



# Sprott Inc.

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2020 Annual Results

February 26, 2021

**Sprott**

# Forward-looking Statements

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Certain statements in this presentation or the accompanying oral remarks contain forward-looking information and forward-looking statements (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian and U.S. securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this presentation and the accompanying oral remarks contain Forward-Looking Statements pertaining to: (i) growing demand for silver; (ii) focus on ESG risk considerations; (iii) expectation of a transition year for the private strategies; (iv) Mr. Rule's continued role with Sprott; (v) increasing focus on sales/marketing to support managed equities; (vi) planning 2021 product launches in all key segments; (vii) pursuing international distribution partnerships to extend global reach; (viii) belief that the fundamentals are in place for a sustained bull market in precious metals; and (ix) the declaration, payment and designation of dividends.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including, without limitation: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; (iv) the impact of COVID-19; and (v) those assumptions disclosed under the heading "Critical Accounting Estimates, Judgments and Changes in Accounting Policies" in the Company's MD&A for the period ended December 31, 2020. Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) difficult market conditions; (ii) poor investment performance; (iii) failure to continue to retain and attract quality staff; (iv) employee errors or misconduct resulting in regulatory sanctions or reputational harm; (v) performance fee fluctuations; (vi) a business segment or another counterparty failing to pay its financial obligation; (vii) failure of the Company to meet its demand for cash or fund obligations as they come due; (viii) changes in the investment management industry; (ix) failure to implement effective information security policies, procedures and capabilities; (x) lack of investment opportunities; (xi) risks related to regulatory compliance; (xii) failure to manage risks appropriately; (xiii) failure to deal appropriately with conflicts of interest; (xiv) competitive pressures; (xv) corporate growth which may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (xvi) failure to comply with privacy laws; (xvii) failure to successfully implement succession planning; (xviii) foreign exchange risk relating to the relative value of the U.S. dollar; (xix) litigation risk; (xx) failure to develop effective business resiliency plans; (xxi) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xxii) historical financial information being not necessarily indicative of future performance; (xxiii) the market price of common shares of the Company may fluctuate widely and rapidly; (xxiv) risks relating to the Company's investment products; (xxv) risks relating to the Company's proprietary investments; (xxvi) risks relating to the Company's lending business; (xxvii) risks relating to the Company's brokerage business; (xxviii) those risks described under the heading "Risk Factors" in the Company's annual information form dated February 25 2021; and (xxix) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" in the Company's MD&A for the period ended December 31, 2020. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

# Speakers

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**Peter Grosskopf,**  
**CEO,**  
Sprott Inc.



**Whitney George,**  
**President,**  
Sprott Inc.



**John Ciampaglia,**  
**CEO,**  
Sprott Asset  
Management

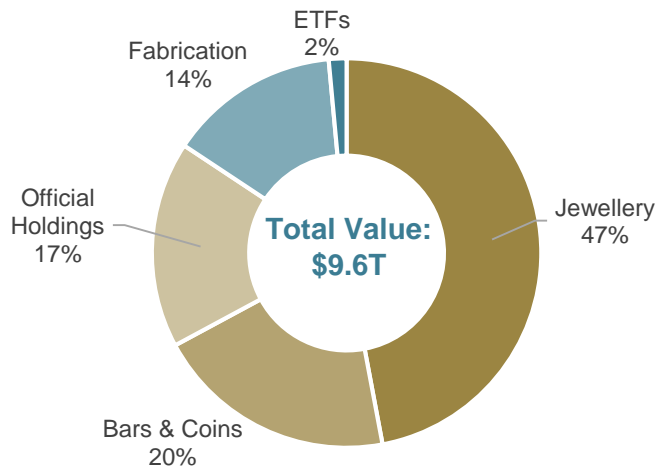


**Kevin Hibbert**  
**CFO,**  
Sprott Inc.

# Precious Metals Universe is Thriving

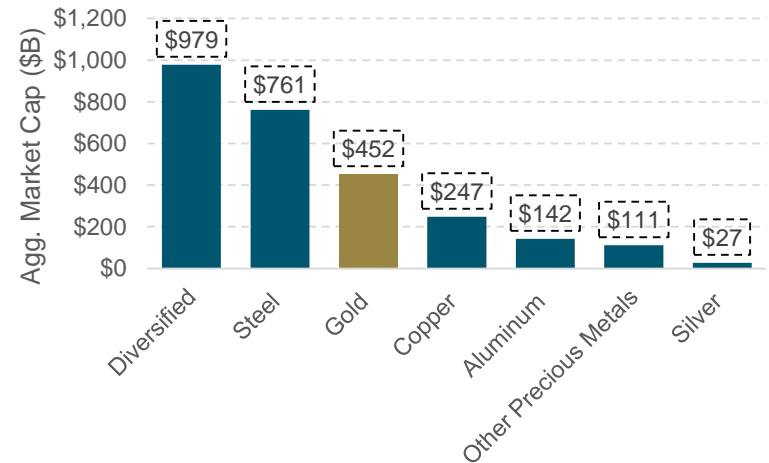
- Gold outperformed all major asset classes in 2020
  - Silver leading the way in 2021
- Precious metals increasingly sought as counter-balance to frothy financial markets
- Sprott is addressing a large and growing market by providing investors with access to a global leader in precious metal and mining strategies

## Global Physical Gold Holdings



Source: World Gold Council, Kitco, The Perth Mint

## Gold & Mining Equities Market Cap



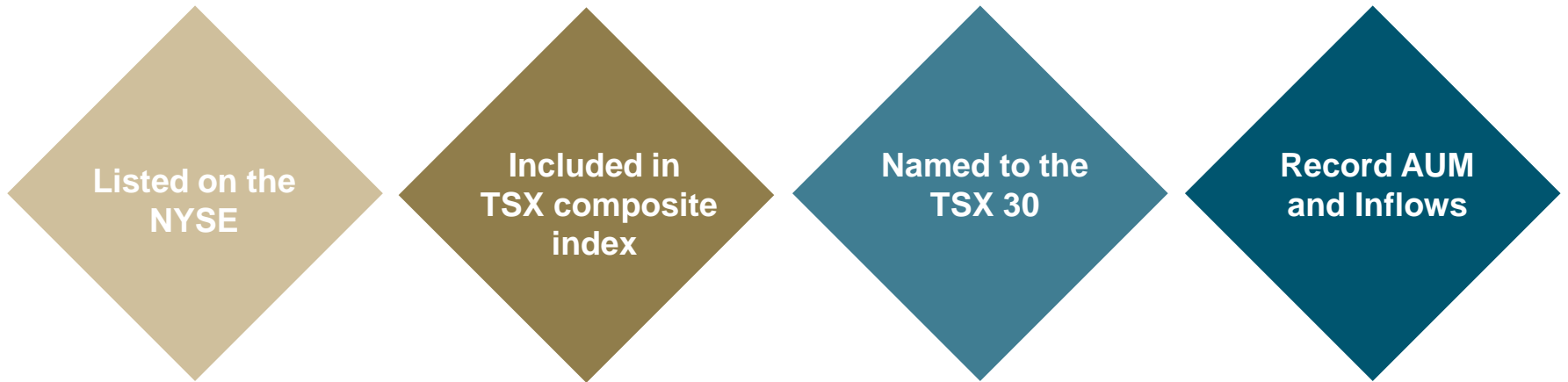
Source: CapIQ

# SII 2020 Highlights

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## 2020 was a pivotal year for Sprott

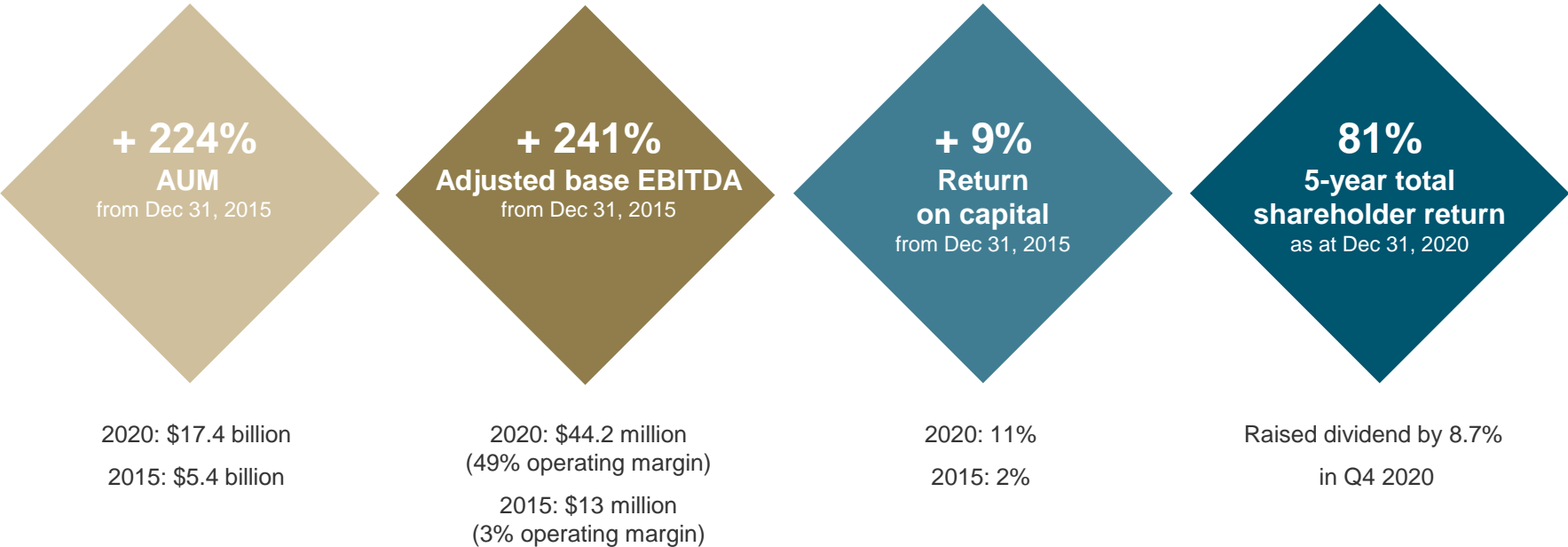
- Each segment capitalized on strong markets and produced growing financial returns
- All businesses upgraded talent
- Divisions are cross-fertilizing on ideas, relationships, distribution



# 5-Year Review

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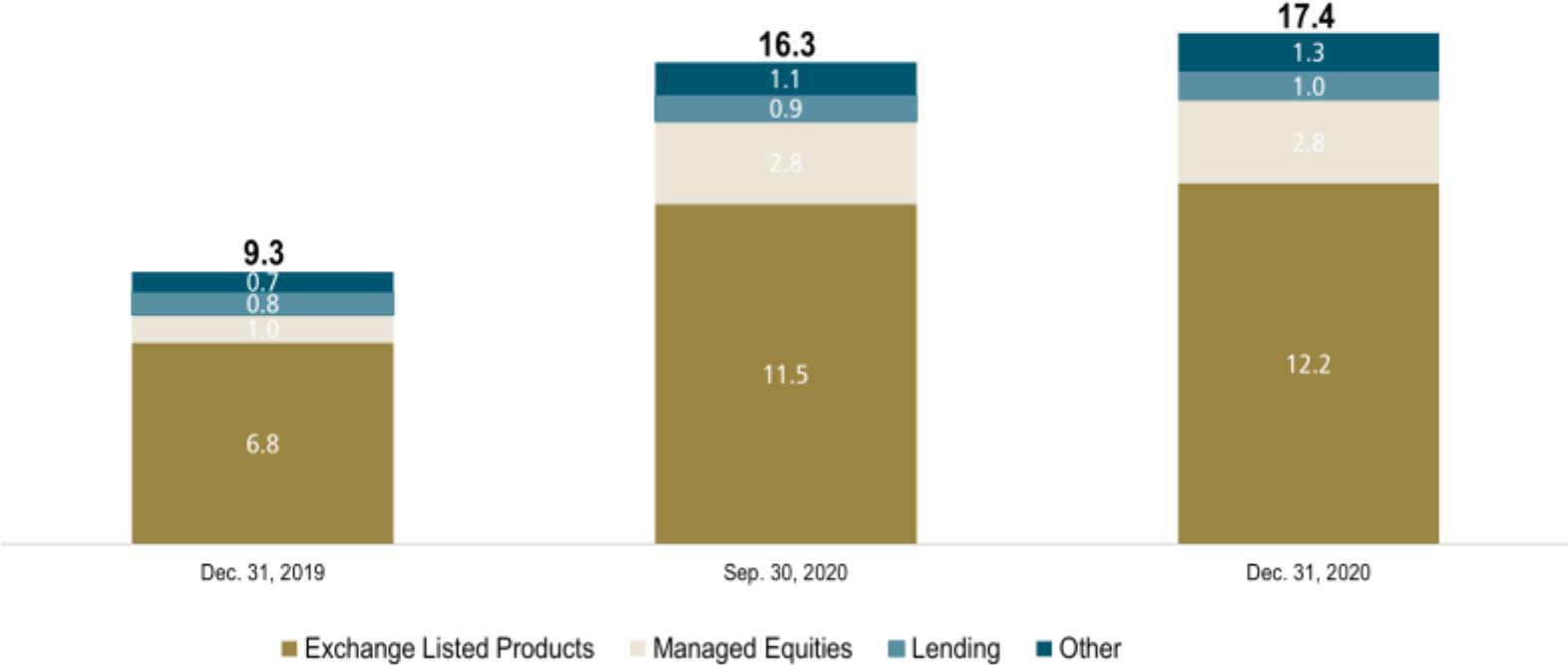
- Over the past 5 years, Sprott has repositioned the business to focus on its core strengths in precious metals
- The result has been significant improvements in all key financial metrics
- As of December 31, 2020, Sprott's AUM was at a record high of \$17.4B



# AUM Summary

- AUM reached a record \$17.4 billion, up \$1.1 billion (7%) from September 30 and up \$8.1 billion (88%) from December 31, 2019

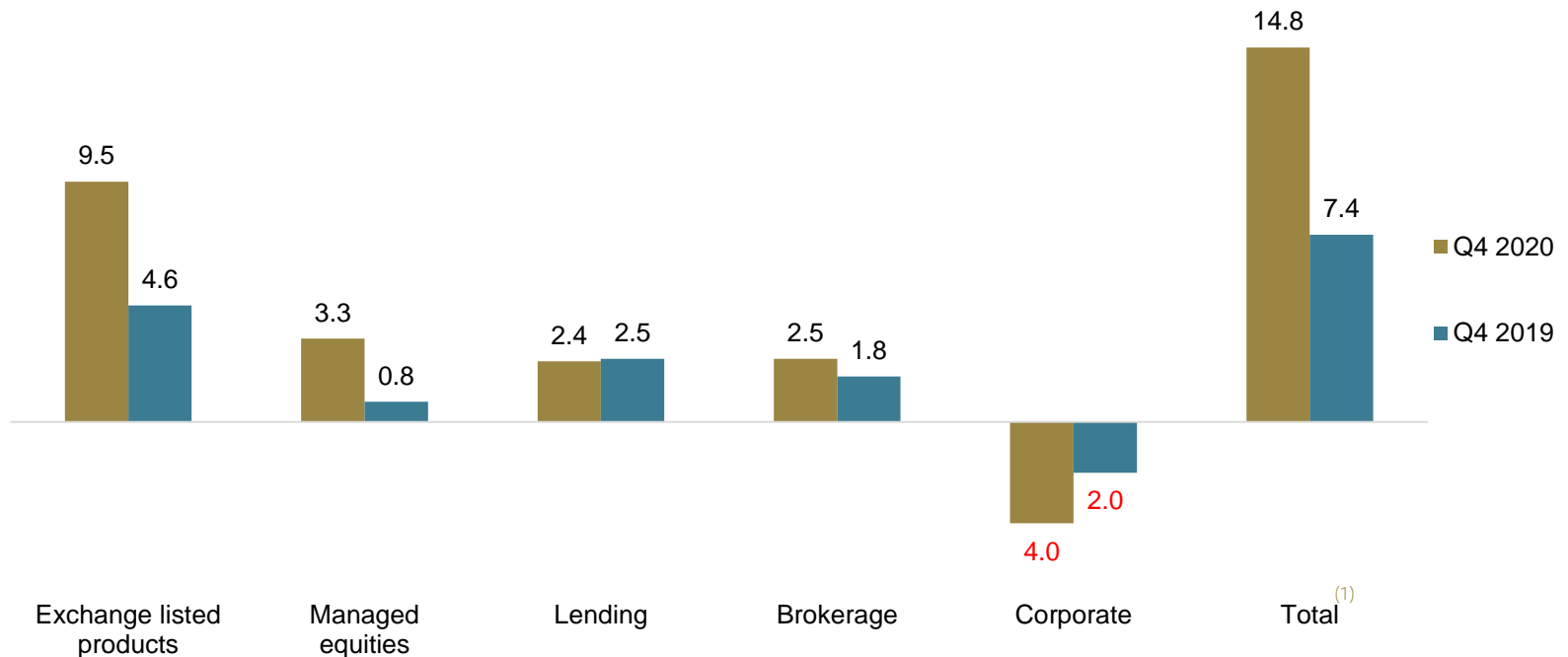
## AUM (in \$billions)



# Earnings Summary (3 months ended)

- Adjusted base EBITDA was \$14.8 million in the quarter, up \$7.3 million (98%) from the prior period

## EBITDA (in \$millions)



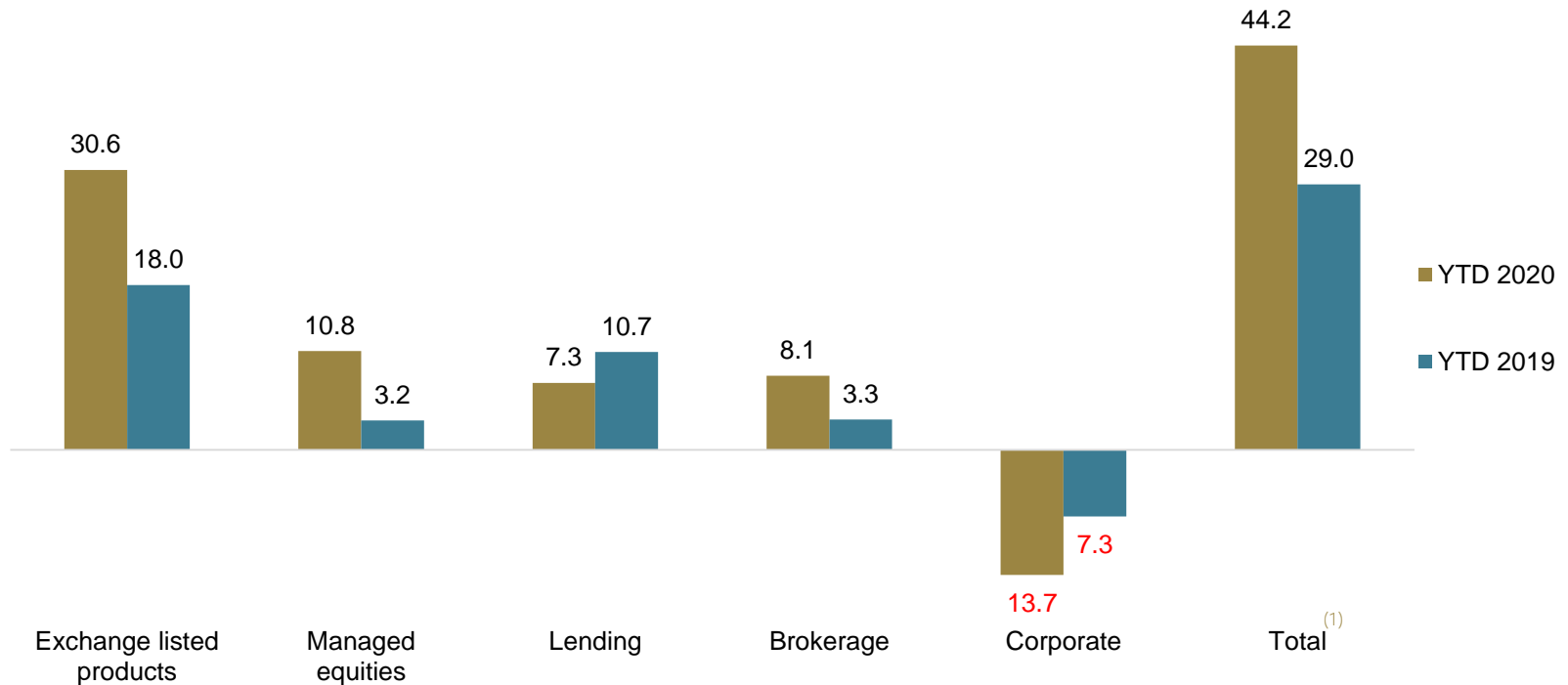
(1) Net of consolidation, eliminations and non-reportable segments. See Note 14 of the financial statements



# Earnings Summary (12 months ended)

- Adjusted base EBITDA was \$44.2 million on a full year basis, up \$15.2 million (52%) from 2019

## EBITDA (in \$millions)

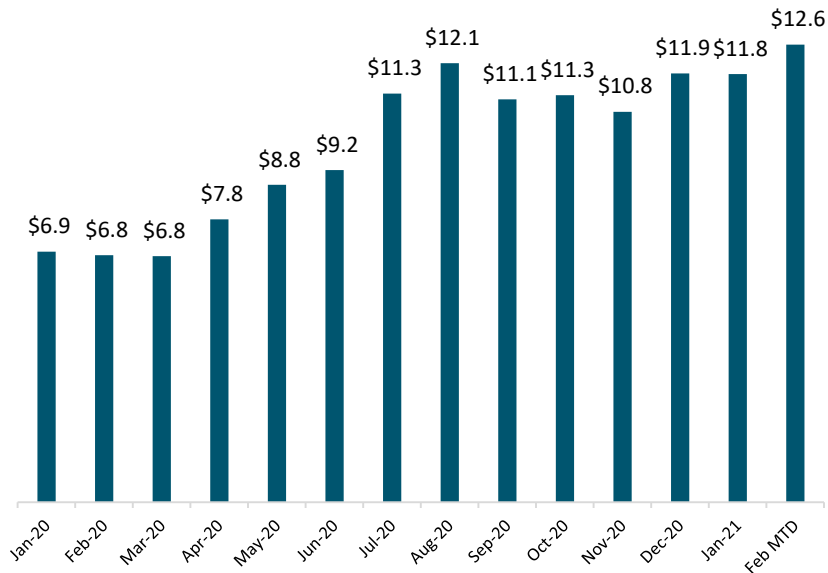


(1) Net of consolidation, eliminations and non-reportable segments. See Note 14 of the financial statements

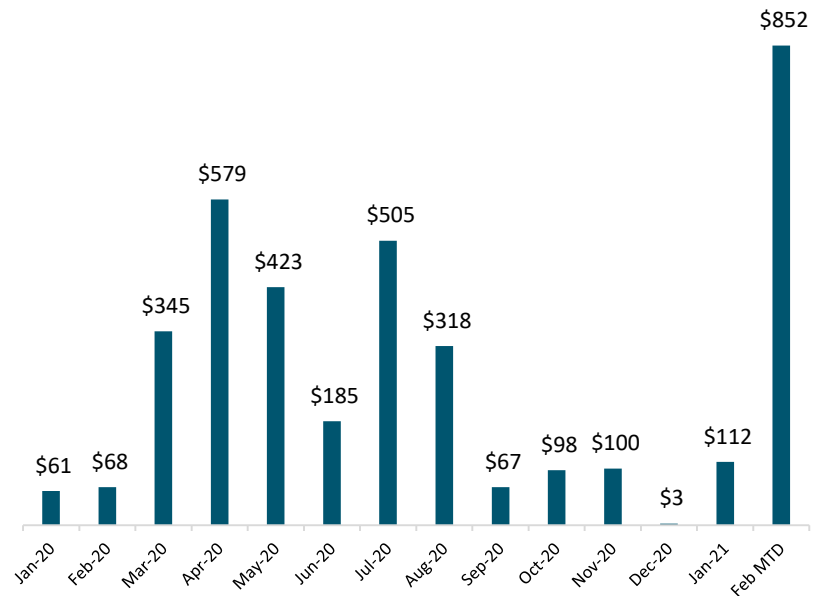
# Exchange Listed Products: Physical Bullion Trusts

- 2020 AUM: +80% from December 31, 2019
- 2020 Net Sales: \$2.8 billion
- Q4 2020 Net Sales :+\$200MM

**Total Physical Trust AUM**  
(in billions)



**Physical Trust Net Sales**  
(in millions)



# Silver Shining in 2021

- 2021 sales shifting to Sprott Physical Silver Trust (PSLV) : ~\$900MM YTD
- PSLV assets have increased by \$1.3B since end of Q3
- A new wave of retail investors have taken an interest in physical silver
- The fundamentals are compelling
  - Benefiting from dual role as monetary and industrial metal
  - Strong investment interest
  - Growing manufacturing demand driven by green energy policies
  - Reflation trade



# Managed Equities

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## Shifting from Defense to Offense

- Performance improved in H2 2020
  - Several funds generated performance fees in 2020
- Sales trending up; redemptions trending down
- In January, U.S. mutual fund had first positive net sales month since acquisition
- Expanding sales coverage and digital marketing programs
- Focused on ESG risk considerations to meet new EU requirements

# Private Strategies

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- Private strategies currently have ~\$1B in AUM
- LF2 delivering outstanding returns to LPs
  - \$325MM in capital deployed
- Streaming and royalty strategy participated in 3 transactions in 2020
  - Strong pipeline of new deals
- Onboarding large new clients
- 2021 expected to be a transition year with a focus on capital raising
  - Expecting material AUM increase in 2022

# Executive Transition

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- Rick Rule to retire from executive positions, effective March 15, 2021
- Will remain a director and the largest shareholder of Sprott
- Rick will act as an advisor to certain investment strategies and serve in an ongoing marketing role

# 2021 Focus

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## Focused on Driving Sustainable Growth

Fundamentals in place for a sustained bull market in precious metals

Increasing focus on sales/marketing to support managed equities

Planning 2021 product launches in all key segments

Pursuing international distribution partnerships to extend global reach



# **Supplemental Financial Information**

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# Revenues

In millions \$	3 months ended		12 months ended	
	2020	2019	2020	2019
Total net revenues	29.7	17.0	104.3	64.3
Key revenue highlights:				
Net fees	26.2	11.4	76.3	42.1
Net commissions	4.0	3.9	16.6	11.2
Finance income	1.6	2.5	4.0	11.4
Gains (losses) on investments	(3.1)	(1.3)	5.1	(1.1)

# Expenses

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In millions \$	3 months ended		12 months ended	
	2020	2019	2020	2019
Total expenses	20.4	14.6	69.6	51.3
Key expense highlights:				
Net compensation	11.8	7.4	39.9	26.0
Selling, general & administrative	2.4	3.0	11.6	12.5

# EBITDA Reconciliation

In millions \$ (except for per share amounts)	3 months ended		12 months ended	
	2020	2019	2020	2019
Net Income	6.7	1.4	27.0	10.2
Per share <sup>(1)</sup>	0.27	0.06	1.10	0.42
Adjustments:				
Interest expense	0.3	0.3	1.2	1.0
Provision for income taxes	2.6	0.9	7.7	2.7
Depreciation and amortization	1.0	1.3	4.1	3.8
EBITDA	10.6	3.9	40.0	17.8
Other Adjustments:				
(Gains) losses on investments	3.1	1.4	(5.1)	1.1
Non-cash stock based compensation	1.3	0.6	2.8	3.9
Other expenses	4.3	2.3	11.0	7.1
Adjusted EBITDA	19.3	8.3	48.7	29.8
Less:				
Carried interest and performance fees	(10.1)	(1.8)	(10.1)	(1.8)
Carried interest and performance fees related expenses	5.5	1.0	5.5	1.0
Adjusted base EBITDA	14.8	7.4	44.2	29.0
Per share <sup>(1)</sup>	0.60	0.31	1.80	1.19
Operating margin	51 %	38 %	49 %	38 %

(1) Per share amounts for periods before May 28 reflect retrospective treatment of the 10:1 share consolidation