

ASX Announcement

Prime Financial Group Ltd
(Prime – ASX:PFG)

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22 August 2024

Prime delivered on FY24 guidance with strong H2; continued execution of organic and inorganic growth opportunities

Prime Financial Group Ltd (Prime – ASX:PFG), an Advice, Capital and Asset Management Group, today announced its results for the full year ended 30 June 2024 (FY24).

FY24 Highlights:

- Revenue of \$40.8 million, up 21% on the prior corresponding period (pcp), with both key segments generating strong growth
 - Wealth revenue up 24% and Business revenue up 19%
- Underlying EBITDA of \$10.2 million, up 18% on pcp, driven by continued investment in building out service offerings, growth in existing service lines and positive contribution from acquisitions
 - H2 contributed underlying EBITDA of \$6.4 million, providing very strong momentum going into FY25
- Integration of acquisitions (Altor and EPM) progressing successfully, with new businesses seamlessly fitting into the “OneConnected” model
- Gearing position remains very comfortable, with Underlying EBITDA to Net Debt of 1.1x
 - Post 30 June 2024 after completion of the capital raise, proforma Net Debt/Underlying EBITDA was 0.9X Underlying EBITDA
- Final dividend of 0.85 cents, taking total FY24 dividend to 1.60 cents, up 7% on pcp
- Prime remains on track to achieve its goal of delivering group revenue of \$50 million in FY25, and then doubling revenue again to \$100 million within 3-5 years of FY25.

Prime’s Managing Director & Chairman, Mr Simon Madder said: “FY24 was another period of strong growth, delivering on our guidance and continuing to build scale in the business. We are positioning Prime as a leading player in the emerging ‘Business’ and ‘Wealth’ segments – two segments of the market that we believe offer substantial growth tailwinds and are often connected through founder-led businesses, a space we have deep experience in.

“We were delighted with the EPS-accretive acquisitions we completed through FY24, being Altor Capital (Altor) and Equity Plan Management (EPM), both of which add capabilities, client bases, revenue and earnings to the Prime business. Furthermore, the Integration of Altor and EPM are progressing successfully, with the new businesses seamlessly fitting into the “OneConnected” model generating substantial cross-referrals and collaborations already.

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"A key pillar of Prime's growth strategy remains pursuing further EPS-accretive acquisitions with the aim of increasing the client base we can offer current services to and provide access to distribution for Prime originated products, services and transactions, all within Prime's two key operating segments, being Business and Wealth.

"We remain committed to our goal to deliver group revenue of \$50 million in FY25, and then doubling this again to \$100 million within 3-5 years, and believe we have the foundations in place to achieve this."

Operational Overview: Building scale organically and through EPS-accretive acquisitions

During FY24, Prime continued to focus on its two key segments – 'Business' and 'Wealth' – both large and high growth segments in the Australian market, which are often connected through founder-led businesses, a space Prime has deep experience in.

Prime's 'OneConnected' Advice, Capital and Asset Management offering is delivering results, with a largely recurring revenue business model being supported by a growing level of cross-referrals and collaborations amongst the different services, given the high level of inter-connectivity.

A key pillar of Prime's growth strategy is to pursue EPS-accretive acquisitions that add new capabilities, scale and clients. In FY24, Prime was delighted to complete two material acquisitions.

In February 2024, Prime announced the acquisition of Altor Capital (Altor), an asset management business and platform, which added new capabilities and track record in alternative assets, property, and growth funding solutions. Prime has already achieved early benefits through this integration, leveraging Altor's capability within the Wealth segment with a new Property fund in social infrastructure, whilst also delivering an increased number of equity and credit funding solutions to Prime's emerging Business clients.

In June 2024, Prime announced the acquisition of Equity Plan Management (EPM), which further expanded the Company's capability within the Business segment by adding employee share plan structures, management and services, as well as bringing additional clients Prime can service more fully whilst increasing earnings.

Prime has a track record of finding attractive businesses and successfully integrating them into the OneConnected model. The Company will continue to pursue EPS-accretive acquisitions that add new clients, capabilities and scale to the business, with one such possibility including the Non-binding Indicative Offer (NBIO) that has been signed for a wealth and funds management business. Separately, Prime will continue to grow its existing service lines and new services, and look to maximise cross-delivery of additional services to existing clients.

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Financial Overview: Delivering on guidance; investing for long-term growth

Prime delivered strong top-line growth in FY24, with revenue increasing by 21%, driven by growth in both the 'Wealth' and 'Business' segments (up 24% and 19% respectively), with revenue growth continuing to accelerate.

Strong organic growth remains a key driver of top-line growth with approximately 70% of total revenue being generated from existing clients on a recurring basis. The acquisitions of Altor and EPM contributed partially in FY24, and are expected to generate full year revenue contributions in FY25 of at least \$1.8 million and \$2.2 million, respectively.

Underlying EBITDA was \$10.2 million, up 18% on pcp, which reflects the continued investment in building out service offerings, growth in existing service lines and a positive contribution from acquisitions. Of particular note, was the strong second half performance, which contributed \$6.4 million in underlying EBITDA, providing Prime with a high level of confidence going into FY25.

Reported EBITDA was \$7.6 million, down 9% on pcp, predominantly due to investment in new service lines and one-off costs, which totalled \$2.6 million. Importantly, these costs were split \$2.1 million in the first half, and \$0.5 million in the second half which reflects a more normalised operating rhythm.

To fund Prime's growth initiatives, the Company successfully completed a fully underwritten non-renounceable entitlement offer, raising \$3.3 million, late in FY24. Prime continues to prudently manage its balance sheet, finishing FY24 with an Underlying EBITDA to Net Debt ratio of 1.1 times. Post balance-date, including all proceeds from the capital raise, the proforma Underlying EBITDA to Net Debt ratio reduced to 0.9 times, representing substantial balance sheet flexibility for future growth, with access to facilities of up to \$25.0 million.

As a result of a strong FY24, the Board was pleased to announce a final dividend of 0.85 cents, taking the total FY24 dividend to 1.60 cents (fully franked), which was up 7% on prior year.

Outlook: Well positioned to continue to build scale and grow profitability

Commenting on the outlook, Mr Madder said: "We enter FY25 with significant momentum after a record second half in FY24, which will be further assisted by full year contributions from both Altor and EPM. We will continue to build scale and grow profitability through ongoing organic growth in core services, new service offerings, delivering further EPS-accretive acquisitions, and realising scale efficiencies.

"We are confident that we can continue our strong record of growth in FY25, and achieve our goal of delivering group revenue of \$50 million in FY25, and then doubling revenue again to \$100 million within 3-5 years of FY25."



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Authorised for release by the Board of Prime Financial Group Limited.

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About Prime Financial Group

Prime is an Advisory, Capital & Asset Management Group, operating across four key areas in Accounting & Business Advisory, Wealth Management, SMSF and Capital in its three core locations of Melbourne, Sydney and Brisbane.