Praemium Annual Report

2022

Praemium Limited ACN: 098 405 826


Enabling advisers to deliver great outcomes

Contents

A renewed focus

With the divestment of the International Business, Praemium is now solely focused on the great opportunity that the Australian wealth management market offers.

Our focus is on partnering with sophisticated and modern advice practices that advise the emerging and established high net worth investor.

Our platform technology was founded as a specialist high net worth (HNW) platform and is built to cater to the needs of these advisers and their clients.

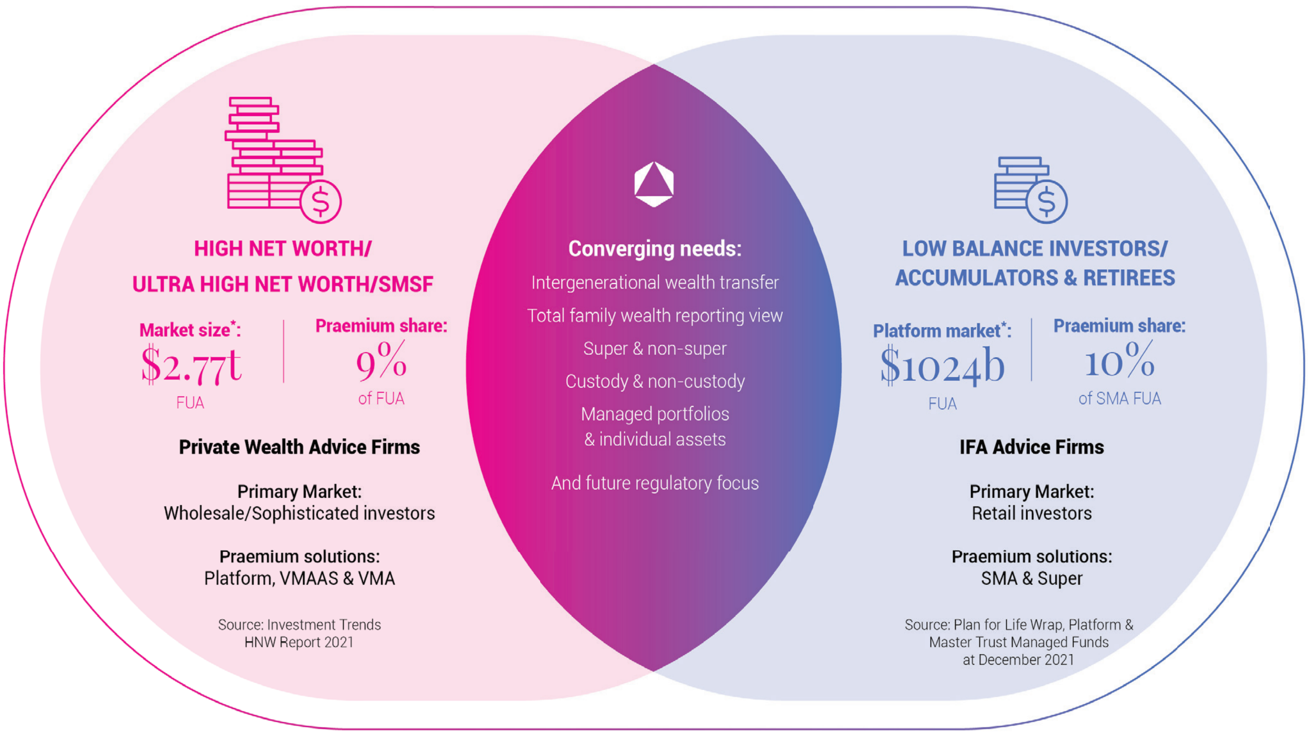
Over the last few years, the need of investors in the two primary market segments, HNW and retail investors, are converging. There is a growing demand for technology efficiencies from HNW, seeing them source custodial solutions such as Managed Accounts, and an increasing requirement for total family wealth reporting across custodial and non-custodial assets for all sectors. With the challenges of intergenerational wealth transfer this has become even more important.

Increasingly IFA firms are searching for ways to deliver scale more efficiently, and are therefore drawn to the HNW investor segment and in particular the attractiveness of the opportunities presented by the emerging HNW. With the Private Wealth firms focused on the established high net worth investor, but looking to platforms to address certain business barriers, the platform market has become alert to the opportunity these advisory segments offer. Praemium is well placed to take advantage of this in the short to medium term.

Praemium's historical strength has consistently been in serving the HNW sector, through Private Wealth firms, and as such has established itself as a leader in non-custodial reporting and administration software. When this is coupled with our expertise in managed accounts, and the integration of specialist alternate asset platform Powerwrap, Praemium is better positioned that any other platform to support the HNW sector.

There are exciting growth opportunities with the HNW sector to help us accelerate our current, 9%, market share of the $2.77tn investable assets and 10% of the $1,024bn platform market, as we continue to partner with HNW IFA firms.

With 100% proprietary rights of our technology, combined with our agile development methodology we can quickly adapt to meet the needs of our clients and their investors, which we believe positions us strongly to continue to grow our market share in these segments.



One platform – all clients, managed accounts & investments – regardless of advice business model

Functionality for the modern progressive practice

We've worked closely with advice firms for 22 years to understand their business needs, how they want to deliver their advice and what's important to their clients.

Whilst the financial advice landscape has changed dramatically in that time, one thing has remained constant for successful advice practices - delivering great outcomes for their clients.

Through independent research and collaboration with our adviser partners we understand the key priorities of the emerging and established HNW investor.

A digital service

In today's world a digital service isn't an enhanced service it's a must. Investors want to be able to access their portfolio 24/7 and appreciate an element of self-service to their wealth management. 60% of the emerging HNW investor segment would welcome the ability to manage their total wealth on a single digital platform.

A whole of wealth view

With a breadth of assets, investors want to see all their wealth in a single view. Platforms that can report on non-custody assets such as property, art and classic cars as well as direct equities and managed funds are increasingly important to investors.

A personalised experience

Investors value interaction with their adviser and want to feel they are getting a tailored and customised investment strategy and wealth management experience. Choosing the right technology enables advisers to deliver this efficiently and scalably.

Praemium is focused on 5 key areas that enhances the connectivity between the adviser and investor and supports an exceptional wealth experience.

» **Reporting**

A breadth of reporting options customised to the investor's strategy and information requirements.

» **Online business management**

Tools and functionality to deliver a seamless digital onboarding experience and create efficiencies for the advice firm that translate into more time for high-value client interactions.

» **Digital engagement**

Leveraging the latest in technology to deliver a personalised digital experience and create opportunities for connection between the adviser and client.

» **Tax optimisation**

Investors prioritise tax optimisation and this can only be achieved with the most accurate and reliable corporate action and tax information.

» **Governance**

A breadth of investment opportunities is increasingly important. Ensuring only quality investments are included in a portfolio relies on gold standard governance.

Core platform

Reporting

Deliver a customised client experience with tailored information delivered scalably and efficiently.

Business Management

Actionable business intelligence at your fingertips. Seamless digital onboarding. Adjust, monitor & maintain investment accounts

Digital engagement

Deliver a market-leading digital experience for your clients accessible 24/7, with insights to engage and add value.

Tax Optimisation

Unrivalled accuracy & reliability where investors expect it most. Superior corporate action history, breadth & depth of tax reporting with in built tax optimisation.

Governance

A breadth of investment choice, with the reassurance of gold standard due diligence

Chairman and CEO Report

Barry Lewin
Chairman

Anthony Wamsteker
Executive Director & CEO

To our fellow shareholders,

The 2022 financial year (FY22) has seen a continuation of the significant change initiated by the Praemium Board during the previous financial year. This change resulted from a determination to put the Group on a clear path to recurring profitability and shareholder returns.

This Annual Report provides an opportunity for us to update you on the progress of that change and why we feel there is emerging evidence that the current direction of the business will produce sustainable success for the business and its stakeholders.

Highlights in FY22 included:

» A 21% uplift in underlying EBITDA to $16.6 million

» The continued exceptional growth of Praemium's SMA, built off our market leading technology, having generated $2.0b in net flows from a $6.9b base

» $4.8 million in annualised synergies from the September 2020 acquisition of Powerwrap

» A significant restructuring of the executive team

» Successfully divested Praemium's International operations (International) for $62 million

» Announced a 5 cents per share fully franked dividend, paid 10 August 2022, and a $25 million share buyback to reward shareholders with divestment proceeds

Key financial highlights for the year included:

Financial Results	$m	Change on FY21
Revenue & other income*	79.9	+22%
Earnings before interest, tax, depreciation and amortisation (underlying EBITDA*)	16.6	+21%
Cash balances	80.5	+301%
Platform Funds Under Administration (FUA)		
Praemium	8.1	+17%
Powerwrap	11.4	0%
VMAAS	21.0	+15%
Total	**40.5**	**+10%**

* inclusive of continuing and discontinued operations

> "Our capital management initiatives provide an attractive outcome for our shareholders, combining cash returns and the benefits of EPS accretion from the buy-back"

The financial and business results over the past year were good, despite some significant volatility in asset prices and market returns over the second half of FY22.

Praemium is a growth business. We operate in a business sector that is not only growing in absolute terms, but that is also seeing a dramatic shift in market share from the previous incumbents to a new generation of challenger investment platforms. This shift has been driven by two main factors. The first is not unique to the investment platform business. Newer players in many sectors emerge with more efficient technology solutions. The second factor is somewhat unusual. The structure of the industry used to reward vertically integrated business models. Now it rewards independence. Both factors contribute to far superior outcomes for the consumers of platform services – financial advisers and their clients. For this simple reason we believe the shift in market share has many years to run and we plan our business activities accordingly. The changes we have made over the past 15 months are part of this plan.

There have been major changes to our business over FY22. The first is that we successfully divested the international division. This division consumed much capital and management time over the years. That investment was made on the assumption that the international opportunity was at least as large as that in Australia and that it could be pursued utilising essentially the same strategy, technology and business processes as here. The current Board and management team feel that assumption, whilst largely correct, was insufficient to take the same capital and management time away from the wonderful opportunity here in Australia.

The sale of Praemium's International operations is a huge milestone. It was achieved through a methodical and collaborative effort across multiple time zones with many regulatory and technological challenges to be overcome. The sale to Morningstar, one of the world's leading financial services businesses, should see the full potential of the international division realised in due course.

This successful divestment will allow Praemium to focus on the enormous opportunity that the Australian wealth market offers. In addition, our capital management initiatives provide an attractive outcome for Praemium's shareholders through a combination of cash return and the benefits of earnings per share accretion from the buy-back.

Another change has been to restructure the executive team and refocus the Australian business priorities. The refreshed team is responding to the challenge of ensuring that Praemium continues to grow market share, revenue and profit in our preferred segment – modern advisers serving clients with sophisticated investment requirements. Praemium is the leading technology choice for Australia's most successful financial advisers with nearly half of Barron's top 100 advisers using our technology in their practices.

Technology and product development over the year focussed on the key areas of importance for our clients. Regulatory changes during the year necessitated significant investment in compliance upgrades. We also delivered several enhancements to the functionality of the Praemium SMA scheme. As we do every year, we also further improved the user experience for advisers. The biggest improvement in the annual Investment Trends survey amongst the top 3 platforms provided confirmation that these changes have been well received.

Praemium has some important advantages over other technology solutions in the platform market in Australia. The tax planning and reporting capability, based on the most comprehensive corporate actions database in Australia, enables advisers to deliver better outcomes to their clients. Our platform is backed by the most comprehensive range of data feeds and our reconstruction technology automatically delivers accurate performance and tax reporting under all scenarios.

Chairman and CEO Report continued

During the year Praemium was approached by a competitor, Netwealth, with a highly conditional, non-binding and indicative offer to acquire the business. That approach was not all that surprising given the relative size of the two businesses, the exceptional strengths that Praemium has in the platform market and the need for additional scale to take full advantage of the current strategic opportunity. The offer arose after an extended period of sometimes intense discussion between the two parties. Nevertheless, there was no progress beyond the point communicated by both parties in ASX releases in early November. The changes that have been described above will ensure that Praemium is well placed to grow and compete in both our current form or if further industry restructuring occurs.

On behalf of the Board we wish to extend our sincere thanks to our people for delivering another strong financial result. We also recognise the hard work and loyalty of our International teams over many preceding years and wish them well with their new careers with Morningstar.

We 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

Anthony Wamsteker
Executive Director/
CEO

> “Praemium has some important advantages over other technology solutions in the platform market in Australia. The tax planning and reporting capability, based on the most comprehensive corporate actions database in Australia, enables advisers to deliver better outcomes to their clients.”

Corporate Highlights

20%

increase in revenue to $79.9 million

92%

increase in annual flows to $2.9 billion

$40.5bn

in total funds under administration, up 10%

5cps

Special dividend from $46m profit on sale

$4.8m

in annualised synergies from Powerwrap acquisition

3rd

Overall in Australia's Investment Trends 2021 Platform Competitive Analysis & Benchmark Reporting

$16.6m

underlying EBITDA up 21%

1st

in 3 of 6 categories in Investment Trends 2021 Platform Competitive Analysis & Benchmark Reporting

Directors' Report
Review of operations

On 14 July 2021, Praemium announced that it had finalised the strategic review of its international operations which recommended divestment of these operations through a formal sale process. On 21 December 2021, Praemium announced that it had entered into an agreement to sell 100% of its operations in the UK, Jersey, Hong Kong and Dubai ('International Business') to Morningstar, Inc. The sale of the International Business was completed on 30 June 2022.

The divestment will allow Praemium to focus its financial and leadership resources on its domestic market, as a leader in innovative platform solutions for sophisticated wealth advisers and their clients.

Praemium is significantly advanced in its commitment to return approximately $50 million in surplus net proceeds to shareholders.

» A Special Dividend of 5 cents per share, equating to $25.8 million, was paid on 10 August 2022.

» An on-market share buy-back of up to 10% of Praemium's issued capital will commence following the release of Praemium's FY22 financial results.

» $10.6 million in borrowings and accrued interest was repaid on 16 August 2022. It is planned to be replaced with a more flexible undrawn facility, available for unforeseen or exceptional circumstances.

The Review of Operations will focus on Praemium's ongoing operations.

Managed Accounts Platform

Praemium operates an Australian based 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.

Praemium completed the off-market takeover of Powerwrap Limited in October 2020. Powerwrap is a highly complementary business, underpinned by Praemium technology. It offers a comprehensive set of administration services and reporting tools for portfolio management to high-net-worth investors, with a broad range of investments.

The appeal of Praemium's service, functionality and technology was evidenced by significant improvements in total funds under administration (FUA) and net inflows as at, and for the year to, 30 June 2022:

» Total FUA of $40.5 billion (2021: $36.7 billion, up 10%)

» Platform $19.5 billion (2021: $18.4 billion, up 6%)

» VMAAS non-custodial Portfolio Administration and Reporting Service $21.0 billion (2021: $18.3 billion, up 15%)

» Net inflows of $2.9 billion (2021: $1.5 billion, up 92%)

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

Praemium Australia placed 3rd overall in Investment Trends 2021 Platform Competitive Analysis and Benchmarking Report. Notably, the score differential between 1st and 3rd was very slight and narrowed from 2020. Praemium was winner across 3 out of 10 "Best in" categories, the equal highest, ranking best in Decision Support, Online Business Management and Security, Data & Integration.

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 enhanced individual asset management capability within the SMA structure, providing more granular control for Advisers on individual asset selection which coexists within the single highly scalable and efficient SMA account;

» Expanded our client reporting capability, including ESG Insights showing the securities and percentage of a portfolio's holdings that fall into common environmental, social and governance categories to support client conversations on ethical considerations. This functionality was a contributor to our 1st place rating for Decision Support within the Investment Trends benchmarking;

- Launched a new streamlined online self-service experience for SMA Model Managers, including funds under administration reporting and quarterly investment governance reporting;
- Enhanced the Adviser Portal reporting experience, including simplified reporting which allows customised templated report packs to be generated on-demand;
- Expanded our suite of digital solutions, including on-line forms and a new dealer communication solution customisable to specific advice groups;
- Extended our bespoke reporting data library to support fee consent regulatory changes. This enables firms to generate documents at scale, including historical and future fees, along with client consent anniversary information;
- Extended our data feeds and API services, including expanding the roll out of the epi 4.3 format which provides third parties with access to Praemium data;
- Enhanced our digital fee consent management functionality for fixed term fees. Praemium's fee consent functionality was a key factor in the 1st place rating for Online Business Management within the Investment Trends benchmarking.

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 Account (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. This quickly identifies transactions which may have been incorrectly entered or categorised and has been utilised at scale by several of our institutional clients;
- Continued expansion of our market-leading reporting capability, with a range of new asset allocation benchmark settings for performance, an expanded range of asset classes, and a new exclusion report which helps advisers track their clients' managed account substitutions, exclusions and/or ESG restrictions;
- The release of a new Currency Exposure Report which recognises the increasing use of international investments and multi-currency holdings by our clients;
- 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.

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. As noted above, VMAAS growth in 2022 was again very strong.

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.

Key facts and figures

Financial Metrics

	FY2022	FY2021 Restated	Change	Change
Continuing Operations	$000	$000	$000	%
Revenue and other income^	63,622	53,022	10,600	20.0%
Expenses	44,515	35,371	5,278	13.5%
EBITDA (underlying)*	19,107	17,651	1,456	8.2%
Profit before tax	6,225	9,083	(2,858)	(31.5%)
Tax expense	2,497	1,747	750	43.0%
Net profit after tax	3,728	7,336	(3,608)	(49.2%)
Earnings per share	0.7	1.5	(0.8)	(52.1%)
Cash	80,545	26,737	53,808	201.2%
Net Assets	102,341	79,914	22,427	28.1%
Operating cashflow	10,362	5,901	4,461	75.6%

^ Other income as outlined in Note 4 of the financial statements
* EBITDA (underlying) excludes depreciation and amortisation of $7.6m (2021: $6.6m), restructure and acquisitions costs of $0.5m (2021: $2.8m), share based payments of $4.3m (2021: $3.4m), unrealised loss on financial instruments of $0.1m (2021: gain of $4.6m), and profit on sale of the international division $45.7m (2021: $0m). Full details of EBITDA (underlying) are detailed in Note 20 of the Financial Report.

Service Metrics

FUA $billion	FY2022	FY2021	Change	Change
	$B	$B	$B	%
Managed Account Platform (Australia)	19.5	18.4	1.1	6.0%
Managed Account Platform (International)	5.4	5.0	0.4	8.0%
Total Platform FUA	24.9	23.4	1.5	6.0%
Virtual Managed Account Administration Service	21.0	18.3	2.7	15.0%
Total FUA	45.9	41.7	4.2	10.0%

International funds based on closing AUD/GBP FX rate 0.5671 (2021: 0.5429)

Overview of 2022 financial position

Results

The consolidated profit from continuing operations was $3.7 million (down $3.6 million compared to prior year). Revenue and costs increased 20% and 21% respectively. Revenue was positively impacted by significantly increased FUA, with expenditure increases deployed to accommodate future growth. The current year income tax expense was adversely impacted by a $2.1 million initial recognition of the timing difference arising from non-deductible amortisation vs actual expense incurred on software development. The prior year benefited from a material $4.5 million unrealised gain on investments not matched in 2022.

In terms of net profit attributable to the members of the Group, including continuing operations above, discontinued operations' $5.9 million loss was broadly similar to prior year, whilst a significant $45.7 million gain on sale of those operations was the main driver of a $43.6 million profit overall.

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of $16.6 million improved 21% on prior year due to the impact of significantly increased FUA, which was up 10%. Revenue increased $13.5 million or 20% and was partially offset by expenditure increases of 21%, implemented to accommodate future growth.

The Group's net asset position at 30 June 2022 was $103.8 million with $69.9 million net cash and cash equivalents, inclusive of borrowings of $10.6 million.

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 16 August 2022, $10.6 million in borrowings and accrued interest was repaid.

Other than the above, the Directors have not become aware of any other matter or circumstance not otherwise dealt with in the financial statements that since 30 June 2022 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.

	2022			2021		
	Australia $m	International $m	Total $m	Australia $m	International $m	Total $m
Revenue						
Revenue from contracts with customers	63.3	15.0	78.3	52.9	11.8	64.7
Total segment revenue	**63.3**	**15.0**	**78.3**	**52.9**	**11.8**	**64.7**
EBITDA	**19.1**	**(2.5)**	**16.6**	**17.7**	**(3.9)**	**13.8**
Net Interest	(0.4)	-	(0.4)	(0.3)	(0.1)	0.1
Depreciation and amortisation	(7.6)	(1.4)	(9.0)	(6.6)	(1.4)	(8.0)
Restructure, arbitration and acquisition costs	(0.5)	(1.9)	(2.4)	(2.8)	(0.6)	(3.4)
Share based payments	(4.3)	-	(4.3)	(3.4)	-	(3.4)
Other	(0.1)	-	(0.1)	4.6	-	4.6
Net profit/(loss) before sale, tax and intercompany interest	**6.2**	**(5.8)**	**0.4**	**9.1**	**(5.9)**	**3.1**

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 (ASX: ELO) and QuickFee (ASX: QFE). He has previous experience as Director of ASX-listed companies Senetas Corporation Limited (1999-2001) and Sunrise Energy Metals Limited (formerly 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.

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 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

Claire Willette was appointed as a non-executive director on 17 November 2021. 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.

Claire is 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).

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.

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 received a Bachelor of Economics from Macquarie University and qualified as an Associate of the Institute of Actuaries of Australia.

Mark Licciardo

Company Secretary

Mark Licciardo joined Praemium as Company Secretary in March 2022.

Mark was the founder and Managing Director of Mertons Corporate Services, and is now Managing Director, Listed Company Services for Acclime. Acclime provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. He is also a former Company Secretary of ASX listed companies Transurban Group and Australian Foundation Investment Company Limited.

Mark holds a Bachelor of Business Degree (Accounting) and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Australian Institute of Company Directors, the Governance Institute of Australia and the Institute of Company Secretaries and Administrators.

Paul Gutteridge

ex CFO/ex Company Secretary

Paul Gutteridge joined Praemium in 2011 and resigned as Company Secretary in March 2022.

Paul brought significant experience from finance roles across Australia, UK and Canada over the past 20 years. Following his early career at Ernst & Young, he held senior finance roles at Damovo (Australia), Telstra Business Systems and Netspace.

At Praemium, Paul's responsibilities included 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 13 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	13	13	2	2	-	-
Stuart Robertson	13	13	6	6	2	2
Daniel Lipshut	13	13	6	6	2	2
Anthony Wamsteker	13	13	-	-	-	-
Claire Willette	5	5	4	4	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 Report. 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. The directors have not included any further details concerning the liabilities covered and premium paid, due to non-disclosure clauses in the relevant contract.

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.

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.

Corporate governance

A corporate governance statement is available on our website https://www.praemium.com/au/about-us/shareholders/corporate-governance/

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 $252,115 have been provided by the Group's Parent Entity audit firm for income tax compliance and other advisory 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

31 August 2022

Remuneration Report 2022

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

» Barry Lewin
» Stuart Robertson
» Daniel Lipshut
» Anthony Wamsteker
» Claire Willette (appointed 17 November 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 by non-executive directors Stuart Robertson and Claire Willette. 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. SLM Corporate, an entity majority owned by interests associated with the Chairman, performed valuations of performance rights during the financial year for $15,000. The fee was agreed on conventional commercial terms and rates.

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:

	2022	2021	2020	2019	2018
EBITDA^ ($m)	16.6	13.8	14.2	11.4	8.8
NPAT($m)	43.5	1.5	4.9	2.5	1.4
EPS (cents)	8.6	1.5	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.

Remuneration Report (continued)

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 14-15.

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 the AASB 124 Related Party Disclosures. In addition to the Group's Non-Executive Directors noted earlier, the following Executives are also disclosed within this report as Key Management Personnel:

- Anthony Wamsteker – Interim CEO & Executive Director (from 1 July 2021 to 15 August 2021) and CEO / Executive Director (from 16 August 2021)
- Paul Gutteridge - Chief Financial Officer & Company Secretary (from 1 July 2021 to 23 March 2022)
- David Coulter - Chief Financial Officer (from 28 March 2022)

The remuneration of Key Management Personnel comprises:

- Fixed Remuneration;
- Variable remuneration: short-term incentives; and
- Variable remuneration: long-term incentives.

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

2022 performance rights issue

- Entitlements are issued in three equal tranches based on achieving a specified escalating Total Shareholder Return (TSR) for each tranche;
- Entitlements vest 1 July 2024; and
- Entitlements expire upon cessation of employment.
- The Board retains discretion to adjust the TSR target and/or how TSR performance is calculated.

2021 and prior

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 by 30 June 2023; 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.

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.

2021 and prior (executives):

LTI measures for key Executives were 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 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 TSR 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), 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 2022 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, CEO and Executive Director, and David Coulter, Chief Financial Officer, are employed on an ongoing basis, with a maximum entitlement on termination in lieu of notice equal to the value of 3 months TEP.

Remuneration Report (continued)

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

Praemium Limited received 95.8% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2021. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Detail of key management personnel remuneration - 2022

2022	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	Performance rights[1]	Superannuation	Long service leave		
Parent entity directors							
Barry Lewin	284,323	-	-	23,736	-	308,059	0%
Stuart Robertson	105,000	-	-	-	-	105,000	0%
Daniel Lipshut	92,237	-	-	9,224	-	101,461	0%
Claire Willette	77,626	-	-	7,763	-	85,389	0%
Anthony Wamsteker	559,124	-	56,452	23,568	-	639,144	9%
Key management personnel							
Paul Gutteridge	456,697	177,500	286,208	23,568	9,111	953,084	30%
David Coulter	82,814	-	-	5,439	-	88,253	0%
2022 total	**1,657,821**	**177,500**	**342,660**	**93,298**	**9,111**	**2,280,390**	**15%**

1. 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.
2. Director fees for Stuart Robertson and Daniel Lipshut include chair fees for the Audit, Risk and Compliance Committee and Remuneration & Nomination Committee respectively. Directors fees for Barry Lewin include additional payments relating to significant corporate development activity outside conventional directors' duties.

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[4]	105,000	-	-	-	-	-	105,000	0%
Daniel Lipshut[4]	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.

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							
Anthony Wamsteker	16-Aug-21	30-Jun-24	1,200,000	670,440	-	-	670,440
Key management personnel							
Paul Gutteridge	28-Oct-21	30-Jun-24	153,513	95,562	-	(95,562)	-

Other Information

A) Performance rights holdings

	Grant Date	Balance 1 July 2021	Granted as compensation	Vested/ Exercised	Forfeited/ lapsed during the year	Balance 30 June 2022
Parent entity directors						
Anthony Wamsteker	16-Aug-24	-	1,200,000	-	-	1,200,000
Key management personnel						
Paul Gutteridge	28-Oct-21	1,805,702	153,513	-	(153,513)	1,805,702
		1,805,702	**1,353,513**	**-**	**(153,513)**	**3,005,702**

David Coulter commenced employment at Praemium as KMP on 28 March 2022. He was issued with 600,000 performance rights on 30 August 2022. The terms under which these rights have been issued are substantially as applied to 2022 performance rights, these being:

- Entitlements are issued based on achieving a specified Total Shareholder Return (TSR).
- Entitlements vest 1 July 2024; and
- Entitlements expire upon cessation of employment.

The Board retains discretion to adjust the TSR target and / or how TSR performance is calculated.

B) Shareholdings directly and indirectly beneficially held

2022	Balance 1 July 2021	Received as Compensation	Exercise of performance rights	Purchases/ (lapses)	Balance 30 June 2022
Parent entity directors					
Barry Lewin	525,700	-	-	100,000	625,700
Stuart Robertson	485,000	-	-	117,000	602,000
Daniel Lipshut	450,000	-	-	100,000	550,000
Anthony Wamsteker	1,370,002	-	-	250,000	1,620,002
Claire Willette	-	-	-	-	-
Key management personnel					
Paul Gutteridge	2,340,906	-	600,969	(999,000)	1,942,875
David Coulter	-	-	-	-	-
	5,171,608	**-**	**600,969**	**(999,000)**	**4,773,577**

Financial Report 2022

Consolidated Statement of Profit & Loss & Other Comprehensive Income

For the year ended 30 June 2022	Note	2022 $	2021 Restated* $
Revenue from contracts with customers	3	63,335,429	52,882,689
Other income	4	286,200	138,956
Platform trading & recovery		(1,932,460)	(2,066,163)
Employee costs		(30,753,016)	(24,082,336)
Depreciation, amortisation and impairments	5	(7,632,105)	(6,645,465)
Legal, professional, advertising and insurance expense		(5,333,552)	(3,939,602)
IT support		(4,878,106)	(3,738,988)
Commissions expense		(701,281)	(566,200)
Travel expenses		(115,946)	(74,261)
Occupancy costs		(500,683)	(492,961)
Net foreign exchange gain/(loss)	5	28,334	(27,419)
Telecommunication costs		(191,104)	(196,753)
Finance costs		(463,324)	(470,078)
Other expenses	5	(21,089)	(74,727)
Share based payments		(4,342,819)	(3,385,216)
Restructure, arbitration and acquisition costs		(461,694)	(2,808,402)
Unrealised (loss)/gain on financial instruments	5	(97,727)	4,629,712
Profit before income tax expense		**6,225,057**	**9,082,786**
Income tax expense	6	(2,497,065)	(1,746,606)
Profit for the period from continuing operations		**3,727,992**	**7,336,180**
Loss for the period from discontinued operations	28	(5,896,480)	(5,993,440)
Gain on sale of international operations	28	45,743,174	-
Net gain from discontinued operations after tax		**39,846,694**	**(5,993,440)**
Profit for the year attributable to owners of the parent		**43,574,686**	**1,342,740**
Other comprehensive income:			
Exchange differences on translation of foreign operations		542,556	111,802
Total items that may be reclassified subsequently to profit or loss		**542,556**	**111,802**
Other comprehensive income for the year, net of tax		**542,556**	**111,802**
Total comprehensive income attributable to owners of the parent		**44,117,242**	**1,454,542**
Continuing operations		3,727,992	7,336,180
Discontinued operations		40,389,250	(5,881,638)
Total comprehensive income attributable to owners of the parent		**44,117,242**	**1,454,542**
Basic and diluted earnings per share (cents per share)			
Continuing operations	24	0.7	1.5
Discontinued operations	24	7.9	(1.2)
Attributable to owners of the parent	24	8.6	0.3

***Refer to note 1(x) for detailed information on restatement of comparatives.**

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022	Note	2022 $	2021 Restated $
Current assets			
Cash and cash equivalents	7	80,545,210	26,737,473
Contract assets	19	4,042,971	4,367,489
Trade and other receivables	8	3,248,502	4,628,503
Income tax receivable		585,101	-
Prepayments		1,912,502	3,119,478
Total current assets		**90,334,286**	**38,852,943**
Non-current assets			
Other financial assets	9	1,702,017	2,142,760
Property, plant and equipment	10	1,608,997	3,817,995
Goodwill	11	47,775,128	50,585,686
Intangible assets	12	10,594,751	13,756,166
Deferred tax assets	13	4,894,647	3,316,972
Total non-current assets		**66,575,540**	**73,619,579**
TOTAL ASSETS		**156,909,826**	**112,472,522**
Current liabilities			
Trade and other payables	14	10,132,198	10,248,886
Provisions	15	3,162,804	2,887,487
Lease liabilities	10	800,358	1,860,067
Contract liabilities	19	1,940,960	2,433,908
Borrowings	9	3,098,298	3,107,085
Income tax payable		-	161,974
Dividend payable		25,804,085	-
Total current liabilities		**44,938,703**	**20,699,407**
Non-current liabilities			
Provisions	15	400,740	447,847
Borrowings	9	7,500,000	10,500,000
Lease liabilities	10	-	902,942
Deferred tax liability	13	1,728,968	8,403
Total non-current liabilities		**9,629,708**	**11,859,192**
TOTAL LIABILITIES		**54,568,411**	**32,558,599**
NET ASSETS		**102,341,415**	**79,913,923**
Equity			
Share capital	16	122,267,482	116,065,309
Reserves	17	872,732	2,418,014
Accumulated profit/(loss)		(20,798,799)	(38,569,400)
TOTAL EQUITY		**102,341,415**	**79,913,923**

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

For year ended 30 June 2022	Ordinary Shares $	Accumulated Profit/(Loss) $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Total $
Equity as at beginning of period (restated)	**116,065,309**	**(38,569,400)**	**(514,347)**	**2,932,361**	**79,913,923**
Profit attributable to members of the parent entity	-	43,574,686	-	-	43,574,686
Other comprehensive income	-	-	542,556	-	542,556
Amounts attributed to post combination services	-	-	-	604,750	604,750
Total comprehensive income/(loss) for the year	**-**	**43,574,686**	**542,556**	**604,750**	**44,721,992**
Transactions with owners in their capacity as owners					
Employee share-based compensation	153,298	-	-	-	153,298
Option expense	-	-	-	3,356,287	3,356,287
Transfer on exercise of rights	6,048,875	-	-	(6,048,875)	-
Dividend payable*	-	(25,804,085)	-	-	(25,804,085)
	6,202,173	**(25,804,085)**	**-**	**(2,692,588)**	**(22,294,500)**
Equity as at 30 June 2022	**122,267,482**	**(20,798,799)**	**28,209**	**844,523**	**102,341,415**

* Refer to note 16(b)

For year ended 30 June 2021	Ordinary Shares $	Accumulated Profit/(Loss) $	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 (Restated)	-	1,342,740	-	-	1,342,740
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 (Restated)	**-**	**1,342,740**	**111,802**	**(1,514,360)**	**(59,818)**
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
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 (Restated)	**116,065,309**	**(38,569,400)**	**(514,347)**	**2,932,361**	**79,913,923**

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

For year ended 30 June 2022	Note	2022 $	2021 Restated $
Cash flows from operating activities:			
Receipts from customers (inclusive of GST)		78,648,220	65,355,882
Payments to suppliers and employees (inclusive of GST)		(66,883,512)	(54,147,337)
Interest received		78,682	137,359
Transaction costs relating to acquisition of subsidiary		-	(1,252,365)
Unit trust distributions received		8,408	1,666
Income tax paid		(1,489,319)	(4,194,184)
Net cash provided by operating activities	**22**	**10,362,479**	**5,901,021**
Cash flows from investing activities:			
Payments for property, plant and equipment		(636,550)	(434,731)
Proceeds/(payments) for capital Investments		358,882	(463,467)
Payments for intangible assets		(6,025,949)	(6,809,052)
Payment for acquisition of subsidiary		-	(13,417,889)
Cash acquired through business combination		-	14,644,463
Proceeds from sale of international business less cash disposed	28	59,222,625	-
Transaction costs on sale of international business		(3,183,899)	-
Net cash provided by/(used in) investing activities		**49,735,109**	**(6,480,676)**
Cash flows from financing activities:			
Proceeds from borrowings		-	15,000,000
Repayments of borrowings		(3,000,000)	(1,500,000)
Finance costs paid		(733,598)	(439,357)
Principal elements of lease payments		(2,772,434)	(1,719,915)
Net cash (used in)/provided by financing activities		**(6,506,032)**	**11,340,728**
Net increase in cash and cash equivalents		**53,591,556**	**10,761,072**
Cash and cash equivalents at beginning of year		26,737,473	15,914,653
Effect of exchange rates on cash holdings in foreign currencies		216,181	61,748
Cash and cash equivalents at end of year	**7**	**80,545,210**	**26,737,473**

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

There were no new accounting standards that had a material impact on the financial statements during the year. There are no 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 2022 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.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(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 less, 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 cost 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) 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 (lowest level at which goodwill is monitored for internal management purposes) 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.

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 Monte Carlo 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.

Withholding tax not recoverable has been combined with income tax expense on the Consolidated Statement of Profit and loss and Other Comprehensive income. Withholding tax was an expense of $216,559 (2021: $245,118). Withholding tax payable on intercompany loans is included within income taxes payable on the Consolidated Statement of Financial Position. The withholding tax payable on intercompany loans was $9,882 (2021: $1,611,537).

(l) Leases

The Group leased 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 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

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 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. Where there is variable consideration, the concept of constraint is applied and the Group includes in the transaction price any variable consideration to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Management judgement is involved in determining the amount of consideration expected to be recognised using experience and other predictive evidence.

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.

Revenue from the administration of managed accounts are recognised over time as the services are rendered.

Brokerage recovery is 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.

Virtual Managed Accounts and Virtual Managed Accounts Administration Service – The Group enters into contracts with its customers based on provision of technology or administration services for terms between one and five years in length. 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.

Financial Planning Software – The Group enters into contracts with its customers based on provision of technology services up to 1 year in length. Revenue is recognised as the services are rendered and the total benefit has been transferred to the customer in the accounting period.

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.

(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 Group has recorded an operating profit before tax from continuing operations of $6,225,057 during the financial year ended 30 June 2022 (June 2021 $9,082,786) with accumulated loss amounting to $20,798,799 as at 30 June 2022 (June 2021 accumulated loss of $38,569,400). Cash reserves were $80,545,210 at 30 June 2022 (30 June 2021 $26,737,473).

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. Since this time, the Group continues to operate normally and has successfully completed business continuity plan (BCP)transitions across its network, with all staff able 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 negative market movements impact the level of funds under administration, revenue is highly diversified with nearly 30% coming from non-FUA sources. The Group has a strong balance sheet with solid cash flows and a cash balance of $80.5m at 30 June 2022. The board is comfortable that the Group 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 2022. 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

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 reporting 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.

(x) Accounting Error

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

Consolidated Statement of Profit & Loss & Other Comprehensive Income

	30 June 2021 Previously stated $	Adjustment $	30 June 2021 Restated $
Revenue from contracts with customers			
Continuing Operations	53,076,036	(193,347)	52,882,689
Discontinued Operations	11,793,383	-	11,793,383
Total revenue from contracts with customers	64,869,420	(193,347)	64,676,073

The accounting error results in a reduction to profit before and after tax of $193,347 for the year ended 30 June 2021. The adjustment is too small to have any impact on reported earnings per share.

Consolidated Statement of financial position

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

The accounting error results in the following impact to the balance sheet at 30 June 2021:

- Total non-current assets and total assets: increase of $694,671
- Total current liabilities and total liabilities: increase of $888,018
- Total equity : Reduction of $193,347

As Powerwrap was acquired during FY21 there was no impact on the opening balances for FY21.

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 arose, were 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 2022, financial liabilities have contractual maturities, which are summarised below:

	Consolidated			
2022	**Current**		**Non-current**	
	Within 6 months $	6-12 Months $	1-5 Years $	Later than 5 years $
Trade payables	684,301	-	-	-
Accrued expenses	7,511,718	-	-	-
Other payables	-	-	-	-
Lease liabilities	641,121	159,237	-	-
Borrowings	1,598,298	1,500,000	7,500,000	-
Total	**10,435,438**	**1,659,237**	**7,500,000**	**-**

	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	-	-	-
Lease liabilities	930,034	930,034	902,942	-
Borrowings	1,607,085	1,500,000	10,500,000	
Total	**11,143,890**	**2,430,034**	**11,402,942**	**-**

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 (2021: +/-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			
		2022 $		2021 $
	+100 basis pts	-100 basis pts	+100 basis pts	-100 basis pts
Cash and cash equivalents	805,452	(805,452)	267,375	(267,375)
Borrowings	(105,983)	105,983	(136,071)	136,071
Net result	**699,469**	**(699,469)**	**131,304**	**(131,304)**

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 was 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 was 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	2022 GBP	2021 GBP
Cash at bank and on term deposit	16,766	1,284,866

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 2022 (2021: 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 2022 and 2021.

If the Australian dollar had strengthened against the GBP sterling by 5% (2021: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2022 $	2021 $
Profit after tax	(798)	(61,184)

If the Australian dollar had weakened against the GBP by 5% (2021: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2022 $	2021 $
Profit after tax	882	67,625

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	2022 USD	2021 USD
Cash at bank and on term deposit	162,964	123,514

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 2022 (2021: 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 2022 and 2021.

If the Australian dollar had strengthened against the USD by 5% (2021: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2022 $	2021 $
Profit after tax	(7,760)	(5,882)

If the Australian dollar had weakened against the USD by 5% (2021: 5%) then this would have had the following impact on profit and other equity:

	Consolidated	
	2022 $	2021 $
Profit after tax	8,577	6,501

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% (2021: 10%) this would have increased other income for both the Company and Group by $170,202 (2021: $214,276) 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 2022 and 30 June 2021:

		Consolidated		
2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss:				
- Listed unit trusts	163,287	-	-	163,287
- Shares in unlisted entity	-	-	286,759	286,759
- Regulatory reserve	1,251,971	-	-	1,251,971
	1,415,258	**-**	**286,759**	**1,702,017**

		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 listed entity	-	-	650,771	650,771
- Regulatory reserve	1,326,935	-	-	1,326,935
	1,491,989	**-**	**650,771**	**2,142,760**

3. Revenue from contracts with customers

	Consolidated	
	2022 **$**	**2021** **Restated** **$**
Revenue from contracts with customers:		
Virtual Managed Accounts	17,467,463	16,564,527
Managed accounts platform and investment management	45,749,721	36,196,024
Financial planning software	118,245	122,138
Total revenue from contracts with customers	**63,335,429**	**52,882,689**

All revenue from contracts with customers represents services transferred over time except for $4,736,764 (2021: $4,103,037) of managed accounts platform and investment management revenue which represents services transferred at a point in time.

4. Other Income

	Consolidated	
	2022 **$**	**2021** **$**
Interest income from other parties	78,556	137,290
Unit trust distributions	8,408	1,666
Realised gain on investments	199,236	-
Total other income	**286,200**	**138,956**

5. Expenses

	Consolidated	
	2022 $	2021 $
Profit before tax from continuing operations includes the following specific expenditure:		
Defined contribution superannuation expense	2,435,036	2,024,250
Net foreign exchange (gain)/loss	(28,334)	27,419
Depreciation of plant and equipment	346,301	391,173
Amortisation of intangible assets	6,136,997	5,181,925
Depreciation on right-of-use assets	1,148,807	1,072,367
Impairment losses – trade receivables	21,089	74,724
Superannuation	2,435,036	2,080,852
Unrealised loss/(gain) from investments in equity instruments designated at fair value through profit or loss	97,727	(4,629,712)

$nil (2021: $4,506,929) 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	
	2022 $	2021 Restated $
Profit before tax	6,225,057	9,082,786
Prima facie tax expense on earnings before income tax at 30% (2021: 30%)	**1,867,517**	**2,724,836**
Tax effect of:		
Entertainment	15,238	18,371
Director and employee option expense	1,302,845	1,052,579
Witholding tax	-	51,391
Restructure costs	138,805	440,161
Capitalised research and development costs	-	(1,384,152)
Unrealised gain/(loss) on financial assets	29,318	(1,388,913)
Loss on investments	(59,771)	-
Reduced input tax credits	(984,191)	(823,936)
Prior year tax differences	155,048	-
Other	(36,949)	92,767
Permanent tax differences	**560,343**	**(1,941,732)**
Difference in overseas tax rates	(37,979)	(32,250)
Current year tax losses not brought to account	-	824,449
Withholding tax not recoverable	107,184	171,302
Income tax Expense	**2,497,065**	**1,746,605**
Tax expense comprises:		
Current tax expense	2,457,431	472,128
Other	(365,488)	-
Prior year tax differences	155,048	-
Withholding tax not recoverable	107,184	171,302
Deferred tax expense:		
Origination and reversal of temporary differences	142,890	1,103,175
Income Tax Expense	**2,497,065**	**1,746,605**

b) Deferred tax assets not brought to account

	Consolidated	
	2022 $	2021 $
Unused tax losses for which no deferred tax asset has been recognised		
United Kingdom	-	60,236,409
Hong Kong	11,870,261	10,680,170
Deductible temporary differences for which no deferred tax asset has been recognised	-	277,273
Total unused tax losses	11,870,261	71,193,852
Potential tax benefit @ 30% (2021: 30%)	**3,561,078**	**21,358,156**

The benefit of the tax losses, which relate to the Company's Hong Kong 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	
	2022 $	2021 $
The amount of the franking credits available for subsequent reporting periods are:		
Balance at the end of the reporting period	14,878,775	13,739,596
Franking credits that will arise from the payment of the amount of provision for income tax	(1,595,684)	(1,449,563)
Total franking credits	**13,283,091**	**12,290,033**

7. Cash and Cash Equivalents

	Consolidated	
	2022 $	2021 $
Bank balances	80,545,210	26,524,651
Cash on hand	-	1,349
Term deposit	-	211,473
Total cash and cash equivalents	**80,545,210**	**26,737,473**

Bank balances include a cash management account held in Australia which earns a weighted average effective interest rate of 0.02% (2021: 0.05%), and deposits on call held in Australia and denominated in GBP and USD, which bears a weighted average effective interest rate of nil% (2021: nil%). Cash on term deposit matures on an annual basis. Cash on hand is non-interest bearing.

8. Trade and Other Receivables

	Consolidated	
	2022 $	2021 $
Current		
Trade receivables	3,179,149	3,018,377
Provision for impairment of receivables	(165,999)	(144,911)
Other receivables	359	549,700
Deposits receivable	234,993	1,205,337
Total trade and other receivables	**3,248,502**	**4,628,503**

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			
	2022		2021	
	Gross $	Allowance $	Gross $	Allowance $
Not past due	5,912,163	5,434	6,372,222	-
Past due 1 - 30 days	717,579	8,684	306,706	-
Past due 31 - 60 days	172,602	4,620	288,922	-
Past due 61 - 90 days	282,067	26,871	55,124	28,761
Past due 91 days	137,709	120,390	362,892	116,150
	7,222,120	**165,999**	**7,385,866**	**144,911**

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	
	2022 $	2021 $
Opening balance 1 July	144,911	70,187
Additional allowance	165,999	139,827
Amount used	(9,302)	(47,350)
Amounts reversed	(135,609)	(17,753)
Closing balance 30 June	**165,999**	**144,911**

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.

(c) 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	2022 $
Financial assets			
Units in unit trust	-	163,287	163,287
Regulatory reserve	-	1,251,971	1,251,971
Shares in unlisted entities	-	286,759	286,759
Trades and other receivables	3,248,502	-	3,248,502
Cash and cash equivalents	80,545,210	-	80,545,210
Total financial assets	**83,793,712**	**1,702,017**	**85,495,729**
Financial liabilities			
Current borrowings	3,098,299	-	3,098,299
Non-current borrowings	7,500,000	-	7,500,000
Lease liabilities	800,358		800,358
Trade and other payables	8,196,019	-	8,196,019
Total financial liabilities	**19,594,676**	**-**	**19,594,676**

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	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**

Borrowings

	Current		Non-current	
	2022 $	**2021 $**	**2022 $**	**2021 $**
At amortised cost				
Bank borrowings	3,098,299	3,107,085	7,500,000	10,500,000
Total borrowings	**3,098,299**	**3,107,085**	**7,500,000**	**10,500,000**

	2022 $	**2021 $**
Facilities available	10,500,000	13,500,000
Facilities used	(10,500,000)	(13,500,000)
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 3.41% (2021: 3.17%).

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

Finance costs for the reporting period consist of the following:

	Consolidated	
	2022 $	**2021 $**
Interest expense for bank borrowings at amortised cost	386,618	344,399
Finance expense for leasing arrangements	76,706	202,042
Total finance costs	**463,324**	**546,441**

10. Property, Plant and Equipment

	Consolidated	
	2022 $	2021 $
Buildings and leasehold improvements at cost	3,745,137	5,964,105
Accumulated depreciation	(2,884,779)	(3,254,001)
Total buildings and leasehold improvements	**860,358**	**2,710,104**
Furniture, fixtures and fittings at cost	600,853	1,283,265
Accumulated depreciation	(349,532)	(944,345)
Total furniture, fixtures and fittings	**251,321**	**338,920**
Computer equipment at cost	2,521,237	5,384,875
Accumulated depreciation	(2,023,919)	(4,615,904)
Total computer equipment	**497,318**	**768,971**
Total property, plant and equipment	**1,608,997**	**3,817,995**

	Consolidated			
30 June 2022	**Furniture, fixtures and fittings $**	**Computer equipment $**	**Buildings and leasehold improvements $**	**Total $**
Balance at 1 July 2021	338,920	768,971	2,710,104	3,817,995
Additions	80,993	416,319	139,238	636,550
Disposed through sale of international operations	(81,616)	(324,256)	(87,666)	(493,538)
Depreciation expense	(91,727)	(341,737)	(1,906,049)	(2,339,513)
Exchange differences	4,750	(21,978)	4,731	(12,497)
Balance at 30 June 2022	**251,320**	**497,319**	**860,358**	**1,608,997**

	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**

The right of use assets included in the above line items are:

	Consolidated	
	2022 $	2021 $
Buildings	695,257	2,518,312
Equipment	12,641	75,503
	707,898	**2,593,815**

Lease liabilities

	Consolidated	
	2022 $	2021 $
Current	800,358	1,860,067
Non-current	-	902,942

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	
	2022 $	2021 $
Short-term leases	142,109	124,853

11. Goodwill

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

	Consolidated	
	2022 $	2021 Restated $
Gross carrying amount		
Balance at beginning of period	50,608,686	2,833,853
Acquired through business combination	-	47,775,128
Disposed through sale of international operations	(2,179,833)	-
Net exchange differences	-	(295)
Balance at end of period	**48,428,853**	**50,608,686**
Accumulated Impairment		
Balance at beginning of period	(23,000)	(23,000)
Impairment loss recognised	(653,725)	-
Disposed through sale of international operations	23,000	-
Balance at end of period	**(653,725)**	**(23,000)**
Carrying amount at end of period	**47,775,128**	**50,585,686**

(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	
	2022 $	2021 Restated $
Powerwrap Limited	47,775,128	47,775,128
Praemium Asia Limited	-	653,725
Plum Software Limited	-	1,900,907
Praemium Retirement Services Ltd	-	255,926
Goodwill allocation at 30 June	**47,775,128**	**50,585,686**

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 long-term pre-tax growth rate for Powerwrap Limited is 2.55% (2021: 2.00%).

(c) Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit. The pre-tax discount rate for Powerwrap Limited is 13.76% (2021: 9.10%).

(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

	Consolidated		
Intangible Assets 2022	**Customer Contracts $**	**Database and Software Costs $**	**Total $**
Gross carrying amount			
Balance at 1 July 2021	2,192,912	24,962,880	27,155,792
Disposed through sale of international operations	(1,774,184)	(4,052,534)	(5,826,718)
Additions	-	5,985,517	5,985,517
Net exchange differences	(79,085)	(141,851)	(220,936)
Balance at 30 June 2022	**339,643**	**26,754,012**	**27,093,655**
Amortisation and Impairment			
Balance at 1 July 2021	(1,842,018)	(11,557,608)	(13,399,626)
Disposed through sale of international operations	1,602,349	1,600,613	3,202,962
Amortisation	(123,862)	(6,279,345)	(6,403,207)
Net exchange differences	23,888	77,079	100,967
Balance at 30 June 2022	**(339,643)**	**(16,159,261)**	**(16,498,904)**
Carrying amount 30 June 2022	**-**	**10,594,751**	**10,594,751**

Intangible Assets 2021	**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**

As at 30 June 2022, there were assets under development amounting to $2,932,017 (2021: $4,817,246). As these assets were not installed and ready for use, no amortisation has been charged on the amounts. For the purpose of annual impairment testing, assets under development are allocated to the relevant cash-generating unit, which is the unit expected to benefit from the asset under development.

Additions to Database and Software Costs include $5,985,517 (2021: $11,887,248) of capitalised Software costs for internally generated assets.

Praemium has assessed that the Customer Contracts and Database intangibles are amortised on a straight-line basis over 5 years (2021: 5 years). Capitalised Software Costs are amortised on a straight-line basis over 3 years (2021: 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 $6,279,345 of amortisation expense for Database and Software costs 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) 2022	**1 July 2021 $**	**Recognised in Profit and Loss $**	**30 June 2022 $**
Current assets			
Trade and other receivables	43,473	6,326	49,799
Non-current assets			
Intangible assets	(1,559,820)	35,143	(1,524,677)
Other financial assets	-	9,798	9,798
Right-of-use assets	(577,599)	373,308	(204,291)
Property, plant and equipment	603,066	(454,007)	149,059
Blackhole expenditure	525,247	(182,268)	342,979
Non-current liabilities			
Pension and other employee obligations	1,107,450	90,540	1,197,990
Current liabilities			
Provisions	401,691	(21,730)	379,961
Unused tax losses	2,765,061	-	2,765,061
Net deferred tax assets/(liabilities)	**3,308,569**	**(142,890)**	**3,165,679**
Deferred tax asset as represented on the Statement of Financial Position			4,894,647
Deferred tax liability as represented on the Statement of Financial Position			(1,728,968)
Total			**3,165,679**

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**

14. Trade and Other Payables

	Consolidated	
	2022 $	2021 Restated $
Unsecured liabilities		
Trade payables	684,301	1,796,985
Accrued expenses	7,511,718	6,557,599
Good and services tax	1,936,179	1,642,115
Other payables	-	252,187
Total trade and other payables	**10,132,198**	**10,248,886**

15. Provisions

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

	Consolidated	
	2022 $	2021 $
Current		
Employee benefits	3,162,804	2,887,487
	3,162,804	**2,887,487**
Non-current		
Employee benefits	400,740	447,847
Total provisions	**400,740**	**447,847**

16. Share Capital and Reserves

	Consolidated	
	2022 $	2021 $
2022: 513,908,225 (2021: 501,627,822) fully paid ordinary shares	122,267,482	116,065,309

Movement in ordinary share capital

Date	Details	Number Of Shares	Issue Price	Total $
01-July-2021	**Opening Balance**	**501,627,822**		**116,065,309**
31-July-2021	Share issue costs	0.00	0.000	(2,033)
29-September-2021	Issue under employee share plan	2,246,201	0.620	1,393,198
31-October-2021	Shares issued as employee bonus	250,000	0.700	175,000
15-November-2021	Issue under employee share plan	3,458,089	0.444	1,536,683
10-December-2021	Issue under employee share plan	227,241	0.613	139,240
31-January-2022	Share issue costs	0	0.000	(19,669)
03-June-2022	Issue under employee share plan	85,689	0.483	41,430
30-June-2022	Issue under employee share plan	6,013,183	0.489	2,938,324
30-June-2022	**Balance**	**513,908,225**		**122,267,482**

(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.

On 30 June 2022, the directors declared a fully franked special dividend of 5 cents per share with a record date of 26 July 2022. The dividend amounted to $25.8 million, was paid on 10 August 2022 and was funded from the proceeds of the divestment of the International business. As the dividend was fully franked, there are no income tax consequences for the owners of Praemium Ltd relating to this dividend.

	Consolidated	
	2022 $	**2021 Restated $**
Share capital	122,267,482	116,065,309
Foreign currency translation reserve	28,209	(514,346)
Share based payments reserve	844,523	2,932,360
Accumulated Profit/(Loss)	(20,798,799)	(38,569,400)
Total equity	**102,341,415**	**79,913,923**

(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	
	2022 $	**2021 $**
Foreign currency translation reserve	28,209	(514,347)
Performance rights and share based payments reserve	844,523	2,932,361
Total	**872,732**	**2,418,014**

The movement in foreign currency translation reserve consists of $1,414,743 currency translation gains during the year less $872,187 reclassified to P&L upon the disposal of the international operations.

18. Auditor's Remuneration

	Consolidated	
	2022 $	2021 $
Remuneration of the auditor of the consolidated entity for:		
Grant Thornton		
- Audit and review of financial reports	255,093	236,200
Non-Grant Thornton firm		
- Audit and review of financial reports	228,270	236,957
Audit services remuneration	**483,363**	**473,157**
Other Services		
Auditors of Praemium Limited: Grant Thornton		
- Internal controls audit	140,275	136,540
- Taxation services	112,314	90,850
Overseas non-Grant Thornton firm		
- Taxation services	49,998	37,403
- Compliance audit	60,045	46,556
Total other services remuneration	**362,632**	**311,349**
Total Auditor's remuneration	**845,995**	**784,506**

19. Contract assets and Liabilities

	Consolidated	
Contract assets	2022 $	2021 $
Virtual Managed Accounts	-	84,000
Managed accounts platform and investment management	4,042,971	4,283,489
Total contract assets	**4,042,971**	**4,367,489**

Contract assets relate to rights to consideration for services provided to customers but for which there is not an unconditional right to payment at the reporting date.

	Consolidated	
Contract liabilities	2022 $	2021 $
Virtual Managed Accounts	1,571,794	1,523,942
Managed accounts platform and investment management	369,166	712,569
Financial planning software	-	197,397
Total contract liabilities	**1,940,960**	**2,433,908**

Contract liabilities arise 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.

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 2022 is as follows:

	Consolidated		
2022	**Australia**	**International**	**Total**
Revenue			
Revenue from contracts with customers	63,335,429	15,012,075	78,347,504
Total segment revenue	**63,335,429**	**15,012,075**	**78,347,504**
EBITDA	**19,107,428**	**(2,469,977)**	**16,637,452**
Interest income	78,556	126	78,682
Interest expense	(463,324)	(36,507)	(499,831)
Depreciation and amortisation	(7,632,105)	(1,371,299)	(9,003,403)
Unrealised foreign exchange gain	28,334	3,348	31,682
Unit trust income	8,408	-	8,408
Unrealised loss on financial instruments	(97,727)	-	(97,727)
Restructure, arbitration and acquisition costs	(461,694)	(1,921,145)	(2,382,839)
Share based payments	(4,342,819)	-	(4,342,819)
Net profit/(loss) before sale, tax and intercompany interest	**6,225,057**	**(5,795,453)**	**429,604**
Income tax	(2,497,065)	(101,027)	(2,598,093)
Net profit/(loss) after tax before sales and intercompany interest	**3,727,992**	**(5,896,480)**	**(2,168,488)**
Gain on sale of international division	-	45,743,174	45,743,174
Intercompany interest	2,205,364	(2,205,364)	-
Net profit/(loss)	**5,933,356**	**37,641,330**	**43,574,686**
Current assets	90,235,043	99,243	90,334,286
Non-current assets	66,546,525	29,015	66,575,540
Total assets	**156,781,568**	**128,258**	**156,909,826**
Current liabilities	(44,484,783)	(453,920)	(44,938,703)
Non-current liabilities	(9,629,708)	-	(9,629,708)
Total liabilities	**(54,114,491)**	**(453,920)**	**(54,568,411)**
Employee costs	**30,753,016**	**13,333,076**	**44,086,091**

A reconciliation of segment assets and segment liabilities to the statement of financial position is not provided as the sum of the segments equals the asset and liabilities disclosed in the statement of financial position. Segment revenue is allocated based upon the country in which revenue and profit are derived. Segment assets and liabilities are allocated to countries based upon where the asset or liability is located.

Revenue of $8,880,424 (2021: $6,176,462) is derived from a single external customer. This revenue is attributable to the Australian segment.

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 Restated	**Australia**	**International**	**Total**
Revenue			
Revenue from contracts with customers	52,882,684	11,793,388	64,676,072
Total segment revenue	**52,882,684**	**11,793,388**	**64,676,072**
EBITDA	**17,650,702**	**(3,866,076)**	**13,784,626**
Interest income	137,289	70	137,359
Interest expense	(470,078)	(76,363)	(546,441)
Depreciation and amortisation	(6,645,465)	(1,375,909)	(8,021,374)
Unrealised foreign exchange gain	(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)
Impairment of available for sale financial assets	-	-	-
Loss on disposal of fixed assets	(3)	-	(3)
Share based payments	(3,385,216)	-	(3,385,216)
Net profit/(loss) before tax and intercompany interest	**9,082,786**	**(5,944,101)**	**3,138,685**
Income tax and withholding tax	(1,746,606)	(49,339)	(1,795,945)
Net profit/(loss) after tax before intercompany interest	**7,336,180**	**(5,993,440)**	**1,342,740**
Intercompany interest and margin	2,662,752	(2,662,752)	-
Net profit/(loss)	**9,998,932**	**(8,656,192)**	**1,342,740**
Segment assets	96,711,746	15,760,776	112,472,522
Segment liabilities	(27,979,730)	(4,578,870)	(32,558,600)
Employee benefits expense	(24,082,336)	(11,483,615)	(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

21. Events after The Reporting Date

On 16 August 2022, $10.6 million in borrowings and accrued interest was repaid.

Other than the above, the Board of Directors have not become aware of any other matter or circumstance not otherwise dealt within the financial statements that since 30 June 2022 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 31 August 2022 by the Board of Directors.

22. Cash Flow Information

	Consolidated	
	2022 $	2021 $
Profit attributable to members of the Group	**45,824,009**	**1,342,740**
Adjustments for:		
Depreciation and amortisation	9,003,404	8,021,374
Share based payments	3,556,010	3,385,216
Bad debt expense	21,089	74,724
Unrealised foreign exchange gain/(loss)	(31,682)	65,518
Sale of international operations	(48,044,164)	-
Interest expense	499,831	546,441
Revaluation on financial instruments	97,727	(4,629,711)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(increase) in trade and other receivables	(1,479,658)	619,513
(Decrease)/increase in trade payables and accruals	916,607	(1,176,147)
Increase/(decrease) in employee provisions	393,569	1,745,095
(Decrease)/increase in tax payable	(355,614)	(5,792,754)
Increase in deferred tax asset	(38,648)	1,699,010
Net cash (used by)/ provided from operating activities	**10,362,479**	**5,901,019**

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.

2022

Grant date	Vesting date	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited / lapsed during the year	Balance at end of the year	Exercisable at end of the year
		Number	**Number**	**Number**	**Number**	**Number**	**Number**
12-Nov-14	30-Sep-16	6,780	-	(6,780)	-	-	-
	30-Sep-17	16,000	-	(16,000)	-	-	-
		22,780	**-**	**(22,780)**	**-**	**-**	**-**
15-Sep-15	30-Sep-16	10,206	-	(10,206)	-	-	-
	30-Sep-17	20,475	-	(20,475)	-	-	-
	30-Sep-18	50,400	-	(50,400)	-	-	-
		81,081	**-**	**(81,081)**	**-**	**-**	**-**
20-Sep-16	30-Sep-17	17,870	-	(15,414)	(2,456)	-	-
	30-Sep-18	58,962	-	(54,462)	(4,500)	-	-
	30-Sep-19	142,708	-	(130,708)	(12,000)	-	-
		219,540	**-**	**(200,584)**	**(18,956)**	**-**	**-**
20-Sep-17	30-Sep-18	49,372	-	(47,925)	(1,447)	-	-
	30-Sep-19	106,591	-	(104,179)	(2,412)	-	-
	30-Sep-20	387,435	-	(376,241)	(11,194)	-	-
		543,398	**-**	**(528,345)**	**(15,053)**	**-**	**-**
16-Oct-18	30-Sep-19	49,976	-	(48,671)	(1,305)	-	-
	30-Sep-20	116,952	-	(115,370)	(1,582)	-	-
	30-Sep-21	1,091,480	-	(1,072,434)	(19,046)	-	-
		1,258,408	**-**	**(1,236,475)**	**(21,933)**	**-**	**-**
01-Jul-19	30-Sep-22	**9,000,000**	**-**	**(5,000,000)**	**-**	**4,000,000**	**-**
16-Sep-19	30-Sep-20	170,400	-	(167,275)	(3,125)	-	-
	30-Sep-21	879,502	-	(873,188)	(6,314)	-	-
	30-Sep-22	2,110,749	-	(859,425)	(194,171)	1,057,153	-
		3,160,651	**-**	**(1,899,888)**	**(203,610)**	**1,057,153**	**-**
24-Sep-20	30-Sep-21	834,560	-	(824,645)	(9,915)	-	-
	30-Sep-22	1,390,955	-	(455,635)	(211,889)	723,431	-
	30-Sep-23	3,338,208	-	(1,039,695)	(562,312)	1,736,201	-
		5,563,723	**-**	**(2,319,975)**	**(784,116)**	**2,459,632**	**-**
27-Nov-20	30-Sep-21	127,475	-	(119,382)	(8,093)	-	-
	30-Sep-22	212,466	-	-	(56,019)	156,447	-
	30-Sep-23	509,896	-	-	(134,435)	375,461	-
		849,837	**-**	**(119,382)**	**(198,547)**	**531,908**	**-**
28-Oct-21	30-Sep-22	-	937,799	(202,041)	(55,153)	680,605	-
	30-Sep-23	-	937,799	(202,041)	(55,153)	680,605	-
	30-Sep-24	-	937,799	(202,041)	(55,153)	680,605	-
		-	**2,813,397**	**(606,123)**	**(165,459)**	**2,041,815**	**-**
21-Dec-21	30-Sep-22	-	400,000	-	-	400,000	-
	30-Sep-23	-	400,000	-	-	400,000	-
	30-Sep-24	-	400,000	-	-	400,000	-
		-	**1,200,000**	-	**-**	**1,200,000**	-
	TOTAL	**20,699,418**	**4,013,397**	**(12,014,633)**	**(1,407,674)**	**11,290,508**	**-**

Inputs to the valuation of grants were share closing price at grant date, expected volatility of Praemium share price, vesting period, equity term, expected life, expected dividend yield and risk free interest rate. The Praemium share price at 28 October 2021 was $1.6760 and at 21 December 2021 was $0.6225.

2021

Grant date	Vesting date	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited / lapsed 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**

(b) Shares issued as employee bonus

250,000 shares were issued as an employee bonus in the current period (2021: nil).

(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	
	2022 $	**2021 $**
Shares issued as employee bonus[1]	175,000	-
Performance rights	4,167,819	3,385,216
	4,342,819	**3,385,216**

[1] valued at $0.75 per share that being the closing price on the date of grant

24. Earnings Per Share

	Consolidated	
	2022 $	**2021 Restated $**
Reconciliation of earnings to profit or loss		
Earnings used to calculate basic and diluted EPS: Continuing Operations	3,727,992	7,336,180
Earnings used to calculate basic and diluted EPS: Discontinued Operations	39,846,694	(5,993,440)
Earnings used to calculate basic and diluted EPS: Attributable to owners of the parent	**43,574,686**	**1,342,740**
Profit attributable to owners of the parent	**43,574,686**	**1,342,740**

	Consolidated	
	2022 $	**2021 Restated $**
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating basic EPS	505,596,758	476,839,404
Number used in calculating diluted EPS	505,596,758	478,043,530
Earnings Per Share		
Basic and diluted earnings per share (cents per share): Continuing operations	0.7	1.5
Basic and diluted loss per share (cents per share): Discontinued operations	7.9	(1.2)
Basic and diluted earnings per share (cents per share): Attributable to owners of the parent	8.6	0.3

2022: 11,290,508 (2021: 19,495,291) options/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 2022. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2022 $	2021 $
Current assets	901,444	797,571
Non-current assets	77,368,929	178,006,420
Total assets	**78,270,373**	**178,803,991**
Current liabilities	33,861,369	6,180,133
Non-current liabilities	17,800,293	154,515,546
Total liabilities	**51,661,662**	**160,695,679**
Contributed equity	122,267,482	116,065,309
Accumulated profit/(loss)	(96,788,231)	(101,363,731)
Option reserve	1,129,459	3,406,734
Total equity	**26,608,710**	**18,108,312**
Profit/(loss) for the year	30,379,585	(12,475,459)
Other comprehensive income/(loss) for the year	(25,804,085)	-
Total comprehensive income/(loss) for the year	**4,575,500**	**(12,475,459)**

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 % at 30/6/22	Ownership interest % at 30/6/21
Praemium Australia Limited	Australia	100	100
Praemium Portfolio Services Limited	UK	-	100
Praemium (UK) Limited	UK	-	100
Praemium Administration Limited	UK	-	100
Smartfund Nominees Limited	UK	-	100
Smart Investment Management Limited	UK	-	100
Plum Software Limited	UK	-	100
Praemium Trustee Limited	UK	-	100
Praemium International Limited	Jersey	-	100
Praemium RA LLC	Armenia	100	100
Praemium Asia Limited	Hong Kong	100	100
WealthCraft Ltd	Hong Kong	-	-
WealthCraft Systems (Shenzhen) Limited	China	100	100
Praemium Retirement Services Ltd	UK	-	100
WM Pension Trustee Services Limited	UK	-	100
Powerwrap Limited	Australia	100	100
MWH Capital Limited	Australia	100	100

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

WealthCraft Limited was acquired on 21 December 2021 and disposed on 30 June 2022.

Praemium Portfolio Services Limited, Praemium (UK) Limited, Praemium Administration Limited, Smartfund Nominees Limited, Smart Investment Management Limited, Plum Software Limited, Praemium Trustee Limited, Praemium International Limited, Praemium Retirement Services Ltd and WM Pension Trustee Services Limited were disposed on 30 June 2022.

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	
	2022 $	**2021 $**
Management fees:		
Managed accounts platform revenue	45,947,083	36,830,192

The following disclosures should be read in conjunction with the 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	
	2022	**2021**
Short-term employee benefits	1,672,822	2,127,726
Post-employment benefits	93,297	91,625
Long-term benefits	-	5,665
Share-based payments	381,615	189,703
	2,147,734	**2,414,719**

28. Discontinued Operations

On 14 July 2021, Praemium announced that it had finalised the strategic review of its international operations which recommended divestment of these operations through a formal sale process, and that the Board supported this recommendation. On 21 December 2021, Praemium announced that it had entered into an agreement to sell 100% of its operations in the UK, Jersey, Hong Kong and Dubai ('International Business') to Morningstar, Inc.

The sale of the International Business was completed on 30 June 2022. Praemium received net transaction proceeds of GBP £35 million (AUD $61.9 million), consistent with the originally agreed price. The final gross proceeds were GBP £36.8 million (AUD $65.0 million) as a result of post completion adjustments based on net assets transferred.

The operations divested are disclosed as discontinued operations. Financial information for the discontinued operations are as follows:

	2022	2021
Revenue from contracts with customers	15,012,075	11,793,383
Other income	1,261,395	794,447
Platform trading & recovery	(405,834)	(476,610)
Employee costs	(13,333,076)	(11,483,615)
Depreciation, amortisation and impairments	(1,371,299)	(1,375,909)
Legal, professional, advertising and insurance expense	(2,876,763)	(2,768,424)
IT support	(822,652)	(510,985)
Commissions expense	(395,935)	(746,444)
Travel expenses	(472,233)	(85,470)
Occupancy costs	(322,643)	(271,628)
Net foreign exchange gains/(losses)	3,348	(38,099)
Telecommunication costs	(114,184)	(110,660)
Finance costs	(36,507)	(76,363)
Restructure, arbitration and acquisition costs	(1,921,145)	(587,724)
Loss on discontinued operations before tax	**(5,795,453)**	**(5,944,101)**
Income tax expense	(101,027)	(49,339)
Loss on discontinued operations after tax	**(5,896,480)**	**(5,993,440)**

Praemium Asia Limited and WealthCraft Systems (Shenzhen) Limited remain part of the Praemium Group post the transaction with Morningstar completing but operationally will be closed as a result of the transaction. They are reported within the loss on discontinued operations after tax on the basis they each represent a separate major line of business or geographical area of operation and are part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation.

28. Discontinued Operations continued

The gain on sale of the international operations comprised:	$
Consideration received: Cash and cash equivalents	65,022,167
Carrying amount of net assets sold	(14,012,567)
Goodwill impairment	(653,725)
Transaction costs	(5,484,889)
Gain on sale before income tax and reclassification of foreign currency translation reserve	**44,870,986**
Reclassification of foreign currency translation reserve	872,187
Gain on sale before income tax	**45,743,174**
Income tax expense on gain	0
Gain on sale after income tax	**45,743,174**

The net assets sold comprised:	$
Cash and cash equivalents	5,799,422
Contract assets	1,078,814
Prepayments	1,946,001
Trade and other receivables	1,118,024
Intangible Assets	5,214,036
Property, plant and equipment	493,538
Other	238,970
Assets	**15,888,804**
Trade and other payables	800,756
Contract liabilities	435,385
Lease liabilities	481,580
Provisions	158,516
Liabilities	**1,876,237**
Net assets sold	**14,012,567**

Control over $5,799,422 of cash and cash equivalents was lost through the disposal of the international operations.

Cash flow used in the discontinued operations were:

	2022 $	2021 Restated $
Cash from discontinued operating activities:		
Receipts from customers	16,266,147	12,312,407
Payments to suppliers and employees	(20,967,631)	(17,250,062)
Interest received	126	70
Net cash used in discontinued operations	**(4,701,358)**	**(4,937,585)**
Principal elements of lease payments		
Proceeds/(payment) for Investments	-	3,616
Payment for Intangibles	(816,550)	(943,922)
Payment for PPE	(341,593)	(128,510)
Net cash used in discontinued operations	**(1,158,143)**	**(1,068,816)**
Cashflows from financing activities		
Interest paid	(39,837)	(76,363)
Principal elements of lease payments	(792,385)	(653,640)
Net cash used in discontinued operations	**(832,222)**	**(730,003)**

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 25-67, 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 2022 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
31 August 2022

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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 2022, 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

egangemi

C S Gangemi
Partner – Audit & Assurance

Melbourne, 31 August 2022

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Independent Audit Report

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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 2022, 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 2022 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 $63,335,429 of revenue from contracts with customers. Service-based revenue consists predominately of portfolio services and platform revenue derived from virtually managed accounts (VMA) and separately managed accounts (SMA). Revenue derived from the delivery of services may be complex and involves management judgement due to revenue being recognised over time 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. .	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 with respect to VMA and SMA revenue from the rendering of services; • Documenting and testing the operating effectiveness of internal controls with respect to Powerwrap's platform revenue from the rendering of services; • Testing a sample of revenue transactions recognised during the year to supporting documentation to verify occurrence and accuracy; and • Assessing relevant disclosures within the financial statements to ensure adequate.
Capitalised Database and Software Costs - Note 12	
Capitalised product development costs with respect to databases and software had a net carrying value of $10,594,751 at 30 June 2022. During the year, the Group capitalised $5,985,517 of product development costs. These intangible assets are being amortised over a 3-year period, and an amortisation expense of $6,279,345 has been included in the statement of profit or loss and other comprehensive income. A net carrying value of $5,214,036 was disposed of through the sale of international operations on 30 June 2022. AASB 138 *Intangible Assets* sets out the specific requirements to be met 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*.	Our procedures included, amongst others: • Assessing the Group's accounting policy in respect of product development costs for adherence to AASB 138 and AASB 136; • 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 2022; • 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;

Independent Audit Report

Key audit matter	How our audit addressed the key audit matter
This area is a key audit matter due to subjectivity and management judgement applied in assessing 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.	• 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 where required under AASB 136; • 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.
Discontinued Operations - Note 28	
During the year, the Group completed its international business divestment via a sale agreement with Morningstar, Inc. This is a significant divestment from the Group and has been accounted for under AASB 5 *Non-current Assets Held For Sale and Discontinued Operations*. Accounting for this transaction is complex, in particular determining the date by which control ceased, accounting for accelerated vesting conditions for employees in the international business with share options and consideration of any income tax implications on sale. This area is a key audit matter due to the transaction's significance and the level of detail required for disclosure in the financial report.	Our procedures included, amongst others: • Obtaining and reviewing the relevant sale agreements and other documentation to understand the nature and reasoning for the divestment; • Obtaining and reviewing the legal documents and management's memorandum with respect to the background facts of the sale and their assessment as to the requirements of the Australian accounting standards to determine whether the divestment falls within the scope of AASB 5; • Assessing management's determination of the date by which the Group ceased to retain control over the international business by reference to the transaction documents; • Assessing the appropriateness of accounting entries by management with respect to divestment or sale transactions that fall within the financial year; • Assessing management's determination of any income tax implications on sale by engaging with our internal taxation experts; 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 2022, 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.

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: http://www.auasb.gov.au/auditors_responsibilities/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 19 to 24 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Praemium Limited, for the year ended 30 June 2022 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, 31 August 2022

Grant Thornton Australia Limited

Additional information

In accordance with ASX Listing Rules the shareholder information set out below is current as of 10 August 2022.

Top 20 Shareholders

Rank	Name	Number of shares	% of issued shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	57,638,494	11.17
2	NATIONAL NOMINEES LIMITED	46,316,523	8.97
3	CITICORP NOMINEES PTY LIMITED	36,765,651	7.12
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	29,130,269	5.64
5	MR DONALD WILLIAM STAMMER	11,648,866	2.26
6	PACIFIC CUSTODIANS PTY LIMITED	9,572,537	1.85
7	UBS NOMINEES PTY LTD	9,444,720	1.83
8	BNP PARIBAS NOMS PTY LTD	7,645,349	1.48
9	SUPERTCO PTY LTD	7,500,000	1.45
10	NELCAN PTY LTD	6,564,428	1.27
11	MEROMA PTY LIMITED	5,353,304	1.04
12	MR MICHAEL BERNARD OHANESSIAN	4,121,500	0.80
13	BRISPOT NOMINEES PTY LTD	4,105,628	0.80
14	R & JS SMITH HOLDINGS PTY LTD	3,860,939	0.75
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	3,640,799	0.71
16	NETWEALTH INVESTMENTS LIMITED	3,052,153	0.59
17	BOND STREET CUSTODIANS LIMITED	3,000,000	0.58
18	MR RICHARD SMITH	2,785,000	0.54
19	CITICORP NOMINEES PTY LIMITED	2,467,659	0.48
20	MR PAUL DAVID GUTTERIDGE	2,332,239	0.45
	Total	**256,946,058**	**49.79**
	Balance of register	**259,151,371**	**50.21**
	Grand total	**516,097,429**	**100.00**

Substantial shareholders

As of 10 August 2022, there are no substantial holders in Praemium Limited.

Securities subject to escrow

As of 10 August 2022, there are no securities subject to voluntary escrow.

Distribution of shareholdings

The total number of shareholders in Praemium Limited (ASX: PPS) was 8,337. The voting rights are one vote per share. There were 516,097,429 shares on issue. The distribution of shareholders was as follows:

Range	Number of holders	Shares	%
100,001 and over	416	395,040,339	76.54
10,001 to 100,000	3,035	101,061,933	19.58
5,001 to 10,000	1,495	12,116,431	2.35
1,001 to 5,000	2,546	7,348,003	1.42
1 to 1,000	845	530,723	0.10
Total	**8,337**	**516,097,429**	**100.00**

There were 475 shareholders holding less than a marketable parcel of $500 worth of shares, based on the closing market price on 10 August 2022 of $0.64 per share.

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

Mark Licciardo

Share Registry

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

Phone: Within Australia:
1300 554 474

Outside Australia:
+61 2 8280 7111

Auditor

Grant Thornton:
Collins Square, 727 Collins Street,
Melbourne, VIC 3008.
Phone: +613 8320 2222

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

Postal address:
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Victoria 8007 Australia

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praemium.com