

# Appendix 4E Preliminary Financial Report given to the ASX under Listing Rule 4.3A

For the year ended 30 June 2022

| Reporting Period   |    |                     |                             |
|--|----|---------------------|-----------------------------|
| Current reporting period   |    |                     | Year ended 30 June 2022     |
| Previous corresponding reporting period                                  |    |                     | Year ended 30 June 2021     |
| Results to Announcement to the Market                                    |    |                     |                             |
| Revenue from ordinary activities   | up | 18% to              | 26,328,777                  |
| Profit (loss) from ordinary activities after tax attributable to members | up | 24% to              | 3,814,072                   |
| Net profit (loss) for the period attributable to members                 | up | 24% to              | 3,814,072                   |
| Dividends  |    | Amount per security | Franked amount per security |
| Interim dividend   |    | 0.50 cents          | 0.50 cents                  |
| Final dividend   |    | 0.60 cents          | 0.60 cents                  |
| Total dividend   |    | 1.10 cents          | 1.10 cents                  |
| Record date for determining entitlements to Final dividend               |    |                     | 5 September 2022            |
| Payment date for Final dividend  |    |                     | 30 September 2022           |

Results were extracted from the Financial Statements for the year ended 30 June 2022 which was audited by Ernst & Young.

Commentary on the results for the year ended 30 June 2022 is included in the Directors' Report section of the Annual Report for the year ended 30 June 2022.

## Net Tangible Assets Per Security

| Reporting Period                                 | 30 June 2022 | 30 June 2021 |
|--|--------------|--------------|
| Net tangible asset backing per ordinary security | 0.20 cents   | (1.37) cents |

## Results to Announcement to the Market

| Dividends                                  | Date of Payment     | Total amount of dividend    |
|--|---------------------|-----------------------------|
| Interim dividend – Year ended 30 June 2022 | 1 April 2022        | 0.50 cents                  |
| Final dividend – Year ended 30 June 2022   | 30 September 2022   | 0.60 cents                  |
| Amount per security                        | Amount per security | Franked amount per security |
| Current Year                               | 1.10 cents          | 100%                        |
| Previous Year                              | 0.70 cents          | 100%                        |
| Total dividend on all securities           | 2022<br>\$A'000     | 2021<br>\$A'000             |
| Ordinary Securities                        | 2,199               | 1,377                       |
| <b>Total</b>                               | <b>2,199</b>        | <b>1,377</b>                |

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# Annual Report 2022

For the year ended 30 June 2022

*aspire, innovate, grow*



## | In this Report

|   |    |
|---|----|
| Managing Director/CEO & Chairman's Message                              | 5  |
| Directors' Report   | 10 |
| Remuneration Report   | 18 |
| Auditor's Independence Declaration                                      | 28 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 32 |
| Consolidated Statement of Financial Position                            | 33 |
| Consolidated Statement of Changes in Equity                             | 34 |
| Consolidated Statement of Cash Flows                                    | 35 |
| Notes to the Financial Statements                                       | 36 |
| Directors' Declaration  | 74 |
| Independent Auditor's Report  | 75 |
| ASX Additional Information  | 80 |

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## Managing Director/CEO & Chairman's Message

Dear Shareholders,

The prevailing message for this year's annual note is one of strength, conviction, optimism, opportunity, and performance.

This is Prime Financial Group Ltd (Prime's) fourth consecutive year of earnings (Underlying EBITDA) growth since repositioning our firm as 'OneConnected' future focussed Advisory & Capital Group.

Our exceptional team of collegiate professionals and experts have worked hard every day to move past obstacles and adjust to the varying environment to deliver for our clients, partners, each other and shareholders.

*"Over the past twelve months our team has grown by over 30%, adding to our capability, capacity, services, and expertise as we scale our firm with confidence."*

The combination of our team, strategy and growing number of ideal clients has enabled us to deliver a full year result (FY22) that includes revenue growth of 18%, earnings growth of 15%, improved operating cashflow up 11%, dividends up 57% and debt down 26%.

Our plan is to continue this momentum through four key areas; organic divisional revenue growth, the recruitment of new growth orientated team members, new service lines and an appropriate acquisition strategy that allows us to increase the audience we can offer group services to. We will do this whilst reinforcing our flexible and respectful team operating model that includes and encourages

ownership in Prime.

As a group we will continue to aspire, innovate, and grow whilst focussing on our purpose of empowering our team and clients to achieve their aspirations through access to resources, advice, services and capital.

We are also aware as to the impact we as a team and firm can have and are turning our attention to amplifying this through a greater focus on our Environmental, Social & Governance (ESG) strategy and structure.

The current economic environment and persistent health challenges for the community and the impact for business are not without risk, risks will continue to emerge, but we are confident that our culture, financial strength, and operating model supported by high levels of recurring revenue positions us well.

To end where we started this note. We are focussed, believe we see where opportunities are emerging, we research, test, engage and recruit additional expertise to support our vision and our clients and we encourage our growing and developing team to own part of the future we are all helping to co-create.

This vision is not possible without the support of our shareholders, partners and our broader network, thank you for your continuing support.

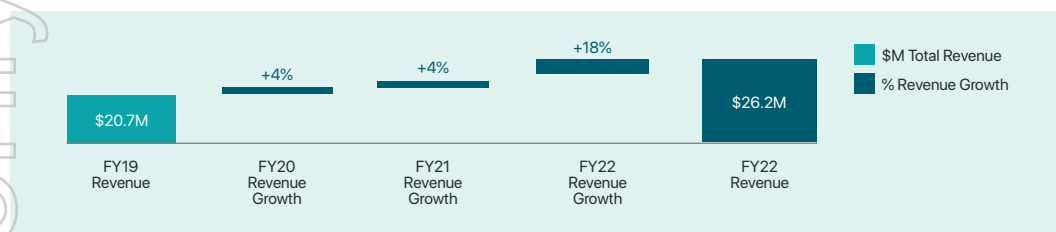
**Simon Madder**  
Managing Director/CEO & Chairman

# Financial results

Prime has achieved the following financial results for FY22;

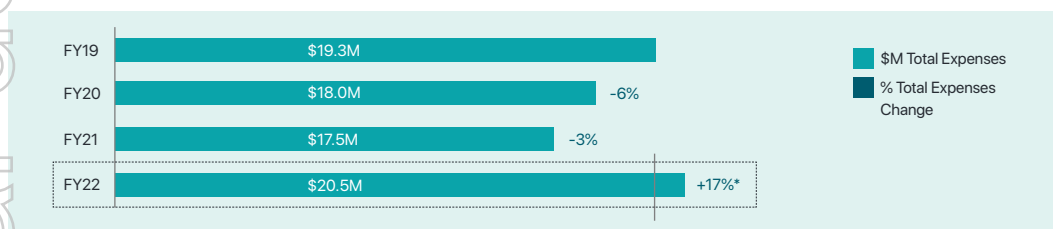
## Analysis of Revenue Growth (Contracts with Customers) by Year

Organic revenue growth ('contracts with customers') (FY22) +18% (v FY21)



## Total Expenses by Year

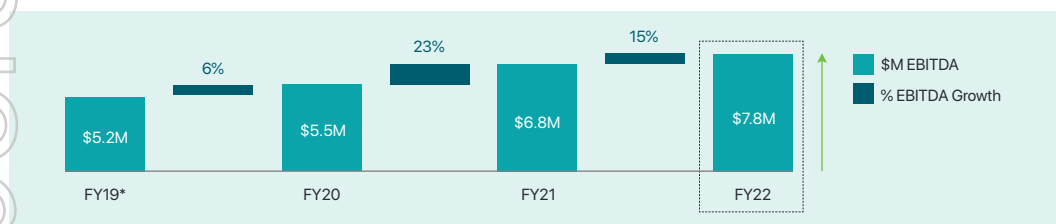
Total Expenses up 17% (v FY21), up 14% after deducting the impact of the loss of derecognition of ROU Asset



\*\$0.5m of the \$20.5m total expenses relates to the one-off non-cash accounting treatment of the loss of derecognition of ROU Asset (a result of the Melbourne office sublease)

## Underlying EBITDA (Members/Shareholders) by Year

Underlying EBITDA (Members/Shareholders) +15%, \$7.8M (FY22) v \$6.8M (FY21)

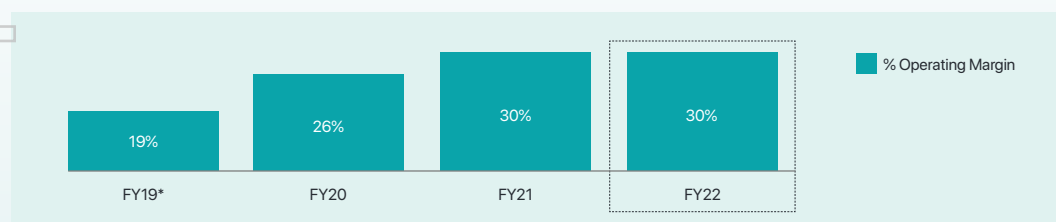


Note: rounding is to nearest AUD \$million and as such subject to rounding differences when calculating variances and totals

\*FY19 pre AASB16 Leases Accounting Standard change.

## Analysis of Operating Margin by Year

Maintained Operating Margin of 30% (FY22) v 30% (FY21)

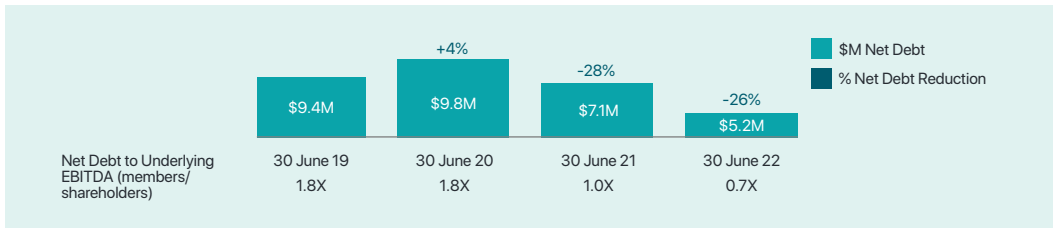


\*FY19 pre AASB16 Leases Accounting Standard change.

### Net Debt by Year

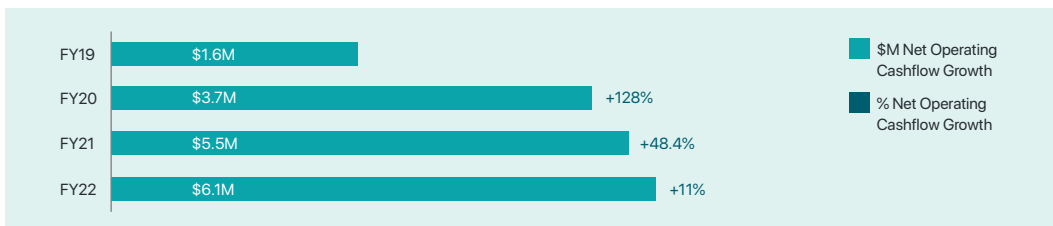
Group Net Debt down 26% to \$5.2m (FY22) v \$7.1m (FY21)

Net Debt to Underlying EBITDA (members/shareholders) ratio of 0.7 times (\$5.2m/\$7.8m (FY22)) v 1.0 times (FY21)



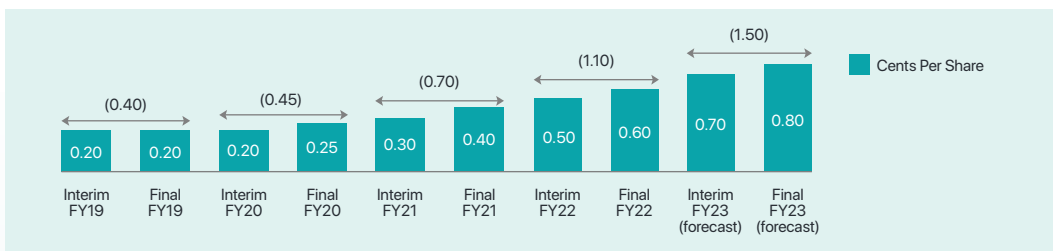
### Net Operating Cashflow by Year

Net Operating Cashflow up \$0.60m (11%) to \$6.1m (FY22) v \$5.5m (FY21)



### Dividends

50% increase in final dividend to 0.60cps (FY22) up from 0.40cps (FY21)



Dividends forecast to continue increasing from 1.10cps (FY22) to 1.50cps (FY23) +36%



*"Across Prime's key group metrics there were material improvements with particular emphasis on the increase in revenue, earnings, net operating cashflow and dividends."*

## Summary Financial Information - continued

Across Prime's key group metrics there were material improvements with particular emphasis on the increase in revenue, earnings, net operating cashflow and dividends. There was also a material reduction in debt which was supported by a continuing focus on cost control.

These improvements are a reflection of a growing client base and delivering additional high value services to existing clients.

### Accounting & Business Advisory plus Capital

Revenue increased by 13% for the year through various organic growth initiatives. We continue to see high demand for core Accounting Services which are substantially recurring in nature and a material uptick in the number of engagements and successful outcomes for our Capital & Corporate Advisory clients.

Growth is further supported by a reduction in the number of Financial Advisers in the industry, whilst demand for services remains strong. As an established Wealth Manager with a near 25 year history, good scale and deep expertise, Prime are well positioned to participate in the industry re-positioning.

### Wealth Management & SMSF

Revenue increased by 24% for the year as Prime continues to achieve above industry organic growth from Prime's SMSF division which will enter its fifth year of operation in FY23. Prime will also focus on the continued development of the Wealth Management Wholesale client offering and Family Office capability.

## Clients & The Community

Prime’s focus remains providing our clients with support and advice on how to best manage different and often disrupted business conditions by being planned, proactive and timely in our approach.

As we reflect on the year and feedback from our clients, we are delighted with Prime’s most recent Group Net Promoter Score (NPS) that measured our performance as ‘Great’ by clients.

Adding value for our clients via our commitment to a diverse group of services delivered by ‘OneConnected’ future focused Advisory & Capital Group continues to be our main priority for our clients.

Prime continues to remain committed to community initiatives by supporting organizations that have made it their mission to help communities in need.

As part of this initiative, Prime has been involved with:

- Leading food rescue organization OzHarvest
- MayDay, raising funds for The Lighthouse Foundation
- Share the Dignity, a leading Australian women’s organization that works with women affected by homelessness, domestic abuse, and those seeking refuge
- GIVIT, by way of a financial contribution to assist those affected by the Queensland and New South Wales flood crisis.

As part of Prime’s responsibility, we recognise the importance of being a positive contributor to our community and continue offering all team members paid voluntary leave to give back to a charity of their choice.

Prime will be amplifying the impact we have as a team and firm through a greater focus on our Environmental, Social, and Governance (ESG) strategy in the year ahead.

## FY23 Outlook

The outlook for Prime in FY23 is;

- Increased Earnings & Revenue Growth
  - Revenue growth 15%+
  - Growth in Underlying EBITDA 5% - 10%
  - EPS Growth 15%+
- Actively exploring Growth Opportunities
  - Organic and inorganic initiatives are accelerating as part of Prime's program to scale and differentiate our offering
- Increased Dividends - from 1.10cps (FY22) to 1.50cps (FY23) +36% (Forecast)
  - Interim Dividend +40% to 0.70cps
  - Final Dividend +33% to 0.80cps
- Net Debt to Underlying EBITDA to remain within the target range
  - 0.5 to 1.0 times
- Capital Management
  - Buyback commenced on 1 October 2021
  - Approx. \$789k spent on the buyback since inception at an average share price of 17.6 cents
  - Continue to buyback shares when the share price does not reflect fair value
- Other items
  - Prime’s Team, Equity and Business ownership structure continues to provide alignment and incentive for growth, recruitment, retention and performance improvement

# Director's Report

The Directors submit their report for the year ended 30 June 2022 together with the consolidated financial statements of Prime Financial Group Ltd ('PFG' 'Prime' or 'the Company') and the entities it controlled ('the Group') at the end of, or during, the year ended 30 June 2022, and independent audit report thereon.

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

## Prime Directors



### Simon Madder

B.Comm  
Managing Director/CEO & Chairman

Appointed as Managing Director/CEO on 2 January 2007.  
Appointed as Chairman on 3 July 2020.

Mr Simon Madder is the Managing Director, CEO and Chairman of Prime. Mr Madder was the co-founder and Managing Director of Prime Development Fund Ltd (PDF) (since 1998). Mr Madder has 25+ years' experience in the financial services and advisory industry across operations, strategy and acquisitions. Mr Madder is a member of the Audit, Remuneration and Nomination Committees.



### Matt Murphy

B.Bus, CPA, CA  
Director and Managing Director –  
Accounting & Business Advisory

Appointed as Director on 3 July 2020.

Mr Murphy is the Managing Director of Prime's Accounting & Business Advisory Division and plays an important role as a member of Prime's Leadership Team, continuing to build the Accounting & Business Advisory division and OneConnected service and team approach. Mr Murphy is a member of the Audit, Remuneration and Nomination Committees.



### Tim Bennett

Director and Managing Director –  
Capital & Corporate Advisory

Appointed as Director on 3 July 2020.

With over 15+ years specialist M&A experience, Mr Bennett has advised on a range of transactions, across all industry sectors, covering complex business and asset carve-outs and divestments, mergers and acquisitions, private company capital raisings (debt and equity) and IPOs, together with a range of financial sponsor (private equity) transactions. Mr Bennett is a member of the Audit, Remuneration and Nomination Committees.

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## Interests in the shares and options of the Company and related bodies corporate

|             | Ordinary Shares | Options over Shares |
|-------------|-----------------|---------------------|
| Mr S Madder | 29,107,008      | -                   |
| Mr M Murphy | 13,628,571      | -                   |

## Dividends

The Board has resolved to declare a fully franked final dividend of 0.60 cents per ordinary share, bringing the total dividends declared in respect of the 12 months to 30 June 2022 to 1.10 cents per ordinary share. This compares to total dividends declared in respect of the prior twelve-month period of 0.70 cents per ordinary share. The Board also had in place a Dividend Re-investment Plan (DRP) for the interim dividend but this will not be utilised for the final dividend. Future dividend payout ratios are targeted at 40-60% of the reported and maintainable earnings.

## Principal Activities

The principal activities of the Group entity during the financial year were:

- Accounting & Business Advisory plus Capital & Corporate Advisory services ; and
- Wealth Management and SMSF

# Operating & Financial Review

## What We Do – Revenue by Service

80% of total revenue is generated from existing customers on a recurring basis.



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### Accounting & Business Advisory plus Capital & Corporate Advisory (57%)

#### Accounting Services

- Accounting and Tax Compliance
- Business Growth Advisory & Strategy
- Outsourced CFO & Accounting Services
- Grants & R&D Tax Incentives
- Innovation & Commercialisation Advice

#### Capital & Corporate Advisory Services

- M&A Advisory
- Capital Raising
- Other Capital & Corporate Development Services



### Wealth Management & Protection plus SMSF (43%)

#### Wealth Management & Protection Services

- Financial Planning & Strategic Advice
- Retirement Planning
- Superannuation Advice
- Investment Advice
- Life Insurance

#### SMSF Services

- SMSF Establishment
- Advice
- Administration & Compliance

Note : A part of Prime's Wealth Management operations are Joint Ventures (JVs) with Accounting Firms. These JV's are typically 50% owned by Prime, staffed by Prime and co-branded with the Accounting Firm partner. All JVs are consolidated as part of Prime's financial results

# Our Strategy

The following presents a summary of Prime's Strategic Plan as OneConnected Advisory & Capital Group.



## Purpose

Empowering you to achieve your aspirations.



## How

Helping our clients and business partners access advice, services, grants, networks, education, expertise and capital



## Goal

To be the leading Integrated Advice & Capital firm of the future.

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## Areas and Objectives



### Financial

Grow Revenue, Underlying EBITDA (members/shareholders) and EPS whilst improving dividends and scaling the firm.



### People

Build a team that adds value to clients through proactive, goal oriented advice.



### Technology

Utilise business operations data and technology to continue to improve client experience and deliver Prime's business strategy.



### Clients & Community

Provide clients with advice and services through OneConnected firm. Positively contribute to our community delivering value through an evolving set of programs, including the establishment of an ESG program.

## FY23 Key Priorities

### Growth

- Continue to integrate Prime's client base - OneConnected firm and service offering
- Deliver additional business and corporate advisory services for Business Owners and Businesses
- Promote Prime's Wholesale & Family Office Wealth Management plus SMSF capability
- Inorganic growth and tuck-in opportunities

### People & Culture

- Further develop and empower our people to confidently advise our clients and engage - client service is a priority
- Increase team ownership and alignment with shareholders through Prime's Employee Performance Rights Plan

### Systems & Efficiency

- Enhance efficiency, service delivery and growth through business intelligence and enablement software and systems in OneConnected environment

# Reported & Underlying Earnings

In this report, certain non-IFRS information, such as EBITDA (Earnings before interest, tax, depreciation and amortisation) is used.

This non-IFRS information is not audited.

Underlying EBITDA for members/shareholders is the key measure used by management and the Board to assess and review business performance. Underlying EBITDA for members/shareholders is adjusted to exclude the following items:

- One-off non-recurring items (including business acquisition and restructuring costs)
- Non-recurring employee benefits;
- Share based payment expenses/benefits;
- Fair value movements/adjustments;
- Gain/(Loss) on lease modification; and
- Loss on derecognition of ROU Asset.

Underlying EBITDA for members/shareholders has increased from \$6.78m (FY21) to \$7.77m (FY22) +15%. Organic revenue growth from continuing operations increased by 18%. 'Wealth Management & SMSF' revenue was up 24%, whilst 'Accounting & Business Advisory plus Capital' revenue was up 13%. This is the sixth successive year of organic growth from contracts with customers.

|   | Year Ended<br>30 June 2022<br>\$ | Year Ended<br>30 June 2021<br>\$ |
|---|----------------------------------|----------------------------------|
| Reported net profit after tax operations (Group)                              | 4,447,580                        | 3,690,086                        |
| Add: Tax expense  | 1,407,298                        | 1,159,916                        |
| Add: Interest expense/(income)  | 321,657                          | 442,893                          |
| EBIT (Group) *  | 6,176,535                        | 5,292,895                        |
| Add: Depreciation   | 48,853                           | 54,058                           |
| Add: Amortisation   | 1,545,939                        | 1,733,653                        |
| <b>Reported EBITDA (Group) **</b>   | <b>7,771,327</b>                 | <b>7,080,607</b>                 |
| <b>Adjustments</b>  |                                  |                                  |
| Non-recurring expenses including Restructure & Repositioning                  | -                                | 39,451                           |
| Non-recurring employee benefits   | 330,000                          | 483,149                          |
| Share based payment expenses/(benefit)  | -                                | (27,843)                         |
| Fair value movements/adjustments on Financial assets/contingent consideration | (2,872)                          | 36,819                           |
| Loss on derecognition of ROU Asset  | 515,880                          | -                                |
| Gain on lease modification  | -                                | (548)                            |
| <b>Underlying EBITDA (Group) **</b>   | <b>8,614,335</b>                 | <b>7,611,635</b>                 |
| <b>Underlying EBITDA (Members/shareholders)</b>                               | <b>7,769,658</b>                 | <b>6,778,202</b>                 |
| <b>Reported EBITDA (Members/shareholders)</b>                                 | <b>6,926,650</b>                 | <b>6,247,174</b>                 |

\*EBIT is defined as earnings before interest and tax

\*\*EBITDA is defined as earnings before interest, tax, depreciation and amortisation

## Review of Financial Condition

In FY22, the Group generated net cash outflow of \$0.06m consisting of cash outflows from investing activities of \$0.97m and \$5.11m from financing, offset by inflows from operating activities of \$6.14m.

At 30 June 2022, the Group's net debt, calculated as borrowings less cash and cash equivalents, was \$5.23m (30 June 2021: \$711m).

## Significant Events After The Balance Date

There are no matters or circumstances which have arisen since the end of the financial period, that have significantly affected, or may significantly affect the operations of the Group, or the state of affairs of the Group in future periods.

## Likely Developments And Expected Results Of Operations

Prime's strategy, focus and likely developments are included in the Managing Director/CEO & Chairman's Report.

## Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

## Share Options

### Unissued Shares

At the date of this report there were no unissued shares under options. Please refer to the Remuneration Report for further details of the options outstanding for Key Management Personnel (KMP).

### Shares Issued As A Result Of The Exercise Of Options

During the financial year, no options were exercised to acquire any shares in PFG.

## Indemnification And Insurance Of Directors And Officers

As outlined in the company's constitution, to the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company against any liability incurred by that person, as such an officer of the Company, and to a person other than the Company or a related body corporate of the Company, unless the liability arises out of conduct on the part of the officer which involves a lack of good faith, or is contrary to the Company's express instructions. The Company indemnifies every person who is or has been an officer of the Company against any liability for costs and expenses incurred by the person in his or her capacity as an officer of the Company, in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the person, or in which the person is acquitted, or in connection with an application,

in relation to such proceedings, in which the Court grants relief to the person under the Corporations Law. Insurance premiums were paid during the financial year, for all Directors and Officers of the consolidated entity. To the extent permitted by law, the group has agreed to indemnify our auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## Director Meetings

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the number of meetings attended by each Director were:

|              | Board of Directors |          | Audit Committee    |          |
|--------------|--------------------|----------|--------------------|----------|
|              | Eligible to attend | Attended | Eligible to attend | Attended |
| Mr S Madder  | 8                  | 8        | 2                  | 2        |
| Mr T Bennett | 8                  | 8        | 2                  | 2        |
| Mr M Murphy  | 8                  | 8        | 2                  | 2        |

|              | Remuneration Committee |          | Nominations Committee |          |
|--------------|------------------------|----------|-----------------------|----------|
|              | Eligible to attend     | Attended | Eligible to attend    | Attended |
| Mr S Madder  | 1                      | 1        | -                     | -        |
| Mr T Bennett | 1                      | 1        | -                     | -        |
| Mr M Murphy  | 1                      | 1        | -                     | -        |

## Proceedings Of Behalf Of The Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

## Corporate Governance Statement

A full copy of Prime's Corporate Governance Statement can be found on Prime's website

(<https://www.primefinancial.com.au/shareholder-news/corporate-governance/>).

## Diversity Policy

The measurable objectives established for achieving gender diversity is to increase the number of females in the whole organisation and at senior management positions to 50%. The proportion of females in the whole organisation at present is 51% (2021: 38%), the proportion of females in senior management positions at present is 25% (2021: 29%) and there are no females on the Board. A full copy of Prime's Diversity Policy can be found on Prime's website

(<https://www.primefinancial.com.au/shareholder-news/corporate-governance/>).

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## Auditor Independence

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit of the financial year is provided with this report.

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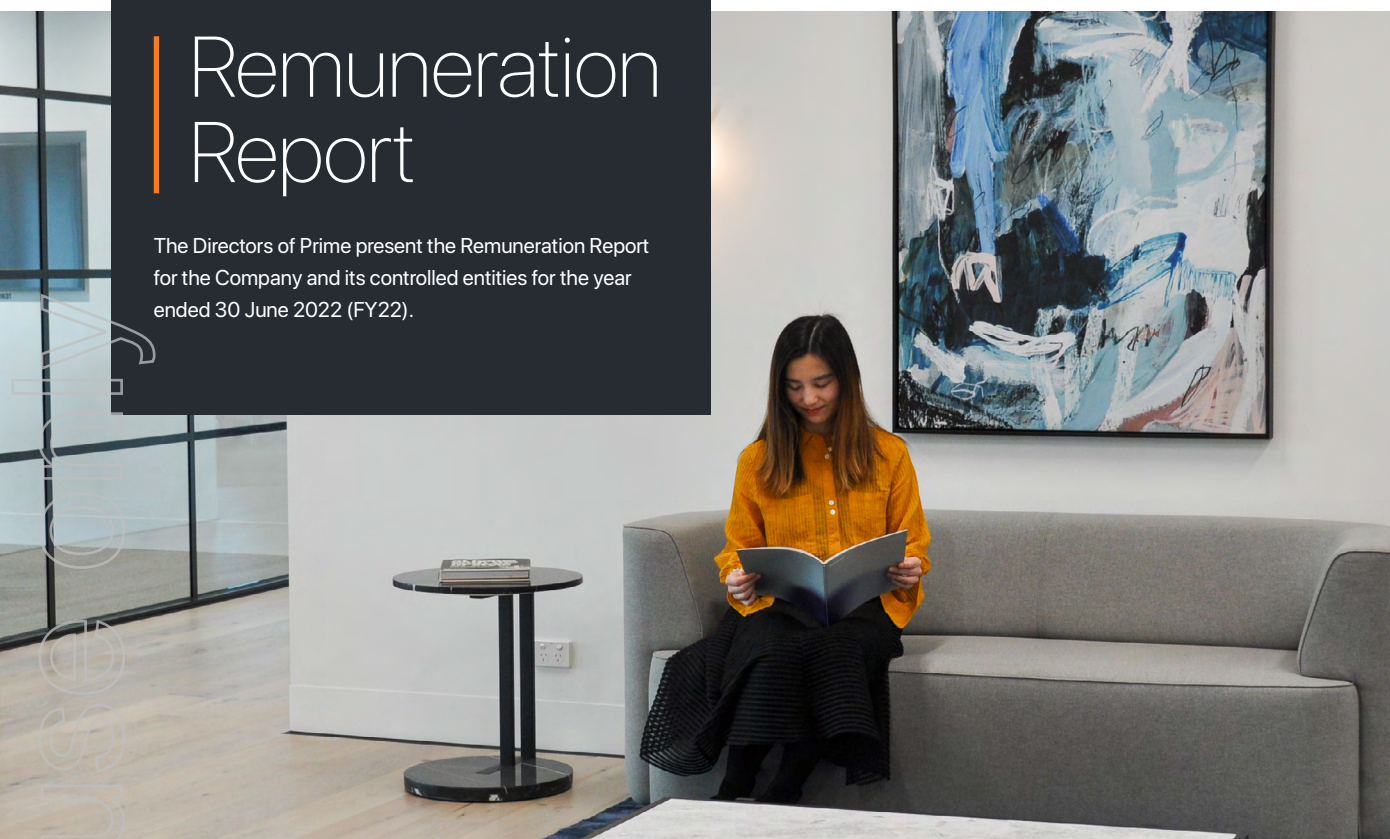
## Non-Audit Services

In FY22, Ernst & Young did not provide any non-audit services to Prime.

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# Remuneration Report

The Directors of Prime present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2022 (FY22).



This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for the Group's Key Management Personnel (KMP):

- Non-executive Directors (NEDs); and
- Executive Directors and senior executives (collectively the Senior Executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group. The KMP during FY22 were as follows:

- Simon Madder, Managing Director, CEO & Chairman;
- Matt Murphy, Executive Director;
- Tim Bennett, Executive Director;

The Board and the Remuneration Committee assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Board policy for determining the nature and amount of remuneration of Non-executive Directors is agreed by the Board of Directors as a whole. Remuneration for executives is determined by the Board's Remuneration Committee.

The Board and its Remuneration Committee has the right to obtain professional advice.

The Group securities trading policy applies to all NEDs and executives. The policy prohibits employees from dealing in Prime securities while in possession of material non-public information relevant to the Group.

## Principles of compensation

The Company remunerates its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, and subject to the determination of the Remuneration Committee, the remuneration of senior executives may be comprised of the following:

- Fixed salary, including superannuation, that is determined from a review of the market and reflects core performance requirements and expectations;
- A short-term incentive (STI) designed to reward achievement by individuals of performance objectives; and
- A long-term incentive (LTI) based on ongoing Group performance

By remunerating senior executives through short and long-term incentive plans in addition to their fixed remuneration the Company's objective is to align the interests of senior executives with those of shareholders and increase performance of the Company. The philosophy of deploying this remuneration structure and strategy is to provide a clear intention to improve the Company's fiscal performance and thereby increase underlying shareholder value.

## Fixed Remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- The scope of the executive's role
- The executive's skills experience and qualifications
- Individual performance

It is set with reference to comparable roles in similar companies.

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## Short-Term Incentive

Senior executives who are remunerated under the Executive Remuneration Policy are eligible for a short-term incentive. In determining whether or not executives are eligible for a STI, the Remuneration Committee review the achievement of both Financial and Non-Financial key performance indicators (KPIs) for the financial year.

The achievement of some or all of the KPIs will allow the Remuneration Committee to determine the level of STI that is paid. Specific KPIs that are applied to management by the Remuneration Committee to measure performance are set out below:

### Financial

- Underlying EBITDA (members/shareholders);
- Revenue;
- Dividends;
- Productivity;
- Working Capital efficiency;

### Non-Financial

- Execution of Business Strategy;
- Compliance and Risk Management;
- Referrals to other divisions & integration (OneConnected strategy);
- Client service and feedback;
- Team engagement;
- Personal development; and
- Other items identified of importance from time to time

The Financial KPIs are a direct measure of the Company's performance. The Non-Financial KPIs are related directly to business drivers that generate financial performance. Through the achievement of these KPIs the Company aligns its interests with shareholders through an increase in value of the organisation. The aim is to align our senior executive's remuneration to Prime's strategic and business objectives and the creation of shareholder wealth. The table on the "Overview of Group's financial performance" section in the following pages shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to Senior Executives.

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## Long-Term Incentive

Prime's team is our biggest asset, and we want to continue to develop incentive structures, a culture and balance to achieve sustainably higher business and personal growth with a business owner mentality at the core, a true partnership between team and shareholders that encourages development and alignment. For this reason, having a well articulated and differentiated LTI program to connect and grow the firm is essential.

In the Extraordinary General Meeting on 14 July 2017, shareholders approved a Performance Rights Plan (PRP) and the issue of performance rights under that plan, including the issue of shares upon vesting of those performance rights. This LTI structure has been in place since FY21 and applies to Prime Team members that have been with Prime for at least twelve months. Upon the firm achieving the required performance criteria, the LTI program

provides an allocation of performance rights to eligible team members. The Board implemented a level of minimum acceptable growth in Underlying EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) and Share Price Increase (SPI) as these performance criteria.

The Performance and Vesting conditions include the following;

- Cumulative 8% compound growth in underlying EBITDA (members/shareholders) over a three year period;
- Cumulative 20% compound growth in Prime's share price over a three year period; and
- Being a continuing employee or contractor of Prime at the time of vesting

Each year the Prime Remuneration Committee will nominate a percentage of staff members remuneration available as an LTI. The allocation will then be determined based on a Manager's assessment of the staff members' performance against the nominated Key Performance Indicators (KPIs) in their Balanced Scorecard. This is completed as part of their Annual Performance Review.

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## Overview of the Group's financial performance over the last five years

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee have regard to Underlying EBITDA for members/shareholders and profit attributable to

owners of the company, dividends paid and change in share price. Underlying EBITDA for members/shareholders is considered one of the main and key financial performance targets in setting short-term and long-term incentives. The table below sets out information about earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

### Overview of the Group's financial performance

|   | 2022  | 2021  | 2020  | 2019  | 2018    |
|---|-------|-------|-------|-------|---------|
| Underlying EBITDA to members/shareholders of the parent entity (\$,000's)*                            | 7,770 | 6,778 | 5,533 | 4,099 | 3,772   |
| Reported Profit/(loss) after tax attributable to members/shareholders of the parent entity (\$,000's) | 3,814 | 3,074 | 2,132 | 1,315 | (1,135) |
| Basic earnings per share (cents)  | 1.93  | 1.69  | 1.21  | 0.77  | (0.67)  |
| Dividend per share (cents)  | 1.10  | 0.70  | 0.45  | 0.40  | 0.90    |
| Share price at the end of the financial year (\$)   | 0.170 | 0.097 | 0.070 | 0.065 | 0.125   |

## Overview of Non-executive Director Remuneration

The Group's Non-executive Director remuneration is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

Non-executive Directors receive fees only and do not participate in any performance related incentive awards. Non-executive Directors fees reflect the demands and responsibilities of the directors awards.

Non-executive Directors are paid their fees within the maximum aggregate amount approved by shareholders for the remuneration of Non-executive Directors. The maximum aggregate amount for the remuneration of Non-executive Directors, which has been approved by Shareholders, is \$375,000. During the 2022 Financial Year, \$nil was paid to Non-executive Directors.

The Board will not seek an increase to the aggregate Non-executive Director fee pool limit at the 2022 Annual General Meeting (AGM).

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## KMP Remuneration for the years ended 30 June 2022 and 30 June 2021

The below scorecards are the basis for both the STI and LTI for all awards.

**Mr S Madder's Balanced Scorecard is weighted 80% financial and 20% non-financial.**

### Financial KPI's

| Metric                                   | Commentary   | Result     |
|--|--|------------|
| Underlying EBITDA (Members/Shareholders) | Increase in Underlying EBITDA (Members/Shareholders)   | Outperform |
| Underlying EBITDA (Members/Shareholders) | Cumulative 8% compound growth in underlying EBITDA (members/shareholders) over a three year period | Outperform |
| Share Price                              | Cumulative 20% compound growth in Prime's share price over a three year period                     | Outperform |
| Revenue                                  | Revenue Growth - Consecutive years of growth   | Outperform |
| Dividend                                 | Dividend Growth  | Outperform |

### Non-Financial KPI's

| Metric                       | Commentary  | Result     |
|------------------------------|---|------------|
| Business Strategy            | Execution of Business Strategy including 'OneConnected' approach  | Outperform |
| Team Engagement              | Team engagement, retention and safety, including a move to flexible work arrangements                                   | Outperform |
| Compliance & Risk Management | Adoption and improvement of system, structure and no material client complaints   | In-line    |
| Client Service               | High client retention, additional services for existing clients and top quartile Net Promoter Score (NPS)               | Outperform |
| Increased Scope              | Increased Scope of roles, including addition of Wealth Management (MD) and Finance Function (CFO Successor and support) | Outperform |

In FY22 Mr S Madder received a bonus of \$430,000. Of this amount \$330,000 (granted on 31 October 2021) was settled against the share acquisition agreement.

**Mr M Murphy's Balanced Scorecard is weighted 75% financial and 25% non-financial.**

### Financial KPI's

| Metric   | Commentary   | Result     |
|--|--|------------|
| Underlying EBITDA - Prime Accounting & Business Advisory | Increase in Underlying EBITDA  | In-line    |
| Underlying EBITDA - Prime (Members/Shareholders)         | Cumulative 8% compound growth in underlying EBITDA (members/shareholders) over a three year period | Outperform |
| Share Price  | Cumulative 20% compound growth in Prime's share price over a three year period                     | Outperform |
| Revenue  | Revenue Growth   | In-line    |

### Non-Financial KPI's

| Metric                       | Commentary   | Result     |
|------------------------------|--|------------|
| Divisional Strategy          | Execution of divisional business strategy, including new clients, cross delivery of services structure and business continuity | Outperform |
| Team Engagement              | Team engagement, retention, management and people development  | In-line    |
| Compliance & Risk Management | Introduction of enhanced systems and technology and no material client complaints  | Outperform |
| Client Service               | High client retention, additional services for existing clients and top quartile Net Promoter Score (NPS)                      | Outperform |

Mr T Bennett's Balanced Scorecard is weighted 80% financial and 20% non-financial.

### Financial KPI's

| Metric  | Commentary   | Result     |
|---|--|------------|
| Underlying EBITDA - Capital & Corporate Advisory  | Increase in Underlying EBITDA  | Outperform |
| Underlying EBITDA - Prime (Members/ Shareholders) | Cumulative 8% compound growth in underlying EBITDA (members/shareholders) over a three year period | Outperform |
| Share Price                                       | Cumulative 20% compound growth in Prime's share price over a three year period                     | Outperform |
| Revenue   | Revenue Growth - Consecutive years of growth (Since commencement of the division)                  | Outperform |

### Non-Financial KPI's

| Metric                       | Commentary   | Result     |
|------------------------------|--|------------|
| Divisional Strategy          | Execution of divisional business strategy growth, new team members and business continuity | Outperform |
| Team Engagement              | Team growth, retention, management and development   | Outperform |
| Compliance & Risk Management | Further development of systems, structure and processes as division scales                 | In-line    |
| Client Service               | New client engagements and high level of client satisfaction and testimonials              | Outperform |

### FY22

|  | Short-term     |               |                 | Post-employment |                        | Long-term                           | Share Based Payments             |                                 | Total | Total performance related |
|--|----------------|---------------|-----------------|-----------------|------------------------|-------------------------------------|----------------------------------|---------------------------------|-------|---------------------------|
|  | Salary/Fees \$ | Cash bonus \$ | Non-Monetary \$ | Super \$        | Retirement benefits \$ | Annual Leave/ Long-service leave \$ | Short-Term Incentive (STI) ** \$ | Long-Term Incentive (LT) *** \$ | \$    | %                         |

### Executive Directors

|              |                  |                |          |               |          |          |               |                |                  |           |
|--------------|------------------|----------------|----------|---------------|----------|----------|---------------|----------------|------------------|-----------|
| Mr S Madder  | 470,673          | 430,000        | -        | 28,125        | -        | -        | -             | 94,465         | 1,023,263        | 51        |
| Mr T Bennett | 360,000          | 120,000        | -        | -             | -        | -        | 19,887        | 91,360         | 591,247          | 39        |
| Mr M Murphy  | 350,000          | 90,000         | -        | 27,500        | -        | -        | 13,258        | 26,066         | 506,824          | 26        |
| <b>Total</b> | <b>1,180,673</b> | <b>640,000</b> | <b>-</b> | <b>55,625</b> | <b>-</b> | <b>-</b> | <b>33,145</b> | <b>211,891</b> | <b>2,121,334</b> | <b>42</b> |

|                                  | FY21 Short-Term Incentives** | FY21 Long-Term Incentives (Tranche 1 - Share Price Hurdle)*** | FY21 Long-Term Incentives (Tranche 2 - EBITDA Hurdle)*** | FY22 Incentives (Tranche 1 - Share Price Hurdle)*** | FY22 Long-Term Incentives (Tranche 2 - EBITDA Hurdle)*** |
|----------------------------------|------------------------------|---|--|---|--|
| Grant Date                       | 29-Oct-20                    | 29-Oct-20   | 29-Oct-20  | 26-Nov-21   | 26-Nov-21  |
| Fair Value at Grant Date (Cents) | 7.1                          | 2.9   | 6.1  | 11.7  | 14.7   |
| Exercise Price (Cents)           | 6.4                          | 6.4   | 6.4  | 6.4   | 6.4  |
| Vesting Date                     | 29-Oct-21                    | 29-Oct-23   | 29-Oct-23  | 26-Nov-23   | 26-Nov-23  |
| Weighting                        | 100%                         | 50%   | 50%  | 50%   | 50%  |

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## KMP Remuneration for the years ended 30 June 2022 and 30 June 2021

### FY21

|                                | Short-term        |                  |                    | Post-employment |                           | Long-term                             | Share Based Payments                |                                     | Total            | Total performance related |
|--------------------------------|-------------------|------------------|--------------------|-----------------|---------------------------|---------------------------------------|-------------------------------------|-------------------------------------|------------------|---------------------------|
|                                | Salary/Fees<br>\$ | Cash bonus<br>\$ | Non-Monetary<br>\$ | Super<br>\$     | Retirement benefits<br>\$ | Annual Leave/Long-service leave<br>\$ | Short-Term Incentive (STI) **<br>\$ | Long-Term Incentive (LTI) ***<br>\$ | \$               | %                         |
| <b>Non-Executive Directors</b> |                   |                  |                    |                 |                           |                                       |                                     |                                     |                  |                           |
| Mr T Carroll                   | -                 | -                | -                  | -               | -                         | -                                     | -                                   | -                                   | -                | -                         |
| Sub-total                      | -                 | -                | -                  | -               | -                         | -                                     | -                                   | -                                   | -                | -                         |
| <b>Executive Directors</b>     |                   |                  |                    |                 |                           |                                       |                                     |                                     |                  |                           |
| Mr S Madder                    | 471,314           | 301,200          | -                  | 25,000          | -                         | 3,202                                 | -                                   | 232,157*                            | 1,032,873        | 54                        |
| Mr T Bennett                   | 300,000           | 120,000          | -                  | -               | -                         | -                                     | 30,035**                            | -                                   | 450,035          | 33                        |
| Mr M Murphy                    | 350,000           | 30,000           | -                  | 25,000          | -                         | -                                     | 20,023**                            | 1,880***                            | 426,903          | 12                        |
| Mr P Madder                    | 13,750            | -                | -                  | -               | -                         | -                                     | -                                   | -                                   | 13,750           | -                         |
| <b>Total</b>                   | <b>1,135,064</b>  | <b>451,200</b>   | <b>-</b>           | <b>50,000</b>   | <b>-</b>                  | <b>3,202</b>                          | <b>50,058</b>                       | <b>234,037</b>                      | <b>1,923,561</b> | <b>40</b>                 |

\*The share based payment consists of \$260,000 equity-settled share grant, (granted on 30 June 2021, with fair value of 9.46 cents) offset by a write-down in the previous cash-settled share option of \$27,843.

|                                  | FY21 Short-Term Incentive** | FY21 Long-Term Incentives (Tranche 1 - Share Price Hurdle)*** | FY21 Long-Term Incentives (Tranche 2 - EBITDA Hurdle)*** |
|----------------------------------|-----------------------------|---|--|
| Grant Date                       | 29-Oct-20                   | 29-Oct-20   | 29-Oct-20  |
| Fair Value at Grant Date (Cents) | 7.1                         | 2.9   | 6.1  |
| Exercise Price (Cents)           | 6.4                         | 6.4   | 6.4  |
| Vesting Date                     | 29-Oct-21                   | 29-Oct-23   | 29-Oct-23  |
| Weighting                        | 100%                        | 50%   | 50%  |

### KMP Options awarded, vested and lapsed during the year

Mr Murphy and Mr Bennett were awarded Short-Term Incentives in the form of equity-settled share-based payment transactions under the performance rights plan, vesting on 29 Oct 2021, these are yet to be issued.

All three directors were also awarded Long-Term Incentives in the form of equity-settled share-based payment transactions under the performance rights plan, vesting on 26 Nov 2023. Mr Murphy also has similar Long-Term Incentives vesting on 29 Oct 2023. These are all shown on the KMP table on the previous pages.

#### FY22 Performance Rights holdings of KMP

| Director     | Performance Rights held at 30 June 2021 | Granted          | Exercised | Lapsed   | Total Performance Rights at year end    |                    |                            |
|--------------|---|------------------|-----------|----------|---|--------------------|----------------------------|
|              |   |                  |           |          | Performance Rights held at 30 June 2022 | Vested/exercisable | Not Vested/Not exercisable |
| Mr S Madder  | -                                       | 3,101,964        | -         | -        | 3,101,964                               | -                  | 3,101,964                  |
| Mr T Bennett | 781,250                                 | 3,000,000        | -         | -        | 3,781,250                               | 781,250            | 3,000,000                  |
| Mr M Murphy  | 703,125                                 | 781,250          | -         | -        | 1,484,375                               | 703,125            | 781,250                    |
| <b>Total</b> | <b>1,484,375</b>                        | <b>6,883,214</b> | <b>-</b>  | <b>-</b> | <b>8,367,589</b>                        | <b>1,484,375</b>   | <b>6,883,214</b>           |

#### FY21 Performance Rights holdings of KMP

| Director     | Performance Rights held at 30 June 2020 | Granted          | Exercised | Lapsed   | Total Performance Rights at year end    |                    |                            |
|--------------|---|------------------|-----------|----------|---|--------------------|----------------------------|
|              |   |                  |           |          | Performance Rights held at 30 June 2021 | Vested/exercisable | Not Vested/Not exercisable |
| Mr S Madder  | -                                       | -                | -         | -        | -                                       | -                  | -                          |
| Mr T Bennett | -                                       | 781,250          | -         | -        | 781,250                                 | -                  | 781,250                    |
| Mr M Murphy  | -                                       | 703,125          | -         | -        | 703,125                                 | -                  | 703,125                    |
| <b>Total</b> | <b>-</b>                                | <b>1,484,375</b> | <b>-</b>  | <b>-</b> | <b>1,484,375</b>                        | <b>-</b>           | <b>1,484,375</b>           |

## Shareholdings of KMP

### FY22

|                            | Balance 01/7/21   | Received as remuneration | Options exercised | Net change other | Balance 30/6/22   |
|----------------------------|-------------------|--------------------------|-------------------|------------------|-------------------|
| <b>Executive Directors</b> |                   |                          |                   |                  |                   |
| Mr S Madder                | 29,107,008*       | -                        | -                 | -                | 29,107,008        |
| Mr M Murphy                | 13,628,571**      | -                        | -                 | -                | 13,628,571        |
| <b>Total</b>               | <b>42,735,579</b> | <b>-</b>                 | <b>-</b>          | <b>-</b>         | <b>42,735,579</b> |

\* Shares issued to Mr S Madder includes shares legally issued to him under the loan share scheme

\*\* Mr M Murphy acquired these shares in August 2016

### FY21

|                                | Balance 01/7/20   | Received as remuneration | Options exercised | Net change other | Balance 30/6/21   |
|--------------------------------|-------------------|--------------------------|-------------------|------------------|-------------------|
| <b>Non-Executive Directors</b> |                   |                          |                   |                  |                   |
| Mr T Carroll                   | 132,594           | -                        | -                 | (132,594)        | -                 |
| <b>Sub-total</b>               | <b>132,594</b>    | <b>-</b>                 | <b>-</b>          | <b>(132,594)</b> | <b>-</b>          |
| <b>Executive Directors</b>     |                   |                          |                   |                  |                   |
| Mr S Madder                    | 29,107,008        | -                        | -                 | -                | 29,107,008        |
| Mr M Murphy                    | -                 | -                        | -                 | 13,628,571*      | 13,628,571        |
| Mr P Madder                    | 9,912,702         | -                        | -                 | (9,912,702)**    | -                 |
| <b>Total</b>                   | <b>39,152,304</b> | <b>-</b>                 | <b>-</b>          | <b>3,583,275</b> | <b>42,735,579</b> |

\*Mr M Murphy acquired these shares in August 2016

\*\*Mr P Madder retains these shares but is no longer a KMP.

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## Loans to KMP and their Related Parties

On the 5 August 2021, Mr S Madder received a loan funded share scheme with an initial value of \$800,356. At the date of settlement \$301,200 of Mr S Madder's Short-Term Incentive was settled against the loan, \$330,000 was settled in October 2021, and the balance of \$169,156 (plus \$13,267 of accrued interest to date) will be payable by June 2023.

The following provides a summary of the loan during the period:

|                         | Balance of loan at the beginning of the period | Amounts advanced during period | Interest accrued on loan | Loan repayments | Loan modification expense | Balance of loans at the end of the period |
|-------------------------|--|--------------------------------|--------------------------|-----------------|---------------------------|---|
| Year ended 30 June 2021 | -  | -                              | -                        | -               | -                         | -   |
| Year ended 30 June 2022 | -  | 800,356                        | 13,267                   | (631,200)       | -                         | 182,423                                   |

The loan agreements among other things includes the following terms:

- full recourse loan supported by a General Securities Agreement over Domain Investment (Melbourne) Pty Ltd supported by a personal guarantee from Simon Madder;
- interest accruing at 0.75% p.a. above the lenders rate; and
- full loan is repayable on 30 June 2023.

The Group, through the Prime Financial Group Ltd Employee Share Plan (PFG ESP), has provided Mr P Madder (through a nominee Madder Corporate Pty Ltd) full recourse loans to purchase 6,224,156 Shares (30 June 2021: 6,224,156 Shares) in Prime Financial Group Ltd.

The loan will be offset against the loan of any outstanding entitlements including Long-Term Incentives and the Consulting Agreement entitlements.

Mr P Madder is a Director of the subsidiary companies and AFS license holding entities of the Group but is not part of Key Management Personnel.

|                         | Balance of loan at the beginning of the period | Amounts advanced during period | Interest accrued on loan | Loan repayments | Loan modification expense | Balance of loans at the end of the period |
|-------------------------|--|--------------------------------|--------------------------|-----------------|---------------------------|---|
| Year ended 30 June 2021 | 1,056,071                                      | -                              | 25,896                   | -               | -                         | 1,081,967                                 |
| Year ended 30 June 2022 | 1,081,967                                      | -                              | 51,285                   | -               | -                         | 1,133,252                                 |

The loan agreements among other things includes the following terms:

- full recourse loan supported by a General Securities Agreement over Madder Corporate Pty Ltd supported by a personal guarantee from Peter Madder;
- interest accruing at 0.75% p.a. above the lenders rate as advised by the Trustee from time to time; and
- all loans are repayable on 30 June 2023.

Signed in accordance with a resolution of the Directors:



**Simon Madder**

Managing Director/CEO & Chairman  
Melbourne, 19 August 2022

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# Auditor's Independence Declaration



**Building a better  
working world**

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## Auditor's Independence Declaration to the Directors of Prime Financial Group Ltd

As lead auditor for the audit of Prime Financial Group Ltd for the financial year ended 30 June 2022, I declare 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;
- b) No contraventions of any applicable code of professional conduct in relation to the audit; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Prime Financial Group Ltd and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'T M Dring'.

T M Dring  
Partner  
19 August 2022

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# Financial Report

|  |    |
|--|----|
| Consolidated Statement of Profit or Loss<br>and Other Comprehensive Income | 32 |
| Consolidated Statement of Financial Position                               | 33 |
| Consolidated Statement of Changes in Equity                                | 34 |
| Consolidated Statement of Cash Flows                                       | 35 |
| Notes to the Financial Statements  | 36 |
| Directors' Declaration   | 74 |
| Independent Auditors Report  | 75 |

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

| Revenue   | Notes | Year ended<br>30 June 2022<br>\$ | Year ended<br>30 June 2021<br>\$ |
|---|-------|----------------------------------|----------------------------------|
| Wealth Management & SMSF  |       | 11,280,466                       | 9,072,134                        |
| Accounting & Business Advisory plus Capital   |       | 14,917,835                       | 13,223,673                       |
| <b>Total Revenue from contracts with customers</b>                                    |       | <b>26,198,301</b>                | <b>22,295,807</b>                |
| Interest Income   |       | 73,176                           | 26,001                           |
| Service Income  |       | 57,300                           | -                                |
| Gain on Lease modification  |       | -                                | 548                              |
| <b>Total Revenue</b>  |       | <b>26,328,777</b>                | <b>22,322,356</b>                |
| <b>Expenses</b>   |       |                                  |                                  |
| Employee benefits   | 6     | (13,766,594)                     | (11,693,605)                     |
| Depreciation  | 6     | (48,853)                         | (54,058)                         |
| Amortisation  | 6     | (1,545,939)                      | (1,733,653)                      |
| Finance costs   | 6     | (386,209)                        | (468,790)                        |
| IT and communication expenses   |       | (1,270,452)                      | (1,156,071)                      |
| Insurance   |       | (495,672)                        | (400,870)                        |
| Occupancy   | 6     | (22,688)                         | (49,047)                         |
| Professional fees   |       | (291,923)                        | (281,297)                        |
| Other expenses  |       | (1,240,841)                      | (1,173,599)                      |
| <b>Total operating expenses</b>   |       | <b>(19,069,171)</b>              | <b>(17,010,990)</b>              |
| Share based payment benefit/(expense)   | 24    | (779,192)                        | (361,507)                        |
| Fair value movement on financial assets   | 15    | 2,872                            | (10,313)                         |
| Fair value movement on contingent consideration                                       |       | -                                | (26,506)                         |
| Credit Loss Expense   | 6     | (112,527)                        | (63,037)                         |
| Loss on derecognition of ROU Asset  |       | (515,880)                        | -                                |
| <b>Total expenses</b>   |       | <b>(20,473,898)</b>              | <b>(17,472,353)</b>              |
| Profit before tax from continuing operations  |       | 5,854,879                        | 4,850,003                        |
| Attributable to:  |       |                                  |                                  |
| - Members/shareholders of the parent entity   |       | 5,010,201                        | 4,016,570                        |
| - Non-controlling interests   |       | 844,677                          | 833,433                          |
| Income tax expense  | 7     | (1,407,298)                      | (1,159,916)                      |
| Profit after tax from continuing operations   |       | 4,447,580                        | 3,690,087                        |
| Attributable to:  |       |                                  |                                  |
| - Members/shareholders of the parent entity   |       | 3,814,072                        | 3,074,132                        |
| - Non-controlling interests   |       | 633,508                          | 615,955                          |
| <b>Total comprehensive income</b>   |       | <b>4,447,580</b>                 | <b>3,690,087</b>                 |
| <b>Earnings per share attributable to ordinary members/shareholders of the parent</b> |       |                                  |                                  |
| Basic earnings/(loss) per share (cents)   | 26    | 1.93                             | 1.69                             |
| Diluted earnings/(loss) per share (cents)   | 26    | 1.92                             | 1.69                             |

# Consolidated Statement of Financial Position

For the year ended 30 June 2022

|  | Notes | Year ended<br>30 June 2022<br>\$ | Year ended<br>30 June 2021<br>\$ |
|--|-------|----------------------------------|----------------------------------|
| <b>Current assets</b>                                      |       |                                  |                                  |
| Cash and cash equivalents                                  | 8     | 128,699                          | 65,725                           |
| Trade and other receivables                                | 9     | 4,511,393                        | 2,953,470                        |
| Financial assets   | 15    | 1,315,675                        | -                                |
| Lease receivable   | 14    | 195,437                          | -                                |
| Contract assets and other current assets                   | 10    | 5,325,514                        | 4,343,577                        |
| <b>Total current assets</b>                                |       | <b>11,476,718</b>                | <b>7,362,772</b>                 |
| <b>Non-current assets</b>                                  |       |                                  |                                  |
| Property, plant and equipment                              | 11    | 121,474                          | 48,604                           |
| Lease Receivable   | 14    | 184,987                          | -                                |
| Right-of-use asset   | 13    | 823,667                          | 2,532,418                        |
| Financial assets   | 15    | 906,614                          | 1,985,709                        |
| Intangible assets  | 16    | 46,253,593                       | 46,356,006                       |
| <b>Total non-current assets</b>                            |       | <b>48,290,335</b>                | <b>50,922,737</b>                |
| <b>Total assets</b>  |       | <b>59,767,053</b>                | <b>58,285,509</b>                |
| <b>Current liabilities</b>                                 |       |                                  |                                  |
| Payables   | 17    | 2,540,835                        | 2,400,907                        |
| Lease liabilities  | 18    | 1,030,162                        | 956,920                          |
| Current tax payable  | 7     | 1,287,147                        | 191,739                          |
| Employee benefits  | 19    | 949,051                          | 867,050                          |
| Borrowing – bank facility                                  | 20    | 1,000,000                        | 1,000,000                        |
| Balance outstanding on acquisition of investments          | 21    | 327,525                          | 328,615                          |
| <b>Total current liabilities</b>                           |       | <b>7,134,720</b>                 | <b>5,745,231</b>                 |
| <b>Non-current liabilities</b>                             |       |                                  |                                  |
| Borrowings – bank facility                                 | 20    | 4,355,511                        | 6,175,346                        |
| Lease liabilities  | 18    | 761,950                          | 1,792,112                        |
| Deferred tax liabilities                                   | 7     | 865,892                          | 917,028                          |
| <b>Total non-current liabilities</b>                       |       | <b>5,983,353</b>                 | <b>8,884,486</b>                 |
| <b>Total liabilities</b>                                   |       | <b>13,118,073</b>                | <b>14,629,717</b>                |
| <b>Net assets</b>  |       | <b>46,648,980</b>                | <b>43,655,792</b>                |
| <b>Equity</b>  |       |                                  |                                  |
| Contributed equity   | 22    | 67,621,062                       | 67,500,652                       |
| Treasury shares  | 22    | (150,907)                        | (1,461,088)                      |
| Share-based payment Reserve                                | 22    | 609,443                          | 106,849                          |
| Accumulated losses   |       | (22,045,843)                     | (23,291,045)                     |
| <b>Equity attributable to equity holders of the parent</b> |       | <b>46,033,755</b>                | <b>42,855,368</b>                |
| Non-controlling interests                                  |       | 615,225                          | 800,424                          |
| <b>Total equity</b>  |       | <b>46,648,980</b>                | <b>43,655,792</b>                |

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# Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

| Revenue   | Treasury Shares<br>\$ | Contributed equity<br>\$ | Share-based Payment Reserve<br>\$ | Retained earnings/<br>Accumulated Losses<br>\$ | Non-controlling interest<br>\$ | Total<br>\$       |
|---|-----------------------|--------------------------|-----------------------------------|--|--------------------------------|-------------------|
| <b>Balance at 1 July 2020</b>   | <b>(2,435,000)</b>    | <b>67,738,457</b>        | -                                 | <b>(25,343,961)</b>                            | <b>1,213,834</b>               | <b>41,173,330</b> |
| Total comprehensive income for the period                                       | -                     | -                        | -                                 | 3,074,132                                      | 615,955                        | 3,690,087         |
| <b>Transactions with equity holders in their capacity as equity holders:</b>    |                       |                          |                                   |  |                                |                   |
| Movement in Treasury shares   | 973,912               | (237,805)                | -                                 | -  | -                              | 736,107           |
| Share based payments  | -                     | -                        | 106,849                           | -  | -                              | 106,849           |
| Dividends paid  | -                     | -                        | -                                 | (1,060,795)                                    | (716,442)                      | (1,777,237)       |
| Transactions with non-controlling interests in their capacity as equity holders | -                     | -                        | -                                 | 39,579   | (312,923)                      | (273,344)         |
| Total transactions with equity holders  | 973,912               | (237,805)                | 106,849                           | (1,021,216)                                    | (1,029,365)                    | (1,207,625)       |
| <b>Balance at 30 June 2021</b>  | <b>(1,461,088)</b>    | <b>67,500,652</b>        | <b>106,849</b>                    | <b>(23,291,045)</b>                            | <b>800,424</b>                 | <b>43,655,792</b> |
| Total comprehensive income for the period                                       | -                     | -                        | -                                 | 3,814,072                                      | 633,508                        | 4,447,580         |
| <b>Transactions with equity holders in their capacity as equity holders:</b>    |                       |                          |                                   |  |                                |                   |
| Movement in Treasury shares   | 1,310,181             | -                        | -                                 | (509,825)                                      | -                              | 800,356           |
| Share based payments  | -                     | -                        | 502,594                           | -  | -                              | 502,594           |
| Share Capital issued  | -                     | 793,878                  | -                                 | -  | -                              | 793,878           |
| Share Capital cancelled - Buyback   | -                     | (673,468)                | -                                 | -  | -                              | (673,468)         |
| Dividends paid  | -                     | -                        | -                                 | (1,786,417)                                    | (727,019)                      | (2,513,436)       |
| Transactions with non-controlling interests in their capacity as equity holders | -                     | -                        | -                                 | (272,628)                                      | (91,688)                       | (364,316)         |
| Total transactions with equity holders  | 1,310,181             | 120,410                  | 502,594                           | (2,568,870)                                    | (818,707)                      | (1,454,392)       |
| <b>Balance at 30 June 2022</b>  | <b>(150,907)</b>      | <b>67,621,062</b>        | <b>609,443</b>                    | <b>(22,045,843)</b>                            | <b>615,225</b>                 | <b>46,648,980</b> |

# Consolidated Statement of Cash Flows

For the year ended 30 June 2022

|  | Notes     | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|-----------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                |           |                    |                    |
| Receipts from customers                                    |           | 26,045,796         | 23,304,427         |
| Payments to employees and suppliers                        |           | (19,075,783)       | (16,519,503)       |
| Other income from sub-lease                                |           | 57,230             | -                  |
| Interest received  |           | 8,535              | -                  |
| Interest paid  |           | (386,209)          | (468,790)          |
| Income tax paid  |           | (507,026)          | (772,037)          |
| <b>Net cash provided by operating activities</b>           | <b>25</b> | <b>6,142,543</b>   | <b>5,544,097</b>   |
| <b>Cash flows from investing activities</b>                |           |                    |                    |
| Payments for business acquisitions                         |           | (449,500)          | (591,297)          |
| Payments for non-controlling interests equity              |           | (347,907)          | (182,228)          |
| Lease payments received                                    |           | 108,293            | -                  |
| Development expenditure                                    |           | (163,372)          | (195,056)          |
| Payments for plant and equipment                           |           | (121,722)          | (24,896)           |
| <b>Net cash provided by/(used in) investing activities</b> |           | <b>(974,208)</b>   | <b>(993,477)</b>   |
| <b>Cash flows from financing activities</b>                |           |                    |                    |
| Transfer of Treasury shares                                |           | -                  | 736,107            |
| Dividends paid   |           | (1,786,416)        | (1,060,795)        |
| Dividends paid to non-controlling interests                |           | (662,602)          | (655,503)          |
| Repayment of lease liabilities                             |           | (956,919)          | (897,146)          |
| Proceeds from Share Capital issued                         |           | 793,878            | -                  |
| Share Buyback  |           | (673,468)          | -                  |
| Repayment of borrowings                                    |           | (2,298,342)        | (3,142,506)        |
| Drawdown of borrowings                                     |           | 478,508            | 441,457            |
| <b>Net cash provided by/(used in) financing activities</b> |           | <b>(5,105,361)</b> | <b>(4,578,386)</b> |
| Net increase/(decrease) in cash and cash equivalents       |           | 62,974             | (27,766)           |
| <b>Cash and cash equivalents at beginning of the year</b>  |           | <b>65,725</b>      | <b>93,491</b>      |
| <b>Cash and cash equivalents at end of the year</b>        |           | <b>128,699</b>     | <b>65,725</b>      |

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## Notes to the Financial Statements

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### 1. Corporate information

The consolidated financial statements of Prime Financial Group Ltd ('Prime' or 'the Company') and its controlled entities ('the Group') for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 19 August 2022.

Prime Financial Group Ltd is a for profit company limited by shares and incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange ('ASX').

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### 2. Basis of the preparation of the financial report

#### 2.1 Basis of preparation

The consolidated financial statements for the year ended 30 June 2022 have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements are presented in Australian dollars and have been prepared on a historical cost basis. It complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.



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During the period, comparative information has been re-classified to align with current year disclosures.

## 2.2 Basis of consideration

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other

comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## 2.3 Summary of significant accounting policies

### (a) Revenue recognition

Under AASB 15, revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

#### Wealth Management & SMSF Revenue

Wealth Management revenue predominantly consists of ongoing investment advisory services relating to invested funds and fee for service for administration. The Group has determined that

## 2. Basis of the preparation of the financial report – continued

revenue associated with this service should be recognised over time, as the service is provided by the Group. The Group uses an output method for measuring progress on satisfying the performance obligation.

### Accounting & Business Advisory plus Capital Revenue

Accounting & Business Advisory plus Capital services generally involves one performance obligation, relating to the provision of specific services, e.g. bookkeeping or tax services. The Group has determined that revenue associated with this service should also be recognised over time, as the service is provided by the Group. The Group uses an input method to measure progress in satisfying the performance obligation.

### Contract Assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. For goods and services, the Group performs for customers before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration. The Group's contract assets are from work in progress earned for the Group and are initially recognised for revenue from services provided to Accounting & Business Advisory as well as Capital clients. Upon completion and acceptance from the customer, there is a reclassification from contract assets (note 10) to trade receivables (note 9).

### Disaggregated Revenue

The Group has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors, being Wealth Management & SMSF revenue and Accounting & Business Advisory plus Capital revenue.

### **(b) Cash and cash equivalent**

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions.

### **(c) Plant and equipment**

All classes of plant and equipment are stated at cost less depreciation and any accumulated impairment losses. The carrying amount of plant and equipment is reviewed for impairment annually by Directors for events or changes in circumstances that indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of profit and loss and other comprehensive income.

The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

The assets' residual value and useful lives are reviewed and adjusted as appropriate at the end of the reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included within the profit or loss.

|                        |              |
|------------------------|--------------|
| Office equipment       | 3 to 5 years |
| Software               | 1 to 3 years |
| Plant & machinery      | 3 to 5 years |
| Leasehold improvements | 3 to 5 years |

### **(d) Leases**

AASB 16 'Leases' has introduced a single accounting model for recognising and measuring lease arrangements. The standard requires all leases to be recognised on the Balance sheet, unless the underlying asset is of low value or a term of 12 months or less. The income statement includes depreciation of the right-of-use asset and interest expense on the lease liability over the lease term.

The Group become lessor for the first time in FY22 due to its sub-lease arrangement. The Group has classified the lease as a financing lease. Rental and operational income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease receivable asset and recognised over the lease term on the same basis as the associated income.

### Intangibles

#### Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The Group's goodwill has been allocated between two operating segments (1) Wealth Management & SMSF and; (2) Accounting & Business Advisory plus Capital, and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### Intangible assets

Intangible assets acquired separately are measured on initial

recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### Research and development costs

Expenditure during the research phase is expensed and expenditure incurred in development is recognised as an intangible asset and amortised over the useful life of the asset.

A summary of the policies applied to the Group's intangible assets is as follows:

- Customer relationships – amortised on a straight-line basis over 5-10 years;
- Development costs – amortised on a straight-line basis over 3-5 years.

#### **(e) Impairment of assets**

Assets with an indefinite useful life are not amortised but are tested at least annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **(f) Taxes**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

#### Tax consolidation

The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement where applicable to those companies in the group, to contribute to the income tax payable in proportion to their contribution to net profit before tax of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity 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. Assets or liabilities arising under the tax funding agreements with the applicable tax consolidated entities are recognised amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of the applicable tax consolidated group member, resulting in neither a contribution by the parent

## 2. Basis of the preparation of the financial report – continued

entity to that subsidiary nor a distribution by that subsidiary to the parent entity.

### **(g) Employee benefits**

#### Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### **(h) Investments**

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems it has significant influence if it has more than 20% of the voting rights, but does not have control of the entity.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **(i) Financial instruments**

#### Initial recognition and measurement

In December 2014, the AASB issued the final version of AASB 9 Financial Instruments that replaces AASB 139 Financial Instruments: Recognition and Measurement and all previous versions of AASB 9. AASB 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

#### Classification and subsequent measurement

The adoption of AASB 9 has not had a significant impact on the balance sheet or equity on applying the classification and measurement requirements of AASB 9. Trade receivables and Loans are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under AASB 9. Therefore, reclassification for these instruments is not required. There has been a change to the valuation of the unquoted equity instruments, measured at fair value through profit and loss resulting in a loss of \$39,233.

#### Impairment

AASB 9 requires the Group to record expected credit losses on all its trade receivables and loans, either on a 12-month or lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on all trade receivables. As trade receivables are short-term in nature i.e. repayment terms are typically 30-90 days, the previous method of recognising credit impairment is not materially different to the simplified approach adopted under AASB 9.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### **(j) Loans to Directors**

The Group recognises a loss allowance for expected credit losses on loans using the general approach. If the credit risk on the loan has increased significantly since initial recognition, an amount equal to the lifetime loss is recognised. Specific to this loan, there has been no change in credit risk since initial recognition.

### **(k) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **(l) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

### **(m) Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

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

On the acquisition of a 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 existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures 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 profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. It is the discounted value of the expected future consideration. 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 remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of identifiable 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 acquiree 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 acquiree.

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

### **(n) Dividends**

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 reporting period but not distributed at the end of the reporting period.

### **(o) Earnings per share**

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Prime, 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 financial year.

#### Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of dilutive potential ordinary shares.

### **(p) Treasury shares**

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### **(q) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **(r) Assets held for sale**

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Assets classified as held for sale are not amortised or depreciated. Assets classified as held for sale and any associated liabilities are presented separately from the other assets in the consolidated balance sheet.

### **(s) Share based payments accounting policy**

#### **Cash-settled payment transactions**

Directors of the Group receive remuneration in the form of share-based payments whereby they can acquire shares pursuant to a loan scheme. On the basis that the employees and Directors have the option to require the Company to buy back the shares,

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## 2. Basis of the preparation of the financial report – continued

the awards are being accounted for as share options under cash settled share-based payment awards. A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in profit and loss. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a Black-Scholes model, further details of which are given in Note 24.

### Equity-settled share-based payment transactions

Directors and employees also receive remuneration in the form of share-based payments whereby they are granted Performance rights that vest into shares after a set vesting period. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date of granting. The fair value was determined by management using the Binomial and Monte Carlo Model, further details of which are given in Note 24.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity (Retained-Earnings), over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date the relevant employees are awarded the shares (the vesting date).

### 2.4 New and amended standards and interpretations

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### New accounting standards issued but not effective

There were no relevant Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements which are applicable to the consolidated financial statements.

## 3. Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following critical accounting estimates and judgements, and taken the following matters into consideration:

### Coronavirus (COVID-19) pandemic

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these consolidated financial statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus and
- the extent and duration of the expected economic downturn and the impact on world stock markets.

Although Prime has not been materially impacted by the COVID-19 pandemic the Group has developed various accounting estimates in these consolidated financial statements based on forecasts aligned to economic conditions which reflect expectations and assumptions as at 30 June 2022 about future events that the Directors believe are reasonable in the current circumstances. There is a considerable degree of judgement involved in preparing these forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

Management does not believe that the COVID-19 pandemic has had any impact on Primes' ability to continue as a going concern.

### Consolidation of wealth management entities

Prime has determined it controls certain wealth management entities for which it owns 40-50% of the voting shares of. The determination was made due to Prime holding the required Australian Financial Services License and controlling cash flows and the relevant activities which includes business development, marketing initiatives and staffing and preparing the financial statements of the entities.

### Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group tests its intangible assets and investments accounted for using the equity method for impairment on at least an annual basis using a discounted cash flow (DCF) model. The methodology and key assumptions used to determine the recoverable amount for operating segments and test for impairment are disclosed in Note 16.

### Contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

### Share option valuations

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at

each reporting date up to and including the settlement date, with changes in fair value recognised in profit and loss. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The Group calculates the fair value of the share options at each reporting date using the Black-Scholes model.

#### **Allowance for expected credit losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on shared credit risk characteristics and on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include past default experience of the debtor profile and an assessment of the historical loss rates.

The impact of the COVID-19 pandemic remains uncertain. The methodologies and assumptions applied in the base expected credit loss calculations remain unchanged from those applied in the 2021 Annual Financial Report.

The Group has continued to review outstanding invoices and the trade receivable balance for indicators of impairment and if upon this impairment assessment there is no reasonable expectation on recovery, the Group have applied a credit against the profit & loss and the amount is written off.

Forward looking credit factors, including the global and Australian economic conditions, and factors relevant to the client base continue to be assessed in conjunction with historical performance and specific considerations on individual debtor balances.

The allowance for expected credit loss on the lease receivable has been considered for the financial year ending 30 June 2022 for the first time, under the same approach discussed above and is considered immaterial.

The Group have concluded that the existing Expected Credit Losses (ECL) methodology remain appropriate in current environment.

with \$173,501 of the consideration paid on acquisition date, and the remaining \$74,357 payable on 1 October 2022. This was an equity transaction which decreased non-controlling interests by \$436 and increased retained earnings by \$247,423.

#### **Selingers Financial Services Pty Ltd**

On 18 November 2021, Prime acquired the remaining 50% interest in Selingers Financial Services Pty Ltd for \$30,440 with the full consideration paid on acquisition date. This was an equity transaction which decreased non-controlling interests by \$470 and increased retained earnings by \$29,970.

#### **McHenry Financial Services Pty Ltd**

On 21 February 2022, Prime acquired the remaining 50% interest in McHenry Financial Services Pty Ltd for \$30,866 with the full consideration paid on acquisition date. This was an equity transaction which decreased non-controlling interests by \$470 and increased retained earnings by \$30,866.

#### **InflectionPoint Advisory Pty Ltd/ Alpin Advisory**

On 1 August 2021, Prime acquired a capital advisory client list and the associated pipeline of opportunities from InflectionPoint Advisory Pty Ltd (Alpin) for \$432,000. Some staff intellectual property was also acquired as part of the transaction. No tangible assets were acquired, or liabilities assumed as part of the acquisition, whilst the fair value of intangible assets acquired were: Customer Rights Intangible Asset of \$576,000 and an associated deferred tax liability of \$144,000. The first consideration payment of \$212,000 was paid on 1 March 2022, with the balance of \$220,000 payable on 31 August 2022. There was no goodwill associated with this acquisition and this was a purchase of a Customer Rights Intangible Asset rather than a business combination.

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## **4. Business combinations and acquisition of non-controlling**

#### **Butler Settineri Financial Services Pty Ltd**

On 10 August 2021, Prime acquired the remaining 30% interest in Bulter Settineri Financial Services Pty Ltd for \$66,333 with \$33,167 of the consideration paid on acquisition date, and the remainder \$33,166 payable on 10 August 2022. This was an equity transaction which decreased non-controlling interests by \$90,312 and decreased retained earnings by \$23,979.

#### **WM Financial Services Pty Ltd**

On 28 September 2021, Prime acquired the remaining 50% interest in WM Financial Services Pty Ltd for \$30,764 with the full consideration paid on acquisition date. This was an equity transaction which increased retained earnings by \$30,764.

#### **Hughes O'Dea Corredig Financial Services Pty Ltd**

On 1 October 2021, Prime acquired the remaining 50% interest in Hughes O'Dea Corredig Financial Services Pty Ltd for \$247,858

## 5. Group Information

### Information about subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

|  | Country of Incorporation | 2022 % Owned | 2021 % Owned |
|--|--------------------------|--------------|--------------|
| <b>Parent Entity:</b>  |                          |              |              |
| Prime Financial Group Ltd  | Australia                |              |              |
| <b>Subsidiaries of Prime Financial Group Ltd continued</b>   |                          |              |              |
| 40 City Road Financial Advisors Pty Ltd (Deregistered)   | Australia                | -            | 100          |
| ACN 097 206 874 Pty Ltd  | Australia                | 100          | 100          |
| ACN 101 602 037 Pty Ltd (Formerly Hughes O'Dea Corredig Financial Services Pty Ltd) (Deregistered) | Australia                | -            | 50           |
| ACN 103 095 218 Pty Ltd (Formerly McHenry Financial Services Pty Ltd) (Deregistered)               | Australia                | -            | 50           |
| Aintree Group Financial Services Pty Ltd (Deregistered)  | Australia                | -            | 50           |
| Altezza Partners Pty Ltd   | Australia                | 100          | 100          |
| Altezza Wealth Management Pty Ltd  | Australia                | 100          | 100          |
| Beksan Pty Ltd   | Australia                | 100          | 100          |
| Bishop Collins Wealth Management Pty Ltd   | Australia                | 50           | 50           |
| Butler Settineri Financial Services Pty Ltd (Deregistered)   | Australia                | -            | 70           |
| CP Financial Planners Pty Ltd  | Australia                | 50           | 50           |
| Crispin & Jeffery Financial Services Pty Ltd   | Australia                | 50           | 50           |
| David Hicks and Co Financial Services Pty Ltd  | Australia                | 50           | 50           |
| DM Financial Planners Pty Ltd  | Australia                | 80           | 80           |
| ExpertSuper Pty Ltd  | Australia                | 100          | 100          |
| GG Financial Services Pty Ltd (Deregistered)   | Australia                | -            | 50           |
| Green Taylor Financial Services Pty Ltd  | Australia                | 50           | 50           |
| Madder & Co Financial Services Pty Ltd   | Australia                | 50           | 50           |
| MPR Accountants & Advisors Pty Ltd   | Australia                | 100          | 100          |
| MVA Bennett Financial Services Pty Ltd   | Australia                | 50           | 50           |
| NP Wealth Management Pty Ltd   | Australia                | 100          | 100          |
| ORD Financial Services Pty Ltd   | Australia                | 100          | 100          |
| Pacifica Financial Services Pty Ltd  | Australia                | 80           | 80           |
| PFG (NTH QLD) Pty Ltd  | Australia                | 80           | 80           |
| PFG Employee Share Plan Trust  | Australia                | 100          | 100          |
| PMK Financial Services Pty Ltd (Deregistered)  | Australia                | -            | 100          |
| Prime Accounting & Business Advisory Pty Ltd   | Australia                | 100          | 100          |
| Prime Accounting & Wealth Management Pty Ltd   | Australia                | 100          | 100          |
| Prime Corporate Advisory Pty Ltd   | Australia                | 100          | 100          |
| Prime Corporate Pty Ltd  | Australia                | 100          | 100          |
| Prime Development Fund Pty Ltd   | Australia                | 100          | 100          |
| Prime Management Services Pty Ltd  | Australia                | 100          | 100          |
| Prime Innovation Pty Ltd   | Australia                | 100          | 100          |
| Prime Venture & Capital Pty Ltd  | Australia                | 100          | 100          |
| Primestock Financial Planning Pty Ltd  | Australia                | 100          | 100          |
| Primestock Superannuation Services Pty Ltd   | Australia                | 100          | 100          |
| Primestock Wealth Management Pty Ltd   | Australia                | 100          | 100          |
| Primestock Securities Ltd  | Australia                | 100          | 100          |
| R&D Tax Consultants Pty LTD  | Australia                | 100          | 100          |
| RJS Financial Solutions Pty Ltd  | Australia                | 50           | 50           |

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## 5. Group Information - continued

|   | Country of Incorporation | 2022 % Owned | 2021 % Owned |
|---|--------------------------|--------------|--------------|
| RMM Financial Services Pty Ltd                      | Australia                | 50           | 50           |
| Rundles Financial Planning Pty Ltd                  | Australia                | 40           | 40           |
| Selingers Financial Services Pty Ltd (Deregistered) | Australia                | -            | 50           |
| Signum Business Advisors Financial Services Pty Ltd | Australia                | 50           | 50           |
| Stanwycks Financial Services Pty Ltd (Deregistered) | Australia                | -            | 50           |
| Tricor Financial Services Pty Ltd                   | Australia                | 40           | 40           |
| WM Financial Services Pty Ltd (Deregistered)        | Australia                | -            | 50           |

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations.

| 2022 Controlled Entities Name                 | Rundles Financial Planning Pty Ltd | Green Taylor Financial Services Pty Ltd | PFG (Nth Qld) Pty Ltd |
|---|------------------------------------|---|-----------------------|
| Country of incorporation                      | Australia                          | Australia                               | Australia             |
| Percentage owned by non-controlling interests | 60%                                | 50%                                     | 20%                   |
| Current assets                                | 43,634                             | 148,313                                 | 171,114               |
| Non-Current assets                            | 542,108                            | 538,203                                 | 240,988               |
| Current liabilities                           | (72,696)                           | (67,195)                                | (152,192)             |
| Non-Current liabilities                       | -                                  | -                                       | -                     |
| Net assets                                    | 513,046                            | 619,321                                 | 259,910               |
| Revenue                                       | 828,650                            | 741,027                                 | 796,897               |
| Profit/(loss) before tax                      | 458,227                            | 329,890                                 | 291,611               |

| 2021 Controlled Entities Name                 | Rundles Financial Planning Pty Ltd | Green Taylor Financial Services Pty Ltd | PFG (Nth Qld) Pty Ltd |
|---|------------------------------------|---|-----------------------|
| Country of incorporation                      | Australia                          | Australia                               | Australia             |
| Percentage owned by non-controlling interests | 60%                                | 50%                                     | 20%                   |
| Current assets                                | 43,634                             | 219,983                                 | 222,630               |
| Non-Current assets                            | 513,664                            | 432,232                                 | 254,855               |
| Current liabilities                           | (70,115)                           | (77,893)                                | (165,538)             |
| Non-Current liabilities                       | -                                  | -                                       | -                     |
| Net assets                                    | 487,183                            | 574,322                                 | 311,947               |
| Revenue                                       | 709,205                            | 674,282                                 | 790,025               |
| Profit/(loss) before tax                      | 395,895                            | 274,953                                 | 342,811               |

## 6. Expenses

|   | 2022<br>\$        | 2021<br>\$        |
|---|-------------------|-------------------|
| <b>Finance Costs</b>                                    |                   |                   |
| <b>Financial Liabilities measures at amortised cost</b> |                   |                   |
| Interest on bank overdrafts and loans                   | 310,879           | 362,041           |
| Interest on borrowings – other                          | -                 | 630               |
| Interest on lease liabilities                           | 75,330            | 106,119           |
| <b>Total finance costs</b>                              | <b>386,209</b>    | <b>468,790</b>    |
| <b>Other expenses</b>                                   |                   |                   |
| Other occupancy-related costs                           | 22,688            | 49,047            |
| <b>Total Occupancy-related costs</b>                    | <b>22,688</b>     | <b>49,047</b>     |
| <b>Depreciation and amortisation</b>                    |                   |                   |
| Depreciation  | 48,853            | 54,058            |
| Amortisation – Other                                    | 841,785           | 783,158           |
| Amortisation – Right of Use Assets                      | 704,154           | 950,495           |
| <b>Total depreciation and amortisation</b>              | <b>1,594,792</b>  | <b>1,787,711</b>  |
| <b>Employee benefits expense</b>                        |                   |                   |
| Salaries and wages expense                              | 11,666,961        | 10,087,727        |
| Superannuation expense                                  | 881,437           | 772,101           |
| Other employee expenses                                 | 1,218,196         | 833,777           |
| <b>Total employee benefits expense</b>                  | <b>13,766,594</b> | <b>11,693,605</b> |

### Credit Loss Expense

In the year ended 30 June 2022, the Group recognised a Credit Loss Expense of \$112,527

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## 7. Income tax

|   | 2022<br>\$         | 2021<br>\$         |
|---|--------------------|--------------------|
| <b>(a) The components of tax expense</b>  |                    |                    |
| Current tax   | 1,526,035          | 529,757            |
| Deferred tax  | (51,137)           | 615,771            |
| Other adjustments   | (67,600)           | 14,388             |
| <b>Total income tax expense</b>   | <b>1,407,298</b>   | <b>1,159,916</b>   |
| <b>(b) The prima facie tax on profit differs from the Income tax provided in the financial statements as follows:</b> |                    |                    |
| Total Profit/(Loss) before income tax   | 5,854,879          | 4,850,003          |
| At the Australian statutory income tax rate of 25% (2021: 26%)  | 1,463,720          | 1,261,001          |
| Add: Tax effect of:   |                    |                    |
| Permanent differences   | 274,118            | 179,522            |
| Franking credits  | (262,940)          | (259,257)          |
| Impact of tax rate change in 2020, 27.5% to 26%   | -                  | (35,881)           |
| Adjustments in respect of current income tax of previous year   | (67,600)           | 14,530             |
| <b>Income tax expense attributable to ordinary activities</b>   | <b>1,407,298</b>   | <b>1,159,916</b>   |
| <b>(c) Deferred tax</b>   |                    |                    |
| Deferred tax relates to the following:  |                    |                    |
|   | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
| <b>Deferred tax assets/(liabilities)</b>  |                    |                    |
| Employee provisions   | 237,263            | 216,763            |
| Unrealised losses on investments  | 109,442            | 110,160            |
| Lease Receivable  | (95,106)           | -                  |
| Provision for expected credit losses  | 68,233             | 38,032             |
| Right of Use asset  | (205,917)          | (633,105)          |
| Lease liability   | 448,028            | 687,258            |
| Intangible Assets – Customer Relationships  | (372,707)          | (525,178)          |
| Accrued Revenue   | (1,114,558)        | (876,481)          |
| Other   | 59,430             | 65,523             |
| <b>Net deferred tax liabilities</b>   | <b>(865,892)</b>   | <b>(917,028)</b>   |

## 8. Cash and cash equivalents

|  | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|--------------------|--------------------|
| <b>Current</b>                         |                    |                    |
| Cash at bank                           | 128,699            | 65,725             |
| <b>Total cash and cash equivalents</b> | <b>128,699</b>     | <b>65,725</b>      |

## 9. Trade and other receivables

|  | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|--------------------|--------------------|
| <b>Current</b>   |                    |                    |
| Trade Receivables  | 4,784,323          | 3,105,596          |
| Provision for expected credit losses                                       | (272,930)          | (152,126)          |
| <b>Total current trade and other receivables</b>                           | <b>4,511,393</b>   | <b>2,953,470</b>   |
| <b>Provision for expected credit losses</b>                                |                    |                    |
| <b>Reconciliation of changes in the provision for expected credit loss</b> |                    |                    |
| Balance at beginning of the year   | 152,126            | 164,011            |
| Additional expected credit loss provision recognised (P&L Charge)          | 112,527            | 63,037             |
| Provision used   | (4,473)            | (74,922)           |
| Recovery of Bad Debts previously written off                               | 12,750             | -                  |
| <b>Balance at end of the year</b>  | <b>272,930</b>     | <b>152,126</b>     |
| <b>Aged Analysis</b>   |                    |                    |
| The ageing analysis of receivables is as follows:                          |                    |                    |
| 0 - 30 days  | 3,195,982          | 2,417,192          |
| 31 - 60 days   | 66,538             | 36,304             |
| 61 - 90 days   | 281,671            | 115,055            |
| 91+ days   | 1,240,132          | 537,045            |
| <b>Total</b>   | <b>4,784,323</b>   | <b>3,105,596</b>   |

The Group applies the simplified approach and records lifetime expected losses on all trade receivables. As a result, the Group does not monitor change in credit risk but recognises a provision based on lifetime expected credit losses (ECL) at each reporting date.

The trade receivable balance represents the Group's unconditional right to receive the cash.

Current trade receivables are generally on 30 days credit terms. However, the Group's Accounting & Business Advisory service line offers a grant and R&D tax incentive service to customers that are eligible for the Australian Government incentive funding. The payment terms for this service line (due to subsequent Australian Tax Office review) is likely to be greater than the standard credit terms given. The Group continues to perform an extensive review on the outstanding trade receivable balance at each reporting period, which includes an invoice by invoice assessment basis. Additionally, the unbiased probability-weighted matrix reflects the various segment groupings, which is described further below. The Group continue to write-off the uncollectable trade receivables which the Group do not expect to obtain from the relevant customers and continue to take this approach at every reporting date. The indicators the Group consider includes confirmation of non-payment, financial difficulties, credit ratings, customer industry and/or delinquency of payments. A credit is applied against the profit & loss if an amount is written off.

The Group adopted a provision matrix to calculate its ECL and provision for its trade receivables balance at 30 June 2022. The unbiased probability-weighted matrix reflects the various segment groupings based both upon the Group's debtor ageing,

service line, and various customer segment groupings with similar loss patterns.

This included Geography (notably Melbourne and Brisbane for the Accounting & Business Advisory service line), product type and customer profile. This generated a historical credit loss experience which was adjusted for in the ECL for The Group. At every reporting date the historical rates used within the Groups provision matrix to calculate the ECL is updated for trade and other receivables.

Forward looking credit factors, including the global and Australian economic conditions, and factors relevant to the client base continue to be assessed in conjunction with historical performance and specific considerations on individual debtor balances as specified above.

The allowance for expected credit loss on the lease receivable has been considered for the financial year ending 30 June 2022 for the first time under the same approach discussed above and is considered immaterial.

Due to the continued utilisation of controls previously implemented, the heightened business focus since inception of the COVID-19 pandemic, and a detailed invoice assessment for recoverability / impairment indicators, there has been no further adjustments based on the impact of COVID-19 to the forward-looking information within the calculation methodology of the ECL provision.

Please refer to note 10 for commentary on contract assets.

## 10. Contract assets and other current assets

|   | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---|--------------------|--------------------|
| <b>Current</b>  |                    |                    |
| Contract assets                                       | 4,459,205          | 3,505,922          |
| Distributions advanced to non-controlling interests   | 660,055            | 725,446            |
| Prepayments   | 60,913             | 33,029             |
| Other assets  | 145,341            | 79,180             |
| <b>Total contract assets and other current assets</b> | <b>5,325,514</b>   | <b>4,343,577</b>   |

### Contract assets

Consistent with the approach for trade and other receivables, the Group applies a simplified approach to recognising expected credit losses for contract assets as the Group do not contain a significant financing component for its trade receivables or contract assets. Contract assets are initially recognised for revenue earned through work in progress, predominantly for accounting and business advisory services as well as the capital

advisory service line and monitored on both a monthly and ongoing basis. Upon completion of sale and acceptance by the customer and the provider, invoices are issued to the provider for the amount receivable and reclassified from contract assets to trade receivables. The trade receivable balance represents the Group's unconditional right to receive the cash (note 9).

## 11. Property, plant and equipment

|                                    | Office<br>equipment<br>\$ | Plant and<br>machinery<br>\$ | Leasehold<br>improvements<br>\$ | Total<br>\$ |
|------------------------------------|---------------------------|------------------------------|---------------------------------|-------------|
| <b>Cost</b>                        |                           |                              |                                 |             |
| At 1 July 2020                     | 967,177                   | 528,004                      | 522,483                         | 2,017,664   |
| At 30 June 2021                    | 986,441                   | 528,004                      | 528,115                         | 2,042,560   |
| Additions                          | 117,243                   | -                            | 4,480                           | 121,723     |
| At 30 June 2022                    | 1,103,684                 | 528,004                      | 532,595                         | 2,164,283   |
| <b>Depreciation and impairment</b> |                           |                              |                                 |             |
| At 1 July 2020                     | 920,672                   | 528,004                      | 491,222                         | 1,939,898   |
| At 30 June 2021                    | 955,428                   | 528,004                      | 510,524                         | 1,993,956   |
| Depreciation charge for the year   | 39,096                    | -                            | 9,757                           | 48,853      |
| At 30 June 2022                    | 994,524                   | 528,004                      | 520,281                         | 2,042,809   |
| <b>Net book value</b>              |                           |                              |                                 |             |
| At 30 June 2022                    | 109,160                   | -                            | 12,314                          | 121,474     |
| At 30 June 2021                    | 31,013                    | -                            | 17,591                          | 48,604      |

## 12. Leases

### Recognition, measurement and classification:

The Group has applied AASB 16 using the modified retrospective approach. The impact of changes are disclosed in note 2.4.

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset; throughout the period of use, and;
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights

## 12. Leases – continued

that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:

- The Group has the right to operate the asset;
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group recognises a Right of Use (ROU) asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The determination of the incremental borrowing rate requires the use of judgement.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee, and;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional

renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Group has entered into leases on office premises with terms between 3 and 5 years.

The Group has options to renew all three of their leases for periods between 5 and 6 years. The potential cash outflows over these renewal periods would be \$5.95m.

It should be noted that Prime has not received any lease concessions with regard to its lease obligations as a result of the COVID-19 pandemic.

|  | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|--------------------|--------------------|
| <b>Maturity analysis – contractual undiscounted cash flows</b> |                    |                    |
| Not later than 1 year  | 1,072,682          | 1,035,392          |
| Later than 1 year and not later than 5 years                   | 773,704            | 1,764,667          |
| <b>Balance at 30 June</b>                                      | <b>1,846,386</b>   | <b>2,800,059</b>   |

## 13. Right-of-use Asset

|                                | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--------------------------------|--------------------|--------------------|
| <b>Non-Current Assets</b>      |                    |                    |
| Balance at 1 July              | 2,532,418          | 3,496,836          |
| Derecognition of ROU Asset     | (1,004,597)        | (13,923)           |
| Less: Accumulated depreciation | (704,154)          | (950,495)          |
| <b>Balance at 30 June</b>      | <b>823,667</b>     | <b>2,532,418</b>   |

The consolidated entity leases land and buildings for its offices under agreements of between three to five years with, in some cases, options to extend. As these options are not reasonably certain to be taken up, they have not been included. On renewal, the terms of the leases are renegotiated. The determination of the lease term requires the use of judgement. For the Group's accounting policy on leases, refer to Note 12.

Beginning on 6 December 2021, the Group entered into a sub-lease for approximately half of the Melbourne office space due

to no longer requiring this based on on-going work from home (WFH) arrangements. The Group has classified the sub-lease as a finance lease, because it is for the whole of the remaining term of the head lease, expiring in May 2024. Therefore the Group derecognised its Right-of-use asset balance of \$1,004,597 relating to the head lease, while recognising a lease receivable of \$488,717. This transaction resulted in a one-off loss on lease modification of \$515,880, but a future operating cashflow benefit of approximately \$305k p.a. (\$205k rent and \$100k service income) for the remainder of the lease term. See note 14 for Lease receivable details.

## 14. Lease Receivable

|  | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|--------------------|--------------------|
| <b>Lease receivable</b>                      |                    |                    |
| Balance as at 1 July                         |                    |                    |
| Additions                                    | 488,717            | -                  |
| Add: Interest                                | 8,535              | -                  |
| Less: Receipts                               | (116,828)          | -                  |
| <b>Balance at end of the period</b>          | <b>380,424</b>     | <b>-</b>           |
| Less than one year                           | 205,000            | -                  |
| One to two years                             | 187,917            | -                  |
| Total undiscounted lease payments receivable | 392,917            | -                  |
| Unearned finance income                      | (12,493)           | -                  |
| <b>Net investment in the lease</b>           | <b>380,424</b>     | <b>-</b>           |
| Current                                      | 195,437            | -                  |
| Non Current                                  | 184,987            | -                  |
| <b>Total Lease Receivable</b>                | <b>380,424</b>     | <b>-</b>           |

## 15. Financial assets

The financial assets at the period end are as follows:

|  | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|--------------------|--------------------|
| Loan receivable – Mr P Madder              | 1,133,252          | -                  |
| Loan receivable – Mr S Madder              | 182,423            | -                  |
| <b>Total current financial assets</b>      | <b>1,315,675</b>   | <b>-</b>           |
| Loan receivable – Mr P Madder              | -                  | 1,081,967          |
| Financial Asset - Crispin & Jeffery – SMSF | 590,739            | 644,160            |
| Other unquoted equity instruments          | 315,875            | 259,582            |
| <b>Total non-current financial assets</b>  | <b>906,614</b>     | <b>1,985,709</b>   |
| <b>Total financial assets</b>              | <b>2,222,289</b>   | <b>1,985,709</b>   |

The loan receivable relates to a loan to Madder Corporate Pty Ltd, a nominee company of Mr P Madder. The loan was provided by the PFG ESP to fund the allocation of 6,224,156 Shares (30 June 2021: 6,224,156 Shares) in Prime.

During the year ended 30 June 2022 the interest accrued on the loan was \$56,293. This loan was extended under the same terms of settlement, payable by 30 June 2023.

The loan receivable (Mr S Madder) relates to the loan funded share scheme received on 5 August 2021 with an initial value of \$800,356. At this settlement date, \$301,200 of Mr S Madder's Short-Term Incentive was settled against the loan, an amount of \$330,000 settled on 1 October 2021, and the balance of \$169,156 (plus accrued interest) would be payable by June 2023. During the period of the loan to date, the interest payable was \$13,267.

Crispin & Jeffery is classified as a Level 3 financial asset and is measured at fair value through profit and loss. The fair value technique used was an earning multiple approach. The key inputs in this valuation were earnings generated by the investment and the earnings multiple. The fair valuation of Crispin & Jeffery – SMSF at 30 June 2022 resulted in a loss through the profit and loss of \$53,422.

The fair value of unquoted equity securities – financial services sector, consists of an investment purchased in FY18. The asset is measured based on a revenue multiple as a best practice for measuring Early-Stage entities. The key inputs in this valuation were revenue and the revenue multiple. The fair valuation of this unquoted equity instrument at 30 June 2022 resulted in a profit through the profit and loss of \$56,293.

## 16. Intangible assets

|  | Goodwill<br>\$ | Customer<br>relationships<br>\$ | Development costs<br>\$ | Total<br>\$ |
|--|----------------|---------------------------------|-------------------------|-------------|
| <b>Cost</b>                            |                |                                 |                         |             |
| At 1 July 2020                         | 55,198,509     | 4,390,720                       | 3,429,330               | 63,018,559  |
| Additions                              | -              | 80,000                          | 195,056                 | 275,056     |
| Acquisition/(disposal) of a subsidiary | -              | -                               | -                       | -           |
| At 30 June 2021                        | 55,198,509     | 4,470,720                       | 3,624,386               | 63,293,615  |
| Additions                              | -              | -                               | 163,373                 | 163,373     |
| Acquisition/(disposal) of a subsidiary | -              | 576,000                         | -                       | 576,000     |
| At 30 June 2022                        | 55,198,509     | 5,046,720                       | 3,787,759               | 64,032,988  |
| <b>Amortisation and impairment</b>     |                |                                 |                         |             |
| At 1 July 2020                         | 11,293,889     | 1,852,124                       | 3,008,438               | 16,154,451  |
| Amortisation                           | -              | 517,887                         | 265,271                 | 783,158     |
| At 30 June 2021                        | 11,293,889     | 2,370,011                       | 3,273,709               | 16,937,609  |
| Amortisation                           | -              | 609,887                         | 231,899                 | 841,786     |
| At 30 June 2022                        | 11,293,889     | 2,979,898                       | 3,505,608               | 17,779,395  |
| <b>Net book value</b>                  |                |                                 |                         |             |
| At 30 June 2022                        | 43,904,620     | 2,066,822                       | 282,151                 | 46,253,593  |
| At 30 June 2021                        | 43,904,620     | 2,100,709                       | 350,677                 | 46,356,006  |

There is \$2,003,219 of software that has been fully amortised but still in use, not included in the table above.

The Group performed impairment tests for the financial year in December 2021 and June 2022. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. While at 30 June 2022, the market capitalisation was below the book value of its equity, indicating a potential impairment of goodwill, the consolidated entity has performed a detailed impairment assessment and concluded that no impairment is required in the current year (2021: none). As noted, the consolidated entity has considered many factors in determining that no impairment is required.

The Group has two operating segments. One segment relates to Accounting & Business Advisory plus Capital and the other to Wealth Management and Self-Managed Superannuation (SMSF).

Prime determines key assumptions based on the historical and expected future performance of assets that make up the segments. The recoverable amounts of the segment are based on value in use calculations using cash flow projections from financial projections approved by the Board. Prime's determination of cash flow projections are based on past performance and its expectation for the future.

The split of goodwill is shown in the table below:

|   | Goodwill<br>\$    |
|---|-------------------|
| <b>Net book value</b>                       |                   |
| Wealth Management & SMSF                    | 23,374,718        |
| Accounting & Business Advisory plus Capital | 20,529,902        |
| <b>Total Goodwill at 30 June 2022</b>       | <b>43,904,620</b> |

Key assumptions used in value in use calculations and sensitivity to changes in assumptions: The calculation of value in use is most sensitive to the following assumptions:

- Revenue growth;
- Expenses growth;
- Discount rate; and
- Terminal growth rate.

For the Group, the present value of future cash flows has been calculated using a post-tax discount rate of 11.2% (2021: 11.0%).

Based on sensitivity analysis completed there was no reasonable possible change in inputs that could lead to an impairment.

The Group have used the FY22 performance, the FY23 budget and FY24-26 business plan approved by the Board as the base point for the future cashflows.

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## 17. Payables

|                              | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|------------------------------|--------------------|--------------------|
| Trade creditors              | 480,616            | 486,353            |
| Other creditors and accruals | 960,662            | 1,217,590          |
| GST payable                  | 1,099,556          | 696,964            |
| <b>Total payables</b>        | <b>2,540,835</b>   | <b>2,400,907</b>   |

## 18. Lease liabilities

|                           | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---------------------------|--------------------|--------------------|
| <b>Balance at 1 July</b>  | <b>2,749,031</b>   | <b>3,660,101</b>   |
| Less: Lease modification  | -                  | (14,471)           |
| Add: Interest             | 75,330             | 106,119            |
| Less: Payments            | (1,032,249)        | (1,002,718)        |
| <b>Balance at 30 June</b> | <b>1,792,112</b>   | <b>2,749,031</b>   |

|                                   | 2022<br>\$       | 2021<br>\$       |
|-----------------------------------|------------------|------------------|
| <b>Current Liability</b>          |                  |                  |
| Office Premises – Lease liability | 1,030,162        | 956,920          |
| <b>Non-Current Liability</b>      |                  |                  |
| Office Premises – Lease liability | 761,950          | 1,792,112        |
| <b>Total Lease Liabilities</b>    | <b>1,792,112</b> | <b>2,749,032</b> |

## 19. Provisions

|                                       | 2022<br>\$     | 2021<br>\$     |
|---------------------------------------|----------------|----------------|
| Employee Benefits                     | 13,766,594     | 11,693,605     |
| <b>Annual and Long service leave</b>  |                |                |
| Balance at the beginning of the year  | 867,050        | 658,528        |
| Arising during the year               | 745,480        | 757,316        |
| Utilised                              | (663,479)      | (548,794)      |
| <b>Balance at the end of the year</b> | <b>949,051</b> | <b>867,050</b> |

|                              | 2022<br>\$     | 2021<br>\$     |
|------------------------------|----------------|----------------|
| <b>Current Liability</b>     |                |                |
| Provisions                   | 783,250        | 699,777        |
| <b>Non-Current Liability</b> |                |                |
| Provisions                   | 165,801        | 167,273        |
| <b>Provisions</b>            | <b>949,051</b> | <b>867,050</b> |

## 20. Capital Management

For the purpose of the Group's capital management, capital includes issued capital, interest bearing loans and borrowings and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In FY22, Prime paid dividends of \$1,786,417 (FY21: \$1,060,795). The Board's policy for dividend payments is typically a payout ratio of 40-60% of the reported and maintainable earnings.

As at 30 June 2022, the Group met its bank facility covenant requirements.

Lease liabilities are not included as part of net debt as this is not a requirement of the Group's bank covenants.

The Board monitors capital through the gearing ratio (net debt/total capital). The target for the Group's gearing ratio is between 10% - 25%. The gearing ratios based on operations at 30 June 2021 and 30 June 2022 were as follows:

|   | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---|--------------------|--------------------|
| Borrowings – bank facility  | 5,355,511          | 7,175,346          |
| Less: cash and cash equivalents   | (128,699)          | (65,725)           |
| Net debt  | 5,226,812          | 7,109,621          |
| Total equity attributable to members/shareholders of the parent entity              | 46,033,755         | 43,655,724         |
| Total equity attributable to members/shareholders of the parent entity and net debt | 51,260,567         | 50,765,345         |
| Gearing ratio   | 10.2%              | 14.0%              |

Westpac Bank has in place an agreement with the Group to provide facilities amounting to \$10,713,337 (\$11,713,337: 30 June 2021). From 9 August 2020, the facility has and will be reduced by \$83,333 per month. The agreement expires on 9 July 2025. At the end of the reporting period those facilities have

been utilised to the amount of \$5,355,511. The unused amount is \$5,357,826. The facility is to assist with working capital, future investments and for general purposes. At 30 June 2022 the effective interest rate was 2.89% per annum. There is an additional 1.00% line fee for the total facility.

## 21. Balance outstanding on acquisition of investments

|              | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--------------|--------------------|--------------------|
| Current      | 327,525            | 328,615            |
| Non-current  | -                  | -                  |
| <b>Total</b> | <b>327,525</b>     | <b>328,615</b>     |

|   | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---|--------------------|--------------------|
| <b>Balance at the beginning of the year</b> | 328,615            | 722,291            |
| Additions                                   | 838,264            | 273,345            |
| Settlements                                 | (839,354)          | (693,527)          |
| Movement in fair value                      | -                  | 26,506             |
| <b>Balance at the end of the year</b>       | <b>327,525</b>     | <b>328,615</b>     |

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## 21. Balance outstanding on acquisition of investments – continued

On 15 June 2017, Prime acquired 100% of the voting shares of Altezza Partners Pty Ltd. At 30 June 2022, the outstanding consideration in relation to this purchase was nil (30 June 2021: \$237,500).

During September 2021, 2.5m Prime shares were issued as partial consideration for this purchase to the value of \$237,500, to finalise all outstanding amounts for this transaction.

On 18 September 2020, Prime acquired an additional 15% interest in PFG (NTH QLD) Pty Ltd for \$231,397 with \$182,230 of consideration paid in FY21 and the final instalment of \$49,167 being paid on 22 September 2021.

On 10 August 2021, Prime acquired the remaining 30% equity interest in Butler Settineri Financial Services Pty Ltd for \$66,333 with \$33,167 of the consideration paid on acquisition date, and the remainder \$33,166 payable on 10 August 2022.

On 28 September 2021, Prime acquired the remaining 50% equity interest in WM Financial Services Pty Ltd for \$30,764 with the full consideration paid on acquisition date.

On 1 October 2021, Prime acquired the remaining 50% equity interest in Hughes O'Dea Corredig Financial Services Pty Ltd for \$247,858 with \$173,501 of the consideration paid on acquisition date, and the remaining \$74,357 payable on 1 October 2022.

On 18 November 2021, Prime acquired the remaining 50% interest in Selingers Financial Services Pty Ltd for \$30,440 with the full consideration paid on acquisition date.

On 1 August 2021, Prime acquired a capital advisory client list and the associated pipeline of opportunities from InflectionPoint Advisory Pty Ltd (Alpin) for \$432,000. Some staff intellectual property was also acquired as part of the transaction. The first consideration payment of \$212,000 was paid on 1 March 2022, with the balance of \$220,000 payable on 31 August 2022. There was no goodwill associated with this acquisition.

## 22. Issued capital and reserves

### Ordinary shares issued

|                            | Note | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|----------------------------|------|--------------------|--------------------|
| Ordinary shares fully paid | (a)  | 67,602,202         | 67,481,792         |
| Ordinary share partly paid | (b)  | 18,860             | 18,860             |
| <b>Total</b>               |      | <b>67,621,062</b>  | <b>67,500,652</b>  |

(a) Fully paid ordinary shares carry one vote per share and carry the right to dividends and the proceeds on winding up of the parent entity in proportion to the number of shares issued.

(b) The 2,095,560 partly paid ordinary shares are partly paid to \$0.009 with \$0.891 to pay. Any or all of the partly paid shares

may be paid in full or in part at the election of the holder at any time. The partly paid shares will confer fractional voting rights and dividend entitlements in accordance with and subject to the Listing Rules of Australian Securities Exchange.

### Movements in shares on issue

|  | 2022               |                   | 2021               |                   |
|--|--------------------|-------------------|--------------------|-------------------|
|  | No. of shares      | \$                | No. of shares      | \$                |
| <b>Beginning of the financial year</b> | <b>197,418,000</b> | <b>67,500,652</b> | <b>197,418,000</b> | <b>67,738,457</b> |
| Issued during the year                 |                    |                   |                    |                   |
| - Shares Issued                        | 8,106,013          | 793,881           | -                  | -                 |
| Cancelled during the year              |                    |                   |                    |                   |
| - Shares cancelled through Buyback     | (3,834,917)        | (673,471)         | -                  | -                 |
| Movement related to treasury shares    | -                  | -                 | -                  | (237,805)         |
| <b>End of the financial year</b>       | <b>201,689,096</b> | <b>67,621,062</b> | <b>197,418,000</b> | <b>67,500,652</b> |

## 22. Issued capital and reserves – continued

### Treasury shares

|   | 2022             |                  | 2021              |                  |
|---|------------------|------------------|-------------------|------------------|
|   | No. of shares    | \$               | No. of shares     | \$               |
| <b>Beginning of the financial year</b>        | <b>9,434,895</b> | <b>1,461,088</b> | <b>17,082,528</b> | <b>2,435,000</b> |
| Issued during the year                        |                  |                  |                   |                  |
| - Purchase of treasury shares for the PFG ESP | -                | (509,825)        | -                 | -                |
| - Sale of treasury shares from PFG ESP        | (8,460,419)      | (800,356)        | (7,647,633)       | (973,912)        |
| <b>End of the financial year</b>              | <b>974,476</b>   | <b>150,907</b>   | <b>9,434,895</b>  | <b>1,461,088</b> |

### Movements in reserves

|  | 2022<br>\$     | 2021<br>\$     |
|--|----------------|----------------|
| Opening balance  | 106,849        | -              |
| Fair value of performance rights shares issued during the year | 502,594        | 106,849        |
| <b>Closing Balance</b>   | <b>609,443</b> | <b>106,849</b> |

## 23. Dividends

|  | 2022<br>\$       | 2021<br>\$       |
|--|------------------|------------------|
| <b>(a) Dividends paid during the year</b>  |                  |                  |
| (i) Current year interim - Fully franked dividend of 0.50 cents per share<br>(2021 Interim: 0.30 cents per share)  | 997,941          | 580,873          |
| (ii) Previous year final - Fully franked dividend of 0.40 cents per share<br>(2020 Final: 0.25 cents per share)  | 787,476          | 479,924          |
|  | <b>1,785,417</b> | <b>1,060,797</b> |
| <b>(b) Proposed dividend</b>   |                  |                  |
| Proposed dividend as at the date of this report at 0.60 cents per share<br>(2021: 0.40 cents per share) not recognised as a liability                        |                  |                  |
| Proposed dividend payment  | 1,191,714        | 787,476          |
| <b>(c) Franking credit balance</b>   |                  |                  |
| Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits. | 4,947,389        | 4,576,158        |
| Impact on the franking account of dividends recommended by the Directors since the year end but not recognised as a liability at year end                    | (397,238)        | (397,238)        |
|  | <b>4,550,151</b> | <b>4,178,920</b> |

## 24. Share-based payments

Prime wishes to reward team members for their contribution to the growth of the firm, while also aiming to attract and retain employees with the skills and passion to best serve clients and uphold the firm's values. Therefore a Performance Rights Plan involving a Short-Term Incentive (STI) and Long-Term Incentive (LTI) Share Program was implemented to continue rewarding staff through the ESP. Under AASB-2 (Para 10) these are defined as Equity-settled share-based payment transactions.

### 24a. Types of share-based payment plans Equity-settled share-based payment transactions - Performance Rights Plan

A transaction will be classified as share-based compensation where the Group receives services from employees or contractors and pays for these in shares.

The cost of these equity-settled transactions with employees or contractors is measured by reference to the fair value of the

## 24a. Types of share-based payment plans

### Equity-settled share-based payment transactions

#### - Performance Rights Plan - continued

equity instruments at the date at which they were granted. The fair value was determined by management using the Binomial and Monte Carlo Models. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date the relevant employees or contractors are awarded the shares (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to profit or loss is the product of:

- (i) grant date fair value of the award;
- (ii) current best estimate of the number of awards that will vest, taking into account the likelihood of employee turnover during the vesting period, estimated staff performance score and the likelihood of non-market performance conditions being met; and
- (iii) expired portion of the vesting period.

The charge to profit or loss for the period is the cumulative amount as calculated above, less the amounts already charged in previous periods where there is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so due to the failure to meet a service or non-market vesting condition. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**The key terms of the Performance Rights Plans are as follows:**

- The Performance Rights Plan allows the Group to issue rights to employees, contractors and Directors. The number of Performance Rights issued is determined by dividing the remuneration value by the 30 day VWAP prior to the grant date;
- The Performance Rights Plan will only vest upon satisfaction of certain conditions which are set by the Board at the time of the offer;
- If the conditions are met and the Performance Rights vest, each participant is entitled to an ordinary share for each Performance Right which vests;
- Until the Performance Rights vest and ordinary shares are

issued, the participant is not entitled to exercise any voting rights attached to the Performance Rights and is not entitled to any dividend payments; and

- In general, if the conditions are not satisfied by the relevant testing date for those conditions, or if the participant ceases employment before the Performance Rights Plan Shares vest, the participant forfeits all interest in the Performance Rights.

#### Offer under Performance Rights Plan

The Performance Rights Plan rights granted are subject to the achievement of the performance measure, which is tested once at the end of the 3-year performance period. The Performance Rights will be measured against two performance measures – Underlying EBITDA for members/shareholders and Share Price.

These two performance measures require the Performance Rights to be measured under separate valuations;

Tranche 1 – Long-Term Incentives based on Share Price performance hurdle (Valued using Monte Carlo Model) – Cumulative 20% compound growth in Prime's share price over a three year period;

Tranche 2 – Long-Term Incentives based on EBITDA performance hurdle (Valued using Binomial Model is used to inform probability) – Cumulative 8% compound growth in underlying EBITDA (members/shareholders) over a three year period.

The Performance Rights that do not vest after testing of the relevant performance measure, lapse without retesting.

#### Cessation of employment

Except where the Board determines otherwise in a specific instance, where a participant ceases employment with Prime prior to any conditions attaching to Performance Rights Plan Shares issued under the Performance Rights Plan being satisfied, their Performance Rights will be forfeited and the participant will have no further interest in the Performance Rights. However the Board has discretion to approve the reason for a participant ceasing employment before Performance Rights have vested in appropriate circumstances. Such circumstances may include ill health, death, redundancy or other circumstances approved by the Board.

Where the Board has approved the reason for ceasing employment, it has discretion to determine any treatment in respect of the unvested Performance Rights it considers appropriate in the circumstances – for example, that a pro-rata number of Performance Rights are eligible to vest, having regard to time worked during the performance period and the extent the performance condition has been satisfied at the time of cessation.

## 24b. Recognised share-based payment expenses/(benefits)

The expense/(benefit) recognised during the year is shown in the following table:

|  | Year ended 30 June 2022<br>\$ | Year ended 30 June 2021<br>\$ |
|--|-------------------------------|-------------------------------|
| Expense/(benefit) arising from cash-settled share-based payment transactions   | -                             | (27,843)                      |
| Expense/(benefit) arising from equity-settled share-based payment transactions | 779,192                       | 389,350                       |
| <b>Total expense arising from share-based payment transactions</b>             | <b>779,192</b>                | <b>361,507</b>                |

## 24c. Movements during the year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year ended 30 June 2022:

|  | Number                  | WAEP (cents)            | Number                  | WAEP (cents)            |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Year ended 30 June 2022 | Year ended 30 June 2022 | Year ended 30 June 2021 | Year ended 30 June 2021 |
| <b>Cash-settled share-based payments</b> |                         |                         |                         |                         |
| <b>Outstanding at 1 July</b>             | -                       | -                       | 11,208,833              | 15.5                    |
| Granted during period                    | -                       | -                       | -                       | -                       |
| Forfeited during period                  | -                       | -                       | -                       | -                       |
| Exercised during period                  | -                       | -                       | -                       | -                       |
| Expired during period                    | -                       | -                       | (11,208,833)            | 15.5                    |
| <b>Outstanding at 30 June</b>            | -                       | -                       | -                       | -                       |
| Exercisable at 30 June                   | -                       | -                       | -                       | -                       |

|  | Number                  | WAEP (cents)            | Number                  | WAEP (cents)            |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Year ended 30 June 2022 | Year ended 30 June 2022 | Year ended 30 June 2021 | Year ended 30 June 2021 |
| <b>Equity-settled share-based payments Long-Term Incentives (2020-21 LTIs)</b> |                         |                         |                         |                         |
| <b>Outstanding at 1 July</b>   | 2,849,179               | 6.4                     | -                       | -                       |
| Granted during period  | -                       | -                       | 2,927,855               | 6.4                     |
| Forfeited during period  | (87,203)                | 6.4                     | (78,676)                | 6.4                     |
| Exercised during period  | -                       | -                       | -                       | -                       |
| Expired during period  | -                       | -                       | -                       | -                       |
| <b>Outstanding at 30 June</b>  | <b>2,761,976</b>        | <b>6.4</b>              | <b>2,849,179</b>        | <b>6.4</b>              |
| Exercisable at 30 June   | -                       | -                       | -                       | -                       |

|  | Number                  | WAEP (cents)            | Number                  | WAEP (cents)            |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Year ended 30 June 2022 | Year ended 30 June 2022 | Year ended 30 June 2021 | Year ended 30 June 2021 |
| <b>Equity-settled share-based payments Long-Term Incentives (2021-22 LTIs)</b> |                         |                         |                         |                         |
| <b>Outstanding at 1 July</b>   | -                       | -                       | -                       | -                       |
| Granted during period  | 9,768,376               | 6.4                     | -                       | -                       |
| Forfeited during period  | (114,695)               | 6.4                     | -                       | -                       |
| Exercised during period  | -                       | -                       | -                       | -                       |
| Expired during period  | -                       | -                       | -                       | -                       |
| <b>Outstanding at 30 June</b>  | <b>9,653,681</b>        | <b>6.4</b>              | -                       | -                       |
| Exercisable at 30 June   | -                       | -                       | -                       | -                       |

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## 24c. Movements during the year - continued

| Equity-settled share-based payments<br>Short-Term Incentives (2020-21 STIs) | Number                     | WAEP (cents)               | Number                     | WAEP (cents)               |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Year ended<br>30 June 2022 | Year ended<br>30 June 2022 | Year ended<br>30 June 2021 | Year ended<br>30 June 2021 |
| <b>Outstanding at 1 July</b>  | 2,117,969                  | 6.4                        | -                          | -                          |
| Granted during period   | -                          | -                          | 2,117,969                  | 6.4                        |
| Forfeited during period   | -                          | -                          | -                          | -                          |
| Exercised during period   | (946,094)                  | 6.4                        | -                          | -                          |
| Expired during period   | -                          | -                          | -                          | -                          |
| <b>Outstanding at 30 June</b>   | <b>1,171,875</b>           | -                          | <b>2,117,969</b>           | <b>6.4</b>                 |
| Exercisable at 30 June  | 1,171,875                  | 6.4                        | -                          | -                          |

| Equity-settled share-based payments<br>Short-Term Incentives (2021-22 STIs) | Number                     | WAEP (cents)               | Number                     | WAEP (cents)               |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Year ended<br>30 June 2022 | Year ended<br>30 June 2022 | Year ended<br>30 June 2021 | Year ended<br>30 June 2021 |
| <b>Outstanding at 1 July</b>  | -                          | -                          | -                          | -                          |
| Granted during period   | 1,948,738                  | 6.4                        | -                          | -                          |
| Forfeited during period   | -                          | -                          | -                          | -                          |
| Exercised during period   | -                          | -                          | -                          | -                          |
| Expired during period   | -                          | -                          | -                          | -                          |
| <b>Outstanding at 30 June</b>   | <b>1,948,738</b>           | <b>6.4</b>                 | -                          | -                          |
| Exercisable at 30 June  | -                          | -                          | -                          | -                          |

| Equity-settled share-based payments - Revenue<br>Based Short Term Incentives (2021-22 LTIs)* | Number                     | WAEP (cents)               | Number                     | WAEP (cents)               |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Year ended<br>30 June 2022 | Year ended<br>30 June 2022 | Year ended<br>30 June 2021 | Year ended<br>30 June 2021 |
| <b>Outstanding at 1 July</b>   | -                          | -                          | -                          | -                          |
| Granted during period  | 1,000,000                  | 18.0                       | -                          | -                          |
| Forfeited during period  | -                          | -                          | -                          | -                          |
| Exercised during period  | -                          | -                          | -                          | -                          |
| Expired during period  | -                          | -                          | -                          | -                          |
| <b>Outstanding at 30 June</b>  | <b>1,000,000</b>           | <b>18.0</b>                | -                          | -                          |
| Exercisable at 30 June   | -                          | -                          | -                          | -                          |

| Equity-settled share-based payments - Revenue<br>Based Short Term Incentives (2021-22 LTIs)** | Number                     | WAEP (cents)               | Number                     | WAEP (cents)               |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Year ended<br>30 June 2022 | Year ended<br>30 June 2022 | Year ended<br>30 June 2021 | Year ended<br>30 June 2021 |
| <b>Outstanding at 1 July</b>  | -                          | -                          | -                          | -                          |
| Granted during period   | 750,000                    | 18.0                       | -                          | -                          |
| Forfeited during period   | -                          | -                          | -                          | -                          |
| Exercised during period   | -                          | -                          | -                          | -                          |
| Expired during period   | -                          | -                          | -                          | -                          |
| <b>Outstanding at 30 June</b>   | <b>750,000</b>             | <b>18.0</b>                | -                          | -                          |
| Exercisable at 30 June  | -                          | -                          | -                          | -                          |

## 24c. Movements during the year - continued

| Equity-settled share-based payments - Revenue Based Short Term Incentives (2021-22 LTIs)*** | Number                  | WAEP (cents)            | Number                  | WAEP (cents)            |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Year ended 30 June 2022 | Year ended 30 June 2022 | Year ended 30 June 2021 | Year ended 30 June 2021 |
| <b>Outstanding at 1 July</b>  | -                       | -                       | -                       | -                       |
| Granted during period   | 500,000                 | 18.5                    | -                       | -                       |
| Forfeited during period   | -                       | -                       | -                       | -                       |
| Exercised during period   | -                       | -                       | -                       | -                       |
| Expired during period   | -                       | -                       | -                       | -                       |
| <b>Outstanding at 30 June</b>   | <b>500,000</b>          | <b>18.5</b>             | -                       | -                       |
| Exercisable at 30 June  | -                       | -                       | -                       | -                       |

| Equity-settled share-based payments - Revenue Based Short Term Incentives (2021-22 LTIs)**** | Number                  | WAEP (cents)            | Number                  | WAEP (cents)            |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Year ended 30 June 2022 | Year ended 30 June 2022 | Year ended 30 June 2021 | Year ended 30 June 2021 |
| <b>Outstanding at 1 July</b>   | -                       | -                       | -                       | -                       |
| Granted during period  | 250,000                 | 17.9                    | -                       | -                       |
| Forfeited during period  | -                       | -                       | -                       | -                       |
| Exercised during period  | -                       | -                       | -                       | -                       |
| Expired during period  | -                       | -                       | -                       | -                       |
| <b>Outstanding at 30 June</b>  | <b>250,000</b>          | <b>17.9</b>             | -                       | -                       |
| Exercisable at 30 June   | -                       | -                       | -                       | -                       |

| Equity-settled share-based payments - Revenue Based Short Term Incentives (2021-22 LTIs)***** | Number                  | WAEP (cents)            | Number                  | WAEP (cents)            |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Year ended 30 June 2022 | Year ended 30 June 2022 | Year ended 30 June 2021 | Year ended 30 June 2021 |
| <b>Outstanding at 1 July</b>  | -                       | -                       | -                       | -                       |
| Granted during period   | 1,000,000               | 18.1                    | -                       | -                       |
| Forfeited during period   | -                       | -                       | -                       | -                       |
| Exercised during period   | -                       | -                       | -                       | -                       |
| Expired during period   | -                       | -                       | -                       | -                       |
| <b>Outstanding at 30 June</b>   | <b>1,000,000</b>        | <b>18.1</b>             | -                       | -                       |
| Exercisable at 30 June  | -                       | -                       | -                       | -                       |

## 24d. Share option valuation model

The fair value of the share options are calculated at each reporting date using the Black-Scholes, Binomial or Monte Carlo model. The following table lists key inputs to the models used for the plans at 30 June 2021 and 30 June 2022:

### Equity-settled share-based payment

| Share based payments granted in 2020 - 2021 | Short-Term incentives | Long-Term incentives             | Long-Term incentives        | Long-Term incentives             | Long-Term incentives        |
|---|-----------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
|   |                       | (Tranche 1 - Share Price Hurdle) | (Tranche 2 - EBITDA Hurdle) | (Tranche 1 - Share Price Hurdle) | (Tranche 2 - EBITDA Hurdle) |
| Grant date                                  | 29 Oct 20             | 29 Oct 20                        | 29 Oct 20                   | 29 Oct 20                        | 29 Oct 20                   |
| Vesting/loan repayment date                 | 29 Oct 21             | 29 Oct 23                        | 29 Oct 23                   | 29 Oct 24                        | 29 Oct 24                   |
| Expected life of share options (years)      | -                     | 1.33                             | 1.33                        | 2.33                             | 2.33                        |
| Exercise price at vesting (cents)           | 6.4                   | 6.4                              | 6.4                         | 6.4                              | 6.4                         |
| Share price at Grant date (cents)           | 7.7                   | 7.7                              | 7.7                         | 7.7                              | 7.7                         |
| Share price at reporting date (cents)       | 17.0                  | 17.0                             | 17.0                        | 17.0                             | 17.0                        |
| Fair value at Grant date (cents)            | 7.1                   | 2.9                              | 6.1                         | 2.7                              | 5.6                         |
| Risk-free interest rate                     | 0.05%                 | 0.12%                            | 0.12%                       | 0.21%                            | 0.21%                       |
| Dividend yield                              | 8.00%                 | 8.00%                            | 8.00%                       | 8.00%                            | 8.00%                       |
| Expected Volatility                         | 60%                   | 60%                              | 60%                         | 60%                              | 60%                         |

The WAEP in the above table is based on the expected exercise price at the vesting / loan repayment date.

| Share based payments granted in 2021 - 2022 | Short-Term incentives | Long-Term incentives             | Long-Term incentives        |
|---|-----------------------|----------------------------------|-----------------------------|
|   |                       | (Tranche 1 - Share Price Hurdle) | (Tranche 2 - EBITDA Hurdle) |
| Grant date                                  | 26 Nov 21             | 26 Nov 21                        | 26 Nov 21                   |
| Vesting/loan repayment date                 | 26 Nov 22             | 26 Nov 23                        | 26 Nov 23                   |
| Expected life of share options (years)      | 0.41                  | 1.41                             | 1.41                        |
| Exercise price at vesting (cents)           | 6.4                   | 6.4                              | 6.4                         |
| Share price at Grant date (cents)           | 16.6                  | 16.6                             | 16.6                        |
| Share price at reporting date (cents)       | 17.0                  | 17.0                             | 17.0                        |
| Fair value at Grant date (cents)            | 15.64                 | 11.66                            | 14.73                       |
| Risk-free interest rate                     | 0.22%                 | 0.60%                            | 0.60%                       |
| Dividend yield                              | 6.00%                 | 6.00%                            | 6.00%                       |
| Expected Volatility                         | 55%                   | 55%                              | 55%                         |

## 24d. Share option valuation model – continued

| Share based payments granted in 2021 - 2022 | Revenue Hurdle 1m Performance Rights* | Revenue Hurdle 750k Performance Rights** | Revenue Hurdle 500k Performance Rights*** | Revenue Hurdle 250k Performance Rights**** | Revenue Hurdle 1m Performance Rights***** |
|---|---------------------------------------|--|---|--|---|
| Grant date                                  | 12 Jan 22                             | 12 Jan 22                                | 2 Feb 22                                  | 10 Feb 22                                  | 1 April 22                                |
| Vesting/loan repayment date                 | 28 Nov 25                             | 26 Nov 27                                | 28 Nov 25                                 | 28 Nov 25                                  | 28 Nov 25                                 |
| Expected life of share options (years)      | 3.88                                  | 5.87                                     | 3.82                                      | 3.8  | 3.66                                      |
| Exercise price at vesting (cents)           | 18.00                                 | 18.00                                    | 18.50                                     | 17.90                                      | 18.10                                     |
| Share price at Grant date (cents)           | 19.0                                  | 19.0                                     | 18.0                                      | 18.0                                       | 18.0                                      |
| Share price at reporting date (cents)       | 17.0                                  | 17.0                                     | 17.0                                      | 17.0                                       | 17.0                                      |
| Fair value at Grant date (cents)            | 15.2                                  | 13.5                                     | 14.0                                      | 14.4                                       | 14.5                                      |
| Risk-free interest rate                     | 1.31%                                 | 1.57%                                    | 1.42%                                     | 1.63%                                      | 2.50%                                     |
| Dividend yield                              | 6.0%                                  | 6.0%                                     | 6.0%                                      | 6.0%                                       | 6.0%                                      |
| Expected Volatility                         | 55%                                   | 55%                                      | 55%                                       | 55%  | 55%                                       |

The WAEP in the above table is based on the expected exercise price at the vesting / loan repayment date.

### Equity-settled share-based payment

#### At 30 June 2021

| Share based payments granted in 2020 - 2021 | Short-Term incentives | Long-Term incentives<br>(Tranche 1 - Share Price Hurdle) | Long-Term incentives<br>(Tranche 2 - EBITDA Hurdle) | Long-Term incentives<br>(Tranche 1 - Share Price Hurdle) | Long-Term incentives<br>(Tranche 2 - EBITDA Hurdle) |
|---|-----------------------|--|---|--|---|
| Grant date                                  | 29 Oct 20             | 29 Oct 20  | 29 Oct 20   | 29 Oct 20  | 29 Oct 20   |
| Vesting/loan repayment date                 | 29 Oct 21             | 29 Oct 23  | 29 Oct 23   | 29 Oct 24  | 29 Oct 24   |
| Expected life of share options (years)      | 1                     | 3  | 3   | 4  | 4   |
| Exercise price at vesting (cents)           | 6.4                   | 6.4  | 6.4   | 6.4  | 6.4   |
| Share price at Grant date (cents)           | 7.7                   | 7.7  | 7.7   | 7.7  | 7.7   |
| Share price at reporting date (cents)       | 9.7                   | 9.7  | 9.7   | 9.7  | 9.7   |
| Fair value at Grant date (cents)            | 7.1                   | 2.9  | 6.1   | 2.7  | 5.6   |
| Risk-free interest rate                     | 0.05%                 | 0.12%  | 0.12%   | 0.21%  | 0.21%   |
| Dividend yield                              | 8.00%                 | 8.00%  | 8.00%   | 8.00%  | 8.00%   |
| Expected Volatility                         | 60%                   | 60%  | 60%   | 60%  | 60%   |

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## 25. Cash flow information

|   | 2022<br>\$       | 2021<br>\$       |
|---|------------------|------------------|
| <b>Reconciliation of the net profit after tax to the net cash flows from operations</b>     |                  |                  |
| Net profit  | 4,447,580        | 3,690,087        |
| <b>Non-cash items</b>   |                  |                  |
| Depreciation  | 48,853           | 54,058           |
| Amortisation  | 1,545,939        | 1,733,653        |
| Credit Loss Expense   | 112,527          | 63,037           |
| Interest income on loans  | (64,552)         | (25,896)         |
| Fair value movement in Financial Assets   | (2,872)          | 10,313           |
| Fair value movement in contingent consideration   | -                | 26,506           |
| Share based payments (benefit)/expense  | 779,192          | 361,507          |
| <b>Changes in assets and liabilities</b>  |                  |                  |
| Loss on lease modification  | 515,880          | -                |
| (Increase)/decrease in trade and other receivables  | (1,670,449)      | (449,121)        |
| (Increase)/decrease in other assets excluding amounts advanced to non-controlling interests | (652,053)        | (506,050)        |
| Increase/(decrease) in deferred tax liabilities   | (51,136)         | 366,320          |
| (Decrease)/increase in payables   | 100,225          | (10,399)         |
| (Decrease)/increase in employee benefit provisions  | 82,001           | 208,522          |
| (Decrease)/increase in current tax payable  | 951,408          | 21,560           |
| <b>Net cash flows from operating activities</b>   | <b>6,142,543</b> | <b>5,544,097</b> |

## 26. Earnings/(loss) per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus an

adjustment for the weighted average number of ordinary shares issued to Directors and employees for no consideration when they exercise their rights under the share option plan.

The following table reflects the income and share data used in the basic and diluted EPS computations:

|   | 2022<br>\$                | 2021<br>\$                |
|---|---------------------------|---------------------------|
| Profit/(loss) from continuing operations attributable to members/shareholders of the parent entity: | 3,814,072                 | 3,074,132                 |
|   | <b>2022<br/>Thousands</b> | <b>2021<br/>Thousands</b> |
| Weighted average number of ordinary shares for basic EPS*   | 197,604                   | 181,491                   |
| Effects of dilution from:   |                           |                           |
| - Share options   | 786                       | 18                        |
| Weighted average number of ordinary shares adjusted for the effect of dilution*                     | 198,390                   | 181,509                   |

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year and excludes the unpaid portion of partly paid shares.

## 26. Earnings/(loss) per share (EPS) – continued

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Options where exercise price is currently in the money and those where performance conditions have not been satisfied have not been included.

## 27. Auditors remuneration

The auditor of Prime Financial Group Ltd and its controlled entities is Ernst & Young.

|   | 2022<br>\$     | 2021<br>\$     |
|---|----------------|----------------|
| <b>Amounts received or due and receivable by the auditor for:</b> |                |                |
| Auditing or reviewing the financial report                        | 175,000        | 150,000        |
|   | <b>175,000</b> | <b>150,000</b> |

There were no non-audit related services provided in FY22 or FY21.

## 28. Related party disclosures

On the 5 August 2021, Mr S Madder received a loan funded share scheme with an initial value of \$800,356. At the date of settlement \$301,200 of Mr S Madder's Short-Term Incentive was settled against the loan, \$330,000 was settled in October 2021, and the balance of \$169,156 (plus \$13,267 of accrued interest to date) will be payable by June 2023.

The following provides a summary of the loan during the period:

|                         | Balance of loan at the beginning of the period | Amounts advanced during period | Interest accrued on loan | Loan Repayments | Loan modification expense | Balance of loans at the end of the period |
|-------------------------|--|--------------------------------|--------------------------|-----------------|---------------------------|---|
| Year ended 30 June 2021 | -  | -                              | -                        |                 | -                         | -   |
| Year ended 30 June 2022 |  | 800,356                        | 13,267                   | (631,200)       | -                         | 182,423                                   |

The loan agreements among other things includes the following terms:

- full recourse loan supported by a General Securities Agreement over Domain Investment (Melbourne) Pty Ltd supported by a personal guarantee from Simon Madder;
- interest accruing at 0.75% p.a. above the lenders rate; and
- full loan is repayable on 30 June 2023.

## 28. Related party disclosures – continued

The Group, through the Prime Financial Group Ltd Employee Share Plan (PFG ESP), has provided Mr P Madder (through a nominee Madder Corporate Pty Ltd) full recourse loans to purchase 6,224,156 Shares (30 June 2021: 6,224,156 Shares) in Prime Financial Group Ltd.

The loan will be offset against the loan of any outstanding entitlements including Long-Term Incentives and the Consulting Agreement entitlements.

Mr P Madder is a Director of the subsidiary companies and AFS license holding entities of the Group but is not part of Key Management Personnel.

|                         | Balance of loan at the beginning of the period | Amounts advanced during period | Interest accrued on loan | Loan repayments | Loan modification expense | Balance of loans at the end of the period |
|-------------------------|--|--------------------------------|--------------------------|-----------------|---------------------------|---|
| Year ended 30 June 2021 | 1,056,071                                      | -                              | 25,896                   | -               | -                         | 1,081,967                                 |
| Year ended 30 June 2022 | 1,081,967                                      | -                              | 51,285                   | -               | -                         | 1,133,252                                 |

The loan agreements among other things includes the following terms:

- full recourse loan supported by a General Securities Agreement over Madder Corporate Pty Ltd supported by a personal guarantee from Peter Madder;
- interest accruing at 0.75% p.a. above the lenders rate as advised by the Trustee from time to time; and
- all loans are repayable on 30 June 2023.

### Compensation for key management personnel

|                                | 2022<br>\$       | 2021<br>\$       |
|--------------------------------|------------------|------------------|
| Short-term employment benefits | 1,853,818        | 1,636,322        |
| Post-employment benefits       | 55,625           | 50,000           |
| Other long-term benefits       | 211,891          | 265,082          |
| Termination benefits           | -                | -                |
|                                | <b>2,121,334</b> | <b>1,951,404</b> |

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period.

## 29. Segment information

To better report on the progress of the company strategy, Prime classifies its financial accounts into two reporting segments, the two segments are, 'Wealth Management & SMSF' and 'Accounting & Business Advisory plus Capital'. This reporting structure provides current and prospective shareholders with a more detailed understanding of the drivers of performance of those segments and the cost of operating centralised services and the corporate office. Operating in two reporting segments comprising of providing integrated advice solely in Australia. These segments are consistent with the way the Managing Director/CEO (who is the chief operating decision-maker) monitors and assesses the business with regard to resource allocation and performance assessment.

## 29. Segment information – continued

|   | Wealth & SMSF<br>\$ | ABA & Capital<br>\$ | Corporate<br>\$    | Consolidated<br>\$  |
|---|---------------------|---------------------|--------------------|---------------------|
| <b>2022</b>                                     |                     |                     |                    |                     |
| Segment revenue                                 | 11,280,466          | 14,917,835          | -                  | 26,198,301          |
| Other Income                                    | -                   | -                   | 73,176             | 73,176              |
| Interest Income                                 | -                   | -                   | 57,300             | 57,300              |
| <b>Total Segment Revenue</b>                    | <b>11,280,466</b>   | <b>14,917,835</b>   | <b>130,476</b>     | <b>26,328,777</b>   |
| <b>Deduct</b>                                   |                     |                     |                    |                     |
| Segment expenses                                | (6,689,212)         | (8,965,592)         | (1,433,366)        | (17,088,170)        |
| Segment Profit                                  | 4,591,254           | 5,952,243           | (1,302,890)        | 9,240,607           |
| Depreciation                                    | -                   | -                   | (48,853)           | (48,853)            |
| Right of Use Asset Amortisation                 | (219,225)           | (388,836)           | (96,093)           | (704,154)           |
| Amortisation                                    | -                   | -                   | (841,785)          | (841,785)           |
| Finance costs                                   | (24,859)            | (35,405)            | (325,945)          | (386,209)           |
| Share Based Payment Expense/(Benefit)           | (228,084)           | (371,494)           | (179,614)          | (779,192)           |
| Fair value movement on Financial Assets         | -                   | -                   | 2,872              | 2,872               |
| Fair value movement on Contingent Consideration | -                   | -                   | -                  | -                   |
| Credit loss expense                             | (21,965)            | (90,562)            | -                  | (112,527)           |
| Loss on lease modification                      | -                   | -                   | (515,880)          | (515,880)           |
| <b>Reported Profit Before Tax</b>               | <b>4,097,121</b>    | <b>5,065,946</b>    | <b>(3,308,188)</b> | <b>5,854,879</b>    |
| <b>Attributable to:</b>                         |                     |                     |                    |                     |
| Members/Shareholders of the parent entity       | 3,252,443           | 5,065,946           | (3,308,188)        | 5,010,201           |
| Non-controlling interests                       | 844,677             | -                   | -                  | 844,677             |
| <b>Reported Profit Before Tax</b>               | <b>4,097,120</b>    | <b>5,065,946</b>    | <b>(3,308,188)</b> | <b>5,854,878</b>    |
| Tax   | -                   | -                   | (1,407,298)        | (1,407,298)         |
| <b>Reported Profit After Tax</b>                | <b>4,097,120</b>    | <b>5,065,946</b>    | <b>(4,715,486)</b> | <b>4,447,580</b>    |
| <b>Attributable to:</b>                         |                     |                     |                    |                     |
| Members/Shareholders of the parent entity       | 3,463,612           | 5,065,946           | (4,715,486)        | 3,814,072           |
| Non-controlling interests                       | 633,508             | -                   | -                  | 633,508             |
| <b>Reported Profit After Tax</b>                | <b>4,097,120</b>    | <b>5,065,946</b>    | <b>(4,715,486)</b> | <b>4,447,580</b>    |
| <b>Segment Assets</b>                           | <b>27,982,640</b>   | <b>28,902,980</b>   | <b>2,881,433</b>   | <b>59,767,053</b>   |
| <b>Total Assets</b>                             | <b>-</b>            | <b>-</b>            | <b>-</b>           | <b>59,767,053</b>   |
| <b>Segment liabilities</b>                      | <b>(1,312,270)</b>  | <b>(2,138,844)</b>  | <b>(9,666,959)</b> | <b>(13,118,073)</b> |
| <b>Total Liabilities</b>                        | <b>-</b>            | <b>-</b>            | <b>-</b>           | <b>(13,118,073)</b> |
| <b>Segment Net Assets</b>                       | <b>26,670,370</b>   | <b>26,764,136</b>   | <b>(6,785,256)</b> | <b>-</b>            |
| <b>Total Net Assets</b>                         |                     |                     |                    | <b>46,648,980</b>   |

29. Segment information – continued

|   | Wealth & SMSF<br>\$ | ABA & Capital<br>\$ | Corporate<br>\$    | Consolidated<br>\$  |
|---|---------------------|---------------------|--------------------|---------------------|
| <b>2021</b>                                     |                     |                     |                    |                     |
| Segment revenue                                 | 9,072,134           | 13,223,673          | -                  | 22,295,807          |
| Other Income                                    | -                   | -                   | 548                | 548                 |
| Interest Income                                 | -                   | -                   | 26,001             | 26,001              |
| <b>Total Segment Revenue</b>                    | <b>9,072,134</b>    | <b>13,223,673</b>   | <b>26,549</b>      | <b>22,322,356</b>   |
| <b>Deduct</b>                                   |                     |                     |                    |                     |
| Segment expenses                                | (5,367,850)         | (8,109,392)         | (1,277,247)        | (14,754,489)        |
| Segment Profit/(Loss)                           | 3,704,284           | 5,114,281           | (1,250,698)        | 7,567,867           |
| Depreciation                                    | -                   | -                   | (54,058)           | (54,058)            |
| Right of Use Asset Amortisation                 | (320,234)           | (487,287)           | (142,974)          | (950,495)           |
| Amortisation                                    | -                   | -                   | (783,158)          | (783,158)           |
| Interest Expense                                | (35,019)            | (49,876)            | (383,895)          | (468,790)           |
| Share Based Payment Expense/(Benefit)           | (16,438)            | (92,147)            | (252,922)          | (361,507)           |
| Fair value movement on Financial Assets         | -                   | -                   | (10,313)           | (10,313)            |
| Fair value movement on Contingent Consideration | -                   | -                   | (26,506)           | (26,506)            |
| Profit/(Loss) on disposal of investment         | -                   | -                   | -                  | -                   |
| Expected Credit Losses                          | (3,258)             | (59,779)            | -                  | (63,037)            |
| <b>Reported Profit Before Tax</b>               | <b>3,329,335</b>    | <b>4,425,192</b>    | <b>(2,904,524)</b> | <b>4,850,003</b>    |
| <b>Attributable to:</b>                         |                     |                     |                    |                     |
| Members/Shareholders of the parent entity       | 2,495,902           | 4,425,192           | (2,904,524)        | 4,016,570           |
| Non-controlling interests                       | 833,433             | -                   | -                  | 833,433             |
| Reported Profit Before Tax                      | 3,329,335           | 4,425,192           | (2,904,524)        | 4,850,003           |
| Tax   | -                   | -                   | (1,159,916)        | (1,159,916)         |
| <b>Reported Profit After Tax</b>                | <b>3,329,335</b>    | <b>4,425,192</b>    | <b>(4,064,440)</b> | <b>3,690,087</b>    |
| <b>Attributable to:</b>                         |                     |                     |                    |                     |
| Members/Shareholders of the parent entity       | 2,713,380           | 4,425,192           | (4,064,440)        | 3,074,132           |
| Non-controlling interests                       | 615,955             | -                   | -                  | 615,955             |
| <b>Reported Profit After Tax</b>                | <b>3,329,335</b>    | <b>4,425,192</b>    | <b>(4,064,440)</b> | <b>3,690,087</b>    |
| <b>Segment Assets</b>                           | 27,016,368          | 27,427,343          | 3,841,798          | 58,285,509          |
| <b>Total Assets</b>                             |                     |                     |                    | <b>58,285,509</b>   |
| <b>Segment liabilities</b>                      | (1,071,686)         | (1,977,994)         | (11,580,037)       | (14,629,717)        |
| <b>Total Liabilities</b>                        |                     |                     |                    | <b>(14,629,717)</b> |
| <b>Segment Net Assets</b>                       | 25,944,682          | 25,449,349          | (7,738,239)        |                     |
| <b>Total Net Assets</b>                         |                     |                     |                    | <b>43,655,792</b>   |

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## 30. Financial assets and financial liabilities

### 30a. Financial assets

|   | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---|--------------------|--------------------|
| <b>Financial assets at fair value through profit and loss</b> |                    |                    |
| Unquoted equity instruments                                   | 315,875            | 259,582            |
| Financial asset - Crispin & Jeffery - SMSF                    | 590,739            | 644,160            |
| <b>Financial assets at amortised costs</b>                    |                    |                    |
| Cash and cash equivalents                                     | 128,699            | 65,725             |
| Trade and other receivables                                   | 4,511,393          | 2,953,470          |
| Loans receivable  | 1,315,675          | 1,081,967          |
| Lease receivable  | 380,424            | -                  |
| <b>Total financial assets</b>                                 | <b>7,242,805</b>   | <b>5,004,904</b>   |
| Total current   | 6,151,204          | 3,019,195          |
| Total non-current   | 1,091,601          | 1,985,709          |
| <b>Total financial assets</b>                                 | <b>7,242,805</b>   | <b>5,004,904</b>   |

### 30b. Financial liabilities

|  | Interest rate<br>% | Maturity   | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|--------------------|------------|--------------------|--------------------|
| <b>Current interest-bearing loans and borrowings</b>           |                    |            |                    |                    |
| Lease Liabilities  | 3.1% - 3.3%        | 30/06/2023 | 1,030,162          | 956,920            |
| Borrowings – Bank Facility                                     | 3.9%               | 30/06/2023 | 1,000,000          | 1,000,000          |
| <b>Total current interest-bearing loans and borrowing</b>      |                    |            | <b>2,030,162</b>   | <b>1,956,920</b>   |
| <b>Non-Current interest-bearing loans and borrowings</b>       |                    |            |                    |                    |
| Lease Liabilities  | 3.1% - 3.3%        | 2023-2024  | 761,950            | 1,792,112          |
| Bank facility  | 3.9%               | 09/07/2025 | 4,355,511          | 6,175,346          |
| <b>Total non-current interest-bearing loans and borrowings</b> |                    |            | <b>5,117,461</b>   | <b>7,967,458</b>   |
| <b>Other financial liabilities</b>                             |                    |            |                    |                    |
| Payables   |                    |            | 2,540,835          | 2,400,907          |
| Balance outstanding on acquisitions                            |                    |            | 327,525            | 328,615            |
| <b>Total other financial liabilities</b>                       |                    |            | <b>2,868,360</b>   | <b>2,729,522</b>   |
| <b>Total financial liabilities</b>                             |                    |            | <b>10,015,983</b>  | <b>12,653,900</b>  |
| Total current financial liabilities                            |                    |            | 4,898,522          | 4,686,442          |
| Total non-current financial liabilities                        |                    |            | 5,117,461          | 7,967,458          |
| <b>Total financial liabilities</b>                             |                    |            | <b>10,015,983</b>  | <b>12,653,900</b>  |

### 30b. Financial liabilities - continued

Westpac Bank has in place an agreement with the Group to provide facilities amounting to \$10,713,337 (\$11,713,337: 30 June 2021). From 9 August 2020, the facility has and will be reduced by \$83,333 per month. The agreement expires on 9 July 2025. At the end of the reporting period those facilities have been utilised to the amount of \$5,355,511, while the unused amount is \$5,357,826. The facility is to assist with working capital, future investments and for general purposes. At 30 June 2022 the effective interest rate was 2.89% per annum. There is an

additional 1.00% line fee for the total facility.

Please see note 21 for further details of the balance outstanding on acquisition of investments.

### 30c. Fair values

Set out below is a comparison by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

|  | 2022             |                  | 2021             |                  |
|--|------------------|------------------|------------------|------------------|
|  | Carrying amount  | Fair Value       | Carrying amount  | Fair Value       |
| <b>Financial assets</b>                    |                  |                  |                  |                  |
| Unquoted equity instruments                | 315,875          | 315,875          | 259,582          | 259,582          |
| Financial asset - Crispin & Jeffery - SMSF | 590,739          | 590,739          | 644,160          | 644,160          |
| Loan receivable                            | 1,315,675        | 1,315,675        | 1,081,967        | 1,081,967        |
| Lease receivable                           | 380,424          | 380,424          | -                | -                |
| <b>Total</b>                               | <b>2,602,713</b> | <b>2,602,713</b> | <b>1,985,709</b> | <b>1,985,709</b> |
| <b>Financial liabilities</b>               |                  |                  |                  |                  |
| Interest-bearing loans and borrowings      |                  |                  |                  |                  |
| - Bank facility                            | 5,355,511        | 5,355,511        | 7,175,346        | 7,175,346        |
| Balance outstanding on acquisitions        | 327,525          | 327,525          | 328,615          | 328,615          |
| <b>Total</b>                               | <b>5,683,036</b> | <b>5,683,036</b> | <b>7,503,961</b> | <b>7,503,961</b> |

It has been assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, obligations under hire purchase and other contracts and the balance outstanding on acquisition of investments approximate their carrying amounts largely due to the short-term maturities of these instruments. It has also been assessed that the fair values of loan receivables and obligations under the bank facility approximate their carrying

amounts largely due to the fact they are linked to a floating rate of interest.

The fair value of financial liabilities relating to share-based payments have been calculated using a Black-Scholes model. Please see note 24 for further details.

### Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Fair value measurement hierarchy for assets and liabilities:

|  | Date of valuation | Total   | Fair value measurement using              |   |   |
|--|-------------------|---------|---|---|---|
|  |                   |         | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant observable inputs (Level 3) |
| <b>Assets measured at fair value:</b>      |                   |         |   |   |   |
| Unquoted equity securities                 | 30 June 2022      | 315,875 | -   | -                                       | 315,875                                 |
| Financial asset - Crispin & Jeffery - SMSF | 30 June 2022      | 590,739 | -   | -                                       | 590,739                                 |
| <b>Liabilities measured at fair value:</b> |                   |         |   |   |   |
| Balance outstanding on acquisitions        | 30 June 2022      | 327,525 | -   | -                                       | 327,525                                 |

### 30c. Fair values – continued

| Fair value measurement using               |              |                                       |                                     |                                     |         |
|--|--------------|---------------------------------------|-------------------------------------|-------------------------------------|---------|
|  |              | Quoted prices<br>in active<br>markets | Significant<br>observable<br>inputs | Significant<br>observable<br>inputs |         |
| Date of valuation                          | Total        | (Level 1)                             | (Level 2)                           | (Level 3)                           |         |
| <b>Assets measured at fair value:</b>      |              |                                       |                                     |                                     |         |
| Unquoted equity securities                 | 30 June 2021 | 259,582                               | -                                   | -                                   | 259,582 |
| Financial asset - Crispin & Jeffery - SMSF | 30 June 2021 | 644,160                               | -                                   | -                                   | 644,160 |
| <b>Liabilities measured at fair value:</b> |              |                                       |                                     |                                     |         |
| Balance outstanding on acquisitions        | 30 June 2021 | 328,615                               | -                                   | -                                   | 328,615 |

| Unquoted Equity Security                    | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---|--------------------|--------------------|
| <b>Balance at the beginning of the year</b> | <b>259,582</b>     | <b>298,815</b>     |
| Additions                                   | -                  | -                  |
| Settlements                                 | -                  | -                  |
| Movement in Fair value                      | 56,293             | (39,233)           |
| <b>Balance at the end of the year</b>       | <b>315,875</b>     | <b>259,582</b>     |

| Financial Asset - Crispin & Jeffery - SMSF  | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---|--------------------|--------------------|
| <b>Balance at the beginning of the year</b> | <b>644,160</b>     | <b>615,241</b>     |
| Additions                                   | -                  | -                  |
| Settlements                                 | -                  | -                  |
| Movement in Fair value                      | (53,421)           | 28,919             |
| <b>Balance at the end of the year</b>       | <b>590,739</b>     | <b>644,160</b>     |

| Balance Outstanding on Acquisitions         | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---|--------------------|--------------------|
| <b>Balance at the beginning of the year</b> | <b>328,615</b>     | <b>722,291</b>     |
| Additions                                   | 838,264            | 273,345            |
| Settlements                                 | (839,354)          | (693,527)          |
| Movement in Fair value                      | -                  | 26,506             |
| <b>Balance at the end of the year</b>       | <b>327,525</b>     | <b>328,615</b>     |

Management does not deem the impact of the COVID-19 pandemic to have had an effect on the classification of these assets, and there has been no change to Prime's business model for managing financial assets.

### 30c. Fair values – continued

#### Unquoted equity securities – financial services sector

The fair value of unquoted equity securities – financial services sector consists of an investment purchased in FY18. The asset is measured based on a revenue multiple as a best practice for measuring Early-Stage entities. The key inputs in this valuation were revenue and the revenue multiple. Unquoted equity securities – financial services sector are classified as a Level 3 financial asset and are measured at fair value through profit and loss. A 10% increase (decrease) in the share price in the valuation of these securities would result in an increase (decrease) in fair value of \$31,588.

#### Financial Asset

Crispin & Jeffery is classified as a Level 3 financial asset and is measured at fair value through profit and loss. The fair value technique used was an earning multiple approach. The key inputs in this valuation were earnings generated by the investment and the earnings multiple. The earnings multiple used in the valuation at 30 June 2022 was 5.5 times. A 10% increase (decrease) in the earnings multiple or underlying earnings would result in an increase (decrease) in fair value of \$59,074. The fair valuation of Crispin & Jeffery – SMSF at 30 June 2022 resulted in a loss through the profit and loss of \$53,422.

#### Balance outstanding on acquisitions

Please see note 21 for details of the balance outstanding on acquisition of investments.

### 30d. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise borrowings, trade and other payables, balances outstanding on the acquisition of investments and financial liabilities relating to share-based payments. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, unquoted equity investments, trade and other receivables, and cash and cash equivalents.

The Group is exposed to credit risk and liquidity risk. The Group's Board oversees the management of these risks.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank facility which has a floating interest rate. The Group monitors interest rates to assess the impact of changes in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. All interest bearing instruments have been included within this sensitivity. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

|                                  | Effect on Group/<br>(loss) before tax |
|----------------------------------|---------------------------------------|
| <b>2022</b>                      |                                       |
| 1.00% increase in interest rates | (53,555)                              |
| 1.00% decrease in interest rates | 53,555                                |
| <b>2021</b>                      |                                       |
| 0.50% increase in interest rates | (35,877)                              |
| 0.50% decrease in interest rates | 35,877                                |

#### Equity risk

The unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through holding a relatively small proportion of its assets in unlisted equity securities. The acquisitions of any unlisted equity securities are required to be approved by the Board.

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. Credit risk is managed primarily by monitoring receivables and the credit ratings of relevant banks and financial institutions. The credit risk relating to the loan to Directors was assessed by the Board when the related loans were entered.

#### Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have any significant concentrations of credit risk except for the loan to Director.

### 30d. Financial instruments risk management objectives and policies – continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

| Years ended 30 June 2022                          | On demand        | Less than 3 months | 3 to 12 months   | 1 to 5 years     | > 5 years | Total             |
|---|------------------|--------------------|------------------|------------------|-----------|-------------------|
| Lease liabilities                                 | -                | 264,368            | 808,314          | 773,704          | -         | 1,846,386         |
| Interest-bearing loans and borrowings             | -                | 302,083            | 906,249          | 4,777,877        | -         | 5,986,209         |
| Balance outstanding on acquisition of investments | -                | 253,167            | 74,357           | -                | -         | 327,524           |
| Trade and other payables                          | 2,540,835        | -                  | -                | -                | -         | 2,540,835         |
|   | <b>2,540,835</b> | <b>819,618</b>     | <b>1,788,920</b> | <b>5,551,581</b> | -         | <b>10,700,954</b> |

| Years ended 30 June 2021                          | On demand        | Less than 3 months | 3 to 12 months | 1 to 5 years     | > 5 years | Total             |
|---|------------------|--------------------|----------------|------------------|-----------|-------------------|
| Lease liabilities                                 | -                | 255,171            | 780,221        | 1,764,666        | -         | 2,800,058         |
| Interest-bearing loans and borrowings             | -                | 69,780             | 209,340        | 8,020,356        | -         | 8,299,476         |
| Balance outstanding on acquisition of investments | -                | 328,615            | -              | -                | -         | 328,615           |
| Trade and other payables                          | 2,400,907        | -                  | -              | -                | -         | 2,400,907         |
|   | <b>2,400,907</b> | <b>653,566</b>     | <b>989,561</b> | <b>9,785,022</b> | -         | <b>13,829,056</b> |

|  | 1 July 2021      | Coupon Cash flows  | Interest       | Changes in fair values | Other | 30 June 2022     |
|--|------------------|--------------------|----------------|------------------------|-------|------------------|
| Lease liabilities                                  | 2,749,031        | (1,032,249)        | 75,330         | -                      | -     | 1,792,112        |
| Interest-bearing loans and borrowings              | 7,175,346        | (2,091,191)        | 271,356        | -                      | -     | 5,355,511        |
| <b>Total liabilities from financing activities</b> | <b>9,924,377</b> | <b>(3,123,440)</b> | <b>346,686</b> | -                      | -     | <b>7,147,623</b> |

### 31. Parent entity disclosures

|   | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---|--------------------|--------------------|
| <b>(a) Statement of financial position</b>                            |                    |                    |
| Current assets  | 18,687,881         | 16,756,765         |
| Non-current assets  | 38,918,785         | 38,886,563         |
| <b>Total assets</b>   | <b>57,606,666</b>  | <b>55,643,328</b>  |
| Current liabilities   | 13,916,981         | 9,722,356          |
| Non-current liabilities   | -                  | -                  |
| <b>Total liabilities</b>  | <b>13,916,981</b>  | <b>9,722,356</b>   |
| Net assets  | 43,689,685         | 45,920,972         |
| Contributed equity  | 67,470,155         | 67,587,550         |
| Accumulated losses  | (23,780,470)       | (21,666,578)       |
| <b>Total equity</b>   | <b>43,689,685</b>  | <b>45,920,972</b>  |
| <b>(b) Statement of profit or loss and other comprehensive income</b> |                    |                    |
| Profit/(Loss) for the year  | (47,677)           | (131,213)          |
| Total comprehensive income  | (47,677)           | (131,213)          |

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## Parent entity financial information - investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Prime. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

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### 32. Significant events after balance date

On 19 August 2022, the Directors of Prime Financial Group Ltd declared a final dividend on ordinary shares in respect of the FY22 financial year. The total amount of the dividend is \$1,191,714 which represents a fully franked dividend of 0.60 cents per share. The dividend has not been provided for in the 30 June 2022 financial statements.

Except for the items above, there are no matters or circumstances which have arisen since the end of the financial period, that have significantly affected, or may significantly affect the operations of the Group, or the state of affairs of the Group in future periods.

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# Director's Declaration

- 1 The Financial Statements and Notes, as set out on pages 32 to 73, are in accordance with the Corporations Act 2001 and;
  - (a) comply with Accounting Standards, the Corporation Act 2001, and other mandatory professional reporting requirements;
  - (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 group; and
  - (c) the attached financial statements are in compliance with international Financial Reporting Standards, as stated in Note 2 to the financial statements.
2. The Managing Director and Chief Executive Officer, and Company Secretary have each declared that:
  - (a) The financial records of the company for the financial year have been properly maintained in accordance with s286 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 fair view.

In the Directors' opinion there are reasonable grounds to believe that Prime Financial Group Ltd will be able to pay its debts as and when they become due and payable.

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



**Simon Madder**

Managing Director/CEO & Chairman  
Melbourne, 19 August 2022

# Independent Auditor's Report



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## Independent Auditor's Report to the Members of Prime Financial Group Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Prime Financial Group Limited (the "Company") and its subsidiaries (collectively 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, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its financial 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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

# Independent Auditor's Report



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## Impairment assessment of goodwill

### Why significant

Goodwill has been recognised as a result of the Group's previous acquisitions.

The Group performs an annual impairment assessment, or more frequently if there is an indicator that goodwill may be impaired. This assessment involves a comparison of the carrying value of the Cash Generating Unit with its recoverable amount.

The impairment assessment involves estimates and assumptions based on future performance, forecast cash flows, discount rates and terminal growth rates.

These assumptions are subject to estimation uncertainty, with potential changes in assumptions leading to changes in the recoverable value of the asset.

Accordingly, we considered this to be a key audit matter.

Further details on the methodology and assumptions used in the impairment assessment of goodwill are disclosed in Note 2.3(e).

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed whether the impairment testing methodology met the requirements of Australian Accounting Standards;
- ▶ Tested the mathematical accuracy of the impairment testing model;
- ▶ Assessed whether the forecast cash flows were consistent with the most recent Board approved cash flow forecasts;
- ▶ Assessed the appropriateness of key assumptions, such as the discount rates and long-term growth rates, including performing our own sensitivity analyses around these key assumptions; and
- ▶ Assessed the historical accuracy of the Group's previous forecasts by performing a comparison of historical forecasts to actual results.

Our valuation specialists were also involved in the performance of these procedures where appropriate.

We also assessed the adequacy of the disclosures associated with the goodwill impairment assessment in Note 16 to the financial statements.

# Independent Auditor's Report



## 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 Company's 2022 Annual Report, 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 accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 relating 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# Independent Auditor's Report



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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# Independent Auditor's Report



## Report on the Audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 26 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Prime Financial Group 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'T M Dring'.

T M Dring  
Partner  
Melbourne  
19 August 2022

# ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is presented below. This information is current as at 16 August 2022.

## (a) Distribution of equity securities

Ordinary share capital – 201,146,542 fully paid ordinary shares are held by 847 individual shareholders.

The number of shareholders, by size of holding, in each class of share are:

| Ordinary Shares            |                |                    |
|----------------------------|----------------|--------------------|
| Category (size of holding) | No. of holders | No. of shares      |
| 1 - 1,000                  | 62             | 26,184             |
| 1,001 - 5,000              | 142            | 457,311            |
| 5,001 - 10,000             | 135            | 1,085,727          |
| 10,001 - 100,000           | 320            | 13,106,068         |
| 100,001 over               | 188            | 186,471,252        |
| <b>Total</b>               | <b>847</b>     | <b>201,146,542</b> |

## (b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

| Listed Ordinary Shares  |                  |                      |
|---|------------------|----------------------|
| Name  | Number of shares | % of ordinary shares |
| 1 DOMAIN INVESTMENT (MELBOURNE) PTY LTD   | 22,778,713       | 11.32                |
| 2 KIUT INVESTMENTS PTY LTD <KEPPEL INVESTMENTS UNIT A/C>                                | 10,169,988       | 5.06                 |
| 3 GOGORM SUPER PTY LTD <GOGORM SUPER FUND A/C>  | 10,139,151       | 5.04                 |
| 4 ASCENSION BUSINESS INVESTMENTS PTY LTD <ASCENSION BUSINESS INV A/C>                   | 9,128,571        | 4.54                 |
| 5 SONNING ROAD PTY LTD <PSB SUPERANNUATION FUND A/C>                                    | 7,667,142        | 3.81                 |
| 6 WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C>                                   | 5,900,000        | 2.93                 |
| 7 CULVERWOOD SUPERANNUATION PTY LTD <CULVERWOOD A/C>                                    | 4,880,703        | 2.43                 |
| 8 MATTHEW WILLIAM MURPHY & AMANDA JANE MURPHY AS TRUSTEE FOR MURPHY SUPERANNUATION FUND | 4,500,000        | 2.24                 |
| 9 MR PETER WATSON   | 4,400,000        | 2.19                 |
| 10 ARQ CONSULTING PTY LTD <ARQ CONSULTING TRUST17 A/C>                                  | 4,016,666        | 2.00                 |
| 11 HISHENK PTY LTD  | 3,400,000        | 1.69                 |
| 12 BROWN EYE PTY LTD <BROWN FAMILY>   | 3,364,813        | 1.67                 |
| 13 DRAKEVALE PTY LTD <JOANNE&PETER KENNEDY S/F A/C>                                     | 3,337,296        | 1.66                 |
| 14 MR SIMON MADDER  | 3,198,651        | 1.59                 |

## (b) Twenty largest shareholders – continued

The names of the twenty largest holders of quoted shares are:

|    |  | Listed Ordinary Shares |                      |
|----|--|------------------------|----------------------|
|    | Name   | Number of shares       | % of ordinary shares |
| 15 | LOCH VENTURES PTY LTD <LOCH VENTURES FAMILY A/C>                                     | 3,171,428              | 1.58                 |
| 16 | MR MATTHEW SHAYNE KEOHAN SMITH & MS SASHA KIMBERLEY SMITH <THE SMITH FAMILY S/F A/C> | 3,157,546              | 1.57                 |
| 17 | EMERALD SHARES PTY LIMITED <EMERALD UNIT A/C>  | 3,060,000              | 1.52                 |
| 18 | COMMON SENSE INVESTMENTS PTY LTD   | 3,015,057              | 1.50                 |
| 19 | MR PETER GEOFFREY HOLLICK & MS HELEN THERESE PATTINSON <MACDY NO 5 SUPER FUND A/C>   | 3,000,000              | 1.49                 |
| 20 | MR WILLIAM MARK OLSEN & MRS JANET THERESE OLSEN                                      | 2,635,000              | 1.31                 |

## (c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

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# Corporate Information

Prime Financial Group Ltd  
ABN 70 009 487 674

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## Head Office

A Level 17, HWT Tower  
40 City Road  
Southbank VIC 3006  
T (03) 9827 6999  
F 1800 265 374  
W [www.primefinancial.com.au](http://www.primefinancial.com.au)

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## Directors

S. Madder, Managing Director/CEO & Chairman  
M. Murphy, Executive Director  
T. Bennett, Executive Director

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## Company Secretary

R. McLaughlin

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## Registered Office & Principal Place of Business

A Level 17, HWT Tower  
40 City Road  
Southbank VIC 3006  
T (03) 9827 6999  
F 1800 265 374

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## Solicitors

Holman Fenwick Willan

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## Bankers

Westpac Banking Corporation

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## Share Register

Computershare Investor Services  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

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## Auditors

Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000

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## | Contact us

**A** Level 17, HWT Tower, 40 City Road, Southbank VIC 3006  
**W** [www.primefinancial.com.au](http://www.primefinancial.com.au)

|   |              |
|---|--------------|
| <b>Accounting &amp; Business Advisory</b> | 1800 317 005 |
| <b>Wealth Management &amp; Protection</b> | 1800 064 959 |
| <b>Self-Managed Superannuation</b>        | 1800 064 959 |
| <b>Capital &amp; Corporate Advisory</b>   | 1800 317 006 |

**f** PrimeFinancialGroup  
**in** PrimeFinancialGroup