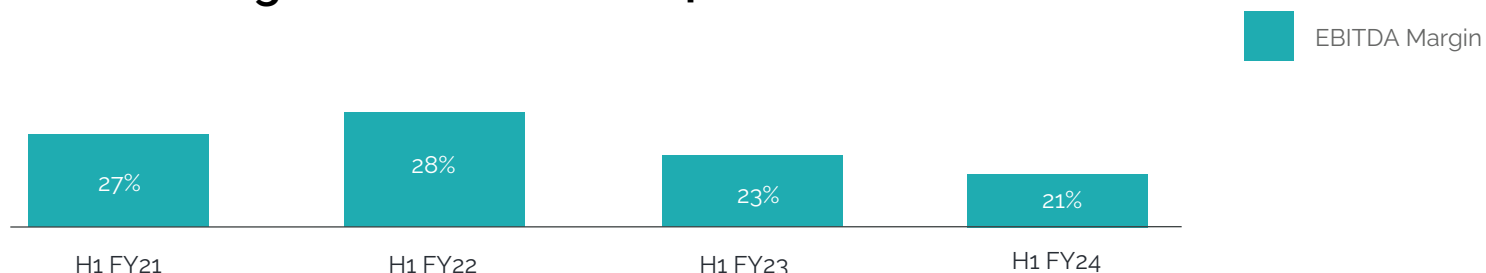
## Investing for Future Growth – Proven Model

- H1 FY24 Underlying EBITDA was \$3.8 million, up 2% on pcp. This result reflects the continued investment in building out service offerings in Capital and Consulting, which are still scaling but not yet profitable.
- Reported EBITDA was \$1.7 million, down 53% on pcp, predominantly due to lower growth than forecast for the Capital division plus a number of one-off costs, totalling \$2.1 million. In addition to investment in new service lines, there were one-off and final costs related to the Intello acquisition and costs related to the Altor acquisition, as announced post balance date. This also included restructuring and repositioning costs that were one-off in nature.
- Team headcount increased to support revenue growth.
- Investment in IT (scalability for growth plus IT security).

## Underlying EBITDA H1 FY21 – H1 FY24



## EBITDA Margin H1 FY21 – H1 FY24



Note: Rounding is to nearest \$M and as such subject to rounding differences when calculating variances and totals  
Breakdown can be found in appendices

# Balance Sheet, Group Net Debt & Cashflow

Group Net Debt/Underlying EBITDA increased to 1.4X Underlying EBITDA given investment in growth and final Intello payment.

Net Operating Cashflow decreased due to investment in new service offerings and additional working capital for growth.

Group Balance Sheet	At 30 Jun 2023 \$	At 31 Dec 2023 \$
Cash	1.0	1.0
Total assets	67.1	69.4
Borrowings	(10.5)	(13.0)
Total liabilities	(17.8)	(21.3)
Net assets	49.3	48.1
Non-controlling interests	0.6	0.3
Equity attributable to members/shareholders	48.7	47.8
<b>Group Net Debt</b>	<b>(9.5)</b>	<b>(12.0)</b>

## Net Operating Cashflow H1 FY21 – H1 FY24

### YEAR

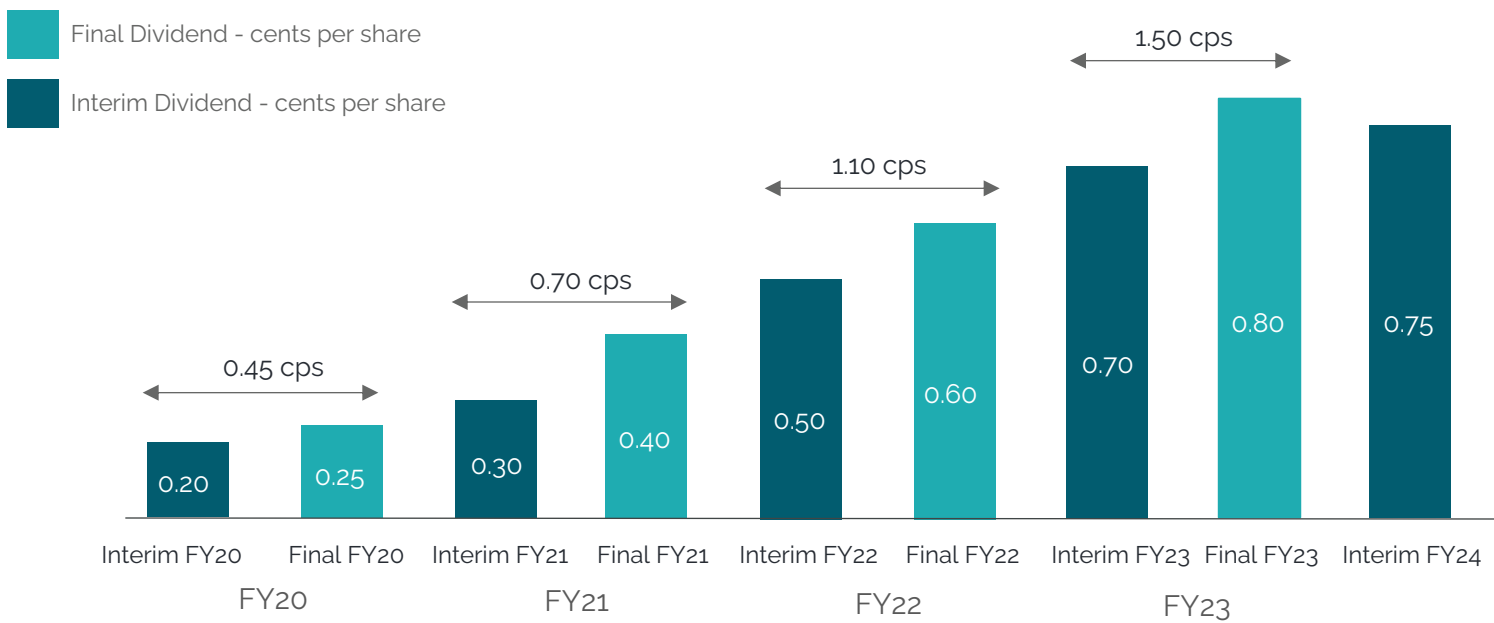
H1 FY21	\$2.7M
H1 FY22	\$2.8M
H1 FY23	\$2.4M
H1 FY24	\$1.1M



# Dividends

- H1 FY24 Interim Dividend declared of 0.75 cps (fully franked) vs interim dividend of 0.70 cps in H1 FY23 (+7%).
- Prime is targeting a moderate dividend increase in future periods, with the FY24 Final Dividend to be within the guidance range of a 5-10% increase on FY23.
- Prime to introduce a Dividend Reinvestment Plan (DRP) available for the Interim Dividend FY24.

## Dividends H1 FY21 – H1 FY24



## Key Dates for Dividends

Interim Dividend	
Record Date	19 March 2024
Payment Date	28 March 2024



# Business Strategy & Outlook

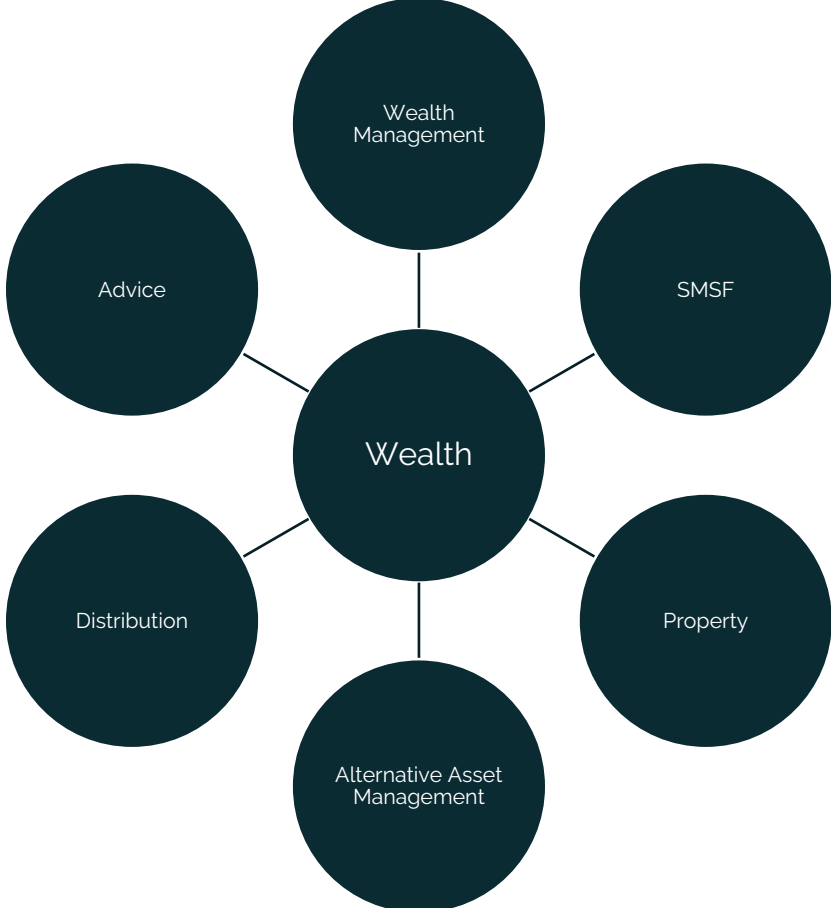
To drive doubling of revenue



Emerging Businesses: \$0 - \$100M



Wealth: Wholesale Clients / Investors



# Strategy for Growth

## 1. Topline Growth

- Organic growth in existing service lines and new services
- Recruiting people with an existing revenue and client base
- Cross-delivery of additional services to existing clients
- Stable and growing recurring revenue across Advice, Accounting, Wealth & Asset Management
- Revenue diversification through emerging strategies and solutions

## 2. Margin Expansion

- Efficiencies driven by centralised operations and a shared services model
- Emerging and new services with higher EBITDA margins
- Economies of scale as the group grows
- The potential of Artificial Intelligence to enhance productivity

## 3. Balance Sheet Strength

- Accretive acquisition strategy
- Funding capability to capitalise on future growth opportunities



# Our Commitment to Impact

As we accelerate our growth, we do so with a commitment to impactful corporate citizenship, and the planet in mind, all contributing to creating a just world today and for generations to come.

We will do this by working with our people, partners, clients and the communities in which we operate to form meaningful and impactful partnerships.

Our plan is focused on creating impact guided by the United Nations (UN) Sustainable Development Goals (SDGs) and as such have in 2023 become signatories to the UN Global Compact.

We are committed to diversity, equity & inclusion (DEI) and know that our approach to DEI plays a significant role in our success.

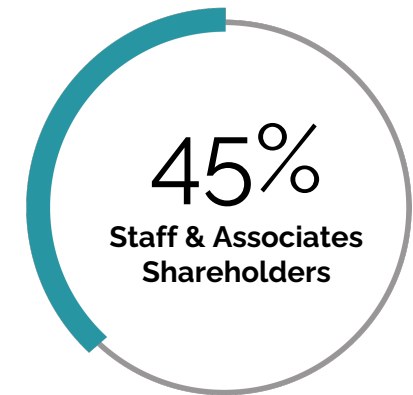
**We support the following UN SDGs:**



# Our Commitment to Ownership

## Our people are our biggest asset

- Currently 45% of our company is owned by the team
- We encourage our staff to have an 'ownership' mentality and to work collaboratively, enabling them to help co-create the firm of the future
- We do this through our equity/business ownership plan (Long Term Incentive (LTI)/Performance Rights) that connects all team members through the same shared growth orientated financial goals as OneConnected team





# Outlook FY24 - Continuing to Deliver Results





# Appendices



# EBITDA & NPAT

\$'000 AUD	H1 FY 23	H1 FY24
<b>Reported net profit after tax from operations (Group)</b>	<b>1,992</b>	<b>215</b>
Add: Tax expense	740	166
Add: Interest expense/(income)	314	510
<b>EBIT (Group)</b>	<b>3,046</b>	<b>892</b>
Add: Depreciation	32	67
Add: Amortisation	786	1,042
<b>Reported EBITDA (Group)</b>	<b>3,864</b>	<b>2,000</b>
<b>Reconciliation of Reported to Underlying EBITDA</b>		
Non-recurring expenses including, Acquisitions, Investment in New Service Offerings, Restructuring & Repositioning	315	2,045
Fair value movements on financial assets	(136)	(50)
Fair value movement on contingent consideration	-	101
<b>Underlying EBITDA (Group)</b>	<b>4,043</b>	<b>4,096</b>
<b>Underlying EBITDA (members/shareholders)</b>	<b>3,707</b>	<b>3,764</b>
<b>Reported EBITDA (members/shareholders)</b>	<b>3,527</b>	<b>1,669</b>

# Non-recurring expense items: H1 FY24

H1 FY24 was unfavourably impacted by the following non-recurring expense items, totalling \$2,096k:

## Acquisitions, Restructuring & Repositioning \$1,176k

- Intello & Altor acquisition expenses
- Business & Wealth repositioning including non-recurring salaries
- Excess share-based-payment (SBP)
- Training & Education and Tech Implementation

## Investment in New Service Offerings \$920k

- Establishment expenses
- Wholesale Platform expenses



# Experienced Board



**Simon Madder**

**Managing Director & Chairman**

- Co-founder & Managing Director of Prime Financial Group Ltd (Prime) since 1998
- 25+ years' experience in Wealth Management & Accounting Services across Operations, Strategy & Acquisitions
- Share Ownership: 32.2M (15.2%)
- 4.6M Performance Rights

*\*\* Independent Director to be appointed in March 2024*



**Tim Bennett**

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

- 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
- Share Ownership: 3.7M (1.7%)
- 1.8M Performance Rights



**Matt Murphy**

**Executive Director (effective 3 July 2020)**

- Joined Prime in 2016 as Managing Director – Accounting & Business Advisory after merging his Accounting Firm with Prime
- Experienced Leader, Accountant and Business Adviser with 20+ years' experience across Business, Accounting and Taxation Advisory services and a focus on integrated advice
- Share Ownership: 14.9M (7.0%)

# Senior Leadership Team



**Simon Madder**  
CEO, Managing  
Director & Chairman



**Ben Priestley**  
Head of Finance  
& Investor Relations



**Alicia Sanders**  
Group General Manager &  
Company Secretary



**Nat Simmons**  
Chief Operating Officer



**Tim Bennett**  
Managing Director - Business



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