

# 2023 First Quarter Results

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May 5, 2023  
NYSE/TSX:SII

**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) our expectation that central bank actions will cause additional stress in the financial system and that precious metals funds are best positioned in the current market environment; (ii) incubating new energy transition and commodity strategies; (iii) seeing increasing opportunities to deploy capital into energy transition related metals; (iv) that we are uniquely positioned as a pureplay asset manager in an under allocated category; and (v) 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, 2023. 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) those risks described under the heading "Risk Factors" in the Company's annual information form dated February 23, 2023; and (xxxviii) 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, 2023. 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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**Whitney George, CEO, Sprott Inc.**



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



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

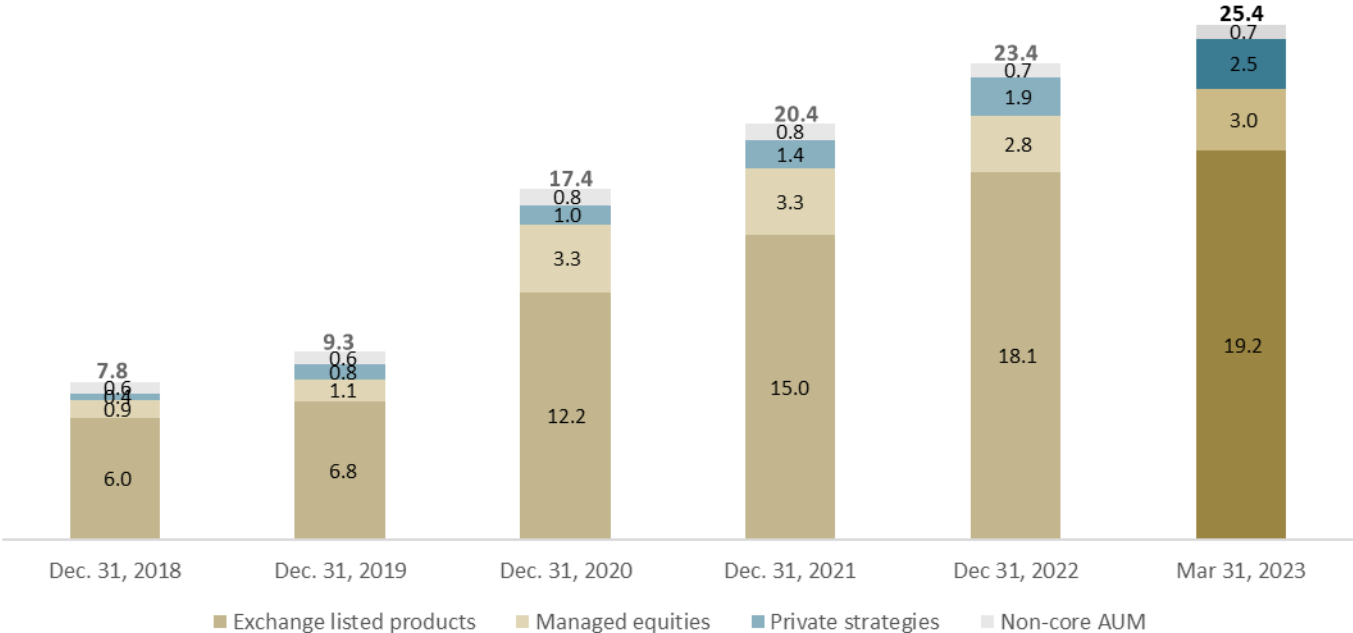
# Q1 2023 and YTD Highlights

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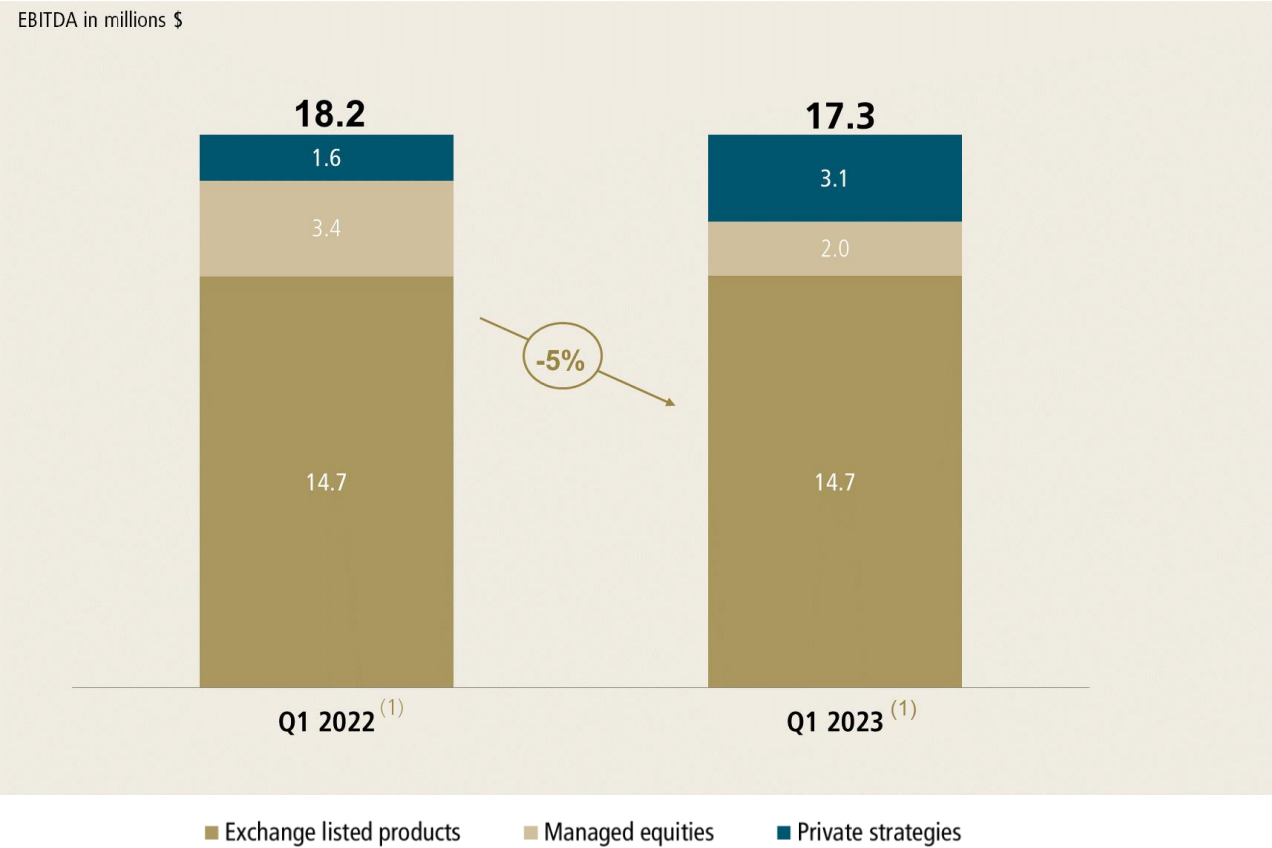
- Reported record high Assets Under Management in Q1 2023
- Continuing to expand Energy Transition offerings
  - Adding active and exchange-listed strategies in both North America and Europe
- Completed management buyout of Canadian broker dealer
  - Increasing focus on core asset management businesses
- Well positioned for current market environment
  - Turmoil in banking system has caused a flight to safety benefiting precious metals
  - We expect central bank actions to cause additional stress in financial system

# Historical AUM summary

AUM in billions \$



# Segment results - 3 months ended



(1) EBITDA is a non-IFRS measure. See slide 2 and 16. These amounts are net of corporate costs, consolidation, elimination, and non-reportable segment entries of (\$2.4MM) in the quarter (Q1 2022: (\$1.6MM)). Please see Note 11 of the financial statements.

# Strong balance sheet

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As at March 31, 2023

Cash and cash equivalents	\$47MM	○ 12% of total assets
Co-investments	\$81MM	○ 21% of total assets
Total debt	\$54MM <sup>(1)</sup>	○ 11% debt-to-capital ratio
Net cash and co-investments	\$73MM	○ 19% of total assets

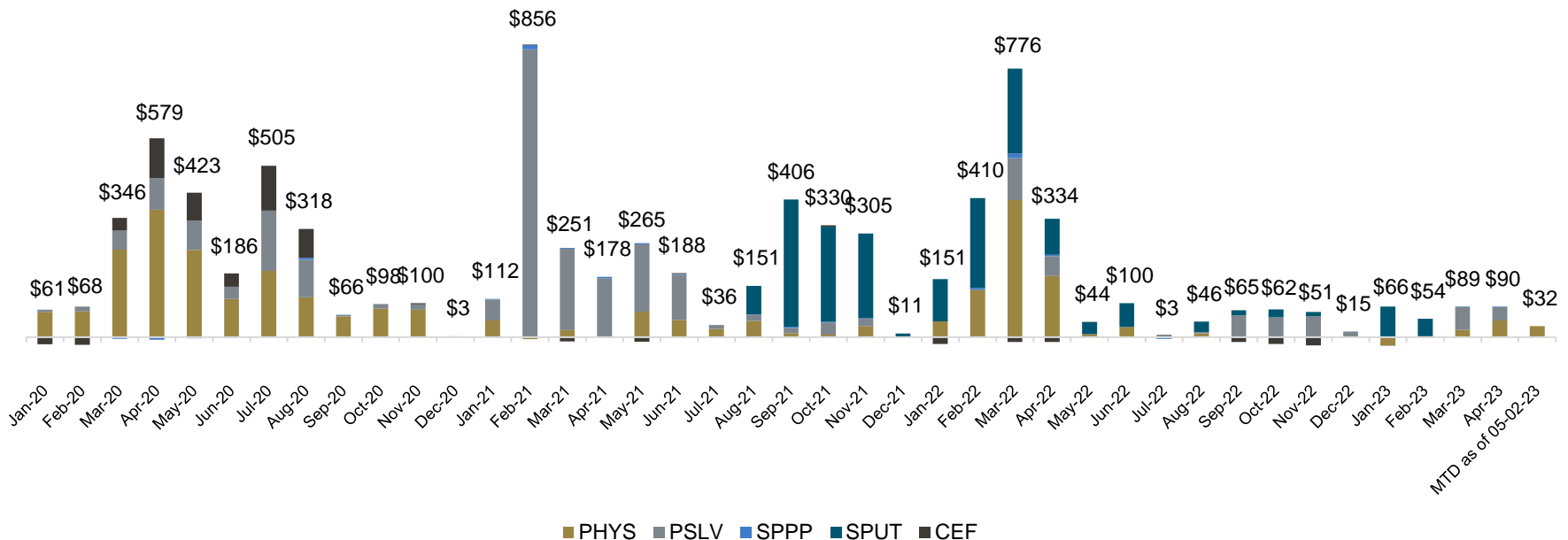
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(1) Total facility size: \$120MM

# Exchange Listed Products: Physical Trusts

- Improved results in Q1 with \$209MM in net sales
- 45 consecutive months of net inflows
- PHYS and PSLV are steadily capturing market share from larger competitors, while SPUT is the world's largest physical uranium fund
- Precious metals funds best positioned in current market environment

Physical Trust Sales  
(in millions)





# Exchange Listed Products: Energy Transition Funds

Growing our suite of funds in North America and Europe



**Sprott Physical  
Uranium Trust**



**Sprott Energy  
Transition  
Materials ETF  
& UCITS  
version**



**Sprott Lithium  
Miners ETF**



**Sprott Uranium  
Miners ETF  
& UCITS  
version**



**Sprott Junior  
Uranium  
Miners ETF**



**Sprott Junior  
Copper  
Miners ETF**



**Sprott Nickel  
Miners ETF**

# Managed Equities

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- Strong rebound in performance and AUM in Q1 2023
- Gold equity strategies benefiting from stronger gold and silver prices
- Improved sales in flagship gold equity fund over past few months
- Incubating new energy transition and commodity strategies

# Private Strategies

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- Combined Lending and Streaming Strategies AUM of \$2.5B as of March 31, 2023
- Streaming and Royalty Fund actively deploying capital
- Adding new fund vintages and strategy extensions
  - Strong support from existing and new LPs
  - Increasing opportunities to deploy capital into energy-transition related metals

# Summary

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- Continuing to successfully execute on strategy
  - Record high AUM
  - 15th consecutive quarters of net sales
- Expanding client base through energy transition strategies
  - Gaining traction with a younger, more international audience
- Adding new investment talent and research capabilities
- Market outlook supports Sprott's positioning in precious metals and energy transition investments
  - We expect deteriorating credit conditions to trigger a recession forcing the Fed to cut rates and possibly resume quantitative easing
  - Global realignment of critical mineral supply chains will unfold over coming decade, spurring interest in the mining sector which has been largely ignored in recent years
  - Sprott is uniquely positioned as a pureplay asset manager in an under-allocated category



# **Supplemental Financial Information**

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# Revenues

In millions \$	3 months ended	
	Q1 2023	Q1 2022
Management fees	<b>31.4</b>	27.2
Trailer, sub-advisor and fund expenses	<b>(1.6)</b>	(0.9)
Direct payouts	<b>(1.2)</b>	(1.4)
Carried interest and performance fees	-	2.0
Carried interest and performance fee payouts- internal	-	(1.0)
Carried interest and performance fee payouts- external	-	(0.5)
<b>Net fees <sup>(1)</sup></b>	<b>28.7</b>	25.5
Commissions	<b>4.8</b>	13.1
Commission expense – internal	<b>(1.7)</b>	(3.1)
Commission expense – external	<b>(0.6)</b>	(3.3)
<b>Net commissions <sup>(1)</sup></b>	<b>2.4</b>	6.6
Finance income	<b>1.2</b>	1.4
Gain (loss) on investments	<b>2.0</b>	(1.5)
Other income	<b>1.3</b>	0.2
<b>Total net revenues</b>	<b>35.5</b>	32.3

(1) Net fees and net commissions are non-IFRS measures. See slide 2

# Expenses

In millions \$	3 months ended	
	Q1 2023	Q1 2022
Compensation	<b>19.1</b>	21.8
Direct payouts	<b>(1.2)</b>	(1.4)
Carried interest and performance fee payouts - internal	-	(1.0)
Commission expense - internal	<b>(1.7)</b>	(3.1)
Severance, new hire accruals and other	<b>(1.3)</b>	(0.5)
<b>Net compensation <sup>(1)</sup></b>	<b>14.9</b>	15.7
Severance, new hire accruals and other	<b>1.3</b>	0.5
Selling, general and administrative	<b>4.3</b>	3.4
Interest expense	<b>1.2</b>	0.5
Depreciation and amortization	<b>0.7</b>	1.0
Other expenses	<b>2.8</b>	2.0
<b>Total expenses</b>	<b>25.2</b>	23.1

(1) Net compensation is a non-IFRS measure. See slide 2

# EBITDA reconciliation

In millions \$	3 months ended	
	Q1 2023	Q1 2022
Net Income	<b>7.6</b>	6.5
Adjustments:		
Interest expense	<b>1.2</b>	0.5
Provision for income taxes	<b>2.6</b>	2.7
Depreciation and amortization	<b>0.7</b>	1.0
<b>EBITDA <sup>(1)</sup></b>	<b>12.2</b>	10.6
Other adjustments:		
(Gain) loss on investments	<b>(2.0)</b>	1.5
Amortization of stock based compensation	<b>3.7</b>	4.2
Other expenses	<b>3.4</b>	2.4
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>17.3</b>	18.7
Other adjustments:		
Carried interest and performance fees	-	(2.0)
Carried interest and performance fee payouts - internal	-	1.0
Carried interest and performance fee payouts - external	-	0.5
<b>Adjusted base EBITDA <sup>(1)</sup></b>	<b>17.3</b>	18.2
Net income per share	<b>0.30</b>	0.26
EBITDA per share	<b>0.68</b>	0.73
Operating margin <sup>(1)</sup>	<b>57%</b>	57%

(1) EBITDA, adjusted EBITDA, adjusted base EBITDA, and operating margin are non-IFRS measures. See slide 2