

ASX Announcement

Friday, 22 September 2023

Diverger enters into Scheme Implementation Deed with Count

Key Highlights

- Diverger Limited (**Diverger** or the **Company**) (ASX: DVR) has entered into a binding Scheme Implementation Agreement (**SIA**) with Count Limited (**Count**) (ASX: CUP), under which Count will acquire 100% of the fully diluted share capital in Diverger by way of a Scheme of Arrangement (**Scheme**).
- Under the terms of the Scheme, Diverger shareholders will receive implied consideration of \$1.14¹ per Diverger share, comprising \$0.367 per share in cash and 1.38 Count shares per Diverger share held (**Default Consideration**), with flexibility for Diverger shareholders to elect to receive all cash or all shares, subject to a scale-back if cap limits are exceeded.
- The Scheme is unanimously recommended by the Diverger Board of Directors and is supported by Diverger's largest shareholder, HUB24, in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Diverger shareholders.
- In making this recommendation, the Diverger Board believes the proposed Transaction provides compelling benefits to Diverger shareholders and is the result of a focus for some time on creating more transformational shareholder outcomes by taking advantage of the consolidation opportunity in the advice and accounting market. Specifically, the combined group will benefit from a significantly strengthened market position and provides a platform for enhanced market liquidity across both shareholder bases.

Transaction Overview

Diverger is pleased to announce that it has entered into a binding Scheme Implementation Agreement, which provides for the acquisition by Count of 100% of the fully diluted share capital of Diverger by way of a recommended Scheme of Arrangement (the **Transaction**). The Transaction implies an equity value of \$45.3m and an EV/EBITA multiple of 6.6x². The consideration is payable in a default combination of cash and Count shares, with an exchange ratio of 1.38 Count shares for each Diverger share held. On a per share basis, this equates to \$0.367 per share in cash and \$0.77 per share in Count shares.

¹ Scrip component of implied consideration is calculated as 1.38 multiplied by Count share price and therefore is subject to share price movements.

² Presented on FY23 EBITA (pre-synergies) basis.

The total Scheme Consideration of \$1.14 per Diverger share represents a:

- 27.4% premium to Diverger's last closing price at 21 September 2023 (being the last trading day prior to the announcement of the Scheme)
- 27.0% premium to Diverger's one month VWAP at 21 September 2023
- 31.0% premium to Diverger's three month VWAP at 21 September 2023

Shareholders will have the option to elect to receive either the Default Consideration, 100% cash or 100% shares as their consideration mix, subject to a scale-back mechanism that will cap the total amount of cash consideration to be paid to Diverger shareholders at \$14.6 million and the total number of new Count ordinary shares issued to 54.9 million. Ineligible foreign shareholders and small shareholders (who would receive less than a marketable parcel of Count shares if they received Default Consideration) will receive cash consideration for their Diverger shares.

Unanimous recommendation of the Diverger Board

The Diverger Board of Directors considers that the Scheme is in the best interests of Diverger shareholders and unanimously recommends that Diverger shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert to be engaged by Diverger to consider the Scheme concluding (and continuing to conclude) that the Scheme is in the best interests of Diverger shareholders. Subject to those same qualifications, each director of Diverger intends to vote all the Diverger shares held or controlled by them in favour of the Scheme. As Diverger's largest shareholder, HUB24, has also issued a statement of support for the transaction, and in the absence of a superior proposal intends to vote all of the Diverger shares it holds or controls in favour of the Scheme.

In making this recommendation, the Diverger Board believes that the proposed Transaction provides compelling benefits to Diverger shareholders and is the culmination of a considered strategy to create more transformational shareholder outcomes by capitalising on the consolidation opportunity in the advice and accounting market. Specifically, the combined group will benefit from a significantly strengthened market position, enhanced scale and provides a platform for enhanced market liquidity across both shareholder bases.

The Diverger Board also considers that the acquisition presents an opportunity to expand the core client services across firms, utilising the skill and expertise of both Diverger's and Count's respective teams, with significant potential for cross-selling opportunities for the benefit of clients. The resultant business will service an extensive wealth and accounting firm footprint post-completion.

Managing Director of Diverger, Nathan Jacobsen, said:

"The Board of Diverger has been working for some time on creating more transformational outcomes for shareholders. We believe this transaction presents a compelling opportunity for Diverger shareholders to realise immediate value in the form of cash, with additional upside potential through shares in Count. In

addition to highly complementary service offerings, Count will benefit from Diverger's wealth of market expertise and extensive network. We look forward to the enhanced scale and breadth of service capabilities that an acquisition by Count supports."

Details of the Scheme Implementation Agreement

The conditions of the Scheme are contained in the SIA and include:

- Diverger shareholder approval of the Scheme
- Court approval
- No change of Diverger Board recommendation
- No material adverse change to either Diverger or Count
- No prescribed event in respect of either Diverger or Count
- No restraints
- Warranties provided by Diverger and Count being and remaining true and correct
- No Diverger options or performance rights on issue after the record date
- Independent expert concluding that the Scheme is in the best interest of Diverger shareholders

The SIA contains customary exclusivity provisions, including no-shop and no-talk restrictions and a notification obligation, as well as a matching right. The SIA also details circumstances under which Diverger may be required to pay Count a break-fee of \$500,000. Count may also be required to pay Diverger a reverse break-fee of \$500,000 in certain circumstances or a liquidated damages amount of \$1.25 million if Count terminates the SIA to pursue a competing proposal in relation to Count.

Full details of the conditions to the Scheme and other agreed terms are set out in the SIA, a copy of which has been attached to this announcement.

Indicative timetable and next steps

A Scheme Booklet containing information relating to the Scheme and the reasons for the Diverger Board's recommendation, the Independent Expert's Report for Diverger shareholders and the details of the Scheme meeting, is expected to be sent to Diverger shareholders holders in mid December 2023.

Shareholders will be given the opportunity to vote on the Scheme at a Court-convened shareholder meeting of Diverger shareholders. Subject to the shareholder approval and Court approval being obtained and the other conditions of the Scheme being satisfied, the Scheme is expected to be implemented in late February 2024 (this timing is indicative and subject to change).

An indicative timetable for the Schemes is set out below:

Event	Expected date
First court hearing	Mid December 2023
Dispatch of Scheme Booklet	Mid December 2023
Scheme Meeting	Early February 2024
Second court hearing	Early February 2024
Effective date	Mid February 2024
Record date	Mid February 2024
Implementation date	Late February 2024

There is no action for Diverger shareholders to take at this stage.

Diverger has engaged MA Moelis Australia Advisory Pty Ltd as exclusive financial adviser and MinterEllison as legal adviser in relation to the Transaction.

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This announcement has been authorised for release by the Board of Diverger Limited.

For all enquiries, please contact Diverger at 1300 655 695 and info@diverger.com.au