

2021 Annual General Meeting Presentation

17 November 2021: Praemium is pleased to provide a copy of the addresses to be given by Praemium's Chairman, Barry Lewin, and Praemium's CEO, Anthony Wamsteker at the Company's Annual General Meeting (which will commence at 11am this morning).

All Praemium shareholders can participate in the AGM through the online platform at <https://agmlive.link/PPS21>.

The Notice of Meeting and Online Platform Guide will also available on our website at: <https://www.praemium.com/au/about-us/shareholders/corporate-governance/>.

This announcement is authorised by the Company Secretary of Praemium Limited

For further information contact Paul Gutteridge, CFO & Company Secretary, Ph: 1800 571 881

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 400,000 investor accounts covering over \$200 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

Praemium Limited (ABN 74 098 405 826), Level 19, 367 Collins Street, Melbourne VIC 3000 Australia.

Praemium's Chairman's Address

Barry Lewin, Melbourne, 17 November 2021

I extend a very warm welcome to all shareholders, staff and other guests to the 2021 Praemium Annual General Meeting. I thank you all for your attendance via our virtual meeting today during a particularly busy and interesting time for your company.

The last year has been successful for Praemium with completion of the transformational Powerwrap acquisition, continued delivery of attractive financial performance and strong organic growth momentum.

On 9 July 2020, Praemium announced an off-market takeover for all of the issued shares of Powerwrap Limited. This very successful transaction, which was completed on 6 November, created one of Australia's largest independent specialist platform providers on a combined funds under administration basis with combined FUA at the time of over \$27 billion, and the realisation of potentially significant synergies.

I was also very pleased to welcome Powerwrap Chairman Anthony Wamsteker to the Praemium board.

In our December 2020 quarterly update, we advised that global FUA increased to \$34.3 billion with record FUA in all segments. As at 30 June 2021, global FUA was \$41.7 billion, reflecting the step change in the growth of the business.

An extremely strong first quarter in FY22 has followed, setting a new level of sustainable growth for Praemium, and taking global FUA to a new record \$45.6 billion as at 30 September 2021. This outcome helps demonstrate the resilience and growth potential embedded within Praemium's business model.

On 20 May 2021, the board announced the departure of Michael Ohanessian, who had been the CEO for almost 10 years. During his tenure, Michael built a solid and profitable foundation and positioned the business for continued strong growth. I was delighted that Anthony Wamsteker agreed to step into the CEO role.

Anthony brings over 30 years' experience in financial services including nine years as the founding CEO of ME Bank, 12 years in funds management with National Mutual/AXA and 3 years as Chairman of Powerwrap.

Concurrently with the commencement of the process for generational succession and new leadership, the board appointed Deloitte Corporate Finance to undertake a strategic review of Praemium's international business, and following on from this, informed by the strategic review recommendations, the Board made the decision to commence a sale process for this business.

I can report that the formal sale process is continuing to plan, however during this still sensitive commercial process, we would not want to share much more information at this point, and it should be noted that there is no certainty that the sale process will result in a binding transaction.

Anthony will provide some more information in his address and the Board will update shareholders and the market in due course.

If there wasn't enough going on, last month the Praemium board received an unsolicited, non-binding, indicative proposal from Netwealth Limited 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, for the reasons outlined in our response issued on 2nd November.

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 remains 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.

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

On behalf of the Board, I wish to extend our sincere thanks to our dedicated staff and management around the world for delivering another strong financial result.

My fellow Directors and I also wish to express our sincere appreciation to all shareholders for your support, and we are confident you will continue to benefit from your investment in the Company in the years ahead.

I would now like to ask our Managing Director Anthony Wamsteker, to present his report to the meeting.

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Praemium's CEO's Report

Anthony Wamsteker, Melbourne, 17 November 2021

Address is made in reference to the attached presentation slides.

Slide 6 Good morning and allow me to add my thanks to the Chairman's for joining us at our AGM.

Slide 7 Please note the usual disclaimer with regards to my business update.

Slide 8 - The platform of everything

As many of you know, Praemium has a unique value proposition in the Australian Investment Platform market. We own and develop, rather than licence, all key aspects of our technology architecture.

If we look at what that means on this slide, on the left-hand box, we are the market leader in reporting on non-custodial assets – in other words, assets that are held directly by the investor. Our technology, known as VMA for Virtual Managed Account, provides the most accurate and comprehensive performance and tax reporting available in the market.

Upon this technology we have built our administration service – VMAAS. VMAAS is the market leading Portfolio Administration Reporting Service. Growing this business organically from scratch, we now have over \$20 billion in assets under administration. We are the first such service provider to surpass that milestone and we remain the fastest growing.

Turning to the middle box, we have combined the VMA technology with our best-in-class model portfolio technology. Model portfolios are at the heart of next-generation managed accounts. Managed accounts are the fastest growing segment of the platform market because they enable better, more-efficient implementation of advice by our financial adviser clients.

This powerful engine needs to be effectively harnessed by our financial adviser clients and their clients, the end investors. That's why we have built leading edge adviser and investor portals. They provide the client experience necessary for an adviser to have fruitful conversations with their clients about their overall wealth management strategy. The adviser and investor portals encourage discussion between advisers and their clients on issues such as participation in corporate actions and ESG preferences. This level of engagement is fundamental to the success of the relationship.

The value of this technology had been proven over many years by Powerwrap as it developed an enviable list of many of the best high net worth advisers in the country. The acquisition of Powerwrap has allowed Praemium to expand our product offering and target market. As an example, more than 40 of the advisers named in Barron's Top 100 Financial Advisers are Praemium or Powerwrap users.

Praemium can now serve the whole market – every asset, every client, and every advice business.

Slide 9 - Gaining share of Australian platform market

So how big is our opportunity? What is our total addressable market?

Australian households have over \$6 trillion in financial assets. Of this, just over half is held in superannuation. It is fair to say that the entire \$6 trillion needs to be reported on, including tax reporting. Owning the industry leading reporting technology is a wonderful position to be in. It's also important that we can serve the whole market because scale is important. The more volume we can put through our technology and administrative processes the better.

We serve businesses who serve clients, sometimes referred to as B2B2C. Our clients are financial advisers and accountants. Our financial adviser clients are made up of market leading stockbrokers, the best private wealth/high net worth advice firms and a growing cohort of highly capable retail financial advisers serving everyday Australians.

There is some speculation about how much of Australians' \$6 trillion in financial assets is advised. The reality is that almost all that wealth is touched by a financial intermediary of some type, whether it be a bank, accountant, stockbroker, or financial adviser. By serving those intermediaries well, we have a total addressable market of \$6 trillion.

Naturally there is a lot of focus on a particular segment of the industry – the platform market. On this slide you can see that this is estimated at \$965 billion, or one-sixth of the total addressable market.

This segment of the market is the most difficult to administer – far more complex than managing a bank deposit, managed fund or share trade. But the complexity is worth it for financial advisers and their clients. It uniquely provides for individually customised portfolios, efficiently delivered across their whole client base. It allows for true engagement between advisers and their clients. Consequently, this segment carries the highest revenue margins – around 30 basis points and above across the platform market. It is the most desirable and lucrative segment within the overall wealth administration industry.

As mentioned earlier, we believe the most critical aspect to getting this segment right is the managed account technology. The ability to provide comprehensive, accurate reporting whilst efficiently rebalancing portfolios to the desired model weights are the critical ingredients. This is what we have. This is what we own – end to end. This is the future of the platform market.

The market structure itself is changing, as shown in the middle section of this slide. In recent years financial advisers have moved, en masse, away from the major banks and insurance companies. Only about 20% of Australia's financial advisors are now licenced by these traditional institutions. Yet 70% of platform assets are still on the legacy platforms that initially captured those assets when the, now discredited, vertically aligned financial services model was still in vogue. The platform migration lags the adviser migration by many years. The bulk of the transition is still to come.

A next-generation platform like Praemium is well positioned to capture the ongoing migration of assets from legacy to modern, independent platforms. This is the point we make in the bottom box on this slide. We have commissioned a comprehensive report from Investment Trends on the high-net-worth market opportunity. That report should be released within the next few days and will provide further insight into huge extent of the opportunity.

Slide 10 - FY2021 financial results

What I would like to do now is explain our financial results in terms of the preceding summary of the addressable market and our incredible opportunity.

Firstly, we are at the beginning, not the end, of our journey to achieve scale in the market that I have described – household wealth administration and reporting. We estimate the addressable market generates at least \$6 billion a year in revenue – larger if you include the addressable market for our international business. We currently have around 1% market share when looked at this way. That means the first thing we encourage you, our fellow shareholders, to check is that we are growing – and rapidly at that. On that score we have done well – net revenue growth of 30%.

The next thing to look for is whether that growth is profitable. One important measure for a technology-led growth company is cost of acquisition compared to the lifetime value of clients acquired. On this slide you can see that our sales and marketing expense was \$14.5 million. From the quarterly business updates that we publish you could calculate that our gross platform flows were \$8 billion. So, our cost of acquisition was 18 basis points.

The blended revenue margin across our three platform segments – the Praemium SMA, Powerwrap and International - was around 20 basis points. As shown on this slide we earned a gross margin of 70% of revenue, the equivalent of 14 basis points gross profit on platform assets. Given how long assets typically remain on the platform we think that investing 18 basis points upfront to generate 14 basis points gross profit each year thereafter provides us with a great return. We believe this positions us well to respond to any acceleration in fee pressure that has been impacting the platform industry in recent times.

The final key point I wish to draw to your attention is not quite so flattering. Our net revenue grew by \$15 million, whereas our costs (excluding the investment in sales and marketing, which I have just discussed) grew by \$12 million. Whilst still a relatively good outcome, I know that many of you may have hoped that more of our revenue growth would drop to the bottom line. Indeed, I believe that when we reach an appropriate size or level of scale, we should aspire to around half of our revenue growth converting to EBITDA growth.

I can report, however, that there are good reasons why we don't regard this as a long-term concern. Firstly, as I said earlier, we are not yet at the right scale to fully capitalise on our opportunity. Our cost structures are higher per dollar of revenue than they will be when we are larger, hence the need to keep growing. Secondly, over the past year we made a significant investment in our operations team, including on-boarding the Powerwrap high net worth client experience into the Praemium world.

Even with our incredible technology capability and product functionality, the service level is also an important factor for a financial adviser choosing a platform provider. It was important for us to step up our service levels – and this we did. It is no surprise that our momentum has stepped up to a higher level over the last six months, as shown in our last two quarterly updates. Having made the step up, going forward we expect that our expenses will increase more slowly than our revenue and both the gross margin and EBITDA percentages should increase over time.

Slide 11 – Executive summary FY2021

I will draw my remarks to a close with three summary slides. FY2021 was a pivotal year for Præmium in which we broadened our technology and service offering to now encompass the whole addressable market. We made the necessary investments to reset our growth trajectory. Those investments are now bearing fruit.

Slide 12 - Strong momentum in FY2022

This slide speaks for itself in terms of the outcomes we have achieved. Our business is now enjoying the type of growth that we aspire to achieve for many years to come. Given the total addressable market, there is no limit to the opportunity in the near, or medium term, future.

Slide 13 - Proposed divestment of International

Finally, I wish to make some brief comments about the planned divestment of our international business.

This was an interesting decision for us to take. On the one hand, the international business is performing brilliantly. Having committed to the international market for many years, the people currently leading that part of our business have really started to achieve the type of success that we always hoped to achieve. On the other hand, however, it still has a very small market share internationally – even smaller than what we regard as a sub-scale market share in our home market here in Australia. On balance, we decided to stop chasing two enormous opportunities and focus on one – and the one at home won out. Many outstanding businesspeople talk about focus as the key to their success and that is what we intend to do.

The sale process is continuing. I am pleased to report that it has entered the next, and, hopefully, final phase. We are currently negotiating a legal agreement and business separation terms. I cannot divulge any more details at this stage, except to say that we would not have entered this phase of the process unless we were relatively confident that acceptable terms would ultimately be reached.

That concludes the business update, and I would like to open up for any questions.

CEO's Report

Anthony Wamsteker,
CEO & Managing Director

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Disclaimer

The material contained in this document is a presentation of general information about the Praemium Group's activities current as at the date of this presentation (17 November 2021) and is supplementary to the Group's previous ASX filings as applicable.

It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice when deciding if an investment is appropriate.

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The platform of everything

Leader in non-custodial

VMA, our unique proprietary technology

The most accurate portfolio and tax reporting engine

VMA Admin underpinned by the best SaaS reporting capability

Outsourced administration now proven and scalable

The One solution for comprehensive reporting and efficient administration

VMA: Virtual Managed Account

Managed Accounts expert

Next-generation Managed Accounts platform

Leading edge Adviser and Investor Portals

Full end-to-end digital process

ESG ethical managed investment solutions

Insights functionality through AI machine learning

The One platform for every asset, every client and every advice business

Addition of Powerwrap

Broad product suite for the complex needs of HNW clients

A unified platform for custodial & HIN-based portfolios

An independent, open-architecture platform designed specifically for the HNW market

Gaining share of Australian platform market

\$965 billion¹

Tailwinds for independent wealth management platforms

- Industry change from regulatory oversight, end of grandfathered commissions
- End of conflicted advice, a shift to independence as institutions exit wealth
- Advisers seeking independent, technically advanced platforms

Challenger platforms gaining market share

- Record \$2.6 billion in annual net inflows, 4th highest in 2021¹
- Combination of Praemium and Powerwrap broadens appeal to advice market
- 40% of *Barron's Top 100 Financial Advisors* already utilise Praemium

1.9% market share¹

Well positioned to address market

The Platform of Everything

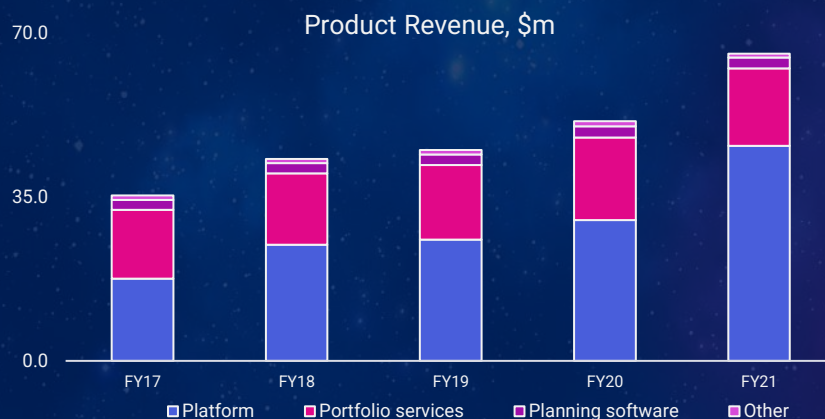
- Enhancement of proposition to fully serve retail and HNWI markets
- Powerwrap acquisition to drive scale and merge best of both businesses
- Additional functionality across ESG, API integration and non-custody

FY2021 financial results

Group Financial Results	FY20 (\$m)	FY21 ⁽¹⁾ (\$m)
Revenue	51.2	65.6
Product commissions	(0.6)	(0.1)
Revenue (net)	50.6	65.5
Cost of operations	(10.6)	(19.7)
Gross margin	40.0	45.8
GM % of net revenue	79.0%	70.0%
Expenses:		
Information Technology	(6.1)	(7.5)
Sales & Marketing	(11.5)	(14.5)
General & Admin	(8.2)	(9.8)
Total expenses	(25.8)	(31.8)
EBITDA (underlying)	14.2	14.0
EBITDA %	28%	21%
Share schemes	(2.1)	(3.4)
D&A	(4.6)	(8.0)
EBIT	7.5	2.6
Acquisition & restructure	(1.3)	(3.4)
FX & other	1.6	4.1
NPBT	7.8	3.3
Tax	(2.9)	(1.8)
NPAT	4.9	1.5

Combining Praemium with Powerwrap

- Net revenue growth of 30% to \$65.5 million
- Gross margin up 15% to \$45.8 million
- Impact to gross margin% from inclusion of Powerwrap
- Underlying EBITDA of \$14 million, down 1%
- EBITDA margin of 21%



Investing in growth

- Continued focus on sales & marketing
- Investment in operations to support growth and service
- Inherited Powerwrap cost base, synergies in progress
- NPAT of \$1.2 million, 75% decline from higher amortisation and acquisition costs

Executive summary FY2021

A year of consolidation

- Takeover of Powerwrap Limited, our most significant acquisition
- Divestment of International business announced July 2021
- Conclusion of revenue headwinds while business managed through COVID

Investments in growth

- Extending our competitive edge with ongoing R&D investment
- Building our brand presence with expanded sales & marketing
- Supporting our growth and client experience through higher service

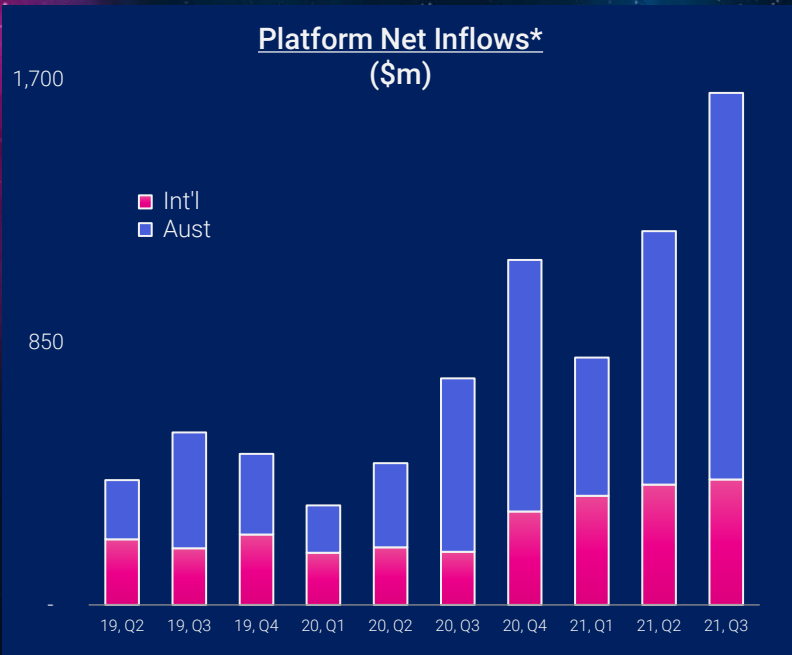
Strong momentum

- Record total funds under administration (FUA) of \$41.7 billion
- Record platform net inflows of \$3.8 billion*
- Strong momentum into FY2022

Strong momentum in FY2022

Record annual net inflows of \$4.8 billion*

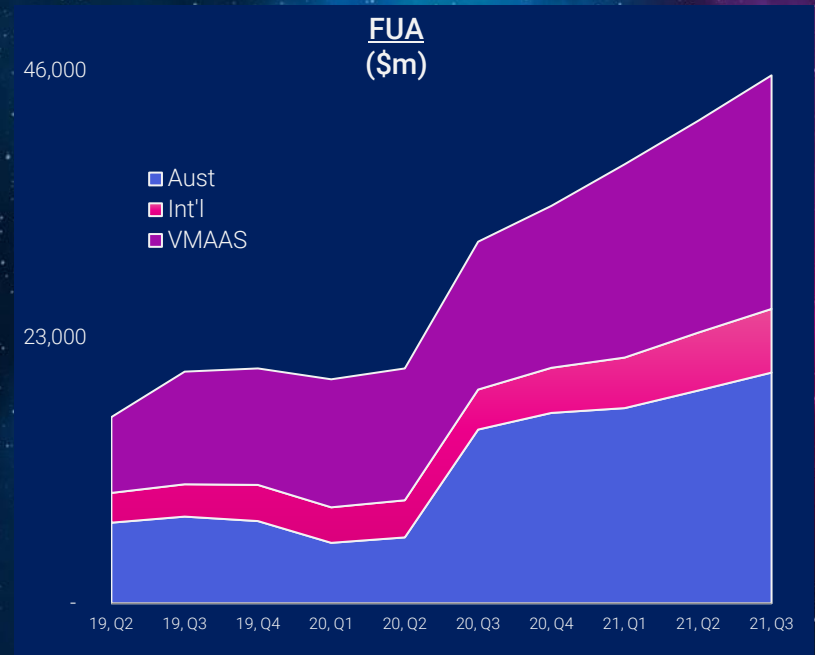
Australian platform inflows of \$3.3 billion
International platform inflows of \$1.5 billion



*Quarters prior to Q3, 21 exclude major client transition.
Data above refers to calendar quarter actuals

Record global FUA of \$45.6 billion

Platform FUA of \$25.4 billion, up 38% pa
VMAAS FUA of \$20.2 billion, up 58% pa



VMAAS: Virtual Managed Account Administration Service comprises non-custodial FUA

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Proposed divestment of International

Strategic review

Strategic review highlighted the technological leadership of the international platform and strong sales momentum

Marketplace undergoing significant structural change and consolidation

International business remains at a scale disadvantage to its key competitors

Decision to divest

External strategic review of International business recommended divestment

Praemium Board supports this recommendation

Proposed divestment will allow focus of financial and leadership resources on further accelerating our growth trajectory in the Australian platform market

Sale process

Deloitte Corporate Finance appointed to manage a formal sale process

Strong interest received from potential buyers

No certainty sale process will result in a binding transaction or decision / recommendation by Praemium Board to pursue any transaction