

ASX Announcement

Prime Financial Group Ltd (Prime – ASX code PFG)

22 August 2023

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FY23 Results: Delivering to Plan

Prime Financial Group Ltd (ASX:PFG) announces its full year results for the 12 months ended 30 June 2023 (FY23).

FY23 Financial Highlights:

- FY23 revenue of \$33.7 million, up 28% on FY22, driven by organic growth, expansion of service lines and acquisition of SMSF entity Intello Pty Ltd
- Prime is delivering on its goal to double revenue from \$26 million in FY22 to \$50 million in FY25 and then double it again to \$100 million within 3-5 years of FY25
- EBITDA margin reduced to 26% given investment in building out service offerings and scaling operations
- Underlying EBITDA of \$8.6 million, up 11% on FY22, marking the fifth consecutive year of earnings growth
- Reported EPS of 2.22 cents per share (cps), up 15% on FY22
- Comfortable gearing position with Net Debt of 1.1x Underlying EBITDA
- Full year dividend up 36% to 1.5cps

Prime's CEO, Managing Director & Chairman, Mr Simon Madder said: "Our FY23 results demonstrate that Prime is delivering on our material growth aspirations. The revenue increase, driven by strong organic growth across all business lines and the acquisition of Intello, means we are well placed to deliver on our goal of doubling revenue to \$50 million in FY25 and then doubling that figure again to \$100 million within 3 to 5 years of FY25."

"FY23 also marked Prime's fifth consecutive year of earnings growth since repositioning our firm as a OneConnected Group. We have invested in our people capabilities to deliver new offerings and introduced new service lines across debt capital market advisory, ESG consulting, and the expansion of our wholesale client investment offering. Due to the increased earnings and Prime's strong balance sheet, the Board have declared a fully franked final dividend of 0.80 cents per share."

Financial Overview: consistently delivering results

Prime's investment in its business contributed to strong growth in FY23. Revenue increased by 28% driven by strong organic growth, an initial contribution from the newly introduced debt capital advisory and ESG consulting businesses, the expansion of the Group's wholesale client investment offering, and the acquisition of market-leading B2B Self-Managed Superannuation Fund (SMSF) Administrator, Intello Pty Ltd (Intello).

Revenue growth in FY23 shows Prime is delivering on its material growth aspirations to double revenue from \$26 million in FY22 to \$50 million in FY25. Highlighting Prime's confidence in its outlook, the Company is aiming to double the \$50 million target to \$100 million in revenue within 3-5 years of FY25.

FY23 Underlying EBITDA increased 11% to \$8.6 million, marking Prime's fifth consecutive year of earnings growth since repositioning as a OneConnected future-focused Advisory, Capital & Asset Management Group.

The FY23 EBITDA margin fell slightly due to investments in the Intello acquisition and building out Prime's service offering in debt capital advisory and ESG consulting and expanding wholesale client investor services, with investments of circa \$500k made in the second half that will help to drive further growth.

Net debt was \$9.5 million, up from \$5.2 million in FY22 due to the Intello acquisition which was substantially debt funded. Prime is comfortably geared with Net Debt of 1.1x Underlying EBITDA, with the intention to reduce its gearing over FY24 in the absence of further acquisitions.

Due to the increased earnings and strong balance sheet, Prime's Board have declared a final dividend of 0.80 cents per share (cps) fully franked, up 33% on the FY22 final dividend of 0.60 cps – representing a payout ratio of 68% of reported NPAT.

Prime also continued with its share buyback in FY23, reflecting the Board's view that at the Group's current valuation this is a very effective use of capital. To date, 5.4 million shares have been purchased with \$983k spent.

Operational Overview: building scale through connecting aspirations, opportunities & expertise

During FY23, Prime completed the acquisition of market-leading B2B Self-Managed Superannuation Fund (SMSF) Administrator, Intello, which accelerates the enhancement of the Group's capabilities across its existing service lines of Wealth Management, Capital & Corporate Advisory, Accounting & Business Advisory and SMSF.

Through Intello, Prime has gained a complimentary and capable team plus excellent technology that has allowed the Group to improve its services for its B2B Accounting and Financial Adviser partners. Intello is fully integrated and is on track to drive strong earnings growth for the Group with a revenue run-rate of \$3 million annually.

FY23 also saw strong organic growth within Prime's existing service lines, as well as the successful introduction of a new debt capital advisory business and an ESG consulting business, and the expansion of the Group's wholesale client investor service.

Prime also made significant progress on its Environmental, Social and Governance (ESG) initiatives in FY23, formalising its ESG plan, and underlining its commitment to impactful corporate citizenship, climate change and the Group's contribution to creating a just world

today and for generations to come. The ESG plan is focused on creating impact guided by a focus on four key United Nations Sustainable Development Goals, Prime will look to implement our ESG plan by working with our people, partners, clients and the communities in which we operate.

Outlook: well positioned for continued strong growth

Mr Simon Madder said: “We have commenced FY24 with robust foundations in place to continue our strong growth momentum and deliver on our material revenue targets. We are targeting growth via organic divisional revenue growth, new revenue streams via the addition of new service lines, the recruitment of new team members, and through accretive acquisitions. These factors mean we are well placed to deliver on our goal of doubling our revenue to \$50 million in FY25, and then doubling revenue again to \$100 million within 3 to 5 years of FY25, whilst progressing on our ambition to be the leading Integrated Advice, Capital and Asset Management Group of the future.”

In FY24, Prime will continue to deliver results via:

- **Strong organic growth** – Organic growth to be driven across core services plus new service offerings.
- **Delivering accretive acquisitions** – Funding capability to capitalise on future growth opportunities.
- **Scale efficiencies to drive earnings** – Investments in team and infrastructure to drive efficiencies.
- **Driving growth in revenue, earnings, and dividends** – Revenue growth of 15 - 20%, underlying EBITDA growth of 10% - 15% and dividend growth of 5 - 10%.

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For more information:

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About Prime

Prime is an Advisory, Capital & Asset Management Group of 150+ team members with offices in Melbourne, Sydney and Brisbane.

Progressive, proactive and relationship focussed, Prime clients receive Wealth Management, Corporate Finance, Accounting & Business Advisory as well as SMSF Services from one integrated group currently serving \$1.1 billion of funds under management (FUM).

With a focus on accelerated growth, Prime's team has doubled in size over the last 2 years,

enhancing capability to service our growing client base.