Powerwrap™

FY20 Results Presentation

August 2020

Unleashing wealth management's full potential

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Presenters and agenda

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Financial Highlights

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Powerwrap Key Features and Business Update

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Praemium Offer

Business and financial highlights

$21.4M revenue

Underlying platform and contract revenue grew at 29%

Breakaways

High degree of confidence on short term opportunities

Revenue margin maintained

25 basis points

$3M+

Reduction in loss*

Reduced cost base

Profitable Q4

All figures compared with previous corresponding period – FY19
**Excluding Share Based Payments* and FY19 adjusted for AASB16

1. Financial Highlights

Financial summary underlying

Underlying Financial Results

Prior year comparison ('000)				
	FY20	FY19*	Change	% Change
Total Revenue	21,399	16,811	4,588	27.3%
Employee benefits expenses	(10,632)	(9,930)	(702)	7.1%
Direct expenses	(6,789)	(6,491)	(298)	4.6%
Operating expenses	(4,861)	(4,872)	11	(0.2%)
Total Expenses	(22,282)	(21,293)	(989)	4.6%
EBITDA (excl SBP)	(883)	(4,482)	3,599	(80.3%)
Loss After Income Tax	(1,839)	(5,411)	3,572	(66.0%)

** Adjusted for AASB16*

$4.6 million YoY revenue growth

- Cash margin ~$2.1 million
- Platform administration ~$1.5 million*
- Transaction revenue ~$1.0 million

** Includes ~$1M contract revenue and $500k model fees*

Expenses

- Tight control of salaries – headcount FY19 vs FY20 is flat
- Direct expenses reduced through supplier negotiation
- Operating expenses kept flat

EBITDA

- $3.6 million improvement in underlying EBITDA (excluding SBP)

Cash burn reduced through refocused FUA strategy

In the period of COVID, Powerwrap conducted a restructure of the business expressly to reduce operating and capital expenditure without impacting service levels.

Operating items

- The restructure resulted in the reduction of 12 roles, reducing headcount from 83 to 71. These roles were in sales, commercial, product and technology
- We reduced use of external service providers and legal and audit fees
- We reduced discretionary operating expenditure such as marketing and travel.

Capital items

The restructure included reduction in the use of outsourced development teams.

Cost reduction impact

The cost reduction resulted in $4million reduction in annual cash spend.

Net flows

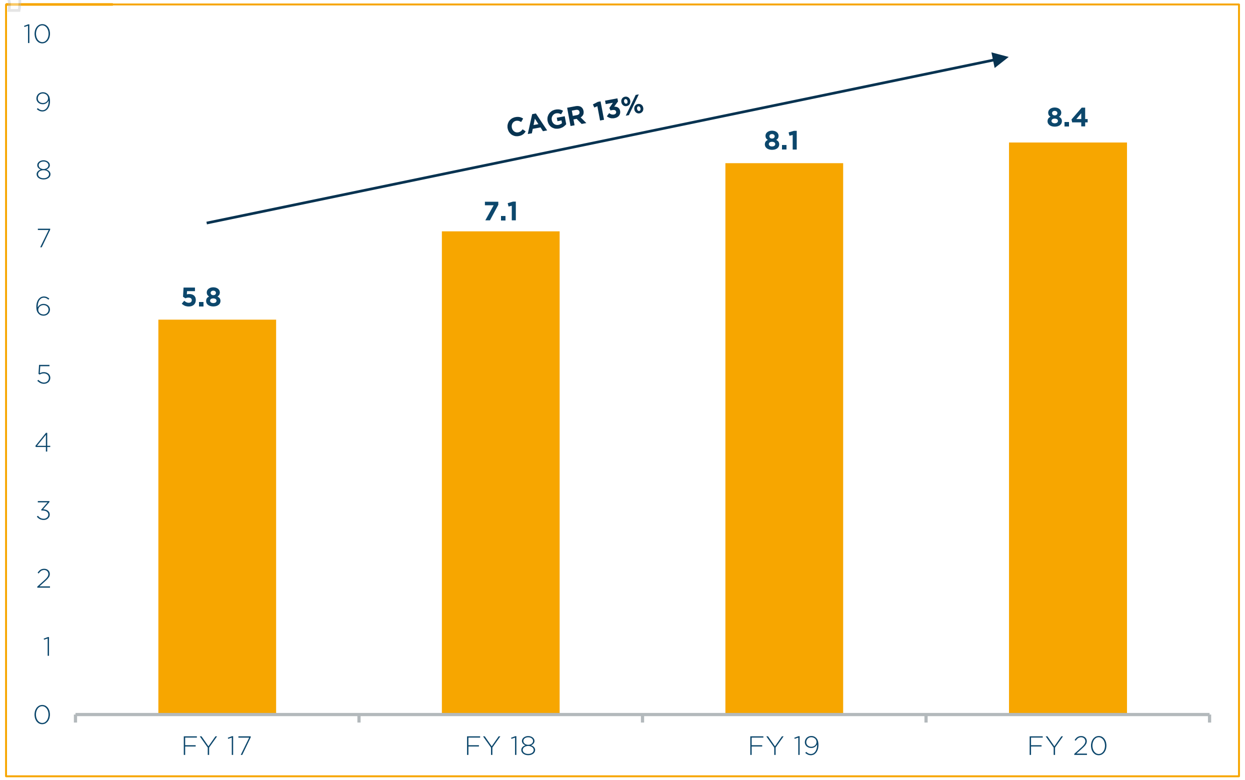
- Net flows have been relatively flat since IPO
- Most of the planned growth anticipated from existing clients has not yet occurred
- Key challenge has been inertia and difficulties in corporates deciding to move platform
- Notwithstanding, start of Q1 FY21 has been positive with recent signing of wealth management boutique Emanuel Whybourne, whose principals previously managed approximately $750 million.

Powerwrap net flows

$ million	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Opening FUA	6,822	7,123	7,694	7,285	7,579	8,099	8,375	8,758	7,935
Net flows	28	502	-46	-41	199	44	208	66	35
Market movement	273	69	-363	335	321	232	175	-889	480
Closing FUA	7,123	7,694	7,285	7,579	8,099	8,375	8,758	7,935	8,450

FUA

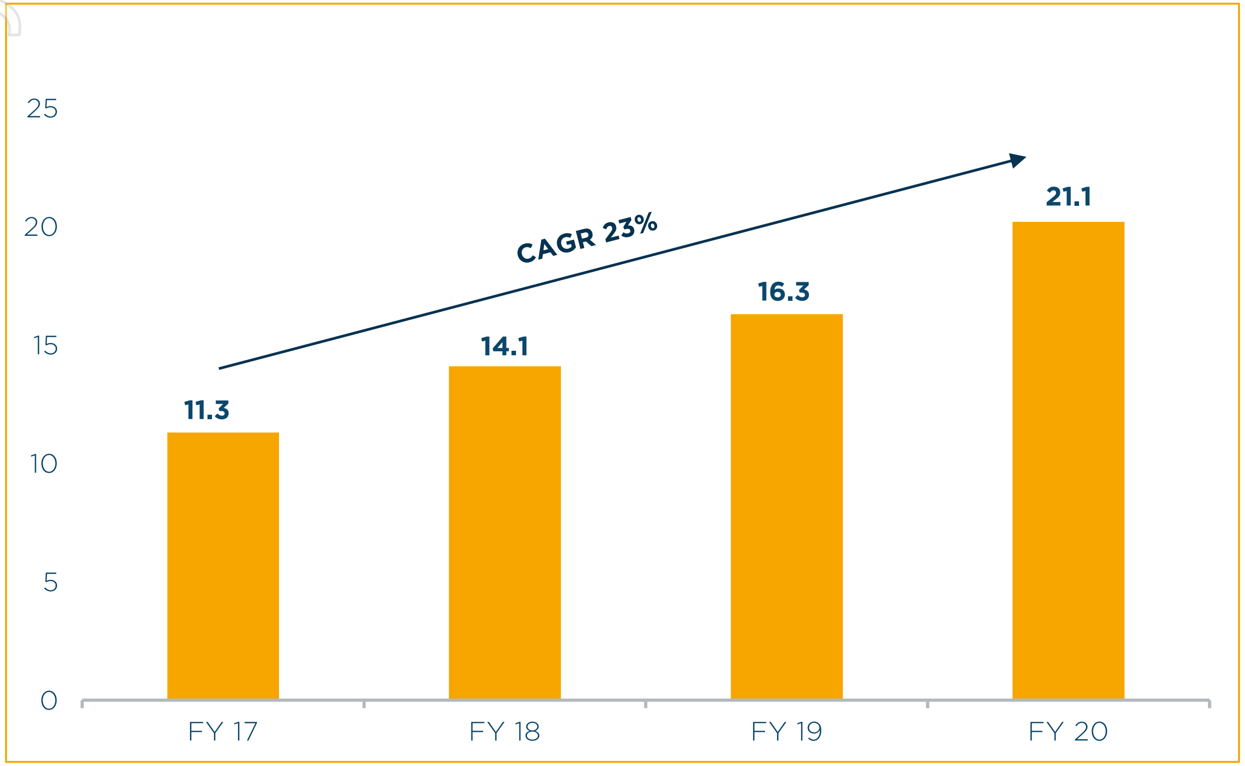
FUA ($billions)



- FUA continuing to grow despite market impacts
- FUA at 30 June $8.45 billion, $9 billion at 26 August
- $351 million increase from 30 June 2019.

Underlying platform and contract revenue

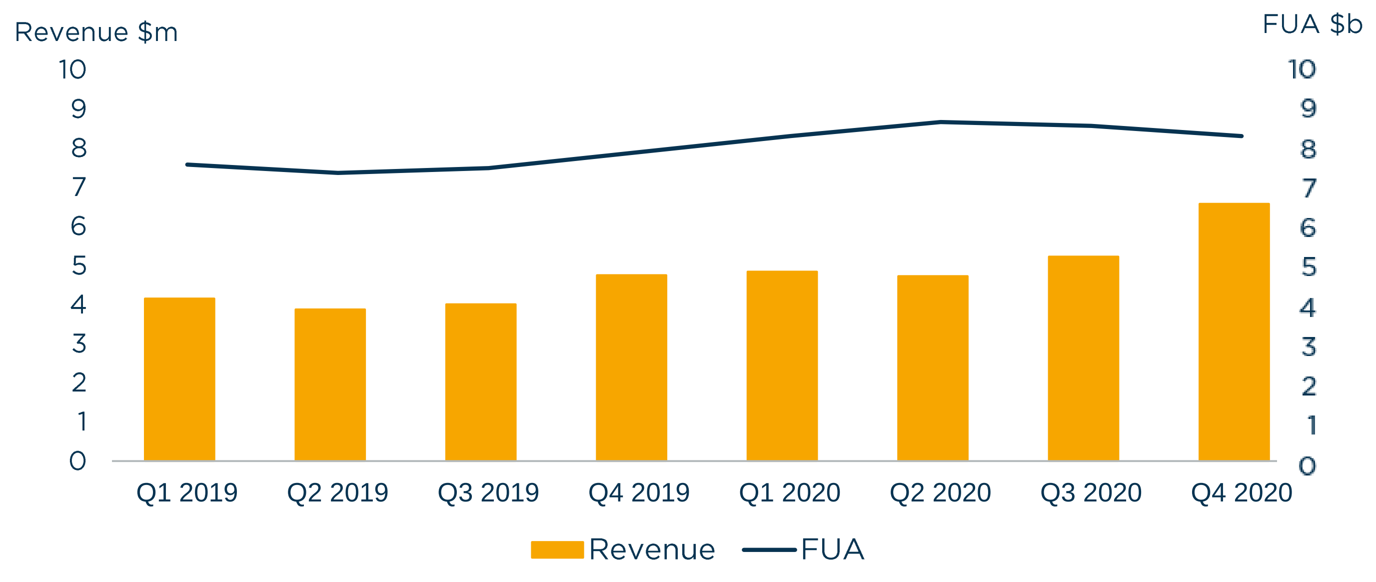
Underlying platform and contract revenue ($millions)



- We have delivered strong consistent platform and contract revenue growth of 23% since FY17
- YoY underlying platform and contract revenue growth of 29%
- Growth has been driven from:
  - Improved margins for domestic and international cash holdings (to March 2020)
  - Larger cash holdings
  - New contract revenue for administration contracts
  - Model participation fees introduced
  - Product license fees introduced
  - Transaction volumes high
  - More international activity and FX.

Key financial drivers for Powerwrap

Average FUA vs revenue



Powerwrap key revenue streams

Administration fees

- Tier fees charged on bps of FUA
- Most Powerwrap clients are in the top tier so FUA movements have little impact on revenue
- Half of Powerwrap admin fees are fixed dollar and not impacted by market movement
- Administration fees have not been impacted by COVID

Cash margin

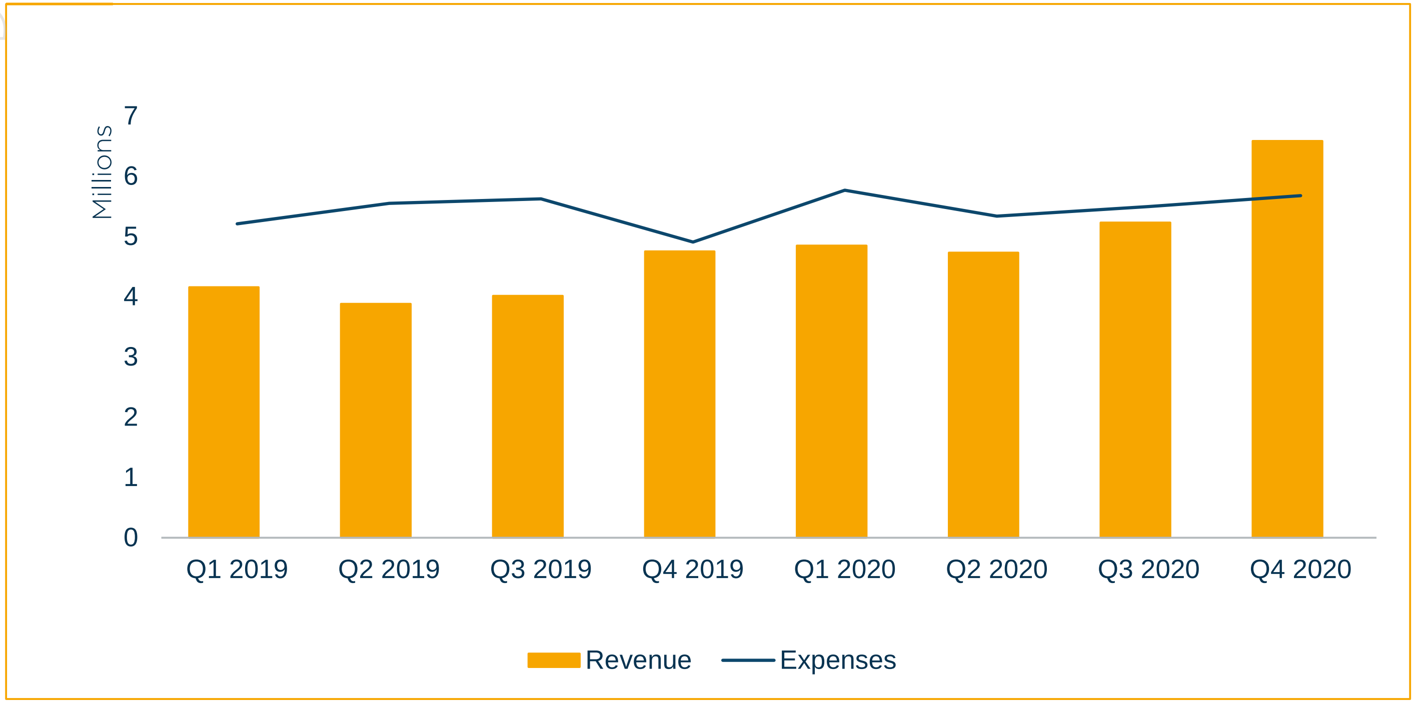
- Interest spread charged on cash hub
- Cash balances at all time high at ~10% of FUA
- This is expected to come down to normalized levels if equities markets stabilize

Transaction fees

- Fees per transaction for equities trades, managed fund transactions, FX Margin
- These hit all time high for March and April with the highest trading volumes ever
- Returned to normal trading levels.

Revenue to total expenses

Quarterly revenue & expenses



Adjusted for AASB16 for prior year

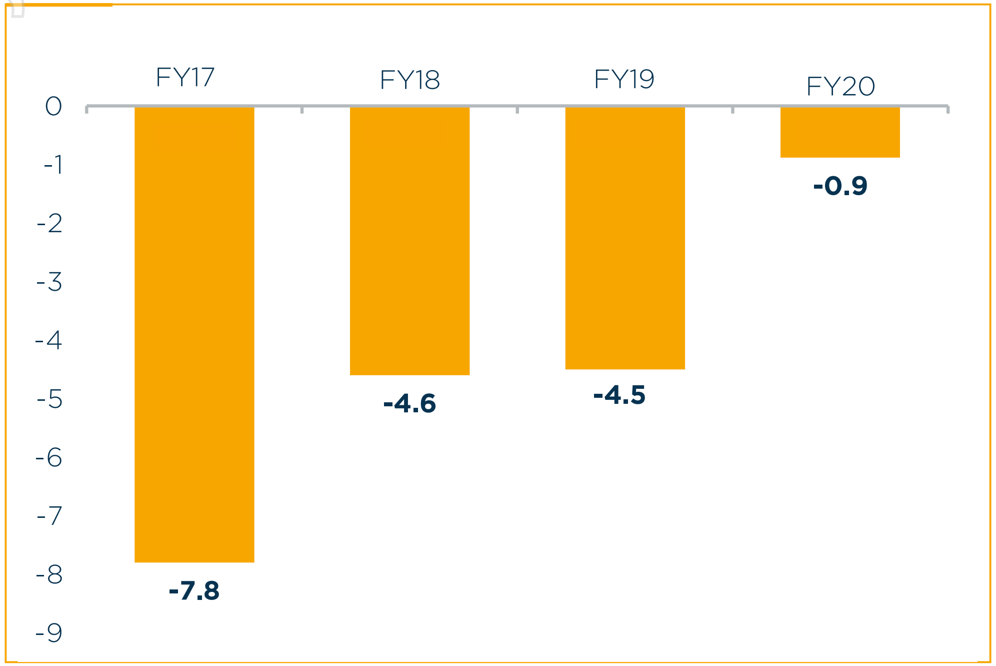
- Revenue is continuing to grow in line with FUA growth, increases transaction volume and larger cash holding balances
- Despite higher direct costs, expenses are flattening due to tight cost control of staffing and operational expenditure

The last quarter of FY20 was profitable.

Powerwrap

Earnings

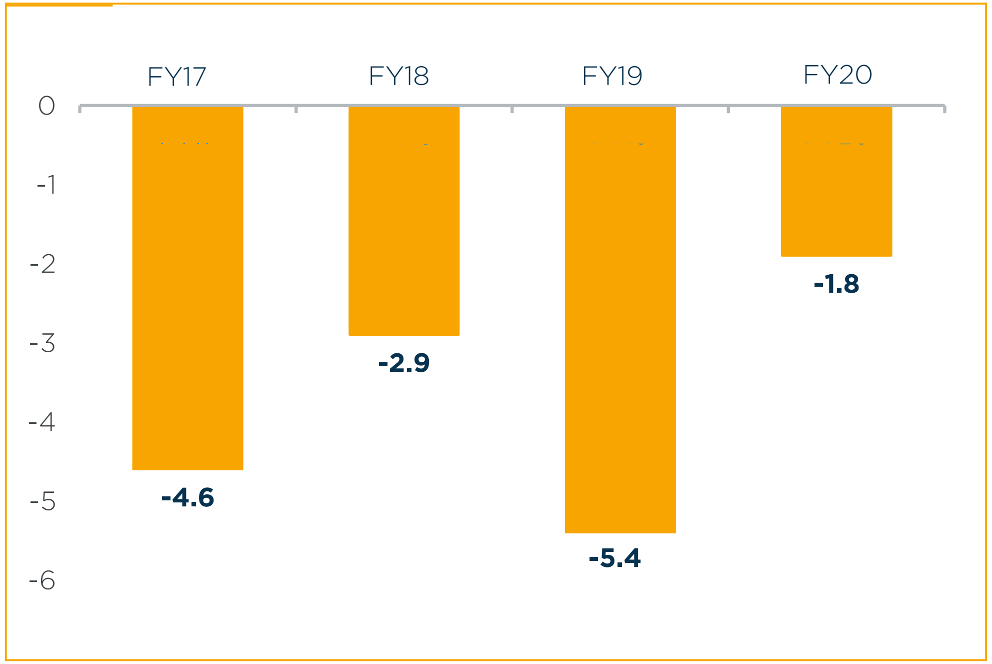
Underlying EBITDA excl Share Based Payments ($millions)



Adjusted for AASB16 for prior years

- $3.6 million (80%) improvement over FY19.

Underlying Net Loss After Tax ($millions)



Adjusted for AASB16 for prior years

- $3.6 million (66%) improvement on previous year
- $2.3 million and 56% above Prospectus forecast.

Financial comparison to Prospectus Forecast

Actual underlying Vs. IPO

Comparison to IPO forecast ($'000)				
	Actual FY20	Forecast IPO FY20*	Change	% Change
Total Revenue	21,399	19,350	2,049	10.6%
Employee benefits expenses	(10,632)	(11,512)	880	(7.6%)
Direct expenses	(6,789)	(6,811)	22	(0.3%)
Operating expenses	(4,861)	(5,139)	278	(5.4%)
Total Expenses	**(22,282)**	**(23,462)**	**1,180**	**(5.0%)**
EBITDA (excl SBP)	**(883)**	**(4,112)**	**3,229**	**(78.5%)**
Loss After Income Tax	**(1,839)**	**(4,133)**	**2,294**	**(55.5%)**

**Adjusted for R&D and AASB16*

Strong results

Revenue result $2 million ahead of forecast

Headcount, direct and operating expenses reduction kept under Prospectus expectation

Achieved $2.3 million improved Net Profit performance to Prospectus forecast

Cash position

Actual Vs. IPO

$'000	Actual FY20	Forecast IPO FY20*
Statutory EBITDA inc. SBP	**(1,447)**	**(4,551)**
Add non-cash items in EBITDA	(15)	439
Movement in working capital	(534)	2,200
Capital expenditures	(2,069)	(3,300)
Net cash flows before interest & tax	**(4,065)**	**(5,212)**

**Adjusted for R&D and AASB16*

Positive cash position

- Cash balance of $15.6 million as at 30 June 2020
- Lower cash burn than in Prospectus
- Cash reserves will fund us into the future
- 4C had uplift in cash burn next quarter, but is purely the timing impact of STI and is consistent with annual cash flow cycles.

Financial summary statutory

Statutory Results

Comparison to Prior Year ($'000)				
	FY20	FY19*	Change	% Change
Total Revenue	21,449	16,811	4,638	27.6%
Employee benefits expenses	(11,014)	(9,930)	(1,084)	10.9%
Direct expenses	(6,789)	(6,491)	(298)	4.6%
Operating expenses	(5,145)	(5,922)	777	(13.1%)
Total Expenses	(22,948)	(22,343)	(605)	2.7%
EBITDA (excl SBP)	(1,499)	(5,532)	4,033	(72.9%)
Loss After Income Tax	(2,455)	(6,469)	4,014	(62.0%)

Adjusted for AASB16

Differences from underlying to statutory accounts included:

One-off redundancies $.382 million

Intangible assets write-off $.113 million

Escala share based payments $.141 million

2. Powerwrap Key Features and Business Update

Platform continues to attract HNW clients with $8.5B of FUA

Powerwrap has the largest investment product menu on a single investment platform.

Specialisation in sophisticated investment solutions.

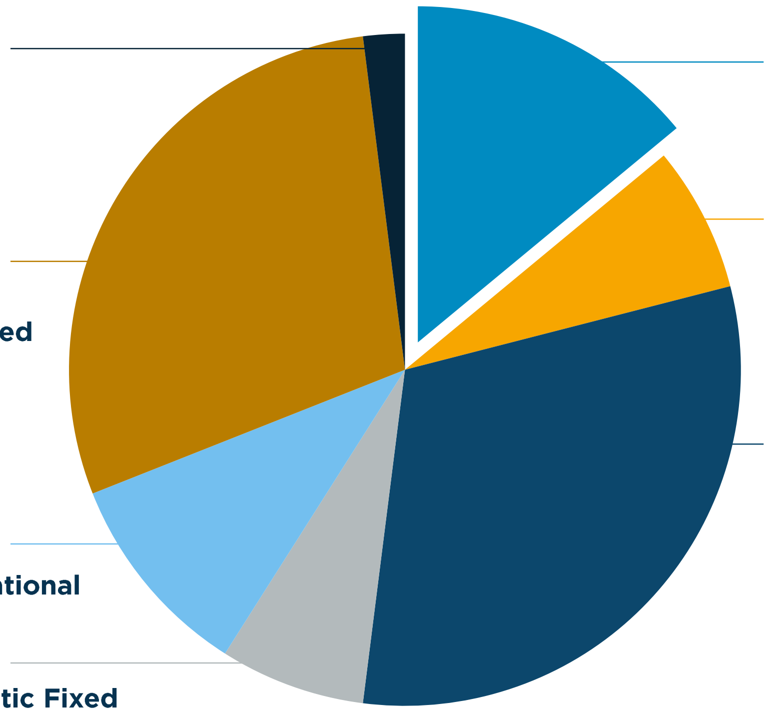
Has over 250 domestic and international OTC Bonds.

13% of Powerwrap portfolios are allocated to alternative assets (wholesale managed funds).

International and fixed interest assets represent a further collective 16%.

Attracts HNW advice groups - Escala Partners (backed by Nasdaq listed Focus Financial) PwC, Koda Capital, Grant Thornton, Kennedy Partners, Sempre, Hamilton Wealth, Emanuel Whybourne.

Powerwrap Platform HNW Investor Portfolio Composition 30 June 2020



Key points of difference

Full HIN based account allowing all corporate actions

Complex HNW investment portfolios with average account size of $2 million

Tax report for every asset class

Staff with deep knowledge sophisticated investment solutions

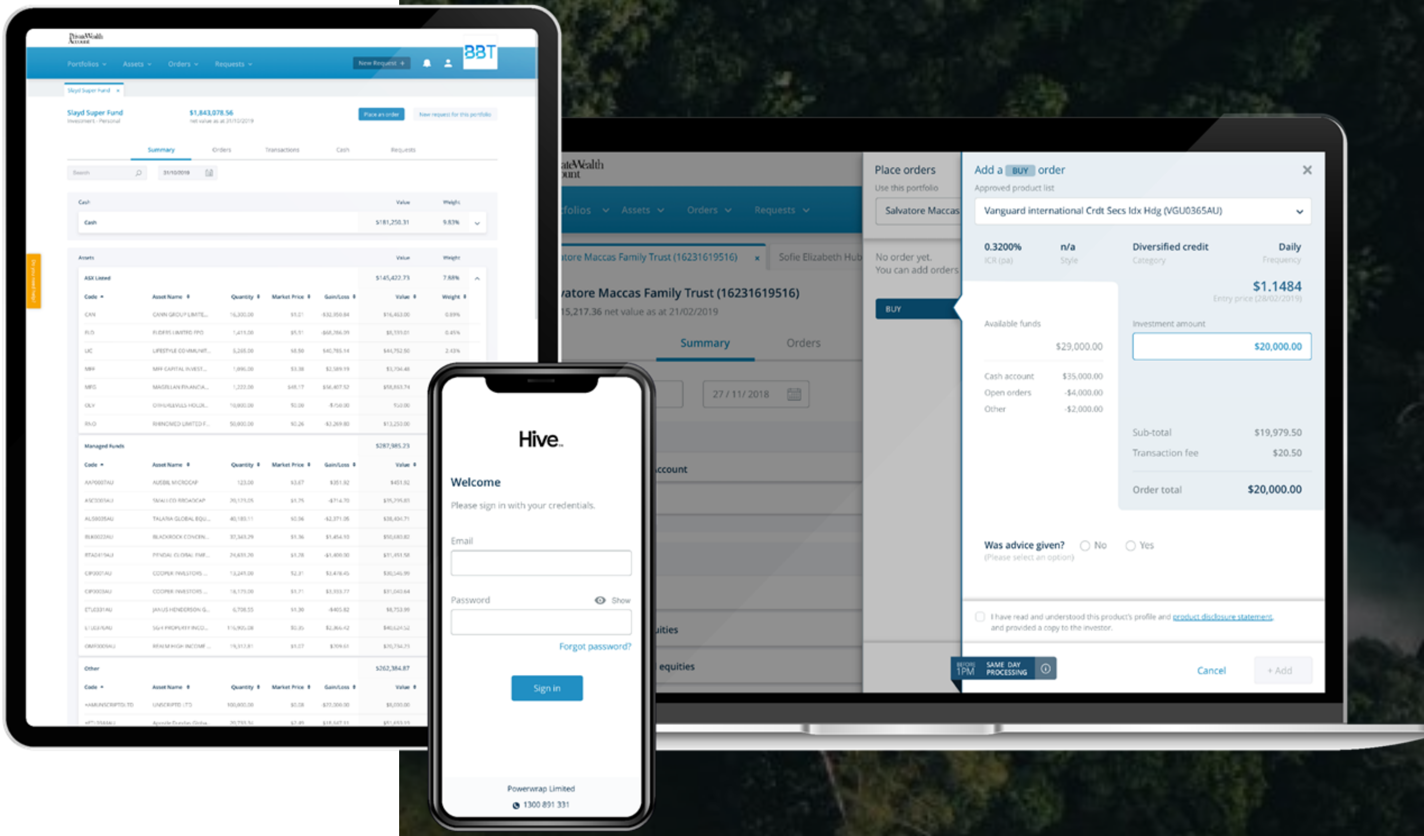
Highest revenue per account at $4,800 +

Experts in alternative assets and hedge funds

Client service strength through optimising technology and service level

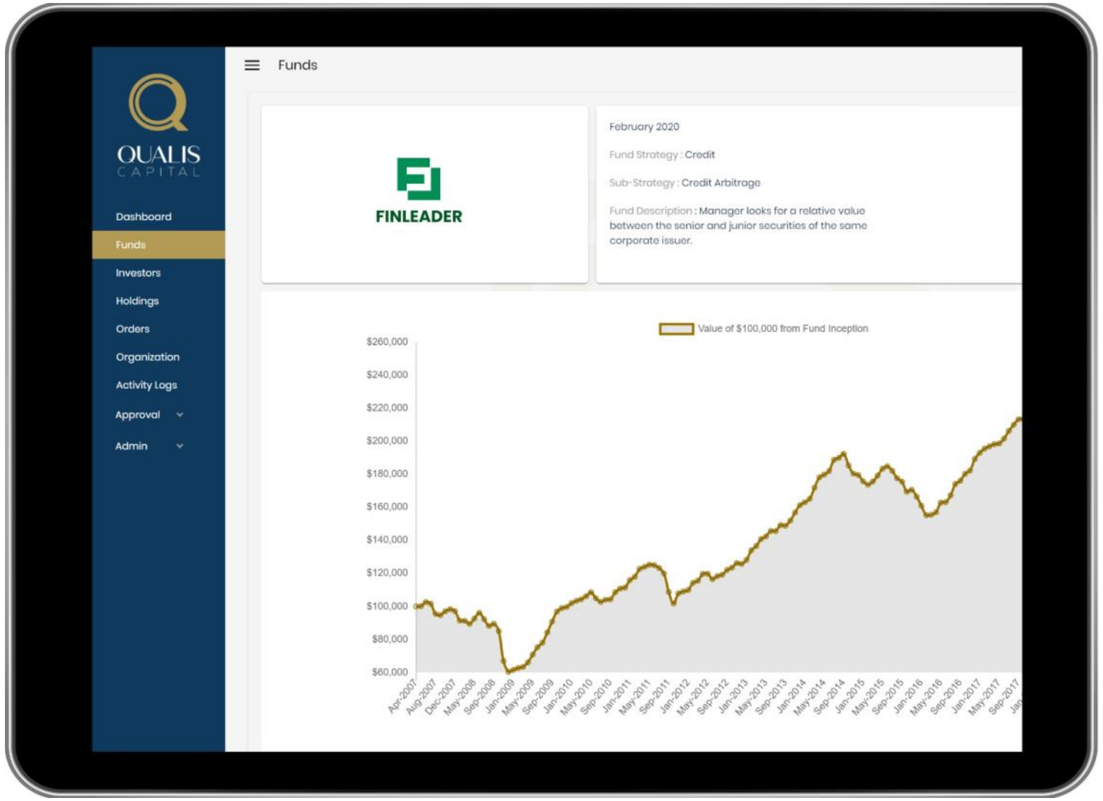
Powerwrap has developed its own Adviser Portal, HIVE as the primary interface with advisers that sits above all other applications.

Developed in consultation with our adviser clients.



Qualis Capital win

- Powerwrap has secured a 5 year contract with Qualis Capital LLC (Qualis) from New York
- Qualis will have 50+ hedge funds within 6 months
- Powerwrap is providing the administration service to all Qualis investors globally[1]
- Powerwrap has a minimum annual administration fee of US$300,000
- Powerwrap also has a 4% equity stake in Qualis.

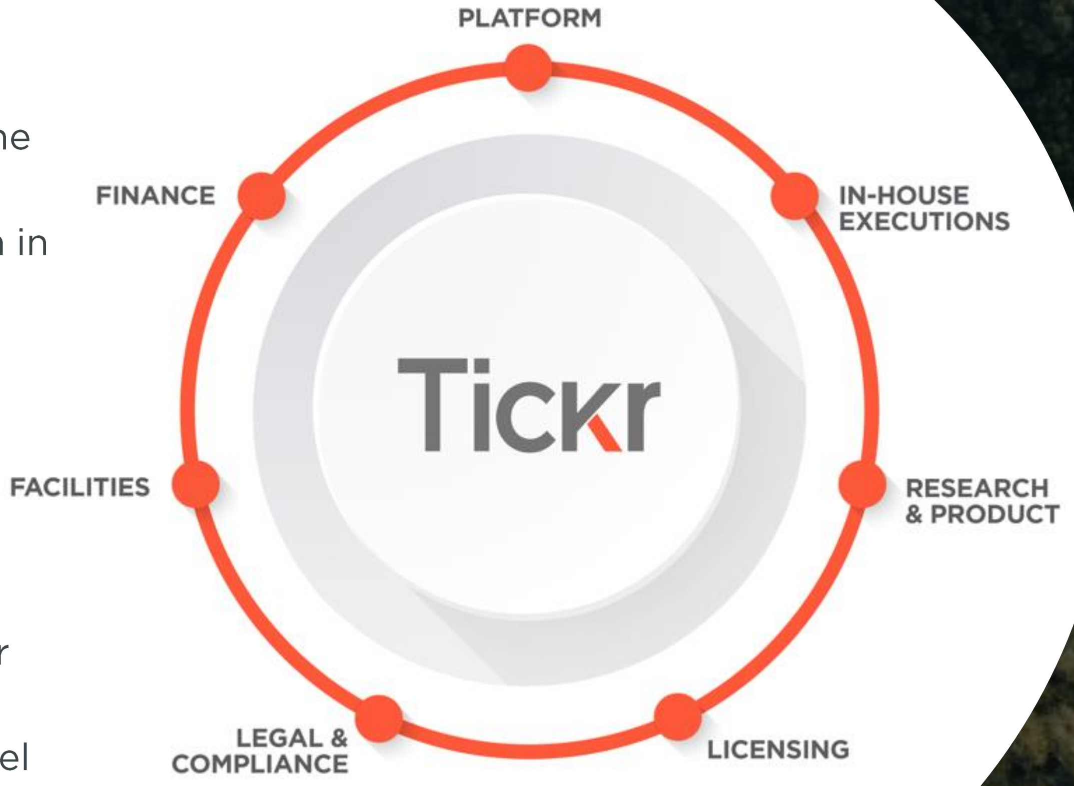


1 (these investors are direct investors and are not in the Powerwrap Australian Managed Investment Scheme)

Client conversion positive

- Continued focus on high net worth market segment
- COVID impacts have slowed net flows to June but we are confident of business transition
- Escala Partners continues to expand, growth in other existing clients

- New agreements signed throughout the year including three new Tickr groups
- Recently communicated new client – Emanuel Whybourne, whose principals previously managed approximately $750 million.



3. Praemium Offer

Powerwrap and Praemium merger

On 9 July 2020, Praemium Limited (ASX:PPS) announced an off-market takeover offer to acquire all the issued shares of Powerwrap (**Offer**).

The Directors of Powerwrap unanimously recommended that shareholders accept the offer and have outlined the reasons for doing so in the Target's Statement that was released on the ASX on 31 July 2020 and summarised below:

Reasons to Accept the Offer		
1	**Immediate Operational Scale Benefits**	– Combined FUA of over $28bn, improved inflows, a more diversified customer base, international reach and a larger and more flexible balance sheet.
2	**Strengthened Technology & Product Offering**	– Access to the full suite of enhanced Praemium technology, complementing and expanding our ability to serve the complex needs of the High Net Worth Investor (HNWI).
3	**Attractive Premium to VWAP**	– The Indicative Price of 26.44 cents[1] represented an attractive premium to Powerwrap's closing share price and VWAP at the Announcement Date, being a 64.6% premium to 1-month VWAP of Powerwrap Shares of $0.161. – As at 26 August 2020, the implied value of the Offer Consideration is 32.50 cents per Powerwrap Share[2] representing a **102% premium** to the 1-month VWAP at the announcement date.
4	**Access to Synergies**	– Expected full year EBITDA operating cost synergies of up to $6.0 million by FY2022, with further potential to reduce capitalised software development expenditure. – Potential revenue synergies generated through cross-selling of products, strengthened client engagement, integrated technologies and coordinated sales programs.
5	**Potential Valuation Re-Rate**	– Powerwrap Shareholders provided with greater liquidity and marketability of their shareholding through exposure to a company with a larger market capitalisation, which could potentially benefit from a valuation re-rate in line with other leading Australian financial platform businesses as a result of the above mentioned operational and financial benefits.

[1] For the purposes of determining the Indicative Price, the value of a Praemium Share was assumed to be 37.89 cents, being the 5-day VWAP of Praemium Shares ending on 8 July 2020 (the last trading day before the Announcement Date)

[2] Based on a price of 52.00 cents per Praemium Share, being the closing price of Praemium Shares on 18 August 2020 (the last practicable date before the date of this presentation)

Powerwrap and Praemium merger

Status of the Offer

- The detailed terms and conditions of the Offer are set out in the Bidder's Statement which you should have by now received from Praemium.
- The Offer is dated 31 July 2020 and will close at 7:00pm (Melbourne time) on 21 September 2020, following an extension to the Offer close date announced by Praemium on 20 August 2020.
- As at 25 August 2020, Praemium's relevant interest in Powerwrap had increased to 32.68% resulting from receipts of acceptances of the Offer.
- **Should you have any questions about how to accept the offer, please contact Anna Fuglestad at First Advisers on +61 2 8355 1003**


QUESTIONS

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Thank You

Unleashing wealth management’s full potential