

# Sprott Inc.

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## (NYSE/TSX: SII)

2022 First Quarter Results  
May 6, 2022

*Contrarian. Innovative. Aligned*



# 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 foregoing, this presentation and the accompanying oral remarks contain Forward-Looking Statements pertaining to: (i) exchange listed platform has potential for powerful growth when multiple strategies are in capital raising positions; (ii) investors are rotating from growth to value stocks; (iii) interest in mining equities is gradually increasing; (iv) expectation to launch multiple products in 2022; (v) both precious metals and specialty minerals are growing as alternative investment areas; (vi) expanding client base through growing energy transition franchise; (vii) sales and marketing efforts are translating into accelerating sales in all businesses; and (viii) 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 March 31, 2022. 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 favorable 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 24, 2022; and (xxxiii) those risks described under the headings "Managing financial risks" and "Managing non-financial risks" in the Company's MD&A for the period ended March 31, 2022. 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,**  
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**John Ciampaglia,**  
**CEO,**  
Sprott Asset  
Management



**Kevin Hibbert**  
**CFO,**  
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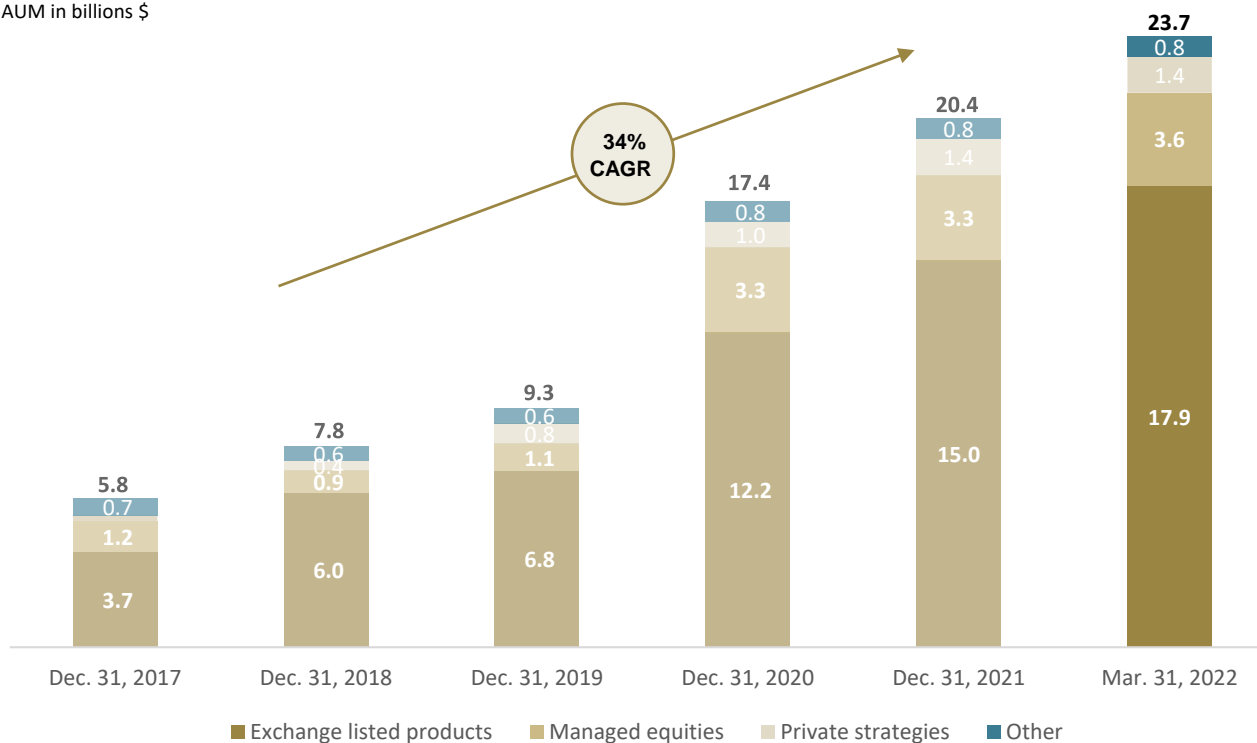
# Q1 2022 and YTD Highlights

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- All divisions performed well in Q1
  - Net fund sales matched record high set in Q1 2021 at \$1.4B
  - SPUT, PHYS and PSLV accounted for majority of sales
- Expanded energy-transition franchise with acquisition of URNM
- Equity fund sales gradually improving and turned modestly positive in Q1
- Precious metals performed well during the quarter before pulling back in April

# Historical AUM summary

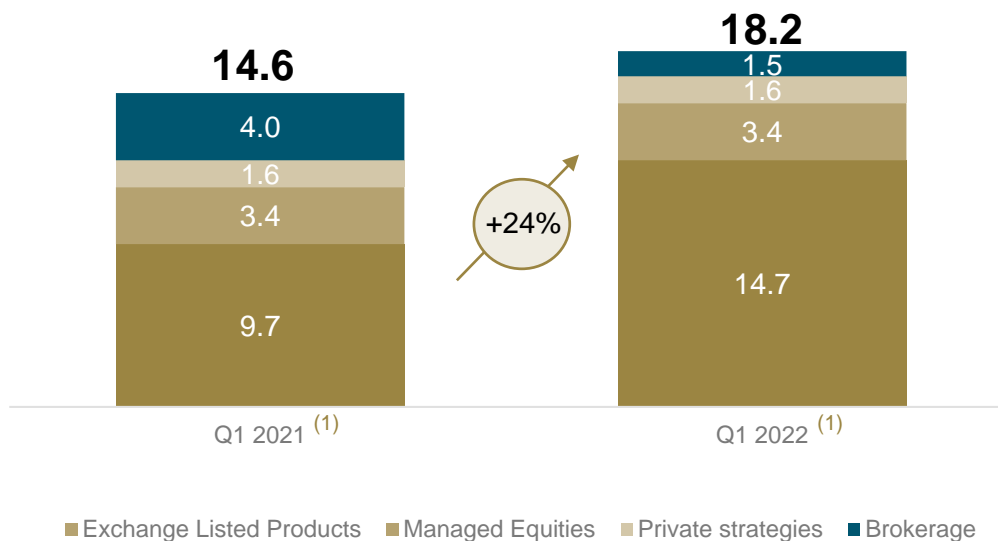
AUM in billions \$



# Segment results

- Net income for the 3 months ended March 31, 2022 was \$6.5 million, up \$3.3 million from the 3 months ended March 31, 2021
- Adjusted base EBITDA for the 3 months ended March 31, 2022 was \$18.2 million, up \$3.6 million (24%) from the 3 months ended March 31, 2021

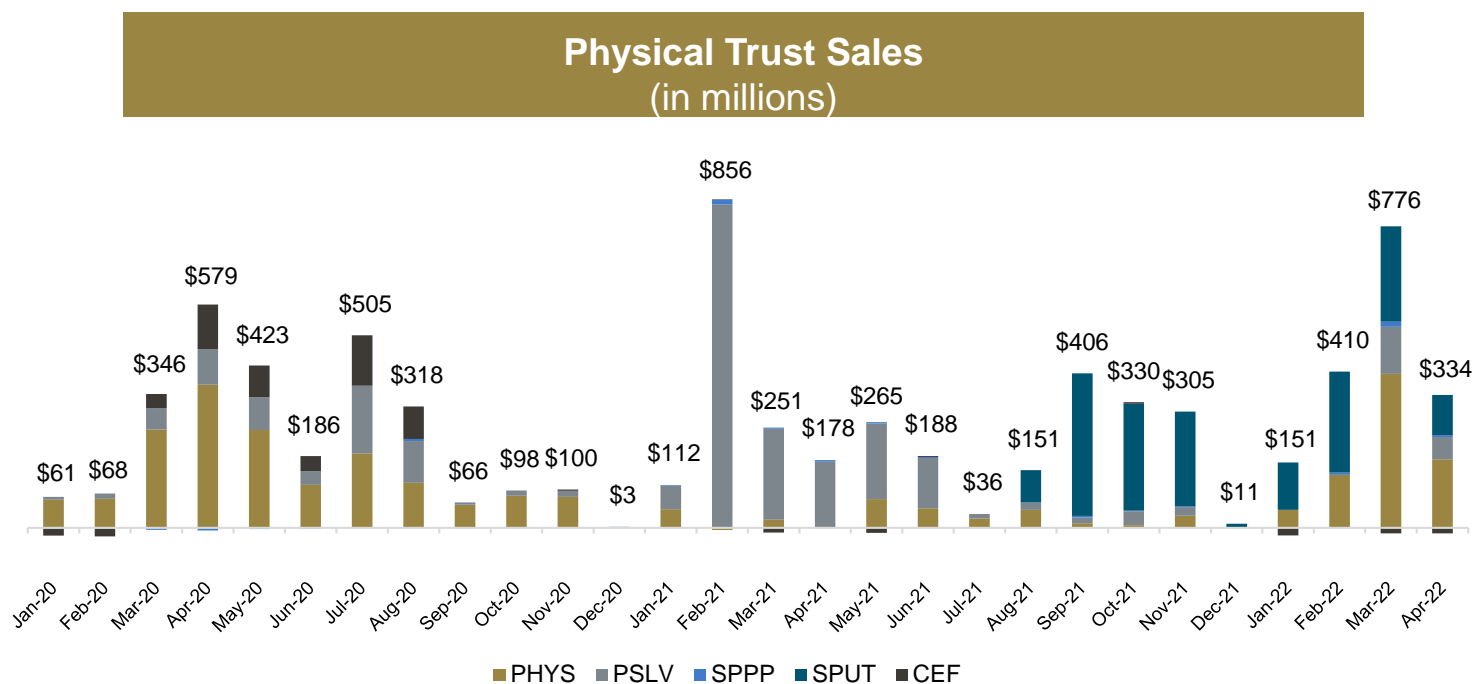
## Adjusted base EBITDA (in \$ millions) 3 month results



(1) Net of corporate costs, consolidation, elimination, and non-reportable segment entries in the quarter of \$(3.1MM) (Q1 2021: \$(4.1MM)). See Note 11 of the financial statements

# Exchange Listed Products: Physical Trusts

- Record high sales in Q1 - \$1.35B
- SPUT, PHYS and PSLV accounted for majority of flows
- Platform has potential for powerful growth when multiple strategies are in capital raising positions
- Exchange Listed Product AUM up 22% (\$3.3B) YTD as of May 4, 2022



# Sprott Physical Uranium Trust

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- Continued strong growth in Q1 on largely institutional demand
- AUM peaked at \$3.5B in April before correction in uranium sector
- \$639MM in Q1 sales
- SEC has rejected initial listing application
  - SPUT application failed to meet NYSE listing standards due to absence of redemption feature and intraday indicative value

	Deal Close July 19, 2021	Current May 5, 2022
NAV	\$630MM	\$3.0B
Uranium (lbs)	18.1MM	55.5MM
# of Units	75.2MM	222.5MM
NAV per unit	\$8.38	\$13.61



# URNM Acquisition Expands Uranium Platform

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- Sprott is now the largest manager of uranium investments<sup>1</sup> with \$4B AUM
- Acquisition of NorthShore Uranium Mining ETF closed on April 22, 2022
  - Transaction added \$1.1B AUM as of acquisition date
  - Fund now trading on NYSE as Sprott Uranium Miners ETF (NYSE Arca: URNM)
- Sprott Uranium Miners UCITs ETF
  - Clone of URNM to be listed on multiple European exchanges in May
  - Partnership with HanETF which will provide fund platform

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<sup>1</sup> Source: Morningstar

# Managed Equities

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- Absolute performance has rebounded; strong relative to broad equity markets
- Investors rotating from growth to value stocks
- Interest in mining equities is gradually increasing
  - Managed equities segment returned to positive net sales in Q1
  - Sprott Gold Equity Fund recorded three consecutive months of positive sales after two years of redemptions

# Private Strategies

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- Combined Lending and Streaming strategies AUM \$1.4B as of March 31, 2022
- Strong originations in Q1
  - Lending team funded first tranche of \$185MM project debt facility to Marathon Gold
  - Streaming and Royalty team partnered with Ontario Teachers' Pension Plan to invest in a \$225MM convertible note from Seabridge Gold's KSM subsidiary
- Expected to launch new private strategies in 2022

# Brokerage

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- Canadian platform still providing strong results but activity levels have slowed with a more difficult environment for junior miners
- Majority of U.S. brokerage AUA has now been converted to AUM in Managed Equities segment

# Summary

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- Both precious metals and energy-transition are growing areas
  - Possible inflection point as rising rates, inflation and de-globalization drive investors to alternative investments
- Continuing to deliver strong AUM growth and financial results
- Sales and marketing efforts are translating into accelerating sales
- Multiple new product launches planned for 2022



# **Supplemental Financial Information**

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# Revenues

In millions \$	3 months ended	
	Q1 2022	Q1 2021
Management fees	27.2	22.5
Trailer, sub-advisor and fund expenses	(0.9)	(0.6)
Direct payouts	(1.4)	(0.9)
Carried interest and performance fees	2.0	7.9
Carried interest and performance fee payouts- internal	(1.0)	(4.6)
Carried interest and performance fee payouts- external	(0.5)	(0.6)
Net fees <sup>(1)</sup>	25.5	23.7
Commissions	13.1	12.5
Commission expense – internal	(3.1)	(5.3)
Commission expense – external	(3.3)	(0.3)
Net commissions <sup>(1)</sup>	6.6	6.9
Finance income	1.4	1.2
Gain (loss) on investments	(1.5)	(4.7)
Other income	0.2	0.3
<b>Total net revenues</b>	<b>32.3</b>	<b>27.5</b>

(1) See the key performance indicators and non IFRS and other financial measures section of the MD&A.

# Expenses

In millions \$	3 months ended	
	Q1 2022	Q1 2021
Compensation	21.8	22.6
Direct payouts	(1.4)	(0.9)
Carried interest and performance fee payouts - internal	(1.0)	(4.6)
Commission expense - internal	(3.1)	(5.3)
Severance, new hire accruals and other	(0.5)	-
Net compensation <sup>(1)</sup>	15.7	11.8
Severance, new hire accruals and other	0.5	-
Selling, general and administrative	3.4	3.4
Interest expense	0.5	0.4
Depreciation and amortization	1.0	1.1
Other expenses	2.0	4.9
Total expenses	23.1	21.6

(1) See the key performance indicators and non IFRS and other financial measures section of the MD&A.



# EBITDA reconciliation

In millions \$ (except for per share amounts)	3 months ended	
	Q1 2022	Q1 2021
Net Income	6.5	3.2
Per share	0.26	0.13
Adjustments:		
Interest expense	0.5	0.4
Provision for income taxes	2.7	2.7
Depreciation and amortization	1.0	1.1
EBITDA <sup>(1)</sup>	10.6	7.4
Other adjustments:		
(Gain) loss on investments	1.5	4.7
Amortization of stock based compensation	4.2	0.4
Other expenses	2.4	4.9
Adjusted EBITDA <sup>(1)</sup>	18.7	17.4
Other adjustments:		
Carried interest and performance fees	(2.0)	(7.9)
Carried interest and performance fee payouts - internal	1.0	4.6
Carried interest and performance fee payouts - external	0.5	0.6
Adjusted base EBITDA <sup>(1)</sup>	18.2	14.6
Per share	0.73	0.59
Operating margin <sup>(2)</sup>	57 %	51 %

(1) See the key performance indicators and non IFRS and other financial measures section of the MD&A

(2) Calculated as adjusted base EBITDA inclusive of depreciation and amortization. This figure is then divided by revenues before gain (loss) on investments, net of direct costs as applicable