

# Prime Financial Group

## FY25 results – consolidating the platform

### Selective features of the result – include:

- Revenue up 21% to \$49.4m.
- Underlying EBITDA (members) \$11.9m was up 17% pcp.
- The Business segment revenue increased to \$23.3m vs \$21.8m pcp.
- The Wealth segment revenue increased to \$26.0m vs \$18.8m pcp.
- Reported NPAT (members) rose strongly to \$4.6m vs \$2.85m pcp.
- EPS was 1.87 cps vs 1.37 cps in pcp. The dividend was moved up to 1.66 cps from 1.60 cps, fully franked.
- Cashflow (receipts less payments) reflected the seasonality of the business (2H weighted) and was \$2.9m (FY25) vs \$5.7m.
- Management noted that there was still work to be done in FY26 to improve cash flow and working capital management.

### Valuation/Commentary – Buy rated with solid exposure to a growth industry

- The underlying EBITDA (members) was slightly ahead of our forecasts of \$11.6m. The NPAT was slightly below our projections, due to higher interest costs and corporate costs, partially offset by a lower tax rate.
- Management has commented that they enter FY26 with a current revenue run rate exceeding \$55m from continuing operations.
- FY26 will be supported by a full year of Lincoln, with a focus on higher-margin business and working capital improvement.
- Ongoing drivers include the potential accretive acquisitions, operating leverage derived from past investment and very favourable supply and demand industry dynamics across almost all of the businesses.
- We are lowering our FY26 forecasts to reflect a more conservative view of revenue growth, partially offset by a margin focus.
- EV/EBITDA of 6.1X FY26 and a P/E of 11.3X FY26, combined with a dividend yield of 6.7%.
- We do not add back customer relationship amortisation (of \$858k in FY25) – preferring to take a more traditional approach to profitability calculations. However, we note that this would further reduce the P/E.
- We derive a valuation of 31.9 cents using a combination of EV/EBITDA and P/E blend valuation.

**Risks** – (include but are not limited to): - regulatory change, loss of advisers, cost inflation, client claims, financial markets, legal problems, licensing, new financial products (AI/cryptocurrency/ETFs), competition, cyber security, maladministration by staff, performance of newly acquired businesses, processing errors, quality of advice, performance of investments, technology risks and an inability to access insurance.

PFG.ASX

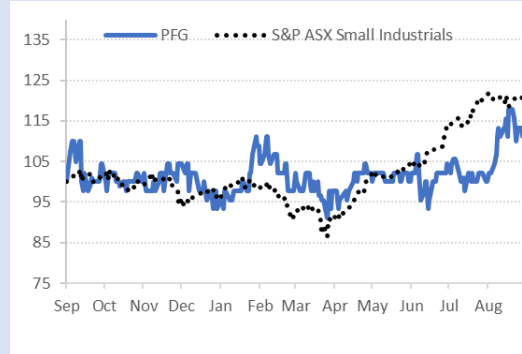
BUY

Tuesday, 16 September 2025

|                        |                               |
|------------------------|-------------------------------|
| Share Price            | \$0.255                       |
| Price Target           | \$0.319                       |
| Valuation Method       | Combo EV/EBITDA & P/E         |
| Market capitalisation  | \$68m                         |
| Enterprise value       | \$82m                         |
| Sector                 | Financial advice/Inv. banking |
| 12 month price range   | 20c - 26.5c                   |
| Ave.vol - u/d 250 days | 111,777                       |
| Shares in issue        | 266.3m                        |
| Top 20 holders         | 51%                           |
| Previous rating        | Buy                           |

| Year Ended June 30  |     | FY25A  | FY26E  | FY27E  | FY28E  |
|---------------------|-----|--------|--------|--------|--------|
| Sales               | \$m | 49.4   | 57.8   | 62.4   | 66.8   |
| Growth %            | %   | 21.4   | 17.1   | 8.0    | 7.1    |
| EBITDA - Grp - rep  | \$m | 11.4   | 14.1   | 15.6   | 16.9   |
| EBITDA - Mem        | \$m | 11.9   | 13.4   | 14.9   | 16.2   |
| EBITDA Marg (mem) % | %   | 24.1   | 23.2   | 23.9   | 24.3   |
| NPAT -report        | \$m | 4.6    | 6.2    | 7.2    | 8.1    |
| EPS (report)        | cps | 1.87   | 2.25   | 2.61   | 2.87   |
| FCFPS               | cps | 1.0    | 2.8    | 2.6    | 3.3    |
| DPS                 | cps | 1.66   | 1.71   | 1.76   | 1.81   |
| Franking            | %   | 100%   | 100%   | 100%   | 100%   |
| Dividend Yield      | %   | 6.5%   | 6.7%   | 6.9%   | 7.1%   |
| PER                 | x   | 13.7   | 11.3   | 9.8    | 8.9    |
| EV/EBITDA           | x   | 6.9    | 6.1    | 5.5    | 5.0    |
| Net Cash/(debt)     | \$m | (14.9) | (14.0) | (13.4) | (10.2) |

### Prime Financial vs. ASX Small Industrials



Source - Factset

Prime Financial Group (PFG) is an advisory, capital and asset management business. Prime operates across accounting/business advisory, wealth management, SMSF, Capital and remuneration and employee share planning.

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## Prime Financial Group Limited

### Financial Performance (A\$m)

| Year ended June 30                | FY25A       | FY26E       | FY27E       | FY28E       |
|-----------------------------------|-------------|-------------|-------------|-------------|
| <b>Sales</b>                      | <b>49.4</b> | <b>57.8</b> | <b>62.4</b> | <b>66.8</b> |
| Costs (Sales - EBITDA (mem))      | (37.5)      | (44.4)      | (47.5)      | (50.6)      |
| EBITDA - Adj/Members              | 11.9        | 13.4        | 14.9        | 16.2        |
| <b>EBITDA Group - Report</b>      | <b>11.4</b> | <b>14.1</b> | <b>15.6</b> | <b>16.9</b> |
| Depreciation and amortisation     | (2.5)       | (3.3)       | (3.3)       | (3.3)       |
| <b>EBIT</b>                       | <b>8.9</b>  | <b>10.8</b> | <b>12.3</b> | <b>13.6</b> |
| Associate income                  | -           | -           | -           | -           |
| Finance costs                     | (2.1)       | (1.5)       | (1.4)       | (1.3)       |
| <b>Pre-tax Profit</b>             | <b>6.8</b>  | <b>9.3</b>  | <b>10.9</b> | <b>12.3</b> |
| Tax                               | (1.6)       | (2.5)       | (3.1)       | (3.6)       |
| Profit continue operations        | 5.2         | 6.8         | 7.9         | 8.7         |
| Minorities                        | (0.6)       | (0.6)       | (0.6)       | (0.6)       |
| <b>Reported profit to members</b> | <b>4.6</b>  | <b>6.2</b>  | <b>7.2</b>  | <b>8.1</b>  |
| Abnormals                         | -           | -           | -           | -           |
| <b>NPAT</b>                       | <b>4.6</b>  | <b>6.2</b>  | <b>7.2</b>  | <b>8.1</b>  |

### Cash Flow Statement (A\$m)

| Year ended June 30                | FY25A        | FY26E        | FY27E        | FY28E        |
|-----------------------------------|--------------|--------------|--------------|--------------|
| <b>NPAT</b>                       | <b>4.6</b>   | <b>6.2</b>   | <b>7.2</b>   | <b>8.1</b>   |
| Add: D&A                          | 2.5          | 3.3          | 3.3          | 3.3          |
| Work. cap /deferred tax/ other    | (6.4)        | (0.7)        | (2.5)        | (1.4)        |
| Other items (net)                 | 2.2          | (0.8)        | (0.4)        | (0.4)        |
| <b>Cash flows from operations</b> | <b>2.9</b>   | <b>8.0</b>   | <b>7.6</b>   | <b>9.6</b>   |
| Capital Expenditures              | (0.4)        | (0.4)        | (0.3)        | (0.2)        |
| Acquisitions/Intang^              | (3.5)        | (1.0)        | (1.0)        | (1.5)        |
| Other items - acquist EO          | 0.0          | (2.9)        | (2.6)        | 0.3          |
| <b>Net cash from investing</b>    | <b>(3.9)</b> | <b>(4.2)</b> | <b>(3.9)</b> | <b>(1.4)</b> |
| Dividends                         | (3.3)        | (4.4)        | (4.7)        | (5.0)        |
| +/- Debt (repay)/ other           | 6.2          | (1.1)        | 1.0          | (3.2)        |
| <b>Net cash from financing</b>    | <b>2.9</b>   | <b>(5.6)</b> | <b>(3.7)</b> | <b>(8.2)</b> |
| Net change in cash                | 1.9          | (1.8)        | 0.0          | 0.0          |

### Balance Sheet (A\$m)

| Year ended June 30          | FY25A        | FY26E        | FY27E        | FY28E        |
|-----------------------------|--------------|--------------|--------------|--------------|
| Cash                        | 2.4          | 0.6          | 0.6          | 0.7          |
| Receivables                 | 7.9          | 9.2          | 8.7          | 9.4          |
| Client contracts/assets     | 17.9         | 17.3         | 18.7         | 20.0         |
| <b>Current Assets</b>       | <b>28.2</b>  | <b>27.2</b>  | <b>28.1</b>  | <b>30.1</b>  |
| Property, Plant & Equipment | 4.8          | 4.9          | 4.9          | 4.7          |
| Intangibles                 | 66.3         | 64.3         | 62.3         | 60.8         |
| Other non current assets    | 4.7          | 5.5          | 5.9          | 6.3          |
| <b>Non Current Assets</b>   | <b>75.8</b>  | <b>74.7</b>  | <b>73.1</b>  | <b>71.9</b>  |
| <b>Total Assets</b>         | <b>104.0</b> | <b>101.9</b> | <b>101.2</b> | <b>101.9</b> |
| Payables                    | 5.4          | 6.4          | 6.9          | 7.3          |
| Provisions                  | 4.5          | 5.8          | 5.7          | 6.1          |
| Borrowings                  | 17.3         | 14.6         | 14.0         | 10.8         |
| Other liabilities           | 17.8         | 12.7         | 8.1          | 8.0          |
| <b>Total Liabilities</b>    | <b>45.0</b>  | <b>39.5</b>  | <b>34.7</b>  | <b>32.3</b>  |
| <b>Shareholder Funds</b>    | <b>59.0</b>  | <b>62.4</b>  | <b>66.5</b>  | <b>69.7</b>  |

| Directors          | Role              | Shares       | Holding    |
|--------------------|-------------------|--------------|------------|
| Mr S Madder        | Chair & MD        | 37.5m        | 14.1%      |
| Mr Tim Bennett     | Exec Director     | 4.3m         | 1.6%       |
| Mr Matt Murphy     | Exec Director     | 13.8m        | 5.2%       |
| Ms Andrea Slingsby | Non-Exec Director |              |            |
| <b>Total</b>       |                   | <b>42.7m</b> | <b>21%</b> |

| Major Shareholders (latest/best env) | Shares       | Holding      |
|--------------------------------------|--------------|--------------|
| Mr S Madder                          | 37.5m        | 14.1%        |
| Mr Matt Murphy                       | 13.8m        | 5.2%         |
| DMX Capital                          | 4.0m         | 1.5%         |
| <b>Total</b>                         | <b>59.6m</b> | <b>20.8%</b> |

Share Price: \$0.255 ps

Valuation: \$0.319 ps

### Valuation Metrics

|                                       | Valuation | Premium |
|---------------------------------------|-----------|---------|
| Price Target (ps) - P/E / EV/EBITDA   | \$0.319   | 25%     |
| Share Price (ps)                      | \$0.255   |         |
| FY26 EV/EBITDA Adj/Members(x)         | 6.1       |         |
| Implied FY26 EV/EBITDA (x)            | 7.4       |         |
| Implied FY27 EV/EBITDA (x)            | 6.6       |         |
| Market Capitalisation (A\$m)          | 67.9      |         |
| Enterprise Value (A\$m)               | 81.9      |         |
| Share count (m)                       | 266.3     |         |
| Franking credits (\$m) - 30 June 2025 | 3.1       |         |

### Valuation Multiples

| Year ended June      | FY25A | FY26E | FY27E | FY28E |
|----------------------|-------|-------|-------|-------|
| P/E (x)              | 13.7  | 11.3  | 9.8   | 8.9   |
| Price/Cash Flow (x)  | 21.5  | 8.8   | 9.5   | 7.5   |
| EV/EBITDA mem (x)    | 6.9   | 6.1   | 5.5   | 5.0   |
| Equity FCF yield (%) | 4.0%  | 10.8% | 10.2% | 13.1% |
| Dividend yield (%)   | 6.5%  | 6.7%  | 6.9%  | 7.1%  |

### Per Share Data

| Year ended June 30                 | FY25A       | FY26E       | FY27E       | FY28E       |
|------------------------------------|-------------|-------------|-------------|-------------|
| <b>EPS diluted - adjust (cps)</b>  | <b>1.87</b> | <b>2.25</b> | <b>2.61</b> | <b>2.87</b> |
| EPS diluted (cps)                  | 1.87        | 2.25        | 2.61        | 2.87        |
| Op cash flow per share (cps)       | 1.2         | 2.9         | 2.7         | 3.4         |
| Free cash flow per share (cps)     | 1.0         | 2.8         | 2.6         | 3.3         |
| Cash (cps)                         | 1.0         | 0.2         | 0.2         | 0.2         |
| DPS (cps)                          | 1.66        | 1.71        | 1.8         | 1.8         |
| Franking (%)                       | 100%        | 100%        | 100%        | 100%        |
| Shares on issue - avg. basic (m)   | 258.3       | 266.3       | 274.3       | 274.3       |
| Shares on issue - avg. diluted (m) | 247.0       | 273.8       | 281.8       | 281.8       |

### Drivers (\$Am)

| Year ended June 30             | FY25A       | FY26E       | FY27E       | FY28E       |
|--------------------------------|-------------|-------------|-------------|-------------|
| Wealth and SMSF                | 26.0        | 26.8        | 28.9        | 30.7        |
| PABA and Capital               | 23.3        | 22.0        | 23.8        | 25.7        |
| EPM                            | 2.5         |             |             |             |
| Altior/Credit funds            | 2.2         |             |             |             |
| Lincoln                        | 1.5         | 9.0         | 9.7         | 10.5        |
| Other                          | 0.1         |             |             |             |
| <b>Total revenue</b>           | <b>49.4</b> | <b>57.8</b> | <b>62.4</b> | <b>66.8</b> |
| <b>Segment profit</b>          |             |             |             |             |
| Wealth and SMSF                | 9.9         | 10.4        | 11.2        | 11.6        |
| PABA and Capital               | 8.0         | 7.6         | 8.2         | 8.7         |
| EPM                            | 1.3         |             |             |             |
| Altior/Credit funds            | 0.8         |             |             |             |
| Lincoln                        | 0.4         | 2.0         | 2.8         | 3.1         |
| Corporate                      | -           |             |             |             |
| Other Corporate                | (5.4)       | (4.8)       | (5.5)       | (5.5)       |
| Adjustments                    | (1.1)       | (1.1)       | (1.1)       | (1.1)       |
| <b>Reported EBITDA - Group</b> | <b>11.4</b> | <b>14.1</b> | <b>15.6</b> | <b>16.9</b> |
| <b>Under. EBITDA - Group</b>   | <b>12.7</b> | <b>14.1</b> | <b>15.6</b> | <b>16.9</b> |
| <b>Under. EBITDA - Members</b> | <b>11.9</b> | <b>13.4</b> | <b>14.9</b> | <b>16.2</b> |

*Italics is for reference but not calc*

### Performance Ratios

| Year ended June 30         | FY25A | FY26E | FY27E | FY28E |
|----------------------------|-------|-------|-------|-------|
| Change in sales (\$m)      | 8.7   | 8.4   | 4.6   | 4.4   |
| Change in EBITDA (\$m)     | 3.1   | 2.7   | 1.5   | 1.3   |
| Leverage (%)               | 35%   | 32%   | 33%   | 29%   |
| Reported EBITDA Margin (%) | 23%   | 24%   | 25%   | 25%   |
| Tax rate (%)               | 24%   | 27%   | 28%   | 29%   |
| ROE (%)                    | 7.8%  | 9.9%  | 10.9% | 11.6% |

### Balance Sheet Ratios

|                       | (14.9) | (14.0) | (13.4) | (10.2) |
|-----------------------|--------|--------|--------|--------|
| Net cash/(debt) (\$m) |        |        |        |        |
| Fixed cover charge    | n.m    | n.m    | n.m    | n.m    |

### Strategy Commentary

|                              |                            |        |
|------------------------------|----------------------------|--------|
| Aug 25                       |                            |        |
| Organic growth               | EPS accretive acquisitions |        |
| Cross sell                   | 3- 5 years revenue target  | \$100m |
| Explicit guidance commentary | @ AGM                      |        |

## FY25 results analysis

The revenue performance of Prime in FY25 was strong, with revenue up 21%, driven by both organic and acquired growth during the year. FY26 will benefit from the full year of Lincoln Indicators with an estimated (net) revenue contribution of \$9m. Prime had a full-year contribution from the Altor funds management business in FY25. The business has performed well since its acquisition.

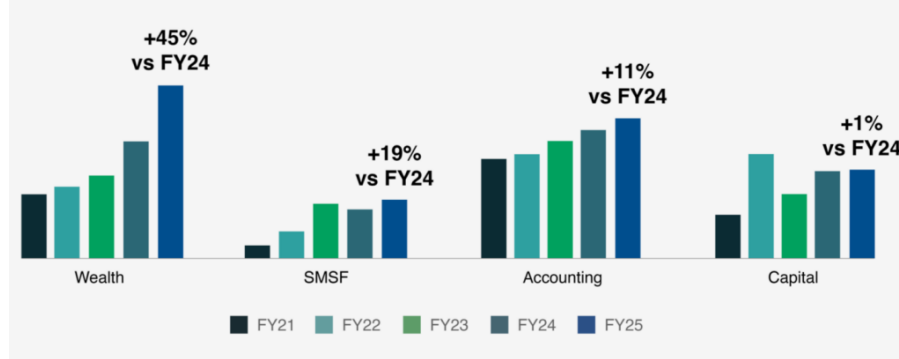
Wealth (Wealth and SMSF) grew revenue by 38% to \$26.0m, and Business (Accounting and Capital) grew by 7% to \$23.2m.

Across the divisions, it was encouraging to see growth in the SMSF part of the Wealth Division (after a hiatus), and accounting continued to grow (part of the Business Division).

Capital (part of the business division) was flat after some previously solid years. Capital can be linked to deal flow and can shift from year to year.

Altor, a small part-year contribution from Lincoln, and robust organic growth rates helped wealth revenue growth.

Figure 1: Growth of major business segments



The FY2024/2025 year is the first year that personal financial advice is clearly tax-deductible, which is helpful.

Advice provided to an SMSF is paid from the fund, and therefore, there is no change in this regard.

Source: PFG results presentation

Prime does have some non-controlling interests that have some economic interest in part of the overall group's profitability—hence the need to differentiate between “Group” EBITDA results and those profits that accrue to the ASX-listed PFG shareholders (members).

The preferred earnings power measure is underlying EBITDA (members) – namely the adjusted EBITDA that members are entitled to. We only value the members interest when valuing the Prime shares.

Prime results showed the standard 2H seasonality skew. This seasonality is due to the timing of some of the work that Prime undertakes, as well as its cost base profile and organic growth. There was, however, a build-up of seasonal working capital (contract assets and receivables), and we’d expect this to normalise in FY26, producing a far better cash flow from operations outcome.

Figure 2: Prime result breakdown between halves

| Results Analysis               |            |            |             |            |            |             |
|--------------------------------|------------|------------|-------------|------------|------------|-------------|
| June y/e \$m                   | 1H24       | 2H24       | FY24        | 1H25A      | 2H25A      | FY25A       |
| Revenue                        | 18.3       | 22.3       | 40.6        | 22.9       | 26.5       | 49.4        |
| Splits                         | 45.1%      | 54.9%      |             | 46.4%      | 53.6%      |             |
| Under. EBITDA - Group          | 4.1        | 6.8        | 10.9        | 4.4        | 8.3        | 12.7        |
| Reported EBITDA - Meml         | 1.7        | 5.9        | 7.6         | 3.4        | 7.2        | 10.6        |
| <b>Under. EBITDA - Members</b> | <b>3.8</b> | <b>6.4</b> | <b>10.2</b> | <b>4.1</b> | <b>7.8</b> | <b>11.9</b> |
| Splits                         | 37%        | 63%        |             | 34%        | 66%        |             |
| <b>Reported EBITDA - Group</b> | <b>2.0</b> | <b>6.4</b> | <b>8.4</b>  | <b>3.7</b> | <b>7.7</b> | <b>11.4</b> |
| D&A                            | (1.1)      | (1.2)      | (2.3)       | (1.2)      | (1.3)      | (2.5)       |
| EBIT                           | 0.9        | 5.2        | 6.1         | 2.5        | 6.4        | 8.9         |
| Net interest                   | (0.5)      | (0.7)      | (1.2)       | (1.1)      | (1.0)      | (2.1)       |
| Tax                            | (0.2)      | (1.3)      | (1.5)       | (0.1)      | (1.5)      | (1.6)       |
| <b>NPAT Group</b>              | <b>0.2</b> | <b>3.2</b> | <b>3.4</b>  | <b>1.4</b> | <b>3.9</b> | <b>5.2</b>  |
| Non control int.               | (0.2)      | (0.4)      | (0.6)       | (0.3)      | (0.4)      | (0.6)       |
| <b>NPAT - Members</b>          | <b>0.0</b> | <b>2.8</b> | <b>2.8</b>  | <b>1.1</b> | <b>3.5</b> | <b>4.6</b>  |
| Reported EPS                   | -0.02      | 1.39       | 1.37        | 0.46       | 1.41       | 1.87        |
| DPS                            | 0.75       | 0.85       | 1.60        | 0.77       | 0.89       | 1.66        |
| Receipts-payment               | 1.9        | 5.6        | 7.5         | 2.2        | 3.5        | 5.7         |
| Receipts-pay/EBITDA Gro        | 95%        | 88%        | 89%         | 59%        | 45%        | 50%         |
| Net cash/(debt) (\$ m)         |            |            | (11.3)      |            |            | (14.9)      |

Source: PFG results presentation and Veritas analysis

Other operating metrics, such as Funds under management, were strong, reaching \$1.9 billion (up 58%). Dividends increased to 1.66 cents fully franked (full year).

#### Longer term targets

Management reiterated the guidance for revenue of \$100m in the next 3-5 years, assisted by acquisitions. Management is also aiming for an underlying EBITDA margin of 30% (over a 3–5 year time frame).

The revenue run rate is expected to exceed \$55m for FY2026. This is below our previous forecasts. We believe these factors are due to optimisation of higher margin revenue at the expense of lower margin revenue and a more conservative outlook for corporate transaction revenue (which has been strong over the last year or two). Lincoln Indicator is expected to produce \$9m of revenue in FY26 (vs. past guidance of c. \$10m), reflecting a slightly more conservative approach to revenue (net) than in the past. Management also noted that this Lincoln client base is already providing quality leads and business into the accounting and SMSF parts of the business. Lincoln is also expanding its investor events to grow this business. With over 3,300 clients, Lincoln has great optionality for Prime's other business lines to cross-sell to this client base.

Figure 3: Prime reported numbers vs our forecasts

| Item                  | FY25A | FY25E | Diff % |
|-----------------------|-------|-------|--------|
| Net revenue           | 49.4  | 51.2  | -3.5%  |
| EBITDA (Umd. Mem)     | 11.8  | 11.6  | 1.7%   |
| NPAT (report)         | 4.6   | 4.9   | -6.1%  |
| Dividend              | 1.66  | 1.675 | -0.9%  |
| Shares outstd wgt ave | 247.0 | 254.4 | -2.9%  |
| EPS cps               | 1.87  | 1.91  | -2.1%  |

Source: Veritas

## Lincoln Indicators

A purchase agreement to acquire the business was executed in mid-April 2025 for between \$15.8m and \$17.9m (depending on earn-out/adjustments). The acquisition is structured with a combination of cash payments, shares, and earn-out arrangements over a three-year time frame. We have a detailed note dated April 29, 2025, that outlines the deal structure and outcomes. Please get in touch with us for more information. There were \$180k in transaction costs taken in the P&L for the deal. Since its acquisition, it has contributed approximately \$1.5m in revenue and \$400k in profit before tax. In FY26, it will provide a full year of contribution. Lincoln has been absorbed into the Wealth segment of Prime.

**Lincoln has generated 100 SMSF referrals and 25 advice clients for the broader group, along with C\$60 million in additional Funds under management.**

**Prime ran over 60 events, and this helps both Lincoln and Prime**

Lincoln is expected to contribute \$9m in revenue in FY26 with EBITDA margins of between 15% and 20%. Regrowing the subscriber base, linking to fund performance fees, and referrals into other parts of the Prime business are all accretive to the economics of Lincoln.

## Other acquisitions – 2024 and 2025

In February 2025, Prime acquired Altor Capital for a maximum of \$4.2m. This was again a combination of cash/shares and earnouts. As of 30 June 2024, Altor performed well, contributing \$1.3m in revenue and \$600k in profit before tax. Altor has continued to perform well into FY2025, with Prime management noting that revenue has doubled since the acquisition. Altor has a combination of base fees and performance fees, benefiting from increased funds inflow. Altor has mainly been integrated into the Wealth Division of Prime, with some smaller components allocated to the Business segment. Altor also met its maintainable EBITDA target (February 2024).

In June 2024, Prime acquired 100% of Equity Plan Management, with a total consideration of up to \$5.7m (depending on earn-outs). EPM contributed \$280k in revenue for one month in June 2024 and \$200k to Profit before tax. EPM has been mostly absorbed into the Business segment. EPM was expected to contribute \$2.2m in annualised revenue to Prime.

## Cost base

Prime has been investing in growth and scale over the past few years (in addition to acquisitions). A centralised service capability has been established and invested ahead of demand, and this should deliver capability into FY26. There have also been some professional and acquisition/capital raising fees in FY25 that should be reflected in FY26 (assuming no significant acquisition activity).

We also expect staff numbers to grow at a lower rate in FY26 as scale benefits are realised.

We also noted that one-off costs decreased to (\$1.2m) in FY25 from (\$1.6m) and are expected to decrease further in FY26.

Interest costs should also fall as working capital is converted into cash and short-term acquisition funding normalises.

## Seasonality explained

The Prime Accounting and Business Advisory Division (PABA) expect transactions to pick up in the second half of each year, as business owners increase material business decision-making activity and make buy/sell/borrowing decisions before the end of the financial year (and not during the summer). Prime also has an ATO R&D incentive grant service that can result in some longer dated receivables building up into 2H of each year – we believe that these are well backed (by the ATO R&D payment flows).

The SMSF business is also second-half weighted, as returns and activity occur in the run-up to the end of the financial year. ATO and SMSF audit schedules (May is often the last month before the previous year's returns can be submitted for advised clients) also prompt increased activity. R&D grants also tend to be completed before the end of the final year for quick lodgement (and refunds) in the early part of the financial year.

The Prime business typically has a 35%-65% underlying EBITDA split between the first and second halves of the year. There is also less distraction from summer holidays for clients in 2H.

#### Business model

Prime benefits from being a mid-sized player that can deliver on economies of scale compared to smaller players /services while avoiding the pitfalls of being overly large (big four banks/accountants). Prime has also established a centralised service function with over 30 staff (and with investment) to help deliver efficiencies and a higher level of service across the business divisions.

The overarching philosophy is to offer emerging businesses, founders, and HNW clients a series of interconnected (One Connection) solutions that include (but are not limited to) services from accounting for their emerging founder-led business, tax, grants, employee share plans, SMSF/trusts advice, M&A, corporate advice, business sale, and then the potential investment of proceeds/wealth.

## Forecast changes and some commentary

We are reducing our sales forecasts to reflect Prime's increased focus on recurring revenue (c70%), to move this to 80%. Prime is also set to downweigh lower-margin revenue into FY26. PFG is also optimising higher-margin recurring revenue versus lower-margin revenue into FY26. We have taken a more conservative view of transactional revenue with the business division (after this division had some strong years). Prime is also focusing on net revenue from Lincoln rather than headline revenue results, and we have reduced the revenue forecasts for this business.

In FY25, approximately 7% of revenue was organic, and about 14% was acquired, resulting in 21% revenue growth. Apart from Lincoln, we have not assumed any further acquisitions in FY26. There could be upside to our forecasts if a well-priced acquisition can be secured by FY26. Management expects that approximately 60-70% of the revenue growth, from \$49.4m to the target of \$100m (3-5 years), may come from acquisitions. And the remainder from organic growth. We'd note that Prime has access to the Westpac facility and has material funding available for further acquisitions.

The lower revenue has translated into reduced earnings power for the business. We have left amortisation essentially unchanged, updated our charge count, and reduced finance costs. The FY26 cashflow forecast is lower due to reduced earnings power. We do expect a catch up via a "cashing in working capital" in FY26 after the build-up in FY25. We then expect FY27 to be a more normal year. Management highlighted reducing working capital as a key focus in FY26. Other corporate costs were higher than we had forecast for FY25, and we have carried this over into FY26.

**We are reducing FY26 and FY27 numbers to be more conservative and reflect the \$55m run rate for FY26 (so far) that was outlined by management in the result presentation.**

Figure 4: Forecast changes for FY26 and FY27

| Forecast Changes<br>June y/e \$m | Old         |             | New         |             | Change |        |
|----------------------------------|-------------|-------------|-------------|-------------|--------|--------|
|                                  | FY26E       | FY27E       | FY26E       | FY27E       | FY26E  | FY27E  |
| Revenue                          | 67.4        | 75.1        | 57.8        | 62.4        | -14.3% | -16.9% |
| <b>Under. EBITDA - Members</b>   | <b>15.8</b> | <b>18.9</b> | <b>13.4</b> | <b>14.9</b> | -15.2% | -21.0% |
| Reported EBITDA - Group          | 16.5        | 19.6        | 14.1        | 15.6        | -14.6% | -20.3% |
| D&A                              | (3.2)       | (3.3)       | (3.3)       | (3.3)       | 4.6%   | 0.2%   |
| EBIT                             | 13.3        | 16.3        | 10.8        | 12.3        | -19.1% | -24.4% |
| Finance costs                    | (2.0)       | (2.1)       | (1.5)       | (1.4)       | -27.0% | -33.4% |
| Pre-tax profit                   | 11.3        | 14.2        | 9.3         | 10.9        | -17.7% | -23.1% |
| Tax                              | (3.1)       | (4.1)       | (2.5)       | (3.1)       | -19.0% | -25.4% |
| NPAT continuing ops              | 8.2         | 10.1        | 6.8         | 7.9         | -17.2% | -22.2% |
| Minorities                       | (0.6)       | (0.6)       | (0.6)       | (0.6)       |        |        |
| <b>NPAT - norm (Members)</b>     | <b>7.6</b>  | <b>9.5</b>  | <b>6.2</b>  | <b>7.2</b>  | -18.8% | -23.8% |
| Shares/other                     | (0.8)       | -           | -           | -           |        |        |
| NPAT -report                     | 6.8         | 8.6         | 6.2         | 7.2         | -9.3%  | -15.8% |
| EPS diluted - adjust (cps)       | 2.57        | 3.48        | 2.25        | 2.61        | -12.4% | -25.1% |
| DPS                              | 1.90        | 2.30        | 1.71        | 1.76        | -10.0% | -23.4% |
| Cash flow from ops               | 8.3         | 11.8        | 8.0         | 7.6         | -4.1%  | -35.7% |
| Share count dil (m)              | 264.8       | 275.3       | 273.8       | 281.8       | 3.4%   | 2.4%   |

Source: Veritas analysis – we expect a post FY26S working capital burst into FY26 and a more normal year in FY27.

## Valuation

Despite the earnings cuts, we are lifting the target price by virtue of using higher comparable multiples in our valuation calculations. We believe the multiples applied to the earnings to derive the valuation are conservative, particularly given the increasing focus Prime continued focus recurring (quality) revenue growth. We also note that most of ASX listed advice sector has enjoyed a solid degree of multiple expansion and some M&A activity over the last 12 months.

### NPATA analysis

Traditionally, we have preferred to focus and analyse reported earnings (members) and underlying EBITDA (members) when valuing Prime. We note that Prime amortised approximately \$858k in FY25 against customer relationships (roughly \$5.4 m). In our coverage of Fiducian (FID, BUY) and Centrepont Alliance (CAF, BUY), we are adding this back as part of our analysis. We still prefer not to reinstate IT development, noting that it was \$433k during FY25.

Figure 5: NPATA calculations “what if we add back customer amortisation” (\$m)

| Item                     | FY26        |
|--------------------------|-------------|
| <b>NPAT (rep) / Memb</b> | <b>6.2</b>  |
| Add back Cust rel Amoi   | 0.85        |
| <b>NPATA</b>             | <b>7.0</b>  |
| No. Shares (diluted)     | 273.8       |
| EPS (+A) cps             | 2.563       |
| <b>Implied P/E</b>       | <b>10.0</b> |

Source: Veritas analysis

We derive an EV/EBITDA (Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortisation) SOP valuation for the business. We have made some estimates of the acquired company's profitability. We use EBITDA that accrues to members to remove the impact of profitability due to non-controlling owners having some call on the profit.

Figure 6: EV/EBITDA – SOP

| Segment / \$m             | FY26 EBITDA | Multiple (x) | Value \$m       |
|---------------------------|-------------|--------------|-----------------|
| Wealth and SMSF           | 10.4        | 7.0          | 72.6            |
| ABA and Capital           | 7.6         | 5.5          | 41.7            |
| Lincoln                   | 2.0         | 6.75         | 13.7            |
| Corporate/Minorities      | (5.9)       | 5.5          | (32.5)          |
| <b>EBITDA - Members</b>   | <b>14.1</b> |              |                 |
| <b>Enterprise Value</b>   |             |              | <b>96</b>       |
| Less F26F net debt/cash   |             |              | (14.0)          |
| Equity Value \$m          |             |              | 82              |
| No. Shares (diluted)      |             |              | 273.8           |
| <b>Value per \$/share</b> |             |              | <b>\$ 0.300</b> |

Source: Veritas analysis

Prime also offers value on the traditional P/E.-based valuation. All multiples across the industry have bounced back post the Royal Commission and so despite our reduced estimates we find comparable valuation support for the business using higher multiples. This is due to greater investor interest and the remaining players working hard to deliver improved results. Some takeover activity within the sector has also helped, along with the reduced supply and increased demand for quality financial services.

Figure 7: P/E valuation

| Segment / \$m             | FY26       | Multiple (x) | Value \$m       |
|---------------------------|------------|--------------|-----------------|
| <b>NPAT (rep)</b>         | <b>6.2</b> | <b>15.0</b>  | <b>93</b>       |
| <b>Value</b>              |            |              | <b>93</b>       |
| Equity Value              |            |              | 93              |
| No. Shares (diluted)      |            |              | 273.8           |
| <b>Value per \$/share</b> |            |              | <b>\$ 0.338</b> |

Source: Veritas analysis

Prime offers value. Prime (and other quality financial service providers) also have the added benefit of being relatively capital-light and operating in a big market with a small share.

Figure 8: Combo valuation

| Blended Valuation  | Value \$        | Weight     |
|--------------------|-----------------|------------|
| <b>EV/EBITDA X</b> | <b>\$ 0.300</b> | <b>50%</b> |
| <b>P/E</b>         | <b>\$ 0.338</b> | <b>50%</b> |
| <b>Blended</b>     | <b>\$ 0.319</b> |            |
| Current Price      | \$ 0.255        |            |
| Difference         | 25.1%           |            |
| <b>TSR</b>         | <b>25.1%</b>    |            |

Source: Veritas analysis



## Peer valuation

Figure 9: Financial advice - Peer valuation table

| Stock   | Code           | Price           | Mkt Cap   | EV        | EV/EBITDA   |             |             | P/E (X)     |             |             |
|---|----------------|-----------------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
|   |                |                 |           |           | FY26E       | FY27E       | FY28E       | FY26E       | FY27E       | FY28E       |
| Financial Advice/Account  |                | LC              | \$m       | \$m       |             |             |             |             |             |             |
| Kelly Partners  | KPG-ASX        | \$ 10.19        | 461       | 556       |             |             |             |             |             |             |
| Count Limited   | CUP-ASX        | \$ 1.07         | 181       | 222       | 6.4         | 6.1         | 5.6         | 11.8        | 10.6        | 9.7         |
| Fiducian Group Ltd  | FID-ASX        | \$ 12.93        | 408       | 380       | 10.8        | 9.6         | 8.7         | 18.7        | 16.4        | 14.6        |
| Insignia Financial Ltd  | IFL-ASX        | \$ 4.51         | 3,025     | 3,647     | 8.9         | 8.3         | 7.9         | 12.3        | 11.3        | 10.3        |
| MA Financial Group Limited                                      | MAF-ASX        | \$ 9.31         | 1,814     | 1,688     | 15.3        | 11.0        | 9.4         | 31.7        | 20.9        | 17.2        |
| Magellan Financial Group Limited                                | MFGL-ASX       | \$ 10.50        | 1,806     | 1,641     | 10.2        | 10.7        | 10.6        | 12.7        | 13.1        | 12.9        |
| EQT Holdings Ltd.   | EQT-ASX        | \$ 27.51        | 737       | 670       | 9.1         | 8.6         | 7.6         | 16.5        | 15.4        | 14.0        |
| <b>Average</b>  |                |                 |           |           | <b>10.1</b> | <b>9.1</b>  | <b>8.3</b>  | <b>17.3</b> | <b>14.6</b> | <b>13.1</b> |
| <b>Median</b>   |                |                 |           |           | <b>9.7</b>  | <b>9.1</b>  | <b>8.3</b>  | <b>14.6</b> | <b>14.3</b> | <b>13.4</b> |
| <b>Prime</b>  | <b>PFG-ASX</b> | <b>\$ 0.255</b> | <b>68</b> | <b>82</b> | <b>6.1</b>  | <b>5.5</b>  | <b>5.0</b>  | <b>11.3</b> | <b>9.8</b>  | <b>8.9</b>  |
|   |                |                 |           |           |             |             |             |             |             |             |
| Stock   | Code           | Price           | Mkt Cap   | EV        | EV/EBITDA   |             |             | P/E (X)     |             |             |
|   |                |                 |           |           | FY26E       | FY27E       | FY28E       | FY26E       | FY27E       | FY28E       |
| Brokers/Financial Services/Platform                             |                | LC              | \$m       | \$m       |             |             |             |             |             |             |
| Praemium Ltd  | PPS-ASX        | \$ 0.77         | 365       | 326       | 10.6        | 9.2         | 8.3         | 21.5        | 17.6        | 16.2        |
| Netwealth Group Ltd.  | NWL-ASX        | \$ 30.51        | 7,486     | 7326      | 37.1        | 31.4        | 27.1        | 55.3        | 46.7        | 40.3        |
| HUB24 Limited   | HUB-ASX        | \$ 100.51       | 8,213     | 8157      | 40.2        | 33.7        | 28.6        | 65.2        | 54.4        | 45.8        |
| Raiz Invest Ltd.  | RZI-ASX        | \$ 0.71         | 75        | 63        |             |             |             |             |             |             |
| SelfWealth Ltd.   | SWF-ASX        | bid             |           |           |             |             |             |             |             |             |
| InvestSMART Group Limited                                       | INV-ASX        | \$ 0.16         | 23        | 15        |             |             |             |             |             |             |
| <b>Average</b>  |                |                 |           |           | <b>29.3</b> | <b>24.8</b> | <b>21.3</b> | <b>47.3</b> | <b>39.6</b> | <b>34.1</b> |
| <b>Median</b>   |                |                 |           |           | <b>37.1</b> | <b>31.4</b> | <b>27.1</b> | <b>55.3</b> | <b>46.7</b> | <b>40.3</b> |
| We have excluded very high and negative numbers                 |                |                 |           |           |             |             |             |             |             |             |
| Might not be closing prices MAF adjusted for 1H25 balance sheet |                |                 |           |           |             |             |             |             |             |             |

Source: Factset and Veritas Securities /consensus estimates

## Summary

We rate PFG as a buy and believe Prime continues to offer exposure to a solid growth rate in an industry with excellent growth prospects:

- The valuation demonstrates that value is on offer. We set a target price of 31.9 cps (vs 28.9 cps previously) per share, driven by the improved relative value of the peer group.
- We have not factored in acquisitions, but this can offer optionality to the investment thesis.
- Diminished competition in some parts of the financial advice industry reduces competition and creates recruitment/acquisition optionality.
- Past investments in systems, processes, and people should provide operating leverage to investors in the future.

## Prime Financial Group

Prime is an advice, capital, and asset management group that has been in business for 27 years and has \$1.9 billion in FUM. It employs ~225 people (and is growing) and has four primary service lines. Prime has offices in Australia and offshore.

Prime operates in two divisions that operate in 2 main areas (respectively):

### Prime Accounting and Business Advisory (PABA) – Business segment

1. **Capital and Corporate Advisory** -Equity and debt advisory, finance, corporate M&A, valuation, consulting, share plans and remuneration. This business can provide advice on transactions such as mergers and acquisitions (M&A), combinations, divestitures, disposals, restructurings, and strategic exits. The business has an extensive network across various sectors, from PE to family offices. The division can also raise equity and debt via hybrid instruments. Strategic advice includes deal structuring, pricing, growth options, funding strategies, business introduction, financial analysis, and negotiation.

### Wealth Segment – Business segment

2. **Wealth Management:** Strategic financial advice, superannuation, life insurance, retirement planning, investment planning, funds management for HNW and wholesale investors, and provision of wholesale investment opportunities. This business has \$1.9bn in FUM. Offerings include property-backed credit and equity, as well as alternatives such as private credit and equity. The recently acquired Altor/Lincoln business is situated within this division.
3. **SMSF** – Advice, establishment, administration, and compliance services.
4. **Centralised /shared services**

## Disclaimer and rating information

### RATING

BUY – anticipated stock return is greater than 10%

SELL – anticipated stock return is less than -10%

HOLD – anticipated stock return is between -10% and +10%

SPECULATIVE – high risk with stock price likely to fluctuate by 50% or more.

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