Praemium
Half Year Report

31 December 2021

Praemium Limited ACN: 098 405 826

Founded in 2001, Praemium Limited is a leading provider of portfolio administration, investment platforms and financial planning tools to the wealth management industry.

Contents

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

Appendix 4D
ASX Half-Year Report

Name of entity:	Praemium Limited
ABN:	74 098 405 826
Reporting period:	Half year ended 31 December 2021
Previous corresponding period:	Half year ended 31 December 2020

Results#

Revenue from ordinary activities	Increased 21% to $30,355,402
Loss from ordinary activities after tax attributable to members*	Decreased by 156% to a loss of $981,125
Net loss for the period attributable to members	Decreased by 193% to a loss of $2,602,542

* Excludes restructure, arbitration and acquisition costs and prior year unrealised gain in financial instruments.

Data relates to continuing operations only

Brief explanation of the figures reported above

Refer to the attached Half-Year Report (Directors' Report - Review of Operations section), for commentary on the half-year results.

Notes to Appendix 4D – for the half year ended 31 December 2021

	Current period	Previous period
Net tangible assets per security*	3.0	1.5
Dividends	No dividends are proposed for the period	
Additional dividend information	There was no dividend declared or paid during or subsequent to the current period or prior corresponding period	
Dividend reinvestment plan	Not applicable	
Details of associates and joint venture entities	Not applicable	
Compliance Statement	This report is based on financial statements reviewed by the auditors, copies of which are attached.	

Anthony Wamsteker – CEO
14 February 2022

Half Year Highlights

25%
net revenue growth to $39.2 million

$2.9bn
record net flows

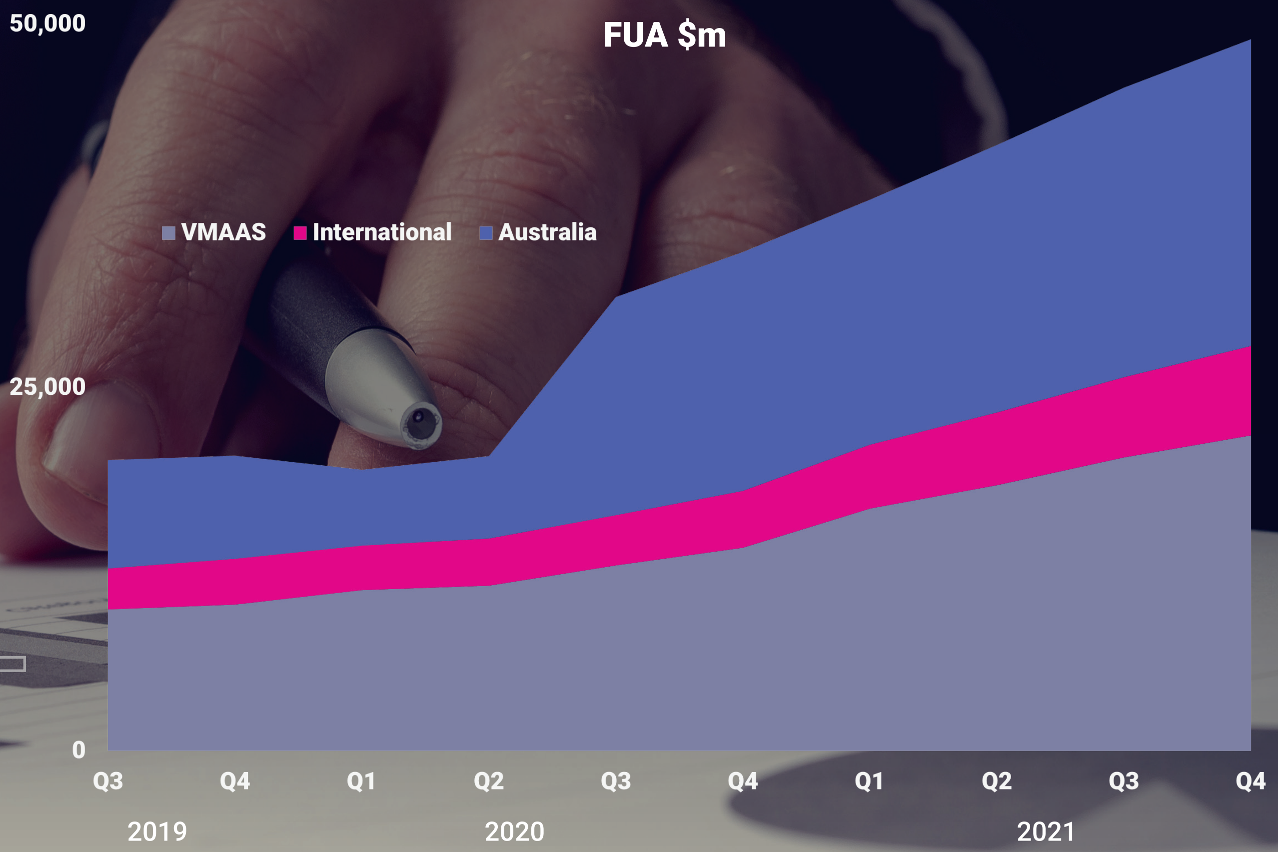
23%
increase in gross margin to $26.9m

$7.5m
underlying EBITDA up 6%

H1 FY2022 results above include both the Australian segment (continuing operations) and International segment (discontinued operations) for the purposes of comparison to the prior year

$49.0bn

record global FUA



Directors' Report

The Directors present this report, together with the condensed financial report for the half year ended 31 December 2021, and an independent review report thereon. The consolidated entity consists of Praemium Limited and the entities it controls. This financial report has been prepared in accordance with Australian & International Financial Reporting Standards.

Directors' Names

The names of the Directors of the Company during or since the end of the half year are:

Barry Lewin – Non-Executive Chairman

Stuart Robertson – Non-Executive Director

Daniel Lipshut – Non-Executive Director

Claire Willette – Non-Executive Director (appointed 17 November 2021)

Anthony Wamsteker – CEO & Managing Director

Review of operations

Established in Australia in 2001, Praemium has grown to be a market-leading provider of investment platforms, investment management, portfolio administration and CRM solutions with offices in Australia, the UK, Jersey, UAE, Armenia, China (including Hong Kong).

Praemium's leading-edge technology automation, scalable investment solutions and industry leading reporting allows wealth professionals to improve productivity while meeting key needs driven by regulatory change and consumer demand.

Praemium's investment portfolio software specialises in corporate actions processing, CGT optimisation, and sophisticated tax and investment reporting, with strengths in multi-asset administration and particularly direct equities.

In Australia, our investment portfolio technology is branded as Praemium Virtual Managed Accounts (VMA) and is available both directly and embedded in our Managed Account technology. Through Praemium VMA, we offer a range of portfolio management services used by accountants, financial advisers, stockbrokers, self-managed superannuation fund (SMSF) administrators and large institutions who usually rebrand and package the services for their own customers. The VMA Administration Service (VMAAS) is a complementary offering to Praemium VMA that enables financial planning practices and stockbrokers to outsource the administration of their client portfolios to Praemium, freeing up advisers from the time-consuming tasks associated with managing clients' investment portfolios.

Our Managed Account investment platform in Australia is a regulated management investment scheme, where investors are able to participate directly in the stock market whilst still benefiting from professional investment management advice and beneficial ownership of their underlying holdings. Our unique consolidated view of all investment assets, both custodial and non-custodial, is now available through the Praemium Unified Managed Account (UMA).

In October 2020, Praemium completed the off-market takeover of Powerwrap Limited, one of Australia's leading wealth management platforms. Powerwrap offers a comprehensive suite of investment, administration and shared services to high-net-worth investors, with a broad range of investments and comprehensive set of administration and reporting tools for portfolio management. The addition of Powerwrap, which already utilises Praemium's core technology, positions Praemium to leverage the strengths of both groups to deliver a holistic wealth management solution on a single platform.

In December 2021, Praemium announced it had entered into an agreement to sell its international business to Morningstar, Inc, comprising the operations in United Kingdom, Jersey, Hong Kong and Dubai. Praemium has operated in international markets since 2006, with regulated entities in the UK and Jersey providing safe custody and administration of securities, investment management and the provision of pension administration for Self-Invested Pension Plans, or SIPPs.

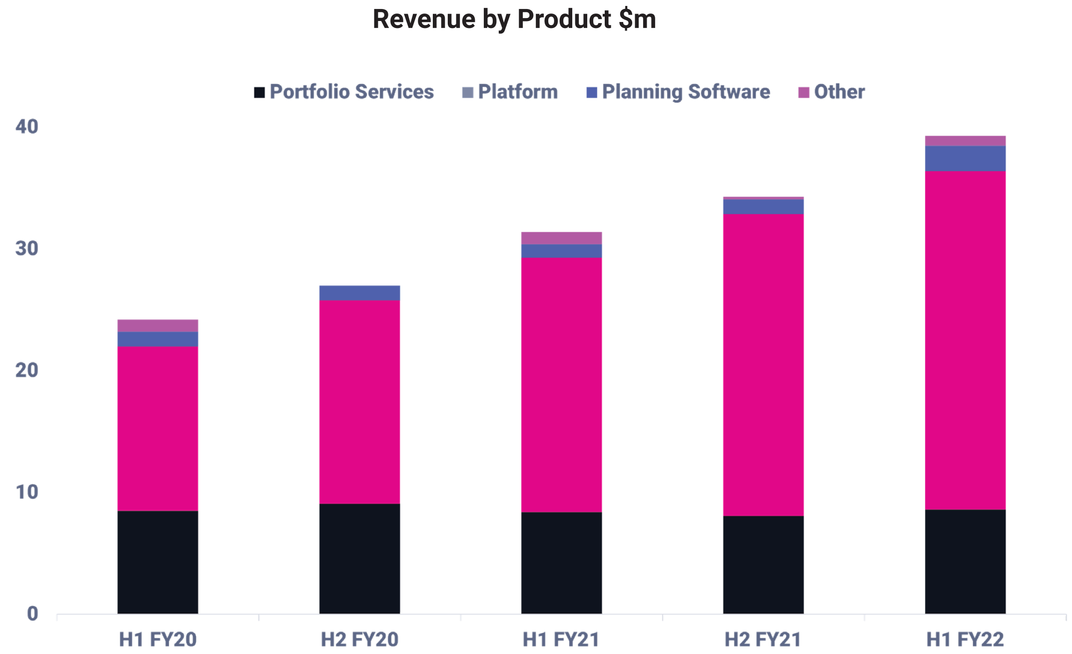
Praemium International's technology can handle all currencies and provides access to a wide range of assets traded on international exchanges and provides services to a wide range of jurisdictions, including Europe, Asia, the Middle East and Africa. To complete our international offering to the financial services industry, Praemium also provides customer relationship management (CRM) and financial planning software. Known as WealthCraft, it is powered by Microsoft Dynamics CRM and allows advisors to seamlessly manage their client, practice and campaign information while complying with enhanced regulatory requirements.

Financial Summary

Financial metrics

Results summary	H1 FY22 $000	H1 FY21 (Restated) $000	Change $000	Change %
Revenue & other income	30,409	25,101	5,308	21%
Expenses	22,829	17,005	5,824	34%
EBITDA (underlying)*	**7,580**	**8,096**	**(516)**	**(6%)**
Net profit/(loss) before tax	(143)	6,425	(6,568)	(102%)
Net profit/(loss) after tax	(1,394)	4,674	(6,068)	(130%)
Cash	**19,375**	**28,888**	**(9,513)**	**(33%)**
Net assets	79,389	69,797	9,592	14%
Operating cashflow	(80)	2,173	(2,253)	(104%)

*Reconciliation of EBITDA to Net Profit before Tax is detailed in Note 7 of the attached half year report, with results above based on the continuing operations.



Service metrics

Revenue by region	H1 FY22	H1 FY21 (Restated)	Change $	Change %
Australia Revenue ($'000)	30,355	25,065	5,290	21%
International Revenue ($'000)	8,091	5,429	2,662	49%
Portfolios (VMA)	60,635	57,873	2,762	5%
Platform FUA	27,248	20,350	6,898	34%
Total FUA	**48,969**	**34,324**	**14,645**	**43%**

Operations and Business

Managed Accounts

The Praemium Managed Accounts platform, with over 13 years of operation in the Australian market, has earned a reputation for reliable, high-quality performance and its technology advantages remain unsurpassed. Praemium's fully integrated account management platform allows significant flexibility, such that clients can enjoy the benefits of managed accounts, with or without custody, for investment and retirement savings. Advisers can support a variety of tailored advice strategies to develop across their client base. Clients are able to monitor their investment assets in one place and for custodial solutions, every portfolio of every client is automatically kept in-line with its investment strategy by Praemium's world-class rebalancing engine.

The addition of Powerwrap's wealth management platform also provides a comprehensive suite of investment, administration and shared services to high-net-worth investors, with a broad range of investments and comprehensive set of administration and reporting tools for portfolio management.

Assets in Praemium's Managed Account platforms continued their strong momentum, with global platform funds under administration (FUA) reaching $27.2 billion as at 31 December 2021, up 34% in the past 12 months. This was driven by record annual net inflows of $3.4 billion, a 92% increase. Our growth is expected to continue, both from existing clients' increased inflows and from new clients incorporating Managed Accounts into their business models.

In Australia, platform FUA increased 28% over the 12 months to $21.1 billion at 31 December 2021. This comprised $8.5 billion in the Praemium SMA scheme, up 39% compared to the prior year, and $12.6 billion in the Powerwrap scheme, up 22% compared to the prior year.

Praemium's integrated Managed Accounts platform and Powerwrap's investment platform enable us to serve a much wider part of the addressable platform market. Clients are able to choose Praemium as their primary platform, utilising our unique blend of superior reporting and rebalancing capabilities, to provide a unified experience across model portfolios, bespoke portfolios and non-custodial holdings. We continue to see a solid pipeline of opportunities to support future growth and to deliver on our strategy to become one of Australia's largest independent specialist platform providers.

Praemium continued development of its full-service platform. This half we launched solutions to support the new regulatory requirements under the Design and Distribution Obligations (DDO) and new self-service functionality for SMA Model Managers. We released enhancements to Praemium's Adviser portal including on-demand reports and to VMA & VMAAS non-custody solutions for more efficient corporate actions processing. New digital capability included continued growth in external fintech providers accessing Praemium's global API service.

Internationally, platform FUA increased 58% over the 12 months to $6.2 billion at 31 December 2021. This growth was from record inflows, with 2021 net platform inflows of $1.45 billion for the International business, 76% higher compared to last year.

The half also saw Praemium's international platform awarded the winner of Best International Platform at the International Adviser Awards in London for the 4th consecutive year and winner of Leading Platform for Discretionary Management at Schroders 2021 UK Platform Awards.

Portfolio administration and reporting

Our non-custodial capabilities continue to expand with both SaaS based (VMA) and administration services (VMAAS) portfolios and FUA increasing this half. Praemium VMA has continued its positive momentum, with 8% growth in portfolios achieved this half. We expect continued growth in VMA portfolios, with clients seeking Praemium's proprietary technology to manage complex corporate actions, performance analytics, asset allocation, tax and multi-asset investment reporting.

FUA of Praemium's VMA administration service (VMAAS) grew 55% over the year from $14.0 billion to $21.7 billion at 31 December 2021. This growth is evidence that our fully integrated managed accounts platform provides real value for advisers, enabling them to tailor solutions for all clients. We expect continued growth from our strength in portfolio administration and reporting remaining a unique and long-term competitive advantage.

Comments on financial performance

Financial planning software

Uptake in WealthCraft's CRM and financial planning software in international markets continued during the half, with WealthCraft licences increasing 80% to 1,796. WealthCraft also provides strong cross-sell opportunities to our international platform, proving the synergy of the two in providing value to our clients. In the UK, Plum Software's financial planning system further complements Praemium's global strategy in the CRM space by offering a fully integrated advice solution. Advisers can have a single view of their clients, with efficient practice management, client communication and professional reporting tools.

Trading performance

The consolidated loss after tax attributable to the members of the Group was $2,602,542 compared to the profit after tax of $2,803,211 for the half year to 31 December 2020.

Revenue and other income from all business segments increased to $39.2 million for the 6 months to December 2021, a 25% increase compared to the 6 months to December 2020. Trading results this half include a full half of the acquisition of Powerwrap Limited, with the prior corresponding half including 4 months of results between September and December 2020.

Revenue by product

Platform revenue increased 31% to $27.7 million, with the Company deriving platform revenue primarily from basis points fees of total funds on our investment platform. Australian platform revenue increased 31% to $21.7 million, including $10.1 million in revenue from Powerwrap, from a 28% increase in Australian platform FUA. International platform revenues grew 39% this half, with platform FUA up 58% compared to December 2020, while partially offset from outflows in the closed Smartfund Protected range of funds.

Portfolio Services revenue increased 7% to $8.5 million, excluding Powerwrap licenced revenue which transitioned to platform revenue following its acquisition. This growth was driven from increasing VMA portfolios and in particular VMA Admin (VMAAS) portfolios on-boarded this half which saw VMAAS revenue increase by 28%. Including Powerwrap revenue prior to the acquisition, Portfolio Services revenue increased 2%.

Planning Software revenue increased by 86% to $2.1 million. This period's result also included $0.8 million in other income relating to FY2021's research & development incentive in the UK.

Australia

With the agreed sale of the international business to Morningstar, continuing operations of the Australian segment comprise the business units of Australia, Armenia and Shenzhen.

The Australian business saw revenue increase by 21% to $30.3 million on the first half of FY2021. Australian platform FUA increased 28% to $21.1 billion, with Australian platform revenue increasing 31% to $21.7 million. Portfolio Services revenue increased 7% from the growth of VMA and VMA Admin (VMAAS) portfolios.

EBITDA (excluding corporate costs of $0.6 million) for the Australian business was $8.2 million, a 6% decline compared to the first half of FY2021. EBITDA margins were 27% of revenue, compared to 34% for the corresponding period last year. This was a result of investments in operations to support client growth and R&D to drive continued innovation in our proprietary technology. $2.6 million was also capitalised to support the expansion of our new platform offering, compared to $3.0 million in the prior corresponding period.

International

For segment reporting, International comprises the discontinuing operations of the United Kingdom, Jersey, Hong Kong and Dubai, following the agreed sale of these business units to Morningstar. International's EBITDA loss decreased 98% to $0.1 million, comprising UK's EBITDA profit of $0.8 million, Hong Kong's EBITDA profit of $0.2 million and Dubai's EBITDA loss of $1.0 million.

Platform revenue was up 39%, from accelerating momentum in platform FUA which increased 58% this half. This was offset by outflows in the now closed Smartfund Protected range of managed funds. Planning software revenue increased 91% to $2.0 million, from increase in WealthCraft CRM and planning software licences in 2021, which grew 41% internationally.

Expenses

Operating expenses were $31.7 million for H1 FY2022, a 31% increase compared to H1 FY2021. The Powerwrap cost base included an additional two months this half, contributing an additional $2.0 million. The Company also continued key investments in operations ($12.3 million in expenses, a 31% increase), sales & marketing ($8.3 million in expenses, a 20% increase) and R&D ($5.4 million, a 70% increase) to support the considerable pipeline of new business and accelerating inflows and continue development of our platform offering.

Balance sheet & cashflow

The Group maintained a strong balance sheet during the half year with net assets of $79.4 million, compared to $79.9 million 30 June 2021. Total assets declined by 1% to $110.9 million this half, with $58.8 million recognised as intangibles and $12.1 million classified as assets held for sale due to the pending sale of the International business. Liabilities were consistent at $31.5 million, with $12.1 million in loan borrowings.

The Company maintained cash reserves of $19.4 million at 31 December 2021. The Group continues to generate positive cash flows with operating cash flows of $0.5 million, before divestment related legal and advisory costs of $0.7 million. $1.9 million was paid this half in Australian company taxes from ongoing profits. The Group has strong cash reserves to further invest in earnings enhancing initiatives, including organic and strategic opportunities.

Post balance-sheet events

There have been no matters or circumstances occurring subsequent to the end of the half year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operation, or the state of affairs of the consolidated entity in future financial years.

Auditor's Independence Declaration

GrantThornton

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Praemium Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Praemium Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

egangemi

C S Gangemi
Partner – Audit & Assurance

Melbourne, 14 February 2022

Accounts for the half year ended 31 December 2021

Consolidated Statement of Profit & Loss and Other Comprehensive Income

	Note	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 (Restated) $
Revenue from contracts with customers	8	30,355,402	25,064,780
Other income		53,928	36,391
Platform trading & recovery		(1,401,434)	(1,391,284)
Employee costs		(15,868,530)	(11,366,247)
Depreciation, amortisation and impairments	7	(3,929,427)	(3,060,534)
Legal, professional, advertising and insurance expenses		(2,515,559)	(1,823,076)
Commissions expense		(305,853)	(247,342)
Travel expenses		(18,387)	(10,936)
Telecommunication costs		(108,417)	(100,182)
Finance costs		(245,522)	(180,929)
IT support		(2,343,758)	(1,622,086)
Net foreign exchange gains/(losses)	7	36,201	(24,586)
Occupancy costs		(258,316)	(238,535)
Other expenses		42,906	(168,975)
Restructure, arbitration and acquisition costs	7	(1,621,417)	(1,319,920)
Share based payments	7	(2,031,367)	(1,696,369)
Unrealised gain on financial instruments	7	16,357	4,574,795
(Loss)/profit before tax		**(143,193)**	**6,424,965**
Income tax expense	7	(1,251,002)	(1,750,701)
(Loss)/profit for the period from continuing operations		**(1,394,195)**	**4,674,264**
(Loss) for the period from discontinued operations	**6**	**(1,208,347)**	**(1,871,053)**
(Loss)/Profit attributable to members of the Group		**(2,602,542)**	**2,803,211**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations from discontinued operations		(1,070,994)	(310,304)
Total items that may be reclassified subsequently to profit or loss		(1,070,994)	(310,304)
Other comprehensive (loss) for the period, net of tax		(1,070,994)	**(310,304)**
Total comprehensive (loss)/profit for the period		**(3,673,536)**	**2,492,907**
(Loss)/Profit for the year attributable to Owners of the parent		**(3,673,536)**	**2,492,907**
Total comprehensive (loss)/profit attributable to Owners of the parent		**(3,673,536)**	**2,492,907**
Earnings per share			
Basic (loss)/earnings per share (cents per share)			
From continuing operations		(0.3)	0.6
From discontinued operations		(0.2)	-
Total		(0.5)	0.6
Diluted (loss)/earnings per share (cents per share)			
From continuing operations		(0.2)	0.6
From discontinued operations		(0.1)	-
Total		(0.3)	0.6

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

	Consolidated Entity 31 December 2021 $	Consolidated Entity 30 June 2021 (Restated) $
Current assets		
Cash and cash equivalents	19,375,220	26,737,474
Contract assets	4,518,494	4,367,489
Trade and other receivables	2,585,766	4,628,503
Prepayments	3,649,065	3,119,477
Assets included in disposal group classified as held for sale	12,149,820	-
Income tax receivable	2,679,129	-
Total current assets	**44,957,494**	**38,852,943**
Non-current assets		
Other financial assets	2,215,354	2,142,760
Property, plant and equipment	2,087,675	3,817,995
Goodwill	47,775,129	50,585,686
Intangible assets	11,010,834	13,756,166
Deferred tax assets	2,870,460	3,316,972
Total non-current assets	**65,959,452**	**73,619,579**
TOTAL ASSETS	**110,916,946**	**112,472,522**
Current liabilities		
Trade and other payables	7,691,353	10,248,886
Provisions	3,218,597	2,887,487
Lease liabilities	1,226,607	1,860,067
Contract liabilities	2,430,372	2,433,908
Borrowings	3,091,548	3,107,085
Liabilities included in disposal group classified as held for sale	4,197,444	-
Income tax payable	-	161,974
Total current liabilities	**21,855,921**	**20,699,407**
Non-current liabilities		
Provisions	487,622	447,847
Borrowings	9,000,000	10,500,000
Lease liabilities	184,247	902,942
Deferred tax liability	-	8,403
Total non-current liabilities	**9,671,869**	**11,859,192**
TOTAL LIABILITIES	**31,527,790**	**32,558,599**
NET ASSETS	**79,389,156**	**79,913,923**
Equity		
Share capital	119,132,397	116,065,309
Reserves	1,428,701	2,418,014
Accumulated losses	(41,171,942)	(38,569,400)
TOTAL EQUITY	**79,389,156**	**79,913,923**

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

Consolidated Entity 2021	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share based payments Reserve $	Total $
Equity as at 1 July 2021	**116,065,309**	**(38,376,053)**	**(514,347)**	**2,932,361**	**80,107,270**
Prior period correction	-	(193,347)	-	-	(193,347)
Restated balance as at 1 July 2021	**116,065,309**	**(38,569,400)**	**(514,347)**	**2,932,361**	**79,913,923**
(Loss) attributable to members of the parent entity	-	(2,602,542)	-	-	(2,602,542)
Other comprehensive (loss)	-	-	(1,070,994)	-	(1,070,994)
Total comprehensive (loss)	**-**	**(2,602,542)**	**(1,070,994)**	**-**	**(3,673,536)**
Transactions with owners in their capacity as owners					
Issue of shares	175,000	-	-	-	175,000
Option expense	-	-	-	2,973,767	2,973,767
Exchange difference on option reserve	-	-	2	-	2
Transfer on exercise of options	2,892,088	-	-	(2,892,088)	-
Subtotal	3,067,088	-	2	81,679	3,148,769
Equity as at 31 December 2021	**119,132,397**	**(41,171,942)**	**(1,585,339)**	**3,014,040**	**79,389,156**

Consolidated Entity 2020	Ordinary Shares $	Accumulated Losses (Restated) $	Foreign Currency Translation Reserve $	Share based payments Reserve $	Total (Restated) $
Equity as at 1 July 2020	**68,402,062**	**(39,912,140)**	**(626,149)**	**2,723,282**	**30,587,055**
Profit attributable to members of the parent entity	-	2,803,211	-	-	2,803,211
Other comprehensive (loss)	-	-	(310,304)	-	(310,304)
Total comprehensive income/(loss)	**-**	**2,803,211**	**(310,304)**	**-**	**2,492,907**
Transactions with owners in their capacity as owners					
Issue of shares	46,030,330	-	-	-	46,030,330
Option expense	-	-	-	1,689,445	1,689,445
Transfer on exercise of options	1,546,108	-	-	(1,546,108)	-
Subtotal	47,576,438	-	-	143,337	47,719,775
Equity as at 31 December 2020	**115,978,500**	**(37,108,929)**	**(936,453)**	**2,866,619**	**80,799,737**

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 (Restated) $
Cash from operating activities:		
Receipts from customers	30,755,987	25,804,090
Payments to suppliers and employees	(26,001,750)	(18,200,876)
Interest received	44,419	35,506
Unit trust distributions received	7,614	869
Income tax paid	(1,859,774)	(2,212,335)
Transaction costs relating to acquisition of subsidiary	-	(1,175,900)
Net cash used in discontinued operations	(3,026,445)	(2,077,899)
Net cash (used in)/provided by operating activities	**(79,949)**	**2,173,455**
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	-	1,226,574
Payment for investments	(175,200)	(539,697)
Payment for intangibles	(2,547,334)	(3,030,825)
Payment for property, plant and equipment	(117,683)	(72,647)
Net cash used in discontinued operations	(559,836)	(466,049)
Net cash used in investing activities	**(3,400,053)**	**(2,882,644)**
Cash flows from financing activities:		
(Repayments of)/proceeds from borrowings	(1,500,000)	15,000,000
Finance costs paid	(255,427)	-
Principal elements of lease payments	(1,438,411)	(496,547)
Net cash used in discontinued operations	(377,179)	(310,098)
Net cash (used in)/provided by financing activities	**(3,571,017)**	**14,193,355**
Net (decrease)/increase in cash and cash equivalents	**(7,051,019)**	**13,484,166**
Cash and cash equivalents at beginning of half year	26,737,474	15,914,653
Effect of exchange rates on cash holdings in foreign currencies	(311,235)	(510,916)
Cash and cash equivalents at end of half year	**19,375,220**	**28,887,903**

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

1. Notes to the Financial Statements

(a) General information

The half-year financial report is a general-purpose financial report that covers the consolidated position of Praemium Limited and controlled entities. Praemium Limited is a listed public company, incorporated and domiciled in Australia. This half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2021 and any public announcements made by Praemium Limited during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 14 February 2022.

(b) Basis of preparation

The financial report of Praemium Limited and controlled entities has been prepared in accordance with AASB 134 "Interim Financial Reporting".

The financial report has been prepared on an accruals basis and is based on historical costs as modified by the revaluation of other financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(c) New Standards adopted as at 1 July 2021

The Group has adopted all of the new and revised standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) which are mandatory to apply to the current interim period. Disclosures required by these standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

(d) Critical accounting estimates and judgments

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

(e) Income taxes

Management applies judgements about the application of income tax legislation and its interaction with income tax accounting principles. These judgements may be subject to risk and uncertainty, with the possibility that changes in circumstances would alter expectations and impact tax balances recorded. As part of the Group's ongoing review of compliance with Australian taxation law, the Group is seeking expert advice to confirm the appropriateness of specific tax treatments. This assessment covers certain revenue transactions to determine whether they have been appropriately addressed for Australian tax purposes. If there is a change in judgement, there may be a possible increase in income tax payable and income tax expense by an estimated $3.4 million (excluding any potential interest or penalties) and any impact included in the June 2022 annual financial statements.

2. Significant Accounting Policies

In accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the Group has not depreciated or amortised non-current assets within the disposal group beginning 21 December 2021.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income. Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable. Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Apart from the above, the financial report for this half year is prepared in accordance with the same accounting policies, methods and computations as those used in the financial report for the year ended 30 June 2021.

3. Contigent Liabilities

The Group did not have any contingent liabilities for the half year ended 31 December 2021.

4. Post Balance Sheet Events

There have been no matters or circumstances occurring subsequent to the end of the half year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

5. Error

Following a review of GST on Powerwrap revenue items, a shortfall was identified in relation to the cash administration fee. Prior period statements have been adjusted to account for the error, details of the adjustment to the half year financial statements are as follow:

	31 December 2020		31 December 2020
	Previously stated	Adjustment	Restated
	$	$	$
Consolidated Statement of Profit & Loss and Other Comprehensive Income			
Revenue from contracts with customers	25,152,394	(87,614)	25,064,780

	30 June 2021		30 June 2021
	Previously stated	Adjustment	Restated
	$	$	$
Consolidated Statement of Financial Position			
Goodwill	49,891,015	694,671	50,585,686
Trade and other payables	9,360,868	888,018	10,248,886
Accumulated losses	(38,376,053)	(193,347)	(38,569,400)

6. Divestment of the International Business

On 14 July 2021, Praemium announced that it had finalised the strategic review of its international operations which recommended divestment of these operations through a formal sale process, and that the Board supported this recommendation. On 21 December 2021, Praemium announced that it has entered into an agreement to sell 100% of its operations in the UK, Jersey, Hong Kong and Dubai ('International Business') to Morningstar, Inc. The consideration for the transaction will comprise cash of £35million (circa $AUD65.1million), subject to completion adjustments. Completion of the transaction remains subject to regulatory approval from the Financial Conduct Authority in the UK, the Jersey Financial Services Commission in Jersey, and other customary conditions. At this stage, the parties expect to complete the transaction during Q2/Q3 of calendar year 2022. Refer to Note 7, the column for the International business for a reconciliation of net loss after tax to EBITDA.

The Group have followed the guidance in AASB 5 – Non-current assets held for sale and discontinued operations and made the appropriate classifications in the primary statements. An analysis of the single amounts are presented below:

Consolidated Statement of Profit & Loss and Other Comprehensive Income for discontinued operations

	For the half year ended 31 December 2021 $	For the half year ended 31 December 2020 $
Revenue from contracts with customers	8,090,608	5,428,677
Other income	762,244	990,340
Restructure, arbitration and acquisition costs	(431,340)	(253,375)
Commissions expense	(294,627)	(332,859)
Depreciation, amortisation and impairments	(622,673)	(563,185)
Employee costs	(6,271,422)	(5,088,627)
IT support	(306,888)	(234,743)
Legal, professional, advertising and insurance expense	(1,505,552)	(1,373,668)
Occupancy costs	(152,889)	(129,684)
Telecommunication costs	(58,501)	(53,617)
Travel expenses	(210,142)	(34,597)
Platform trading & recovery	(112,733)	(148,236)
Net foreign exchange losses	(27,841)	(28,644)
Finance costs	(16,621)	(38,892)
Loss on discontinued operations before tax	**(1,158,377)**	**(1,861,110)**
Income tax expense	(49,970)	(9,943)
Loss on discontinued operations after tax	**(1,208,347)**	**(1,871,053)**

The carrying amounts of assets and liabilities in the disposal group are summarised as follows:

	As at 31 December 2021 $
Current assets	
Trade and other receivables	1,878,502
Prepayments	2,833,963
Contract assets	1,032,073
Other financial assets	26,936
Non-current assets	
Property, plant and equipment	1,148,447
Intangible assets	2,376,293
Goodwill	2,853,606
Assets classified as held for sale	**12,149,820**

Liabilities	
Trade and other payables	1,282,764
Income Tax Payable	1,710,117
Contract liabilities	455,270
Lease liabilities	728,675
Provisions	20,618
Liabilities classified as held for sale	**4,197,444**

Goodwill includes pre-existing goodwill of subsidiaries in the United Kingdom and Hong Kong.

Cash flow used in the discontinued operations were:

	For the half year ended 31 December 2021 $	For the half year ended 31 December 2020 $
Cash from discontinued operating activities:		
Receipts from customers	7,954,900	6,340,135
Payments to suppliers and employees	(10,981,364)	(8,418,049)
Interest received	19	15
Net cash used in discontinued operations	**(3,026,445)**	**(2,077,899)**
Cash flows from investing activities:		
Proceeds/(payment) for Investments	-	29,786
Payment for Intangibles	(353,009)	(417,702)
Payment for property, plant and equipment	(206,827)	(78,133)
Net cash used in discontinued operations	**(559,836)**	**(466,049)**
Cash flows from financing activities:		
Interest paid	(22,253)	-
Principal elements of lease payments	(354,926)	(310,098)
Net cash used in discontinued operations	**(377,179)**	**(310,098)**

7. Segment information

Management has determined the operating segments based on the reports reviewed by the executive committee that are used to make strategic decisions. The committee considers performance on a geographic basis and has identified 2 reportable segments, being Australia (includes Armenia and China, excluding Hong Kong), and International (United Kingdom, Jersey, Hong Kong and United Arab Emirates).

The Board uses underlying EBITDA as a measure to assess the performance of the segments. This excludes the effects of significant items of income and expenditure which are the result of an isolated, non-recurring event and may have an impact on the quality of earnings such as restructuring costs and acquisition costs. It also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the treasury function, which manages the cash position of the Group.

The following tables present information for reportable segments for the half year ended 31 December 2021 and 31 December 2020 and refer to Note 6 for the line items which form part of the international segment's net loss after tax.

Half Year Ended 31 December 2021	Australia $	International $	Total $
Revenue			
Total segment revenue	30,355,402	8,090,608	38,446,010
Revenue from external customers	**30,355,402**	**8,090,608**	**38,446,010**
EBITDA profit/(loss)	7,579,949	(59,902)	7,520,047
Interest income	44,419	-	44,419
Interest expense	(245,522)	(16,621)	(262,143)
Depreciation and amortisation	(3,929,427)	(622,673)	(4,552,100)
Unrealised FX	36,201	(27,841)	8,360
Unit trust income	7,614	-	7,614
Restructure, arbitration and acquisition costs	(1,621,417)	(431,340)	(2,052,757)
Unrealised gain on financial instruments	16,357	-	16,357
Share based payments	(2,031,367)	-	(2,031,367)
Net loss before tax	**(143,193)**	**(1,158,377)**	**(1,301,570)**
Income tax and withholding tax	(1,251,002)	(49,970)	(1,300,972)
Interest intercompany and margin	(943,200)	943,200	-
Net loss after tax	**(2,337,395)**	**(265,147)**	**(2,602,542)**
Segment assets	98,767,126	12,149,820	110,916,946
Segment liabilities	(27,330,346)	(4,197,444)	(31,527,790)
Employee benefits expense	15,868,530	6,271,422	22,139,952
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	117,683	206,827	324,510

Half Year Ended 31 December 2020 (Restated)	Australia $	International $	Total $
Revenue			
Total segment revenue	25,064,780	5,428,677	30,493,457
Revenue from external customers	**25,064,780**	**5,428,677**	**30,493,457**
EBITDA profit/(loss)	8,096,133	(977,014)	7,119,119
Interest income	35,506	-	35,506
Interest expense	(180,929)	(38,892)	(219,821)
Depreciation and amortisation	(3,060,534)	(563,185)	(3,623,719)
Unrealised FX	(24,586)	(28,644)	(53,230)
Unit trust income	869	-	869
Restructure, arbitration and acquisition costs	(1,319,920)	(253,375)	(1,573,295)
Unrealised gain on financial instruments	4,574,795	-	4,574,795
Share based payments	(1,696,369)	-	(1,696,369)
Net profit/(loss) before tax	**6,424,965**	**(1,861,110)**	**4,563,855**
Income tax and Withholding tax	(1,750,701)	(9,943)	(1,760,644)
Interest Intercompany and Margin	1,448,525	(1,448,525)	-
Net profit/(loss) after tax	**6,122,789**	**(3,319,578)**	**2,803,211**
Segment assets	101,316,994	16,530,285	117,847,279
Segment liabilities	(31,520,313)	(5,421,496)	(36,941,809)
Employee benefits expense	11,366,247	5,088,627	16,454,874

(i) Segment Reconciliations

A reconciliation of segment revenue to entity revenue is provided as follows:

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 (Restated) $
Segment revenue	38,446,010	30,493,457
Less revenue from discontinued activities	(8,090,608)	(5,428,677)
Total Revenue	**30,355,402**	**25,064,780**

(ii) EBITDA

A reconciliation of EBITDA to operating profit before income tax is provided as follows:

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 (Restated) $
EBITDA	7,520,047	7,119,119
Depreciation and amortisation	(4,552,100)	(3,623,719)
Interest revenue	44,419	35,506
Interest expense	(262,143)	(219,821)
Unrealised FX	8,360	(53,230)
Unit trust income	7,614	869
Restructure, arbitration and acquisition costs	(2,052,757)	(1,573,295)
Share based payments	(2,031,367)	(1,696,369)
Unrealised gain on financial instruments	16,357	4,574,795
Net (loss)/profit before tax	**(1,301,570)**	**4,563,855**

(iii) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. Reportable segments' assets are reconciled to total assets as follows:

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 (Restated) $
Segment assets	110,916,946	117,847,279

(iv) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. Reportable segments' liabilities are reconciled to total liabilities as follows:

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 (Restated) $
Segment liabilities	(31,527,790)	(36,941,809)

(b) Entity-wide information

The entity is domiciled in Australia. The amount of revenue from external customers in Australia is $30,355,402 (2020: $25,064,780) and the total revenue from external customers in other countries is $8,090,608 (2020: $5,428,677). Segment revenues are allocated based on the country in which revenue and profit are derived.

8. Revenue from contracts with customers

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 (Restated) $
Revenue from:		
Managed accounts & investment management	21,740,398	16,583,020
Virtual managed accounts	8,554,238	8,423,654
Financial planning software	60,766	58,106
Total revenue	**30,355,402**	**25,064,780**

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 14 to 26 in accordance with the Corporations Act 2001:

a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001, and;

b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2021 and of its performance as represented by the results of the its operations and its cash flows for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Praemium Limited will be able to pay its debts as and when they become payable.

This declaration is made in accordance with a resolution of Directors.

Barry Lewin – Chairman
Dated 14 February 2022

Grant Thornton

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of Praemium Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Praemium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Praemium Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of Praemium Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

cgangemi

C S Gangemi
Partner – Audit & Assurance

Melbourne, 14 February 2022

Praemium Limited
Level 19, 367 Collins Street
Melbourne VIC 3000 Australia

Postal address:
PO Box 322 Collins Street West
Victoria 8007 Australia

General enquiries: 1800 571 881
Sales enquiries: 1800 702 488
Email: support@praemium.com

praemium.com