



Praemium announces acquisition of the Iress OneVue Platform Business

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Highlights

- » **Praemium Limited (ASX: PPS) (Praemium) has entered into an agreement to acquire 100% of Iress OneVue Platform Business (IOPB) for up-front cash consideration of \$1.0 million¹, with a potential earnout for up to an additional \$20.0 million linked to growth in Funds Under Administration (FUA)².**
 - » The consideration structure creates alignment between both parties to ensure client retention and FUA growth, whilst maintaining or improving quality service to IOPB clients.
- » **Current IOPB FUA of \$4.0 billion drives a material increase in scale to Praemium's platform business.**
 - » FUA underpinned by long-term relationships with high-quality clients.
 - » Combined greater scale with Praemium's platform FUA increasing by 17.5% to \$26.9 billion³.
 - » Earn-out will be \$6.7 million should FUA, excluding market movements, remain at this level.
- » **Increased operational leverage generating material synergies and value creation for shareholders.**
 - » Increased operational leverage and improved economies of scale.
 - » Expected synergies of at least \$3.0 million annually from migrating IOPB into Praemium's operations and technology, providing long-term value for shareholders.
- » **Mid-teens EPS (Earnings Per Share) accretion post transition**
 - » The acquisition is expected to be mid-teens EPS accretive to Praemium post transition, underlining the compelling strategic rationale of this acquisition.^{4,5}
- » **Low risk client migration**
 - » Low risk and actionable migration pathway supported by a Transitional Services Agreement (TSA) over an 18-month period post transaction completion⁶
 - » Praemium and IOPB teams have experience in executing large scale migration and transformation.

Transaction overview

Praemium Limited (ASX: PPS) (**Praemium**) today announced it has entered into a conditional agreement to acquire 100% of the Iress OneVue Platform Business (**IOPB**) from Iress Limited (ASX: IRE) (**Iress**), marking a significant milestone in Praemium's strategic growth plans. As at 31 January 2024, IOPB had FUA of \$4.0 billion, which drives a material increase in Praemium's platform business.

¹ Excludes customary completion adjustments and regulatory capital of \$5.0m. Completion subject to Conditions Precedent.

² Earnout paid based on \$1.7k consideration (rounded) paid for every \$250k of FUA migrated from IOPB to Praemium within 18-months, tested at 9-monthly intervals.

³ Assuming the migration of the existing IOPB portfolio of A\$4.0bn in FUA added to \$22.9bn in platform FUA at 31 December 2023 as reported by Praemium 17 January 2024.

⁴ Run rate post migration excludes estimated transaction costs of \$1.5m, migration costs of \$4.0m and other one-off costs of \$1.5m.

⁵ Assuming a full earnout consideration and \$3.0m of synergies.

⁶ Expected migration costs, including TSA and project management costs, of \$4.0m to be incurred over the 18-month migration period.

The consideration for the transaction will comprise:

- » up-front cash of \$1.0 million, funded from Praemium cash reserves; and
- » an earnout of up to an additional \$20.0 million based on growth in FUA measured over an 18-month period post completion.

The earnout consideration is calculated between \$3.0 billion and \$6.0 billion FUA on a straight-line basis. Based on IOPB's 31 January 2024 FUA of \$4.0 billion, total consideration payable would be \$7.7 million⁷. Completion is subject to certain conditions precedent, and the up-front consideration of \$1.0 million is subject to customary completion adjustments.

The acquisition of IOPB is highly strategic and will expand Praemium's FUA by an estimated \$4.0 billion, accelerating its growth plans and leveraging the scale of its investment platform technology and resource base to generate material synergies. The consideration will be funded through Praemium's existing cash reserves and is anticipated to be mid-teens percentage EPS accretive post-transition³.

IOPB is a leading provider of integrated platform solutions to a high quality, stable client base. IOPB offers a comprehensive range of financial products and services including superannuation, non-superannuation and value-add custody and administration.

Completion is targeted for April 2024, subject to customary conditions. Completion will be followed by an 18-month migration period to ensure IOPB clients are efficiently migrated to the Praemium platform. Praemium and Iress are both committed to an efficient client migration process, leveraging the combined strengths to ensure the continuity of quality services for IOPB clients.

Comments from CEO and Chair

Praemium CEO Anthony Wamsteker made the following comments about the acquisition:

"This is an exciting acquisition for Praemium. Throughout the review process we have been impressed by the quality of the IOPB people and client base. The ability to transition IOPB's clients to our existing platform technology will generate superior client outcomes, material synergies and boost eps accretion for our shareholders. This is a highly strategic acquisition which adds greater scale and significantly enhances our ability to improve operating margins.

The acquisition of IOPB marks the beginning of an exciting new chapter in Praemium's growth. Our focus will be on ensuring a seamless transition for clients and capitalising on the future opportunities to enhance our market position. We especially look forward to welcoming IOPB's people and clients to the Praemium platform."

Praemium Chair Barry Lewin added the following:

"The Praemium Board understands that our shareholders expect us to deploy capital to earnings accretive growth options within our core business. The acquisition of IOPB will deliver materially on that expectation. We are very excited with the opportunity this acquisition offers and have an experienced management team, as well as the capability within IOPB, to execute the required integration successfully.

I would also like to thank the management team at Iress for their professionalism in negotiating this acquisition with us. We are significant partners with Iress, and this acquisition will enhance that partnership immensely."

Praemium is being advised by MA Moelis Australia and Arnold Bloch Leibler.

This announcement is authorised by the Board of Praemium Limited. For further information contact Anthony Wamsteker, CEO, or David Coulter, CFO, Ph: 1800 571 881

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⁷ Excludes transaction costs of \$1.5m.