



28 August 2020

## **Praemium waives 90% Minimum Acceptance Condition and declares Offer final**

### **HIGHLIGHTS**

- **Praemium has declared that its cash and scrip Offer for Powerwrap Shares is final. This means Praemium's current Offer Consideration of 7.5 cents per Powerwrap Share in cash and 1 Praemium Share for every 2 Powerwrap Shares will not be increased.**
- **Praemium has also waived the 90% minimum acceptance condition and the condition regarding material third-party consents or approvals.**
- **A Second Supplementary Bidder's Statement has today been lodged with ASIC and sent to Powerwrap, which includes the attaching of Powerwrap's Appendix 4E (released to the market today).**
- **Powerwrap Shareholders are urged to accept the Offer without delay.**
- **The Offer is presently due to close at 7:00pm (Melbourne time) on 21 September 2020.**

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Praemium Limited ("**Praemium**") refers to its recommended off-market takeover offer for all the issued shares of Powerwrap Limited ("**Powerwrap**") (the "**Offer**"), as set out in Praemium's Bidder's Statement dated 22 July 2020, as supplemented by the First Supplementary Bidder's Statement dated 14 August 2020 and the Second Supplementary Bidder's Statement dated 28 August 2020 (a copy of which is annexed to this announcement at Annexure A) (together, the "**Bidder's Statement**").

Capitalised terms which are not defined in this announcement have the meaning given to them in the Bidder's Statement.

### **Praemium's Offer is now final**

Praemium has determined that the Offer Consideration of 7.5 cents per Powerwrap Share in cash and 1 Praemium Share for every 2 Powerwrap Shares is final, meaning that there will be no increase in the Offer Consideration.

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## Waiver of Defeating Conditions

Praemium has today waived the 90% minimum acceptance Defeating Condition set out in Section 7.1(b) of the Bidder's Statement (*Minimum acceptance*) and the Defeating Condition set out in Section 7.1(h) of the Bidder's Statement (*Material third party consents or approvals*). Based on acceptances to date, Praemium has a relevant interest in 33.30% of all Powerwrap Shares on issue.

Further to the above, and for the purposes of section 650F of the *Corporations Act 2001* (Cth), attached to this announcement at Annexure B is notice provided by Praemium that the Defeating Conditions in Section 7.1(b) (*Minimum acceptance*) and Section 7.1(h) (*Material third party consents or approvals*) of the Bidder's Statement are waived (so that the Offer has become free of those Defeating Conditions).

A copy of this notice has also been provided to Powerwrap.

## Funding update

In freeing the Offer of the minimum acceptance Defeating Condition set out in Section 7.1(b) of the Bidder's Statement (*Minimum acceptance*), Praemium has obtained confirmation from its financier, HSBC, that funding under the Debt Facility described in Section 12.3 of the Bidder's Statement will continue to remain available to Praemium with respect to the Offer, provided that, by the end of the Offer Period, Praemium has obtained a relevant interest in at least 50% of all Powerwrap Shares on issue. Should Praemium fail to do so, it will, in any event, be able to fund the cash component of the Offer Consideration entirely out of its existing cash reserves.

As at the date of this announcement, Praemium's current cash at bank, net of regulatory capital requirements required to be set aside, is approximately \$8.5 million. Assuming no more than 50% of all Powerwrap Shareholders accept the Offer, the maximum amount in cash that Praemium could be required to pay under the Offer is \$5,618,000, excluding transaction costs.<sup>1</sup> **Accordingly, in those circumstances, Praemium will have sufficient cash reserves available to meet the maximum cash component of the Offer Consideration.**

Further details of Praemium's sources of funding are contained in the Sections 12.2 to 12.4 (inclusive) of the Bidder's Statement.

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<sup>1</sup> Based on a fully diluted share count of 212,000,000.



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## **Powerwrap's Appendix 4E unaudited financial results**

On 27 August 2020, Powerwrap released to the market its Appendix 4E, which sets out its unaudited preliminary financial results for the financial year ended 30 June 2020 (**FY20 Results**). The Bidder's Statement has not been updated to include the impact of the FY20 Results on the Merged Group as the results are not yet audited.

Once Powerwrap has released its audited results for the financial year ended 30 June 2020 ("**Audited Results**"), Praemium will review and assess whether a further supplementary bidder's statement is required to be issued to reflect the pro-forma financial information for the Merged Group.

Where the Audited Results have not been released to market by 10 September 2020, Praemium may consider updating the pro-forma financial information in the Bidder's Statement to reflect the impact of Powerwrap's unaudited FY20 Results on the Merged Group.

### **Information about the Offer**

The Offer is due to close at 7:00pm (Melbourne time) on 21 September 2020.

Powerwrap Shareholders are encouraged to **ACCEPT the Offer without further delay.**

### **Further Information**

For further information regarding the Offer, please refer to the Bidder's Statement and Powerwrap's Target Statement dated 31 July 2020, which were sent to Powerwrap Shareholders and are available on the ASX.

Full details on how to accept the Offer are set out in Sections 1.2 to 1.5 of the Bidder's Statement. If there are any further questions on how to accept the Offer, please call Praemium's Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia) Monday to Friday between 8:30am to 5:30pm (Melbourne time).

### **ENDS**

This announcement is authorised by the Board of Praemium Limited

For further information contact Paul Gutteridge, CFO & Company Secretary,  
Ph: 1800 571 881

**About Praemium (ASX:PPS)** Praemium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Praemium services in excess of 300,000 investor accounts covering over \$140 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

**Praemium Limited** (ABN 74 098 405 826), Level 19, 367 Collins Street, Melbourne VIC 3000 Australia.



## **Appendix A – Second Supplementary Bidder’s Statement**

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# Second Supplementary Bidder's Statement

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in relation to the Offer

by

**Praemium Limited (ACN 098 405 826) to acquire all of your shares in**

**Powerwrap Limited (ACN 129 756 850) for 7.5 cents per Powerwrap Share in cash and 1 Praemium Share for every 2 Powerwrap Shares that you own**

**Powerwrap Directors unanimously recommend that you **ACCEPT** this Offer in the absence of a superior proposal**

## **ACCEPT THIS OFFER**

The Offer is dated 31 July 2020 and will close at 7:00pm (Melbourne time) on 21 September 2020, unless extended or withdrawn.

### **THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The Bidder's Statement contains offer by Praemium Limited to purchase all of your shares in Powerwrap Limited. If you are in any doubt how to treat the Bidder's Statement, you should consult your financial, legal, taxation or other professional adviser as soon as possible.

If you have any questions or require assistance with your acceptance, please call the Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia) Monday to Friday between 8:30am and 5:30pm (Melbourne time).

**Deloitte.**

Corporate Advisor to Praemium Limited

**NR** **Nicholson Ryan**  
LAWYERS

Legal Advisor to Praemium Limited

# Praemium Limited

ACN 098 405 826

## SECOND SUPPLEMENTARY BIDDER'S STATEMENT

### 1. Introduction

This document is a supplementary bidder's statement under Section 643 of the *Corporations Act 2001* (Cth) (Corporations Act).

It is the second supplementary bidder's statement (Second Supplementary Bidder's Statement) to the Bidder's Statement dated 22 July 2020 (Bidder's Statement) issued by Praemium Limited ACN 098 405 826 (Praemium) and lodged with the Australian Securities and Investments Commission (ASIC) on 22 July 2020, in relation to the offer by Praemium (Offer) for all of the shares in Powerwrap Limited ACN 129 756 850 (Powerwrap) which it does not already own, as supplemented by Praemium's first supplementary bidder's statement dated 14 August 2020 (First Supplementary Bidder's Statement).

This Second Supplementary Bidder's Statement supplements, and is to be read together with, the Bidder's Statement and the First Supplementary Bidder's Statement.

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Second Supplementary Bidder's Statement. The Second Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement and the First Supplementary Bidder's Statement.

A copy of this Second Supplementary Bidder's Statement was lodged with ASIC and provided to Powerwrap on 28 August 2020. Neither ASIC nor any of its officers takes any responsibility for the contents of this Second Supplementary Bidder's Statement.

### 2. The Offer Consideration is final

Praemium advises that the Offer Consideration is final and Praemium will not increase the Offer Consideration during the Offer Period.

Accordingly, Powerwrap Shareholders should accept the Offer now in respect of all of their Powerwrap Shares.

### 3. Waiver of Defeating Conditions

Praemium has today waived the 90% minimum acceptance Defeating Condition set out in Section 7.1(b) of the Bidder's Statement (*Minimum acceptance*) and the Defeating Condition set out in Section 7.1(h) of the Bidder's Statement (*Material third party consents or approvals*), so that the Offer has become free of those Defeating Conditions. Based on acceptances to date, Praemium has a relevant interest in 33.30% of all Powerwrap Shares on issue.

Notice that the Defeating Conditions above have been waived pursuant to section 650F of the Corporations Act was provided to ASX and Powerwrap today.

#### 4. Funding update

The sources and details of Praemium's funding are set out in Sections 12.2 to 12.4 (inclusive) of the Bidder's Statement.

In freeing the Offer of the minimum acceptance Defeating Condition set out in Section 7.1(b) of the Bidder's Statement (*Minimum acceptance*), Praemium has obtained confirmation from its financier, HSBC, that funding under the Debt Facility described in Section 12.3 of the Bidder's Statement will continue to remain available to Praemium with respect to the Offer, provided that, by the end of the Offer Period, Praemium has obtained a Relevant Interest in at least 50% of all Powerwrap Shares on issue. Should Praemium fail to meet this hurdle, it will, in any event, be able to fund the cash component of the Offer Consideration entirely out of its existing cash reserves.

As at the date of this Second Supplementary Bidder's Statement, Praemium's current cash at bank, net of regulatory capital requirements required to be set aside, is approximately \$8.5 million. Assuming no more than 50% of all Powerwrap Shareholders accept the Offer, the maximum amount in cash that Praemium could be required to pay under the Offer is \$5,618,000, excluding transaction costs.<sup>1</sup> Accordingly, in those circumstances, Praemium will have sufficient cash reserves available to meet the maximum cash component of the Offer Consideration.

#### 5. Powerwrap's FY20 Results

On 27 August 2020, Powerwrap released to the market its Appendix 4E, which sets out its unaudited preliminary financial results for the financial year ended 30 June 2020 (FY20 Results).

Praemium encourages all Powerwrap Shareholders to read the FY20 Results, together with the Bidder's Statement and the First Supplementary Bidder's Statement for further information about the Offer. In deciding whether to accept the Offer, you should also consider the risk factors that may affect Praemium and the Merged Group that arise from the Offer, and that relate to the general economy and the securities market. These risks are set out in detail in Section 16 of the Bidder's Statement.

#### 6. Financial information regarding the Merged Group

The FY20 Results are available on Powerwrap's website ([www.powerwrap.com.au](http://www.powerwrap.com.au)) and have been annexed to this Second Supplementary Bidder's Statement. The Bidder's Statement has not been updated to include the impact of the FY20 Results on the Merged Group as the results have not yet been audited.

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<sup>1</sup> Based on a fully diluted share count of 212,000,000.

Once Powerwrap has released its audited results for the financial year ended 30 June 2020 (Audited Results), Praemium will review and assess whether a further supplementary bidder's statement is required to be issued to reflect the pro-forma financial information for the Merged Group.

Where the Audited Results have not been released to market by 10 September 2020, Praemium may consider updating the pro-forma financial information in the Bidder's Statement to reflect the impact of Powerwrap's unaudited FY20 Results on the Merged Group.

**7. Approval of this Second Supplementary Bidder's Statement**

This Second Supplementary Bidder's Statement is dated 28 August 2020 and was approved by a unanimous resolution passed by the Board of directors of Praemium.

Signed by Barry Lewin for an on behalf of Praemium in accordance with section 351 of the Corporations Act.

A handwritten signature in black ink, appearing to read 'B Lewin', written in a cursive style.

**Barry Lewin - Chairman**

**Dated: 28 August 2020**



**Annexure – Powerwrap Limited – Appendix 4E unaudited FY20 results**

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# Powerwrap™

**Appendix 4E**

**For the financial year ended 30 June 2020**

**Powerwrap Limited**

**ABN 67 129 756 850 AFSL 329829**

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# Appendix 4E

## Preliminary Final Report

Name of entity

Powerwrap Limited

ABN : 67 129 756 850

### 1. Reporting period

Current financial period:	30 June 2020
Corresponding financial period:	30 June 2019

### 2. Results for announcement to the market

			\$'000
Revenue from ordinary activities ( <i>item 2.1</i> )	Up/(Down)	26.9%	to 21,587
Net loss after tax from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	Up/(Down)	(62.0%)	to 2,455
Net loss for the period attributable to members of the parent ( <i>item 2.3</i> )	Up/(Down)	(62.0%)	to 2,455
Dividends ( <i>item 2.4</i> )	Amount per security	Franked amount per security	
<ul style="list-style-type: none"> <li>• Interim dividend</li> <li>• Final dividend</li> </ul>	-	-	
	-	-	
Record date for determining entitlements to the dividend ( <i>item 2.5</i> )	N/A		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood ( <i>item 2.6</i> ): Refer to results commentary below.			

### Results Commentary

The loss after income tax of the Group for the financial year ended 30 June 2020 was \$2.5 million (2019: \$6.5 million).

Powerwrap achieved a record \$8.5 billion Funds Under Administration at 30 June 2020, based on net funds flow of \$353 million. Platform and contract revenue also performed strongly, at \$21.1 million for the year, 29.4% higher than the 2019 result of \$16.3 million and out-performed the IPO forecast platform revenue by \$2.3 million.

Powerwrap has a strong balance sheet with \$15.6 million in cash and no debt as at the end of the financial year 2020.

The Group continued to engage in its principal activity, the results of which are disclosed in the attached Preliminary Consolidated Financial Report.

The following table summarises Group performance and key performance indicators:

	2020	2019	2018	2017	2016 (Restated)	2015
Revenue (\$'000)	21,587	17,014	14,655	11,646	7,739	6,028
% increase in revenue	26.9%	16.1%	25.8%	50.5%	28.4%	41.4%
Loss after tax (\$'000)	(2,455)	(6,469)	(9,650)	(8,732)	(4,395)	(1,110)
% (decrease) / increase in loss after tax	(62.0%)	(33.0%)	10.5%	98.7%	295.9%	(33.6%)

**3. Statement of Comprehensive Income** (*item 3*)

Refer to the attached Preliminary Consolidated Financial Report

**4. Statement of Financial Position** (*item 4*)

Refer to the attached Preliminary Consolidated Financial Report

**5. Statement of Cash Flows** (*item 5*)

Refer to the attached Preliminary Consolidated Financial Report

**6. Statement of Changes in Equity** (*item 6*)

Refer to the attached Preliminary Financial Report

**7. Details of individual and total dividends or distributions and dividend or distribution payments** (*item 7*)

Not applicable

**8. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in dividend or distribution reinvestment plan** (*item 8*)

Not applicable

**9. Net tangible assets per security** (*item 9*)

	30 June 2020	30 June 2019
Net tangible asset backing (per share)	\$0.08	\$0.10

**10. Details of entities over which control has been gained or lost during the period** (*item 10*)

Not applicable

**11. Details of associates and joint venture entities** *(item 11)*

Not applicable

**12. Significant information relating to the entity's financial performance and financial position** *(item 12)*

Refer to note on results commentary

**13. Accounting standards used in compiling the report** *(item 13)*

The financial information provided in the Appendix 4E is based on the Preliminary Consolidated Financial Report (attached), which has been prepared in accordance with Australian accounting standards

**14. Commentary on the results for the period** *(item 14)*

Refer note on results commentary.

**15. Audit of the financial report** *(item 15)*

The Preliminary Consolidated Financial Report accompanying this Appendix 4E has not been audited. The Consolidated Financial Report is currently in the process of being audited.



Anthony Wamsteker  
Chairman

27 August 2020

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# **Powerwrap Limited and Controlled Entity**

ABN 67 129 756 850

Preliminary Consolidated Financial Report (unaudited)  
For the year ended 30 June 2020

# POWERWRAP LIMITED AND CONTROLLED ENTITY

Preliminary Consolidated Financial Report For the year ended 30 June 2020

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# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Statement of Profit or Loss and Other Comprehensive Income (unaudited) For the year ended 30 June 2020

		Consolidated	
	Note	2020 \$'000	2019 \$'000
<b>Revenue and other Income</b>			
Platform and contract revenue	3	21,088	16,266
Interest income	3	138	203
Other income	3	361	545
		<b>21,587</b>	<b>17,014</b>
<b>Expenses</b>			
Employee benefits expenses		(10,962)	(11,457)
Administrative expenses		(4,605)	(5,383)
Service provider and custodian expenses		(5,089)	(4,737)
Occupancy expenses		(286)	(572)
Trading expenses		(1,700)	(1,754)
Depreciation expenses		(482)	(83)
Amortisation expenses		(593)	(231)
Finance cost		(71)	(19)
Share based payment expense to third party		(141)	(364)
Intangible assets write-off		(113)	-
		<b>(24,042)</b>	<b>(24,600)</b>
<b>Loss before income tax</b>		<b>(2,455)</b>	<b>(7,586)</b>
Income tax benefit		-	1,117
<b>Net loss from continuing operations</b>		<b>(2,455)</b>	<b>(6,469)</b>
Other comprehensive income for the year (net of income tax)		-	-
<b>Total comprehensive loss</b>		<b>(2,455)</b>	<b>(6,469)</b>
<b>Loss per share</b>			
Basic (cents per share)	10(b)	(1.19)	(4.12)
Diluted (cents per share)	10(b)	(1.19)	(4.12)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Statement of Financial Position (unaudited) As at 30 June 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents	4	15,629	20,037
Trade and other receivables	5	3,733	3,324
Other current assets	6	1,134	1,089
<b>Total current assets</b>		<b>20,496</b>	<b>24,450</b>
<b>Non-current assets</b>			
Financial assets		219	-
Work-in-progress		106	-
Intangible assets	7	4,920	3,733
Property, plant and equipment		373	327
Right-of-use assets		1,082	-
<b>Total non-current assets</b>		<b>6,700</b>	<b>4,060</b>
<b>Total assets</b>		<b>27,196</b>	<b>28,510</b>
<b>Current liabilities</b>			
Trade and other payables	8(a)	2,956	3,235
Contract Liabilities	8(b)	110	117
Lease liabilities	2(e)	466	-
Provisions	9	874	699
<b>Total current liabilities</b>		<b>4,406</b>	<b>4,051</b>
<b>Non-current liabilities</b>			
Lease liabilities	2(e)	687	-
Provisions	9	183	173
<b>Total non-current liabilities</b>		<b>870</b>	<b>173</b>
<b>Total liabilities</b>		<b>5,276</b>	<b>4,224</b>
<b>Net assets</b>		<b>21,920</b>	<b>24,286</b>
<b>Equity</b>			
Share capital	10	64,692	64,692
Reserves	11	2,696	2,607
Accumulated losses		(45,468)	(43,013)
<b>Total equity</b>		<b>21,920</b>	<b>24,286</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Statement of Changes in Equity (unaudited) For the year ended 30 June 2020

	Note	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000
<b>Consolidated</b>					
Balance as at 1 July 2018		50,259	793	(36,544)	14,508
Total comprehensive loss for the year		-	-	(6,469)	(6,469)
<b>Total</b>		<b>50,259</b>	<b>793</b>	<b>(43,013)</b>	<b>8,039</b>
<b>Transactions with owners in their capacity as owners</b>					
Equity instrument raising	10	14,433	-	-	14,433
Options reserve		-	1,814	-	1,814
<b>Total transactions with owners in their capacity as owners</b>		<b>14,433</b>	<b>1,814</b>	<b>-</b>	<b>16,247</b>
Balance as at 30 June 2019		64,692	2,607	(43,013)	24,286
Balance as at 1 July 2019		64,692	2,607	(43,013)	24,286
Total comprehensive loss for the year		-	-	(2,455)	(2,455)
<b>Total</b>		<b>64,692</b>	<b>2,607</b>	<b>(45,468)</b>	<b>21,831</b>
<b>Transactions with owners in their capacity as owners</b>					
Options reserve		-	89	-	89
<b>Total transactions with owners in their capacity as owners</b>		<b>-</b>	<b>89</b>	<b>-</b>	<b>89</b>
Balance as at 30 June 2020		64,692	2,696	(45,468)	21,920

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Statement of Cash Flow (unaudited) For the year ended 30 June 2020

	Note	Consolidated	
		2020 \$'000	2019 \$'000
<i>Cash flows from operating activities</i>			
Receipts from customers		19,751	16,327
Payments to suppliers and employees		(22,861)	(21,527)
Interest received		138	123
Research & development grant received		1,114	2,479
Payment towards security deposit		-	(100)
<b>Net cash used in operating activities</b>	12	<b>(1,858)</b>	<b>(2,698)</b>
<i>Cash flows from investing activities</i>			
Payment for plant and equipment		(107)	(232)
Payment for intangibles		(1,962)	(2,558)
Investment in Term Deposits		-	6,500
<b>Net cash (used in)/provided by investing activities</b>		<b>(2,069)</b>	<b>3,710</b>
<i>Cash flows from financing activities</i>			
Payment for finance costs <sup>1,2</sup>		(71)	(11)
Principal elements of lease payments <sup>2</sup>		(351)	-
Transaction costs related to issue of shares		(59)	(999)
Proceeds from share issue		-	15,000
Distribution to CRPS holders		-	(8)
<b>Net cash (used in)/provided by financing activities</b>		<b>(481)</b>	<b>13,982</b>
Net (decrease)/increase in cash and cash equivalents		(4,408)	14,994
Cash and cash equivalents at beginning of the financial year		20,037	5,043
<b>Cash and cash equivalents at 30 June</b>	4	<b>15,629</b>	<b>20,037</b>

<sup>1</sup>A prior year reclassification was made to reclassify \$11,000 of Payment for finance costs from Operating activities to Financing activities

<sup>2</sup>AASB 16 Leases became effective for the Group on 1 July 2019. With the implementation of AASB 16, rental payment which were previously included as payment to suppliers and employees has been split into 'principal' and 'interest' repayments in accordance with the Accounting Standards.

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements

### 1. Statement of significant accounting policies

It is recommended that this Preliminary Consolidated Financial Report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Powerwrap Limited and its controlled entity during the year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

Powerwrap Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (a) Basis of preparation

This Preliminary Consolidated Financial Report has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Preliminary Consolidated Financial Report has been prepared under the historical cost convention.

The accounting policies applied in this Preliminary Consolidated Financial Report are consistent with those of the annual financial report for the year ended 30 June 2019 and the corresponding half year.

#### (b) Going concern

Like many businesses, the Group has been impacted in different ways by COVID-19. When the crisis first hit in March 2020, the Group transitioned to remote working and enacted its business continuity plan which evolved over time as the situation unfolded. Processes and cloud technologies already in place meant that the Group was able to operate remotely without disruption to service levels and this continued effectively and productively throughout the period.

As the head office is in Melbourne where a stage 4 lockdown is in place, operating remotely will continue into the foreseeable future. At the current point in time, the Board and Management do not envisage any reason why the Group will not continue to operate as normal. The COVID-19 pandemic has not resulted in any additional costs or impacted the value of any business assets of the Group. The current global economic uncertainties make it challenging in forecasting the future, however, the start of Q1 FY21 has been positive, with recent signing of wealth management boutique, Emanuel Whybourne. Emanuel Whybourne was founded by Craig Emanuel and Tim Whybourne, who previously managed approximately \$750 million in assets for high net worth clients. The Group remains positive given its existing and new business, strong balance sheet and cash reserves.

The Preliminary Consolidated financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Group will have sufficient cash resources to meet its regulatory requirements and pay its debts as and when they become due and payable for at least 12 months from the date of signing this Preliminary Consolidated Financial Report.

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 1. Statement of significant accounting policies (continued)

#### (b) Going concern (continued)

The Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020 reflects a Group net loss after income tax of \$2.5 million and the Preliminary Consolidated Statement of Cash Flows reflects net cash outflows from operating and investing activities of \$3.9 million. As at 30 June 2020, the Preliminary Consolidated Statement of Financial Position reflects a Group net asset position of \$21.9 million. Following the IPO capital raise in the prior year, the Company has sufficient capital to continue to meet its Australian Financial Services Licence (AFSL) conditions for the foreseeable future.

### 2. New and Revised Accounting Standards

The only new accounting standard applicable for periods commencing 1 July 2019 that has had a material impact on the Group is AASB 16 *Leases*. The impact of adopting AASB 16 on the Group is described in detail below.

#### (a) AASB 16 *Leases* overview

In February 2016, the AASB issued AASB 16 *Leases* "AASB 16". This standard replaces the accounting requirement applicable to leases in AASB 117 *Leases*. AASB 16 introduced a single lessee accounting model which eliminates the requirement for leases to be classified as operating or finance leases for lessee accounting. The revised leases standard is effective for reporting periods commencing on or after 1 January 2019 and therefore is applicable to the Group for the current reporting period commencing 1 July 2019.

The Group is party to a number of lease arrangements with regard to the Group's offices and printing services. These lease arrangements are treated in accordance with AASB 16 for the current reporting period commencing 1 July 2019, and are on the following basis:

- A right-of-use-asset and associated lease liability is recognised in the Group's Consolidated Statement of Financial Position; and
- Depreciation and interest expenses are recognised in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income, replacing an operating expense included in the prior period.

The Group has elected to apply the modified retrospective approach as permitted by AASB 16. Under this approach, the Group has not restated comparative reporting periods, but has applied this standard retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

#### Right-of-use-asset

The Group has elected to recognise the right-of-use asset to be equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position before the transition to AASB 16.

The right-of-use-asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use-asset will be periodically reduced by impairment losses, if any, and adjust for certain remeasurement of the lease liability.

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 2. New Accounting Standard (continued)

#### (a) AASB 16 Leases overview (continued)

##### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate which is 5% for all the Group's existing leases.

#### (b) Significant accounting policies resulting from the adoption of AASB 16

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments less any lease incentives receivable
- variable lease payments that depend on the incremental borrowing rate
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Group is reasonably certain to exercise

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The lease liability is measured at amortised cost using the effective interest method.

Impact on the Preliminary Consolidated Statement of Financial Position upon adoption of AASB 16 on 1 July 2019 is as follows:

Impact on consolidated statement of financial position	\$'000
Increase in new right-of-use assets	1,503*
Increase in new lease liabilities	(1,503)*
Net impact on consolidated statement of financial position	-

\* Restated during the second half of FY 2020 to reflect a more accurate estimate as additional information on the property lease arrangement became available.

##### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use-assets and lease liabilities for leases that have a lease term of 12 months or less or for leases of low-value assets. These include office lease for Sydney, information technology equipment and office furniture.

#### (c) Powerwrap Group lease portfolio

The Group leases real estate and information technology in the ordinary course of its business. The Group's real estate leases comprise office building leases in Melbourne and Sydney in which the Group operates. The Group previously classified these as operating leases under AASB 117.

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 2. New Accounting Standard (continued)

#### (c) Powerwrap Group lease portfolio (continued)

The Group leases office buildings in Melbourne and Sydney, with its head office in Melbourne and an office in Sydney which closed during May 2020. The non-cancellable period of the leases for the Melbourne office range from 1 to 3 years with variable options to extend the lease terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Such options are only included in the lease term if the lease is reasonably certain to be extended.

The lease payments are adjusted every year, based on contractual fixed percentage increases and in certain instances additionally increased by prevailing consumer price index ("CPI") at the lease review date.

#### (d) Carrying value of right-of-use-assets

The Group's right-of-use-assets comprise real estate and information technology leases. Right-of-use-assets have finite lives and are carried at cost less accumulated depreciation.

The carrying value of right-of-use-assets is presented below:

	30 June 2020
	\$'000
Cost	1,503*
Accumulated depreciation	(421)
<b>Carrying value</b>	<b>1,082</b>
<b>Opening carrying value</b>	<b>-</b>
Change in accounting policy	1,503*
Depreciation	(421)
<b>Closing carrying value</b>	<b>1,082</b>
<b>Lease term (years)</b>	<b>3</b>

\* Restated during the second half of FY 2020 to reflect a more accurate estimate as additional information on the property lease arrangement became available.

#### (e) Lease liabilities

##### (i) Maturity analysis - contractual cash flows:

	30 June 2020
	\$'000
Less than one year	466
More than one year and not more than 3 years	687
<b>Total lease liabilities at the end of the period</b>	<b>1,153</b>

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 2. New Accounting Standard (continued)

#### (e) Lease liabilities (continued)

(ii) Lease liabilities included in the Preliminary Consolidated Statement of Financial Position at the end of the period:

	30 June 2020 \$'000
Current	466
Non-current	687
<b>Total</b>	<b>1,153</b>

#### (f) Amounts recognised in the Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income

The table below shows the amounts recognised in the Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income affected by the application of the AASB 16 for the current and prior year:

	30 June 2020 \$'000
Depreciation expense on right-of-use-assets	421
Interest expense on lease liabilities	66
Lease expenses	-
Expenses relating to short term or low value assets leases	82

#### (g) Impact of AASB 16 adoption on earnings

Adoption of the new standard results in the expense front-loaded into the earlier years of the lease and lower in the later years due to the interest charged on the capital outstanding as compared to straight-lined lease expenses under AASB 117.

Impact on loss before income tax expense for the full year ended 30 June 2020 is as follows:

Impact on Preliminary Consolidated Statement of Profit and Loss and Other Comprehensive Income	\$'000
Increase in depreciation expenses	421
Increase in finance costs	66
Decrease in occupancy expenses	(416)
Increase in loss before income tax expense	(71)



# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 3. Revenue and other income

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Revenue</i>		
Platform revenue	20,160	16,266
Contract revenue	928	-
Interest received	138	203
<b>Total revenue</b>	<b>21,226</b>	<b>16,469</b>
<i>Other Income</i>		
Shared service income	162	123
Proprietary trading income	199	422
<b>Total other income</b>	<b>361</b>	<b>545</b>
<b>Total revenue and other income</b>	<b>21,587</b>	<b>17,014</b>

#### (a) Timing of revenue recognition

Services transferred to customers:

*over time*

- Platform revenue	20,160	16,266
- Software development revenue	928	-

*at a point in time*

- Interest received	138	203
	<b>21,226</b>	<b>16,469</b>

#### (b) Contract balances

The below table provides information on work in progress, accrued revenue and contract liabilities from contracts with customers:

Work in progress	106	-
Accrued revenue	710	-
Contract liabilities	(110)	(117)

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 4. Cash and cash equivalents

	Consolidated	
	2020	2019
	\$'000	\$'000
Cash at bank	15,579	19,987
Cash on deposit	50	50
<b>Total cash and cash equivalents</b>	<b>15,629</b>	<b>20,037</b>

### 5. Trade and other receivables

	Consolidated	
	2020	2019
	\$'000	\$'000
<b>Current</b>		
Trade debtors	2,570	2,026
Contract revenue receivable	710	-
<b>Total trade debtors and contract revenue receivable</b>	<b>3,280</b>	<b>2,026</b>
<i>Other receivables</i>		
Other debtors	352	145
R&D receivable	-	1,114
<b>Total other receivables</b>	<b>352</b>	<b>1,259</b>
<i>Amounts receivable from:</i>		
Powerwrap Managed Investment Scheme	101	39
<b>Total receivables from related parties</b>	<b>101</b>	<b>39</b>
<b>Total trade and other receivables</b>	<b>3,733</b>	<b>3,324</b>

### 6. Other current assets

	Consolidated	
	2020	2019
	\$'000	\$'000
Prepayments and other deposits	1,134	1,089

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 7. Intangible assets

	Consolidated	
	2020	2019
	\$'000	\$'000
Goodwill at cost	464	464
Capitalised software at cost	4,456	3,269
<b>Total intangible assets</b>	<b>4,920</b>	<b>3,733</b>

### Reconciliation

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year.

#### *Goodwill at cost*

Opening balance	464	464
<b>Closing balance</b>	<b>464</b>	<b>464</b>

#### *Capitalised software at cost*

Opening balance	3,269	997
Additions	1,893	2,503
Amortisation	(593)	(231)
Write off	(113)	-
<b>Closing balance</b>	<b>4,456</b>	<b>3,269</b>

### 8. (a) Trade and other payables

	Consolidated	
	2020	2019
	\$'000	\$'000
<b>Current</b>		
<i>Unsecured liabilities</i>		
Trade creditors	393	285
Other creditors	210	245
Accrued expenses	2,340	2,705
PAYG payable	13	-
<b>Total trade and other payables</b>	<b>2,956</b>	<b>3,235</b>

### (b) Contract Liabilities

	Consolidated	
	2020	2019
	\$'000	\$'000
<b>Current</b>		
Revenue received in advance	110	117

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 9. Provisions

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Current</b>		
<i>Employee benefits</i>		
Annual Leave	715	580
Long service leave	159	119
<b>Total current employee benefits</b>	<b>874</b>	<b>699</b>
<b>Non-current</b>		
<i>Employee benefits</i>		
Long service leave	183	173
<b>Aggregate employee benefits liability</b>	<b>1,057</b>	<b>872</b>
Number of employees at year end	71	80

#### (a) Analysis of provision for employee benefits

Consolidated	Annual Leave \$'000	Purchased Annual Leave \$'000	Long Service leave \$'000	Total \$'000
Balance at 30 June 2019	580	-	292	872
Additional amount raised during the year	719	21	163	903
Amount used or reversed during the year	(584)	(21)	(113)	(718)
<b>Balance at 30 June 2020</b>	<b>715</b>	<b>-</b>	<b>342</b>	<b>1,057</b>

#### (b) Provision for employee benefits

Provision for employee benefits represents an amount accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements. The amount accrued for long service leave is a pro-rata amount accrued based on the current years of service and discounted to allow for when the leave is expected to be taken.

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 10. Share capital

	Consolidated	
	2020 \$'000	2019 \$'000
Issued and paid-up capital Ordinary shares	64,692	64,692

#### (a) Ordinary shares

	2020		2019	
	Number	\$'000	Number	\$'000
Opening balance	205,831,244	65,624	754,132,619	50,259
Shares issued:				
29 August 2018	-	-	1,943,848	195
21 December 2018	-	-	1,547,261	155
14 February 2019	-	-	103,499	15
	-	-	3,594,608	365
<b>Pre-consolidation total</b>	-	-	<b>757,727,227</b>	<b>50,624</b>
Share consolidation (1 share for every 5 shares)	-	-	(606,181,698)	-
<b>Post consolidation total</b>	-	-	<b>151,545,529</b>	<b>50,624</b>
IPO new shares issued	-	-	42,857,143	15,000
IPO shares to 8 Partners Investments Pty Ltd	-	-	11,428,572	-
<b>Total shares at reporting date</b>	<b>205,831,244</b>	<b>65,624</b>	<b>205,831,244</b>	<b>65,624</b>
Less: Cost of Equity raising	-	-	-	(932)
	<b>205,831,244</b>	<b>65,624</b>	<b>205,831,244</b>	<b>64,692</b>

#### Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. During 2020 no dividends were paid (2019: Nil)

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 10. Share capital (continued)

#### (b) Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

CONSOLIDATED	2020		2019	
	Number	\$'000	Number	\$'000
Loss used in the calculation of basic loss per share	-	2,455	-	6,469
Loss used in the calculation of diluted loss per share	-	2,455	-	6,469
Weighted average number of ordinary shares used in the calculation of basic loss per share *	205,831,244	-	157,123,393*	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share *	205,831,244	-	157,123,393*	-

\* After taking into account the five for one share consolidation

### 11. Reserves

	Consolidated	
	2020 \$'000	2019 \$'000
Share based payments reserve	1,942	1,994
Options reserves	130	130
Share based payment expense to third party reserve	479	338
Escala option reserve	25	25
Expired option reserve	120	120
<b>Total reserves</b>	<b>2,696</b>	<b>2,607</b>

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 12. Cash Flow Note

#### (a) Reconciliation of net loss after tax to net cash flows from operations

	Consolidated	
	2020	2019
	\$'000	\$'000
Loss from ordinary activities after income tax	(2,455)	(6,469)
<b>Adjustments and non-cash items</b>		
Non-cash contract revenue	(214)	-
Depreciation and amortisation	1,075	314
Share based payments expense	(52)	1,527
Employee share options	-	(60)
Share based payment expense to third party	141	364
Intangible asset write-off	113	-
Non-cash fixed asset movement	1	-
Finance costs	71	11
Foreign exchange on financial assets	(4)	-
CRPS distribution	-	8
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in receivables	(409)	944
Increase in other current assets	(45)	(373)
Increase in work in progress	(106)	-
(Decrease)/increase in payables and accruals	(159)	765
Increase in provisions	185	271
	<b>597</b>	<b>3,771</b>
<b>Cash flows used in operating activities</b>	<b>(1,858)</b>	<b>(2,698)</b>

#### (b) Reconciliation of non-cash transactions arising from financing activities

	30 June 2019 \$'000	Cash Flow \$'000	Non-cash charges \$'000	30 June 2020 \$'000
Right of use assets*	-	-	1,503	1,503
Lease liabilities*	-	-	(1,503)	(1,503)
Total	-	-	-	-

\* The Group is party to a number of lease arrangements with regard to the Group's offices and printing services. These lease arrangements are treated in accordance with Accounting Standard *AASB 16 Leases* for the current reporting period commencing 1 July 2019. The impact of AASB 16 on the Group is the recognition of a right of use asset and associated lease liability in the Group's Preliminary Consolidated Statement of Financial Position.

# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 13. Controlled Entity

	Country of Incorporation	Percentage Owned	
		30 June 2020 %	30 June 2019 %
<b>Subsidiary of Powerwrap Limited</b>			
MWH Capital Pty Ltd	Australia	100	100

Subsidiary financial statements prepared for MWH Capital Pty Ltd as at the same reporting date were used in the preparation of these consolidated financial statements.

### 14. Subsequent events

#### (a) Newbusiness

On 20 August 2020, Powerwrap announced that it had entered into an agreement with wealth management boutique, Emanuel Whybourne, whose principals previously managed approximately \$750 million in assets for high net worth clients. Powerwrap has been selected to deliver platform administration and reporting services for the group's high net worth and ultra high net worth investor clients. Under the agreement, Powerwrap will provide access to a wide range of asset classes including domestic and international listed securities, domestic and international fixed income, model portfolios and alternative assets. It will also provide comprehensive administration and reporting services.

#### (b) COVID-19 update

Like many businesses, the Group has been impacted in different ways by COVID-19. When the crisis first hit in March 2020, the Group transitioned to remote working and enacted its business continuity plan which evolved over time as the situation unfolded. Processes and cloud technologies already in place meant that the Group was able to operate remotely without disruption to service levels and this continued effectively and productively throughout the period.

As the head office is in Melbourne where a stage 4 lockdown is in place, operating remotely will continue into the foreseeable future. At the current point in time, the Board and Management do not envisage any reason why the Group will not continue to operate as normal. The COVID-19 pandemic has not resulted in any additional costs or impacted the value of any business assets of the Group. The current global economic uncertainties make it challenging in forecasting the future, however, the Group remains positive given its existing and new business, strong balance sheet and cash reserves.

During this time of remote operation, it is business as usual for clients and employees of the Group. The wellbeing of employees is paramount, therefore, the Group has and will continue to take necessary steps, including wellness programs, to assist them throughout this period.



# Powerwrap Limited and Controlled Entity

Preliminary Consolidated Financial Report For the year ended 30 June 2020

## Notes to the financial statements (continued)

### 14. Subsequent events (continued)

#### (c) Praemium off market conditional takeover bid

On 9 July 2020, Praemium Limited ('Praemium') announced a conditional off-market takeover offer to acquire all the issued shares of the Company which it does not already hold. The offer comprises 7.5 cents per Powerwrap Share in cash and 1 Praemium Share for every 2 Powerwrap Shares.

The Bidder's Statement in relation to the Offer was lodged with the Australian Securities & Investments Commission and a copy was received by the Company on 22 July 2020. The Company's Target's Statement was provided to Praemium and lodged with the Australian Securities & Investment Commission on 31 July 2020. Copies of the Bidder's statement and the Target's statement have been dispatched to Powerwrap shareholders.

The Offer will, unless withdrawn or extended in accordance with section 15.8 of the Bidder's Statement, remain open for acceptance during the period commencing on 31 July 2020, and ending at 7:00 pm (Melbourne time) on 21 September 2020.

The Board of Powerwrap unanimously recommends the bid in the absence of a superior proposal.

There has been no other matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

### 15. Entity details

The registered office of the Company is:

Powerwrap Limited  
Level 7  
356 Collins Street  
Melbourne VIC 3000



## Appendix B – Notice to waive Defeating Conditions

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**Praemium Limited**  
**ACN 098 405 826**  
**(Praemium)**

## Notice to free Offer from Defeating Conditions

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To: Powerwrap Limited ACN 129 756 850 (**Powerwrap**)  
ASX Limited (**ASX**)

This is a notice given by Praemium in relation to its takeover offer for all of the ordinary shares in Powerwrap which it does not already own (**Offer**), pursuant to the bidder's statement dated 22 July 2020 (as supplemented by the first supplementary bidder's statement dated 14 August 2020 and the second supplementary bidder's statement dated 28 August 2020) (together, the **Bidder's Statement**).

Capitalised terms which are not defined in this notice have the meaning given to them in the Bidder's Statement.

Pursuant to section 650F of the *Corporations Act 2001* (Cth) (the **Act**), Praemium gives notice that the Defeating Conditions set out in Section 7.1(b) (*Minimum acceptance*) and Section 7.1(h) (*Material third party consents or approvals*) of the Bidder's Statement have been waived (so that the Offer has become free of those Defeating Conditions).

For the purposes of section 650F(2)(b) of the Act, at the time of giving this notice, Praemium's voting power in Powerwrap is 33.30%.

**DATED** 28 August 2020

Signed on behalf of Praemium

Barry Lewin  
**Chairman**  
**Praemium Limited**