

ASX Announcement

Prime Financial Group Ltd
(Prime – ASX:PFG)

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20 February 2024

Strong top-line growth in H1 despite challenging capital markets; well placed to deliver on full-year guidance

Prime Financial Group Ltd (ASX:PFG) (Prime), an Advice, Capital and Asset Management Group, today announced its results for the six months ended 31 December 2023 (H1 FY24).

H1 FY24 Financial Highlights:

- Revenue of \$18.2 million, up 14% on the prior corresponding period (pcp), driven by strong Wealth Management performance (up 38% on pcp).
- Accounting & Business Advisory, SMSF and Capital revenues all up between 1-12%.
- Material investment in new services plus the strategic acquisition of alternative asset manager Altor Capital Pty Ltd (Altor) post the end of the half.
- Prime's Capital division impacted by difficult conditions across equity capital markets:
 - Still delivered 12% growth due to positive contributions from Debt Capital Advisory and Consulting.
 - Client engagement numbers remain strong and growing.
- Underlying EBITDA of \$3.8 million, up 2% on pcp, driven by continued investment in new service offerings which are scaling, but not yet profitable.
- Reported EBITDA of \$1.7 million, down 53% on pcp, predominantly due to a number of one-off costs related to investment in growth via new service lines and acquisitions plus restructuring and repositioning.
- Reported EPS of -0.02 cents per share (cps), down 0.90 cps on pcp.
- Gearing position remains comfortable, with Underlying EBITDA to Net Debt of 1.4X; this is expected to reduce in H2 with improved operating cashflow.
- Interim dividend up 7% to 0.75 cps, fully franked; implementation of a Dividend Reinvestment Plan.
- Prime on track to deliver FY24 guidance of revenue growth of 15-20%, underlying EBITDA growth of 10-15% and dividend growth of 5-10%.
- Prime continues to deliver 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.

Prime's Managing Director & Chairman, Mr Simon Madder said: "Our half-year results have delivered solid top-line growth, driven by a robust performance in Wealth Management. Over the period, we continued to invest in the business, further bolstering our newer service offerings, which include Consulting, Debt Capital Advisory, Property and the expansion of our Wholesale

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Wealth Management offering and International Capability. This has been the most substantial investment we have made in our new services in the last 5 years. These services are growing their client engagements and revenue contribution, and we expect to see them breakeven in the next 12 months, which will drive improved margins and profitability.

"Equity capital markets have been challenging for the past 6+ months, which has had an impact on our Capital division. Pleasingly, revenue still grew by 12% in this division, and the number of engagements continue to increase, however, deal completions have been more challenging.

"We remain committed to our 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. As part of this strategy, we have clearly defined target markets, with a greater focus on two key segments – 'Emerging Businesses' and 'Wealth Clients'. We are confident in our ability to win these clients, to service these clients with our expanding capability, and retain these clients.

"Post balance date, we were delighted to announce the acquisition of Altor, which will allow Prime to make available two existing funds across Private Credit and Private Equity and launch new products in the burgeoning alternative asset management space, plus deliver additional value within the Prime network. Altor is an established business, providing Prime with accretive earnings."

Financial Overview: Investing for long-term growth

Prime delivered strong top-line growth in H1 FY24, with revenue increasing by 14%, driven by a robust performance in Wealth Management (up 38% on pcp) plus a moderate contribution from new service lines such as Debt Capital Advisory and Consulting with Accounting & Business Advisory and SMSF revenues up.

The strong revenue growth in Wealth Management was driven by a continued and growing focus on Wholesale Investment opportunities plus a material increase in origination from Prime's Property team across both equity and debt investing.

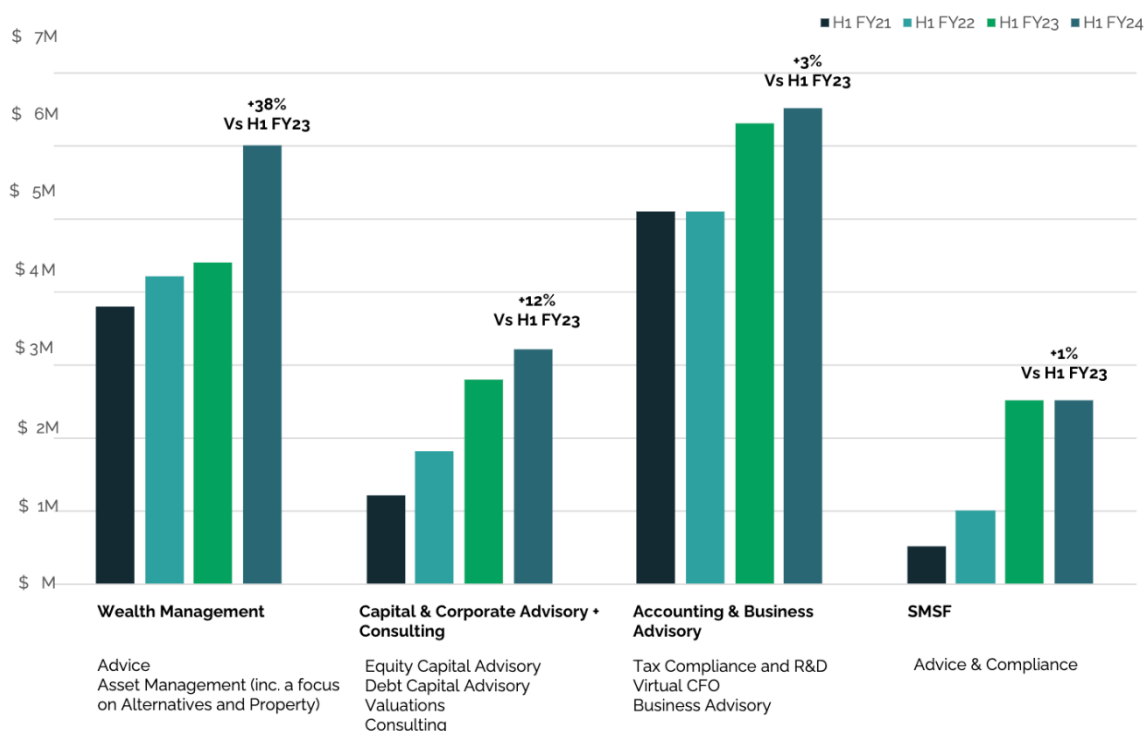
The Capital division was impacted by difficult conditions in equity capital markets, with deal completions proving more difficult. However, the division, which includes the recently established Consulting services, still delivered 12% revenue growth, and had a higher number of client engagements than in H1 FY23.

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Revenue Growth By Service Line



In H1 FY24, revenue from new service lines (Debt Capital Advisory and Consulting plus the acceleration of Prime's Property offering) was approximately \$3 million. Based on the growth trajectory of the past 5-6 years of the SMSF and Capital divisions, Prime is confident of achieving a similar outcome to the FY23 revenue contribution of \$9 million from these areas within 5-6 years from a nil base 2-3 years ago.

H1 FY24 Underlying EBITDA was \$3.8 million, up 2% on pcp. This result reflects the continued investment in building out service offerings in Capital and Consulting, which are still scaling but not yet profitable.

Reported EBITDA was \$1.7 million, down 53% on pcp, predominantly due to lower growth than forecast for the Capital division plus a number of one-off costs, totalling \$2.1 million. In addition to investment in new service lines, there were one-off and final costs related to the Intello

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acquisition and costs related to the Altor acquisition, as announced post balance date. This also included restructuring and repositioning costs that were one-off in nature.

Net debt was \$11.98 million, up from the \$9.47 million at 30 June 2023, largely due to lower operating cash flow and the final completion payment to Intello. Prime is comfortably geared with Net Debt of 1.4X Underlying EBITDA. In December 2023, Prime increased its total debt facility by \$5.0 million to \$24.4 million. There will be a focus on reducing debt in H2 FY24 through improved operating cashflow.

Prime's Board have declared an interim dividend of 0.75 cents per share (cps) fully franked, up 7% on the H1 FY23 interim dividend of 0.70 cps. For full year FY24, Prime expect to payout within current guidance of 5-10%, more than FY23. In addition, Prime has also implemented a Dividend Reinvestment Plan for its shareholders, enabling the Company more flexibility to invest for growth, while at the same time giving shareholders the option to reinvest or receive dividends.

Operational Overview: enhancing growth through client wins and EPS-accretive acquisitions

During H1 FY24, Prime continued its focus on two key segments – 'Emerging Businesses' and 'Wealth Clients', ensuring we can service the diverse needs of these segments through the combined Group. Prime is confident in its aim of winning these clients, servicing these clients with its expanding breadth of capability, and retaining these clients.

Prime also focused on its strategy of pursuing further EPS-accretive acquisitions with the aim of:

- Enhancing its offering for two key client segments, 'Business' & 'Wealth';
- Increasing the size of the audience that it can offer current group services to; and
- Providing access to additional distribution for originated Prime products and transactions

Prime is considering acquisitions in both business services (Business) and funds management (Wealth) to support its Business and Wealth growth strategies.

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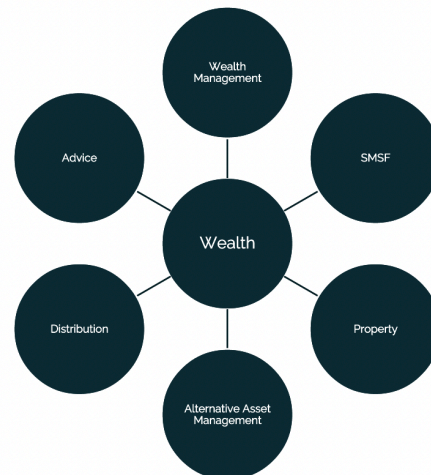
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Winning, growing and retaining our client of the future: creating value

Emerging Businesses: \$0 - \$100M



Wealth: Wholesale Clients / Investors



Post half-year developments

In February 2024, Prime announced the acquisition of alternative asset manager Altor, which will allow Prime to make available two existing funds across Private Credit and Private Equity, launch new products and build out a diversified Alternative Asset Management business under its Wealth Management division.

The strongly growing sector is attractive for Prime, with investors increasingly seeking out alternative assets for portfolio diversification.

Altor is expected to deliver annualised revenue of approximately \$1.8 million and to make a modest contribution to EBITDA for FY24, with a target maintainable annual EBITDA of \$0.70 million within 3 years.

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Outlook: well positioned for continued strong growth

Mr Simon Madder said: "We commence the second half with robust foundations in place to continue our growth momentum and deliver on our FY24 guidance. We are targeting growth via organic divisional revenue growth, new revenue streams via the activation of new service lines, efficiencies driven by centralised operations and a shared services model, and through accretive acquisitions.

"We are very confident in our ability to execute on our strategy and deliver on our ambition to be the leading Integrated Advice, Capital and Asset Management Group of the future with \$100 million in revenue between FY28 to FY30."

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.