

2020 Annual results

Investor presentation

14 August 2020



Praemium Limited ACN 098 405 826

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Global reach, global scale

Praemium is a leading provider of scalable managed accounts technology, portfolio administration and CRM & financial advice software for the wealth management industry. Our mission is to help improve the productivity and effectiveness of wealth managers.

Our history

Software company founded in 2001

ASX listed in 2006 to launch the UK platform

Offices in Australia, the UK, UAE, Armenia, China and Hong Kong

Over 1,000 clients, including several financial institutions

Covering over \$140 billion in assets

Our products

Managed Accounts platform
The leading managed accounts provider serving Australia, UK and international markets

Portfolio administration
Excellence in performance and tax reporting

CRM & financial planning
Cloud-based financial planning software

Investment management
Multi-asset, multi-currency model portfolios

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Business highlights

Financial results

Looking forward

Q&A

Resilience in the face of challenges

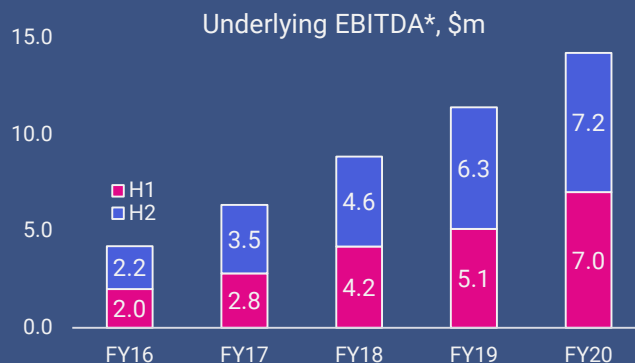
Despite headwinds, Praemium has executed its strategy and delivered a strong financial result

\$51.2 million
in revenue

8% increase in net revenue
12% increase in gross margin
25% increase in EBITDA*

91%
increase in NPAT

89%
increase in EPS

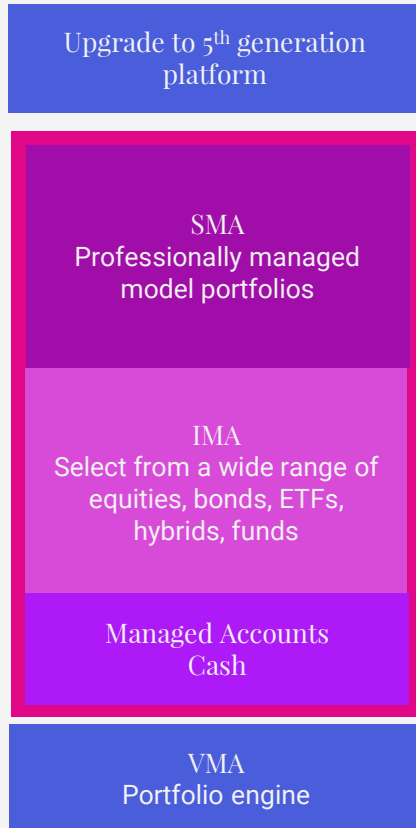


13th consecutive half of profit growth

28%
EBITDA
margin*

Execution of two-step growth strategy

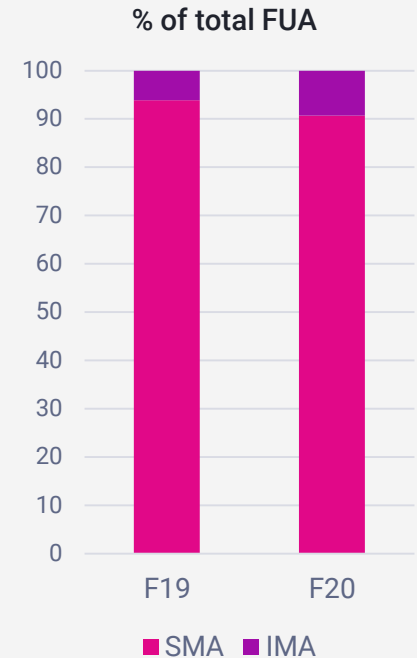
Step 1: Upgraded from niche SMA provider to full-service platform – better tech, bigger market



Praemium added IMA to its SMA capability, enabling the full breadth of managed accounts via a seamless digital platform:

- Custodial: Separately Managed Accounts (SMA) and Individually Managed Accounts (IMA)
- Non-custodial: Virtual Managed Accounts (VMA) to underpin MDAs, IDPS and similar structures.
- Unified Managed Accounts (UMAs) that enable a consolidated view of custody and non-custody investment assets.

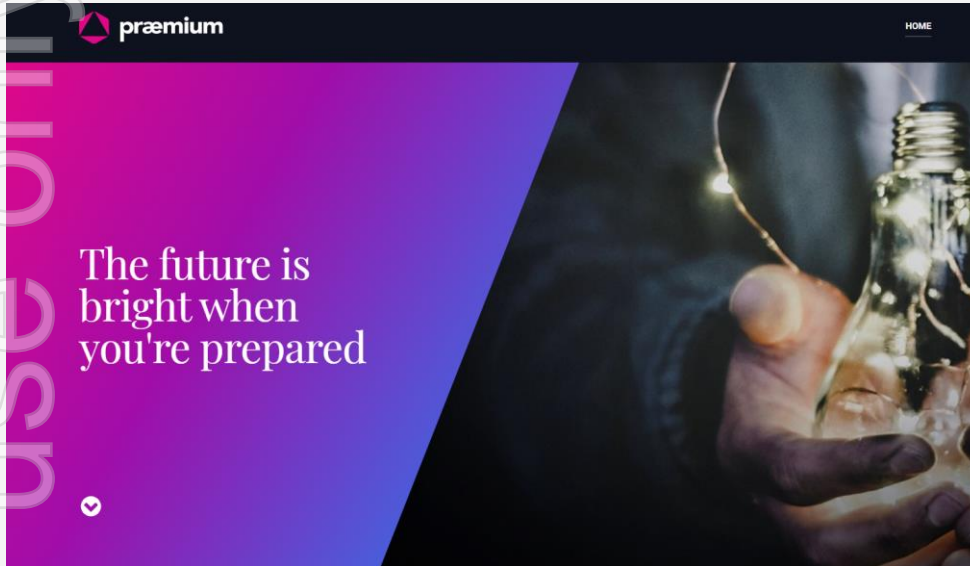
In Australia, the upgrade represents an increase in available market from the \$29bn SMA market to the overall \$777bn platform market.¹



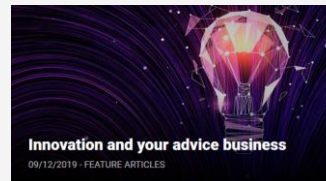
Newly launched IMA is gaining traction

Execution of growth strategy

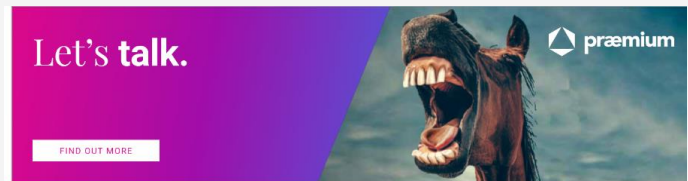
Step 2: Invested in sales and marketing – building our presence



Increased sales and marketing investment by 22%



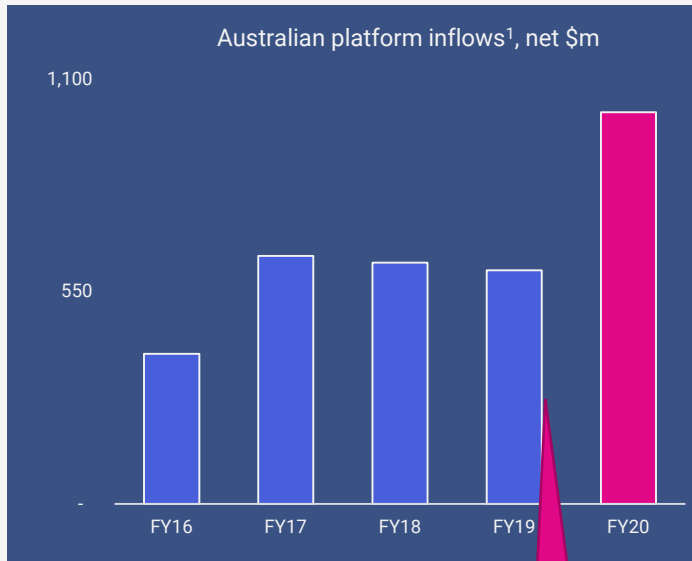
Increased BDMs:
Aus by 100%,
International by 70%



Engaged with ratings agencies in Australia and the UK – Investment Trends, Defaqto, *the lang cat*

Growth strategy showing results

Seeing results from 2019 platform upgrade and market investment



68% increase in net inflows¹

Aus Integrated platform launch Feb '19



51% increase in net inflows, 41% increase in gross inflows

Int'l Integrated platform launch Sep '19

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Maintaining growth

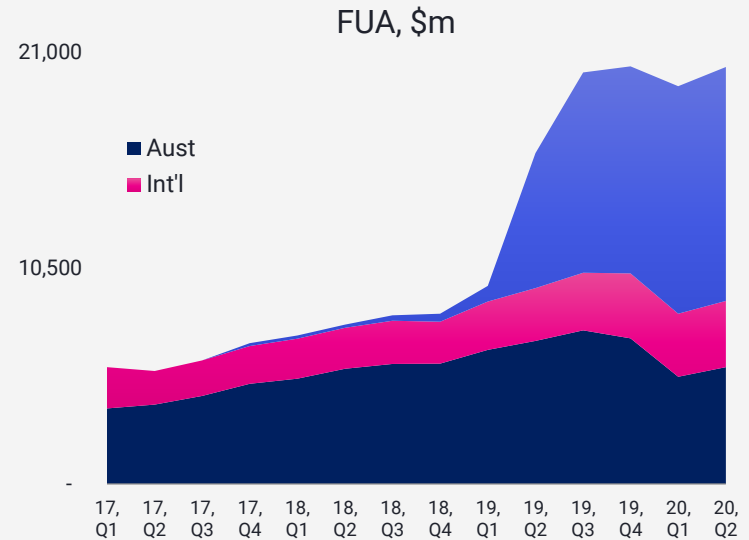
Global FUA of \$20.3 billion

Total FUA of \$20.3 billion, up 26%

- Platform FUA of \$8.9 billion, down 6%
- VMAAS FUA of \$11.4 billion, up 73%

Managed Account Platform FUA

- Australian platform of \$5.7 billion, down 18%
- International platform of \$3.2 billion, up 25%



Growth across other products

Virtual Managed Account (VMA)

VMA portfolios up 10%

Superannuation and pension

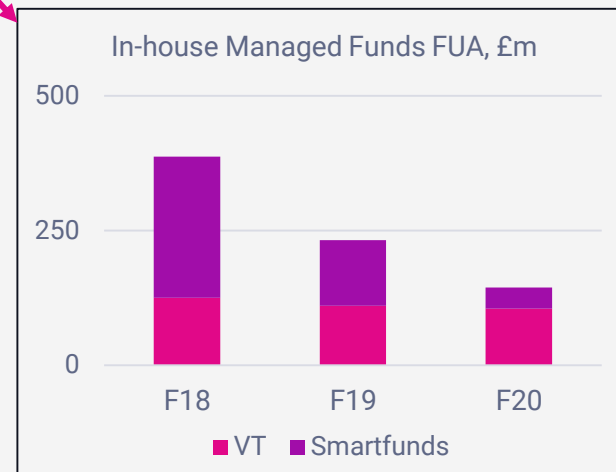
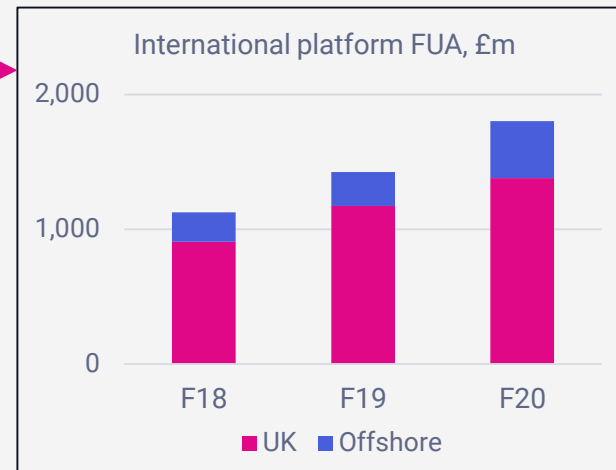
- UK pension schemes up 53%
- Australia SuperSMA up 22%

Financial planning software

WealthCraft seats up 5%

UK platform focus

| UK revenue (\$m) | FY18 | FY19 | FY20 | |
|--------------------------|-------------|-------------|-------------|------|
| Platform | 4.7 | 4.8 | 6.2 | +28% |
| Funds* | 2.9 | 3.5 | 2.0 | -42% |
| Other | 2.7 | 2.6 | 2.6 | - |
| Total net revenue | 10.3 | 10.9 | 10.8 | |
| Expenses | 12.0 | 12.5 | 12.7 | |
| EBITDA | (1.7) | (1.6) | (1.9) | |



Platform progressing well

- Platform net inflows up 47% (GBP)
- Platform FUA up 26% despite 12% fall in the FTSE 250
- Won three major platform awards
- Received a 5-star rating from Defaqto
- Rated highest as an independent open-architecture platform by *the lang cat*
- Expanded sales team gaining traction

Drag on financial performance from Smartfunds is expected to end in FY21. Operating leverage from platform FUA growth will drive the business toward inflection.

VMA – our unique competitive advantage

Leaders in portfolio administration and reporting

Praemium now offers the full spectrum of non-custodial services

Praemium's proprietary technology, **Virtual Managed Accounts (VMA)**

- Non-custodial solution for investment and SMSF portfolios
- Automatic reconstruction
- First-class tax and multi-asset investment reporting
- Manages complex corporate actions including stapled securities
- Performance analytics via digital Investor Portal

Investment asset coverage includes:

- All ASX listed securities
- 5,000 international securities on 40 exchanges
- Bonds, managed funds and cash management accounts
- Broadest range of investment data feeds

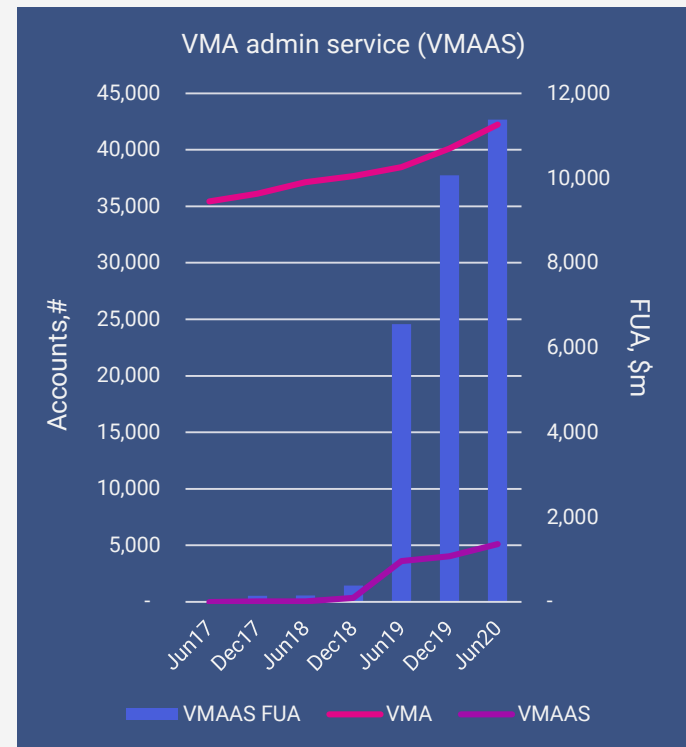
VMA Administration Service (VMAAS) launched in December 2017

- Full administration service, including mail house, portfolio management, account reconciliation, corporate action election processing and full annual reporting
- Ability to tailor solutions for small to large clients
- Part of our fully integrated managed accounts platform

Delivering strong growth in FY2020

Continues to diversify our non-asset-based revenue with:

- ✓ VMA portfolios up 10%, VMAAS portfolios up 15%
- ✓ VMAAS FUA up 73%, to over \$11 billion



Staying on the leading edge

Platform expansion

Added over 50 ETFs on the New York and London stock exchanges

Added Australian Government Bonds for custodial platform assets

Launched new platform screening functionality for ESG assessments

Launched the first ESG model with Australian Ethical

Launched a new range of multi-asset index models managed by Morgan Stanley

Product enhancements

Expanded platform security with a range of new encryption measures to further protect data

Added new UK tax-effective structure to the International platform, Onshore Bonds

Expanded reporting and governance features to support MDA operators

Enhanced industry-first AI, *Insights* that assists advisers with client retention

The only platform with a solution for mFund tax reporting

User experience

Launched Adviser Portal to UK and international clients

Added new performance-by-model reports showing true time-weighted returns

Launched fully digital application process with electronic asset registration to speed UK transitions

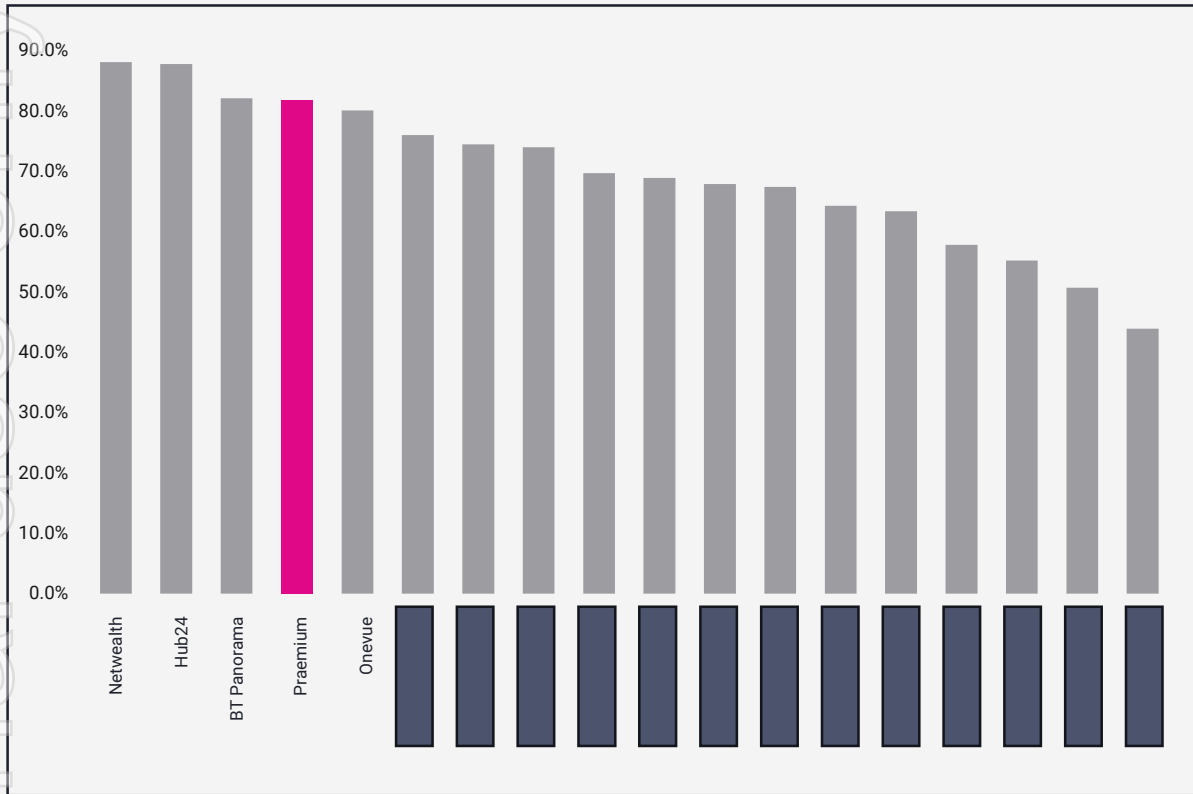
Expanded options for Asset Allocation and Performance reports

Microsoft Power BI dashboard integration



Praemium is emerging as a global leader

Australia: Debuted 4th in Investment Trends platform survey.



Source: Investment Trends overall platform scores (2019).

UK: Debuted 2nd in *the lang cat* Platform Market Scorecard, first among the independent open-architecture platform providers.

| Total overall score | |
|----------------------------|-------------|
| Parmenion | 4.64 |
| Praemium | 4.47 |
| Novia | 4.30 |
| Transact | 4.23 |
| True Potential | 4.15 |
| [Unlabeled] | 3.91 |
| [Unlabeled] | 3.83 |
| [Unlabeled] | 3.83 |
| [Unlabeled] | 3.83 |
| [Unlabeled] | 3.69 |
| [Unlabeled] | 3.54 |
| [Unlabeled] | 3.53 |
| [Unlabeled] | 3.38 |
| [Unlabeled] | 3.31 |
| [Unlabeled] | 3.22 |
| [Unlabeled] | 2.93 |
| [Unlabeled] | 2.92 |
| [Unlabeled] | 2.55 |
| [Unlabeled] | 2.23 |
| Total Average Score | 3.84 |

Source: *the lang cat* Platform Market Scorecard (March 2020). The ratings give insight into how advisers are using platforms and how well their needs are being served.

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Australia platform: Debuted 4th in Investment Trends

Across the 18 platforms rated, Præmium came 4th overall and 1st in seven out of 44 sub-categories

Online Business Management



Online Permissions



White Labelling



Segmentation
and Grouping

Integration



APIs



Planning Software
Integration

Product Offering



Managed
Accounts

Reporting



Business
Reporting

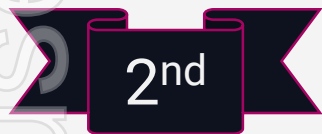
UK platform: Debuted 2nd in Platform Market Scorecard

Across the 19 platforms rated, Præmium came 2nd overall and rated highly in several categories

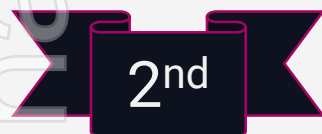
Support



Senior
Management
Support



BDM Support



Head Office
Support

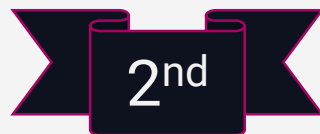
Overarching Factors



Value for Fees
Charged

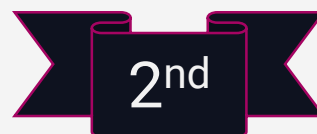


2nd in Overall Opinion
of Platform

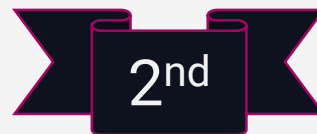


2nd in Commitment
to Market

Proposition Ratings



2nd in General
Interface/Usability



2nd in Ease of Doing
Business

“Præmium’s position outside the mainstream will soon be a thing of the past. The SMA/IMA approach is really starting to get some traction out there, with other providers like Standard Life getting on board. Sometimes you need competitors to make a market. We’ve seen the kit, and the level of paperless process is extremely impressive. Reporting is modular, flexible and clear, and you can set really interesting business rules around it.”

- *the lang cat*

Award-winning FY2020

Winner

Investment Adviser Awards

Global Investment Platform of the Year

October 2019



“Praemium has a unique proposition and has introduced a number of developments over the year to offer API links, trade matching that goes above and beyond on the crucial regulatory requirement.”

-Schroders judging panel

Winner

Schroders UK Platform Awards

Leading Platform for Discretionary Management

September 2019



Winner

City of London Wealth Management Awards

Best Innovation

March 2020



Five-star rating

Defaqto

February 2020



Winner

Financial Standard

2020 MAX Digital Campaign of the Year Award

June 2020



2020 inclusion

S&P/ASX All Technology Index

Only platform to be included



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Business highlights

Financial results

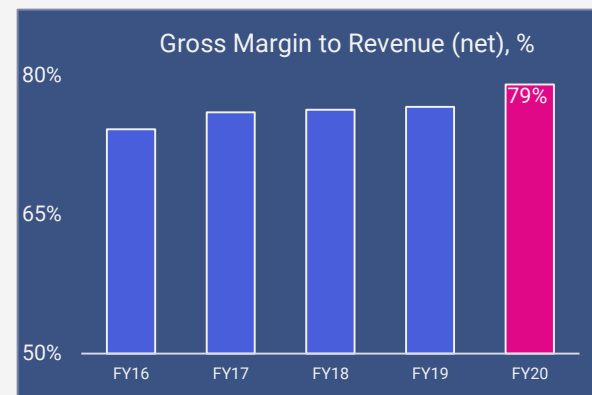
Looking forward

Q&A

FY2020 financial results

| Group Financial Results (\$m) | FY19 (Reported) | FY19 (AASB 15&16)* | FY19 (Restated) | FY20 (\$m) |
|--|--------------------|--------------------------|--------------------|---------------|
| Revenue | 45.1 | 3.6 | 48.7 | 51.2 |
| Product commissions ⁽¹⁾ | (2.0) | | (2.0) | (0.6) |
| Revenue (net) | 43.1 | 3.6 | 46.7 | 50.6 |
| Cost of operations | (7.3) | (3.6) | (10.9) | (10.6) |
| Gross margin | 35.8 | | 35.8 | 40.0 |
| <i>GM % of net revenue</i> | <i>83.1%</i> | | <i>76.6%</i> | <i>79.0%</i> |
| Expenses: | | | | |
| Information Technology ⁽²⁾ | (6.0) | | (6.0) | (6.1) |
| Sales & Marketing | (9.4) | | (9.4) | (11.5) |
| General & Admin | (9.0) | 1.1 | (7.9) | (8.2) |
| Total expenses | (24.4) | 1.1 | (23.3) | (25.8) |
| EBITDA (underlying) | 11.4 | 1.1 | 12.5 | 14.2 |
| Share schemes | (2.0) | | (2.0) | (2.1) |
| D&A ⁽³⁾ | (1.9) | (1.2) | (3.1) | (4.6) |
| EBIT | 7.5 | (0.1) | 7.4 | 7.5 |
| Arbitration & restructure ⁽⁴⁾ | (1.6) | | (1.6) | (1.3) |
| FX & other ⁽⁵⁾ | (0.5) | (0.1) | (0.6) | 1.6 |
| NPBT | 5.4 | (0.2) | 5.2 | 7.8 |
| Tax ⁽⁶⁾ | (2.9) | | (2.9) | (2.9) |
| NPAT | 2.5 | (0.2) | 2.3 | 4.9 |

Key financial highlights*



- ↑ Improved gross margins, up 12%
- ↑ Underlying EBITDA up 13%
- ↑ Reported NPAT up 91%, EPS up 89%

Maintained investments in sales & marketing to drive future growth

* Compared to FY19 results restated from the adoption of:
 1) AASB16 Leases (AUS \$0.4m, UK, \$0.5m, Asia \$0.2m) and
 2) AASB15 Revenue from Contracts with Customers for AUS scheme recoveries (\$3.6m)

(1) Product commissions relate to Smartfunds, with reductions from fund outflows during the year
 (2) Information Technology expenses excludes R&D capex of \$4.9 million (FY20) and \$4.7 million (FY19)
 (3) Includes amortisation of lease assets \$1.3m (lease term), intangibles from software R&D \$2.5m (3 years) and acquisitions \$0.3m (5 years)
 (4) Refer slide 21 for detailed breakdown
 (5) Unrealised gain on listed shares \$1.9 million, and FX from cash held in foreign currencies (GBP, USD, HKD) and irrecoverable taxes (VAT, WHT)
 (6) FY20 Aus tax estimate at 30% company tax rate



Half-on-half results

| Group Financial Results | H1, FY20 (\$m) | H2, FY20 (\$m) | FY20 (\$m) |
|----------------------------|-------------------|-------------------|---------------|
| Revenue | 26.5 | 24.7 | 51.2 |
| Product commissions | (0.4) | (0.2) | (0.6) |
| Revenue (net) | 26.1 | 24.5 | 50.6 |
| Cost of operations | (5.8) | (4.8) | (10.6) |
| Gross margin | 20.3 | 19.7 | 40.0 |
| <i>GM % of net revenue</i> | <i>77.8%</i> | <i>80.4%</i> | <i>79.0%</i> |
| Expenses | | | |
| Information Technology | (3.3) | (2.8) | (6.1) |
| Sales & Marketing | (5.6) | (5.9) | (11.5) |
| General & Admin | (4.4) | (3.8) | (8.2) |
| Total expenses | (13.3) | (12.5) | (25.8) |
| EBITDA (underlying) | 7.0 | 7.2 | 14.2 |
| Share schemes | (0.8) | (1.3) | (2.1) |
| D&A | (2.2) | (2.5) | (4.7) |
| EBIT | 4.0 | 3.4 | 7.4 |
| Arbitration & acquisition | (0.6) | (0.7) | (1.3) |
| FX & other | (0.2) | 1.8 | 1.6 |
| NPBT | 3.2 | 4.5 | 7.7 |
| Tax | (1.8) | (1.0) | (2.8) |
| NPAT | 1.4 | 3.5 | 4.9 |

Maintained growth during volatile 2nd half

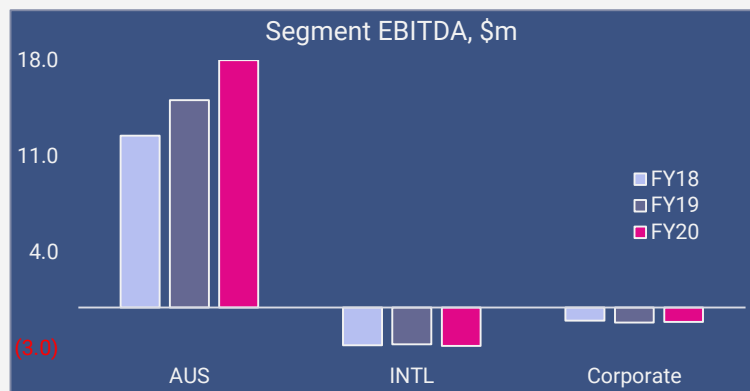
- Revenue impacted from market declines post COVID-19
- Delivered gross margins of 80.4%, up from 77.8% in H1
- Cost initiatives implemented during 4th quarter
- EBITDA margins of 29% for 2nd half, 28% for the full year

Improved bottom line

- Amortisation includes completed R&D modules & *AASB16 Leases*
- Higher acquisition costs from PWL takeover bid
- FX & other includes \$2 million unrealised gain on PWL shares
- H2 NPAT of \$3.5 million, compared to \$1.4 million for H1

Revenue & earnings growth despite challenges

| \$m | Aus | Intl | FY20 | FY20 % | Aus % | Intl % |
|----------------------|-------------|-------------|-------------|-----------|------------|-------------|
| Platform | 21.0 | 9.1 | 30.1 | 2% | 11% | (15%) |
| Portfolio services | 17.7 | - | 17.7 | 11% | 11% | - |
| Planning software | 0.1 | 2.3 | 2.4 | 5% | (21%) | 7% |
| Other | - | 1.0 | 1.0 | 12% | - | 12% |
| Revenue | 38.8 | 12.4 | 51.2 | 5% | 11% | (9%) |
| Product commissions | | (0.6) | (0.6) | | | |
| Revenue (net) | 38.8 | 11.8 | 50.6 | 8% | 11% | 1% |



Australia: 47% EBITDA margin

- Strong growth in core products, with revenue up 11%
- Platform revenue up 11% from underlying inflow growth
- Portfolios services revenue up 11% from VMA portfolio uplift and VMAAS on-boarding
- Expense management during COVID-19 uncertainty
- 20% improvement in EBITDA to \$18.1 million

International: Weathering global volatility

- Net revenue growth of 1%, record platform inflows impacted by Smartfund outflows and market declines
- Growth in planning software revenue from increasing WealthCraft adoption
- Expenses up 1% from continued management
- Loss of \$2.8 million for the year, 5% increase with:
 - UK \$1.9 million loss
 - Asia \$0.9 million loss

| \$m | Aus | Intl | Corp | FY20 | FY20% | Aus % | Intl % |
|-----------------------|-------------|--------------|--------------|-------------|------------|------------|-------------|
| Revenue (net) | 38.8 | 11.8 | - | 50.6 | 8% | 11% | 1% |
| Expenses | (20.7) | (14.6) | (1.1) | (36.4) | 3% | 4% | 1% |
| Segment EBITDA | 18.1 | (2.8) | (1.1) | 14.2 | 25% | 20% | (5%) |
| <i>EBITDA %</i> | <i>47%</i> | | | <i>28%</i> | | | |

Cashflow and balance sheet

| Cashflow (\$m) | FY19 | FY20 |
|-------------------------------|--------------|--------------|
| Operating cashflow | 10.0 | 14.4 |
| R&D incentive | 0.8 | 0.8 |
| Tax paid | (3.0) | (2.0) |
| One-off costs | (1.6) | (1.1) |
| Net operating cashflow | 6.2 | 12.1 |
| Intangible capex | (4.7) | (4.9) |
| Equipment capex | (0.5) | (0.4) |
| Investments | 0.9 | (3.1) |
| Net investing cashflow | (4.3) | (8.4) |
| Net financing cashflow | - | (1.3) |
| Net cash movement | 1.9 | 2.4 |
| Opening cash | 12.1 | 13.7 |
| Unrealised FX | (0.3) | (0.2) |
| Closing cash | 13.7 | 15.9 |

| Balance Sheet (\$m) | FY19 | FY20 |
|---------------------|-------------|-------------|
| Cash | 13.7 | 15.9 |
| Receivables | 7.6 | 6.5 |
| Intangibles | 9.9 | 12.0 |
| Other assets | 4.2 | 14.8 |
| Assets | 35.4 | 49.2 |
| Tax liabilities | 1.7 | 1.3 |
| Other liabilities | 10.1 | 17.3 |
| Liabilities | 11.8 | 18.6 |
| Net Assets | 23.6 | 30.6 |

| One-off Costs (\$m) | FY19 | FY20 |
|----------------------|------------|------------|
| Arbitration costs | 0.4 | 0.7 |
| Acquisition costs | 0.4 | 0.4 |
| Restructure costs | 0.8 | 0.2 |
| Total expense | 1.6 | 1.3 |

Key points

- Operating cashflow up 95% on FY2019 to \$12.1 million
- R&D capex of \$4.9 million from continued projects
- Group regulatory cash requirement of \$5 million
- Franking credits of \$11.5 million

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Business highlights

Financial results

Looking forward

Q&A

Key strategic achievements FY2020

Completed the major upgrade program:

- After launching the fully integrated managed accounts platform in Australia in early 2019, we then rolled it out to the UK platform in the 1st quarter of F2020
- This was shortly followed in early 2020 with the UK version of the *Insights* AI predictive model capability

Invested in sales and marketing:

- With a whole-of-market platform, we commenced the process of engaging with the key platform rating agencies in Australia and the UK
- We were very pleased to be rated at 2nd place by *the lang cat* in the UK on debut as well as receiving a 5-star rating by Defaqto
- And we were equally pleased to be rated at 4th place by Investment Trends in Australia, again on debut
- BDM headcount increased by 90% over the year

Continued innovation:

- Ethical investing: investors can now customise their managed accounts portfolios based on their specific ESG preferences
- Platform and CRM integration: Automatic generation of draft platform accounts via WealthCraft CRM
- Digital asset transfers: fully scalable electronic client transition capability, now in play

Forward plans

A continued focus on growth:

- The expanded Australia sales team will be supported by ongoing brand and marketing campaigns
- We will expand the UK sales team and support with further brand awareness to raise our profile as the market is very open to an innovative platform with proprietary technology
- We will underpin our growth plans around the world by making a concerted investment in improving CX, the client experience

The new normal:

- Praemium's switch to remote working was implemented without any client disruption
- With technical teams based in Melbourne, Shenzhen, Yerevan and London, Praemium's follow-the-sun global infrastructure capability will enable us to respond to any further supply disruptions
- Praemium's client support teams in Melbourne, Hong Kong, Dubai, Jersey and the UK are able to provide client coverage across its clients in multiple time-zones, including Japan where Praemium now has a client presence
- The shift to remote telecommuting is expected to have a material impact on expenses and staff productivity going forward

Takeover offer for Powerwrap

Powerwrap

Specialist platform with FUA of \$8.5 billion¹
Provides sophisticated HNW investment solutions with \$2 trillion addressable market²

Offer consideration

7.5¢ cash and one Praemium share for every two Powerwrap shares³
Funded by a mix of scrip, cash and a term loan facility

Board Recommendation

Powerwrap's Board has unanimously recommended that shareholders accept in favour of Praemium's offer, subject to a superior proposal⁴

Timing

Agreed exclusivity during offer
Expected completion in September 2020

Highly synergistic

Full year EBITDA operating cost synergies are expected (on a preliminary basis) of \$6.0 million by FY2022

Stronger together

Combined Group with FUA over \$28 billion
Greater scale, international reach, improved inflows and more diversified customer base

Highly attractive specialist platform proposition combining PWL's execution and alternative investment capabilities with PPS' reporting and administration strength

1 As at 30 June 2020

2 Powerwrap / Investment Trends High Net Worth (HNW) Investor Report 2019

3 Based on Praemium's Volume Weighted Average Price (VWAP) of 37.89¢ for the 5 trading days prior to the announcement of the proposed transaction on 9 July 2020

4 Refer Bid Implementation Agreement's (BIA) for summary of conditions

Powerwrap and Praemium – stronger together

Praemium's reporting and administration strength combined with Powerwrap's execution capabilities and broad range of alternative investment options will create a highly attractive specialist platform solution.

Powerwrap today



Complex HNW portfolios with average account \$1.9M



Full HIN-based account allowing all corporate actions



Experts in alternative assets and hedge funds



Tax report for every asset class

Merged Group differentiators

•Broad product suite for the complex needs of HNW clients

•The most accurate portfolio and tax reporting engine

•A unified platform for custodial and HIN-based portfolios

•Serving advisers in Australia, Hong Kong, Singapore, Dubai, RSA, Japan and the UK

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Business highlights

Financial results

Looking forward

Q&A



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