Praemium Annual Report

2021

Praemium Limited ACN: 098 405 826

the

PLATFORM

of

EVERYTHING

One platform. For every advice business. For every asset. For every client.

Contents

Praemium grows strongly in a changing advice landscape

With increasing education standards, regulatory changes and advice business transformation, the trend of adviser consolidation has continued over the last year.

Yet despite this backdrop Praemium strengthened its position in the two primary advice growth markets, retail IFA and wholesale/sophisticated private wealth.

While overall adviser numbers continue to fall, particularly in the retail IFA sector, much of the attrition has occurred within sub-scale businesses who remain outside Praemium's target client base.

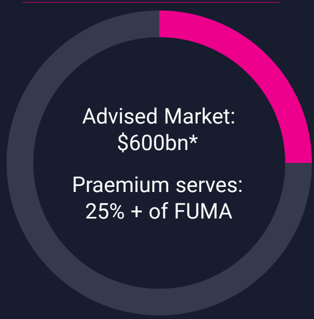
Praemium's historical strength has been serving the Private Wealth market and their High Net Worth (HNW) client segment with its non-custodial Virtual Managed Accounts (VMA) software as a service solution.

With the addition of an outsourced VMA Administration Service (VMAAS) and the successful acquisition of Powerwrap, which has expanded its Ultra High Net Worth addressable market, Praemium has further enhanced its ability to cater to the needs of this market.

As a result, Praemium has arguably the greatest reach and penetration in the $600bn+ advised Private Wealth market already, with more than 25% of the market's FUM . This includes its VMA solution ($130bn), VMAAS solution ($18bn) and Powerwrap ($11bn).

Praemium has also significantly increased its footprint in the $340bn retail IFA platform market with net inflows to the Praemium Managed Account platform of $2.6bn, up 149% compared to last year.

PRIVATE WEALTH MARKET
Stockbroking, family offices & bank owned & independent Private Wealth firms



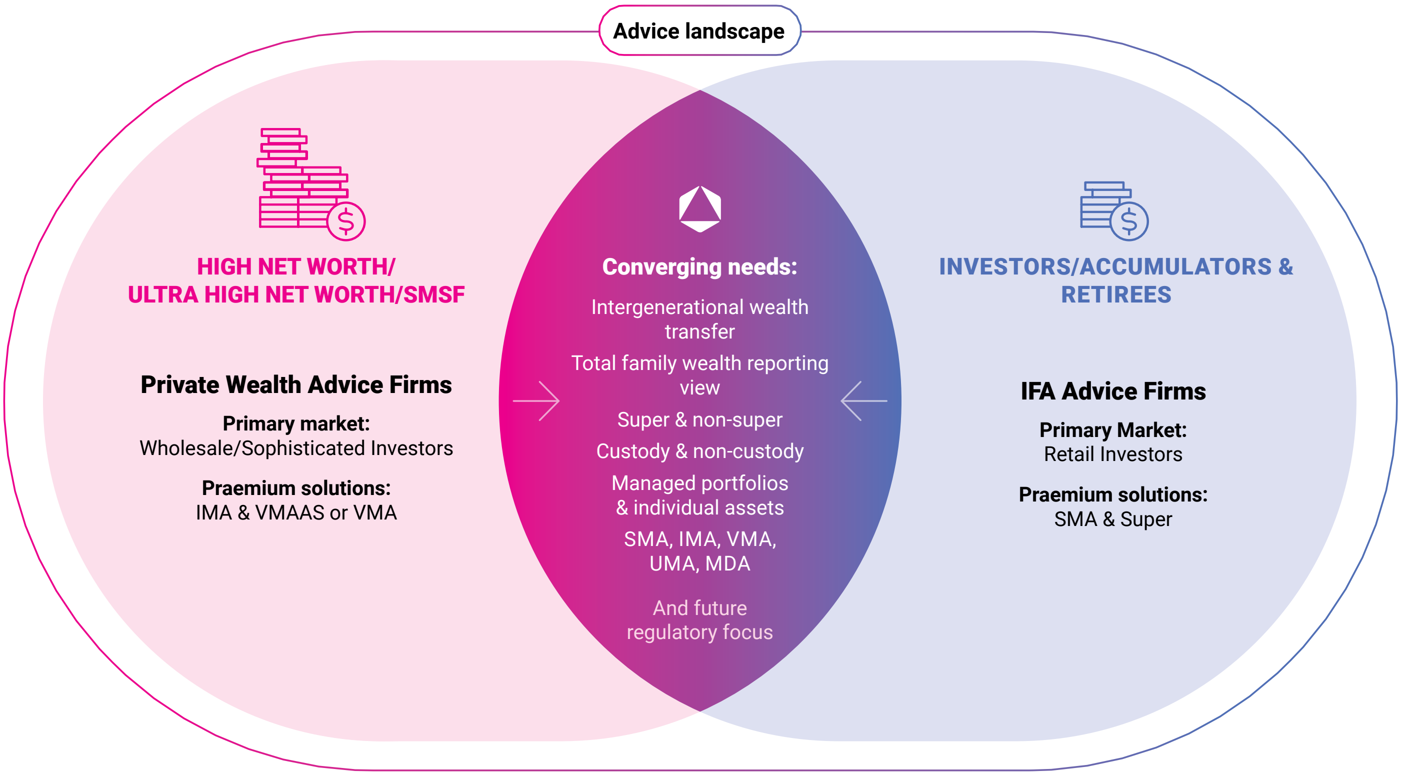
IFA MARKET

*Source: Investment Trends HNW Report 2019

**Source: Rainmaker December 2020

Praemium: The Platform of Everything

One platform for all advice business models – all clients, managed accounts and investments.



Over the last few years the needs of investors in the two primary market segments are converging. There is a growing demand for managed accounts from HNW and retail investors and an increasing requirement for total family wealth reporting across custodial and non-custodial assets to support the intergenerational transfer of wealth.

This coupled with regulatory tail winds, including the Product Design and Distribution Obligations (DDO) which focus on clearer investor segmentation and associated product distribution puts Praemium in a very strong position to support the needs of both investor and adviser segments via its Platform of Everything.

"With the combined strengths of both Praemium & Powerwrap the Company has increased both its addressable market and its market share in key growth target segments."

Chairman's Report

Barry Lewin
Chairman

I'm very pleased to report to shareholders a year of significant change, and acceleration of our growth strategy at Praemium.

On 9 July 2020, Praemium announced a transformational off-market takeover for all of the issued shares of Powerwrap Limited. This transaction, which was completed on 6 November, created one of Australia's largest independent specialist platform providers on a combined funds under administration basis.

Upon completion of the acquisition, FUA was over $27 billion, and delivered potentially significant synergies.

I was also very pleased to welcome the previous 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 and as at 30 June 2021, global FUA is now $41.7 billion, reflecting the step change in the growth of the business.

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 interim CEO role and from today has accepted the permanent role of CEO. 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. Subsequent to the reporting date, this review recommended the divestment of the international business through a formal sale process.

> Global FUA is now $41.7 billion, a 105% increase on last year, reflecting the step change in the growth of the business”

The Praemium Board supports this recommendation. The proposed divestment will allow Praemium to focus its financial and leadership resources on further accelerating its growth trajectory in the Australian platform market, for the benefit of all shareholders. Further updates will be provided to shareholders as the process progresses.

Key financial highlights for the year included:

Financial Results	$m	Change on FY20
Revenue & other income*	65.8	+28%
Earnings before interest, tax, depreciation and amortisation (underlying EBITDA*)	14.0	-1%
Cash balances	26.7	+68%
Platform Funds Under Administration (FUA)		
Australia	18.4	+223%
International	5.0	+55%
VMAAS	18.3	+61%
Total	**41.7**	**+105%**

*Underlying EBITDA is detailed in Note 20

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.

Barry Lewin
Chairman

CEO's Report

Anthony Wamsteker
Executive Director & CEO

I am pleased to report that FY21 was an excellent year for Praemium. The highlights included the successful acquisition of Powerwrap and the outstanding growth achieved in each of our major operating segments.

The financial and operating results achieved reflect the tremendous foundation that has been built over many years. That foundation includes our proprietary technology, a client base of market leading financial advisors and our highly skilled and passionate staff. These three elements – staff, clients and technology – have allowed the business to have a transformational year.

Praemium's growth over the past year saw funds under administration (FUA) more than double to $41.7 billion. The takeover of Powerwrap early in the financial year was a key contributor to this growth. Each of the other three major segments – Australian platform, international platform and our VMA administration service (VMAAS) – delivered outstanding growth.

The strong growth in FUA saw Praemium achieve revenue growth of 28%. The revenue growth was driven primarily by the Australian segment with a 37% increase on the previous year.

Revenue growth would have been even stronger except for two major detractors: the ongoing ANZ transition off the Praemium platform (impact $3.4 million); and the UK Smartfund cessation (impact $1.4 million).

The Powerwrap acquisition led to the replacement of contract VMA revenue with platform revenue direct from clients. This component of the business saw revenue as a percentage of FUA significantly lower in the second half than the first half, which had benefited from record cash holdings and trading volumes in the early phase of the pandemic.

The international segment saw strong growth in platform revenue, offset by the decline in the Smartfund business. The international platform benefits from strong synergies with the planning software and the combination is well placed to continue its rapid growth rate. Most likely that growth could be even faster under alternative ownership, hence the recent decision to divest that part of our business.

> “Praemium’s growth over the past year saw funds under administration more than double to $41.7 billion.”

Whilst the growth rate was encouraging, the profitability achieved in this transitional year was also pleasing. Underlying EBITDA was very similar to last year in both the Australian and international segments. This result was achieved despite a significant increase in the expense base of the company. Some of this growth in expense was due to bringing in Powerwrap, with the balance attributable to an investment in the capacity needed not only to manage a larger business, but also to facilitate the faster growth rate that we are now starting to see.

The cost of operations increased from $10.6 million to $19.7 million. Most of this increase reflected the inclusion of Powerwrap from early in the financial year. Despite the increase, gross margin increased by $5.8 million, or 15% on last year. Other expenses grew by 23% which was below the rate of revenue growth.

Within the Australian business, underlying EBITDA at 36% of revenue reflected the combination of the higher margin Praemium component (50% in the previous year) and the lower margin Powerwrap component. The increase in scale from combining the two entities has seen around $3 million in annualised cost synergies achieved to date. This helped cushion the impact of the ANZ transition and the resumption of more typical revenue levels from the Powerwrap business.

The year also saw a continuation of Praemium’s commitment to providing market leading financial technology. The core of the technology remains a tax and managed account engine that has proven to be a source of durable competitive advantage in Australia and overseas. In recent years, Praemium has not only maintained this core, but has greatly enhanced the user experience for financial advisors and their clients with innovative front-end portals. The quality of the experience for our clients is reflected in our ongoing success in several independent technology and platform surveys.

Praemium’s people are the real difference that makes it a great business. It’s not possible to describe the culture in a single word or sentence, but if one was to try, it might be that there is a high care factor in all that we do. Staff are passionate about doing things right for our clients and their clients. This commitment to quality and accuracy reflects in a drive to continually improve the technology, products and services we offer.

The foundation mentioned above, which delivered such strong growth over the past year, has proven robust through the COVID-19 period. Praemium’s technology has been enhanced over the year with a fortnightly release cycle delivered under the agile development framework. Praemium’s clients have almost universally seen strong growth. Our staff have demonstrated an amazing commitment to delivering on our clients’ expectations throughout the various lockdowns that have occurred in Australia and internationally.

Based on our recent changes and market announcements, we anticipate the coming year will once again produce some dramatic positive changes in our business. I believe that the steps we are taking will build on a proud heritage and ensure that we are positioned to realise the potential of the business that is just starting to take advantage of the wonderful opportunity presented by the investment platform market segment. There are some exciting improvements in the works which should further enhance Praemium’s competitiveness over the coming year.

Anthony Wamsteker
Executive Director & CEO

Corporate Highlights

28%

increase in revenue to $65.8 million

Powerwrap Limited

Our most significant acquisition

$45.8m

Gross margin, up 15%

$3.8bn*

Record platform inflows

* Net flows exclude a client transition of $1.1 billion

$41.7bn

A record total funds under administration

3rd

Overall in Australia's Investment Trends 2020 Platform Competitive Analysys and Benchmark Reporting

21%

EBITDA margin

430

new model portfolios and single assets added to the platform

Continued innovation

Digital workflows

As the digitisation of advice continues Praemium continues to enhance our digital acceptance experience. Advisers can now obtain digital signatures for many regularly used forms and send any advice document directly to their clients' Investor Portal for online digital consent.

New regulations effective from 1 July 2021 require advisers to obtain consent for ongoing fee arrangements. Praemium has expanded its digital acceptance functionality to allow advisers to notify their clients that their consent is required. The client can provide consent via their Investor Portal, which registers an approval receipt with the adviser. The functionality also allows advisers to create an audit trail of which clients have and haven't provided consent creating a seamless and paperless compliance workflow which reduces the administrative burden of obtaining client consent, and helps support advisers with a complete end-to-end digital process.

Machine Learning

Praemium has expanded its machine learning and artificial intelligence capabilities to benefit users of its non-custodial Virtual Managed Account solution, by reducing human errors in data entry and improving data integrity.

Using machine learning across a range of data sets, Praemium has been able to identify transactions that may have been incorrectly entered or categorised by administrators. These errors could provide incorrect portfolio performance information or have tax implications for investors. This latest functionality allows for errors to be detected at scale and rectified quickly and is already being used successfully with several of Praemium's institutional clients.

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Managed Accounts Platform

Praemium's proprietary Managed Accounts Platform currently serves Australian, UK and International markets, across Asia, Middle East, Europe and Africa. Praemium operates a next-generation fully integrated Managed Accounts Platform, which provides advisers and wealth managers with the ability to construct the full breadth of managed accounts solutions for their clients via a seamless digital platform experience.

The integrated platform includes: the custodial Separately Managed Accounts (SMA) and Individually Managed Accounts (IMA); non-custodial Virtual Managed Accounts (VMA) to underpin Managed Discretionary Accounts (MDA), Investor Directed Portfolio Services (IDPS) and similar structures; and Unified Managed Accounts (UMAs) that enable a consolidated view of custody and non-custody investment assets. The integrated Managed Accounts Platform brings together our non-custodial platform (VMA) with our custodial SMA platform under an efficient single structure suitable for Independent Financial Advisers (IFAs), stockbrokers, private wealth managers, family offices and institutional clients both domestically and globally for our clients who access the platform via their local jurisdictions.

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 deliver a holistic wealth management solution on a single platform.

Further verification of the quality of our current, comprehensive offering is that over 40% of the advisors named in Barron's Top 100 Financial Advisors utilise some combination of Praemium's technology, administration service and platform to manage their clients' portfolios. The list is dominated by high net wealth advisors for whom Praemium offers a comprehensive solution.

With the inclusion of Powerwrap's platform FUA, Praemium's Australian platform FUA reached a record $18.4 billion in the 2021 financial year, a 223% increase on reported FUA and an increase of 30% for the consolidated Praemium and Powerwrap compared to 30 June 2020. Outside the client transition, net inflows for the Australian platforms were $2.6 billion, up 149% compared to reported net inflows in the prior year.

Praemium Australia continued its strong momentum in innovation, placing 3rd overall in Investment Trends 2020 Platform Competitive Analysis and Benchmarking Report. Praemium was winner across 9 categories, including Managed Accounts (Product Offering), Business Reporting, Online Business Management, Integration and Non-Custodial Assets.

Praemium's investment in sales and marketing was also acknowledged this year at the Financial Standard Marketing & Advertising Excellence (MAX) awards. 'The Platform of Everything' campaign won the Digital Marketing Campaign of the Year and Praemium's Head of Marketing, Adele Welsh, was named the Marketing Executive of the Year. These awards provide independent confirmation that our efforts to raise our profile amongst independent financial advisors and to be seen as a thought leader in the industry are bearing fruit.

Praemium continued to invest in developing its range of product and technology solutions. Development of our Australian platform, as well as the newly acquired Powerwrap platform, continued at a significant pace during the financial year. This financial year we:

» Launched an alternative investments platform for Qualis Capital, offering a menu of hedge funds, private equity, real estate and private credit funds for sophisticated investors. Platform functionality includes trade execution facilities for advisers with full transaction and audit trails, together with multi-factor authentication for users of the platform to ensure the strongest security protocols are in place;

» Launched margin lending for international SMAs in partnership with Leveraged Equities;

» Rolled out significant new digital functionality that will assist advice groups in meeting their new client consent obligations covering their ongoing fee arrangements;

» Rolled out a suite of digital solutions, including on-line forms and a new dealer communication solution that can be customised to specific advice groups;

» Provided new digital capability for model managers, including online compliance attestations, expanded API capability for model managers to access their model data, and the ability to customise buy lists for special securities;

» Released 'Live Chat' to advisers, who now have online access via the portal to the Praemium service teams;

» Enhanced our superannuation services including expanded on-line reporting, together with a number of additional cash targeting options;

- Extended our data feeds and API services, including the launch of the epi 4.3 protocol which provides third parties with access to Praemium data;
- Launched Microsoft 365 integration available for larger advice groups, which allows them to maintain a centralised permissions management capability within their business, effectively removing the overhead in maintaining many different passwords across multiple advice technologies;
- Rolled out 'e'Apps functionality enabling advisers to establish new Praemium client accounts directly from their Xplan software to improve integration & onboarding;
- Launched a new dollar-based option for account establishment, providing advisers with a streamlined approach to onboarding and transition into a managed account structure; and
- Launched a new compliance tool for advice groups who require secondary authorisation before submitting a new client account application.

Praemium's International Platform also grew strongly this year, with record gross inflows of $1.6 billion, up 37% on the prior comparable period. Net inflows also achieved a record of $1.2 billion, up 59% on the prior comparable period. International platform FUA closed to a new high at $5.0 billion at 30 June 2021, a 55% improvement over last year.

Praemium's unique platform continued to win accolades during the year. Praemium was awarded the winner of Best International Platform at the International Adviser Awards in London for the 3rd consecutive year. Praemium was also awarded winner of Best Platform for Discretionary Fund Management at London's Professional Adviser awards in March 2021. Further recognition of our International platform was provided with Praemium ranking 3rd of 22 platforms in the UK's The Lang Cat Platform Market Scorecard: March 2021.

Our International platform also continued to enhance its functionality during the year with:

- Rollout of our new API Centre for UK, international and offshore clients which provides deeper access to key data. We have also progressed rollout of the new EPI 4.3 data feeds following successful beta testing with a number of key clients;
- Expanded API functionality to support international and offshore robo-advice partners; and
- Significant enhancements to our International platform payments functionality, giving International advisers real time visibility and control of platform payments.

Virtual Managed Accounts (VMA) and VMA Administration Service (VMAAS)

Available via the market's only fully integrated managed accounts platform, our non-custodial solutions enable advisers and firms to serve their clients' administration and investment needs, whether under custody or not, on one single platform.

Praemium's Virtual Managed Accounts (VMA) is a non-custodial solution for investment and SMSF portfolios, with first-class reporting, performance analysis and a digital Investor Portal. Using our proprietary technology, VMA manages complex corporate actions, performance analytics, asset allocation, tax and multi-asset investment reporting. Investment asset coverage includes all ASX listed securities, more than 5,000 international securities on 40 exchanges and many types of unlisted investments, bonds, managed funds and cash management accounts (CMAs).

VMA provides the broadest range of investment data feeds in the market with high-quality client and business reporting tools, accessible through our Investor Portal, Report Publisher or Export Centre.

Major enhancements to VMA in the reporting period include:

- The development of a second-generation machine learning and artificial intelligence solution that benefits users of our non-custodial solutions. Using machine learning across a range of data sets, transactions that may have been incorrectly entered or categorised can be identified. This functionality has been utilised by several of our institutional clients to quickly detect and rectify manual processing errors at scale;
- Continued expansion of our market-leading reporting capability, with a range of new asset allocation benchmark settings for performance, expanded range of asset classes, and a new exclusion report that helps advisers track their clients' managed account substitutions, exclusions and/or ESG restrictions;
- The release of a new Currency Exposure Report that recognises the increasing use of international investments and multi-currency holdings by our clients;

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- A range of new report exports and charting, providing access to greater levels of information, including fees and asset allocation details; and
- Non-concessional managed investment trust income (NCMI) changes to embed this new ruling for Tax Trust income which came into effect 1 July 2020.
- 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.
- Managing client assets directly with the ASX in a HIN-based structure is a popular option for advisers, especially for their higher-value clients, but can become a substantial administration burden. Adding full administration support – from mail house, portfolio management, account reconciliation, corporate action election processing through to full annual reporting – makes the HIN-based managed account a more attractive option. VMAAS can also be combined with Praemium's Managed Accounts platform for professional investment management and reporting.
- VMAAS continued its strong growth this financial year. As at the end of FY2021, the service has grown to $18.3 billion from $11.4 billion in FUA the previous year (up 61%), across 6,231 portfolios, up 23% on the previous year. With VMAAS, Praemium offers the full spectrum of non-custodial services. Whether advisers or firms are looking purely to access market-leading reporting or wish to fully outsource their administration and reporting, the Praemium platform offers a solution.

CRM and Financial Planning

Praemium's CRM and financial planning software, WealthCraft, offers a complete back-office service to reduce data input, spend less time on administration, increase efficiency and better serve clients. WealthCraft provides a single view of clients, efficient practice management tools, integrated client communication, adviser remuneration, portfolio valuation and a suite of professional reporting tools. WealthCraft is Microsoft O365- based so integrates with Outlook, Word and Excel for a seamless solution accessible from most devices.

WealthCraft in the International markets continues to grow from the additional of new clients and the upgrading of Plum clients to WealthCraft in the UK. This saw WealthCraft revenue increase by 14% compared the prior financial year. WealthCraft also provides strong cross-sell opportunities to our International platform, proving the synergy of the two in providing value to our clients. FUA relating to this complementary offer of WealthCraft and International platform increased by 121% to $451 million during the 2021 financial year.

Major enhancements to WealthCraft in the reporting period include:

- Launch of an integrated account opening experience; and
- Release of a digital fact find expanded to include universal questionnaire capability, allowing any document to be converted to a Q&A format that is digitally accepted.

Investment management

Smart Investment Management (Smart^{im}) is an FCA-authorised investment management business that provides a range of innovative model portfolios and funds for the UK and international adviser markets. The London based in-house team provides a range of multi-asset and multi-currency portfolios, available in GBP, USD and EUR. Assets can include equities, property, fixed interest, absolute return and cash.

During the financial year, Model Portfolios FUA increased 9% to $372 million. Declines in the Smartfund managed funds impacted overall Managed Funds FUM, which remained flat across the year at $258 million.

The year ahead

Wealth management and financial advisory businesses continue to navigate challenging times, with Praemium's next-gen technological solutions ideally suited to support their needs. With an increasing importance on connectivity, our digital technology and capability enables advisers to interact with clients remotely, create applications and complete digital acceptance online and provide client reporting and important documentation, while also monitoring investor sentiment and activity.

Praemium's strength in providing technology solutions will underpin our continued growth. Our next phase of development will focus on delivering functionality to support advisers and further improve the customer experience, to capitalise on the large addressable markets for Praemium in which we serve.

The competitive landscape for the Australian platform market continues to evolve, benefitting independent, nimble and technically advanced players like Praemium. 2020 saw consolidation within the platform market, including Praemum's off-market takeover of Powerwrap. The merger of these two companies creates a financial platform business with combined FUA of over $41 billion at 30 June 2021 and puts the Company in a strong position to accelerate our challenge against the sector's incumbents. Leveraging the strengths of both groups will allow Praemium to be one of the few platforms to deliver a holistic wealth management solution on a single platform.

Integration of both businesses will continue into the year ahead. With a common underlying technology, our focus is to unlock opportunities for a more efficient operating environment as well as a better client experience. We are also well progressed on delivering full year EBITDA operating cost synergies of $6.0 million by the end of FY2022.

The year ahead will see Praemium's Australian platform release functionality to meet upcoming regulatory requirements for our financial advice clients. This functionality includes support to advisers as they prepare for the new advice fee regulatory obligations that became effective from 1 July 2021.

In addition, Praemium is well progressed with enhancements to be rolled out in FY2022, including expanded digital forms capability and preparation for the new Design and Distribution Obligations which will be effective from October 2021.

Also in Australia, we will continue to invest in R&D, product development and sales & marketing, with the impact of future growth we expect to see in future periods. In addition to our expanded platform capability, growth in our non-custodial capabilities VMA and VMAAS continues to diversify our non-asset-based revenue. Our strength in portfolio administration and reporting is a unique and long-term competitive advantage and an important driver of future growth.

Internationally, the Board appointed Deloitte Corporate Finance in May 2021 to undertake a strategic review of Praemium's international business. Subsequent to the reporting date, this review recommended the divestment of the international business through a formal sale process. The Praemium Board supports this recommendation. The proposed divestment will allow Praemium to focus its financial and leadership resources on further accelerating its growth trajectory in the Australian platform market, for the benefit of all shareholders. Further updates will be provided to shareholders as the process progresses.

Key facts and figures

Financial Metrics

	FY2021	FY2020	Change	Change
	$000	$000	$000	%
Revenue and other income^	65,803	51,244	14,559	28.4%
Expenses	51,825	37,071	14,754	39.8%
EBITDA (underlying)*	13,978	14,173	(195)	(1.4%)
Profit before tax	3,332	8,004	(4,672)	(58.4%)
Tax (expense)	1,796	3,141	(1,345)	(42.8%)
Net profit after tax	1,536	4,863	(3,327)	(68.4%)
Earnings per share	0.3	1.2	(0.9)	(73.0%)
Cash	26,737	15,915	10,822	68.0%
Net Assets	80,107	30,587	49,520	161.9%
Operating cashflow	5,901	12,249	(6,348)	(51.8%)

^ Other income as outlined in Note 4 of the financial statements
* Underlying EBITDA excludes restructure, arbitration and acquisitions costs of -$3.4 million (2020: -$1.3 million), share based payments of -$3.4 million (2020: -$2.0 million) and unrealised gain on financial instruments of $4.6 million (2020: $2.0 million), as detailed in Note 20 of the attached annual report.

Service Metrics

FUA $billion	FY2021	FY2020	Change	Change
	$B	$B	$B	%
Managed Account Platform (Australia)	18.4	5.7	12.7	223.0%
Managed Account Platform (International)	5.0	3.2	1.8	56.0%
Total Platform FUA	23.4	8.9	14.5	163.0%
Virtual Managed Account Administration Service	18.3	11.4	6.9	61.0%
Total FUA	41.7	20.3	21.4	105.0%

International funds based on closing FX rate 0.5429 (2020: 0.5586)

Overview of 2021 financial position

Results

The consolidated profit attributable to the members of the Group was $1,536,087. This was from a 28% increase in revenue and other income, offset by a 40% increase in operating expenses, resulting in a 1% decline in underlying earnings before interest, tax, depreciation and amortisation (EBITDA) to $13,977,985.

The Group's net profit before tax was $3,332,032, 58% lower than the prior year, while the current year's tax expense of $1,795,945 was 43% lower than the prior financial year due to the utilisation of tax losses. Net profit after tax was $1,536,087, 68% lower than the prior year.

The Group's net asset position at 30 June 2021 was $80,107,270 with $26,737,473 held in cash or cash equivalents. The Group has borrowings of $13,607,085.

Significant change in the state of affairs

Other than noted in this report, there were no other significant changes in the state of affairs during the year.

After reporting date events

On 20 May 2021, the Board had appointed Deloitte Corporate Finance to undertake a strategic review of Praemium's international business. On 13 July 2021, the Board approved the recommendation of the divestment of the international business through a formal sale process and made the announcement to the market on 14 July 2021.

Other than the above, Directors have not become aware of any other matter or circumstance not otherwise dealt with in the financial statements that since 30 June 2021 has significantly affected or may significantly affect the operations of the Company or the consolidated entity, the results of those operations or the state of affairs in subsequent financial years.

Future developments

A detailed review of the Group's activities and prospects is contained within the Directors' Report. The Company will continue its activities as outlined in its initial prospectus and subsequent disclosures to the ASX, including a detailed investor presentation on this year's results. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the consolidated entity.

Dividend recommended, declared or paid

The Company has not recommended, declared or paid a dividend with respect to the full-year result.

Board of Directors

Barry Lewin

Non-executive Chairman

Barry Lewin was appointed as a non-executive chairman on 12 May 2017. Barry has significant experience advising public and private companies in transaction structuring, debt and equity issues, mergers, acquisitions, business sales and public floats. Prior to establishing SLM Corporate Pty Ltd in 1999, Barry spent twelve years as in-house counsel to leading Australian public companies, including diversified international resource company North Limited, managing their legal and commercial Australian and international interests.

Barry is currently non-executive chairman for ASX-listed entities Elmo Software (ELO) and QuickFee (QFE). He has previous experience as Director of ASX-listed companies Senetas Corporation Limited (1999-2001) and Clean TeQ Holdings Limited (2007-2011), where he also served as Chairman of the Audit Committee. Barry has degrees in Commerce and Law and holds an MBA from Swinburne University, Melbourne.

Stuart Robertson

Non-executive director

Stuart Robertson was appointed as a non-executive director on 12 May 2017. Stuart has broad experience in business advisory, investment banking, wrap platforms, alternative investments and funds management. He held senior roles at BT Funds Management, KBC Investments Limited and Zurich Financial Services in Australia, London and New York and is currently the head of private assets and distribution at Ellerston Capital Limited.

Stuart is non-executive chairman of Money3 Corporation Limited (since November 2018, director since January 2016). Stuart chairs the Group's Audit, Risk & Compliance Committee and is a member of the Group's Remuneration & Nomination Committee. Stuart is a Chartered Accountant, Fellow of FINSIA, Member of the Australian Institute of Company Directors and holds an MBA from the MGSM

Daniel Lipshut

Non-executive director

Daniel Lipshut was appointed as a non-executive director on 12 May 2017. Daniel has enjoyed many years as an entrepreneur and company director, with more than 20 years' experience as CEO of larger listed and smaller private corporations. Daniel is an experienced executive and non-executive director, with extensive dealings at all levels of government and the corporate sector.

His background spans a range of corporate, commercial and board roles including international trade, government liaison, defence acquisition, communications strategy, sales/marketing, M & A, Corporate Governance, REM/NOM, and an understanding of strategic business development. Daniel has managed a public listed technical services company (ASX:BSA), held board positions in commercial and not for profit organisations and sits on several boards applying expertise in tech innovation.

Daniel chairs the Group's Remuneration & Nomination Committee and is also a member of the Audit, Risk & Compliance Committee. Daniel is a graduate of the AICD and Defence Industry Study Course (DISC), and holds an MBA from the University of Technology Sydney.

Claire Willette

Non-executive director/advisor

Claire Willette was appointed as a non-executive director on 28 August 2017. From 23 November 2020, Claire has performed an advisory role to the Board and will seek re-election as a non-executive director at 2021's AGM. Her career has spanned national security, emerging technologies and critical infrastructure sectors, with a focus on developing governance frameworks, supply chain planning, risk management and performance/program management. Claire brings a wealth of experience as a senior executive in the United States Department of Defense, the Australian Department of Defence and in the private sector, most recently with Boeing. Claire has managed a wide variety of projects both in scale and complexity, including whole-of-government initiatives and national projects.

Claire is an Associate of, and sat on the Board of Directors for, the Australian Risk Policy Institute and is a Senior Expert Advisor to the International Standards Committee in the areas of Risk, Resilience and Business Continuity.

During the financial year, Claire has been a member of the Group's Audit, Risk & Compliance Committee and Remuneration & Nomination Committee. She has a BA from George Mason University (US) and a Masters of International Relations from Cambridge University (UK).

Anthony Wamsteker

Executive Director/CEO

Anthony Wamsteker was appointed as a non-executive director on 23 November 2020. From 20 May 2021, Anthony assumed the role of Executive Director and Interim CEO. On 16 August 2021 Anthony was appointed into the permanent role of CEO. Anthony brings over 30 years' experience in financial services, including nine years as the founding CEO of ME Bank and 12 years in the Funds Management division of National Mutual/AXA. Anthony also brings extensive board experience, most recently as the Chairman of Powerwrap Limited from January 2018 to October 2020. Anthony has been Chairman of IBA Group Pty Ltd since January 2020.

Anthony is a member the Group's Audit, Risk & Compliance Committee and the Group's Remuneration & Nomination Committee. Anthony received a Bachelor of Economics from Macquarie University and qualified as an Associate of the Institute of Actuaries of Australia.

Paul Gutteridge

CFO/Company Secretary

Paul Gutteridge joined Praemium in 2011 and brings significant experience from finance roles across Australia, UK and Canada over the past 20 years. Following his early career at Ernst & Young, he has held senior finance roles at Damovo (Australia), Telstra Business Systems and Netspace, where he led the company's divestment to iiNet Limited in 2010.

At Praemium, Paul's responsibilities include overseeing the financial strategies of the Group and managing the areas of accounting, tax, corporate governance, compliance, investor relations, human resources, company secretary and treasury. Paul is a Chartered Accountant and holds a Bachelor of Commerce from the University of Melbourne.

Disclosures relating to Directors and Senior Management

The number of Board Meetings and number of meetings of each Board committee held during the financial year, and the number of meetings attended by each of the Company's Directors were:

	Board Of Directors 10 Meetings		Audit, Risk & Compliance Committee 6 Meetings		Remuneration Committee 2 Meetings	
	Eligible To Attend	Attended	Eligible To Attend	Attended	Eligible To Attend	Attended
Barry Lewin	10	10	1	1	-	-
Stuart Robertson	10	10	6	6	2	2
Daniel Lipshut	10	10	6	6	2	2
Claire Willette	5	5	2	2	1	1
Michael Ohanessian	9	9	-	-	-	-
Anthony Wamsteker	5	5	3	3	1	1

Directors' & Executives' relevant interests in shares, options and performance rights

Details of the interests of the Company's Directors and senior Executives in the shares of the Company are set out in the Remuneration Report. The long-term incentive for the Company's Executive Directors is membership of the Praemium Directors & Employees Benefits Plan, which was initially approved by shareholders on 11 November 2008 (the "Current Plan"). An updated and amended Plan was approved at the Company's 2020 AGM. Details of the securities issued under the Current Plan and shares issued on the exercise of options or vesting of performance rights are set out in the Remuneration Report and Note 23(a) and (b) of the Financial Statements. Details of the interests of the Company's Directors and senior Executives in the shares of the Company are set out in the Remuneration Report.

Indemnification and insurance of Directors, officers and auditors

The Company has executed a deed of access, indemnity and insurance in favour of each officer of the Company, including current and past Directors, in accordance with applicable laws. Under the deeds, Praemium indemnifies the officers and previous officers with respect to liabilities incurred in connection with holding office, to the extent permitted by the Corporations Act (or, where relevant, the UK Companies law). The Company is also obliged to carry insurance cover for current and past Directors and provide them with access to Board and Committee papers. Such insurance also extends to cover Directors and officers of the Group subsidiaries.

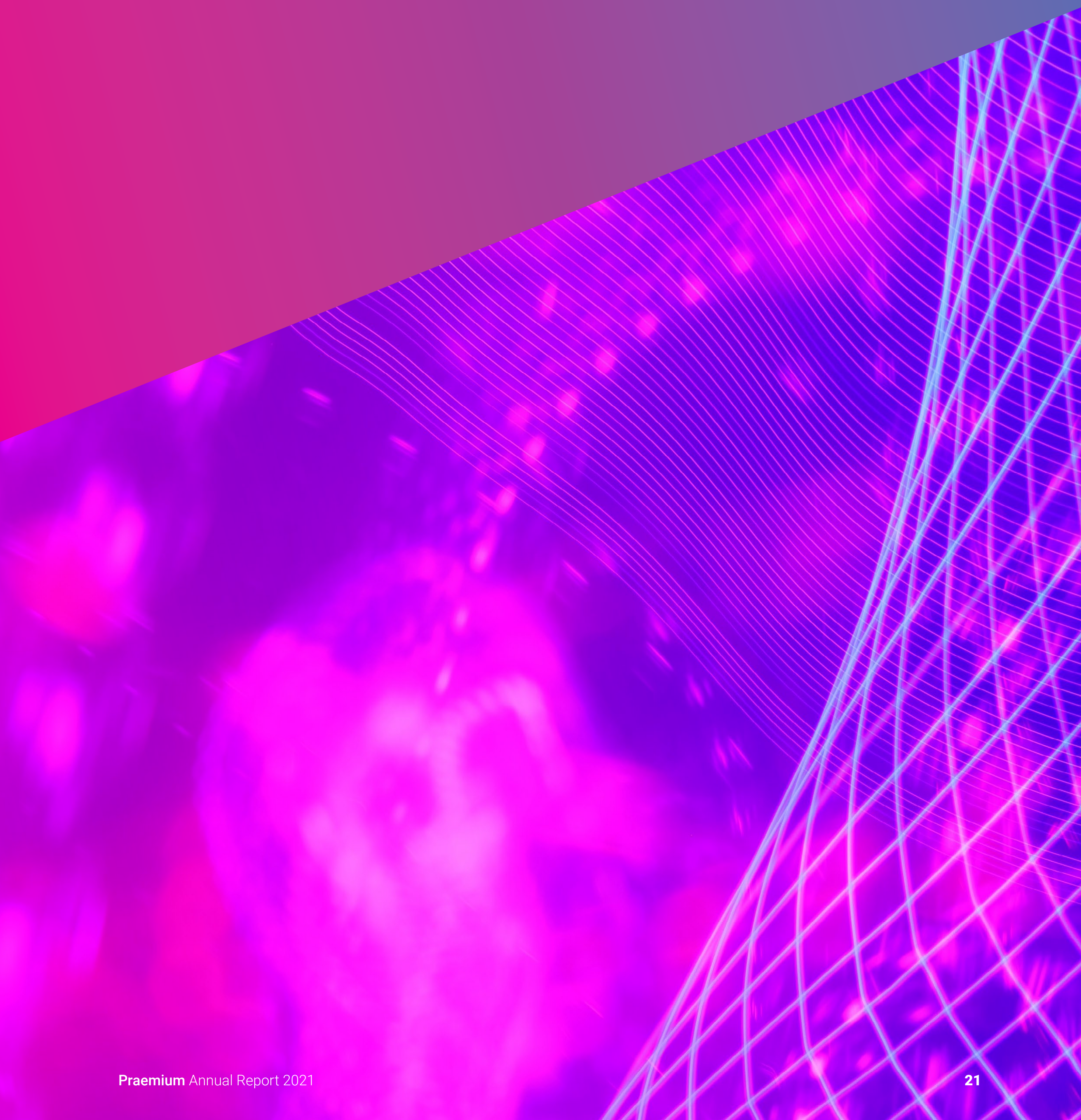
Under its Constitution, Praemium must, subject to certain exceptions, indemnify each of its Directors to the extent permitted by law against liability that did not arise out of a lack of good faith. Total premiums paid with respect to all Directors' and Officers' liability insurance in this reporting period was $110,000 (ex GST).

Further disclosures

No performance rights have been issued since the end of the financial year. Other than as set out in this report:

- No Directors have any other rights or options over shares in, debentures of, or interests in a registered scheme made available by the Company or a related body corporate;
- There are no contracts to which any Director is a party or under which any Director is entitled to a benefit; and
- There are no contracts that confer a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the Company or a related body corporate.

Remuneration Report 2021



Remuneration Report

During the financial year the following people served as Directors of the Company:

- Barry Lewin
- Stuart Robertson
- Daniel Lipshut
- Anthony Wamsteker (appointed 23 November 2020)
- Claire Willette (1 July 2020 to 23 November 2020)
- Michael Ohanessian (1 July 2020 to 31 May 2021)

Remuneration philosophy and principles

The Company's performance is dependent upon the quality of its people. To this end, the Company applies the following principles in its remuneration framework:

- Provide competitive rewards to attract high-calibre executives;
- Link Executive rewards to shareholder value; and
- Provide for a significant proportion of the Executive remuneration to be 'at risk' – that is, dependent upon meeting predetermined performance indicators.

Remuneration policies

The Board has established a Remuneration Committee, which is currently chaired by non-executive director Daniel Lipshut and comprised during the year non-executive directors Stuart Robertson, Claire Willette and Anthony Wamsteker. The Remuneration Committee was established to review the remuneration policies and practices of the Company to ensure that it remunerates fairly and responsibly.

The Company's Remuneration Charter, which is reviewed annually, is available from the Company's website. The Remuneration Committee is required to make recommendations to the Board on all matters within the Remuneration Committee's Charter.

The Company's remuneration framework is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees. The framework is designed for:

- Decisions in relation to executive and non-executive remuneration policy;
- Decisions in relation to remuneration packages for Executive Directors and senior management;
- Decisions in relation to merit recognition arrangements and termination arrangements; and
- Ensuring that any equity-based Executive remuneration is made in accordance with the thresholds set in plans approved by shareholders.

No external remuneration consultant was used during the financial year for bench-marking of non-executive and senior executive roles.

The Remuneration Committee is authorised by the Board to investigate any activity within its charter. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Remuneration Committee.

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following with respect to the current year and the previous three financial years:

	2021	2020	2019	2018
EBITDA^ ($m)	14.0	14.2	11.4	8.8
NPAT($m)	1.5	4.9	2.5	1.4
EPS (cents)	0.3	1.2	0.6	0.4

^ EBITDA excludes one-off costs, unrealised FX movements and share based payments.

The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Remuneration Committee if it considers this necessary. It has exercised this right when it has considered it appropriate to do so.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The non-executive directors are paid fixed fees in accordance with a determination of the Board but within an aggregate limit fixed by the Shareholders. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. At the 2019 AGM the members approved the aggregate remuneration for Directors as $750,000.

No securities were issued to non-executive directors during the financial year. The Company does not operate any schemes for retirement benefits for any non-executive director other than the contributions that it makes to superannuation in accordance with statutory requirements.

The names and positions of each person who held the position of Director of Praemium Limited at any time during the financial year is provided within the Remuneration Report and information about each of those persons (including their qualifications and experience) is set out on page 18-19.

Key management personnel

Key management personnel (KMP) are the individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company, as defined under AASB 124 Related Party Disclosures. In addition to Group's Non-Executive Directors noted earlier, the following Executives are also disclosed within this report as Key Management Personnel:

- Michael Ohanessian – CEO & Managing Director (from 1 July 2020 to 20 May 2021)
- Anthony Wamsteker – Interim CEO & Executive Director (from 21 May 2021)
- Paul Gutteridge - Chief Financial Officer & Company Secretary

Fixed remuneration

Total fixed remuneration comprises base salary, any relevant allowances and statutory superannuation guarantee contributions. Fixed remuneration is set with reference to market data, reflecting the scope of the role, skills, qualifications and experience of the relevant Executive and the performance of the employee in the role.

Remuneration is reviewed annually, with recommendations made to the Remuneration Committee. Annual reviews include using market surveys as benchmarks to ensure competitive remuneration is set to reflect the market for comparable roles.

Short-term incentives

A short-term incentive (STI) is currently applicable to the majority of staff, subject to tenure and satisfactory performance requirements. Achievement of this annual STI is directly linked to the performance of the Group against the Board's budgets and key business drivers. Unless Board-set budgets are achieved, no bonus payment will be made. Overachievement of key business drivers may result in an increase to the amount of the bonus payable for specific executives, subject to capped levels. At the discretion of the Board the STI may be paid in cash or by the issue of securities.

Long-term incentives

Long-term incentives (LTI) are based on participation within Praemium's Directors & Employee Benefits Plan. LTI incentives, based on equity remuneration (being either the issue of securities, issue of performance rights or issue of options), are made in accordance with thresholds set out in this plan. By using the Group's Directors & Employees Benefits Plan to offer shares and options to employees, the interests of employees are aligned with shareholder wealth. A copy of the plan can be found on the Company's website.

Unless otherwise stated, under Praemium's Director & Employee Benefits Plan the Board has discretion to vest all outstanding LTI's in the event of a change of control of the Company. Individual incentives limits are assessed in line with regulatory guidelines where the Company operates and offers LTI incentives.

LTI measures –Staff

Rules for all staff to achieve LTI entitlements (currently the issue of performance rights) are such that:

- Entitlements issued are based on achieving specified company targets and individual annual performance;
- Entitlements vest over 3 years; and
- Entitlements expire upon cessation of employment.

Vesting hurdles for staff are based and weighted 100% on Group profitability (EBITDA) targets set by the Board over the LTI cycle. The test of Group profitability is based on a 3-year EBITDA target, as set by the Board at the start of the LTI cycle and measured on a cumulative basis over the LTI period. Achievement of entitlements is based on actual performance relative to target, with no entitlements achieved below 80% of target and up to 100% of entitlements achieved upon full achievement of target.

Remuneration Report (continued)

An individual's annual performance is based on rating measures, applied consistently across the Company. The Board, on the recommendations of the CEO and the Remuneration Committee, considers the individual performance of the Executives and their contributions to the Company's performance.

Provided LTI measures are met, firstly for Company performance and then for individual performance, entitlements then vest over 3 years based on 15% in year one, 25% in year two and 60% in year three.

LTI measures – Executives

LTI measures for key Executives are based on the same entitlements as outlined for staff. However, for key Executives vesting hurdles are based on Group profitability (EBITDA) targets set by the Board and Total Shareholder Return (TSR) measurement over the LTI cycle. Vesting hurdles are weighted 50% for Group profitability targets and 50% for achievement of TSR targets.

The test of Group profitability is based on a 3-year EBITDA target, as set by the Board at the start of the LTI cycle and measured on a cumulative basis over the LTI period. Achievement of entitlements is based on actual performance relative to target, with no entitlements achieved below 80% of target and up to 100% of entitlements achieved upon full achievement of target.

The test of Total Shareholder Return is performance of Praemium's share price relative to the performance of a comparable peer group of companies (Peer Group) over the LTI period, as approved by the Board. Achievement of entitlements is based on actual performance relative to the Peer Group, with no entitlements achieved below 80% of the Peer Group's TSR and up to 100% of entitlements achieved upon full achievement of the Peer Group's TSR.

Provided LTI measures are met, firstly for Company performance and then for individual performance, entitlements then vest over 3 years based on 15% in year one, 25% in year two and 60% in year three.

For the 2020 financial year, the Executive Leadership Team (direct reports to the CEO) were offered an LTI based on the achievement of vesting hurdles over a fixed 3-year period. LTI measures are consistent with previous plans, being Group profitability (EBITDA), Total Shareholder Return (TSR) and employee eligibility, with 100% of entitlements based on measures at the end of the 3-year period.

Executive remuneration policies and contracts

All Group Executives are employed under employment contracts. Those contracts do not have a fixed term and are terminable on between one and three months' notice (as set out below) by the Executive or by the Company or, in the event that the Executive materially breaches the contract of employment in a way that involves dishonesty, fraud, a breach of any law affecting the Company or a breach of certain of the Group's policies, the Executive may be summarily dismissed.

To the extent that elements of the remuneration of key Executives consists of securities in the Company, the Board, in considering whether to grant those securities and negotiating the terms of remuneration with the key Executive, requires the key Executive to obtain their own advice in respect to their exposure to risk in relation to the securities and relies on the undertakings of the key Executives that they have obtained such advice prior to accepting the offer of securities. No securities were issued to new employees as an incentive or sign on bonus during the 2021 financial year.

The Company may elect, on the giving or receipt of notice from any Executive, to pay out the balance of the term with or without requiring the Executive to 'go on garden leave' for the remaining term. The notice periods and amounts payable in lieu of notice for each of the Key Management Personnel are:

Anthony Wamsteker, Interim CEO and Executive Director, during the financial year was employed pursuant to an ongoing contract, with a maximum entitlement on termination in lieu of notice would be equal to the value of one month's total employment package (TEP).

Paul Gutteridge, Chief Financial Officer & Company Secretary is employed on an ongoing basis, with a maximum entitlement on termination in lieu of notice equal to the value of 3 months TEP.

Voting and comments made at the Company's last annual general meeting

Praemium Limited received 95.6% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2020. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Detail of key management personnel remuneration - 2021

2021	Short-Term Employee Benefits			Share Based Payments	Post-Employment Benefits	Other Long-Term Benefits	Total	Performance related %
	Salary fees & commissions	Bonus by way of cash[1]	Separation[2]	Performance rights[3]	Superannuation	Long service leave		
Parent entity directors								
Barry Lewin	170,776	-	-	-	16,224	-	187,000	0%
Stuart Robertson	105,000	-	-	-	-	-	105,000	0%
Daniel Lipshut	92,237	-	-	-	8,763	-	101,000	0%
Claire Willette*	32,344	-	-	-	3,073	-	35,417	0%
Michael Ohanessian*	505,417	-	604,158	(109,203)	25,000	-	1,025,372	(11%)
Anthony Wamsteker*	98,929	-	-	-	9,398	-	108,327	0%
Key management personnel								
Paul Gutteridge	314,498	211,840	-	298,906	21,694	5,931	852,869	60%
2021 total	**1,319,201**	**211,840**	**604,158**	**189,703**	**84,152**	**5,931**	**2,414,985**	**17%**

1. Bonus by way of cash relates to cash bonuses paid during the year and FY2021's STI for key executives with annual results achieving target. Achievement of STI is calculated as a percentage of base salary, with amounts accrued into FY2021's financial results, but not yet paid at the date of this report.
2. Separation comprises payments for notice in lieu and employee entitlements (annual leave and long service leave where applicable) following the CEO's departure on 31 May 2021. All STI and LTI's were also reversed at this date.
3. Performance rights relates to entitlements under the Praemium Directors & Employee Benefits Plan, with amounts recognised over the life of the vesting period in accordance with AASB 2: Share Based Payments, and does not reflect actual remuneration received within the year.
4. Director fees for Stuart Robertson and Daniel Lipshut include chair fees for the Audit, Risk and Compliance Committee and Remuneration & Nomination Committee respectively.

Remuneration Report (continued)

Detail of key management personnel remuneration - 2020

2020	Short-Term Employee Benefits	Share Based Payments		Post-Employment Benefits	Other Long-Term Benefits	Total	Performance related %
	Salary fees & commissions	Bonus by way of shares [1]	Performance rights [2]	Superannuation	Long service leave		
Parent entity directors							
Barry Lewin	170,776	-	-	16,224	-	187,000	0%
Stuart Robertson	105,000	-	-	-	-	105,000	0%
Daniel Lipshut	92,237	-	-	8,763	-	101,000	0%
Claire Willette	77,626	-	-	7,374	-	85,000	0%
Michael Ohanessian	510,000	-	222,039	25,000	10,448	767,487	29%
Key Management Personnel							
Paul Gutteridge	305,520	-	136,380	29,024	7,481	478,405	29%
2020 total	**1,261,159**	**-**	**358,419**	**86,385**	**17,929**	**1,723,892**	**21%**

1. Bonus by way of shares relates to FY2020's STI for key executives that were not awarded despite being achieved, in response to the COVID-19 pandemic.

2. Performance rights relates to entitlements under the Praemium Directors & Employee Benefits Plan, with amounts recognised over the life of the vesting period in accordance with AASB 2: Share Based Payments, and does not reflect actual remuneration received within the year.

3. Director fees for Stuart Robertson and Daniel Lipshut include chair fees for the Audit, Risk and Compliance Committee and Remuneration & Nomination Committee respectively.

Bonuses Included In Remuneration

Details of the short-term incentive bonuses awarded as remuneration to each Key Management Personnel, the percentage of the available bonus that was vested in the financial year and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

	Percentage vested in year	Percentage forfeited in year
Parent entity directors		
Michael Ohanessian	0%	100%
Key management personnel		
Paul Gutteridge	100%	0%

Share-Based Remuneration

LTI Allocations To Key Management Personnel

The following tables detail the movement during the reporting period of performance rights granted over issued ordinary shares in Praemium held directly, indirectly or beneficially by Key Management Personnel:

	Grant date	Expiry date	Granted during the year	Granted during the year	Exercised during the year	Forfeited/ lapsed During the year	Total fair value in year
			Number	$	$	$	$
Parent entity directors							
Michael Ohanessian	24-Sep-20	30-Sep-23	500,000	257,500	-	(257,500)	-
Key management personnel							
Paul Gutteridge	24-Sep-20	30-Sep-23	245,620	126,494	-	-	126,494

Other Information

A) Performance rights holdings

	Allotted Date	Balance 1 July 2020	Granted as compensation	Vested/ Exercised	Lapsed during the year	Balance 30 June 2021
Parent entity directors						
Michael Ohanessian	24-Sep-20	2,477,824	500,000	(332,110)	(2,645,714)	-
Key management personnel						
Paul Gutteridge	24-Sep-20	1,719,445	245,620	(159,363)	-	1,805,702
		4,197,269	**745,620**	**(491,473)**	**(2,645,714)**	**1,805,702**

B) Shareholdings directly and indirectly beneficially held

2021	Balance 1 July 2020	Received as Compensation	Received on the exercise of share schemes	Other changes during the year	Balance 30 June 2021
Parent entity directors					
Barry Lewin	525,700	-	-	-	525,700
Stuart Robertson	485,000	-	-	-	485,000
Daniel Lipshut	450,000	-	-	-	450,000
Claire Willette	-	-	-	-	-
Michael Ohanessian	15,874,699	-	332,110	-	16,206,809
Anthony Wamsteker	-	-	-	1,370,002	1,370,002
Key management personnel					
Paul Gutteridge	2,181,543	-	159,363	-	2,340,906
	19,516,942	**-**	**491,473**	**1,370,002**	**21,378,417**

Remuneration Report (continued)

ASX-listed company

As at the date of this report, the Company's securities are not quoted on any stock exchange other than the ASX. There is not currently any on-market buy back in progress.

Unquoted securities

The only unquoted securities in the capital of the Company currently on issue are Enterprise Management Incentives (EMI) options and performance rights referred to above. All unquoted securities were issued or acquired under an employee incentive scheme.

Use of cash and assets readily convertible to cash since admission to ASX official list

In accordance with Listing Rule 4.10.19 the Company confirms that the Group has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period in a way that is consistent with its business objectives.

Corporate governance

A corporate governance statement is set out on pages 29-33 of this document.

Environmental issues

The Group's operations are not presently subject to significant environmental regulations under the law of the Commonwealth or State.

Proceedings on behalf of the consolidated entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity. The Company was not a party to any such proceedings during the year.

Non-audit services/auditor's independence declaration

A copy of the Auditor's Independence declaration in relation to the audit for the financial year is provided with this report. The auditor of the Group is Grant Thornton. Non-audit services of approximately $90,850 have been provided by the Group's Parent Entity audit firm for income tax compliance services. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors, and that the nature of non-audit services means that auditor independence was not compromised.

Signed in accordance with a resolution of Directors.

Barry Lewin,
Chairman

16 August 2021

FY2021 Corporate Governance Statement

The policies and practices of the Company are in accordance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (4th Edition)" (ASX Guidelines) unless otherwise stated.

A summary of the key disclosures required under the Corporate Governance Principles and Recommendations is provided in the Company's Appendix 4G, which has been released together with this Annual Report. Disclosures are included either in this Corporate Governance Statement or on the Company's website (https://www.praemium.com/au/about-us/shareholders/corporate-governance/) or are otherwise available under the "Shareholders" section (under "About Us") of the Praemium website.

The Corporate Governance Statement below has been set out using the same headings used in the ASX Guidelines. The Corporate Governance Statement is current at the date of approval of this annual report and has been approved by the Board.

Principle 1 – Lay solid foundations for management and oversight

Board role & responsibilities (Principle 1.1)

Principle 1.1 recommends that listed entities should disclose the respective roles and responsibilities of its Board and management, including matters expressly reserved to the Board and those delegated to management.

The Company has adopted a Board Charter, a copy of which it makes publicly available on its website, which outlines the principle functions of the Company's Board. The Charter makes it clear that it is the role of the Board to govern the Company, and in particular to set policy direction, whilst it is the role of the Executive to manage the Company's operations. Newly appointed Directors are also advised of their responsibilities in their letter of appointment.

Directors' appointment (Principle 1.2)

The term of appointment for each non-executive director of the Company shall be the period commencing on appointment and expiring when the Director is next required to stand for election by the shareholders or a period of 3 years, whichever is the lesser. At each AGM of the Company, subject to ASX Listing Rule 14.4, at least one Director must retire from office, excluding 1) a Director who is a managing director; and 2) a Director appointed by the Directors under rule 9.1 (b) of the Company's Constitution and is standing for election.

Board support for a Director's re-election is not automatic and is subject to satisfactory Director performance (in accordance with the evaluation process described for Principle 1.6).

Praemium undertakes appropriate background and screening checks prior to nominating a Director for election by shareholders, and provides to shareholders all material information in its possession concerning the Director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

Terms of appointment (Principle 1.3)

The Company has a written agreement with each Director and senior Executive setting out the terms of their appointment. Further details of key executive terms are outlined in the Remuneration Report.

Company Secretary (Principle 1.4)

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. All Directors have direct access to the Company Secretary. The appointment and removal of the Company Secretary is a matter for decision by the Board.

Diversity policy (Principle 1.5)

The Company is required to report on matters relating to diversity, in particular board diversity. The Company has a formal diversity policy, located on the Company's website, setting out a number of broad objectives:

- Introduce processes to ensure that diversity commitments are implemented appropriately;
- Implement processes to ensure transparency in the selection of qualified employees, senior management and Board candidates with regard to Company's diversity profile and objectives;
- Ensure that recruitment strategies allow the Company to maximise its opportunities to target diverse and appropriately qualified employees;
- Develop clear criteria on behavioural expectations in relation to promoting diversity;
- Recognise and cater for employees that may have special requirements (such as family member responsibilities) as part of the Company's overall diversity objectives;
- Consider whether the work environment is likely to attract a diversity of individuals; and
- Facilitate a corporate culture that embraces diversity and recognises that employees at all levels have responsibilities outside of the workplace.

The Board has set the following measurable objectives for achieving gender diversity:

- Increase gender diversity on the Board and senior Executive positions and throughout the Group, aiming for at least 20% female representation on a full-time equivalent basis on the Board and in Executive management positions and the entire Group;

FY2021 Corporate Governance Statement (continued)

- Promote flexible work practices to provide managers and staff with the tools to tailor flexible work options that suit both the business and the individual's personal requirements;
- Select new staff, development, promotion and remuneration based solely on performance and capability; and
- Annually assess gender diversity performance against objectives set by the Remuneration Committee.

Praemium Limited and its Australian subsidiaries is deemed a "relevant employer" under the Workplace Gender Equality Act (WEGA). Gender Equality Indicators for the Australian entities have been reported to the Workplace Gender Equality Agency, with publicly available reports available on its website www.wgea.gov.au.

Including Australian and all global subsidiaries, the Company's current performance against its diversity policy objectives is as follows:

Gender representation %	30 June 2021		30 June 2020	
	Female	Male	Female	Male
Board	0%	100%	20%	80%
Senior Executive	14%	86%	25%	75%
Group	45%	55%	41%	59%

Claire Willette was a non-executive director for part of the financial year but not at 30 June 2021. Claire will seek re-election as a non-executive director at 2021's AGM

Board & committee performance (Principle 1.6)

The Chairman conducts a review of Board and Committee performance at least once each calendar year, with this process conducted in this financial year. The process usually involves the preparation of a questionnaire, to which Directors and Committee members respond anonymously, addressing matters relating to the conduct of meeting, the content of Board/Committee papers and other matters relevant to Board/Committee performance.

Senior Executive performance (Principle 1.7)

Praemium's processes require that reviews be undertaken in respect to all staff at least annually for the purpose of reviewing activities and setting key focus areas, goals and targets for the coming year. All senior Executives participated in the review process in the financial year in accordance with the process. Evaluation of the CEO's performance is a specific function under the Company's Board charter, which is also performed annually.

Principle 2 – Structure the board to add value

Nomination committee (Principle 2.1)

The functions of a Nomination Committee are outlined in the Company's Remuneration & Nomination Committee Charter, with a copy of the Charter published on the Company's website.

The Committee comprised during the financial year Daniel Lipshut (Chairman), Stuart Robertson, Claire Willette and Anthony Wamsteker, with the majority independent directors. The Committee met twice during the financial year, with meetings attended by Committee members as disclosed in the Directors Report.

The procedure for the selection and appointment of new Directors or the re-election of incumbent Directors, other than as outlined in the Company's Constitution is detailed at Principle 1.2.

The Board may seek independent external advice in regard to its composition, when there is a required change (such as retirement or resignation).

Board composition (Principles 2.2 & 2.3)

Board composition (principles 2.2 & 2.3)

The Company's Board currently comprises three non-executive directors and one executive director (CEO). In addition to the information outlined on page 18, Tables 1 and 2 below set out specific details of the Company's Directors and the relevant skills and experience of the Board collectively.

Table 1 - Details of Directors

Director	Term in office as Director	Qualifications	Status
Barry Lewin (Chairman)	From May 2017	BCom, LLB, MBA,	Independent
Stuart Robertson	From May 2017	CA, MBA, AICD	Independent
Daniel Lipshut	From May 2017	MBA, AICD	Independent
Claire Willette	From August 2017 to 23 November 2020	BA, IR (Masters)	Independent Advisory
Michael Ohanessian	From May 2018 to May 2021	BE, MBA	Executive
Anthony Wamsteker	From November 2020	BE	Executive

Table 2 - Areas of competence and skills of the Board of Directors

Area	Competence
Corporate leadership	Business leadership, public listed company experience
Company experience	Successful career as a senior Executive or CEO, assessing senior management
Executive leadership	Successful career as a senior Executive or CEO, assessing senior management
Executive or CEO, assesing senior management	Accounting, business strategy, competitive business analysis, corporate financing, legal, mergers & acquisitions, commercial agreements, risk management
Strategy	Define strategic objectives, constructively question business plans and implement strategy
Financial acumen	Accounting, business strategy, competitive business analysis, corporate financing, legal, mergers & acquisitions, commercial agreements, risk management
Market & Industry	Financial services expertise, commercial and business experience
Technology	Technology, infrastructure, product development, product life cycle management
Sustainability & stakeholder management	Corporate governance
International	International business management, geographical experience

Director independence (Principle 2.4)

Using the criteria recommended by the ASX Guidelines, all three of the Company's non-executive directors (Barry Lewin, Stuart Robertson and Daniel Lipshut) are independent Directors.

Three non-executive Directors are shareholders in the Company, however are not substantial shareholders. Any change in Director's interest is disclosed in accordance with ASX Listing Rules. The Company's policies allow Directors to seek independent advice at the Company's expense.

Independence of chairman (Principle 2.5)

The Chairman of the Board, Barry Lewin who has held the role of Chairman since May 2017, is an independent non-executive director. The Chairman of each Board Committee is an independent non-executive director and there is a clear division of responsibility between the Chairman and the CEO.

Director induction & training (Principle 2.6)

New Directors receive a letter of appointment and a deed of access and indemnity. The letter of appointment outlines ASX's expectations of Directors with respect to their participation, time commitment and compliance with ASX policies and regulatory requirements. An induction process for incoming Directors is coordinated by the Company Secretary.

The Board receives regular updates at Board meetings, meetings with shareholders and site visits. These assist Directors to keep up-to-date with relevant market and industry developments.

Principle 3 – Act ethically and responsibly

Statement of Values (principle 3.1)

The Company's Statement of Values are outlined within our code of conduct which is published on our website. The entity's statement of values have been reviewed and approved by the Board, including overseeing management's responsibility and efforts to instil these values across the organisation.

Code of conduct (principle 3.2)

The Company has a code of conduct which is published on its website. The Code includes a requirement that the board or a committee of the board is informed of any material breaches of the Code. The Code is reviewed annually and updated where appropriate.

Whistle-blower policy (principle 3.3)

The Company has a Whistle-blower policy which is published on its website. The policy includes a requirement that the board or a committee of the board is informed of any material incidents reported under that policy. The policy is reviewed annually and updated where appropriate.

Anti-bribery and corruption policy (principle 3.4)

The Company has an anti-bribery and corruption policy which is published on its website. The policy includes a requirement that the board or a committee of the board is informed of any material incidents reported under that policy. The policy is reviewed annually and updated where appropriate.

FY2021 Corporate Governance Statement (continued)

Principle 4 – Safeguard integrity in corporate reporting

Audit committee (Principle 4.1)

The role of the Audit, Risk & Compliance Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management procedures and the external audit function.

It is intended that the members of the Audit, Risk & Compliance Committee between them should have the accounting and financial expertise, and a sufficient understanding of the industry in which Praemium operates, to be able to effectively discharge the committee's responsibilities.

The Company's Audit, Risk & Compliance Committee comprised during the financial year Stuart Robertson (Chairman), Daniel Lipshut, Claire Willette, Anthony Wamsteker and Barry Lewin. At their time of inclusion each member is independent and non-executive. The relevant qualifications and experience of the members of the committee are outlined in Table 1 of principle 2.2.

Six Committee meetings were held during the financial year with meetings attended by Committee members (as disclosed in the Directors Report) and on two occasions by the Company's Auditor. The Audit, Risk & Compliance Committee has a formal charter, a copy of which is available on the Company's website. The Charter is reviewed annually and updated where appropriate.

CEO & CFO assurance (Principle 4.2)

The Board has received declarations from the CEO and CFO that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Periodic corporate reports (principle 4.3)

The Company issues limited periodic unaudited reports, including quarterly updates on business performance. Prior to release, the integrity of these reports are reviewed internally through relevant departments as required by subject matter and then by senior management, including the CFO and CEO. The Board also approves periodic corporate reports prior to release and is satisfied that these reports are materially accurate and provide a balanced view of information contained within these reports.

Principle 5 – Make timely and balanced disclosure

Continuous disclosure obligations (principle 5.1)

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior Executive level for that compliance. The key policy, Praemium's Continuous Market Disclosure Policy, and corresponding procedures are published on the Company's website.

ASX market announcements (principles 5.2 & 5.3)

The Company ensures that its Board receives copies of all material market announcements promptly after they have been made. The Company also ensures that any new and substantive investor or analyst presentation is released via the ASX Market Announcements Platform ahead of the presentation.

Principle 6 – Respect the rights of shareholders

Investor relations (Principles 6.1 – 6.4)

The Company provides information about itself and its governance to investors via its website.

The Company has developed a framework for communicating with shareholders which has been followed during the financial year, as outlined in Praemium's Shareholder Communications Policy, as disclosed on the Company's website. Where possible and practical, the Company communicates with Shareholders using its website and email. For this purpose, it maintains a list of email addresses for shareholders and others interested in hearing from the Company and provides regular updates– in particular, links to market sensitive announcements and financial filings are posted on its website.

Praemium commits to facilitating shareholder participation in shareholder meetings, and dealing with shareholder inquiries. At the Company's Annual General Meeting in November 2020, all substantive resolutions were decided by a poll rather than by a show of hands.

Praemium strongly encourages all shareholders to assist it to reduce costs and be mindful of the environment by opting to receive annual reports, notices of meeting, proxy forms and other formal communications electronically. Praemium's constitution allows for direct online voting.

Principle 7 – Recognise and Manage Risk

Risk committee (Principle 7.1)

The Company's Audit, Risk & Compliance Committee is responsible for internal control, risk oversight and risk management for the Company. The Company's Audit, Risk & Compliance Committee comprised during the year Stuart Robertson (Chairman), Daniel Lipshut, Anthony Wamsteker and Claire Willette.

All members are independent, with the majority independent non-executive directors and the Chair an independent director. Four Committee meetings were held during the financial year, with meetings attended by Committee members as disclosed in the Directors Report. The Audit, Risk & Compliance Committee has a formal charter, a copy of which is available on the Company's website. The Charter is reviewed annually and updated where appropriate.

Risk management framework (Principle 7.2)

The Audit, Risk & Compliance Committee has required management to design and implement a risk management and internal control system to identify and manage the Group's material business risks and to report to it on whether those risks are being managed effectively. The Committee reviewed the Company's risk management framework in the financial year to satisfy itself that the framework continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board

Internal audit (Principle 7.3)

The Group does not currently have any internal audit function. The Board considers that at the Company's current stage of growth and size there is no particular benefit to appointing internal audit and in the alternative seeks independent advice as it considers appropriate. In all other respects, the Company complies with the recommendations set out in Principle 7.

Risk management (Principle 7.4)

The Company monitors its exposure to all risks, including economic, environmental and social sustainability risks. Material business risks are described in the annual report, which also outlines the Company's activities, performance during the year, financial position and main business strategies. This specific report and the Annual Report overall provide further details about how Praemium manages its economic, environmental and social sustainability risks.

Principle 8 – Remunerate Fairly and Responsibly

Remuneration committee (Principle 8.1)

The Company's Remuneration Committee comprised during the year Daniel Lipshut (Chairman), Stuart Robertson, Anthony Wamsteker and Claire Willette. All members are independent, with the majority independent non-executive directors and the Chair an independent director.

The Committee met twice during the financial year, with meetings attended by Committee members as disclosed in the Directors Report. A copy of the Remuneration Committee Charter is published on the Company's website.

Remuneration policies (Principles 8.2 – 8.3)

The Company's approach to remuneration and this principle is set out in its Remuneration Report on pages 22-28. The Company's approach to the remuneration of non-executive directors is clearly distinguished from that of Executive Directors and senior Executives.

The Company does offer an equity-based remuneration scheme to Executives and staff, under Praemium's Directors & Employee Benefits Plan, which is published on the Company's website. Participants of this Plan are not permitted to enter into transactions (whether through the use of derivatives, hedging or otherwise) which limit the economic risk of participating in this Plan.

Financial Report 2021

Consolidated Statement of Profit & Loss and Other Comprehensive Income

For the year ended 30 June 2021	Note	2021 $	2020 $
Revenue from contracts with customers	3	64,869,420	50,166,495
Other income	4	933,402	1,077,913
Platform trading & recovery		(2,542,773)	1,488,680
Employee costs		(35,565,951)	(26,851,649)
Depreciation, amortisation and impairments	5	(8,021,374)	(4,669,919)
Legal, professional, advertising and insurance expense		(6,708,026)	(5,797,106)
IT support		(4,249,973)	(2,379,285)
Commissions expense		(1,312,644)	(1,379,194)
Travel expenses		(159,731)	(985,715)
Occupancy costs		(764,589)	(672,860)
Net foreign exchange (losses) / gains	5	(65,518)	39,078
Telecommunication costs		(307,413)	(390,869)
Finance costs		(546,441)	(186,506)
Other expenses	5	(74,727)	(72,112)
Share based payments		(3,385,216)	(2,050,286)
Restructure, arbitration and acquisition costs		(3,396,126)	(1,331,761)
Unrealised gain on financial instruments	5	4,629,712	1,999,201
Profit before income tax expense		**3,332,032**	**8,004,105**
Income tax expense	6	(1,795,945)	(3,140,739)
Profit attributable to members of the Group		**1,536,087**	**4,863,366**
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		111,802	(175,601)
Total items that may be reclassified subsequently to profit or loss		**111,802**	**(175,601)**
Other comprehensive income / (loss) for the year, net of tax		**111,802**	**(175,601)**
Total comprehensive income attributable to Owners of the parent		**1,647,889**	**4,687,765**
Profit for the year attributable to Owners of the parent		**1,647,889**	**4,687,765**
Total comprehensive income attributable to Owners of the parent		**1,647,889**	**4,687,765**
Earnings per share			
Basic earnings per share (cents per share)	24	0.3	1.2
Diluted earnings per share (cents per share)	24	0.3	1.2

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	7	26,737,473	15,914,653
Contract assets	19	4,367,489	2,573,040
Trade and other receivables	8	4,628,503	3,885,841
Prepayments		3,119,478	2,047,856
Total current assets		**38,852,943**	**24,421,390**
Non-current assets			
Other financial assets	9	2,142,760	6,496,793
Property, plant and equipment	10	3,817,995	5,050,139
Goodwill	11	49,891,015	2,810,853
Intangible assets	12	13,756,166	9,217,618
Deferred tax assets	13	3,316,972	1,233,401
Total non-current assets		**72,924,908**	**24,808,804**
TOTAL ASSETS		**111,777,851**	**49,230,194**
Current liabilities			
Trade and other payables	14	9,360,868	5,233,379
Provisions	15	2,887,487	1,258,069
Lease liabilities	10	1,860,067	3,202,173
Contract liabilities	19	2,433,908	3,787,821
Borrowings	9	3,107,085	-
Income tax payable		161,974	2,742,873
Total current liabilities		**19,811,389**	**16,224,315**
Non-current liabilities			
Provisions	15	447,847	200,902
Borrowings	9	10,500,000	-
Lease Liabilities	10	902,942	1,024,360
Deferred tax liability	13	8,403	1,193,562
Total non-current liabilities		**11,859,192**	**2,418,824**
TOTAL LIABILITIES		**31,670,581**	**18,643,139**
NET ASSETS		**80,107,270**	**30,587,055**
Equity			
Share capital	16	116,065,309	68,402,062
Reserves	17	2,418,014	2,097,133
Accumulated losses		(38,376,053)	(39,912,140)
TOTAL EQUITY		**80,107,270**	**30,587,055**

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

For year ended 30 June 2021	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Total $
Equity as at beginning of period	**68,402,062**	**(39,912,140)**	**(626,149)**	**2,723,282**	**30,587,055**
Profit attributable to members of the parent entity	-	1,536,087	-	-	1,536,087
Other comprehensive income	-	-	111,802	-	111,802
Amounts attributed to post combination services	-	-	-	(1,514,360)	(1,514,360)
Total comprehensive income/(loss) for the year	**-**	**1,536,087**	**111,802**	**(1,514,360)**	**133,529**
Transactions with owners in their capacity as owners					
Issue of share capital on acquisition of Powerwrap Ltd	46,032,252	-	-	-	46,032,252
Employee share-based compensation	(9,914)	-	-	-	(9,914)
Option expense	-	-	-	3,364,348	3,364,348
Exchange difference on option reserve	-	-	-	-	-
Transfer on exercise of rights	1,640,909	-	-	(1,640,909)	-
	47,663,247	**-**	**-**	**1,723,439**	**49,386,686**
Equity as at 30 June 2021	**116,065,309**	**(38,376,053)**	**(514,347)**	**2,932,361**	**80,107,270**

For year ended 30 June 2020	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Total $
Equity as at beginning of period	**67,019,085**	**(44,775,507)**	**(450,548)**	**1,779,865**	**23,572,895**
Profit attributable to members of the parent entity	-	4,863,366	-	-	4,863,366
Other comprehensive (loss)	-	-	(175,601)	-	(175,601)
Total comprehensive income/(loss) for the year	**-**	**4,863,366**	**(175,601)**	**-**	**4,687,765**
Transactions with owners in their capacity as owners					
Employee share-based compensation	282,093	-	-	-	282,093
Option expense	-	-	-	2,044,301	2,044,301
Exchange difference on option reserve	-	1	-	-	1
Transfer on exercise of options	1,100,884	-	-	(1,100,884)	-
	1,382,977	**1**	**-**	**943,417**	**2,326,395**
Equity as at 30 June 2020	**68,402,062**	**(39,912,140)**	**(626,149)**	**2,723,282**	**30,587,055**

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

For year ended 30 June 2021	Note	2021 $	2020 $
Cash flows from operating activities:			
Receipts from customers		65,355,881	47,402,594
Payments to suppliers and employees		(54,147,337)	(33,201,795)
Interest received		137,359	25,458
Transaction costs relating to acquisition of subsidiary		(1,252,365)	-
Unit trust distributions received		1,666	2,450
Income tax paid		(4,194,184)	(1,979,641)
Net cash provided by operating activities	**22**	**5,901,020**	**12,249,066**
Cash flows from investing activities:			
Payments for property, plant and equipment		(434,731)	(345,582)
Payments for Investments		(463,467)	(3,134,298)
Payments for intangible assets		(6,809,052)	(4,915,487)
Payment for acquisition of subsidiary		(13,417,889)	-
Cash acquired through business combination		14,644,463	-
Net cash used in investing activities		**(6,480,676)**	**(8,395,367)**
Cash flows from financing activities:			
Proceeds from borrowings		15,000,000	-
Repayments of borrowings		(1,500,000)	-
Finance costs paid		(439,357)	(186,505)
Principal elements of lease payments		(1,719,915)	(1,274,134)
Net cash provided by / (used in) financing activities		**11,340,728**	**(1,460,639)**
Net increase in cash and cash equivalents		**10,761,072**	**2,393,060**
Cash and cash equivalents at beginning of year		15,914,653	13,748,441
Effect of exchange rates on cash holdings in foreign currencies		61,748	(226,848)
Cash and cash equivalents at end of year	**7**	**26,737,473**	**15,914,653**

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

1. Summary of significant accounting policies

(a) General information

The financial report is a general-purpose financial report that covers the consolidated entity consisting of Praemium Limited and its subsidiaries. Praemium Limited is a listed public company, incorporated and domiciled in Australia.

Separate financial statements for Praemium Limited as an individual entity are not presented as a consequence of a change to the Corporations Act 2001; however, limited financial information for Praemium Limited as an individual entity are included in Note 25. The Group is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of preparation

The financial report of Praemium Limited and controlled entities has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards include International Financial Reporting Standards as adopted in Australia. Compliance with Australian Accounting Standards ensures that the financial report complies with International Financial Reporting Standards (IFRS).

(i) Reporting basis and conventions
The financial report has been prepared on an accruals basis and is based on historical costs as modified by the revaluation of financial assets through profit or loss, certain classes of property, plant and equipment and investment property.

(ii) New standards and interpretations not yet adopted

During the financial year, the International Financial Reporting Interpretations Committee (IFRIC) identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy. These policies varied from expensing all costs in full to capitalisation of all costs in full, with most entities taking a more nuanced approach in their capitalisation policy and differentiating between expenditure with different underlying fact patterns.

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an "Intangible Asset" as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure – either by applying AASB 138 or applying another accounting standard.

The impact of this decision has not had a material impact on the consolidated entity's financial statements. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Praemium Limited ("parent entity") as at 30 June 2021 and the results of all subsidiaries for the year then ended. Praemium Limited and its subsidiaries are referred to in this financial report as the "Group" or the "consolidated entity".

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All intercompany balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies adopted by the Group.

Subsidiaries are fully consolidated from the date which control is transferred to the Group. They are de-consolidated from the date control ceases.

(d) Segment reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the statement of profit & loss and other comprehensive income and statement of financial position.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment losses.

(i) Plant and equipment
Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised in the statement of profit & loss and other comprehensive income.

To ensure that costs are not recognised in the statement of financial position in excess of their recoverable amounts, the recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposals discounted to their net present value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit & loss and other comprehensive income during the financial period in which they are incurred.

Plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

(ii) Depreciation

The depreciable amount of all fixed assets, including capitalised lease assets, is depreciated on a straight-line basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate	Method
Plant, furniture and equipment	10-20%	Straight-line
Computer equipment	20-33%	Straight-line
Buildings & leasehold improvements	15%	Straight-line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit & loss and other comprehensive income.

(f) Intangible assets

Customer contracts and databases acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values. All intangible assets, including customer contracts and databases, are accounted for using the fair value model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1(g).

The following useful lives are applied:

- Customer contracts: 5 years
- Databases: 5 years
- Software: 3 years

Amortisation has been included within depreciation and amortisation of non-financial assets.

(g) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash- generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(h) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value net of transaction costs (where applicable). Transaction costs are recognised in profit or loss. Financial assets are classified into one of the following categories:

» amortised cost
» fair value through profit or loss (FVTPL), or
» fair value through other comprehensive income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

» the entity's business model for managing the financial asset, and
» the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

» they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
» the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains equity investments. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in listed and unlisted equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of IFRS 9 'Financial Instruments', which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses.

In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Collectability of trade receivables is reviewed on an ongoing basis and debts which are known to be uncollectible are written off. Trade receivables are generally due for settlement within 30 days.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value net of transaction costs. Transaction costs are expensed in the period in which they are incurred and reported in finance costs and Restructure, arbitration and acquisition costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Equity-settled compensation

The Group operates a share-based compensation scheme.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

(k) Income tax

The charge for current income-tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by reporting date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and on unused tax losses. No deferred tax assets or liabilities will be recognised from the initial recognition of an asset or liability excluding a business combination, which at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of profit & loss and comprehensive income except where it relates to items that are recognised directly in equity, in which case the deferred tax is recognised directly in equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The Directors have elected for those entities within the consolidated entity that are wholly-owned Australian resident entities to be taxed as a single entity from 1 July 2005. The head entity within the tax-consolidated group for the purposes of tax consolidation is Praemium Limited.

Praemium Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Praemium Limited and each of the entities within the tax-consolidated group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the Group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Praemium Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidated group.

Entities within the tax-consolidated group have entered into a tax funding agreement with the head entity. Under the terms of this agreement, each of the wholly-owned entities within the tax-consolidated group has agreed to fully compensate Praemium Limited for any current tax payable assumed and are compensated by Praemium Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Praemium Limited under the tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. Such amounts are reflected in amounts receivable from or payable to other entities in the tax- consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

For the year ending 30 June 2021, withholding tax not recoverable has been combined with income tax expense on the Consolidated Statement of Profit and loss and Other Comprehensive income. For the year ending 30 June 2021, withholding tax was an expense of $245,118 (2020: $277,944). The Group further determined that the withholding tax payable on intercompany loans included as trade and other payables on the Consolidated Statement of Financial Position in the prior year are more accurately classified as income taxes payable . For the year ending 30 June 2021, the withholding tax payable on intercompany loans was $1,611,537 (2020: $1,419,956). The prior year comparative has been adjusted for both reclassifications to conform to changes in the presentation in the current year.

(l) Leases

The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment in Australia, the UK, Jersey, UAE, Armenia and China (including Hong Kong). Rental contracts are typically made for fixed periods of 2 months to 7 years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

» uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group,

» and makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

» the amount of the initial measurement of lease liability

» any lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases of offices are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. All extension and termination options held are exercisable only by the group and not by the respective lessor.

(m) Revenue recognition

Revenue arises mainly from the provision of Managed Accounts Platform services, investment management, portfolio administration and reporting and financial planning software.

Managed Accounts Platform and Investment Management – The Group offers platform administration, investment management services for investments held on our custodial platforms, turnkey services and back office services. Revenue derived from operating the Managed Account include platform administration fees, model manager fees, cash administration fees, brokerage recovery and recovery of input tax credits from Praemium's Managed Account scheme.

Administration fees are determined monthly in arrears and recognised at a point in time based on the value of investor portfolios, or transaction costs relating to the buying and selling investments in investor portfolios and the revenue is recognised in the accounting period in which the services are rendered. Model manager fees are determined yearly and recognised over time, based on the volume of models maintained by the model manager and the revenue is recognised in the accounting period in which the services are rendered.

Cash administration fees are recognised at a point in time and determined monthly, based on cash held by investors in the Praemium Managed Account multiplied by the rate as set in the product disclosure statement of the Praemium Managed Account. The revenue is recognised in the accounting period in which Praemium effected the transactions relating to cash holdings. Brokerage recovery is determined daily and recognised at a point in time, based on the value of the trades in the Praemium Managed Account, and the revenue is recognised in the accounting period in which the trades were placed. Recovery of input tax credits from Praemium's Managed Account scheme are determined monthly in arrears and recognised at a point in time based on the refund from the prior month and the revenue is recognised in the accounting period in which the payments for services were made.

Some shared service clients are charged monthly and recognised at a point in time, and some are changed annual pro-rated agreed charges in arrears and are recognised over time.

Virtual Managed Accounts and Virtual Managed Accounts Administration Service– The Group enters into contracts with its customers based on provision of technology services for terms between one and five years in length. Contract values are determined based on the usage of technology licences and investor portfolios. Customers are required to pay in advance for each quarterly or annual service period as specified in each contract. Revenue is recognised over time on a straight-line basis over the term of each contract in the accounting period in which the services are rendered.

As the amount of work required to perform under these contracts does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of the services.

The Group enters into contracts with its customers based on provision of administration of client portfolios for terms between 1 and 5 years in length. Revenue is determined monthly in arrears based on the asset classes held in the portfolio and is recognised in the accounting period in which the services are rendered. This method best depicts the transfer of services to the customer because the entire benefit has been transferred to the customer in the accounting period.

Financial Planning Software – The Group enters into contracts with its customers based on provision of technology services up to 1 year in length. Contract values are determined based on the usage of technology licences and revenue is recognised in the accounting period in which the services are rendered and the total benefit has been transferred to the customer in the accounting period. Customers are required to pay in advance for each monthly or annual service period as specified in each contract.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Group may enter into transactions involving a range of the Group's products and services, for example for the delivery of SMA and portfolio administration or financial planning software. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

(n) Foreign currency translation

(i) Functional and presentation currency

The functional currency of each of the Group's entities is identified as the currency of the primary economic environment in which that entity operates, and is used in the recognition of transactions and balances for that entity. Where the functional currency of a group entity is different from the parent's functional currency, the entity has been translated for consolidation using the method described below for 'Group entities'.

The United Kingdom subsidiaries' functional currency is GBP which is translated to the presentation currency at the end of each reporting period.

The Hong Kong and Shenzhen (China) subsidiaries' functional currency are HKD and CNY respectively, which are translated to the presentation currency at the end of each reporting period.

The Armenian subsidiary's functional currency is AMD which is translated to the presentation currency at the end of each reporting report.

The consolidated financial statements are presented in Australian dollars which is the parent's functional and presentation currency.

(ii) Group entities

The financial results and position of all Group entities whose functional currency is different from the Group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at reporting date;

- Income and expenses are translated at the rate on the date of the transaction, or an average exchange rate for the period (if the average approximates the actual rate for that period); and
- Retained earnings are translated at the respective historical exchange rate.

Exchange differences arising on translation of Group entities from a different functional currency are recognised directly in a foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit & loss and other comprehensive income in the period in which the entity is disposed. Goodwill and fair-value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the spot rate on reporting date.

Non-monetary items measured at historical cost are not retranslated. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit & loss and other comprehensive income. Exchange differences on translation of non-monetary items are recognised directly in equity.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(p) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(q) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

1. Where the amount of the GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

2. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(t) Going concern

The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company has recorded an operating profit before tax of $3,332,032 during the financial year ended 30 June 2021 (June 2020 $8,004,105) with accumulated losses amounting to $38,376,053 as at 30 June 2021 (June 2020 $39,912,140). Cash reserves were $26,737,473 at 30 June 2021 (30 June 2020 $15,914,653).

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. During this time, the Group continues to operate normally and has successfully completed business continuity plan (BCP) transitions across the global network, with all staff across the 10 offices now required to work from home. The Group continues to follow the relevant advice and guidance issued by governmental health authorities.

Operations are supported by experienced global IT and infrastructure teams, who are working around the clock to maintain daily protocols and high standards of service. Praemium systems continue to provide follow-the-sun, 24x7 support, and operations are underpinned by top-tier global infrastructure providers who have enacted their BCPs successfully.

Though the market correction has impacted the level of funds under administration, revenue is highly diversified with nearly 30% coming from non-FUA sources. This includes subscription-based VMA, VMAAS, WealthCraft and Plum Software products. The Group's revenue base is also geographically diverse, with clients in Australia, the UK, Dubai, Singapore, Hong Kong, the Channel Islands and South Africa, and product diversity across the UK and Australia platforms. Praemium has a strong balance sheet with solid cash flows. While market volatility creates challenges, revenues and profitability continue to be largely resilient as the company has responded quickly to manage costs and to preserve the global team. The board is comfortable that the Company has the financial strength and capabilities to ensure its continued viability and operations.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recognised in the financial report as at 30 June 2021. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset-carrying amounts and classification of liabilities that might be necessary.

(u) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity- settled share-based payments would have no impact on the

carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value and hierarchy of financial instruments
The consolidated entity is required to classify financial instruments, measured at fair value, using a three-level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset and liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore the category in which the financial instrument is placed can be subjective.

The fair value of financial instruments classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Trade and other receivables and contract assets
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definitive life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(v) Business combinations

The acquisition method of accounting is used to account for business combinations.

The consideration transferred is the sum of the acquisition- date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquire.

For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to the profit or loss.

On the acquisition of the business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in the existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in the profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre- existing investment in the acquire is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets and liabilities during the period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on the earlier of either (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(w) Change in Accounting Policies

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.

2. Financial risk management

The Praemium Group is exposed to risks that arise from the use of its financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group's Audit, Risk & Compliance Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash at bank and on deposit
- Trade and other payables
- Intercompany receivables
- Investments in unlisted unit trusts

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk arises from the Group's trade receivables, other receivables, receivables from subsidiaries and cash at bank and on deposit. The maximum amount of credit risk is the statement of financial position carrying values.

Trade receivables

Clients of the Group range from financial advisers and brokers to accountants. In the majority of new client "sign- ons", clients are required to prepay their first years' service before they can start utilising the Group's products. The reduction of risk concentration is due principally to the number of independent operators who have entrenched the Praemium system within their everyday business process.

Clients who subsequently fail to meet their credit terms are at risk of having their services "switched off". Management reviews trade receivables balances, and aging profiles of the total trade receivables on a monthly basis.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least three months. The Group also seeks to reduce liquidity risk by ensuring that its cash deposits are earning interest at the best rates.

At reporting date, these reports indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. There have been no changes from previous periods.

As at 30 June 2021, financial liabilities have contractual maturities, which are summarised below:

	Consolidated			
2021		**Current**	**Non-current**	
	Within 6 months $	6-12 Months $	1-5 Years $	Later than 5 years $
Trade payables	1,796,985	-	-	-
Accrued expenses	6,557,599	-	-	-
Other payables	252,187	-	-	-
Borrowings	3,107,085	-	10,500,000	-
Total	**11,713,856**	**-**	**10,500,000**	**-**

	Consolidated			
2020		**Current**	**Non-current**	
	Within 6 months $	6-12 Months $	1-5 Years $	Later than 5 years $
Trade payables	1,118,928	-	-	-
Accrued expenses	3,003,063	-	-	-
Other payables	334,550	-	-	-
Total	**4,456,541**	**-**	**-**	**-**

The contractual amounts of financial liabilities in the tables above are equal to their carrying values. Differences from the statement of financial position amounts reflect the exclusion of statutory charges from the definition of financial liabilities.

Market risk

Market risk arises from the Group's use of financial instruments, including interest bearing and foreign currency financial deposits and investment in unlisted trusts. It is the risk that the fair value or future cash flows of the financial instruments will fluctuate as a result of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk arises from changes in market interest rates. The Group's interest rate risk arises from:

» Surplus cash in major Australian and UK banks
» Cash on term deposit, which are at floating rates
» Bank borrowings

We manage interest rate risk by:

» ensuring deposits attract the best available rate.
» setting a fixed percentage on the margin component with the lender.

Cash flow interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +/-100 basis points (2020: +/-100 basis points), with effect from the beginning of the year. These changes are considered reasonably possible based on observation of current market conditions.

The calculations are based on the Group's financial instruments held at each reporting date.

	Consolidated			
		2021 $		**2020 $**
	+100 basis pts	**-100 basis pts**	**+100 basis pts**	**-100 basis pts**
Cash and cash equivalents	267,375	(267,375)	159,147	(159,147)
Borrowings	136,071	(136,071)	-	-
Net result	**403,446**	**(403,446)**	**159,147**	**(159,147)**

Currency risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the geographical region's cash balances, commitments and receipts, converted to the Group's main functional currency, Australian Dollars (AUD).

The Group is exposed to currency risk on cash at bank and on deposit in British Pound (GBP) to fund its UK operations and US Dollars (USD); Hong Kong dollars (HKD) and Chinese Yuan (CNY) for its Asian operations and Armenian Dram (AMD) in its Armenian operations. The Group is also exposed to currency risk on sterling denominated loans to its UK entities.

Exposure to currency risk

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

	Consolidated	
Nominal amounts	**2021 GBP**	**2020 GBP**
Cash at bank and on term deposit	1,284,866	595,537

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the GBP and AUD exchange rate.

It assumes a +/- 5% change in the AUD/GBP sterling exchange rate for the year ended at 30 June 2021 (2020: 5%). This percentage has been determined based on average market volatility in exchange rates in the previous 12 months.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. This assumes that other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021 and 2020.

If the Australian dollar had strengthened against the GBP sterling by 5% (2020: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2021 $	**2020 $**
Profit after tax	(61,184)	(28,359)
Other equity	-	-

If the Australian dollar had weakened against the GBP by 5% (2020: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2021 $	**2020 $**
Profit after tax	67,625	31,344
Other equity	-	-

Exposures to foreign exchange rates vary during the year depended on the volume of overseas transactions.

Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Currency risk sensitivity analysis – Other currencies (USD)

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

	Consolidated	
Nominal amounts	**2021 USD**	**2020 USD**
Cash at bank and on term deposit	123,514	9,019

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the USD and AUD exchange rate.

It assumes a +/- 5% change in the AUD/USD exchange rate for the year ended at 30 June 2021 (2020: 5%). This percentage has been determined based on average market volatility in exchange rates in the previous 12 months.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. This assumes that other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021 and 2020.

If the Australian dollar had strengthened against the USD by 5% (2020: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2021 $	**2020 $**
Profit after tax	(5,882)	(429)
Other equity	-	-

If the Australian dollar had weakened against the USD by 5% (2020: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2021 $	**2020 $**
Profit after tax	6,501	475
Other equity	-	-

Exposures to foreign exchange rates vary during the year depended on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Other price risk

The Group is exposed to other price risk on its investments in listed unit trusts. These investments are classified on the statement of financial position as financial assets at fair value through profit or loss.

The investments are in a number of different unit trusts with a dominant emphasis on balanced funds that have exposures to a wide range of asset classes and geographical locations. The assets and liabilities within these unit trusts indirectly expose the Company and Group to interest rate risk, currency risk and equity price risks. It is not considered practicable to 'look through' the unit trusts to analyse these risks in detail. There have been no changes from previous periods.

Other price risk sensitivity analysis

If the fair value of investments in unit trusts increased by 10% (2020: 10%) this would have increased other income for both the Company and Group by $214,276 (2020: $649,679) A decrease of 10% would have reduced other income by the same amount.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy:

Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – a valuation technique is applied using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or

Level 3 – a valuation technique is applied using inputs that are not based on observable market data (unobservable inputs).

The following tables show the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2021 and 30 June 2020:

	Consolidated			
2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss:				
- Listed unit trusts	165,054	-	-	165,054
- Shares in unlisted entity	-	-	650,771	650,771
- Regulatory reserve	1,326,935	-	-	1,326,935
	1,491,989	**-**	**650,771**	**2,142,760**

	Consolidated			
2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss:				
- Listed unit trusts	140,893	-	-	140,893
- Shares in listed entity	5,128,575	-	-	5,128,575
- Regulatory reserve	1,227,325	-	-	1,227,325
	6,496,793	**-**	**-**	**6,496,793**

3. Revenue from contracts with customers

	Consolidated	
	2021 $	**2020 $**
Revenue from contracts with customers:		
Virtual Managed Accounts	16,564,527	17,669,321
Managed accounts platform and investment management	45,966,360	30,136,511
Financial planning software	2,338,533	2,360,663
Total revenue	**64,869,420**	**50,166,495**

4. Other Income

	Consolidated	
	2021 $	**2020 $**
R&D Incentive Received (UK)[1]	794,377	983,111
Lease revenue	-	63,150
Interest income from other parties	137,359	25,458
Unit trust distributions	1,666	6,136
Other	-	58
	933,402	**1,077,913**

[1] Praemium UK applies for Research and Development relief on an annual basis to claim a tax incentive relating to the work completed by the UK technology team.

5. Expenses

	Consolidated	
	2021 $	**2020 $**
Defined contribution superannuation expense	2,760,777	2,185,867
Net foreign exchange (gains) / losses	65,518	(39,078)
Depreciation of plant and equipment	628,611	602,408
Amortisation of intangible assets	5,785,037	2,788,081
Depreciation on right-of-use assets	1,607,726	1,279,430
Impairment losses – trade receivables	74,727	72,112
Unrealised (gain) on financial instruments	(4,629,712)	(1,999,201)
Employee costs	35,565,951	26,851,649

$4,506,929 (2020: $1,988,340) of the unrealised gain on financial instruments relate to the revaluations of previously listed entity Powerwrap Limited.

6. Income Tax Expense

a) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated	
	2021 $	**2020 $**
Profit before tax	**3,332,032**	**8,004,105**
Prima facie tax expense on earnings before income tax at 30% (2020: 30%)	999,610	2,401,232
Tax effect of:		
Entertainment	25,163	40,835
Director and employee option expense	1,052,579	615,833
UK & HK witholding tax	73,535	83,383
Acquisition costs	440,161	-
Capitalised research and development costs	(1,384,152)	(1,156,996)
Unrealised gain on financial assets	(1,388,913)	(591,622)
Recovery of reduced input tax credits	(823,936)	(985,004)
Other	34,768	361,953
Permanent tax differences	(1,970,795)	(1,631,618)
Difference in overseas tax rates	965,259	859,198
Current year tax losses not brought to account	1,566,939	1,210,925
Current year temporary differences not brought to account	(10,186)	23,059
Withholding tax not recoverable	245,118	277,943
Income Tax Expense	**1,795,945**	**3,140,739**
Tax expense comprises:		
Current tax expense	447,652	1,702,702
Withholding tax not recoverable	245,118	277,943
Deferred tax expense:		
Origination and reversal of temporary differences	1,103,175	1,160,094
Income Tax Expense	**1,795,945**	**3,104,739**

b) Deferred tax assets not brought to account

	Consolidated	
	2021 $	**2020 $**
Unused tax losses for which no deferred tax asset has been recognised		
United Kingdom	60,236,409	48,842,868
Hong Kong	10,680,170	12,184,415
Deductible temporary differences for which no deferred tax asset has been recognised	277,273	311,225
Total unused tax losses	71,193,852	61,338,508
Potential tax benefit @ 30% (2020: 30%)	**21,358,156**	**18,401,552**

The benefit of the tax losses, which relate to the Company's UK and Asian operations, will only be realised if:

(i) The Group derive future assessable income of a nature and amount sufficient to enable the benefit of the unused tax losses and deductible temporary differences to be realised.

(ii) The Group continue to comply with the conditions for deductibility imposed by law; and

(iii) There are no changes in taxation legislation which adversely affect the Group's ability to realise the benefit.

c) Franking credits

	Consolidated	
	2021 $	**2020 $**
The amount of the franking credits available for subsequent reporting periods are:		
Balance at the end of the reporting period	13,739,596	10,187,811
Franking credits that will arise from the payment of the amount of provision for income tax	(1,449,563)	1,322,920
Total franking credits	**12,290,033**	**11,510,731**

7. Cash and Cash Equivalents

	Consolidated	
	2021 $	**2020 $**
Cash on hand	1,349	2,061
Term deposit	211,473	387,499
Bank balances	26,524,651	15,525,093
	26,737,473	**15,914,653**

Bank balances include a cash management account held in Australia which earns a weighted average effective interest rate of 0.05% (2020: 0.11%), and deposits on call held in Australia and denominated in GBP and USD, which bears a weighted average effective interest rate of nil% (2020: nil%). Cash on term deposit matures on an annual basis. Cash on hand is non-interest bearing.

8. Trade and Other Receivables

	Consolidated	
	2021 $	**2020 $**
Current		
Trade receivables	3,018,377	3,465,394
Provision for impairment of recievables	(144,911)	(70,187)
Other receivables	549,700	26,438
Deposits receivable	1,205,337	464,196
	4,628,503	**3,885,841**

The majority of our receivables are in the form of contracted agreements with our customers. In general, the terms and conditions of these contracts require settlement between 30 to 180 days from the date of invoice. Credit risk associated with trade and other receivables and contract assets has been provided for.

Deposits receivable relate to the rental bond of the office leases and other receivables represent an amount held to meet the cash buffer requirement as determined by the Financial Conduct Authority in the United Kingdom.

(a) Impairment of trade and other receivables and contract assets

Trade and other receivables and contract assets are exposed to customers' credit risk and are subject to impairment assessment.

If a credit loss is expected, an allowance for doubtful debt is raised to reduce the carrying amount of trade and other receivables and contract assets.

A credit loss is a shortfall between the cash flows that are due in accordance with the contract and the cash flows that we expect to receive, discounted at the original effective interest rate. The estimated expected credit loss is calculated using an individual account by account assessment.

Contract assets relate to the transferred goods and services where a valid invoice is yet to be issued to the customer and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(b) Individual approach

The individual approach is an account by account assessment based on past credit history, knowledge of debtor's financial situation, external indicators and forward looking information. This approach is applied to all balances.

The impairment allowance for trade receivables from contracts with customers and contract assets is measured using a simplified approach (i.e. based on the probability of default over the lifetime of the financial asset and loss given default). The aging analysis and loss allowance in relation to these are detailed in the following table.

	Consolidated			
	2021		2020	
	Gross $	Allowance $	Gross $	Allowance $
Not past due, including measured at:				
Amortised cost	6,372,222	-	4,698,868	-
Past due 1 - 30 days	306,706	-	1,060,161	-
Past due 31 - 60 days	288,922	-	102,222	-
Past due 61 - 90 days	55,124	28,761	25,682	15,976
Past 91 days	362,892	116,150	151,501	54,211

Ageing analysis in the table above is based on the original due date of trade receivables, including where repayment terms for certain long outstanding trade receivables have been renegotiated. Contract assets are not yet due for collection, thus the entire balance has been included in the 'not past due' category.

Movements in the allowance for doubtful debts in respect of all our trade and other receivables and contracts assets, regardless of the method used in measuring the impairment allowance, are detailed in the following table.

	Consolidated	
	2021 $	2020 $
Opening balance 1 July 2020	70,187	5,555
Additional allowance	139,827	70,187
Amount used	(47,350)	-
Amounts reversed	(17,753)	(5,555)
Closing balance 30 June 2021	**144,911**	**70,187**

Recognition and measurement

Trade and other receivables and contract assets are financial assets and are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment.

Contract assets arise from our contracts with customers and are initially recorded at the transaction price allocated as compensation for goods or services provided to customers for which the right to collect payment is subject to providing services under the same and/or we are yet to issue a valid invoice. Contract assets are subsequently measured to reflect relevant transaction price adjustments (where required) and are transferred to trade receivables when the right to payment becomes unconditional, i.e. when the services under the same contract have been transferred and/or a valid invoice has been issued.

(a) Impairment of financial assets

We estimate the expected credit losses for our financial assets (including contract assets) measured at amortised cost on a simplified approach, i.e. lifetime expected credit loss which results from all possible default events over the expected life of trade receivables from contracts with customer.

The expected credit losses are calculated using a provision matrix and the allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The loss allowance is recorded at the amount equal to the expected lifetime credit losses when all collection efforts have been exhausted and the financial asset is considered uncollectable.

Collectability of trade receivables is reviewed on an ongoing basis and factors indicating that there is no reasonable expectation of recovery include insolvency and significant time period since the last invoice was issued. Debts which are known to be uncollectible are written off.

9. Financial Assets and Liabilities

	Consolidated		
	Amortised	**FVTPL**	**2021 $**
Financial assets			
Units in unit trust	-	165,054	165,054
Regulatory reserve	-	1,326,935	1,326,935
Shares in unlisted entities	-	650,771	650,771
Trades and other receivables	4,628,503	-	4,628,503
Cash and cash equivalents	26,737,473	-	26,737,473
Total financial assets	**31,365,976**	**2,142,760**	**33,508,736**
Financial liabilities			
Current borrowings	3,107,085	-	3,107,085
Non-current borrowings	10,500,000	-	10,500,000
Lease liabilities	2,763,009	-	2,763,009
Trade and other payables	8,606,771	-	8,606,771
Total financial liabilities	**24,976,865**	**-**	**24,976,865**

Note 1h provides a description of each category of financial assets and financial liabilities and the related accounting policies.

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 2.

	Consolidated		
	Amortised	FVTPL	2020 $
Financial assets			
Units in unit trust	-	140,893	140,893
Regulatory reserve	-	1,227,325	1,227,325
Shares in listed entities	-	5,128,575	5,128,575
Trades and other receivables	3,885,841	-	3,885,841
Cash and cash equivalents	15,914,653	-	15,914,653
Total financial assets	**19,800,494**	**6,496,793**	**26,297,287**
Financial liabilities			
Lease liabilities	4,226,533	-	4,226,533
Trade and other payables	4,456,541	-	4,456,541
Total financial liabilities	**8,683,074**	**-**	**8,683,074**

Borrowings

	Current		Non-current	
	2021 $	2020 $	2021 $	2020 $
At amortised cost				
Bank borrowings	3,107,085	-	10,500,000	-
Total borrowings	**3,107,085**	**-**	**10,500,000**	**-**

	2021 $	2020 $
Facilities available	15,000,000	-
Facilities used	(15,000,000)	-
Facilities unused	-	-

Bank borrowings are secured by assets owned by Praemium Ltd and by specified material subsidiaries within the Group. Current interest rates are variable and average 3.17% (2020: nil).

Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

» trade and other receivables

» cash and cash equivalents

» trade and other payables

Finance costs

Financial costs for the reporting period consist of the following:

	Consolidated	
	2021 $	2020 $
Interest expenses for borrowings at amortised cost		
Bank borrowings at amortised cost	344,399	-
Interest expense for leasing arrangements	202,042	186,506
Total interest expense	**546,441**	**186,506**
Total finance costs	**546,441**	**186,506**

10. Property, Plant and Equipment

	Consolidated	
	2021 $	2020 $
Buildings and leasehold improvements at cost	5,964,105	5,738,577
Accumulated depreciation	(3,254,001)	(1,657,859)
Total buildings and leasehold improvements	**2,710,104**	**4,080,718**
Furniture, fixtures and fittings at cost	1,283,265	1,230,353
Accumulated depreciation	(944,345)	(969,604)
Total furniture, fixtures and fittings	**338,920**	**260,749**
Computer equipment at cost	5,384,875	5,619,164
Accumulated depreciation	(4,615,904)	(4,910,492)
Total computer equipment	**768,971**	**708,672**
Total property, plant and equipment	**3,817,995**	**5,050,139**

	Consolidated			
30 June 2021	**Furniture, fixtures and fittings** **$**	**Computer equipment** **$**	**Buildings and leasehold improvements** **$**	**Total** **$**
Balance at 1 July 2020	260,749	708,672	4,080,718	5,050,139
Additions	51,431	458,733	972,120	1,482,284
Acquired through business combination	137,706	29,478	1,269,502	1,436,686
Disposals	(83,011)	(649,687)	(1,868,554)	(2,601,252)
Depreciation expense	(28,085)	157,529	(1,718,813)	(1,589,369)
Exchange differences	130	64,246	(24,869)	39,507
Balance at 30 June 2021	**338,920**	**768,971**	**2,710,104**	**3,817,995**

	Consolidated			
30 June 2020	**Furniture, fixtures and fittings $**	**Computer equipment $**	**Buildings and leasehold improvements $**	**Total $**
Balance at 1 July 2019	323,100	767,008	212,617	1,302,725
Adjustment on transition to AASB 16	-	25,484	5,245,601	5,271,085
Additions	26,446	313,095	91,531	431,072
Disposals	(6,093)	(7,411)	-	(13,504)
Depreciation expense	(82,877)	(427,641)	(1,371,320)	(1,881,838)
Exchange differences	173	38,137	(97,711)	(59,401)
Balance at 30 June 2020	**260,749**	**708,672**	**4,080,718**	**5,050,139**

Included in the above line items shows the following amounts related to leases:

Right-of-use assets

	Consolidated	
	2021 $	**2020 $**
Buildings	2,518,312	3,978,022
Equipment	75,503	20,683
	2,593,815	**3,998,705**

Lease liabilities

	Consolidated	
	2021 $	**2020 $**
Current	1,860,067	3,202,173
Non-current	902,942	1,024,360

Lease liabilities not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis.

	Consolidated	
	2021 $	**2020 $**
Short-term leases	124,853	195,971

11. Goodwill

The movements in the net carrying amount of goodwill are as follows:

	Consolidated	
	2021 $	2020 $
Gross carrying amount		
Balance at 1 July 2020	2,833,853	2,833,502
Acquired through business combination	47,080,457	-
Net exchange differences	(295)	351
Balance at 30 June 2021	**49,914,015**	**2,833,853**
Accumulated Impairment		
Balance at 1 July 2020	(23,000)	(23,000)
Impairment loss recognised	-	-
Net exchange differences	**(23,000)**	**(23,000)**
Balance at 30 June 2021	**49,891,015**	**2,810,853**

(a) Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating unit, which is the unit expected to benefit from the synergies of the business combination in which the goodwill arises.

	Consolidated	
	2021 $	2020 $
Praemium Asia Limited	653,725	717,523
Plum Software Limited	1,900,907	1,844,597
Praemium Retirement Services Ltd	255,926	248,733
Powerwrap Limited	47,080,457	-
Goodwill allocation at 30 June 2021	**49,891,015**	**2,810,853**

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the unit's remaining useful life using the growth rate determined by management. The present value of the expected cash flows of each segment is determined by using a suitable discount rate.

(b) Growth rates

The growth rates reflect the long-term average growth rates for the product lines and industries of the segments (all publicly available). The growth rate for Praemium Asia is 2.0% (2020: 3.0%), Plum Software is 2.0% (2020: 2.0%) and Powerwrap is 2.0% (2020: n/a).

(c) Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit. The discount rate for Praemium Asia is 12.32% (2020: 12.32%), Plum Software is 7.10% (2020: 8.10%), and Powerwrap is 9.10% (2020: n/a).

(d) Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

Apart from the considerations described in determining the value-in-use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

12. Other Intangible Assets

Intangible Assets 2021	Consolidated Customer Contracts $	Database and Software Costs $	Total $
Gross carrying amount			
Balance at 1 July 2020	2,140,824	12,990,772	15,131,596
Additions	-	6,437,132	6,437,132
Acquired through business acquisition	-	5,450,116	5,450,116
Net exchange differences	52,088	84,860	136,948
Balance at 30 June 2021	**2,192,912**	**24,962,880**	**27,155,792**
Amortisation and Impairment			
Balance at 1 July 2020	(1,678,614)	(4,235,364)	(5,913,978)
Amortisation	(122,384)	(5,662,653)	(5,785,037)
Acquired through business acquisition	-	(1,746,084)	(1,746,084)
Impairment losses	-	-	-
Net exchange differences	(41,020)	86,493	45,473
Balance at 30 June 2021	**(1,842,018)**	**(11,557,608)**	**(13,399,626)**
Carrying amount 30 June 2021	**350,894**	**13,405,272**	**13,756,166**

Intangible Assets 2020	Consolidated Customer Contracts $	Database and Software Costs $	Total $
Gross carrying amount			
Balance at 1 July 2019	2,142,332	8,139,005	10,281,337
Additions	-	4,915,487	4,915,487
Net exchange differences	(1,508)	(63,720)	(65,228)
Balance at 30 June 2020	**2,140,824**	**12,990,772**	**15,131,596**
Amortisation and Impairment			
Balance at 1 July 2019	(1,431,040)	(1,731,518)	(3,162,558)
Amortisation	(253,859)	(2,534,222)	(2,788,081)
Net exchange differences	6,285	30,376	36,661
Balance at 30 June 2020	**(1,678,614)**	**(4,235,364)**	**(5,913,978)**
Carrying amount 30 June 2020	**462,210**	**8,755,408**	**9,217,618**

Database assets includes Plum's technical database and capitalised software costs. As at 30 June 2021, we had software assets under development amounting to $4,817,246 (2020: $2,856,384). As these assets were not installed and ready for use, no amortisation has been charged on the amounts.

Additions to database include $11,887,248 (2020: $4,915,487) of capitalised software costs for internally generated assets. Database includes $13,221,076 for capitalised software costs and $184,196 for technical database.

Praemium has assessed that the customer contracts and technical database intangibles are amortised on a straight-line basis over 5 years (2020: 5 years). The capitalised software costs are amortised on a straight-line basis over 3 years (2020: 3 years). This is based on an estimate of customers' future term using Praemium's services. All amortisation charges are included within depreciation and amortisation on non-financial assets. The $5,662,653 of amortisation expense in databases are all related to capitalised software costs.

13. Deferred Tax Assets and Liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	Consolidated			
Deferred tax assets/(liabilities) 2021	**1 July 2020 $**	**Recognised in Business Combination $**	**Recognised in Profit and Loss $**	**30 June 2021 $**
Current assets				
Trade and other receivables	21,056	-	22,418	43,474
Non-current assets				
Intangible assets	(1,564,042)	(420,130)	424,351	(1,559,821)
Right-of-use assets	(446,302)	23,400	(154,697)	(577,599)
Amounts reversed	450,350	3,179	149,537	603,066
Blackhole expenditure	-	479,894	45,353	525,247
Non-current liabilities				
Pension and other employee obligations	515,799	450,788	140,863	1,107,450
Current liabilities				
Provisions	1,062,978	117,882	(779,169)	401,691
Unused tax losses	-	2,547,602	217,459	2,765,061
Net deferred tax assets/(liabilities)	**39,839**	**3,202,615**	**66,115**	**3,308,569**
Deferred tax asset as represented on the Statement of Financial Position				3,316,972
Deferred tax liability as represented on the Statement of Financial Position				(8,403)
Total				**3,308,569**

	Consolidated		
Deferred tax assets/(liabilities) 2020	**1 July 2019 $**	**Recognised in Profit and Loss $**	**30 June 2020 $**
Current assets			
Trade and other receivables	1,528	19,528	21,056
Non-current assets			
Intangible assets	(105,907)	(1,458,135)	(1,564,042)
Right-of-use assets	-	(446,302)	(446,302)
Plant, property & equipment	306,178	144,172	450,350
Non-current liabilities			
Pension and other employee obligations	472,243	43,556	515,799
Current liabilities			
Provisions	597,447	465,531	1,062,978
Unused tax losses	21,245	(21,245)	-
Net deferred tax assets	**1,292,734**	**(1,252,895)**	**39,839**
Deferred tax asset as represented on the Statement of Financial Position			1,233,401
Deferred tax liability as represented on the Statement of Financial Position			(1,193,562)
Total			**39,839**

14. Trade and Other Payables

	Consolidated	
	2021 $	2020 $
Unsecured liabilities		
Trade payables	1,796,985	1,118,928
Accrued expenses	6,557,599	3,003,063
Good and services tax	754,097	776,838
Other payables	252,187	334,550
	9,360,868	**5,233,379**

15. Provisions

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

	Consolidated	
	2021 $	2020 $
Current		
Employee benefits	2,887,487	1,258,069
	2,887,487	**1,258,069**
Non-current		
Employee benefits	447,847	200,902
	447,847	**200,902**

16. Shared Capital and Reserves

	Consolidated	
	2021 $	2020 $
2021: 501,627,822 (2020: 408,680,474) fully paid ordinary shares	116,065,309	68,402,062

Movement in ordinary share capital

Date	Details	Number Of Shares	Issue Price	Total $
01-July-2020	**Opening Balance**	**408,680,474**		**68,402,062**
13-July-2020	Share issue costs	-	-	(1,922)
02-October-2020	Powerwrap acquisition	83,356,023	0.515	42,928,352
31-October-2020	Issue under employee share plan	2,108,808	0.486	1,025,570
06-November-2020	Powerwrap acquisition	6,110,131	0.515	3,146,717
18-November-2020	Powerwrap acquisition costs	-	-	(42,817)
30-November-2020	Issue under employee share plan	1,214,698	0.429	520,537
22-January-2021	Share issue costs	-	-	(7,992)
31-March-2021	Issue under employee share plan	115,711	0.628	72,648
30-June-2021	Issue under employee share plan	41,977	0.528	22,154
30-June-2021	**Balance**	**501,627,822**		**116,065,309**

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group considers its capital to be total equity, which comprises ordinary share capital, foreign currency translation reserve, option reserve and accumulated retained earnings/losses.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In making decisions to adjust its capital structure, for instance by issuing new shares, the Group considers not only its short-term position but also its long-range operational and strategic objectives.

	Consolidated	
	2021 $	**2020 $**
Share capital	116,065,309	68,402,062
Foreign currency translation reserve	(514,347)	(626,149)
Share based payments reserve	2,932,361	2,723,282
Accumulated losses	(38,376,053)	(39,912,140)
Total equity	**80,107,270**	**30,587,055**

(c) Movement in reserves

Movements in reserves are detailed in the statement of changes in equity.

(d) Nature and purpose of reserves

Foreign Currency Translation Reserve - Exchange differences arising on translation of the foreign-controlled entity are taken to the foreign currency translation reserve, as described in note 1(n). The reserve is recognised in profit and loss when the net investment is disposed of.

Share Based Payments Reserve – This reserve records the fair value of options issued, not forfeited and not exercised and the market-based measure of replacement awards.

17. Reserves

	Consolidated	
	2021 $	**2020 $**
Foreign currency translation reserve	(514,347)	(626,149)
Share based payments reserve	2,932,361	2,723,282
Total	**2,418,014**	**2,097,133**

18. Auditor's Remuneration

	Consolidated	
	2021 $	**2020 $**
Remuneration of the auditor of the consolidated entity for:		
Grant Thornton		
- Audit and review of financial reports	236,200	88,093
Non-Grant Thornton firm		
- Audit and review of financial reports	236,957	222,693
Audit services remuneration	**473,157**	**310,786**
Other Services		
Auditors of Praemium Limited: Grant Thornton		
- Internal controls audit	136,540	93,500
- Taxation services	90,850	91,773
Overseas non-Grant Thornton firm		
- Taxation services	37,403	34,780
- Compliance audit	46,556	37,776
Total other services remuneration	**311,349**	**257,829**
Total Auditor's remuneration	**784,506**	**568,615**

19. Contract assets and Liabilities

	Consolidated	
Contract assets	**2021 $**	**2020 $**
Revenue from contracts with customers:		
Virtual Managed Accounts	84,000	513,835
Managed accounts platform and investment management	4,283,489	2,059,205
Total contract assets	4,367,489	2,573,040

Contract assets relate to our rights to consideration for goods or services provided to the customers but for which we do not have an unconditional right to payment at the reporting date.

The movement in contract assets arising from Virtual Managed Accounts is due to a reduction in services delivered but not invoiced. The movement in contract assets arising from Managed accounts platform and investment management is due to the inclusion of Powerwrap Ltd, where services have been delivered but not invoiced.

Contract liabilities rise from the Group's obligation to transfer services to customers for which the Group has received consideration from the customer but the transfer has not yet been completed.

	Consolidated	
Contract liabilities	**2021 $**	**2020 $**
Virtual Managed Accounts	1,523,942	1,940,378
Managed accounts platform and investment management	712,569	1,564,038
Financial planning software	197,397	283,405
Total contract liabilities	2,433,908	3,787,821

20. Segment Information

(a) Description of segments

Management has determined the operating segments that are used to make strategic decisions. It considers performance on a geographic basis and has identified 2 reportable segments, being Australia and International.

The Australia segment derives revenue from the provision of virtual managed accounts and financial planning software licences and administering the Australian managed account platform.

The International segment derives revenue from the provision of financial planning software licences and administering the International managed account platform.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2021 is as follows:

	Consolidated		
2021	**Australia**	**International**	**Total**
Revenue			
Revenue from contracts with customers	53,076,032	11,793,388	64,869,420
Total segment revenue	**53,076,032**	**11,793,388**	**64,869,420**
EBITDA profit/(loss)	**17,844,045**	**(3,866,060)**	**13,977,985**
Interest income	137,289	70	137,359
Interest expense	(470,078)	(76,363)	(546,441)
Intercompany interest and margin	2,662,752	(2,662,752)	-
Depreciation and amortisation	(6,645,465)	(1,375,909)	(8,021,374)
Unrealised FX	(27,419)	(38,099)	(65,518)
Unit trust income	1,666	-	1,666
Unrealised gain on financial instruments	4,629,712	-	4,629,712
Restructure, arbitration and acquisition costs	(2,808,402)	(587,724)	(3,396,126)
Loss on disposal of fixed assets	(15)	-	(15)
Share based payments	(3,385,216)	-	(3,385,216)
Net Profit/(loss) Before Tax	**11,938,869**	**(8,606,837)**	**3,332,032**
Segment assets	96,017,075	15,760,776	111,777,851
Segment liabilities	(27,091,711)	(4,578,870)	(31,670,581)
Employee benefits expense	25,521,998	10,043,953	35,565,951
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	306,221	128,510	434,731

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2020 is as follows:

	Consolidated		
2020	**Australia**	**International**	**Total**
Total segment revenue	38,800,594	11,353,370	50,153,964
Revenue from external customers	**38,800,594**	**11,353,370**	**50,153,964**
EBITDA profit/(loss)	**18,314,790**	**(4,142,142)**	**14,172,648**
Interest income	-	-	-
Interest expense	(69,574)	(91,476)	(161,050)
Intercompany interest and margin	3,114,272	(3,114,272)	-
Depreciation and amortisation	(3,368,408)	(1,301,511)	(4,669,919)
Unrealised FX	47,816	(8,738)	39,078
Unit trust income	2,541	3,595	6,136
Unrealised gain on financial instruments	1,972,073	27,128	1,999,201
Restructure, arbitration and acquisition costs	(1,157,055)	(174,706)	(1,331,761)
Profit on disposal of fixed assets	58	-	58
Share based payments	(2,048,413)	(1,873)	(2,050,286)
Net Profit/(loss) Before Tax	**16,808,100**	**(8,803,995)**	**8,004,105**
Segment assets	32,996,051	16,234,143	49,230,194
Segment liabilities	(12,385,507)	(6,257,632)	(18,643,139)
Employee benefits expense	16,779,696	10,071,953	26,851,649
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefit assets, rights arising under insurance contracts)	233,240	112,342	345,582

(c) Reconciliation

(i) EBITDA

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

	Consolidated	
	2021 $	**2020 $**
EBITDA	13,977,985	14,172,648
Depreciation and amortisation	(8,021,374)	(4,669,919)
Interest revenue	137,359	-
Interest expense	(546,441)	(161,050)
Unrealised FX	(65,518)	39,078
Unit trust income	1,666	6,136
Unrealised gain on financial instruments	4,629,712	1,999,201
Restructure, abitration and acquisition costs	(3,396,126)	(1,331,761)
Share based payments	(3,385,216)	(2,050,286)
Profit/(loss) on disposal of fixed assets	(15)	58
Net profit before tax	**3,332,032**	**8,004,105**

20. Segment Information Continued

(ii) 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	
	2021 $	**2020 $**
Segment assets	111,777,851	49,230,194
Total assets as per the statement of financial position	**111,777,851**	**49,230,194**

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Australia is $61,315,777 (2020: $9,352,553) and the total of these non-current assets located in other countries is $6,149,399 (2020: $7,726,057). Segment assets are allocated to countries based on where the assets are located.

(iii) 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	
	2021 $	**2020 $**
Segment liabilities	(31,670,581)	(18,643,139)
Total liabilities as per the statement of financial position	**(31,670,581)**	**(18,643,139)**

(c) Entity-wide information

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $53,076,032 (2020: $38,800,594), from UK is $10,635,867 (2020: $10,334,403) and the total revenue from external customers in other countries is $1,157,521 (2020: $1,018,967). Segment revenues are allocated based on the country in which revenue and profit are derived.

Revenues of $6,176,462 (2020: $5,384,696) are derived from a single external customer. These revenues are attributable to the Australian segment.

21. Events after The Reporting Date

On 20 May 2021, the Board had appointed Deloitte Corporate Finance to undertake a strategic review of Praemium's international business. On 13 July 2021, the Board approved the recommendation of the divestment of the international business through a formal sale process and made the announcement to the market on 14 July 2021.

Other than the above, Directors have not become aware of any other matter or circumstance not otherwise dealt within the financial statements that since 30 June 2021 has significantly affected or may significantly affect the operations of the Company or the consolidated entity, the results of those operations or the state of affairs in subsequent financial years.

The financial report was authorised for issue on 16 August 2021 by the Board of Directors.

22. Cash Flow Information

	Consolidated	
	2021 $	**2020 $**
Profit attributable to members of the Group	**1,536,087**	**4,863,366**
Non cash flows in profit from ordinary activities		
Depreciation and amortisation	8,021,374	4,669,919
Share based payments	3,385,216	2,040,932
Bad debt expense	74,727	72,112
Unrealised foreign exchange gain / (loss)	65,518	(39,078)
(Loss) / gain on disposal of plant and equipment	-	58
Interest expense	546,441	186,506
Revaluation on financial instruments	(4,629,712)	(2,002,887)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(increase) in trade and other receivables	619,512	(932,648)
(Decrease)/increase in trade payables and accruals	(1,369,494)	995,819
Increase/(decrease) in employee provisions	1,745,095	(163,507)
(Decrease)/increase in tax asset / payable	(5,792,754)	1,161,097
Increase in deferred tax asset	1,699,010	1,397,377
Net cash provided by operating activities	**5,901,020**	**12,249,066**

23. Share-Based Payments

(a) Performance rights

Performance rights are granted to key employees and will be vested in the respective employee on the vesting date upon the employee successfully meeting the following criteria: 1) the employee must still be an employee as at the vesting date, 2) the Company's Group EBITDA target (as agreed by the Board) is achieved, 3) the Company's total shareholder return (TSR) measure is achieved (for executive plans) and 4) the employee must successfully deliver upon certain measurable key performance indicators.

2021

Grant date	Vesting date	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number
22-Dec-10	27-Apr-11	33,333	-	-	(33,333)	-	-
		33,333	**-**	**-**	**(33,333)**	**-**	**-**
6-Sep-12	30-Sep-13	60,000	-	-	(60,000)	-	-
		60,000	**-**	**-**	**(60,000)**	**-**	**-**
12-Nov-14	30-Sep-15	750	-	-	(750)	-	-
	30-Sep-16	6,780	-	-	-	6,780	6,780
	30-Sep-17	16,000	-	-	-	16,000	16,000
		23,530	**-**	**-**	**(750)**	**22,780**	**22,780**
15-Sep-15	30-Sep-16	11,664	-	(1,458)	-	10,206	10,206
	30-Sep-17	29,535	-	(9,060)	-	20,475	20,475
	30-Sep-18	192,000	-	(141,600)	-	50,400	50,400
		233,199	**-**	**(152,118)**	**-**	**81,081**	**81,081**
20-Sep-16	30-Sep-17	34,611	-	(16,741)	-	17,870	17,870
	30-Sep-18	91,126	-	(32,164)	-	58,962	58,962
	30-Sep-19	292,311	-	(149,603)	-	142,708	142,708
		418,048	**-**	**(198,508)**	**-**	**219,540**	**219,540**
20-Sep-17	30-Sep-18	119,802	-	(70,430)	-	49,372	49,372
	30-Sep-19	205,671	-	(99,080)	-	106,591	106,591
	30-Sep-20	2,269,085	-	(1,881,650)	-	387,435	387,435
		2,594,558	**-**	**(2,051,160)**	**-**	**543,398**	**543,398**
16-Oct-18	30-Sep-19	68,413	-	(18,437)	-	49,976	49,976
	30-Sep-20	492,363	50,011	(425,422)	-	116,952	116,952
	30-Sep-21	1,336,786	-	(45,986)	(199,320)	1,091,480	-
		1,897,562	**50,011**	**(489,845)**	**(199,320)**	**1,258,408**	**166,928**
1-Jul-19	30-Sep-22	11,000,000	-	-	(2,000,000)	9,000,000	-
16-Sep-19	30-Sep-20	592,240	100,000	(521,837)	(3)	170,400	170,400
	30-Sep-21	987,078	-	(42,186)	(65,390)	879,502	-
	30-Sep-22	2,368,920	-	-	(258,171)	2,110,749	-
		14,948,238	**100,000**	**(564,023)**	**(2,323,564)**	**12,160,651**	**170,400**
24-Sep-20	30-Sep-21	-	964,832	(25,539)	(104,733)	834,560	-
	30-Sep-22	-	1,608,077	-	(217,122)	1,390,955	-
	30-Sep-23	-	3,859,296	-	(521,088)	3,338,208	-
		-	**6,432,205**	**(25,539)**	**(842,943)**	**5,563,723**	**-**
27-Nov-20	30-Sep-21	-	134,603	-	(7,128)	127,475	-
	30-Sep-22	-	224,347	-	(11,881)	212,466	-
	30-Sep-23	-	538,406	-	(28,510)	509,896	-
		-	**897,356**	**-**	**(47,519)**	**849,837**	**-**
		20,208,468	**7,479,572**	**(3,481,194)**	**(3,507,428)**	**20,699,418**	**1,204,127**

2020

Grant date	Vesting date	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number
22-Dec-10	27-Apr-11	33,333	-	-	-	33,333	33,333
		33,333	**-**	**-**	**-**	**33,333**	**33,333**
6-Sep-12	30-Sep-13	60,000	-	-	-	60,000	60,000
		60,000	**-**	**-**	**-**	**60,000**	**60,000**
11-Sep-13	30-Sep-16	85,000	-	(85,000)	-	-	-
		85,000	**-**	**(85,000)**	**-**	**-**	**-**
12-Nov-14	30-Sep-15	16,500	-	(15,750)	-	750	750
	30-Sep-16	45,750		(38,970)		6,780	6,780
	30-Sep-17	61,000		(45,000)		16,000	16,000
		123,250	**-**	**(99,720)**	**-**	**23,530**	**23,530**
15-Sep-15	30-Sep-16	31,955	-	(20,291)	-	11,664	11,664
	30-Sep-17	64,106	-	(34,571)	-	29,535	29,535
	30-Sep-18	339,600	-	(147,600)	-	192,000	192,000
		435,661	**-**	**(202,462)**	**-**	**233,199**	**233,199**
20-Sep-16	30-Sep-17	49,739	-	(15,128)	-	34,611	34,611
	30-Sep-18	166,043	-	(74,917)	-	91,126	91,126
	30-Sep-19	1,558,704	-	(1,263,993)	(2,400)	292,311	292,311
		1,774,486	**-**	**(1,354,038)**	**(2,400)**	**418,048**	**418,048**
20-Sep-17	30-Sep-18	146,854	-	(27,052)	-	119,802	119,802
	30-Sep-19	1,015,647	-	(789,476)	(20,500)	205,671	205,671
	30-Sep-20	2,348,285	-	**-**	(79,200)	2,269,085	-
		3,510,786	**-**	**(816,528)**	**(99,700)**	**2,594,558**	**325,473**
16-Oct-18	30-Sep-19	269,645	-	(200,555)	(677)	68,413	68,413
	30-Sep-20	578,784	-	-	(86,421)	492,363	-
	30-Sep-21	1,388,998	-	-	(52,212)	1,336,786	-
		2,237,427	**-**	**(200,555)**	**(139,310)**	**1,897,562**	**68,413**
1-Jul-19	30-Sep-22	-	11,000,000	-	-	11,000,000	-
16-Sep-19	30-Sep-20	-	605,764	-	(13,524)	592,240	-
	30-Sep-21	-	1,009,618	-	(22,540)	987,078	-
	30-Sep-22	-	2,423,015	-	(54,095)	2,368,920	-
		-	**15,038,397**	**-**	**(90,159)**	**14,948,238**	**-**
Total		**8,259,943**	**15,038,397**	**(2,758,303)**	**(331,569)**	**20,208,468**	**1,161,996**

(b) Shares issued as employee bonus

Shares issued during the period as an employee bonus were measured at the quoted market price of the shares.

	Number issued	Value	Weighted average fair value
Consolidated – 2021	-	-	-
Consolidated – 2020	636,640	291,321	0.46

23. Share-Based Payments

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee costs were as follows:

	Consolidated	
	2021 $	**2020 $**
Shares issued as employee bonus	-	(11,844)
Performance rights	3,385,216	2,052,778
	3,385,216	**2,040,934**

24. Earnings Per Share

Reconciliation of earnings to profit or loss:

	Consolidated	
	2021 $	**2020 $**
Profit attributable to the shareholers of the parent entity	1,536,087	4,863,366
Earnings used to calculate basic EPS	1,536,087	4,863,366
Earnings used in calculation of diluted EPS	1,536,087	4,863,366

	Consolidated	
	2021 $	**2020 $**
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating basic EPS	476,839,404	407,796,150
Number used in calculating diluted EPS	478,043,530	408,958,147

2021: 19,495,291 (2020: 19,046,472) performance rights outstanding are not included in the calculation.

25. Parent Entity Information

The following details information related to the parent entity, Praemium Limited, at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2021 $	2020 $
Current assets	797,571	10,278,693
Non-current assets	178,006,420	97,725,353
Total assets	**178,803,991**	**108,004,046**
Current liabilities	6,180,133	3,819,958
Non-current liabilities	154,515,546	121,947,015
Total liabilities	**160,695,679**	**125,766,973**
Contributed equity	116,065,309	68,402,062
Accumulated losses	(101,363,731)	(88,888,271)
Option reserve	3,406,734	2,723,282
Total equity	**18,108,312**	**(17,762,927)**
Loss for the year	(12,475,459)	(8,625,748)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(12,475,459)**	**(8,625,748)**

26. Group Entities

The consolidated financial statements include the financial statements of Praemium Limited and those entities detailed in the following table:

Subsidiaries	Country of incorporation	Ownership interest % 2021	Ownership interest % 2020
Praemium Australia Limited	Australia	100	100
Praemium Portfolio Services Limited	UK	100	100
Praemium (UK) Limited	UK	100	100
Praemium Administration Limited	UK	100	100
Smartfund Nominees Limited	UK	100	100
Smart Investment Management Limited	UK	100	100
Plum Software Limited	UK	100	100
Praemium Trustees Limited	UK	100	100
Praemium International Limited	Jersey	100	100
Praemium RA LLC	Armenia	100	100
Praemium Asia Limited	Hong Kong	100	100
WealthCraft Systems (Shenzhen) Limited	China	100	100
Praemium Retirement Services Ltd (formerly Wensley Mackay Limited)	UK	100	100
WM Pension Trustee Services Limited	UK	100	100
Powerwrap Limited	Australia	100	15
MWH Capital Proprietary Limited	Australia	100	-

Praemium Limited is the ultimate Australian parent entity and the ultimate parent entity of the Group.

27. Related party transactions

Praemium Australia Limited and Powerwrap Limited are subsidiaries of Praemium Limited and are respectively the Responsible Entity of the Praemium Managed Account and Powerwrap Managed Investment Scheme. Both derive management fees for managing the operations of the Managed Investment Scheme in accordance with the scheme's constitution.

	Consolidated	
	2021 **$**	**2020** **$**
Management fees:		
Managed accounts platform revenue	36,830,192	20,975,804

The following disclosures should be read in conjunction with Remuneration Report contained in the Directors' Report. Details of Key Management Personnel are disclosed in the Remuneration Report.

Key management personnel compensation (including non-executive directors)

	Consolidated	
	2021	**2020**
Short-term employee benefits	2,135,199	1,261,159
Post-employment benefits	84,152	86,385
Long-term benefits	5,931	17,929
Share-based payments	189,703	358,419
	2,414,985	**1,723,892**

28. Business acquired

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Acquisition of Powerwrap Ltd

On 9 July 2020, Praemium Ltd announced an off-market conditional takeover bid for all of the issued fully paid ordinary shares of Powerwrap Ltd which it did not presently hold.

With Praemium and Powerwrap both ASX listed entities, the acquisition was conducted via an agreed off-market takeover to acquire 85% of the outstanding shares of Powerwrap not already owned by Praemium. The offer was subject to Defeating Conditions, which were waived on 28 August 2020, therefore making acceptances binding. On 4 September 2020, acceptances received were greater than 50% and when the offer closed, acceptances reached 94%.

The remaining 6% of shareholders was completed via compulsory acquisition on 6 November 2020. Management have determined that control was obtained on 4 September 2020 when greater than 50% of acceptances were received, making this the date of acquisition.

Praemium and Powerwrap both operate in the investment platform market, a high growth sub-set of the Australian financial investments market, with total platform funds under administration (FUA) in excess of $850 billion. The combined business will be positioned as a platform provider of choice for many of Australia's leading advisor groups, creating a strong contender in both the high-net-wealth segment and the broader investment platform market.

Combining the resources and capabilities of both Praemium and Powerwrap will create a business with greater scale, international reach, improved inflows, a more diversified customer base, improved liquidity and a larger and more flexible balance sheet.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase Consideration	**$**
Cash paid	23,053,394
Ordinary shares issued [1]	46,075,069
Less amounts attributable to post combination services	(1,380,200)
Total purchase consideration	**67,748,263**
Assets acquired	
Cash and cash equivalents	14,644,463
Trade and other receivables	1,873,309
Contract assets	1,152,300
Prepayments	528,416
Other financial assets	220,387
Property, plant and equipment	359,253
Right-of-use asset	975,664
Intangible Assets: Database	3,704,032
Deferred Tax Asset	3,202,615
Trade and other payables	(3,416,425)
Contract liabilities	(314,248)
Provisions	(1,207,421)
Lease Liabilities	(1,054,539)
Net identifiable assets acquired	20,667,806
Add: goodwill	47,080,457
Net assets acquired	**67,748,263**

[1] Consideration of ordinary shares issued excludes securities exchange costs of $42,817.

Consideration transferred

On the acquisition date, the Group held 31,082,272 (15.1%) Powerwrap shares previously accounted for as a financial asset at fair value through profit or loss. Under AASB 3 Business Combinations, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss in profit or loss or other comprehensive income.

Accordingly, the shares were revalued from $5,128,575 to $9,635,504. A cumulative gain of $4,506,929 arose from changes in the fair value of the investment and was recognised under unrealised gain on financial instruments in the statement of profit and loss and other comprehensive income.

The fair value of the 89,466,154 shares issued as part of the consideration paid for Powerwrap Ltd ($46,075,069) was based on the published share price on 4 September 2020 of $0.515 per share.

Goodwill

The goodwill is attributable to the expected upside of significant cost and revenue synergies, expanded diversification of customer base and a larger and more flexible balance sheet of the acquired business. It will not be deductible for tax purposes.

There were no acquisitions in the year ending 30 June 2020.

Powerwrap's contribution to the Group results

Powerwrap generated a profit of $3,186,627 for the ten months from 4 September 2020 to the reporting date. Revenue for the ten months from 4 September 2020 to the reporting date was $16,328,057.

The period between the beginning of the annual reporting period and the date of acquisition was not business as usual due to the announcement of the takeover, making it impracticable to determine revenue and profit or loss generated in that period.

Acquisition-related costs

Acquisition-related costs of $1,318,075 (2020: $291,398) that were not directly attributable to the issue of shares are included in restructure, arbitration and acquisition costs in the statement of profit or loss and other comprehensive income and in operating cash flows in the statement of cash flows.

Previously held investment in Powerwrap Ltd

On the acquisition date, the Group's 15.1% investment in Powerwrap Ltd, previously accounted for as a financial asset at fair value through profit or loss was revalued to Powerwrap Ltd's share price on acquisition date.

On that date, a cumulative gain of $4,506,929 arose from changes in the fair value of the investment and has been recognised under unrealised gain on financial instruments in the statement of profit and loss and other comprehensive income. The previously held investment is considered part of what was given up by the Group to obtain control of Powerwrap Ltd. Accordingly, the fair value of the investment is included in the determination of goodwill.

Provisional accounting

While the financial effects of the transaction have been brought to account at 30 June 2021, due to the complexity and timing of the transaction, new information may arise from facts and circumstances that existed at the acquisition date and adjustments will be disclosed in the half year report for the period ending 31 December 2021.

Change in accounting policy

Management have re-assessed the useful life of the capitalised software costs. Core applications and frontend user interface previously had a useful life of 10 years and 5 years respectively. Both have been decreased to 3 years, based on an estimate of customers' future term using Praemium's services.

There were no other material policy changes relating to the integration of the Powerwrap during the year ending 30 June 2021.

Directors’ Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 35-76, are in accordance with the Corporations Act 2001 and:

    a. Comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

    b.Give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated entity.

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

    a.The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    b.The financial statements and notes for the financial year comply with the Accounting Standards; and

    c.The financial statements and notes for the financial year give a true and view of the financial position and performance of the consolidated entity.

3. In the Directors’ opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards. This declaration is made in accordance with a resolution of the Board of Directors.

Barry Lewin , Chairman
16 August 2021

Grant Thornton

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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 audit of Praemium Limited for the year ended 30 June 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 audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C S Gangemi
Partner – Audit & Assurance

Melbourne, 16 August 2021

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Independent Auditor's Report

To the Members of Praemium Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Praemium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition Note 3	
The Group has recognised $64,869,420 of revenue from service based contracts with customers to deliver services over a period of time. Service based revenue consists predominately of portfolio services and platform revenue derived from both virtually managed accounts (VMA) and separately managed accounts (SMA). The Group also recognised $16,328,057 of service based revenue during the period generated from the Powerwrap platform after its acquisition date. Revenue derived from the delivery of services may be complex and involves significant management judgement due to revenue to being recognised when performance obligations are satisfied. The audit team is required to obtain sufficient audit evidence as to whether the assumptions used by management to recognise revenue are reasonable and appropriate in the circumstances. This area is a key audit matter due to the complexity associated with service revenue as well as the presumed risk of fraud in revenue.	Our procedures included, amongst others: • Assessing revenue recognition policies of individual customer agreements and contractual arrangements to ensure compliance with AASB 15 *Revenue from Contracts with Customers*; • Documenting and testing the operating effectiveness of the internal controls in respect to VMA and SMA revenue from the rendering of services; • Documenting and testing the operating effectiveness of internal controls in respect to Powerwrap's platform revenue from the rendering of services; • Testing a sample of revenue recognised during the year to supporting documentation to verify occurrence and accuracy; and • Assessing relevant disclosures within the financial statements to ensure adequate.
Business Combinations Note 28	
During the year, the Group completed the acquisition of Powerwrap Limited via an off-market takeover. This is a significant acquisition for the Group, and has been accounted for under AASB 3 *Business Combinations*. Accounting for this transaction is complex and judgemental, in particular determining the fair value of assets and liabilities acquired, including the valuation of goodwill and identifiable intangible assets such as customer contracts. This area is a key audit matter due to the significance of the transaction, as well as the level of judgement involved in the fair value accounting.	Our procedures included, amongst others: • Obtaining and reviewing the legal documents and management's memorandum on the acquisition accounting for compliance with AASB 3; • Assessing the Group's determination of the acquisition date and other key assumptions by reference to the transaction documents; • Evaluating management's identification of and valuations of assets and liabilities acquired, including consideration of any previously unrecognised intangible assets; • Engaging with internal valuation experts to review management's determination of the fair value of separately identifiable intangible assets, particularly customer contracts and relationships; • Assessing management's determination of the deferred tax position arising on the net assets acquired on acquisition and the ability to access the pre-existing tax loss balance in Powerwrap; • Reporting any discrepancies identified to management; and • Assessing relevant disclosures within the financial statements to ensure adequate.
Goodwill (Powerwrap Limited) Note 11	
As a result of the acquisition of Powerwrap Limited, the Group recorded goodwill of $47,080,457 during the period. Goodwill acquired in a business combination must be allocated to the Group's cash generating units (CGUs). Goodwill acquired from the Powerwrap transaction has been allocated to a single CGU. In accordance with AASB 136 *Impairment of Assets*, the Group is required to assess at least annually, if the carrying value of each Cash Generating Unit ("CGU") is in excess of the recoverable value. The Group determines recoverable value utilising a value in use model.	Our procedures included, amongst others: • Assessing management's determination of a single CGU being associated with the Powerwrap goodwill based on our understanding of the nature of the business, the economic environment in which Powerwrap operates and the internal reporting structure; • Assessing the value in use model for compliance with AASB 136 *Impairment of Assets*;

This area is a key audit matter as impairment testing involves a high degree of estimation and judgement by management and there is subjectivity involved relating to assumptions and key inputs.	• Testing the mathematical accuracy of the model; • Assessing the key growth rate assumptions by comparing them to historical results, economic and industry forecasts; • Engaging with internal valuation experts to review the methodology applied in the model and support in evaluating the reasonableness of key assumptions through sensitivity analysis including the discount rate, terminal growth rates and forecast growth assumptions; • Performing sensitivity analysis of the key assumptions in the model; and • Assessing relevant disclosures within the financial statements to ensure adequate.
Capitalised Database and Software Costs Note 12	
Capitalised product development costs in respects to databases and software had a net carrying value of $13,405,272 at 30 June 2021. During the year the Group capitalised $6,437,132 of project development costs. These intangible assets are being amortised over a 3 year period, and an amortisation expense of $5,662,653 has been included in the statement of profit or loss and other comprehensive income. AASB 138 *Intangible Assets* sets out the specific requirements to be met in order to capitalise development costs. Intangible assets should be amortised over their useful economic lives in accordance with AASB 138. Given the nature of the industry in which the Group operates, there is also a risk that there could also be a material impairment to capitalised development costs carried as intangible assets, which needs to be considered under accounting standard AASB 136 *Impairment of Assets*. This area is a key audit matter due to subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria described in AASB 138, the estimate of the assets' useful lives and consideration of impairment involving projected future cash flows under accounting standard AASB 136.	Our procedures included, amongst others: • Assessing the Group's accounting policy in respect of product development costs for adherence to AASB 138; • Evaluating management's assessment of each project for compliance with the recognition criteria set out in AASB 138, including discussing project plans with management and project leaders to develop an understanding of the nature and feasibility of key projects at 30 June 2021; • Testing a sample of costs capitalised to supporting documentation to understand the nature of the item and whether the expenditure was attributable to the development of the related asset and assessing compliance with the recognition criteria set out in AASB 138; • Evaluating the appropriateness of the useful economic lives over which capitalised costs are being amortised; • Assessing the impairment models for compliance with the standard and evaluating the reasonableness of key assumptions through sensitivity analysis including the discount rate, terminal growth rates and forecast growth assumptions; • Challenging management's assumptions and estimates including those relating to forecast revenue, costs, and discount rates by assessing the reasonableness of the approved cash flow projections as well as the Group's historical ability to forecast accurately; and • Assessing relevant disclosures within the financial statements to ensure adequate.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

GrantThornton

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so. Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 22 to 28 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Praemium Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

CGangemi

C S Gangemi
Partner – Audit & Assurance

Melbourne, 16 August 2021

Additional disclosures

Required or recommended by the listing rules & Corporations Act

Top 20 Shareholders

Rank	Name	31 July 2021	%IC
1	NATIONAL NOMINEES LIMITED	52,605,139	10.5%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	46,366,838	9.2%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	37,038,426	7.4%
4	CITICORP NOMINEES PTY LIMITED	15,396,759	3.1%
5	BNP PARIBAS NOMS PTY LTD	15,131,704	3.0%
6	MR MICHAEL OHANESSIAN	13,982,659	2.8%
7	MR DONALD STAMMER	11,648,866	2.3%
8	BOND STREET CUSTODIANS LIMITED	9,500,000	1.9%
9	SUPERTCO PTY LTD	7,500,000	1.5%
10	CS THIRD NOMINEES PTY LIMITED	6,787,061	1.3%
11	NELCAN PTY LTD	6,217,501	1.2%
12	MEROMA PTY LIMITED	5,353,304	1.1%
13	PACIFIC CUSTODIANS PTY LIMITED	4,729,130	0.9%
14	R & JS SMITH HOLDINGS PTY LTD	3,860,939	0.8%
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	3,725,944	0.7%
16	EPR SUPERANNUATION FUND PTY LTD	3,402,937	0.7%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,779,107	0.5%
18	PATCHEOAK PTY LTD	2,350,000	0.5%
19	MR PAUL GUTTERIDGE	2,340,906	0.5%
20	CS FOURTH NOMINEES PTY LIMITED	2,323,187	0.5%
	TOTAL	**253,040,407**	**50.4%**
	Balance of Register	248,587,415	49.6%
	Grand TOTAL	**501,627,822**	**100.0%**

Substantial Holdings

There are 501,627,822 ordinary shares on issue in the capital of the Company at the date of this report. There are no other classes of shares currently on issue other than ordinary shares. Each holder of ordinary shares has the right to attend and vote at general meetings of the company in person, by representative or by proxy. On a show of hands, each member entitled to be present has one vote. If the shareholder is represented by more than one person, they will still only have one vote on a show of hands. On a poll, each ordinary share represents one vote.

Details of all options and performance rights on issue as at the end of the financial year are set out in Note 23 to the Accounts.

As at the date of this report, there are no substantial holders in the Company.

The following table shows the number of holders of each class of equity securities as at the date of this report and how those holdings are distributed.

Ordinary Shares

Range	Securities		No. of Holders	
	Number	**%**	**Number**	**%**
100,001 and over	389,939,959	77.8%	416	5.2%
10,001 to 100,000	91,468,775	18.2%	2,811	34.7%
5,001 to 10,000	12,180,067	2.4%	1,517	18.7%
1,001 to 5,000	7,553,080	1.5%	2,602	32.1%
1 to 1,000	485,941	0.1%	755	9.3%
Total	**501,627,822**	**100.0%**	**8,101**	**100.0%**

Performance Rights

(includes EMI Options, including those that have vested but have not yet been exercised)

Range	Securities		No. of Holders	
	Number	**%**	**Number**	**%**
100,001 and over	16,525,851	80.2%	31	14.0%
10,001 to 100,000	3,727,500	18.1%	125	56.6%
5,001 to 10,000	318,730	1.5%	48	21.7%
1,001 to 5,000	45,153	0.2%	13	5.9%
1 to 1,000	2,090	0.0%	4	1.8%
Total	**20,619,324**	**100.0%**	**221**	**100.0%**

Corporate Information

Registered office and principal place of business

The registered office of the Company is Praemium Limited, Level 19, 367 Collins Street, Melbourne, VIC 3000.

Phone: 1800 571 881
Fax: +613 8622 1200
Website: www.praemium.com

Board of Directors

Barry Lewin
Stuart Robertson
Daniel Lipshut
Anthony Wamsteker

Executive Director & CEO

Anthony Wamsteker

Company Secretary

Paul Gutteridge

Share Registry

Link Market Services:
Level 12, 680 George Street,
Sydney, NSW 2000.

Phone: Within Australia:
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Outside Australia:
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Auditor

Grant Thornton:
Collins Square, 727 Collins Street,
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Notes

Notes

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