

# Praemium's FY2022 half-year results

## Record platform FUA delivers strong top-line momentum

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Praemium is pleased to provide its financial results for the half-year ending 31 December 2021. Combined with record platform growth this half, global funds under administration (FUA) exceeded \$49 billion. Praemium has achieved a strong financial result, as the Company delivers on its growth strategy as a leading financial platform business.

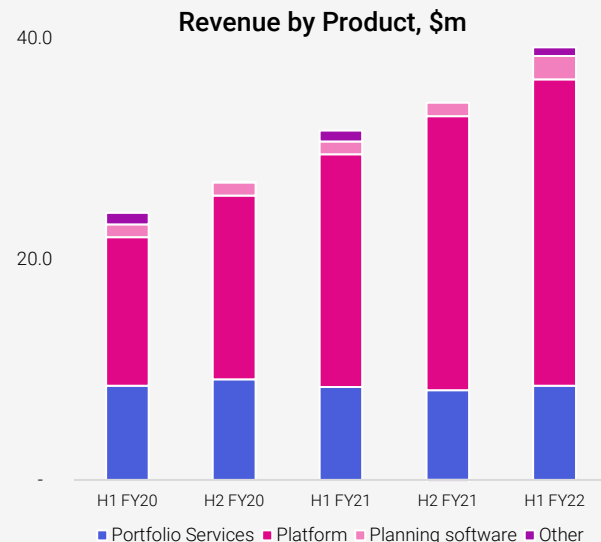
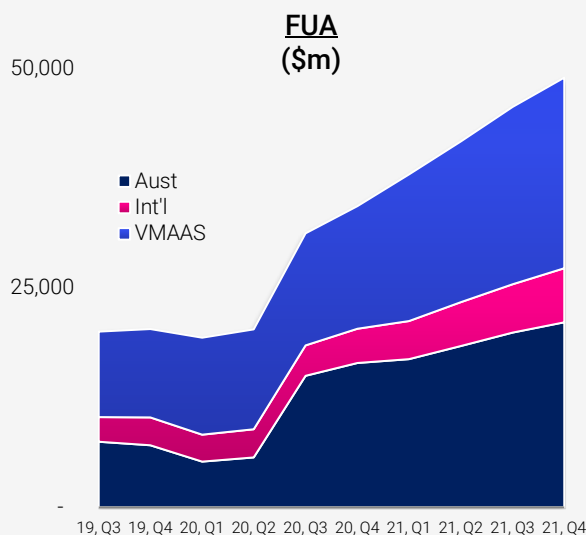
### Key achievements

#### Business highlights\*

- » Record FUA of \$49.0 billion, up 43%
- » Record platform FUA of \$27.2 billion, up 34%
- » Record Australian platform FUA of \$21.1 billion, up 28%
- » Record International platform FUA of \$6.2 billion, up 58%
- » Record net platform inflows of \$2.9 billion, up 87%

#### Financial highlights\*

- » 25% increase in revenue and other income to \$39.2 million
- » 23% increase in gross margin to \$26.9 million
- » 6% increase in underlying EBITDA to \$7.5 million
- » EBITDA margin of 27% for continuing operations



\* Refer to the Results Summary table for further detail, as compared to H1 FY2021.  
Underlying EBITDA is detailed at Note 7 of the Half-Year Report.

## Financial summary

Trading results this half include a full half of Powerwrap Limited, compared to 4 months in the prior corresponding half.

With the agreed sale of the international business to Morningstar, continuing operations of the Australian segment include the costs of Australia, Armenia and Shenzhen. The inclusion of the Shenzhen office in the Australian segment has temporarily increased the cost base without any additional revenue. The Shenzhen office will be closed once the International segment is transitioned to Morningstar.

The Australian business saw revenue increase by 21% to \$30.3 million on the first half of FY2021. Australian platform FUA increased 28% to \$21.1 billion, with Australian platform revenue increasing 31% to \$21.7 million. Portfolio Services revenue increased 7% from the growth of VMA and VMA Admin Services (VMAAS) portfolios.

Segment EBITDA (excluding corporate costs of \$0.6 million) for the Australian business was \$8.2 million, a 6% decline compared to the first half of FY2021. EBITDA margins were 27% of revenue, compared to 34% for the corresponding period last year. This was a result of investments in operations to support client growth, including the filling of previous vacancies from COVID disruptions, and R&D to drive continued innovation in our proprietary technology. \$2.6 million was also capitalised to support the expansion of our new platform offering, compared to \$3.0 million in the prior corresponding period from required regulatory projects.

For segment reporting, International comprises the discontinuing operations of the United Kingdom, Jersey, Hong Kong and Dubai, following the agreed sale of these business units to Morningstar. International's EBITDA loss decreased 94% to a breakeven result, comprising UK's EBITDA profit of \$0.1 million, Hong Kong's EBITDA profit of \$0.8 million and Dubai's EBITDA loss of \$1.0 million.

Platform revenue was up 53%, from accelerating momentum in platform FUA which increased 58% this half. This was offset by outflows in the now closed Smartfund Protected range of managed funds. Planning software revenue increased 91% to \$2.1 million, from the increase in WealthCraft CRM and planning software licences in 2021, which grew 41% internationally and the completion of a Hong Kong based contract.

The Company maintained strong cash reserves of \$19.4 million at 31 December 2021 and continues to generate positive cash flows with operating cash flows of \$0.5 million, before divestment related legal and advisory costs of \$0.7 million.

## Looking forward

CEO Anthony Wamsteker commented, "The first half of FY2022 saw continued strong growth in revenue, reflecting the ongoing success of our investments in people and technology, including the recent acquisition of Powerwrap. Following another half year in which we significantly expanded the size of our team in order to further improve the underlying proprietary technology and client service levels, we are confident that our strong growth will continue.

"We also believe that we are now at a scale threshold at which a significant percentage of revenue will convert to underlying EBITDA, especially since we essentially have a full complement of staff for the first time in the recent past. This achievement should not be underestimated in light of the challenging COVID recruitment market.

"The sale of our International business segment to Morningstar should provide all our stakeholders with confidence in our ongoing strategy. It allows a dedicated focus on our home market in Australia whilst the quality of the acquirer ratifies our underlying platform and technology. The ability to now focus exclusively on the Australian platform market at a time of a major shift from incumbents to independent challengers and in the expectations of advisers and clients regarding the range of assets to be managed in one place, creates strong alignment between our strategy and our opportunity.

"These factors underlie our expectation for underlying EBITDA growth to exceed revenue growth from this half with full year underlying EBITDA guidance of between \$16.5 million and \$18.5 million."

## Results summary

Key financial metrics (\$m)	H1 FY2022 Reported	H1 FY2021 Reported	% change
Revenue and other income <sup>1</sup>	39.2	31.5	25%
Expenses	31.7	24.4	30%
<b>EBITDA (underlying)<sup>2</sup></b>	<b>7.5</b>	<b>7.1</b>	<b>6%</b>
EBITDA margin	19%	23%	
Continuing operations EBITDA <sup>3</sup>	7.6	8.1	(6%)
Discontinuing operations EBITDA <sup>3</sup>	(0.1)	(1.0)	(94%)
(Loss) / Profit before tax	(1.5)	4.4	(134%)
Tax expense	1.1	1.6	(31%)
<b>(Loss) / Profit after tax</b>	<b>(2.6)</b>	<b>2.8</b>	<b>(193%)</b>
Earnings per share (cents)	(0.5)	0.6	(181%)
Cash	19.4	28.9	(33%)
Net Assets	79.4	79.9	(1%)
<b>Operating cashflow</b>	<b>(0.1)</b>	<b>2.2</b>	<b>(104%)</b>

FUA (\$m)	H1 FY2022	H1 FY2021	% change
Australia Platform	21,098	16,445	28%
International Platform <sup>4</sup>	6,150	3,905	58%
<b>Total Platform FUA</b>	<b>27,248</b>	<b>20,350</b>	<b>34%</b>
VMAAS <sup>5</sup>	21,721	13,974	55%
<b>TOTAL FUA</b>	<b>48,969</b>	<b>34,324</b>	<b>43%</b>

**Notes:**

H1 FY2022 reported above includes both the Australian segment (continuing operation) and International segment (discontinuing segment) for the purposes of comparison to the prior year.

<sup>1</sup> Other income as outlined in the Half Year Report's Statement of Profit & Loss.

<sup>2</sup> Underlying EBITDA, as detailed in Note 7 of the attached Half-Year report.

<sup>3</sup> Underlying EBITDA of continuing and discontinuing operations are detailed in Note 7 of the attached Half-Year report.

<sup>4</sup> International FUA in GBP at 31 December 2021 is translated at spot rate of 0.5376 (2021: 0.5657).

<sup>5</sup> VMAAS comprises FUA under our non-custodial VMA Administration Service.

Additional financial information is provided in the attached Half-Year Report and Investor Presentation.

This announcement is authorised by the Board of Praemium Limited

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**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 \$200 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

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