

# ASX Announcement

Prime Financial Group Ltd (Prime – ASX: PFG)  
26 November 2021



## Prime Financial Group Ltd (Prime – ASX code PFG)

### 2021 Annual General Meeting

In accordance with the requirements of the ASX Listing Rules, Prime Financial Group Ltd (ASX: PFG) is pleased to provide a copy of the presentation to be given by Prime's Chairman and Managing Director/CEO, Mr Simon Madder, at the Company's Annual General Meeting (which will commence at 9.00am this morning).

#### About Prime Financial Group

Prime is 'One Connected' professional services firm, operating across four key areas in Accounting & Business Advisory, Wealth Management, SMSF and Capital in its three core locations of Melbourne, Sydney and Brisbane.

For more information on this announcement please contact **Simon Madder (Managing Director/CEO)** on (03) 9827 6999.

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PRIME FINANCIAL GROUP LTD  
ACN 009 487 674

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## 2021 Annual General Meeting

### Chairman's Address

Good morning Ladies and Gentlemen. On behalf of my fellow Directors, Mr Matt Murphy and Mr Tim Bennett, it gives me great pleasure to welcome you to this virtual 2021 Annual General Meeting of Prime Financial Group Limited. My name is Simon Madder, and I have the honour of being your Chairman.

I would also like to take the opportunity to welcome the members of our team who have joined us virtually this morning, as well as representatives from our auditors, EY, and from our legal advisers, HFW Australia. I would also like to welcome representatives of Computershare, who will be counting votes on resolutions to be considered this morning.

The agenda for this meeting will comprise of my address, followed by a presentation on the business and the results for the 2021 financial year. I will also provide an update for the current financial year. We will then allow time for questions.

The formal business of the meeting will then be conducted which will include resolutions for the adoption of the 2021 Annual Financial Statements and the Remuneration Report, the re-election of Mr Tim Bennett as a Director of the Company, followed by the approval of the issue of Performance Rights under the Performance Rights Plan to the directors, Mr Simon Madder, Mr Matt Murphy and Mr Tim Bennett.

### Overview

It is very pleasing to report to you an impressive result that underscores the strength of Prime Financial Group Ltd's (Prime) core business and growth strategy. At the centre of this strategy is Prime's 'OneConnected' service, client and team approach that continues to deliver revenue and earnings growth plus high and increasing levels of client satisfaction as measured through regular client surveys.

Over the last three years we have continued to build on our core values as an accountable, proactive, professional and relationship-focused team and business all whilst navigating the recent challenges of COVID-19 for all our stakeholders. This is a continuous journey where we are making real progress.

We feel confident that our philosophy of team transparency and balancing financial and non-financial objectives is effective and we want to continue to build momentum in our four divisions as we move into a more growth orientated phase in the development of Prime.

Our team is our biggest asset, and we want to continue to develop incentive structures, a culture and balance to achieve sustainably higher business and personal growth with a business owner mentality at the core, a true partnership between team and shareholders that encourages development and alignment.

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Our business is well positioned after three years of consecutive earnings (Underlying EBITDA for members/shareholders) growth which has seen 8%, 7% and 22% growth in each of FY19, FY20 and FY21 on a comparable basis. The challenge and the opportunity is to continue to selectively scale the firm whilst focusing on key areas of difference and expertise all whilst recruiting and developing a diverse group of engaged talent that affect superior outcomes for clients, themselves and shareholders.

We appreciate the support of our shareholders, the dedication of our team and respect the resilience of our clients as they navigate their own personal and business objectives, our focus remains empowering and achieving aspirations.

Across Prime's key group metrics there were material improvements with particular emphasis on the increase in earnings, net operating cashflow, margin and dividends. There was also a material reduction in debt which was supported by a focus on cost control.

These improvements are a reflection of a growing client base and delivering additional high value services to existing clients which was supported by a broad based business and stock market recovery.

## **Accounting & Business Advisory plus Capital**

Revenue increased by 10% for the year through various organic growth initiatives. We continue to see high demand for core Accounting Services which are substantially recurring in nature and a material uptick in the number of engagements and successful outcomes for the Capital & Corporate Advisory clients, this is increasingly supported by positive market sentiment for M & A activity.

## **Wealth Management & SMSF**

Revenue declined by 4% for the year, however supportive industry dynamics, including the current level of stock markets and an increase in Wealth Management Funds Under Management (FUM) is positioning the segment for growth. This is further supported by a material reduction in the number of Financial Advisers in the industry, without a corresponding drop in demand for services. As an established Wealth Manager with a 23 year history, good scale and deep expertise, Prime are well positioned to participate in the industry re-positioning.

Prime continues to achieve above industry organic growth from Prime's SMSF division which will enter its fourth year of operation in FY22 which will also see a focus on the continued development of the Wealth Management Wholesale client offering and Family Office capability.

## **Clients and Community**

Prime's focus remained on providing our clients with support and advice on how to best manage through different and often disrupted business conditions by being planned, proactive and timely in our approach. It was also rewarding for the Prime team to see a 34% increase in the client Net

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Promoter Score (NPS) survey with top quartile performance when measured against peers. We thank our clients for their ongoing support and appreciation.

As part of our contribution to the broader community, Prime continued the Business Owner and Wealth Management Forums initiated in FY20 along with regular media spots educating SMSF trustees. All of these sessions were available free of charge for our clients, our business partners and those in their respective networks and communities.

For our team we continued with our Employee Giveback Program which offers a paid voluntary leave day to support a preferred charity of the team members choice. Circumstances limited this program in FY21 but we hope that this continues to be a valuable contribution in FY22 for both team members and charity alike. Prime were also pleased to support and sponsor the MayDay Charity Event again in FY21, which successfully raised funds for the EB Research Foundation.

As part of Prime's responsibility, we understand the importance of being a positive contributor to our community and delivering value for our clients, something we strive to do and improve on each year as we continue to evolve and build our programs.

I will now elaborate further on the performance of Prime and our financial results for the year.

**Simon Madder**

**Chairman**

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Prime Financial Group Ltd (ASX: PFG)

# AGM Presentation

26 November 2021

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# Important Notice & Disclaimer

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This investor presentation (**Presentation**) has been prepared by Prime Financial Group Limited (**'Prime'**).

## Summary Information

This Presentation contains summary information about Prime. The information in this Presentation is general background information and does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Prime's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**'ASX'**), which are available at [www.asx.com.au](http://www.asx.com.au) or [www.primefinancial.com.au](http://www.primefinancial.com.au). Not all assets depicted in the Presentation are necessarily owned by Prime or any entity managed by Prime. Figures may not sum due to rounding. Currencies are generally presented in Australian dollars and times are references to Melbourne times except where the context requires otherwise.

## Forward Looking Statements

This Presentation contains forward looking statements which may be subject to significant uncertainty outside of Prime's control. No representation is made as to the accuracy or reliability of the forecasts or the assumptions on which they are based. Actual future events may vary from these forecasts. Users of this information are cautioned against placing undue reliance on any forward looking statements.

## Not Investment Advice

This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire entitlements or shares. This Presentation is not a prospectus or a product disclosure statement under the *Corporations Act 2001* (Cth) (**Corporations Act**) nor is it an offering document under any other law, and has not been lodged with ASIC. The information in this Presentation has been prepared without taking into account the investment objectives, financial circumstances, taxation position or particular needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate legal, financial and taxation advice appropriate to their jurisdiction.

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Any recipient of this presentation acknowledges and agrees that:

- they will rely entirely upon their own assessment and advice in relation to the business, assets, financial position and affairs of Prime, including conducting independent inquiries, due diligence or analysis with appropriate legal, financial, taxation and other advice, as required; and
- any opinions expressed in this presentation are based on the knowledge and approach of the persons forming the opinion at the date that the opinion was formed and may have ceased or may in the future cease to be appropriate in the light of subsequent knowledge or attitudes.



# Welcome

## Directors



**Simon Madder**

Chairman, Chief Executive  
Officer & Managing Director



**Matt Murphy**

Executive Director



**Tim Bennett**

Executive Director



## Auditors

EY



## Legal Advisors

HFW



## Share Registry

Computershare Investor Services

# Agenda

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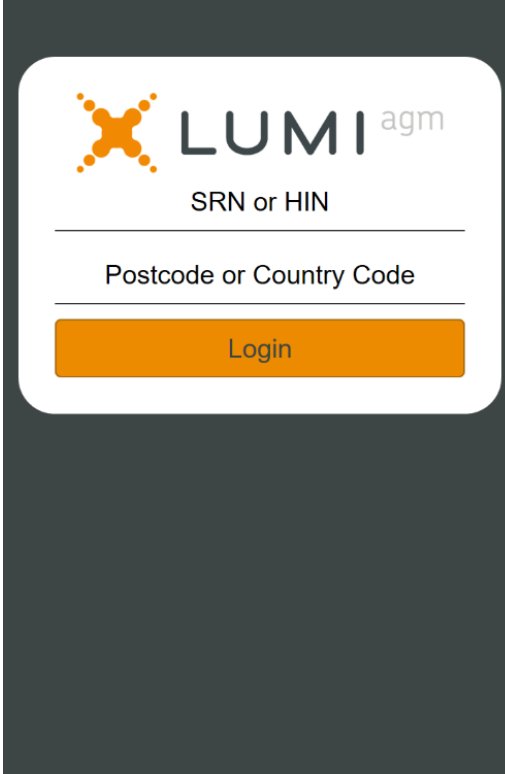
1. Chairman's Address – Simon Madder
2. Managing Director / CEO's Presentation – Simon Madder
3. Business of the Meeting



# Online attendees voting process

Visit [web.lumiagm.com/348379873](http://web.lumiagm.com/348379873)

Enter Username (SRN or HIN) and Password  
(Postcode or Country Code).



The image shows a mobile app interface for LUMI agm. It features a white login card on a dark grey background. The card has the LUMI agm logo at the top, followed by a text input field for 'SRN or HIN', another text input field for 'Postcode or Country Code', and an orange 'Login' button at the bottom.

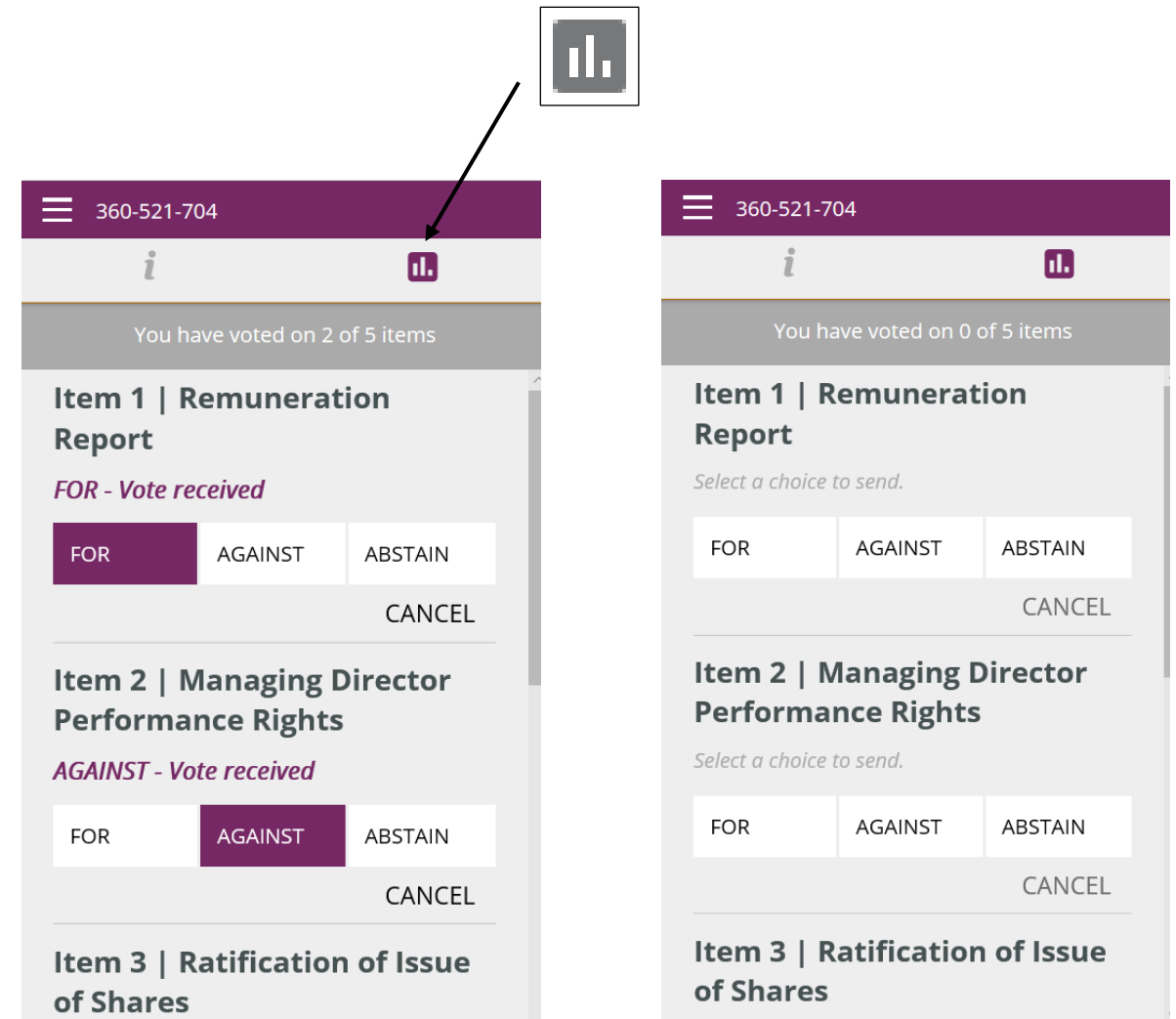


The image shows the same mobile app interface as the previous one, but with pre-filled values. The 'SRN or HIN' field contains 'C0000003541' and the 'Postcode or Country Code' field contains four dots. The orange 'Login' button remains at the bottom.

# Online attendees voting process

When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen

To vote simply select the option you wish to send, the selected option will change colour. There is a message at the top of screen indicating the number of resolutions you have voted on.



# Proxies received for Resolution 1: Remuneration Report

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In favour*	Against	Proxy's discretion	Abstention
56,924,631 (81.34%)	3,812,287 (5.45%)	9,246,866 (13.21%)	125,000

\* Includes open proxies directed to the Chairman. The Chairman intends to vote all available undirected proxies in favor of all the resolutions.

# Proxies received for Resolution 2: Re-election of Mr Tim Bennett

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In favour*	Against	Proxy's discretion	Abstention
106,624,895 (92.04%)	34,229 (0.03%)	9,186,970 (7.93%)	678,588

\* Includes open proxies directed to the Chairman. The Chairman intends to vote all available undirected proxies in favor of all the resolutions.



# Proxies received for Resolution 3: Issue of Performance Rights to Mr Simon Madder

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In favour*	Against	Proxy's discretion	Abstention
56,822,196 (81.15%)	4,014,618 (5.73%)	9,186,970 (13.12%)	46,500,898

\* Includes open proxies directed to the Chairman. The Chairman intends to vote all available undirected proxies in favor of all the resolutions.

# Proxies received for Resolution 4: Issue of Performance Rights to Mr Matt Murphy

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In favour*	Against	Proxy's discretion	Abstention
56,798,827 (81.11%)	4,037,987 (5.77%)	9,186,970 (13.12%)	46,500,898

\* Includes open proxies directed to the Chairman. The Chairman intends to vote all available undirected proxies in favor of all the resolutions.

# Proxies received for Resolution 5: Issue of Performance Rights to Mr Tim Bennett

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In favour*	Against	Proxy's discretion	Abstention
56,853,827 (81.13%)	4,037,987 (5.76%)	9,186,970 (13.11%)	46,445,898

\* Includes open proxies directed to the Chairman. The Chairman intends to vote all available undirected proxies in favor of all the resolutions.

Prime Financial Group Ltd (ASX: PFG)

# Managing Director/CEO's Presentation

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# FY21 Key Financial Highlights



Underlying EBITDA  
Growth (members/  
shareholders)

**+22%**



Margin Growth  
(members/  
shareholders)

**+4% to 30%**



Increase in net operating  
cashflow

**+48%**



Final dividend up

**+60%**



Revenue Growth

**+4%**



Total expenses lower

**-3%**



Reduction in Net Debt

**-27% to 1.0 times  
Underlying EBITDA  
(members/shareholders)**

# Capital Structure & Comparisons

## Prime's Capital Structure

Shares on issue (includes treasury shares) at 30 June 2021	201m
Market Capitalisation at 17.5 cents at closing on 22 November 2021*	\$35m
Net debt at 30 June 2021	\$7.1m

## Investment Information (historic)

FY21	
Share Price**	17.5 cents
Reported EPS	1.69 cps
Reported EPS multiple**	10 times
Dividend per share	0.70 cps
Dividend Yield**	4.0%

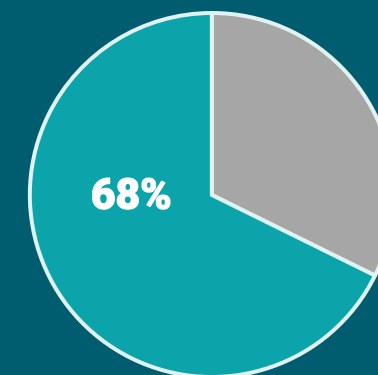
## Prime's Comparable Companies

Company	ASX Code	Market Cap*
Kelly Partners Group	KPG	\$182 million
Centrepont Alliance	CAF	\$53 million
Countplus	CUP	\$118 million
Easton Investments	EAS	\$39 million
Sequoia Financial Group	SEQ	\$93 million
WT Financial Group	WTL	\$22 million
Fiducian Group	FID	\$270 million

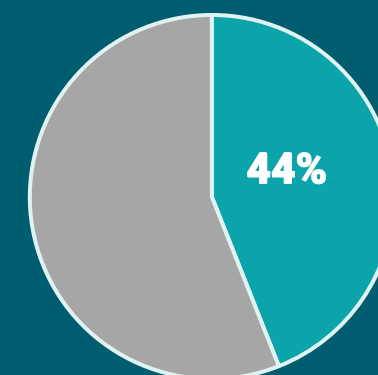
\* Market Capitalisation taken at 22 November 2021 closing

\*\* Share Price taken at 22 November 2021 closing

## Top 20 Shareholders



## Staff & Associate Shareholders



# Key Financial Information

FY21 vs FY20



Financial Highlights*	Prime – Members/Shareholders			Prime – Group		
	FY21	FY20	Change	FY21	FY20	Change
<b>Underlying</b>						
Revenue - Contracts with customers	\$22.3m	\$21.5m	4% ↑			
EBITDA**	\$6.8m	\$5.5m	22% ↑	\$7.6m	\$6.4m	18% ↑
Margin	30%	26%	4% ↑	34%	30%	4% ↑
<b>Reported</b>						
EBITDA	\$6.2m	\$5.2m	19% ↑	\$7.1m	\$6.1m	15% ↑
NPAT	\$3.1m	\$2.1m	48% ↑	\$3.7m	\$2.8m	32% ↑
Diluted EPS - cents per share (cps)	1.69	1.21	39% ↑			
Interim Dividend (cps)	0.30	0.20	50% ↑			
Final Dividend (cps)	0.40	0.25	60% ↑			
Full year Dividend (cps)	0.70	0.45	56% ↑			

Prime's key profitability measure is Underlying EBITDA for members/shareholders

Underlying EBITDA for members/shareholders removes the impact of financing costs, movements in items such as depreciation, amortisation and one-off items, and focuses on the earnings available to shareholders

FY21 Underlying EBITDA for members/shareholders includes non-recurring expenses of \$0.52 million vs \$0.39 million in FY20.

\*Please see slide 18 for reconciliation of Reported and Underlying EBITDA to NPAT.

\*\*EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

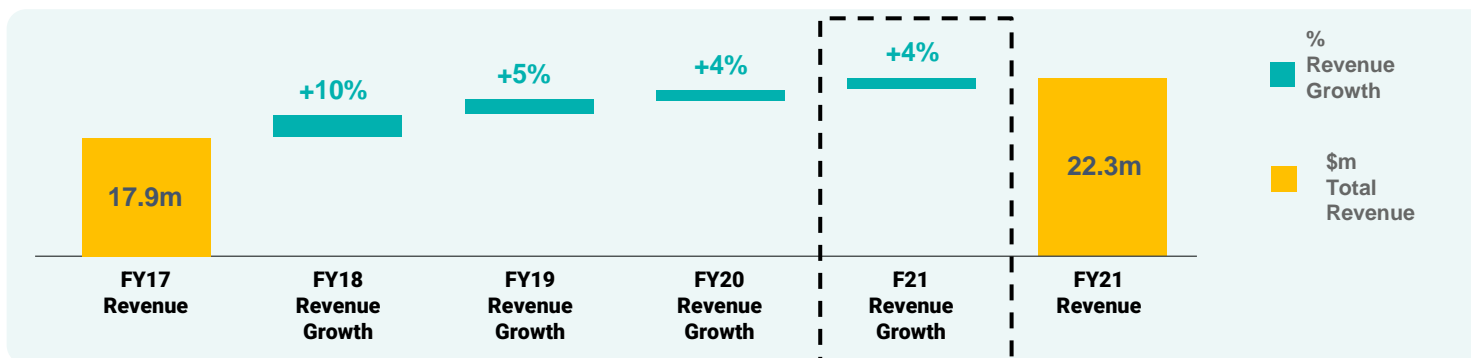
*Note; rounding is to nearest AUD \$million and as such subject to rounding differences when calculating variances and totals.*

# Revenue

## Analysis of Revenue – FY21 vs FY20

Revenue			
	FY21 \$m	FY20 \$m	FY21 vs FY20 (%)
Accounting, Business Advisory & Capital	13.2	12.0	10%
Wealth Management & SMSF	9.1	9.5	(4%)
<b>Total Revenue from Contracts with Customers</b>	<b>22.3</b>	<b>21.5</b>	<b>4%</b>

## Analysis of Revenue Growth (Contracts with Customers) by Year



## Revenue Growth

- Focus on core services in growth segments:
  - Business & Corporate Advisory Services
  - Wholesale & Family Office Wealth Management
  - SMSF
- Additional services for existing clients (OneConnected)
- Expanding through tuck-in transactions in core services (e.g. Alpin Advisory)

*Note; rounding is to nearest AUD \$million and as such subject to rounding differences when calculating variances and totals*

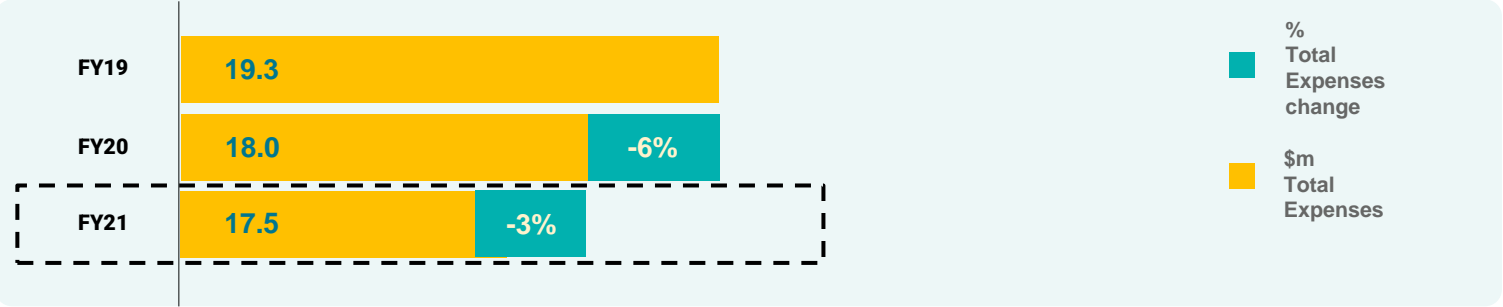
*\*FY19 pre AASB16 Leases Accounting Standard change.*



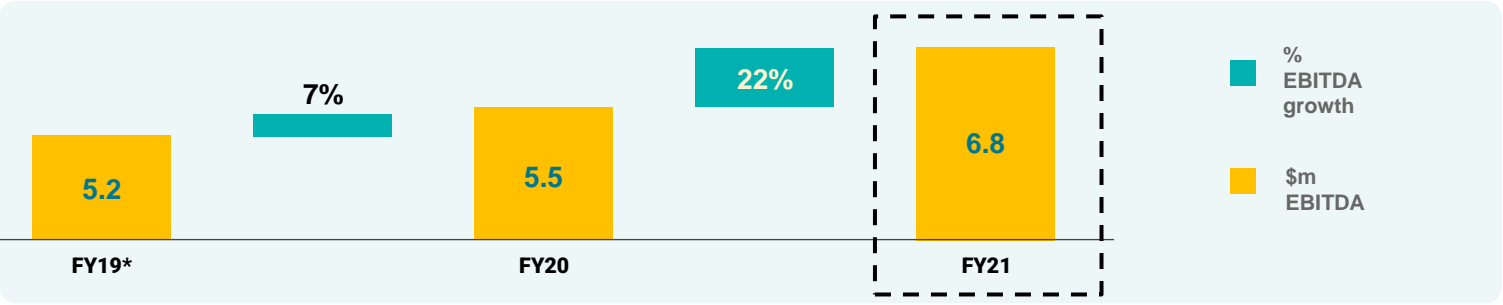


# Expenses & EBITDA

## Total Expenses by Year



## Underlying EBITDA (members/shareholders) by Year



## Expense Reduction

- Strong cost controls
- Centralised services structure
- Scaling back-office services overseas, and
- Leverage from IT investment efficiencies and better information flow

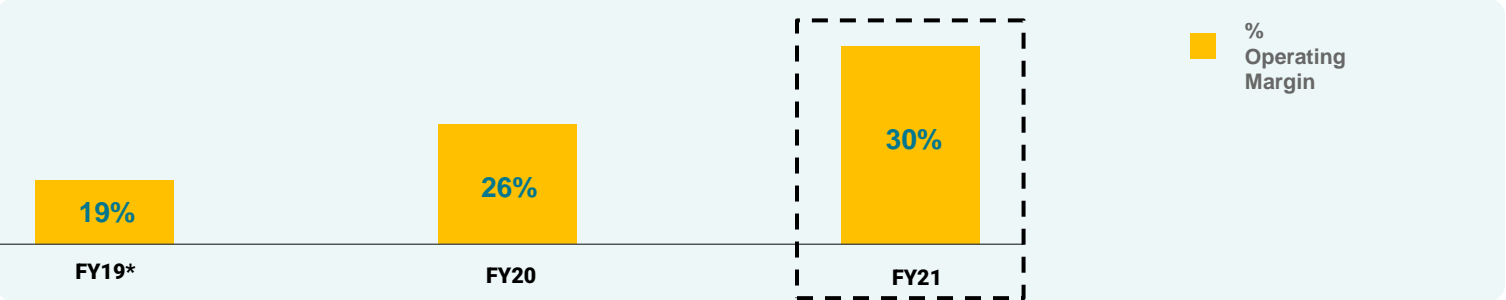
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\*FY19 adjusted to reflect AASB16 Leases Accounting standard change reflected in FY20 onwards.

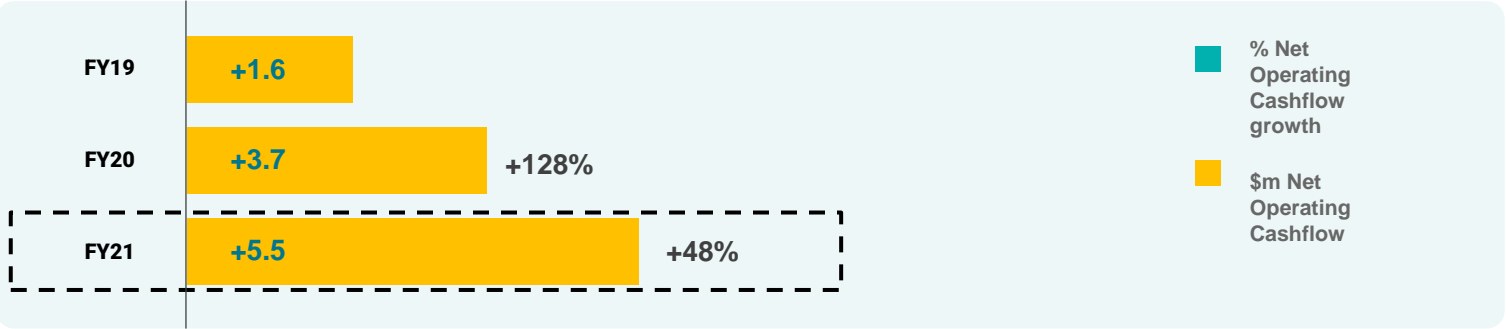


# Margin & Cashflow Improvement

## Analysis of Operating Margin by Year



## Net Operating Cashflow by Year



## Key Takeaway

- Margins have been improving through the 'positive jaws' of revenue increases and expense reduction

Note; rounding is to nearest AUD \$million and as such subject to rounding differences when calculating variances and totals  
\*FY19 pre AASB16 Leases Accounting Standard change.



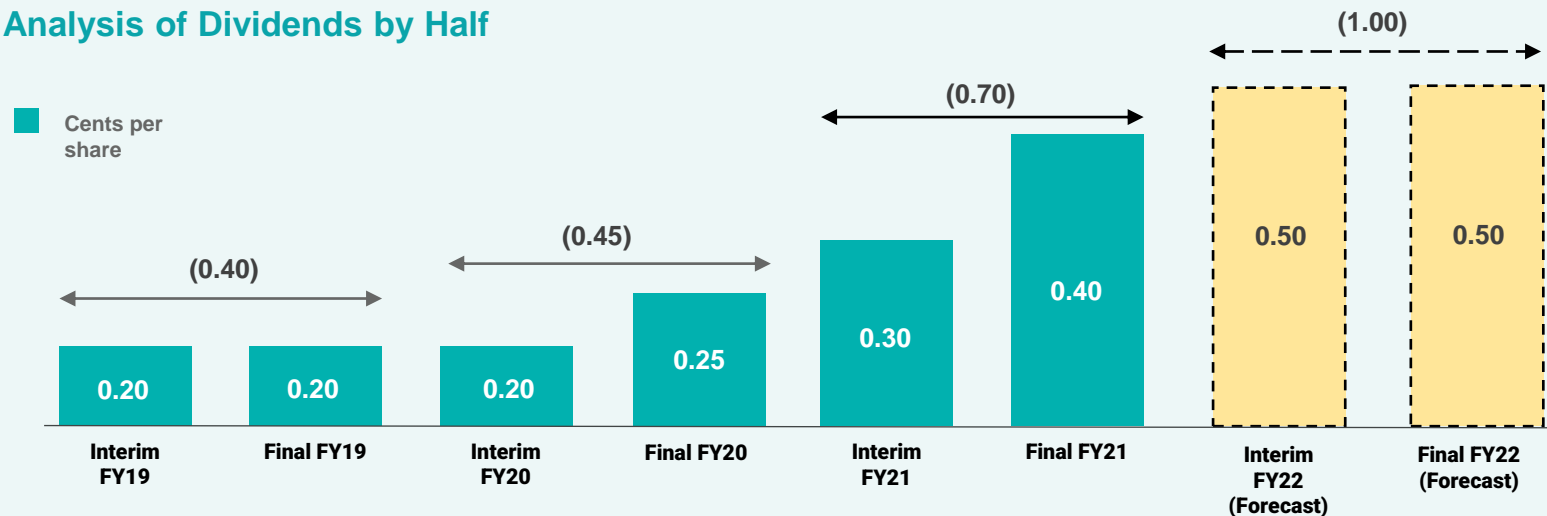
# Dividends

- Target dividend payout ratio of 40 – 60% of reported and maintainable earnings
- FY21 final dividend declared of 0.40 cents per share ('cps') (fully franked) vs final dividend of 0.25 cps in FY20 (+60%)
- FY21 payout ratio of 41% of reported NPAT for members/shareholders
- Prime forecasts dividends to continue to increase in FY22 (+40%) vs the previous corresponding period

## Key Takeaways

- FY21 Final Dividend of 0.40cps
- Increased Full year 2021 dividends of 0.70cps v 0.45cps +56%
- Expected increase in dividend in FY22

### Analysis of Dividends by Half



# Outlook for Members/Shareholders – FY22

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- ✓ Increased Earnings & Revenue Growth
  - Growth in Underlying EBITDA (members/shareholders) +5% to 10%
  - Accelerating Revenue Growth +8% to 12% (+12% Q1 FY22)
- ✓ More actively exploring Growth Opportunities
  - Organic and Inorganic initiatives (H2 FY22)
- ✓ Increased dividends - Forecast to increase from 0.70cps (FY21) to 1.00cps (FY22) +40%
  - Confirm Forecast, Interim Dividend +67% to 0.50cps (H1 FY22) vs 0.30cps (H1 FY21)
  - Interim Dividend payable April 2022
- ✓ Debt to decrease from 1.00 times Underlying EBITDA for members/shareholders to 0.50 – 1.00 times (FY22)
  - Confirm Forecast, targeting the mid point of the range



# Outlook for Members/Shareholders – FY22

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- ✓ **Consideration of Capital Management initiatives**
  - **Buyback commenced on 1 October 2021**
  - **Approx. \$85k spent on the buyback since inception at an average price of 17 cents**
- ✓ **Other items**
  - **Melbourne office footprint reduced (December) accommodating a balanced office and work from home environment and improving cashflow by +\$300k per annum**
  - **Prime's Team, Equity and Business ownership structure continues to provide alignment and incentive for growth, recruitment, retention and performance improvement**

# Business Of The Meeting

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1. Consideration of the Financial Statements

Note: There is no requirement for the shareholders to approve these statements

2. Adoption of the Remuneration Report

3. Re-election of Director – Tim Bennett

4. Approval of issue of Performance Rights to Mr Simon Madder

5. Approval of issue of Performance Rights to Mr Matt Murphy

6. Approval of issue of Performance Rights to Mr Tim Bennett



## Resolution 1

# Remuneration Report

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- The second item on the agenda is the resolution concerning the Remuneration Report
- Article 37.2 of the Company's Constitution states that a resolution put to the vote of a meeting is decided on a show of hands unless a poll is demanded. As Chairman I have elected that the resolution be put to vote as a poll

## Resolution 2

# Re-election of Director (Mr Tim Bennett)

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- The third item on the agenda is the resolution concerning the re-election of Mr Tim Bennett as a Director of the Company
- Article 37.2 of the Company's Constitution states that a resolution put to the vote of a meeting is decided on a show of hands unless a poll is demanded. As Chairman I have elected that the resolution be put to vote as a poll

## Resolution 3

# Issue of Performance Rights to Mr Simon Madder

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- The fourth item on the agenda is the resolution concerning the approval to issue Performance Rights to Mr Simon Madder
- Article 37.2 of the Company's Constitution states that a resolution put to the vote of a meeting is decided on a show of hands unless a poll is demanded. As Chairman I have elected that the resolution be put to vote as a poll

## Resolution 4

# Issue of Performance Rights to Mr Matt Murphy

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- The fifth item on the agenda is the resolution concerning the approval to issue Performance Rights to Mr Matt Murphy
- Article 37.2 of the Company's Constitution states that a resolution put to the vote of a meeting is decided on a show of hands unless a poll is demanded. As Chairman I have elected that the resolution be put to vote as a poll

## Resolution 5

# Issue of Performance Rights to Mr Tim Bennett

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- The sixth item on the agenda is the resolution concerning the approval to issue Performance Rights to Mr Tim Bennett
- Article 37.2 of the Company's Constitution states that a resolution put to the vote of a meeting is decided on a show of hands unless a poll is demanded. As Chairman I have elected that the resolution be put to vote as a poll



Thank You

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# Contact

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**Simon Madder**

Managing Director, CEO & Chairman  
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**Rory McLaughlin**

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