

ASX Announcement

Prime Financial Group Ltd (Prime – ASX: PFG)
3 July 2020



Market Update

- **FY20 Forecast to be achieved despite COVID-19 Pandemic**
- **H2 FY20 Dividend to increase**
- **Debt down from 31 December 2019**
- **100% of Team retained**
- **Board Changes**
- **Positive Outlook**

Overview

Prime Financial Group Ltd (Prime) is pleased to provide a positive market update with continuing momentum in what has been and continues to be one of the most difficult, unusual, uncertain and challenging periods in the company's 22-year history.

As the COVID-19 Pandemic impacts the community and all Prime stakeholders including clients, our team, accounting firm relationships and shareholders, we seek to continue to deliver advice and services to clients whilst protecting the health and safety of our team, our clients and their business and personal financial circumstances.

Without seeking to lessen or disregard the impact that COVID-19 has had on many in the Australian and Global community we are fortunate to say that the Prime team remains safe and healthy having had a swift migration to work from home in March 2020 all whilst maintaining service and advice standards for clients in a continuous manner. This exceptional effort is a credit to our dedicated team of professionals, their capability and resilience and we thank every team member for their flexibility and continuing dedication to empowering and protecting our clients.

This has also meant that Prime forecasts to achieve the following financial results for FY20, noting that this is an unaudited update;

- Organic revenue growth ('contracts with customers') in FY20 (v FY19)
- Operating expenses will be lower in FY20 (v FY19)
- Excluding the impact of AASB 16 'Leases' FY20 Underlying EBITDA (members/shareholders) is forecast to be up approximately 5% (v FY19) to \$4.2M - \$4.4M
- Including the impact of AASB 16 'Leases', FY20 Underlying EBITDA (members/shareholders) is forecast to be up approximately 30% (v FY19) to \$5.3M - \$5.5M
- Group Net Debt is down \$300K from 31 December 2019 (H1 FY20), and
- Prime will increase the H2 FY20 dividend, from 0.20cps to 0.25cps, subject to no further material deterioration in business conditions

This forecast result is in line with that provided on 14 February 2020 (Pre COVID-19) as part of Prime's H1 FY20 results presentation.

Clients & The Community

During the past four months since the onset of COVID-19 many of Prime's clients in the community have been impacted, whether it be as business owners affected by the lockdown and changed economic circumstances or individuals & family groups with investments and superannuation / SMSF assets that have been impacted by equity market falls and volatility.

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Our focus during this period has been to ensure that we continuously provided support and advice on how best to manage through these challenging times by providing comprehensive, proactive, timely and regular advice on what to do to protect and how best to navigate the various support packages provided by the state and federal government.

The rapid-fire nature of the change required our team to be ever present, to quickly evaluate and promptly act, this we feel we have done and continue to do very well. Furthermore, as part of our support for clients and the community Prime also created Business Owner, Wealth Management and Superannuation Forums for our clients and people in our clients' networks to attend free of charge to share important business and financial information and strategies. We are not seeking to overstate the importance of our programs and approach, rather acknowledge the responsibility we felt to provide as much support as possible to as many people as possible.

The Team

Continuing to keep 100% of our team together and focused during a period of significant disruption and uncertainty has been an important part of our future and business continuity strategy and ability to support our clients during a period of very high demand for services. The team's remuneration (outside of the Board) was not affected during this period even though a number of Prime's peers saw a reduction in remuneration for staff and lay-offs. Our team remains our most important asset, and their ongoing commitment, flexibility and resilience in extraordinary circumstances cannot be overstated and we reiterate our thanks.

The Prime Board

During the onset of COVID-19 the Prime Board met regularly, led by our Interim Chairman Mr Tim Carroll and Prime Co-founder and Executive Director Mr Peter Madder along with myself. During this period, the Prime Board worked closely with the leadership team to formulate and manage a comprehensive plan to maintain Prime's momentum, support our team and clients and deliver value for our shareholders. Part of this plan incorporated the Board reducing its remuneration by 10% from April to June 2020.

Tim Carroll extended his tenure as Interim Chairman providing continuity and leadership and this support has been valuable and appreciated. Having successfully navigated and positioned Prime strongly to weather future challenges and maximise opportunities for growth, Tim Carroll is resigning from his role as a Director of Prime, effective today, to focus his attention on his other business interests. At the same time, Peter Madder is taking this opportunity to announce his succession and retirement as an Executive Director of Prime, effective end of August 2020, moving to a role of special adviser in a part-time capacity from 1 September 2020. Peter Madder's vision for Prime and entrepreneurial spirit have been the hallmark of the Prime culture which will continue as we grow Prime for the benefit of all stakeholders. The Board thanks both Tim Carroll and Peter Madder for their leadership and vision.

Today I am pleased to announce the appointment of Mr Matt Murphy and Mr Tim Bennett to the Prime Board as Executive Directors. Matt Murphy leads Prime's Accounting & Business Advisory division, a material contributor to Prime's earnings, and is personally an accomplished business adviser and accountant. Matt has been with Prime since 2016 and is a member of the leadership team and is an important part of Prime's vision as 'One Connected' professional services firm. I'd like to take this opportunity to welcome Matt Murphy to the Board today, for more information on Matt Murphy please click [here](#).

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Tim Bennett leads Prime's Capital & Corporate Advisory division which he established 3 years ago and is now a strong earnings contributor to Prime and an important service for Prime's Business & Corporate clients, plus those larger family owned and entrepreneur led businesses. As an experienced corporate adviser, business leader and originator Tim Bennett continues to form an important part of the Prime leadership team. We would like to welcome him to the Board today, for more information on Tim Bennett please click [here](#).

Collectively myself, Matt Murphy and Tim Bennett will form the three-person board of Prime from 1 September 2020 and I will also assume the role of Chairman, effective today, in addition to my role as Managing Director & CEO. The newly formed board will then seek to appoint an Independent Non-Executive Director to support the future direction of the company and continue to drive the growth of the 'One Connected' strategy.

The Future

At the time of the release of Prime's H1 FY20 results, we said we would focus on the following elements. This has proved successful and will remain as our focus in the short to medium term:

- Integrating our service capability for our clients' benefit
- Continuing to build organic growth and reported earnings
- Closely aligning underlying and reported EBITDA for members/shareholders
- Improving cashflow
- Managing debt lower
- Increasing dividends on the basis that underlying EBITDA for members/shareholders is in a maintainable range of 2 - 2.5 times debt
- Review the existing board structure, and
- Prioritise people, client service and compliance

Although we anticipate future challenges as COVID-19 continues to impact the community, business and markets, we feel we are well equipped to manage through these circumstances with a strong team and business. Our focused 'One Connected' strategy has so far withstood these unprecedented times and we believe we have the culture to proactively solve challenges and continue our positive momentum.

We would like to thank our team, clients, accounting firm relationships and shareholders for their ongoing support.

A handwritten signature in black ink, appearing to be "S Madder", written in a cursive style.

Simon Madder

About Prime Financial Group

Prime is 'One Connected' professional services firm, operating across four key areas in Accounting & Business Advisory, Wealth Management, SMSF and Capital in its three core locations of Melbourne, Sydney and Brisbane.

For more information on this announcement please contact **Simon Madder (Managing Director/CEO)** on (03) 9827 6999.