

Indicative, non-binding and conditional proposal from Netwealth

ASX Release: 2 November 2021, Melbourne

On Thursday 28 October 2021, Praemium Limited (ASX: PPS) (Praemium or PPS) received an unsolicited, non-binding, indicative proposal (Proposal) from Netwealth Limited (ASX: NWL) (Netwealth) to acquire 100% of the shares in Praemium in exchange for fully paid ordinary shares in Netwealth plus contingent cash consideration via a scheme of arrangement.

The Board has taken time to carefully consider the Proposal, alongside financial and legal advice and has unanimously concluded that the Proposal undervalues Praemium's business and is not in the best interests of Praemium shareholders.

The Board's unanimous view is that the Proposal:

- » does not appropriately value Praemium's current performance and near-term trajectory;
- » does not appropriately value Praemium's market leadership position and superior technology, particularly in managed account and non-custodial portfolios, which would provide significant benefits to Netwealth;
- » does not appropriately value Praemium's growth momentum, including very strong FUA growth in Q1 FY22, technology enhancements which allow it to address the broader \$900bn platform market, and strong industry tailwinds;
- » does not reflect the significant valuation upside available to shareholders, given Praemium is valued at a discount to industry peers Hub24 and Netwealth based on EV/revenue or EV/FUA multiples;
- » does not reflect the relative contribution Praemium would make to a combined entity, based on FUA or revenue under the proposed scrip transaction structure; and
- » is not representative of recent transaction premia in the Australian platform and funds administration space.

Under the terms of the Proposal, Praemium shareholders would receive one new Netwealth share for every 11.96 Praemium shares (Scheme Consideration). Based on the closing price of Netwealth shares of A\$17.94 on 27 October 2021, the Proposal implies a value of \$1.50 for each Premium share, in Netwealth scrip. This represents an equity value for Praemium of A\$785 million and a 29% premium to Praemium's closing price of A\$1.16 on 27 October 2021. PPS shares closed at \$1.245 on 1 November 2021 which on the implied exchange ratio and Netwealth's latest closing price, translates to a premium of 17.6%.

In addition to the Scheme Consideration, Netwealth's Proposal also contemplates a contingent value right linked to the outcome of the sale process for Praemium's international operations (Contingent Consideration). The Contingent Consideration would entitle Praemium shareholders to receive and retain any excess between the net proceeds after tax and transaction costs realised from the sale of Praemium's international operations and A\$50 million less tax and transaction costs. Given the ongoing nature of the sale process, it is currently not possible to ascribe any value to this right.

¹ Fully diluted to Performance Rights outstanding

The Praemium Board remains focused on delivering value for shareholders. As a strong, rapidly growing independent player in the platform and funds administration industry, Praemium is in a unique position. The Board is open to engagement at an appropriate valuation but is mindful that any proposals put forward should appropriately reflect Praemium's market position and growth potential as well as recent activity in the sector. As a result, Deloitte Corporate Finance and Arnold Bloch Leibler have been appointed as corporate and legal advisers respectively.

Praemium shareholders are not required to do anything in relation to the Proposal and the Praemium Board will keep shareholders updated as appropriate.

This announcement is authorised by the Board of Praemium Limited

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About Praemium (ASX: PPS): Praemium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Praemium services in excess of 300,000 investor accounts covering over \$170 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

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