

**Via ASX Online****ASX ANNOUNCEMENT – Thursday, 14 December 2023**

ASX Market Announcements Office

ASX Limited

**Explanatory Booklet registered with ASIC**

Diverger Limited (ASX: DVR) (**Diverger** or the **Company**) confirms that the Australian Securities and Investments Commission (**ASIC**) has today registered the Explanatory Booklet for the scheme of arrangement between Diverger and its shareholders under which it is proposed that Count Limited (**Count**) will acquire 100% of the issued shares in Diverger by way of a scheme of arrangement between Diverger and its shareholders (**Scheme**).

Under the terms of the Scheme, Diverger Shareholders participating in the Scheme and who do not make an Election would receive a default implied consideration of \$1.42<sup>1</sup> per Diverger Share, comprising \$0.40 cash per Diverger Share (less the amount of any Permitted Dividend) (**Cash Consideration**) and 1.44 Count Shares for each Diverger Share held (**Scrip Consideration**), with flexibility for Diverger Shareholders to elect to receive maximum cash or maximum shares, subject to a scale-back if cap limits are exceeded.

A copy of the Explanatory Booklet containing information about the Scheme, the independent expert's report, the notice convening the meeting of Diverger Shareholders to consider and vote on the Scheme (**Scheme Meeting**) as well as a template Proxy Form and Election Form accompanies this announcement.

**Despatch of Explanatory Booklet**

The Explanatory Booklet will be available for viewing and downloading at <https://diverger.com.au/investor-information/>. The Explanatory Booklet will be sent to all Diverger Shareholders on or before Thursday, 21 December 2023.

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<sup>1</sup> Scrip component of implied consideration is calculated as 1.44 multiplied by the closing price of Count shares on ASX of \$0.71 on 6 December 2023, being the last practicable date prior to the finalisation of the Explanatory Booklet and therefore is subject to share price movements.

Diverger Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Explanatory Booklet, how to lodge their Proxy Form for the Scheme Meeting and how to lodge their Election Form in respect of the Scheme Consideration.

Diverger Shareholders who have elected to receive communications in hard copy will be sent a printed copy of the Explanatory Booklet together with a Proxy Form and an Election Form for the Scheme Meeting.

Diverger Shareholders who have not elected to receive communications electronically or in hard copy will be sent a letter containing details on how to access a copy of the Explanatory Booklet online together with a Proxy Form and an Election Form for the Scheme Meeting.

Diverger Shareholders who wish to receive a printed copy of the Explanatory Booklet may request one by calling the Diverger Shareholder Information Line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time).

### **Independent expert's report**

The Explanatory Booklet includes an independent expert's report prepared by Lonergan Edwards & Associates Limited (**Lonergan Edwards**). Lonergan Edwards has concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable and therefore in the best interest of the Diverger Shareholders. Lonergan Edwards' conclusion should be read in context with the full independent expert's report and the Explanatory Booklet.

### **Diverger Directors' recommendation and voting intention**

Diverger Directors unanimously recommend voting in favour of the Scheme, in the absence of a superior proposal and subject to Lonergan Edwards continuing to conclude that the Scheme is fair and reasonable and therefore in the best interest of Diverger shareholders. Subject to that same qualification, each Diverger Director intends to vote all Diverger Shares held or controlled by them in favour of the Scheme.

**- ENDS -**

**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](mailto:info@diverger.com.au)

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Diverger Limited ACN 111 695 357 (**Diverger**)

## Explanatory Booklet

For the scheme of arrangement between Diverger and its shareholders in relation to the proposed acquisition of your Diverger Shares by Count Limited ACN 126 990 832 (**Count**) (**Scheme**).

The notice convening the Scheme Meeting is included in this Explanatory Booklet. A proxy form for the Scheme Meeting accompanies this Explanatory Booklet. The Scheme Meeting will be conducted as a hybrid meeting on Tuesday, 23 January 2024. Full details of how to participate in the Scheme Meeting is set out in this Explanatory Booklet.

**YOUR VOTE IS IMPORTANT IN DETERMINING  
WHETHER THE SCHEME PROCEEDS.  
YOUR DIRECTORS UNANIMOUSLY RECOMMEND  
THAT YOU**

**VOTE IN FAVOUR**

**OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR  
PROPOSAL AND SUBJECT TO THE INDEPENDENT  
EXPERT CONTINUING TO CONCLUDE THAT THE  
SCHEME IS IN THE BEST INTERESTS OF DIVERGER  
SHAREHOLDERS.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR URGENT ATTENTION.**

You should read it in its entirety, and consider its contents carefully, before deciding whether or not to vote in favour of the Scheme. If you are in any doubt as to how to deal with this Explanatory Booklet, please consult your legal, financial, taxation or other professional adviser immediately. If after reading this Explanatory Booklet you have any questions about the Scheme, please contact the Diverger Shareholder Information Line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time).

This Explanatory Booklet has been sent to you because you are shown in the Diverger Register as holding Diverger Shares. If you have recently sold all of your Diverger Shares or no longer hold any Diverger Shares, please disregard this Explanatory Booklet and all enclosed documents.

Legal adviser to Diverger

**MinterEllison**

Financial adviser to Diverger

**MA** Moelis  
Australia

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# Overview of this Explanatory Booklet

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## What is this Explanatory Booklet for?

This Explanatory Booklet has been sent to you to help you understand the terms of the proposed scheme of arrangement between Diverger and its shareholders (**Scheme**), and the manner in which the Scheme will be implemented (if approved).

If the Scheme proceeds to be implemented, and you do not make an Election, it will result in Count acquiring all of your Diverger Shares held on the Scheme Record Date, and you receiving the default consideration of \$0.40 cash (less the amount of any Permitted Dividend) and 1.44 Count Shares for each Diverger Share held by you on the Scheme Record Date, which has the implied value of \$1.42 per Diverger Share.<sup>1</sup>

Alternatively, Diverger Shareholders (other than Foreign Scheme Shareholders and Small Shareholders, together, **Ineligible Shareholders**) have the option to make an Election to receive (subject to a scale back mechanism based on cap limitations noted below):

- 100% of their Scheme Consideration entitlement in the form of \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) (**Maximum Cash Consideration**), subject to an aggregate cap of \$15,907,873 (less the aggregate amount of any Permitted Dividend), which excludes payments made to Ineligible Shareholders (**Cash Consideration Cap**); or
- 100% of their Scheme Consideration entitlement in the form of 2.16 Count Shares per Diverger Share (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of Maximum Scrip Consideration) (**Maximum Scrip Consideration**), subject to an aggregate cap of 57,268,344 Count Shares (**Scheme Consideration Cap**). The implied value of the Maximum Scrip Consideration is \$1.53 per Diverger Share.<sup>2</sup>

The Scheme can only proceed if it is approved by the requisite majorities of Diverger Shareholders and by the Court.

This Explanatory Booklet includes information relevant to your decision as a Diverger Shareholder on whether to approve the Scheme.

## Why should you vote?

As a Diverger Shareholder, you have a say in whether or not the Scheme proceeds. The Scheme cannot proceed unless (among other things) the Scheme is approved by the requisite majorities of Diverger Shareholders at the Scheme Meeting.

This is your opportunity to play a role in deciding the future of your investment in Diverger.

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<sup>1</sup> The implied value of the default Scheme Consideration of \$1.42 is based on the closing price of Count Shares of \$0.71 on the Last Practicable Date. At the time of the announcement of the amendment to the Scheme Consideration, on 17 November 2023, the implied value of the Scheme Consideration was \$1.365 based on the closing price of Count Shares of \$0.67 on 16 November 2023, being the last trading day prior to the announcement of the amendment to the Scheme Consideration. The implied value of the Scheme Consideration received by Diverger Shareholders will depend on the trading price of Count Shares on the Implementation Date.

<sup>2</sup> The implied value of \$1.53 if you elect Maximum Scrip Consideration is based on the closing price of Count Shares of \$0.71 on the Last Practicable Date. The implied value of the Scheme Consideration received by Diverger Shareholders will depend on the trading price of Count Shares on the Implementation Date.

## What should you do next?

As a Diverger Shareholder, you have a number of decisions to make in relation to the Scheme. The key decisions for you to make are outlined in the steps below.

The Diverger Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders.<sup>3</sup>

### Step 1: Read this Explanatory Booklet

You should carefully read this Explanatory Booklet in its entirety before making a decision on whether and how to vote on the Scheme and whether to make an Election.

If after reading this Explanatory Booklet you have any questions about the Scheme, please contact the Diverger Shareholder Information Line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time).

If you are in any doubt as to how to deal with this Explanatory Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

### Step 2: Decide whether to make an Election

If you are a Diverger Shareholder (other than a Foreign Scheme Shareholder or Small Shareholder), you can make an Election to receive your Scheme Consideration in one of the following forms (subject to a scale back mechanism based on cap limitations):

- **Maximum Cash Consideration** comprising \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) for 100% of your Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of \$15,907,873 (less the aggregate amount of any Permitted Dividend), which excludes payments made to Ineligible Shareholders; or
- **Maximum Scrip Consideration** comprising 2.16 Count Consideration Shares (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of Maximum Scrip Consideration) for 100% of your Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of 57,268,344 Count Shares.

The scale back mechanism and cap limitations mean that if too many Diverger Shareholders elect either the Maximum Cash Consideration or the Maximum Scrip Consideration, their Elections will be scaled back proportionately to their elections on a pro-rata basis, such that they will be deemed to have elected to receive either Maximum Cash Consideration or Maximum Scrip Consideration (as applicable) in respect of the scaled back percentage of their Scheme Shares. Instead of their Elected Consideration the Diverger Shareholders will receive the Default Scheme Consideration in respect of the remainder of their Scheme Shares.

<sup>3</sup> You should note when considering this recommendation the interests of each Diverger Director in securities in Diverger, including Diverger Performance Rights, as set out in Sections 5.7 and 12.2 as well as the retention payment arrangement for the Managing Director, in the amount of \$300,000 as set out in Section 12.6. In particular, all Diverger Directors hold Diverger Performance Rights and the Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date. The dollar value as a result of the treatment of the Diverger Performance Rights (on the basis of an implied value of the Scheme Consideration of \$1.42 per Diverger Share ) for each Diverger Director would be as follows: Peter Brook - \$213,000, Nathan Jacobsen - \$1,018,974, Anthony McDonald – \$142,000, Carl Scarcella - \$142,000 and Grahame Evans - \$142,000).

It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as many Maximum Scrip Consideration Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared. If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.

The scale back mechanism means that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.

If you do not make an Election, you will receive the Default Scheme Consideration comprising \$0.40 cash (less the amount of any Permitted Dividend) and 1.44 Count Consideration Shares for each Diverger Share held by you on the Scheme Record Date.

You cannot make an Election if you are a Foreign Scheme Shareholder or Small Shareholder and you will receive cash consideration of \$1.20 cash (less the amount of any Permitted Dividend) for each of your Diverger Shares held on the Scheme Record Date.

Please follow the instructions in Section 10.2(d) to make an Election. Election forms must be received by the Diverger Registry by the Election Date, which is eight clear days before the Proxy Cut-Off Date.

## **Step 3: Vote on the Scheme**

### **(a) Your vote is important**

For the Scheme to proceed, the requisite majorities of Diverger Shareholders must vote in favour of the Scheme Resolution. Please refer to Section 4 for further information on the Scheme Meeting and how to vote on the Scheme.

### **(b) Who is entitled to vote?**

If you are registered as a Diverger Shareholder on the Diverger Register at the Voting Entitlement Time (10.00am on Sunday, 21 January 2024), you will be entitled to vote at the Scheme Meeting either by personally participating in the Scheme Meeting or by appointing a proxy, an attorney or, in the case of a Diverger Shareholder or proxy who is a corporation, a corporate representative to participate in the Scheme Meeting and vote on your behalf.

**(c) How to vote?**

For full information on how to vote on the Scheme, please refer to Section 4.

**Is the Scheme in the best interests of Diverger Shareholders?**

✓ The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is **FAIR AND REASONABLE** and therefore in the **BEST INTERESTS** of Diverger Shareholders. The Independent Expert's Report is included in Appendix 1 to this Explanatory Booklet.

**What do the Diverger Directors recommend?**

✓ Your Directors **UNANIMOUSLY RECOMMEND** that you vote **IN FAVOUR OF** the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Diverger Shareholders.<sup>4</sup>

✓ Your Directors intend to vote all Diverger Shares they hold or control **IN FAVOUR OF** the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders.

**What if you have questions in relation to the Scheme?**

If you have questions in relation to the Scheme, you should refer to the Frequently Asked Questions in Section 3 or contact the Diverger Shareholder Information Line on 1300 222 378 within Australia or +61 1300 222 378 (if outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time). Alternatively, you should consult your legal, financial, taxation or other professional adviser.

<sup>4</sup> You should note when considering this recommendation the interests of each Diverger Director in securities in Diverger, including Diverger Performance Rights, as set out in Sections 5.7 and 12.2 as well as the retention payment arrangement for the Managing Director, in the amount of \$300,000 as set out in Section 12.6. In particular, all Diverger Directors hold Diverger Performance Rights and the Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date. The dollar value as a result of the treatment of the Diverger Performance Rights (on the basis of an implied value of the Scheme Consideration of \$1.42 per Diverger Share ) for each Diverger Director would be as follows: Peter Brook - \$213,000, Nathan Jacobsen - \$1,018,974, Anthony McDonald – \$142,000, Carl Scarcella - \$142,000 and Grahame Evans - \$142,000).

# Table of contents

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<b>Overview of this Explanatory Booklet</b>	<b>2</b>
<b>Table of contents</b>	<b>6</b>
<b>Important dates and times</b>	<b>7</b>
<b>Important notices</b>	<b>10</b>
<b>Letter from the Chairman of Diverger Limited</b>	<b>16</b>
<b>Key reasons to vote in favour of the Scheme</b>	<b>25</b>
<b>Potential reasons to vote against the Scheme</b>	<b>26</b>
<b>1. Overview of the Scheme</b>	<b>27</b>
<b>2. Relevant considerations for Diverger Shareholders</b>	<b>37</b>
<b>3. Frequently asked questions</b>	<b>55</b>
<b>4. How to vote</b>	<b>83</b>
<b>5. Profile of Diverger</b>	<b>87</b>
<b>6. Profile of Count</b>	<b>105</b>
<b>7. Overview of the Combined Group</b>	<b>127</b>
<b>8. Risk factors</b>	<b>138</b>
<b>9. Taxation implications for Diverger Shareholders</b>	<b>153</b>
<b>10. The Scheme in Further Detail</b>	<b>160</b>
<b>11. Implementation</b>	<b>168</b>
<b>12. Additional Information</b>	<b>173</b>
<b>13. Glossary</b>	<b>180</b>
<b>Appendix 1 – Independent Expert's Report</b>	
<b>Appendix 2 – Deed Poll</b>	
<b>Appendix 3 – Scheme</b>	
<b>Appendix 4 – Notice of Scheme Meeting</b>	
<b>Corporate Directory</b>	



# Important dates and times

All references to time in this Explanatory Booklet are references to the time in Sydney, Australia unless otherwise stated.

Event	Date (and time)
<b>Date of this Explanatory Booklet</b>	Thursday, 14 December 2023
<b>First Court Hearing</b> First Court Hearing at which the Court made orders convening the Scheme Meeting	10.15am on Wednesday, 13 December 2023
<b>Election Date</b> Deadline for receipt by the Diverger Registry of Election Forms for the Scheme Consideration	5.00pm on Friday, 12 January 2024
<b>Election results</b> ASX announcement of indicative Election results, including whether scale back applies for valid Elections <b>Note:</b> The level of valid Elections disclosed in this announcement will be indicative only as Diverger Shareholders making Elections may trade Diverger Shares on ASX up to 4.00pm on the Effective Date. Any additional purchases or sales of Diverger Shares made by Diverger Shareholders after the Election Date will affect the final level of valid Elections	Monday, 15 January 2024
<b>Scheme Meeting Proxy Form</b> Last time and date by which the Proxy Form must be received by the Diverger Registry (whether by mail, by fax or by online lodgement) ( <b>Proxy Cut-Off Date</b> )	10.00am on Sunday, 21 January 2024  Note: As this is not a business day, if you intend to mail your Proxy Form, you should ensure that you allow sufficient time for it to be received by the Diverger Registry by close of business (Sydney time) on Friday, 19 January 2024.
<b>Scheme Meeting Voting Entitlement Time</b> Time and date for determining eligibility to vote at the Scheme Meeting ( <b>Voting Entitlement Time</b> )	10.00am on Sunday, 21 January 2024
<b>Scheme Meeting</b> Scheme Meeting to vote on the Scheme Resolution for the Scheme (to be conducted as a hybrid meeting)	10.00am on Tuesday, 23 January 2024
<b>Announcement of any Interim Dividend (if declared)*</b>	Late January 2024
<b>Interim Dividend Record Date</b> Time and date for determining entitlements to any Interim Dividend (if declared)* ( <b>Interim Dividend Record Date</b> )	Late January 2024/Early February 2024.  However, note that it is possible that the Interim Dividend Record Date may be the same date as the Permitted Dividend Record Date.

<b>Payment date for any Interim Dividend</b>	Late January 2024/Early February 2024
<p>The remainder of this timetable assumes that the Scheme Resolution is passed by Diverger Shareholders. All dates and times in the remainder of this timetable are indicative only and, among other things, are subject to all necessary approvals from the Court and Governmental Agencies and satisfaction or, where applicable, waiver of the Conditions. Any changes to the remainder of this timetable (which may include an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on Diverger website at <a href="https://diverger.com.au/investor-information/">https://diverger.com.au/investor-information/</a>.</p>	
<b>Announcement of any Permitted Dividend (if declared)*</b>	Prior to Second Court Hearing
<b>Second Court Hearing</b> Second Court Hearing to obtain orders approving the Scheme	10.15am on Thursday, 15 February 2024
<b>Effective Date</b> The date on which the Scheme becomes Effective and is binding on Diverger Shareholders Lodgement by Diverger with ASIC of the Court orders approving the Scheme ( <b>Effective Date</b> ) Last day of trading in Diverger Shares	Friday, 16 February 2024
<b>Suspension of trading</b> Suspension of trading in Diverger Shares on ASX	Close of trading on Friday, 16 February 2024
<b>Deferred settlement trading of Count Consideration Shares</b> Commencement of trading of Count Consideration Shares on ASX on a conditional and deferred settlement basis	Monday, 19 February 2024
<b>Permitted Dividend Record Date</b> Time and date for determining entitlements to any Permitted Dividend (if declared)* ( <b>Permitted Dividend Record Date</b> )	7.00pm on Tuesday, 20 February 2024
<b>Scheme Record Date</b> Time and date for determining entitlements to Scheme Consideration ( <b>Scheme Record Date</b> ) All Diverger Shareholders who hold Diverger Shares on the Scheme Record Date will be entitled to receive the Scheme Consideration in return for the transfer of their Diverger Shares to Count	7.00pm on Friday, 23 February 2024
<b>Implementation Date</b> All Scheme Shareholders will be provided the Scheme Consideration in accordance with the Scheme	Friday, 1 March 2024
Payment date for any Permitted Dividend (if declared)	Implementation Date

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**Normal trading of Count Consideration Shares**

Monday, 4 March 2024

**Commencement of trading of Count Consideration  
Shares on ASX on a normal settlement basis**

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\* No Interim Dividend or Permitted Dividend has yet been declared by the Diverger Board and such declaration remains at the sole and absolute discretion of the Diverger Board. Any decision whether or not to declare any Interim Dividend will be made by Diverger Board and will be communicated to Diverger Shareholders in late January 2024. Any decision whether or not to declare any Permitted Dividend will be made by Diverger Board and will be communicated to Diverger Shareholders by way of an ASX announcement prior to the Second Court Hearing.

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# Important notices

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## General

You should read this Explanatory Booklet including all Appendices in full before making a decision on how to vote on the resolution to be considered at the Scheme Meeting. The notice convening the Scheme Meeting (**Notice of Scheme Meeting**) is contained in Appendix 4 to this Explanatory Booklet. A Proxy Form for the Scheme Meeting accompanies this Explanatory Booklet.

## Defined terms

Capitalised terms in this Explanatory Booklet are defined either in the Glossary in Section 13 or where the relevant term is first used.

## Purposes of this Explanatory Booklet

The purposes of this Explanatory Booklet are to:

- provide Diverger Shareholders with information about the Proposed Transaction;
- explain the terms and effect of the Scheme to Diverger Shareholders;
- explain the manner in which the Scheme will be considered and, if approved, implemented;
- state any material interests of the Directors, whether as directors, members or creditors of Diverger or otherwise, and the effect of those interests on the Scheme as far as that effect is different from the effect on the similar interests of other persons; and
- provide the information as is prescribed by the Corporations Act and the Corporations Regulations or as is otherwise material to the decision of Diverger Shareholders to vote in favour of, or against, the Scheme Resolution detailed in the Notice of Meeting including as Appendix 4.

This Explanatory Booklet (excluding the Appendices) constitutes the explanatory statement for the Scheme as required by section 412(1) of the Corporations Act.

## No financial product advice

The information contained in this Explanatory Booklet is not financial product or investment advice. This Explanatory Booklet has been prepared without taking into account your investment objectives, financial situation, taxation position or other particular needs. Before deciding how to vote or act, Diverger Shareholders and others should consider the appropriateness of the information having regard to their own investment objectives, financial situation, taxation position and other particular needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Diverger is not licensed to provide financial product advice in respect of Diverger Shares or any other financial products.

To the extent (if at all) any part of this Explanatory Booklet includes financial product advice given by Diverger or Count, the advice has been prepared without taking into account anyone's (whether a recipient of the Explanatory Booklet or otherwise), objectives, financial situation or needs. Accordingly, before acting on any such advice, you should consider the appropriateness of the advice having regard to your objectives, financial situation and needs. No cooling off regime applies in relation to the acquisition of Count Consideration Shares.

## Responsibility for information

The Diverger Information contained in this Explanatory Booklet has been solely prepared by and is the responsibility of Diverger. Count has not independently verified any of the Diverger Information and does not make any representation or warranty (express or implied) as to, and does not assume any responsibility for, the accuracy, relevance or completeness of, the Diverger Information.

Loneragan Edwards & Associates Limited (**Independent Expert**) has prepared the Independent Expert's Report in relation to the Scheme in Appendix 1 to this Explanatory Booklet and takes responsibility for that report.

Count Information contained in this Explanatory Booklet has been solely prepared by and is the responsibility of Count. Diverger has not independently verified any of the Count Information and does not make any representation or warranty (express or implied) as to, and does not assume any responsibility for, the accuracy, relevance or completeness of, the Count Information.

The Combined Group Information contained in this Explanatory Booklet has been prepared by, and is the responsibility of Count, except to the extent that Diverger has provided Count with information for the purpose of Count preparing the Combined Group Information.

### Not an offer

This Explanatory Booklet and the Scheme do not in any way constitute or contain an offer to Diverger Shareholders, or a solicitation of an offer from Diverger Shareholders to buy securities in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

### Foreign jurisdictions (New Zealand)

This Explanatory Booklet is not a New Zealand product disclosure statement or other disclosure document and has not been registered, filed with or approved by any New Zealand Governmental Agency, including the Financial Markets Authority, under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). In offering Count Shares under the Scheme in New Zealand, Count is relying on an exemption contained in the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021* and accordingly, this Explanatory Booklet may not contain all the information that a product disclosure statement or other disclosure document is required to contain under New Zealand law. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Scheme.

### Foreign jurisdictions (United Kingdom)

Neither this Explanatory Booklet nor any other document relating to the Scheme has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended (**FSMA**)) has been published or is intended to be published in respect of the Count Consideration Shares.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Count Consideration Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Count or Diverger.

In the United Kingdom, this Explanatory Booklet is being distributed only to, and is directed at, persons:

- who fall within Article 43 (members of certain bodies corporate) of the *Financial Services and Markets Act 2000* (Financial Promotions) Order 2005; or
- to whom it may otherwise be lawfully communicated (together "relevant persons").

The investment to which this Explanatory Booklet relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons.

Any person who is not a relevant person should not act or rely on this Explanatory Booklet.

### **Foreign jurisdictions (Rest of World)**

The release, publication or distribution of this Explanatory Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Explanatory Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Explanatory Booklet has been prepared in accordance with Australian law and the information contained in this Explanatory Booklet may not be the same as that which would have been disclosed if this Explanatory Booklet had been prepared in accordance with the laws and regulations outside of Australia.

### **ASIC and ASX**

A draft of this Explanatory Booklet was provided to ASIC for the purpose of section 411(2) of the Corporations Act and a copy of this Explanatory Booklet has been registered by ASIC for the purpose of section 412(6) of the Corporations Act.

ASIC has examined a copy of this Explanatory Booklet. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Scheme.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Booklet.

A draft of this Explanatory Booklet has also been provided to ASX for its review in accordance with the ASX Listing Rules. Neither ASX nor any of its officers takes any responsibility for the contents of this Explanatory Booklet.

### **IMPORTANT NOTICE ASSOCIATED WITH COURT ORDERS UNDER SECTION 411(1) OF THE CORPORATIONS ACT**

A copy of this Explanatory Booklet was submitted to the Court to obtain orders of the Court under section 411(1) of the Corporations Act directing Diverger to convene the Scheme Meeting. Those orders were obtained at the First Court Hearing on Wednesday, 13 December 2023.

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting of Diverger Shareholders be convened by Diverger to consider and vote on the Scheme and has directed that this Explanatory Booklet accompany the Notice of Scheme Meeting does not mean that the Court:

- (a) has formed any view as to the merits of the Scheme or how Diverger Shareholders should vote on the Scheme (on this matter Diverger Shareholders must reach their own decision);

- (b) has prepared, or is responsible for, the content of this Explanatory Booklet; or
- (c) has approved or will approve the terms of the Scheme.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

### **NOTICE REGARDING SECOND COURT HEARING AND IF ANY DIVERGER SHAREHOLDER WISHES TO OPPOSE THE SCHEME**

The date of the Second Court Hearing to approve the Scheme is scheduled for Thursday, 15 February 2024.

The hearing will be at 10.15am (Sydney time) in the Federal Court of Australia (NSW registry).

A Diverger Shareholder has the right to appear and be heard at the Second Court Hearing and may oppose the approval of the Scheme at the Second Court Hearing. Details on how to attend the Second Court Hearing will be released by Diverger to ASX if the Scheme has been approved by Diverger Shareholders at the Scheme Meeting.

If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing you must file with the Court, and serve on Diverger, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Diverger at its address for service at least one day before the Second Court Date.

The address for service is: c/o MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Attention: Anthony Sommer, MinterEllison, Tel: (02) 9921 4182. The notice of appearance and affidavit must also be sent by email to [anthony.sommer@minterellison.com](mailto:anthony.sommer@minterellison.com).

#### **Forward looking statements**

This Explanatory Booklet contains both historical and forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. These forward looking statements and information, including statements and information relating to Diverger and the transactions contemplated by the Scheme Implementation Agreement, are not based solely on historical facts, but rather reflect the current expectations of:

- (a) Diverger, in relation to the Diverger Information and the Combined Group Information; or
- (b) Count, in relation to the Count Information and the Combined Group Information,

concerning future results, events or other matters. These forward looking statements may sometimes be identified by the use of forward looking words or phrases such as *if, when, believe, aim, will, expect, anticipate, intend, foresee, likely, should, could, plan, may, estimate, budget, forecast, envisage, target, potential* or other similar words or phrases. Similarly, statements that describe Diverger's or Count's objectives, plans, goals or expectations, estimates of future costs, and expenditure are or may be forward looking statements.

The statements contained in this Explanatory Booklet about the impact that the Scheme may have on the results of Diverger's performance, and the expected advantages and potential disadvantages of the Scheme are also forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results of Diverger to be materially different from future results, performance or achievements expressed or implied by such statements. These statements and information are based on numerous assumptions regarding

present and future business strategies and the environment in which Diverger will operate in the future, including anticipated costs and ability to achieve goals. Therefore, forward looking statements and information should be construed in light of those limitations and undue reliance should not be placed on them.

None of Diverger, Count, their respective related entities, their respective directors, nor any other person gives any representation, assurance or guarantee that the occurrence of the results or events expressed or implied in any forward looking statements and information in this Explanatory Booklet will actually occur.

The forward looking statements and information in this Explanatory Booklet reflect views held only at the date of this Explanatory Booklet. You are cautioned not to place undue reliance on any forward looking statement.

Subject to any continuing obligations under law, Diverger, Count, their respective related entities, and their respective directors disclaim any obligation or undertaking to disseminate after the date of this Explanatory Booklet any updates or revisions to any forward looking statements and information to reflect any change in expectations in relation to them or any change in the events, conditions or circumstances on which they are based.

### **Rounding of numerical information**

Any discrepancies between totals in tables and sums of components contained in this Explanatory Booklet and between those figures and figures referred to in other parts of this Explanatory Booklet may be due to rounding. Except as otherwise stated, all rounded numbers have been rounded either to three decimal places or to the nearest whole number.

### **Privacy and personal information**

Diverger, Count and the Diverger Registry will need to collect personal information to conduct the Scheme Meeting and to implement the Scheme. This information may include the name, contact details and shareholding of Diverger Shareholders, and the names of persons appointed by Diverger Shareholders to act as a proxy, attorney, or in the case of a Diverger Shareholder or proxy which is a corporation, corporate representative at any Scheme Meeting.

The primary purpose of collecting this personal information is to assist Diverger in the conduct of the Scheme Meeting and to enable the Scheme to be approved by the Diverger Shareholders and the Court and to enable the Scheme to be implemented by Diverger in the manner described in this Explanatory Booklet. Without this information, Diverger may be impeded in its ability to carry out these purposes to full effect. The collection of certain personal information is authorised by the Corporations Act.

Personal information may be disclosed to the Diverger Registry, print and mail service providers, authorised securities brokers and to related entities of Diverger and to the parties to the Scheme Implementation Agreement.

Diverger Shareholders have certain rights to access their personal information that has been collected. Diverger Shareholders should contact Diverger's company secretary in the first instance if they wish to request access to their personal information.

Diverger Shareholders who appoint a named person to act as their proxy, attorney, or in the case of a Diverger Shareholder or proxy which is a corporation, a corporate representative, at the Scheme Meeting should ensure that they inform that person of the matters outlined above.

### **Entitlement to inspect Diverger Register**

All persons are entitled to inspect and obtain a copy of the Diverger Register under section 173 of the Corporations Act. If you are a Diverger Shareholder, this Register will contain personal information about you.



**References to time**

All references to time in the Explanatory Booklet are to the time in Sydney, New South Wales unless otherwise stated.

**Date of Explanatory Booklet**

This Explanatory Booklet is dated 14 December 2023.

For personal use only

# Letter from the Chairman of Diverger Limited

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Dear Diverger Shareholder,

On behalf of the Board of Directors of Diverger Limited (**Diverger** or **the Company**), I am pleased to provide you with this Explanatory Booklet, which contains important information for your consideration about the proposed acquisition of Diverger by Count Limited (**Count**) that was initially announced on 22 September 2023, with the terms amended on 17 November 2023 (**Proposed Transaction**).

If the Proposed Transaction proceeds, it will result in Count acquiring Diverger and Diverger being delisted from the Australian Securities Exchange (**ASX**).

The purpose of this Explanatory Booklet is to provide you with information about the Proposed Transaction to assist you in making your determination as to how to vote at the Scheme Meeting. I encourage you to read this Explanatory Booklet carefully and to participate in this significant transaction for Diverger by voting on the Scheme.

## Proposed Transaction

On 22 September 2023, Diverger announced it had entered into a Scheme Implementation Agreement with Count. It is proposed that Count will acquire 100% of the issued shares in Diverger (**Diverger Shares**) by way of a scheme of arrangement between Diverger and its Shareholders (**Scheme**). The Scheme is subject to customary conditions, including approval by the Diverger Shareholders and the Court.

## Scheme Consideration

Under the terms of the original Scheme (as announced on 22 September 2023), Diverger Shareholders participating in the Scheme and who do not make an Election would receive default consideration of \$0.367 cash per Diverger Share and 1.38 Count Shares for each Diverger Share held.

On 17 November 2023, the Scheme Implementation Agreement and the terms of the Scheme were amended so that Diverger Shareholders participating in the Scheme and who do not make an Election would receive default consideration of \$0.40 cash per Diverger Share (less the amount of any Permitted Dividend) (**Cash Consideration**) and 1.44 Count Shares for each Diverger Share held (**Scrip Consideration**).

Alternatively, Diverger Shareholders (other than Foreign Scheme Shareholders or Small Shareholders) will have the option to make an Election to receive the Scheme Consideration in one of the below alternatives (subject to scale back limitations based on cap limitations):

- \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) for 100% of their Diverger Shares (**Maximum Cash Consideration**); or
- 2.16 Count Shares per Diverger Share (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of Maximum Scrip Consideration) for 100% of their Diverger Shares (**Maximum Scrip Consideration**).

This mix and match facility allows flexibility and is subject to a cash consideration cap of \$15,907,873 (less the aggregate amount of any Permitted Dividend), which excludes payments made to Ineligible Shareholders, and a Scrip Consideration Cap of 57,268,344 Count Shares. There is a scale back mechanism if Diverger Shareholder Elections exceed those caps.

If Diverger Shareholders elect to receive aggregate Cash Consideration that exceeds the Cash Consideration Cap, then each Diverger Shareholder who elects to receive cash will have their

Cash Consideration proportionately scaled back on a pro rata basis. Conversely, if the elected aggregate Scrip Consideration exceeds the Scrip Consideration Cap, then each Diverger Shareholder who elects to receive scrip will have their Scrip Consideration proportionately scaled back, such that they will be deemed to have elected to receive either Maximum Cash Consideration or Maximum Scrip Consideration (as applicable) in respect of the scaled back percentage of their Scheme Shares. Instead of their Elected Consideration the Diverger Shareholders will receive the Default Scheme Consideration in respect of the remainder of their Scheme Shares.

It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as many Maximum Scrip Considerations Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared. If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.

The scale back mechanism and the cap limitations mean that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.

On implementation of the Scheme, Diverger Shareholders are expected to own up to approximately 34% of the Combined Group with Count Shareholders owning the remaining approximately 66% of the Combined Group.

The Scheme is not subject to any financing condition.

### **Permitted Dividend and Interim Dividend**

Under the terms of the Scheme Implementation Agreement, Diverger is permitted to declare and pay two dividends, namely:

- a fully franked cash interim dividend for FY24 of up to \$0.02 per Diverger Share (**Interim Dividend**), which will not operate to reduce the Scheme Consideration; and
- a fully franked cash dividend of up to \$0.10 per Diverger Share (**Permitted Dividend**), which will operate to reduce the Scheme Consideration by the amount of the Permitted Dividend.

The Interim Dividend is not conditional on the Scheme and, if declared, will be paid irrespective of whether the Scheme proceeds or not, whereas the Permitted Dividend will only be paid if it is declared and if the Scheme is approved by the Court.

If the Scheme is approved and implemented, Scheme Shareholders who have not made an Election and who hold their Diverger Shares on both the Scheme Record Date and the Dividend Record Date will receive \$0.40 per Diverger Share and 1.44 Count Shares per Diverger Share, with the cash comprising the following components:

- cash consideration to be provided by Count, being not less than \$0.30 per Diverger Share (being the amount of \$0.40 per Diverger Shares (less the amount of any Permitted Dividend));
- a fully franked special dividend of up to \$0.10 per Diverger Share held on the Permitted Dividend Record Date (**Permitted Dividend**).

In addition, if the Interim Dividend is declared and paid, Diverger Shareholders will receive a fully franked interim dividend of up to \$0.02 per Diverger Share held on the Interim Dividend Record Date (**Interim Dividend**).

The Diverger Board's decision to declare the Interim Dividend and the Permitted Dividend will be subject to the requirements of the Corporations Act, the availability of retained earnings and franking credits as well as Diverger's cash reserves and funding lines.

In addition, the potential value in franking credits attached to the Interim Dividend (if any) and the Permitted Dividend (if any) (if declared) for those Diverger Shareholders who are able to realise the full benefit of franking credits, is up to \$0.051 per Diverger Share, comprising \$0.009 for the Interim Dividend and \$0.043 for the Permitted Dividend.

### **Diverger Directors' voting recommendation and intentions**

**The Diverger Board unanimously recommends that you vote in favour of the Scheme**, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders.

Subject to those same qualifications, each of your Directors intends to vote all Diverger Shares held or controlled by them, in favour of the Scheme. As at the date of this Explanatory Booklet, your Directors hold approximately 2.2% of Diverger Shares on issue.

You should note when considering this recommendation the interests of each Diverger Director in securities in Diverger, including Diverger Performance Rights, as set out in Sections 5.7 and 12.2 as well as the retention payment arrangement for the Managing Director in the amount of \$300,000, as set out in Section 12.6. In particular, all Diverger Directors hold Diverger Performance Rights and the Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date. The dollar value as a result of the treatment of the Diverger Performance Rights (on the basis of an implied value of the Scheme Consideration of \$1.42 per Diverger Share<sup>5</sup>) for each Diverger Directors would be as follows: Peter Brook - \$213,000, Nathan Jacobsen - \$1,018,974, Anthony McDonald – \$142,000, Carl Scarcella - \$142,000 and Grahame Evans - \$142,000).

In forming their recommendation, your Directors have carefully considered the adequacy of the Scheme Consideration, the Conditions of the Scheme, their expected advantages, potential disadvantages and risks. Your Directors have compared these considerations against the other options available to Diverger including standalone value creation from the execution of Diverger's existing strategy as well as any Diverger Competing Proposals. These matters are

<sup>5</sup> The implied value of \$1.42 is based on the closing price of Count Shares of \$0.71 on the Last Practicable Date. At the time of the announcement of the amendment to the Scheme Consideration, on 17 November 2023, the implied value of the Scheme Consideration was \$1.365 based on the closing price of Count Shares of \$0.67 on 16 November 2023, being the last trading day prior to the announcement of the amendment to the Scheme Consideration. The implied value of the Scheme Consideration received by Diverger Shareholders will depend on the trading price of Count Shares on the Implementation Date.

discussed further in Section 2.3 of the Explanatory Booklet. In summary, the reasons for your Directors' unanimous recommendation that you vote in favour of the Scheme include the following:

- **Attractive premium for Diverger Shareholders:** the implied value of the Scheme Consideration of \$1.42 per Diverger Share<sup>6</sup> represents an attractive premium for Diverger Shareholders on the price of Diverger Shares prior to the announcement of the Proposed Transaction. However, it is important to note that given the Scrip Consideration component of the Scheme Consideration, the implied value of the Scheme Consideration and the premium will shift with movements in the price of Count Shares until the implementation of the Scheme and the precise value of the Scrip Consideration will not be known at the time of the Scheme Meeting. Based on the closing price of Count Shares on the Last Practicable Date (being 6 December 2023), the implied value of the Scheme Consideration represents:
  - a 58.9% premium to Diverger's last closing share price on 21 September 2023, being the last ASX trading day prior to the announcement of the Proposed Transaction;
  - a 58.5% premium to Diverger's one month VWAP on 21 September 2023;
  - a 63.5% premium to Diverger's three month VWAP on 21 September 2023;
  - an equity value of \$56.6 million;<sup>7</sup> and
  - an EV/EBITA multiple of 8.1x.<sup>8</sup>
- **Scrip Consideration:** Receiving Count Shares as part of the Scrip Consideration provides Diverger Shareholders with the opportunity to become shareholders in the Combined Group and share the expected benefits created by the Scheme. The structure of Scheme Consideration provides an opportunity for Diverger Shareholders to share in any future upside and combination benefits with Count. Receiving Count Shares will provide Diverger Shareholders with ongoing exposure to the Diverger business as well as to the business of the Combined Group, which will provide diversification of revenue and the opportunity to further benefit from the increased scale, consolidation of the sector and meaningful synergies of the combined Diverger and Count businesses through receiving Count Shares. In particular:
  - **Benefit from increased scale:** Diverger Shareholders could further benefit from the increased scale, consolidation of the sector and meaningful cost and revenue synergies of the combined Diverger and Count businesses through receiving Count Shares. In holding shares in Count, Diverger Shareholders could benefit from the Combined Group's expansion of core client services utilising the skill and expertise of both Diverger's and Count's existing operations team and combined product offerings;
  - **Benefit from synergies:** the Combined Group is expected to benefit from significant P&L synergies of up to approximately \$3 million in the first full financial

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<sup>6</sup> The implied value of \$1.42 is based on the closing price of Count Shares of \$0.71 on the Last Practicable Date. At the time of the announcement of the amendment to the Scheme Consideration, on 17 November 2023, the implied value of the Scheme Consideration was \$1.365 based on the closing price of Count Shares of \$0.67 on 16 November 2023, being the last trading day prior to the announcement of the amendment to the Scheme Consideration. The implied value of the Scheme Consideration received by Diverger Shareholders will depend on the trading price of Count Shares on the Implementation Date.

<sup>7</sup> Based on a Count share price of \$0.71 and 39,769,683 Diverger diluted shares on issue.

<sup>8</sup> Presented on FY23 EBITA (pre-synergies) basis.

year post implementation of the Scheme.<sup>9</sup> To the extent these synergies are realised, it is expected there will be an improvement to the earnings per share of the Combined Group;

- **Alignment with Diverger's strategy:** the Diverger Board believes there are material benefits to Diverger Shareholders from having increased capacity to potentially capitalise on industry consolidation through further inorganic growth, including via both large and small acquisitions and that pursuing a combination with Count is aligned with Diverger's strategy to accelerate inorganic and organic growth and take advantage of market dynamics; and
- **Potential liquidity and market coverage benefits:** The Diverger Board believes Diverger Shareholders could benefit from enhanced liquidity in the Combined Group through the new issuance of shares and an enlarged shareholder base, and through increased market coverage from being a larger capitalised company.
- **Independent Expert's conclusion:** the Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Diverger Shareholders;
- **Election mechanism:** The ability to elect to receive Maximum Cash Consideration or Maximum Scrip Consideration provides flexibility and choice to eligible Diverger Shareholders (subject to scale back mechanisms) – noting the limitations of these Elections as set out elsewhere in this Explanatory Booklet;
- **In the absence of a Superior Proposal:** no Superior Proposal has emerged as at the date of this Explanatory Booklet;
- **Diverger Share price may fall:** if the Scheme does not proceed and no other proposal emerges, the price of Diverger Shares may fall; and
- **No brokerage:** no brokerage or stamp duty will be payable by you for the transfer of your Diverger Shares under the Scheme.

During FY23, Diverger's focus remained on accelerating Diverger's growth into a more substantial company that can materially improve returns to shareholders over time. However, despite the Company's execution of the strategy, Diverger believes there are material benefits to Diverger Shareholders from industry consolidation and remains open to assessing and acting on more transformational opportunities to accelerate growth and take advantage of those market dynamics.

The Proposed Transaction provides these compelling benefits to Diverger Shareholders and is the culmination of a considered strategy by the Diverger Board to create more transformational shareholder outcomes from capitalising on the industry consolidation opportunity in the advice and accounting market. Specifically, the Diverger Board expects the Combined Group to benefit from a significantly strengthened market position, enhanced scale and the potential for enhanced market liquidity across both shareholder bases.

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<sup>9</sup> The annual synergies are expected to be realised through operational and corporate efficiencies including a reduction of costs arising from the removal of duplication including corporate overheads, listing, audit, management, board, information technology and outsourced services. Diverger Shareholders should note that the potential synergies outlined above represent current expectations, and is subject to a number of assumptions, including as to future events which involve inherent uncertainties and contingencies. The final synergy value will only be able to be determined following implementation of the Scheme and completion of the Combined Group's review of its operations. There is a risk that these synergies may not be realised or that they may be realised over a longer period of time than anticipated.

In the absence of the Scheme, there is a risk that Diverger may not be able to execute on this strategy standalone, given the requirement for new capital and economies of scale to drive growth across its businesses and execute on acquisition opportunities.

There are also reasons why you may choose to vote against the Scheme which are set out in Section 2.4. In particular:

- you may disagree with the Directors' recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests;
- you may prefer to maintain your current investment and exposure to a business with Diverger's specific characteristics;
- you may believe that the Scheme is not in the best interests of Diverger Shareholders, or you may consider that the Scheme Consideration is too low;
- you may believe there is potential for a Superior Proposal to be received in the foreseeable future (noting that no Superior Proposal has been received as at the date of this Explanatory Booklet); and
- the taxation implications of the Scheme may not suit your financial position.

Certain risks related to holding Diverger Shares, receiving Cash Consideration Shares and the Scheme are set out in Section 8. The Diverger Directors unanimously believe that the benefits of the Scheme outweighs its potential disadvantages and risks.

For further information, please refer to Sections 2, 5.7, 8, 12.2 and 12.6.

#### **Independent Expert**

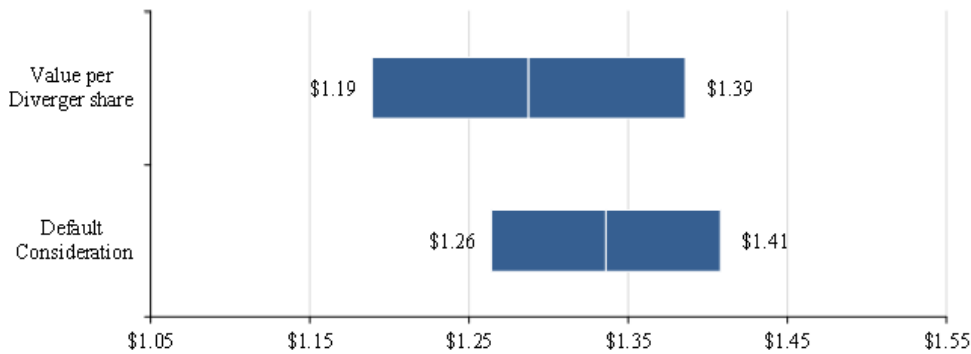
The Diverger Board has engaged Lonergan Edwards & Associates Limited to prepare an Independent Expert's Report on whether the Scheme is fair and reasonable and in the best interests of Diverger Shareholders.

**The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Diverger Shareholders, in the absence of a Superior Proposal.**

The Independent Expert has assessed the value of Diverger on a 100% controlling interest basis at between \$1.19 and \$1.39 per Diverger Share. For purposes of the Independent Expert's Report, the Independent Expert has evaluated the Scheme solely by reference to the value of the Default Consideration, and provided observations with respect to the other forms of Scheme Consideration.

The comparison of the Independent Expert's assessed value of Diverger with the Default Consideration is shown below:

#### Comparison of the assessed value of Diverger relative to the Default Consideration<sup>(1)</sup>



**Note:**

1 The white line positioned at the middle of our valuation range signifies the mid-point.

The Independent Expert has stated that as some of the Default Consideration includes Count shares (rather than being all cash), there is no single definitive estimate of value that can be relied upon for assessing “fairness” pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes. As Diverger also has a range of possible value outcomes, there are numerous different value comparisons that can be made between the value of Diverger and the value of the Default Consideration. Given this, the Independent Expert considers it appropriate to assess “fairness” by reference to the degree of overlap that exists between the respective valuation ranges, rather than by reference to any single point of comparison.

As there is a reasonable degree of overlap of values and the Independent Expert's assessed mid-point of the Default Consideration lies above the Independent Expert's assessed mid-point range of values for Diverger, the Independent Expert considers the Scheme to be “fair” to Diverger shareholders when assessed in accordance with the guidelines set out in RG 111.

Pursuant to RG 111, a transaction is reasonable if it is fair.

Accordingly, in the Independent Expert's opinion, the Scheme is also “reasonable” and therefore is also “in the best interests” of Diverger shareholders in the absence of a superior proposal.<sup>10</sup>

A full copy of the Independent Expert's Report is included in Appendix 1 to this Explanatory Booklet. I encourage you to read it in full before making your decision to vote.

#### Competing Proposal from COG Financial Services Limited

As announced to ASX on 30 October 2023, on 13 October 2023, Diverger received an unsolicited, confidential, non-binding indicative proposal from COG Financial Services Limited (**COG**) to acquire all of the Diverger Shares for an indicative price of \$1.4083 per Diverger Share with \$0.679 in cash per Diverger Share (48%) and \$0.731 in COG shares per Diverger Share (52%) (**COG Proposal**). The COG Proposal was subject to, among other things, due diligence on Diverger, COG's internal approvals and the entry into a scheme implementation deed with Diverger. The Diverger Board had determined that the COG Proposal is a genuine Competing Proposal that could reasonably be considered to become a Superior Proposal.

However, on 15 November 2023, COG announced to ASX that the COG Proposal had been withdrawn on the basis that COG had formed the view that Diverger's major shareholders who

<sup>10</sup> Paragraphs 18, 26 – 29, 31 and 34 of the Independent Expert's Report.



could control the vote on the COG Proposal, in the absence of any public statements to the contrary, were unlikely to vote in favour of the COG Proposal. COG has reserved its rights to re-engage with Diverger, including if the situation in respect of Diverger's major shareholders changes.

Accordingly, as at the date of this Explanatory Booklet, the Diverger Board considers that there is currently no Diverger Competing Proposal on foot. In addition, even if a subsequent Diverger Competing Proposal is received from COG (or any other third party), Count has the right (but not the obligation) to match any Superior Proposal. The Diverger Board will inform Diverger Shareholders of any material developments regarding any Diverger Competing Proposal that the Diverger Board believe could reasonably be considered to become a Superior Proposal.

### **Shareholder support from HUB24 Limited, Harvest Lane and Kevin White**

HUB24 Limited, which has a relevant interest in approximately 34.4% of Diverger Shares, has confirmed to Diverger that it supports the Scheme and intends to vote its Diverger Shares in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) to the effect that the Scheme is in the best interests of Diverger Shareholders.

In addition, the Diverger Board has received written communication from Harvest Lane Asset Management Pty Ltd, being Diverger's third largest shareholder with a relevant interest in approximately 5.7% of Diverger shares and Kevin White, being Diverger's fifth largest shareholder with a relevant interest in approximately 4.8% of Diverger Shares, each indicating that they are supportive of the Scheme and that they intend to vote their Diverger Shares in favour of the Scheme in the absence of a superior proposal (either in relation to Diverger or in relation to his Diverger Shares) and subject to the Independent Expert concluding (and continuing to conclude) to the effect that the Scheme is in the best interests of Diverger Shareholders.

### **Hybrid Scheme Meeting**

The Scheme Meeting will be held on Tuesday, 23 January 2024 at 10.00am (Sydney time).

Diverger Shareholders and their authorised proxies, attorneys and corporate representatives can attend the Scheme Meeting either:

- in person at MinterEllison, Level 40 Governor Macquarie Tower, 1 Farrer Place Sydney; or
- virtually via the following link: <https://meetings.linkgroup.com/DVRSM24>

If you are registered as a Diverger Shareholder on Diverger's Registry at 10.00am on Sunday, 21 January 2024, you will be entitled to vote at the Scheme Meeting. Further information on how to participate, ask questions and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting attached as Appendix 4 to this Explanatory Booklet and in the Meetings Online Guide which has been released to the ASX and will be available on Diverger's website.

### **Further information**

The Explanatory Booklet sets out important information relating to the Scheme, the reasons why the Diverger Board has recommended that Diverger Shareholders vote in favour of the Scheme together with the Independent Expert's Report. The Explanatory Booklet also sets out some of the reasons why you may wish to vote against the Scheme.

Please read the Explanatory Booklet carefully and in its entirety. It will assist you in making an informed decision on how to vote. We also recommend that you seek independent financial, legal and taxation advice before making any decision in relation to your Diverger Shares.

I encourage you to read this Explanatory Booklet. If you have any questions in relation to the Scheme, please call the Diverger Shareholder Information Line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time) or contact your legal, financial, taxation or other professional adviser.

On behalf of the Diverger Board, I commend the Scheme to you and would like to take this opportunity, once again to thank you for your support of Diverger.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Brook', with a stylized flourish at the end.

**Peter Brook**

**Non-Executive Chairman, Diverger Limited**

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# Key reasons to vote in favour of the Scheme

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Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders.<sup>11</sup> The reasons for your Directors' unanimous recommendation are summarised below and are set out in further detail in Section 2.3:

- ✓ **The implied value of the Scheme Consideration of \$1.42 per Diverger Share represents a significant premium to historical trading prices of Diverger Shares**
- ✓ **Receiving Count Shares as part of the Scrip Consideration provides Diverger Shareholders with the opportunity to become shareholders in the Combined Group and share the expected benefits created by the Scheme. Receiving Count Shares will provide Diverger Shareholders with ongoing exposure to the Diverger business as well as to the business of the Combined Group, which will provide diversification of revenue and the opportunity to further benefit from the increased scale, consolidation of the sector and meaningful synergies of the combined Diverger and Count businesses through receiving Count Shares. Diverger Shareholders could also benefit from enhanced liquidity and an increased capacity to potentially capitalise on industry consolidation through further inorganic growth, including via both large and small acquisitions**
- ✓ **The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Diverger Shareholders**
- ✓ **The ability to elect to receive Maximum Cash Consideration or Maximum Scrip Consideration provides flexibility and choice to eligible Diverger Shareholders (subject to scale back mechanisms)**
- ✓ **No Superior Proposal has emerged as at the date of this Explanatory Booklet**
- ✓ **If the Scheme does not proceed and no other proposal emerges, the price of Diverger Shares may fall in the near-term**
- ✓ **No brokerage or stamp duty will be payable by you on the transfer of your Diverger Shares under the Scheme**

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<sup>11</sup> You should note when considering this recommendation the interests of each Diverger Director in securities in Diverger, including Diverger Performance Rights, as set out in Sections 5.7 and 12.2 as well as the retention payment arrangement for the Managing Director in the amount of \$300,000, as set out in Section 12.6. In particular, all Diverger Directors hold Diverger Performance Rights and the Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date. The dollar value as a result of the treatment of the Diverger Performance Rights (on the basis of an implied value of the Scheme Consideration of \$1.42 per Diverger Share ) for each Diverger Director would be as follows: Peter Brook - \$213,000, Nathan Jacobsen - \$1,018,974, Anthony McDonald – \$142,000, Carl Scarcella - \$142,000 and Grahame Evans - \$142,000).

## Potential reasons to vote against the Scheme

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Your Directors have identified potential reasons to vote against the Scheme. These are summarised below and are set out in further detail in Section 2.4:

- ✘ You may disagree with the Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests
- ✘ You may prefer to maintain your current investment and exposure to a business with Diverger's specific characteristics and risk profile
- ✘ You may believe that the Scheme is not in the best interests of Diverger Shareholders, or you may consider that the Scheme Consideration is too low
- ✘ You may believe there is potential for a Superior Proposal to be received in the foreseeable future (noting that no Superior Proposal has been received as at the date of this Explanatory Booklet)
- ✘ The taxation implications of the Scheme may not suit your financial position

**YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTERESTS OF DIVERGER SHAREHOLDERS**

You should read this Explanatory Booklet and the Independent Expert's Report in full before making any decision on the Scheme. In particular, you should refer to Section 2 for guidance on the expected advantages, potential disadvantages and risks of the Scheme. This Explanatory Booklet does not take into account the financial situation, investment objectives and particular needs of any Diverger Shareholder. You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

# 1. Overview of the Scheme

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## 1.1 The Scheme at a glance

On 22 September 2023, Diverger announced it had entered into a Scheme Implementation Agreement with Count. It is proposed that Count will acquire 100% of the issued shares in Diverger (**Diverger Shares**) by way of a scheme of arrangement between Diverger and its Shareholders (**Scheme**). The Scheme Implementation Agreement and the terms of the Scheme were subsequently amended on 17 November 2023 to provide for an increase in the Scheme Consideration.

For the Scheme to proceed, the Scheme Resolution must be passed by:

- a majority in number (more than 50%) of eligible Diverger Shareholders present and voting at the Scheme Meeting (personally or by proxy, attorney, or in the case of a Diverger Shareholder or proxy who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting by eligible Diverger Shareholders (personally or by proxy, attorney, or in the case of a Diverger Shareholder or proxy who is a corporation, by corporate representative).

Diverger Shareholders will receive Scheme Consideration for each Diverger Share they hold on the Scheme Record Date.

If the Scheme is approved and implemented, Count will own 100% of Diverger Shares and Diverger will be delisted from ASX shortly after the Implementation Date. Diverger Shareholders are expected to own up to approximately 34% of the Combined Group with Count Shareholders owning the remaining approximately 66% of the Combined Group.

If the Scheme is not approved:

- Diverger Shareholders will not receive the Scheme Consideration; and
- Diverger Shareholders will retain their Diverger Shares.

In these circumstances, Diverger will, in the absence of another proposal, continue to operate as a stand-alone entity listed on the ASX and Diverger Shareholders will continue to be exposed to the benefits, opportunities and risks associated with their investment in Diverger.

## 1.2 Scheme Consideration

If the Scheme proceeds, all holders of Diverger Shares as at the Scheme Record Date (currently proposed to be 7.00pm on Friday, 23 February 2024) will transfer all of their Scheme Shares to Count on the Implementation Date (currently proposed to be Friday, 1 March 2024) in exchange for provision of the Scheme Consideration by Count.

Under the terms of the Scheme, Diverger Shareholders participating in the Scheme and who do not make an Election will receive default consideration of \$0.40 cash per Diverger Share (less the amount of any Permitted Dividend) (**Cash Consideration**) and 1.44 Count Shares for each Diverger Share held (**Scrip Consideration**). Alternatively, Diverger Shareholders (other than Foreign Scheme Shareholders or Small Shareholders) will have the option to make an Election to receive the Scheme Consideration in one of the below alternatives (subject to scale back limitations based on cap limitations):

- \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) for 100% of their Diverger Shares (**Maximum Cash Consideration**); or

- 2.16 Count Shares per Diverger Share (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of Maximum Scrip Consideration) for 100% of their Diverger Shares (**Maximum Scrip Consideration**).

This mix and match facility allows flexibility and is subject to a cash consideration cap of \$15,907,873 (less the aggregate amount of any Permitted Dividend), which excludes payments made to Ineligible Shareholders, and a Scrip Consideration Cap of 57,268,344 Count Shares. There is a scale back mechanism if Diverger Shareholder Elections exceed those caps which will be applied on a pro rata basis. This mechanism would operate such that the Diverger Shareholders who have made an Election will be deemed to have elected to receive either Maximum Cash Consideration or Maximum Scrip Consideration (as applicable) in respect of the scaled back percentage of their Scheme Shares. Instead of their Elected Consideration the Diverger Shareholders will receive the Default Scheme Consideration in respect of the remainder of their Scheme Shares.

It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as many Maximum Scrip Consideration Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared. If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.

The scale back mechanism and the cap limitations mean that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.

### 1.3 Interim and Permitted Dividends

Under the terms of the Scheme Implementation Agreement, Diverger is permitted to declare and pay two dividends, namely:

- a fully franked cash interim dividend for FY24 of up to \$0.02 per Diverger Share (**Interim Dividend**), which will not operate to reduce the Scheme Consideration; and
- a fully franked cash dividend of up to \$0.10 per Diverger Share (**Permitted Dividend**), which will operate to reduce the Scheme Consideration by the amount of the Permitted Dividend.

The Interim Dividend is not conditional on the Scheme and, if declared, will be paid irrespective of whether the Scheme proceeds or not, whereas the Permitted Dividend will only be paid if it is declared and if the Scheme proceeds.

If the Scheme is approved and implemented, Scheme Shareholders who have not made an Election and who hold their Diverger Shares on both the Scheme Record Date and the

Permitted Dividend Record Date will receive \$0.40 per Diverger Share and 1.44 Count Shares per Diverger Share, with the cash comprising the following components:

- cash consideration to be provided by Count, being not less than \$0.30 per Diverger Share (being the amount of \$0.40 per Diverger Shares (less the amount of any Permitted Dividend)); and
- a fully franked special dividend of up to \$0.10 per Diverger Share held on the Permitted Dividend Record Date (**Permitted Dividend**).

In addition, if the Interim Dividend is declared and paid, Diverger Shareholders will receive a fully franked interim dividend of up to \$0.02 per Diverger Share held on the Interim Dividend Record Date (**Interim Dividend**).

The Diverger Board's decision to declare the Interim Dividend and the Permitted Dividend will be subject to the requirements of the Corporations Act, the availability of retained earnings and franking credits as well as Diverger's cash reserves and existing funding lines.

In addition, the potential value in franking credits attached to the Interim Dividend and the Permitted Dividend (if declared) for those Diverger Shareholders who are able to realise the full benefit of franking credits, is up to \$0.051 per Diverger Share, comprising \$0.009 for the Interim Dividend and \$0.043 for the Permitted Dividend.

#### *Interaction between the Permitted Dividend and the Scheme Consideration*

Please note that if the Permitted Dividend is declared and the Scheme is implemented and assuming that you have not made an Election, you will only receive the total cash payment of \$0.40 per Diverger Share for each of your Diverger Shares if (and only if) you hold all of those shares on the Permitted Dividend Record Date and the Scheme Record Date. If you sell your Diverger Shares so that you cease to be a registered Diverger Shareholder prior to the Permitted Dividend Record Date you will not receive the Permitted Dividend or the Scheme Consideration. If you sell your Diverger Shares so that you cease to be a registered Diverger Shareholder prior to the Scheme Record Date, you will receive the Permitted Dividend but not the Scheme Consideration.

If the Permitted Dividend is not declared and the Scheme is implemented, then you will not receive any Permitted Dividend. In that scenario, and assuming that you have not made an Election, you will still receive the total cash payment of \$0.40 per Diverger Share and 1.44 Count Shares per Diverger Share that you hold on the Scheme Record Date.

The table below illustrates the consistent financial outcomes for Diverger Shareholders across the three principal alternative scenarios (assuming no scale back applies):

#### **A. Default Scheme Consideration**

<b>Scenario</b>	<b>What you will receive</b>	<b>Cash amount received per Diverger Share</b>
1. Diverger pays a Permitted Dividend of \$0.10	<ul style="list-style-type: none"> <li>• \$0.30 cash from Count and 1.44 Count Shares for every Diverger Share you hold on the Scheme Record Date</li> </ul> <p><i>plus</i></p> <ul style="list-style-type: none"> <li>• \$0.10 from Diverger for every Diverger Share you hold on the Permitted Dividend Record Date</li> </ul>	<p><b>\$0.40</b></p> <p>(\$0.30 + \$0.10)</p>

	(comprising a Permitted Dividend of \$0.10)	
2. Diverger does not pay any Permitted Dividend	<ul style="list-style-type: none"> <li>\$0.40 cash from Count and 1.44 Count Shares for every Diverger Share you hold on the Scheme Record Date</li> </ul>	<b>\$0.40</b>

### B. Maximum Cash Consideration

Scenario	What you will receive	Cash amount received per Diverger Share
1. Diverger pays a Permitted Dividend of \$0.10	<ul style="list-style-type: none"> <li>\$1.10 cash from Count for every Diverger Share you hold on the Scheme Record Date</li> </ul> <p><i>plus</i></p> <ul style="list-style-type: none"> <li>\$0.10 from Diverger for every Diverger Share you hold on the Permitted Dividend Record Date (comprising a Permitted Dividend of \$0.10)</li> </ul>	<b>\$1.20</b> (\$1.10 + \$0.10)
2. Diverger does not pay any Permitted Dividend	<ul style="list-style-type: none"> <li>\$1.20 cash from Count for every Diverger Share you hold on the Scheme Record Date</li> </ul>	<b>\$1.20</b>

### C. Maximum Scrip Consideration

Scenario	What you will receive	Cash amount received per Diverger Share
1. Diverger pays a Permitted Dividend of \$0.10	<ul style="list-style-type: none"> <li>1.98 Count Shares for every Diverger Share you hold on the Scheme Record Date*</li> </ul> <p><i>plus</i></p> <ul style="list-style-type: none"> <li>\$0.10 from Diverger for every Diverger Share you hold on the Permitted Dividend Record Date (comprising a Permitted Dividend of \$0.10)</li> </ul>	<b>\$0.10</b>



2. Diverger does not pay any Permitted Dividend	<ul style="list-style-type: none"> <li>2.16 Count Shares for every Diverger Share you hold on the Scheme Record Date*</li> </ul>	<b>Nil</b>
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\* The amount of Count Shares which you receive is calculated based on the formula set out below:

$$1.44 \times \left( \frac{1.2 \text{ less the amount (as a dollar decimal amount) of any Permitted Dividend (on a Diverger Share Basis)}}{0.8} \right)$$

If Diverger pays the Permitted Dividend (if declared), those Diverger Shareholders who are entitled to the franking credits attached to the Permitted Dividend may be entitled to an Australian tax offset of up to \$0.043.

Whether you will be entitled to the franking credits attached to any Permitted Dividend (if declared) will depend on your own specific circumstances. In assessing the value and impact to you of any Permitted Dividend (if declared), Diverger Shareholders should seek professional taxation advice based on their own individual circumstances. In particular, Diverger Shareholders should note that, depending on the timing of and price at which they acquired their Diverger Shares, there may be differences in the tax consequences for them. Refer to Section 9 'Taxation Implications for Diverger Shareholders' for further details.

Due to the different record dates that apply to the Permitted Dividend (if declared) and the Scheme respectively, only those persons registered as Diverger Shareholders on the Permitted Dividend Record Date, and the Scheme Record Date will be entitled to receive the Permitted Dividend and participate in the Scheme.

In particular:

- if you buy (additional) Diverger Shares so that you are not registered as the holder of those Diverger Shares until after the Permitted Dividend Record Date, those Diverger Shares will not carry for your benefit any right to the Permitted Dividend; and
- conversely, if you sell your Diverger Shares through an off-market transfer so that you only cease to be registered as the holder of those Diverger Shares after the Permitted Dividend Record Date but before the Scheme Record Date, you will receive the Permitted Dividend (if declared) but not the Scheme Consideration.

Diverger Shareholders should take careful note of the key dates applying to the Permitted Dividend (if declared) and the Scheme as set out in the section entitled 'Important dates' at the beginning of this Explanatory Booklet. Any acquisitions or disposals of Diverger Shares before or during these key dates will affect your entitlement to receive the Permitted Dividend (if declared) and participate in the Scheme.

## 1.4 Diverger Directors' recommendation and intentions

The table below sets out the Diverger Directors' views on key matters:

Voting recommendation	Your Directors <b>unanimously</b> recommend that Diverger Shareholders <b>vote in favour</b> of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert
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	continuing to conclude that the Scheme is in the best interests of Diverger Shareholders. <sup>12</sup>
Diverger Directors' personal voting intention	<p>Subject to those same qualifications, each Diverger Director intends to vote all Diverger Shares held or controlled by them in favour of the Scheme.</p> <p>As at the date of this Explanatory Booklet, your Directors hold or control in aggregate approximately 2.2% of all Diverger Shares on issue.</p>
Basis for voting recommendation	<p>Your Directors' voting recommendation is based predominantly on their view of the adequacy of the Scheme Consideration and the ability of Diverger Shareholders to share in any future upside and combination benefits with Count.</p> <p>In addition, your Directors have carefully considered the conditions, expected advantages, potential disadvantages and risks of the Scheme and the alternatives open to Diverger.</p> <p>These matters are described in more detail in Section 2 and in the Independent Expert's Report in Appendix 1. Your Directors consider that the expected advantages of the Scheme outweigh the potential disadvantages and risks and represent the best option open to Diverger, in the absence of a Superior Proposal.</p>

## 1.5 Independent Expert's conclusion

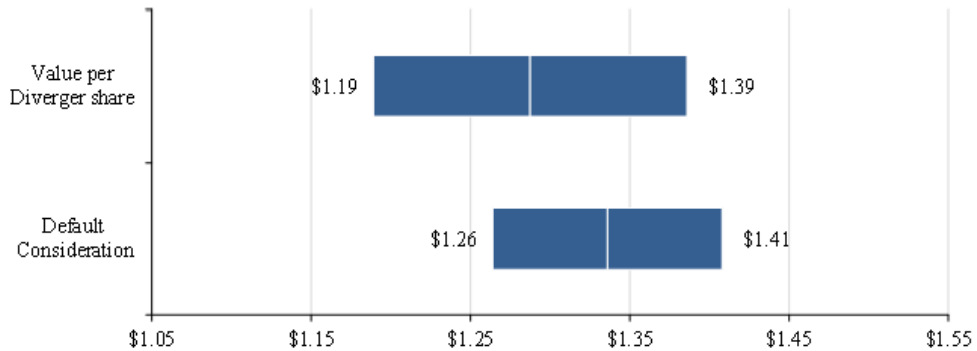
The Diverger Board has engaged the Independent Expert, Lonergan Edwards & Associates Limited, to prepare a report expressing an opinion on whether the Scheme is fair and reasonable and in the best interests of Diverger Shareholders.

The Independent Expert has assessed the value of Diverger on a 100% controlling interest basis at between \$1.19 and \$1.39 per Diverger Share. For purposes of the Independent Expert's Report, the Independent Expert has evaluated the Scheme solely by reference to the value of the Default Consideration, and provided observations with respect to the other forms of Scheme Consideration.

<sup>12</sup> You should note when considering this recommendation the interests of each Diverger Director in securities in Diverger, including Diverger Performance Rights, as set out in Sections 5.7 and 12.2 as well as the retention payment arrangement for the Managing Director, in the amount to \$300,000, as set out in Section 12.6. In particular, all Diverger Directors hold Diverger Performance Rights and the Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date. The dollar value as a result of the treatment of the Diverger Performance Rights (on the basis of an implied value of the Scheme Consideration of \$1.42 per Diverger Share ) for each Diverger Director would be as follows: Peter Brook - \$213,000, Nathan Jacobsen - \$1,018,974, Anthony McDonald – \$142,000, Carl Scarcella - \$142,000 and Grahame Evans - \$142,000).

The comparison of the Independent Expert's assessed value of Diverger with the Default Consideration is shown below:

#### Comparison of the assessed value of Diverger relative to the Default Consideration<sup>(1)</sup>



**Note:**

1 The white line positioned at the middle of our valuation range signifies the mid-point.

The Independent Expert has stated that as some of the Default Consideration includes Count shares (rather than being all cash), there is no single definitive estimate of value that can be relied upon for assessing “fairness” pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes. As Diverger also has a range of possible value outcomes, there are numerous different value comparisons that can be made between the value of Diverger and the value of the Default Consideration. Given this, the Independent Expert considers it appropriate to assess “fairness” by reference to the degree of overlap that exists between the respective valuation ranges, rather than by reference to any single point of comparison.

As there is a reasonable degree of overlap of values and the Independent Expert's assessed mid-point of the Default Consideration lies above the Independent Expert's assessed mid-point range of values for Diverger, the Independent Expert considers the Scheme to be “fair” to Diverger shareholders when assessed in accordance with the guidelines set out in RG 111.

Pursuant to RG 111, a transaction is reasonable if it is fair.

Accordingly, in the Independent Expert's opinion, the Scheme is also “reasonable” and therefore is also “in the best interests” of Diverger shareholders in the absence of a superior proposal.<sup>13</sup>

The Independent Expert's Report is included in Appendix 1. You should read that report as part of your assessment of the Scheme. Section 2.3(b) contains a summary of the key conclusions of the Independent Expert in relation to the Scheme.

## 1.6 Taxation implications

A general overview of certain taxation considerations (including income tax, GST and stamp duty) that may be applicable to Scheme Shareholders on implementation of the Scheme is provided in Section 9 of the Explanatory Booklet.

The information in Section 9 is general in nature and should not be relied on by Diverger Shareholders as taxation advice. Diverger Shareholders should obtain their own professional advice on the taxation implications relevant to them arising from the Scheme in their own individual circumstances. In particular, Diverger Shareholders should note that, depending on the timing of and price at which they acquired their Diverger Shares, there may be differences in the taxation consequences for them.

## 1.7 Current status and next steps

For the Scheme to proceed, the Scheme Resolution must be approved by the requisite majorities of Diverger Shareholders at the Scheme Meeting and approved by the Court. There are also other Conditions that need to be satisfied or waived before the Scheme proceeds. The key remaining Conditions are summarised in Section 2.5(b). The Conditions are set out in full in clause 3.1 of the Scheme Implementation Agreement.

As at the date of this Explanatory Booklet, neither Diverger nor any of the Diverger Directors is aware of any circumstances that would cause any of the Conditions to the Scheme not to be satisfied or which could result in termination of the Scheme Implementation Agreement.

If all of the Conditions to the Scheme are satisfied or waived (as applicable), the Scheme will constitute a binding arrangement between Diverger and all holders of Diverger Shares as at the Scheme Record Date (currently proposed to be Friday, 23 February 2024) (referred to in the Scheme and in this Explanatory Booklet as Scheme Shareholders) to undertake the steps required to give effect to the Scheme.

If all of the Conditions to the Scheme are satisfied or waived (as applicable), Scheme Shareholders will be bound by the Scheme whether or not they:

- participated in the Scheme Meeting;
- voted at the Scheme Meeting; or
- voted against the Scheme at the Scheme Meeting.

## 1.8 Implementation

If all necessary approvals and other Conditions for the Scheme are satisfied or waived (as applicable), it is proposed that the Scheme will be implemented on the Implementation Date (currently proposed to be Friday, 1 March 2024). The Scheme will apply to and bind all Scheme Shareholders. Importantly, no transfer of Scheme Shares under the Scheme will occur unless:

- on the Business Day prior to the Implementation Date (currently proposed to be Friday, 1 March 2024) Count has deposited an amount equal to the aggregate Cash Consideration payable in connection with the Scheme in cleared funds into the Trust Account operated by Diverger as trustee for the benefit of the Scheme Shareholders;
- on the Implementation Date, and subject to Count having deposited the Cash Consideration into the Trust Account, Diverger has paid or procured the payment of the Cash Consideration to each Scheme Shareholder by mailed cheque or funds transfer to the bank account nominated by an appropriate authority by the Scheme Shareholder; and
- on the Implementation Date, Count issues the Count Consideration Shares to Eligible Scheme Shareholders in accordance with the Scheme.

Only once these steps have occurred will the Scheme Shares be transferred to Count.

In addition, Count has executed the Deed Poll in favour of the Scheme Shareholders, under which, subject to the Scheme becoming Effective, Count undertakes to provide the Scheme Consideration in accordance with the Scheme. A copy of the Deed Poll is contained in Appendix 2 to this Explanatory Booklet.

Having regard to the above matters, the Diverger Directors consider that Scheme Shareholders are not exposed to any risk under the Scheme that any transfer of ownership of their Shares will occur without the Scheme Consideration first having been provided to them.

Section 10 describes in further detail the procedural aspects of the Scheme and Section 11 describes how the Scheme will be implemented.

## 1.9 Warranties provided by Diverger Shareholders

The Scheme provides that Scheme Shareholders are taken to have warranted to Diverger that:

- all their Diverger Shares (including any rights and entitlements attaching to those shares) transferred to Count under the Scheme will, at the time of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) (**PPSA**) and interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind;
- they will have full power and capacity to sell and transfer their Diverger Shares (together with any rights attaching to those shares) to Count under the Scheme; and
- they have no existing right to be issued any Diverger Shares, Diverger Performance Rights, options exercisable into Diverger Shares, Diverger convertible notes or any other Diverger securities.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

## 1.10 Exclusivity arrangements, competing proposals and Break Fee arrangements

### (a) Exclusivity arrangements

Under the Scheme Implementation Agreement, Diverger has agreed to certain exclusivity arrangements in favour of Count. Count has also agreed to certain exclusivity arrangements in favour of Diverger. Please refer to Section 2.5(e) for further information on these exclusivity arrangements, and to clauses 16 and 17 of the Scheme Implementation Agreement for the complete terms of these arrangements.

### (b) Competing proposals

Your Directors' recommendation of the Scheme is qualified as applying in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders. As at the date of this Explanatory Booklet, no Superior Proposal has been received. As part of the exclusivity arrangements described in Section 2.5(e), Diverger has agreed not to solicit, invite or encourage any Diverger Competing Proposal. However, these restrictions do not prevent Diverger from considering an unsolicited Diverger Competing Proposal. Count has the right (but not the obligation) to match any unsolicited Superior Proposal.

As announced to ASX on 30 October 2023, on 13 October 2023, Diverger received an unsolicited, confidential, non-binding indicative proposal from COG Financial Services Limited (**COG**) to acquire all of the Diverger Shares for an indicative price of \$1.4083 per Diverger Share with \$0.679 in cash per Diverger Share (48%) and \$0.731 in COG shares per Diverger Share (52%) (**COG Proposal**). The COG Proposal was subject to, among other things, due diligence on Diverger, COG's internal approvals and the entry into a scheme implementation deed with Diverger.

The Diverger Board had determined that the COG Proposal is a genuine Competing Proposal that could reasonably be considered to become a Superior Proposal.

However, on 15 November 2023, COG announced to ASX that the COG Proposal had been withdrawn on the basis that COG had formed the view that Diverger's major shareholders who could control the vote on the COG Proposal, in the absence of any public statements to the contrary, were unlikely to vote in favour of the COG Proposal. COG has reserved its rights to re-

engage with Diverger, including if the situation in respect of Diverger's major shareholders changes.

Accordingly, as at the date of this Explanatory Booklet, the Diverger Board considers that there is currently no Diverger Competing Proposal on foot. In addition, even if a subsequent Diverger Competing Proposal is received from COG (or any other third party), Count has the right (but not the obligation) to match any Superior Proposal. If a Diverger Competing Proposal emerges prior to the Scheme Meeting, your Directors will carefully consider the proposal to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that the Scheme is presently the most favourable proposal for all your Diverger Shares.

Please see Section 2.4(e) for further discussion about the implications of any Diverger Competing Proposal that may emerge.

### (c) Break Fees

Under the Scheme Implementation Agreement:

- Diverger has agreed in certain circumstances to pay Count a break fee of \$500,000 (inclusive of GST) (**Diverger Break Fee**); and
- Count has agreed in certain circumstances to pay Diverger a break fee of \$500,000 (inclusive of GST) (**Count Break Fee**).

In the context of the Diverger Break Fee, these circumstances broadly relate to where there is a change of recommendation by the Diverger Board, a Diverger Competing Proposal succeeds or the Scheme Implementation Agreement has been terminated by Count.

In the context of the Count Break Fee, the relevant circumstance is if the Scheme becomes Effective but Count fails to provide the Scheme Consideration or the Scheme Implementation Agreement has been terminated by Diverger.

Please refer to Section 2.5(f) for further information on these break fee arrangements and to clauses 14 and 15 of the Scheme Implementation Agreement for the complete terms of these arrangements.

### (d) Liquidated Damages Amount

Count is not entitled to terminate the Scheme Implementation Agreement in order to pursue, agree or implement a Count Competing Proposal. If Count breaches the Scheme Implementation Agreement in a manner which causes implementation of the Scheme to become impossible or impracticable, or otherwise materially breaches the Scheme Implementation Agreement in order to pursue, agree or implement a Count Competing Transaction, Count must pay to Diverger \$1,250,000 (excluding GST) (**Liquidated Damages Amount**), even if the Count Board determines that the breach is required in order to fulfil the fiduciary or statutory duties of the directors of Count.

Please refer to clause 17 of the Scheme Implementation Agreement for the complete terms of this arrangement.

## 2. Relevant considerations for Diverger Shareholders

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### 2.1 Introduction

The purpose of this Section 2 is to identify significant issues for Diverger Shareholders to consider in relation to the Scheme.

Before deciding how to vote at the Scheme Meeting, Diverger Shareholders should carefully consider the factors discussed below as well as the other information contained in this Explanatory Booklet.

Your Directors recommend that you consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your individual circumstances.

### 2.2 Diverger Directors' recommendation and intentions

The Diverger Directors as at the date of this Explanatory Booklet are:

- Mr Peter Brook (Non-Executive Chairman);
- Mr Nathan Jacobsen (Managing Director);
- Mr Anthony Bruce McDonald (Non-Executive Director);
- Mr Carl Scarcella (Non-Executive Director); and
- Mr Grahame David Evans (Non-Executive Director).

Profiles of each member of the Diverger Board are set out in Section 5.5.

The interests of the Diverger Directors in the Scheme are disclosed in Section 12.2.

For the reasons set out in Section 2.3, your Directors unanimously believe that:

- the expected advantages of the Scheme outweigh the potential disadvantages and risks and represent the best option open to Diverger; and
- the Scheme is otherwise in the best interests of Diverger Shareholders,

in each case, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders.

Accordingly, your Directors unanimously recommend that Diverger Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders.<sup>14</sup>

Subject to those same qualifications, your Directors intend to vote all Diverger Shares held or controlled by them, in favour of the Scheme. As at the date of this Explanatory Booklet, your Directors hold or control in aggregate approximately 2.2% of all Diverger Shares on issue.

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<sup>14</sup> You should note when considering this recommendation the interests of each Diverger Director in securities in Diverger, including Diverger Performance Rights, as set out in Sections 5.7 and 12.2 as well as the retention payment arrangement for the Managing Director, in the amount of \$300,000 as set out in Section 12.6. In particular, all Diverger Directors hold Diverger Performance Rights and the Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date. The dollar value as a result of the treatment of the Diverger Performance Rights (on the basis of an implied value of the Scheme Consideration of \$1.42 per Diverger Share ) for each Diverger Director would be as follows: Peter Brook - \$213,000, Nathan Jacobsen - \$1,018,974, Anthony McDonald – \$142,000, Carl Scarcella - \$142,000 and Grahame Evans - \$142,000).

No Superior Proposal from another party has been received as at the date of this Explanatory Booklet. You are not obliged to accept the Directors' recommendation. Some of the reasons why you may decide to vote against the Scheme are set out in Section 2.4.

You should note that if you decide to vote against the Scheme, the Scheme will nevertheless proceed if they are approved by the requisite majority of Diverger Shareholders, approved by the Court and if the other Conditions are satisfied or waived (see Sections 2.5(b), 2.5(c) and 10).

## 2.3 Key reasons for Diverger Directors' recommendation

The Diverger Board believes Diverger Shareholders should vote in favour of the Scheme at the Scheme Meeting for the following reasons:

### (a) Attractive premium for Diverger shareholders:

As illustrated in the chart provided, the Scheme Consideration offers Diverger Shareholders an attractive premium over the pre-announcement Diverger Share price. Based on the closing price of Count Shares on the Last Practicable Date (being 6 December 2023), the implied value of the Scheme Consideration is \$1.42 per Diverger Share<sup>15</sup> and represents:

- a 58.9% premium to Diverger's last closing share price at 21 September 2023, being the last ASX trading day prior to the announcement of the Proposed Transaction;
- a 58.5% premium to Diverger's one month VWAP at 21 September 2023;
- a 63.5% premium to Diverger's three month VWAP at 21 September 2023;
- an equity value of \$56.6 million;<sup>16</sup> and
- an EV/EBITA multiple of 8.1x.<sup>17</sup>



<sup>15</sup> The implied value of the default Scheme Consideration of \$1.42 is based on the closing price of Count Shares of \$0.71 on the Last Practicable Date. At the time of the announcement of the amendment to the Scheme Consideration, on 17 November 2023, the implied value of the Scheme Consideration was \$1.365 based on the closing price of Count Shares of \$0.67 on 16 November 2023, being the last trading day prior to the announcement of the amendment to the Scheme Consideration. The implied value of the Scheme Consideration received by Diverger Shareholders will depend on the trading price of Count Shares on the Implementation Date.

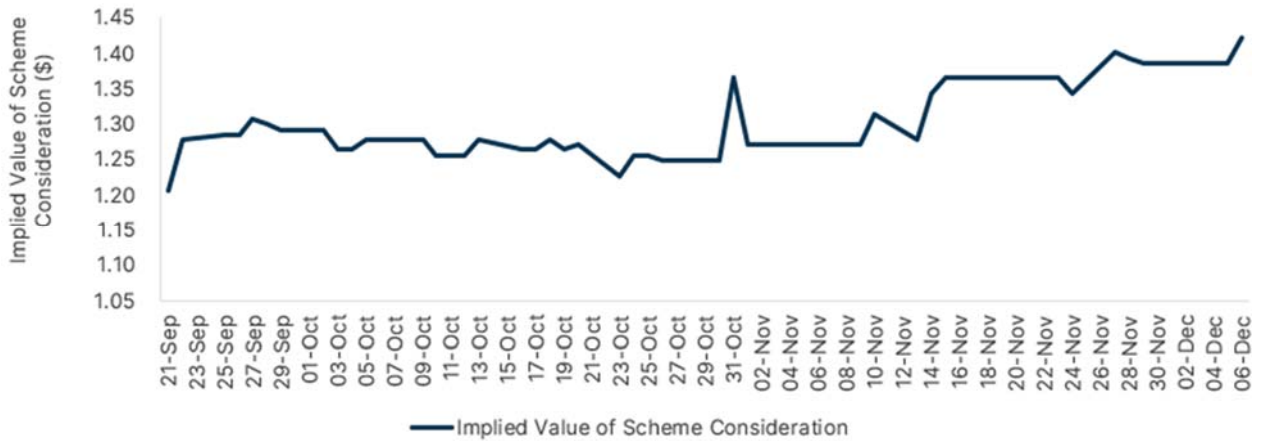
<sup>16</sup> Based on a Count share price of \$0.71 and 39,769,683 diluted Diverger shares on issue.

<sup>17</sup> Presented on FY23 EBITA (pre-synergies) basis.



However, it is important to note that given the Scrip Consideration component of the Scheme Consideration, the implied value of the Scheme Consideration and the premium will shift with movements in the price of Count Shares up until the implementation of the Scheme.

Since the announcement of the Scheme to the Last Practicable Date, the Count share price has traded in a range of \$0.575 to \$0.71, and the value of the Scheme Consideration has shifted accordingly as follows:



**(b) Receiving Count Shares as part of the Scrip Consideration provides Diverger Shareholders with the opportunity to become shareholders in the Combined Group and share the expected benefits created by the Scheme:**

The structure of Scheme Consideration provides an opportunity for Diverger Shareholders to share in any future upside and combination benefits with Count. Together, Diverger and Count will be a larger, more liquid and more profitable business, being able to take advantage of the industry consolidation opportunity in the advice and accounting market. Receiving Count Shares will provide Diverger Shareholders with ongoing exposure to the Diverger business as well as to the business of the Combined Group, which will provide diversification of revenue and the opportunity to benefit from economies of scale. The expected benefits of the Scheme include:

- an opportunity to enhance the value proposition for customers of both businesses, by delivering a greater range of product offerings for existing and new customers and delivering future revenue opportunities;
- an ability to leverage the enhanced scale, capabilities, distribution, product offerings and technological development of the Combined Group;
- Diverger Shareholders could further benefit from the increased scale, consolidation of the sector and meaningful cost and revenue synergies of the combined Diverger and Count businesses through receiving Count Shares. In holding shares in Count, Diverger Shareholders could benefit from the Combined Group's expansion of core client services utilising the skill and expertise of both Diverger's and Count's existing operations team and combined product offerings;
- the Diverger Board believes there are material benefits to Diverger Shareholders from having increased capacity to potentially capitalise on industry consolidation through further inorganic growth, including via both large and small acquisitions and that pursuing a combination with Count is aligned with Diverger's strategy to accelerate inorganic and organic growth and take advantage of market dynamics;

- taking advantage of the market dynamics and the consolidation of the sector to create and gain exposure to one of Australia's leading networks of integrated accounting and advice firms;
- the material scale and diversification benefits better positions the Combined Group as a larger business for further significant inorganic M&A;
- the Diverger Board believes Diverger Shareholders could benefit from enhanced liquidity in the Combined Group through the new issuance of shares and an enlarged shareholder base, and through increased market coverage from being a larger capitalised company. Diverger Shareholders should benefit from enhanced liquidity in the Combined Group through the new issuance of shares and enlarged shareholder base. The Combined Group may provide liquidity benefits in circumstances where you may (depending on the size of your shareholding) presently face limited opportunities to achieve full liquidity in respect of your Diverger Shares, or may only do so at a discount to the applicable prevailing share price;
- exposure to a larger and more diversified company which has a significant growth profile;
- by receiving Count Shares, Diverger Shareholders will be able to directly participate in any value creation flowing from these scale and synergy benefits, including the cost synergies of up to approximately \$3 million targeted in the first full financial year post implementation of the Scheme, with further potential incremental revenue opportunities after integration of the businesses.<sup>18</sup> To the extent these synergies are realised, it is expected there will be an improvement to the earnings per share of the Combined Group. Diverger Shareholders should however note that they will also be exposed to associated risks of holding Count Shares. Please refer to Section 8.4 for further details of these risks; and
- Diverger Shareholders wishing to fully realise their investment may benefit from the Combined Group having an increased market capitalisation and an enlarged shareholder base. This may result in increased institutional investment, analyst coverage and potentially enhanced liquidity in Count shares.

- (c) **Independent Expert's conclusion:** The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Diverger Shareholders.

The Independent Expert states that:

*We has assessed the value of Diverger on a 100% controlling interest basis at between \$1.19 and \$1.39 per Diverger Share.*

*We have assessed the value of the Maximum Cash Consideration at \$1.20 to \$1.22 per Diverger share (the high end of which includes the maximum permitted Diverger Interim Dividend).*

18

The annual synergies are expected to be realised through operational and corporate efficiencies including a reduction of costs arising from the removal of duplication including corporate overheads, listing, audit, management, board, information technology and outsourced services. Diverger Shareholders should note that the potential synergies outlined above represent current expectations, and is subject to a number of assumptions, including as to future events which involve inherent uncertainties and contingencies. The final synergy value will only be able to be determined following implementation of the Scheme and completion of the Combined Group's review of its operations. There is a risk that these synergies may not be realised or that they may be realised over a longer period of time than anticipated.

The Default Consideration and Maximum Scrip Consideration include (to varying degrees) Count shares. We have determined the value of the Default Consideration and Maximum Scrip Consideration as follows:

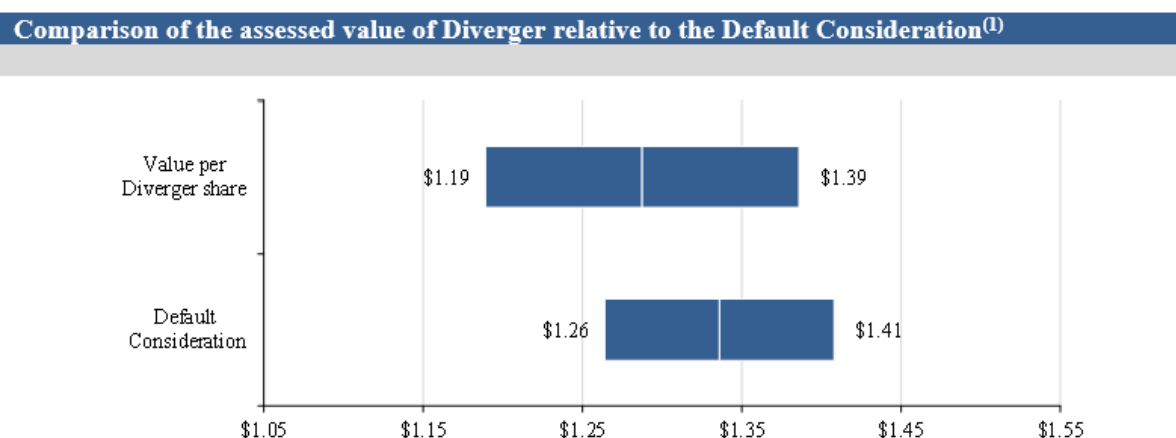
Value of the Default Consideration and the Maximum Scrip Consideration <sup>(1)</sup>			
	Low \$	Mid-point \$	High \$
<b>Default Consideration</b>			
Assessed value of Count per share	0.60	0.65	0.70
Number of Count shares to be issued per Diverger share	1.44	1.44	1.44
Value of Count shares offered as Default Consideration	0.86	0.94	1.01
Cash per Diverger share	0.40	0.40	0.40
<b>Assessed value of Default Consideration<sup>(2)</sup></b>	<b>1.26</b>	<b>1.34</b>	<b>1.41</b>
<b>Maximum Scrip Consideration</b>			
Assessed value of Count per share	0.60	0.65	0.70
Number of Count shares to be issued per Diverger share <sup>(3)</sup>	2.16	2.16	2.16
<b>Assessed value of Maximum Scrip Consideration<sup>(2)(3)</sup></b>	<b>1.30</b>	<b>1.40</b>	<b>1.51</b>

**Note:**

- 1 Rounding differences may exist.
- 2 Excludes the impact of the potential Diverger Interim Dividend and Count Interim Dividend as, whilst the potential (small) interim dividend payments are marginally dilutive, these are not considered to have any material impact on value.
- 3 Assumes no Permitted Dividend. The range changes to \$1.29 to \$1.49 per Diverger share, if the maximum Permitted Dividend of \$0.10 per share is assumed.

For purposes of our report, we have evaluated the Scheme solely by reference to the value of the Default Consideration, and provided observations with respect to the other forms of Scheme Consideration.

The comparison of our assessed value of Diverger with the Default Consideration is shown below:



**Note:**

- 1 The white line positioned at the middle of our valuation range signifies the mid-point.

As some of the Default Consideration includes Count shares (rather than being all cash), there is no single definitive estimate of value that can be relied upon for assessing "fairness" pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes. As Diverger also has a range of possible value outcomes, there are numerous different value comparisons that can be made between the value of Diverger and the value of the Default Consideration. Given this, we consider it appropriate to

assess “fairness” by reference to the degree of overlap that exists between the respective valuation ranges, rather than by reference to any single point of comparison.

As there is a reasonable degree of overlap of values and our assessed mid-point of the Default Consideration lies above our assessed mid-point range of values for Diverger, we consider the Scheme to be “fair” to Diverger shareholders when assessed in accordance with the guidelines set out in RG 111.

Pursuant to RG 111, a transaction is reasonable if it is fair.

With respect to the alternative forms of Scheme Consideration that may be elected by Diverger Shareholders, we make the following observations :

- (a) *Maximum Cash Consideration – as the value of the Maximum Cash Consideration lies within (albeit towards the lower end of) our assessed valuation range for Diverger shares on a 100% controlling interest basis, in our opinion, the Maximum Cash Consideration is “fair”*
- (b) *Maximum Scrip Consideration – as there is a high degree of overlap of values and the assessed mid-point of the Maximum Scrip Consideration lies at the high end of our assessed mid-point value of Diverger shares on a 100% controlling interest basis, in our opinion, the Maximum Scrip Consideration is “fair”.*

Accordingly, in our opinion, the Scheme is also “reasonable” and therefore is also “in the best interests” of Diverger shareholders in the absence of a superior proposal.<sup>19</sup>

The Independent Expert’s Report is included in full in Appendix 1. You should read that report as part of your assessment of the Scheme.

**(d) The ability to elect to receive Maximum Cash Consideration or Maximum Scrip Consideration provide flexibility and choice to eligible Diverger Shareholders (subject to scale back mechanisms):**

Under the Scheme, instead of the Default Scheme Consideration, each Diverger Shareholder (other than a Foreign Scheme Shareholder or Small Shareholder), can make an Election to receive their Scheme Consideration in one of the following forms (subject to a scale back mechanism based on cap limitations):

- **Maximum Cash Consideration** comprising \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) for 100% of all Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of \$15,907,873 (less the aggregate amount of any Permitted Dividend), which excludes payments made to Ineligible Shareholders; or
- **Maximum Scrip Consideration** comprising 2.16 Count Consideration Shares (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of Maximum Scrip Consideration) for 100% of all Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of 57,268,344 Count Shares. The implied value of the Maximum Scrip Consideration is \$1.53 per Diverger Share.<sup>20</sup>

It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as

<sup>19</sup> Paragraphs 18, 20, 21, 26 – 29, 31 and 34 of the Independent Expert’s Report.

<sup>20</sup> The implied value of \$1.53 if you elect Maximum Scrip Consideration is based on the closing price of Count Shares of \$0.71 on the Last Practicable Date. The implied value of the Scheme Consideration received by Diverger Shareholders will depend on the trading price of Count Shares on the Implementation Date.

many Maximum Scrip Consideration Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared.

If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.

The scale back mechanism and the cap limitations mean that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.

- (e) No Superior Proposal:** As of the date of this Explanatory Booklet, Diverger has not received any Superior Proposal. As previously stated, the COG Proposal has been withdrawn by COG. Accordingly, as at the date of this Explanatory Booklet, the Diverger Board considers that there is currently no Diverger Competing Proposal on foot. The Diverger Board will notify Diverger Shareholders of any material developments regarding any Diverger Competing Proposal that the Diverger Board believe could reasonably be considered to become a Superior Proposal.
- (f) If the Scheme does not proceed and no other proposal emerges or proceeds, the price of Diverger Shares may fall in the near term:** If the Scheme is not approved and no other proposal emerges or proceeds, there is a possibility that the Diverger Share price could decline below the value of the Scheme Consideration in the near term. Prior to Diverger's announcement of entering into the Scheme Implementation Agreement, the VWAP of Diverger Shares over a one-month period was \$0.90<sup>21</sup>. The Diverger Board considers that, in the absence of the Scheme or a Superior Proposal, the Diverger Share price may drop below the value of the Scheme Consideration in the near term.
- (g) If the Scheme is not approved and no other proposal emerges or proceeds, Diverger Shareholders will continue to be exposed to risks associated with the Diverger business:** If the Scheme does not proceed, the amount which Diverger Shareholders will be able to realise in respect of their Diverger Shares, in terms of trading price, may be uncertain and subject to a number of risks outlined in Section 8. The Scheme provides Diverger Shareholders with the opportunity to fully exit their investment in Diverger (subject to the applicable of any scale back mechanism) and realise certain and immediate value. To the extent that Diverger Shareholders receive Count Consideration Shares, those Diverger Shareholders will continue to be exposed to these risks and uncertainties through an investment in the Combined Group. There is a further risk that if the Scheme does not proceed, Diverger may face a heightened risk of senior management departures, having regard to the distraction and destabilisation associated with the significant time spent pursuing the Proposed Transaction and this in turn may increase the risk that Diverger's strategy set out in Section 5.4 may be delayed

or may not be achieved due to business disruption including the potential loss of key client accounts.

- (h) **No brokerage or stamp duty will be payable by you on the transfer of your Diverger Shares:** You will not incur any brokerage or stamp duty on the transfer of your Diverger Shares to Count under the Scheme. If you sell your Diverger Shares on ASX (rather than disposing of them via the Scheme), you may incur brokerage charges.

## 2.4 Potential disadvantages of the Scheme

The Scheme has a number of potential disadvantages and risks that Diverger Shareholders must consider in deciding whether or not to vote in favour of the Scheme. While the Diverger Board are of the opinion that these disadvantages are outweighed by the advantages of the Scheme, Diverger Shareholders should consider their individual circumstances and make their own determination. Disadvantages of the Scheme to Diverger Shareholders include:

- (a) **You may disagree with the Diverger Board's unanimous recommendation and the Independent Expert's conclusion:** Notwithstanding the unanimous recommendation of the Diverger Board and the conclusion of the Independent Expert, you may believe that the Scheme is not in the best interests of the Diverger Shareholders. In concluding that the Scheme is in the best interests of Diverger Shareholders, absent a Superior Proposal, the Diverger Board and the Independent Expert are making judgements based on future trading conditions and events which cannot be predicted with any certainty, and which may prove to be inaccurate (positively or negatively). You may hold a different view from, and are not inclined to follow the recommendation of, the Diverger Board, and you may not agree with the Independent Expert's conclusion.
- (b) **You may prefer to maintain your current investment and exposure to a business with Diverger's specific characteristics and risk profile:** Diverger Shareholders may wish to keep their Diverger Shares and preserve their investment in a publicly listed company with the specific characteristics of Diverger. The asset composition and exposure, earnings mix and risk profile of Diverger and Count on a standalone basis are different. Additionally, you may find that the risk and investment profile of the Count Group may not be consistent with your investment preferences. Section 6 summarises the business operations and strategy of Count. You should read that section to understand what additional businesses and assets you will be exposed to if you become a Count Shareholder on implementation of the Scheme. Implementation of the Scheme may represent a disadvantage if you do not want to change your investment profile. Further information about the Combined Group and the risks of holding Count Shares is set out in Sections 7 and 8.4.
- (c) **You may consider that the Scheme Consideration is too low and believe that the Scheme Consideration does not fully capture the long-term potential value of Diverger:** You may hold the view that Diverger has robust long-term potential and that the Scheme Consideration does not adequately reflect your perspective on its long-term value. As a result, you may decide that it is better for you to retain your Diverger Shares and seek to realise their value over an extended period of time.
- (d) **The tax consequences of the Scheme may not suit your financial position:** Implementation of the Scheme may trigger taxation consequences for Diverger Shareholders (including Australian income tax consequences), which may arise earlier than may otherwise be the case. The general tax implications for Diverger Shareholders are described in Section 9 to this Explanatory Booklet but you should seek professional tax advice that are applicable to your personal circumstances.
- (e) **You may consider there is potential for a Superior Proposal to arise for Diverger:** It is possible that a more attractive proposal for Diverger's Shareholders could materialise

in the future, such as a takeover bid or rival scheme proposal with a higher offer price than the Scheme Consideration. The Scheme becoming Effective and being implemented will mean that existing Diverger Shareholders will not receive the benefit of any such Superior Proposal.

As noted above, as at the date of this Explanatory Booklet, the COG Proposal has been withdrawn by COG. In addition, even if a Superior Proposal is received from any third party, Count has the right (but not the obligation) to match any unsolicited Superior Proposal. Moreover, any Superior Proposal structured as a scheme of arrangement would require the support of HUB24 Limited, which has a relevant interest in approximately 34.4% of Diverger Shares, by not voting against the resolution to approve that scheme. For a summary of these obligations, please refer to Section 2.5(e). Diverger will notify Diverger Shareholders of any material developments regarding any Diverger Competing Proposal that the Diverger Board believe could reasonably be considered to become a Superior Proposal.

## 2.5 Other relevant considerations

### (a) For Diverger Shareholders receiving Count Consideration Shares, the value of the Count Consideration Shares may fluctuate before the Count Consideration Shares are issued

Diverger Shareholders who do not make an Election will receive the default consideration of \$0.40 cash (less the amount of any Permitted Dividend) and 1.44 Count Shares for each Diverger Share held on the Scheme Record Date.

Alternatively, Diverger Shareholders who make a valid Election to receive 100% of their Scheme Consideration entitlement in the form of Count Consideration Shares will receive 2.16 Count Shares (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of Maximum Scrip Consideration) for each Diverger Share held on the Scheme Record Date, subject to the potential application of scale back.

In either scenario (whether or not scale back occurs), as the share ratio is fixed, the implied value of the Scheme Consideration may fluctuate before the Count Consideration Shares are issued on the Implementation Date. Importantly, if the market price of Count Shares falls, the implied value of the Scheme Consideration may fall below the valuation range of the Independent Expert of between \$1.19 and \$1.39 per Diverger Share.

Set out below is an illustration of the implied value of the Scheme Consideration based on potential movements in the market price of Count Consideration Shares on the ASX and assuming no scale back:

Count Share Price	Implied value of the Scheme Consideration under a Maximum Scrip Election <sup>22</sup>	Implied value of the Scheme Consideration under the Default Scheme Consideration
\$0.45	\$0.97	\$1.05
\$0.50	\$1.08	\$1.12
\$0.55	\$1.19	\$1.19
\$0.60	\$1.30	\$1.26
\$0.65	\$1.40	\$1.34

<sup>22</sup> Assuming no scale back and no Permitted Dividend.

\$0.70	\$1.51	\$1.41
\$0.75	\$1.62	\$1.48
\$0.80	\$1.73	\$1.55
\$0.85	\$1.84	\$1.62
\$0.90	\$1.94	\$1.70

In comparison, Diverger Shareholders who make an Election to receive 100% of their Scheme Consideration entitlement in the form of cash would receive \$1.20 cash for each Diverger Share held on the Scheme Record Date (less the amount of any Permitted Dividend) (assuming no scale back). This will not be subject to change, assuming no scale back applies.

Given this, in deciding whether to vote in favour of the Scheme, and whether to make an Election, Diverger Shareholders should carefully consider the current market price of Count Shares and the potential for that price to fall or rise before the Count Consideration Shares are issued under the Scheme.

Diverger Shareholders should also consider the important information regarding Count Consideration Shares in Section 6.7 and the risks associated with owning Count Consideration Shares, as set out in Section 8.4.

**(b) The Scheme is subject to conditions**

In addition to the need to obtain Shareholder approval and Court approval, the Scheme is subject to other Conditions. The Conditions are summarised below. The Conditions for the Scheme are set out in full in the Scheme Implementation Agreement which was released to ASX on 22 September 2023.

All Conditions need to be satisfied (or alternatively waived, in the case of certain Conditions that are capable of being waived) in order for the Scheme to proceed.

***Conditions applicable to the Scheme***

- **No Diverger Prescribed Occurrence between 22 September 2023 and the Delivery Time on the Second Court Date** – the prescribed occurrence events mainly relate to changes to Diverger's capital structure, payment of dividends, material acquisitions or disposals, material changes to Diverger's constitution, and insolvency type events. These prescribed occurrence events are subject to exclusions including for matters required to be done under the Scheme Implementation Agreement and the Scheme, or done with Count's prior approval. Under the Scheme Implementation Agreement, Diverger has agreed with Count that apart from the Interim Dividend and the Permitted Dividend, Diverger will not declare, determine or pay any other dividends.
- **No Count Prescribed Occurrence between 22 September 2023 and the Delivery Time on the Second Court Date** – the prescribed occurrence events mainly relate to changes to Count's capital structure, payment of dividends, material acquisitions or disposals, material changes to Count's constitution, and insolvency type events. These prescribed occurrence events are subject to exclusions including for matters required to be done under the Scheme Implementation Agreement and the Scheme, or done with Diverger's approval. Under the Scheme Implementation Agreement, Diverger has agreed with Count that apart from an interim dividend of up to \$0.02 per Count Share, Count will not declare, determine or pay any other dividends.
- **No Diverger Material Adverse Change between 22 September 2023 and the Delivery Time on the Second Court Date** – a Diverger Material Adverse Change is



defined by reference to specific, objectively ascertainable events and embodies a number of exclusions. A cure period of 10 Business Days applies in respect of any actual or alleged Diverger Material Adverse Change. For further details, please refer to the definition of Diverger Material Adverse Change in the Scheme Implementation Agreement.

- **No Count Material Adverse Change in relation to Count between 22 September 2023 and the Delivery Time on the Second Court Date** – a Count Material Adverse Change in relation to Count is defined by reference to specific, objectively ascertainable events and embodies a number of exclusions. A cure period of 10 Business Days applies in respect of any actual or alleged Count Material Adverse Change. For further details, please refer to the definition of Count Material Adverse Change in the Scheme Implementation Agreement.
- **No change of Diverger Board recommendation between 22 September 2023 and the Delivery Time on the Second Court Date** – none of the Diverger Directors changing, qualifying or withdrawing their unanimous recommendation to Diverger Shareholders to vote in favour of the Scheme (other than as permitted under clause 6.2 of the Scheme Implementation Agreement), which recommendation may be expressed to be given:
  - in the absence of a Superior Proposal; and
  - subject to the Independent Expert opining (and continuing to opine) that the Scheme is in the best interests of Diverger Shareholders.
- **Diverger Warranties** – this Condition requires the Diverger Warranties to remain true and correct in all material aspects between 22 September 2023 and the Delivery Time on the Second Court Date.
- **Count Warranties** – this Condition requires the Count Warranties to remain true and correct in all material aspects between 22 September 2023 and the Delivery Time on the Second Court Date.
- **Diverger Shareholders approval of the Scheme Resolution** – this Condition requires that the Scheme is approved by at least a simple majority in number of Eligible Diverger Shareholders, present and voting at the Scheme Meeting, and at least 75% of the total number of votes cast at the Scheme Meeting.
- **Diverger Options and Performance Rights** – this Condition requires Diverger to have entered into a cancellation deed with HUB24 Limited, being the sole holder of Diverger Options, on or before the Delivery Time on the Second Court Date and to ensure that, by no later than the Scheme Record Date, there are no Diverger Performance Rights in existence. In this regard, Diverger has entered into a cancellation deed with HUB24 Limited and the terms of this cancellation deed is summarised in Section 12.10. Please also refer to Section 5.7 regarding the proposed treatment of the Diverger Performance Rights.
- **Court approval of the Scheme** – this Condition requires the Scheme to be approved by the Court.
- **Restraints** – no legal or regulatory restraint by or from an Australian or New Zealand court or Governmental Agency is in place that prevents, prohibits or materially restricts the implementation of the Scheme between the date of the Scheme Implementation Agreement and the Delivery Time on the Second Court Date.
- **Independent Expert** – the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interests of Diverger Shareholders

and the Independent Expert maintaining that opinion (including by not withdrawing, qualifying or changing that opinion) at all times up to the Second Court Date.

**(c) The Scheme delivers an 'all or nothing' outcome**

If all of the Conditions are satisfied or waived (as applicable):

- this will bind all persons registered as Diverger Shareholders as at the Scheme Record Date, including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against the Scheme, meaning that all persons who are Scheme Shareholders will relinquish ownership of their Diverger Shares and will be entitled to receive the Scheme Consideration;
- Diverger will become wholly owned by Count and Diverger will be delisted from ASX; and
- Diverger Shareholders are expected to own up to approximately 34% of the Combined Group with Count Shareholders owning the remaining approximately 66% of the Combined Group.

Conversely if all of the Conditions are not satisfied or waived (as applicable), the status quo will be preserved, meaning that:

- Diverger Shareholders will retain all of their Diverger Shares;
- the existing Diverger Board will continue to operate Diverger's business;
- the expected advantages of the Scheme, as outlined in Section 2.3, will not be realised and equally some of the potential disadvantages, as outlined in Section 2.4, will no longer be relevant; and
- Diverger Shareholders will retain their current investment in Diverger Shares and in doing so will continue to retain the benefits of that investment and continue to be exposed to the risks associated with that investment. Those risks include ones that are specific to Diverger's business (see Section 8.2).

**(d) Transaction costs**

***Diverger Shareholders***

If the Scheme proceeds, Diverger Shareholders will not be required to pay any brokerage charges on the disposal of their Diverger Shares under the Scheme.

***Diverger***

As at the date of this Explanatory Booklet, Diverger has incurred (or expects to incur) costs of approximately \$2 million (excluding GST) in developing the Scheme to the point that they are capable of being submitted to Diverger Shareholders as a formal proposal for their consideration. These costs include negotiations with Count, the retention of financial and legal advisers, engagement of the Independent Expert, preparation of this Explanatory Booklet and engagement with ASIC, ASX and the Court. Diverger will also incur the cost of the retention payments to staff including certain senior executives. In aggregate, these retention payments will be \$715,000, out of which \$490,000 will relate to the retention payments to the Managing Director and the Chief Financial Officer— see Section 12.6.

If the Scheme does not proceed, and no Superior Proposal is implemented, Diverger's results for the full year ending 30 June 2024 will be negatively impacted by the transaction costs incurred in proposing the Scheme.

**(e) Exclusivity arrangements**

The following is a summary of the exclusivity arrangements agreed to in the Scheme Implementation Agreement. The full terms of these exclusivity arrangements are set out in clauses 16 and 17 of the Scheme Implementation Agreement.

**Count Exclusivity*****No Shop and No Talk***

During the Exclusivity Period, Diverger must not:

- **(no shop)** solicit, invite, encourage or initiate (including by the provision of non-public information to any third party) any inquiry, offer, proposal, discussion or other communication by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Diverger Competing Proposal; or
- **(no talk):**
  - facilitate or continue any negotiations or other communications with respect to any inquiry, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Diverger Competing Proposal; or
  - negotiate or enter into, any agreement regarding an actual, proposed or potential Diverger Competing Proposal.

***No Due Diligence***

During the Exclusivity Period, Diverger must not directly or indirectly disclose or otherwise provide any non-public information about the business or affairs of the Diverger Group to a third party (other than a Governmental Agency that has the right to obtain that information and has sought it) with a view to obtaining a Diverger Competing Proposal or which would reasonably be expected to encourage or lead the formulation, receipt or announcement of a Diverger Competing Proposal.

***Notice of Diverger Competing Proposal***

During the Exclusivity Period, Diverger must promptly notify Count in writing if Diverger becomes aware of any:

- negotiations, discussions, or other communications in respect of any inquiry, offer, proposal or discussion in relation to a Diverger Competing Proposal;
- proposal made to Diverger in connection with a Diverger Competing Proposal; or
- provision by Diverger of any non-public information concerning the business or operations of Diverger or the Diverger Group to any third party (other than a Governmental Agency) in connection with a Diverger Competing Proposal.

***Fiduciary exceptions to exclusivity provisions***

The No Talk and No Due Diligence provisions do not apply if the Diverger Board determines, where there is a Diverger Competing Proposal, that:

- after consultation with its advisers, the Diverger Competing Proposal is a Superior Proposal or could reasonably be expected to become a Superior Proposal; and
- after receiving written advice from its external legal advisers, compliance with the No Talk and No Due Diligence provisions would, or would be reasonably likely to, constitute a breach of the fiduciary or statutory duties of any member of the Diverger Board,

provided that the Diverger Competing Proposal was not directly or indirectly brought about by a breach by Diverger of the No Shop provision.

### **Matching right**

Under the Scheme Implementation Agreement, if Diverger receives a Diverger Competing Proposal during the Exclusivity Period, Diverger:

- must not enter into any agreement, commitment or arrangement or understanding relating to the Diverger Competing Proposal; or
- must use best endeavours to procure that none of the Diverger Directors change his or her recommendation in favour of the Scheme or publicly recommend the Diverger Competing Proposal,

unless:

- the Diverger Directors acting in good faith and in order to satisfy their statutory or fiduciary duties determines that the Diverger Competing Proposal is, or would be or would be reasonably likely to be a Superior Proposal; and
- until each of the following has occurred:
  - Diverger has provided Count with written notice of the material terms and conditions of the Diverger Competing Proposal, including the identity of any person making the Diverger Competing Proposal, the price, form of consideration, conditions, proposed timing and any Diverger Break Fee of the proposal and the high level basis on which the Diverger Board has concluded that the Diverger Competing Proposal is superior to the Proposed Transaction;
  - Diverger has given Count at least four Business Days after the provision of all of the material terms and conditions of the Diverger Competing Proposal (as described above) to provide a written matching or superior proposal to the Diverger Competing Proposal; and
  - Count has not announced or otherwise proposed to Diverger a matching or superior proposal to the Diverger Completing Proposal by the expiry of the four Business Days.

### **Diverger Exclusivity**

#### ***No Shop and No Talk***

During the Exclusivity Period, Count must not:

- **(no shop)** solicit, invite, encourage or initiate (including by the provision of non-public information to any third party) any inquiry, offer, proposal, discussion or other communication by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Count Competing Proposal; or
- **(no talk):**
  - facilitate or continue any negotiations or other communications with respect to any inquiry, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Count Competing Proposal; or
  - negotiate or enter into, any agreement regarding an actual, proposed or potential Count Competing Proposal.

**No Due Diligence**

During the Exclusivity Period, Count must not directly or indirectly disclose or otherwise provide any non-public information about the business or affairs of the Count Group to a third party (other than a Governmental Agency that has the right to obtain that information and has sought it) with a view to obtaining a Count Competing Proposal or which would reasonably be expected to encourage or lead the formulation, receipt or announcement of a Count Competing Proposal.

**Notice of Count Competing Proposal**

During the Exclusivity Period, Count must promptly notify Diverger in writing if Count becomes aware of any:

- negotiations, discussions, or other communications in respect of any inquiry, offer, proposal or discussion in relation to a Count Competing Proposal;
- proposal made to Count in connection with a Count Competing Proposal; or
- provision by Count of any non-public information concerning the business or operations of Count or the Count Group to any third party (other than a Governmental Agency) in connection with a Count Competing Proposal.

**Fiduciary exceptions to exclusivity provisions**

The No Talk and No Due Diligence provisions do not apply if the Count Board determines, where there is a Count Competing Proposal, that:

- after consultation with its advisers, the Count Competing Proposal is a Superior Proposal or could reasonably be expected to become a Superior Proposal; and
- after receiving written advice from its external legal advisers, compliance with the No Talk and No Due Diligence provisions would, or would be reasonably likely to, constitute a breach of the fiduciary or statutory duties of any member of the Count Board,

provided that the Count Competing Proposal was not directly or indirectly brought about by a breach by Count of the No Shop provision.

**(f) Break fee arrangements**

The following is a summary of the break fee arrangements agreed to in the Scheme Implementation Agreement. The full terms of these break fee arrangements are set out in clauses 14 and 15 of the Scheme Implementation Agreement. Under the Scheme Implementation Agreement:

- Diverger has agreed in certain circumstances to pay Count a break fee of \$500,000 (inclusive of GST) (**Diverger Break Fee**); and
- Count has agreed in certain circumstances to pay Diverger a break fee of \$500,000 (inclusive of GST) (**Count Break Fee**).

These break fee arrangements are summarised below.

**Diverger Break Fee**

The Diverger Break Fee is payable by Diverger to Count in any of the following circumstances:

- (*Change of recommendation*) during the Exclusivity Period, any Diverger Director adversely modifies or withdraws his or her support or recommendation of the Scheme, except where that act is because of:
  - a negative independent expert's opinion is received on the Scheme (other than where the reason for that opinion is a Superior Proposal);

- Diverger being entitled to terminate the Scheme Implementation Agreement for a material breach of Count's obligation under the Scheme Implementation Agreement a material breach of a Count representation and warranty; or
- Diverger being entitled to terminate the Scheme Implementation Agreement as a result of non-satisfaction of a Condition including there being no Count Prescribed Occurrence, no Count Material Adverse Change or breach of Count Warranties;
- *(Diverger Competing Proposal succeeds)* during the Exclusivity Period, a Diverger Competing Proposal is publicly announced and within 12 months from that announcement, a third party either:
  - implements or completes a Diverger Competing Proposal substantially in the terms described in the public announcement; or
  - acquires a Relevant Interest in more than 50% of Diverger Shares; and
- *(Termination by Count)* Count has terminated the Scheme Implementation Agreement as a result of:
  - a non satisfaction of the Diverger Prescribed Occurrence condition; or
  - a material breach of Diverger's obligation under the Scheme Implementation Agreement or a material breach of a Diverger representation and warranty.

The Diverger Break Fee is not payable merely because Diverger Shareholders do not approve the Scheme.

#### **Count Break Fee**

The Count Break Fee is payable by Count to Diverger if:

- *(Termination by Diverger)* Diverger has terminated the Scheme Implementation Agreement as a result of:
  - a non-satisfaction of the Count Prescribed Occurrence condition; or
  - a material breach of Count's obligation under the Scheme Implementation Agreement or a material breach of a Count representation and warranty; or
- *(Failure to provide Scheme Consideration)* the Scheme becomes Effective but Count fails to provide the Scheme Consideration, in accordance with the terms and Conditions of the Scheme Implementation Agreement and the Deed Poll.

Diverger's right to receive the Count Break Fee will not limit or affect Diverger's right to seek specific performance or other remedies that would be available in equity or law as a remedy for a breach or threatened breach of the Scheme Implementation Agreement by Count, provided that in no event will Diverger be entitled to receive both specific performance and payment of the Count Break Fee.

#### **Liquidated Damages Amount**

Count is not entitled to terminate the Scheme Implementation Agreement in order to pursue, agree or implement a Count Competing Proposal. If Count breaches the Scheme Implementation Agreement in a manner which causes implementation of the Scheme to become impossible or impracticable, or otherwise materially breaches the Scheme Implementation Agreement in order to pursue, agree or implement a Count Competing Proposal, Count must pay to Diverger \$1,250,000 (excluding GST) (**Liquidated Damages Amount**), even if the Count Board determines that the breach is required in order to fulfil the fiduciary or statutory duties of the Count Directors. The parties have agreed that the loss which would be incurred by Diverger as a result of that breach are of a nature that they cannot be

accurately quantified and that the Liquidated Damages Amount is a genuine pre-estimate of that loss.

Please refer to clause 17 of the Scheme Implementation Agreement for the complete terms of this arrangement.

## 2.6 What are your options?

The following principal options are available to Diverger Shareholders. Your Directors encourage you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your Diverger Shares.

<p><b>Vote in favour of the Scheme</b></p>	<p><b>This is the course of action unanimously recommended by your Directors, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders.<sup>23</sup></b></p> <p>To follow your Directors' unanimous recommendation, you should vote in favour of the Scheme Resolution at the Scheme Meeting. For the Scheme to proceed, the Scheme must be approved by the requisite majorities of Diverger Shareholders.</p> <p>Diverger Shareholders who are entitled to vote at the Scheme Meeting may vote by participating in the meeting, or by appointing a proxy to participate in the meeting and vote on their behalf by using the Proxy Form accompanying this notice or by appointing a proxy online.</p> <p>For a summary of how to vote on the Scheme, please refer to Section 4.</p>
<p><b>Vote against the Scheme</b></p>	<p>If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting.</p> <p>However, if all of the Conditions are satisfied or waived (as applicable), the Scheme will bind all Diverger Shareholders on the Scheme Record Date, including those who were not present at the Scheme Meeting, those who voted against the Scheme Resolution and those who did not vote.</p>
<p><b>Seek to sell some or all your Diverger Shares</b></p>	<p>The existence of the Scheme does not preclude you from selling some or all of your Diverger Shares on market or otherwise for cash, if you wish, provided if you sell your shares on market you do so before close of trading in Diverger Shares on ASX on the Effective Date (currently proposed to be Friday, 16 February 2024). You will not be able to sell your Diverger Shares on market after the Effective Date, as this will be the last day of trading in Diverger Shares on ASX before trading in Diverger Shares on ASX is suspended.</p>

<sup>23</sup> You should note when considering this recommendation the interests of each Diverger Director in securities in Diverger, including Diverger Performance Rights, as set out in Sections 5.7 and 12.2 as well as the retention payment arrangement for the Managing Director, in the amount of \$300,000, as set out in Section 12.6. In particular, all Diverger Directors hold Diverger Performance Rights and the Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date. The dollar value as a result of the treatment of the Diverger Performance Rights (on the basis of an implied value of the Scheme Consideration of \$1.42 per Diverger Share ) for each Diverger Director would be as follows: Peter Brook - \$213,000, Nathan Jacobsen - \$1,018,974, Anthony McDonald – \$142,000, Carl Scarcella - \$142,000 and Grahame Evans - \$142,000).

	<p>You may however seek to sell your Diverger Shares off market after the Effective Date but before the Scheme Record Date (currently proposed to be on Friday, 23 February 2024).</p> <p>If you are considering selling your Diverger Shares, you should have regard to the prevailing trading prices of Diverger Shares and compare those to the Scheme Consideration under the Scheme. You may ascertain current trading prices of Diverger Shares through ASX's website (<a href="http://www.asx.com.au">www.asx.com.au</a>) or by contacting your stockbroker.</p> <p>Diverger Shareholders who sell some or all of their Diverger Shares:</p> <ul style="list-style-type: none"> <li>• will receive payment for the sale of their Diverger Shares sooner than they would receive their Scheme Consideration;</li> <li>• will not be able to receive the Permitted Dividend, if they sell their Diverger Shares so that they cease to be Diverger Shareholders prior to the Permitted Dividend Record Date;</li> <li>• may incur a brokerage charge if the Diverger Shares are sold on market;</li> <li>• will receive cash at the prevailing market price for 100% of their Diverger Shares sold and will not receive any Count Shares;</li> <li>• will not be able to receive the Scheme Consideration or be entitled to the benefits of any Superior Proposal, if one emerges (but only for those Diverger Shares they have sold, if they have chosen to sell some but not all of their Diverger Shares); and</li> <li>• may be liable for CGT on the disposal of their Diverger Shares.</li> </ul>
<b>Do nothing</b>	<p>Diverger Shareholders who do not vote at the Scheme Meeting will:</p> <ul style="list-style-type: none"> <li>• if the Scheme is implemented – have their Diverger Shares compulsorily transferred to Count by operation of the Scheme, and, if they are registered as Scheme Shareholders on the Scheme Record Date, be entitled to receive the Scheme Consideration; and</li> <li>• if the Scheme is not implemented – retain their Diverger Shares.</li> </ul>



### 3. Frequently asked questions

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Set out below are summary answers to some frequently asked questions about the Proposed Transaction. This information is a summary only and is not intended to address all relevant issues for Diverger Shareholders. This Section should be read subject to, and in conjunction with, the remainder of this Explanatory Booklet.

#### A. GENERAL

Question	Answer	Further information
What are Diverger Shareholders being asked to consider?	<p>Diverger Shareholders are being asked to consider and vote on the Scheme, which, if approved, will result in Count acquiring all of the Diverger Shares in exchange for the Scheme Consideration provided by Count.</p> <p>A Scheme Meeting has been convened for the Scheme on Tuesday, 23 January 2024.</p> <p>The Scheme is only relevant to you if you are a Diverger Shareholder at the Scheme Record Date.</p>	Sections 1 and 2.
What is the Scheme?	<p>The Scheme is a proposal under which Diverger Shareholders will transfer all of their Diverger Shares to Count in exchange for the Scheme Consideration, if it is approved by the requisite majorities of Diverger Shareholders and by the Court.</p> <p>If the Scheme proceeds, Count will own 100% of the Diverger Shares and Diverger will become a wholly owned subsidiary of Count. Diverger will be delisted from ASX shortly after the Implementation Date.</p> <p>Diverger Shareholders are expected to own up to approximately 34% of the Combined Group with Count Shareholders owning the remaining approximately 66% of the Combined Group.</p>	Sections 1, 2, and 10.
What is a scheme of arrangement?	A members' scheme of arrangement is a procedure under the Corporations Act that can be used to (among other things) enable one company to acquire or merge with another company.	Sections 1, 2, and 10 and the Scheme included at Appendix 3.

Question	Answer	Further information
<p>What are the key Conditions that need to be satisfied before the Scheme can proceed?</p>	<p>The key remaining Conditions that must be satisfied or waived (as applicable) for the Scheme to proceed are:</p> <ul style="list-style-type: none"> <li>• no Diverger Prescribed Occurrence occurs between 22 September 2023 and the Delivery Time on the Second Court Date;</li> <li>• no Count Prescribed Occurrence occurs between 22 September 2023 and the Delivery Time on the Second Court Date;</li> <li>• no Diverger Material Adverse Change in relation to Diverger between 22 September 2023 and the Delivery Time on the Second Court Date;</li> <li>• no Count Material Adverse Change in relation to Count between 22 September 2023 and the Delivery Time on the Second Court Date;</li> <li>• no change of Diverger Board Recommendation between 22 September 2023 and the date of the Scheme Meeting;</li> <li>• no breach of Diverger Warranties between 22 September 2023 and the Delivery Time on the Second Court Date;</li> <li>• no breach of Count Warranties between 22 September 2023 and the Delivery Time on the Second Court Date;</li> <li>• passing of the Scheme Resolution by the requisite majorities of Diverger Shareholders at the Scheme Meeting;</li> <li>• Diverger complying with its obligations under the Scheme Implementation Agreement regarding the Diverger Options and Diverger Performance Rights by the Delivery Time;</li> <li>• approval of the Scheme by the Court;</li> </ul>	<p>Section 2.5(b).</p>

Question	Answer	Further information
	<ul style="list-style-type: none"> <li>• no court or Governmental Agency in Australia or New Zealand restrains or prohibits the implementation of the Scheme; and</li> <li>• the Independent Expert maintaining its opinion that the Scheme is in the best interests of Diverger Shareholders at all times up to the Delivery Time on the Second Court Date.</li> </ul> <p>Diverger will make a statement at the commencement of the Scheme Meeting regarding the status of these conditions.</p>	
<p>Are there any other circumstances that may result in the Scheme not proceeding?</p>	<p>Diverger and Count have entered into a Scheme Implementation Agreement which provides a contractual framework for proposing and implementing the Scheme.</p> <p>The Scheme Implementation Agreement sets out circumstances where that agreement may be terminated, in which case the Scheme will not proceed. In summary:</p> <p><b>(Mutual termination rights)</b> Count and Diverger each have a mutual right to terminate the Scheme Implementation Agreement in the following circumstances:</p> <ul style="list-style-type: none"> <li>• if there is material breach of the Scheme Implementation Agreement by the other party that is not remedied within 10 Business Days;</li> <li>• if the Court refuses to make an order directing Diverger to convene the Scheme Meeting;</li> <li>• if a Condition is not satisfied or waived before the End Date and the parties are unable to agree in accordance with the Scheme Implementation Date to amend the transaction or extend the End Date; or</li> <li>• if the Scheme does not become Effective before the End Date.</li> </ul> <p><b>(Count termination rights)</b> Count is also entitled to terminate the Scheme Implementation Agreement in writing any</p>	<p>Section 10.4 and Scheme Implementation Agreement, clause 13.</p>

Question	Answer	Further information
	<p>time before the Delivery Time on the Second Court Date:</p> <ul style="list-style-type: none"> <li>• if (subject to certain exceptions) any Director: <ul style="list-style-type: none"> <li>○ fails to recommend the Scheme;</li> <li>○ withdraws, adversely changes, adversely modifies or qualifies their support of the Scheme or their voting intention or recommendation;</li> <li>○ makes a public statement indicating that they no longer recommend the Scheme, or recommends, endorses or supports a Diverger Competing Proposal; or</li> </ul> </li> <li>• if Diverger is in breach of the Diverger Warranty and Diverger has failed to remedy the breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier).</li> </ul> <p><b>(Diverger termination rights)</b> Diverger is also entitled to terminate the Scheme Implementation Agreement in writing any time before the Delivery Time on the Second Court Date:</p> <ul style="list-style-type: none"> <li>• if Count is in breach of the Count Warranty and Count has failed to remedy the breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier); or</li> <li>• if the Diverger Board or a majority of the Diverger Board has changed, withdrawn, modified or qualified its recommendation as permitted under the Scheme Implementation Agreement.</li> </ul> <p><b>(Automatic termination)</b> the Scheme Implementation Agreement will terminate automatically if the Scheme is not approved by the necessary majorities at the Scheme Meeting.</p>	
<p>If the Scheme proceeds, what will be the effect?</p>	<p>If the Scheme proceeds, Count will acquire Diverger and Diverger will become a wholly owned subsidiary of Count. Diverger will be delisted from ASX</p>	<p>Sections 1, 2, and 10.</p>

Question	Answer	Further information
	<p>shortly after the Implementation Date, being Friday, 1 March 2024.</p> <p>Diverger Shareholders will on the Implementation Date receive the Scheme Consideration under the terms of the Scheme. Diverger Shareholders are expected to own up to approximately 34% of the Combined Group with Count Shareholders owning the remaining approximately 66% of the Combined Group.</p>	
<p>What happens if the Scheme does not proceed?</p>	<p>If the Scheme is not approved by Diverger Shareholders or if the Scheme is not approved by the Court:</p> <ul style="list-style-type: none"> <li>• Count will not acquire Diverger;</li> <li>• you will not receive the Scheme Consideration under the Scheme;</li> <li>• the Permitted Dividend will not be declared and paid;</li> <li>• Diverger will remain listed on ASX;</li> <li>• you will retain your current investment in Diverger Shares. In doing so, you will continue to retain the benefits of an investment in Diverger Shares and continue to be exposed to the risks presently associated with this investment. These include general risks of holding Diverger Shares and risks that are specific to Diverger and its businesses as described in Section 8.2;</li> <li>• the advantages of the Scheme, as outlined in Section 2.3, will not be realised;</li> <li>• equally, the disadvantages of the Scheme identified in Section 2.4 will no longer be relevant;</li> <li>• Diverger will have incurred substantial costs and expended management time and resources for a proposed change of control transaction that does not proceed; and</li> <li>• your Directors believe there is a risk that the price of Diverger Shares may drop below the value of the Scheme Consideration in the near term, if the Scheme is not implemented and no Superior Proposal emerges.</li> </ul>	<p>Sections 1 and 2.</p>

Question	Answer	Further information
Are there any risks I should be aware of?	<p>Yes. There are both general and specific risks associated with the Scheme, and the continuing risks associated with your current investment in Diverger.</p> <p>A summary of the risks is outlined in Section 8. The listed risk factors do not take into account your individual investment objectives, financial situation or positional particular needs. You should seek professional guidance when considering these risk factors against your Diverger investment.</p>	Section 8.
What are my options?	<p>As a Diverger Shareholder, your principal options are as follows:</p> <ul style="list-style-type: none"> <li>• vote in favour of the Scheme Resolution, as unanimously recommended by the Board;</li> <li>• vote against the Scheme Resolution;</li> <li>• seek to sell some or all your Diverger Shares on or before the Effective Date; or</li> <li>• do nothing.</li> </ul>	Section 2.6.
Can I sell my Diverger Shares now?	<p>Yes. Diverger Shareholders may seek to sell all or some of their Diverger Shares on ASX or otherwise at the prevailing market price at any time before the close of trading on ASX on the Effective Date (which is currently expected to be Friday, 16 February 2024). You will not be able to sell your Diverger Shares on market after the Effective Date, as this will be the last day of trading in Diverger Shares on ASX before trading in Diverger Shares on ASX is suspended.</p> <p>You may however seek to sell your Diverger Shares off-market after the Effective Date but before the Scheme Record Date (currently proposed to be Friday, 23 February 2024).</p> <p>If you sell your Diverger Shares before the Scheme Record Date you:</p> <ul style="list-style-type: none"> <li>• will receive the proceeds from the sale of your Diverger Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration);</li> </ul>	Sections 1 and 10.

Question	Answer	Further information
	<ul style="list-style-type: none"> <li>will not be able to receive the Permitted Dividend, if you sell your Diverger Shares so that you cease to be a Diverger Shareholder prior to the Permitted Dividend Record Date;</li> <li>may incur a brokerage charge if you sell your Diverger Shares on market;</li> <li>will not be entitled to any Scheme Consideration; and</li> <li>will not be able to participate in the Scheme or a Superior Proposal, if one emerges.</li> </ul>	
Will I be giving any warranties in respect of my Diverger Shares?	<p>Yes. Under the Scheme, each Diverger Shareholder will be taken to have warranted that all of their Diverger Shares which are transferred to Count under the Scheme will, at the time of transfer, be fully paid and free from all encumbrances of any kind and that they have full power and capacity to transfer their Diverger Shares under the Scheme together with any rights attaching to the Scheme Shares and that they have no existing right to be issued any Diverger Shares, Diverger Performance Rights, options exercisable into Diverger Shares, Diverger convertible notes or any other Diverger securities.</p> <p>You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.</p>	Appendix 3.

## B. COUNT AND THE COMBINED GROUP

Question	Answer	Further information
Who is Count?	Count (being Count Limited ACN 126 990 832) is the company that will be acquiring your Diverger Shares under the Scheme, in consideration for the Scheme Consideration.	Section 6.
How is Count funding the Cash Consideration under the Scheme?	The Cash Consideration will be funded by a new corporate facility of Count, provided by Westpac.	Section 6.8.
What are Count's intentions for Diverger if the Scheme proceeds?	<p>If the Scheme becomes Effective:</p> <ul style="list-style-type: none"> <li><b>(Diverger's removal from ASX)</b> Diverger must apply to ASX to be removed from the official list of the ASX,</li> </ul>	Section 7.6.

Question	Answer	Further information
	<p>and quotation of Diverger Shares on ASX be terminated;</p> <ul style="list-style-type: none"> <li>• <b>(Employees)</b> Count anticipates that key roles in Diverger will transition across to Count, and certain individuals will be appointed to new roles in Count or engaged for transitional periods, to ensure the successful integration, subject to Count being able to offer suitable alternative roles in instances where duplication of roles is identified;</li> <li>• <b>(Diverger's constitution)</b> Count intends to replace Diverger's constitution with a constitution appropriate for an unlisted company limited by shares;</li> <li>• <b>(Operations)</b> Count will undertake a review of the Combined Group's operations covering strategic, financial, risk and commercial operating matters to determine and implement improvements to integrate these corporate enabling functions, deliver synergies and explore new potential growth opportunities;</li> <li>• <b>(Corporate strategy)</b>; Count intends that its strategy as outlined in Section 6.2 will be applied to the Combined Group;</li> <li>• <b>(Corporate governance)</b> It is intended that the Combined Group will continue to be governed by Count's current corporate governance policies. Following implementation of the Scheme, there will be no change to Count's current Board and senior management team;</li> <li>• <b>(Financing)</b> As noted in Section 6.8, the cash component of the offer, totalling up to \$15.9 million will be funded by a new debt facility. The new debt facility will also refinance Diverger's existing drawn debt. Please see Section 7.4 for further details on the new debt facility; and</li> </ul> <p><b>(Dividend policy)</b> The payment of future dividends to Count shareholders will be at the discretion of the Count Board. Count currently intends to maintain its existing policy to pay ordinary dividends, targeting a payout ratio in the range of 60% to 90% of</p>	



Question	Answer	Further information
	maintainable net profit after tax attributable to Count shareholders.	
What is the Combined Group?	The combination of the Diverger Group and the Count Group as comprised by Count and its Subsidiaries following implementation of the Scheme.	Section 7.
Who will be the directors and senior management of the Combined Group?	<p><b>Directors</b></p> <p>Count will be the ultimate parent company of the Combined Group and does not currently anticipate any change to the composition of the Count Board following implementation of the Scheme. On this basis, the Count Board is expected to remain as set out in Section 6.2(e).</p> <p><b>Senior Management</b></p> <p>Count intends to conduct a review of Diverger's operations. Whilst the key operational responsibilities for the Diverger business are expected to be largely unchanged, Count anticipates that certain individuals will be appointed to new roles in Count or engaged for transitional periods to ensure successful integration, subject to Count being able to offer suitable alternative roles in instances where duplication of roles is identified. Final decisions regarding the structure of the Combined Group and its senior management requirements will be made following implementation of the Scheme.</p>	Section 7.

### C. SCHEME CONSIDERATION

Question	Answer	Further Information
What will I receive if the Scheme is implemented?	<p>As a Diverger Shareholder (other than a Foreign Scheme Shareholder or a Small Shareholder), the consideration you receive will depend on whether:</p> <p>Maximum Cash Election</p> <p>You make a Maximum Cash Election, in which case you will receive \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) for 100% of the Diverger Shares that you hold at the Scheme Record Date, subject to scale back based on an aggregate</p>	Sections 1, 2 and 10.

Question	Answer	Further Information
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cap of \$15,907,873 (less the aggregate amount of any Permitted Dividend) which excludes payments made to Ineligible Shareholders.

Maximum Scrip Election

You make a Maximum Scrip Election, in which case you will receive 2.16 Count Consideration Shares per Diverger Share (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of Maximum Scrip Consideration) for 100% of the Diverger Shares that you hold at the Scheme Record Date, subject to scale back based on an aggregate cap of 57,268,344 Count Shares.

No Election

You make no Election, in which case you will receive the Default Scheme Consideration which is \$0.40 cash (less the amount of any Permitted Dividend) and 1.44 Count shares per Diverger Share.

In summary, you will be entitled to choose between the 'maximum cash' and 'maximum shares' alternatives (but note these will be subject to the scale back mechanisms described in Section 10.2(c), which are based on cap limitations). If you do not make an Election, you will receive the Default Scheme Consideration.

It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as many Maximum Scrip Consideration Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared. If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations would operate so that the Maximum Cash

Question	Answer	Further Information
	<p>Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.</p> <p>The scale back mechanism and the cap limitations mean that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.</p> <p>You cannot make an Election if you are Foreign Scheme Shareholder or a Small Shareholder and you will receive \$1.20 cash consideration (less the amount of any Permitted Dividend) for each of your Diverger Shares.</p>	
<p>Do I need to make a choice to receive Cash Consideration or Count Consideration Shares?</p>	<p>No. However, if you do not make an Election, then you will automatically receive the Default Scheme Consideration, which is \$0.40 cash (less the amount of any Permitted Dividend) and 1.44 Count Shares per Diverger Share.</p> <p>If you are an Eligible Scheme Shareholder and want to make an Election, you must do so in accordance with the process set out in Section 10.2(d), otherwise your Election will not be valid and you will receive the Default Scheme Consideration.</p> <p>The choice you make may result in different tax consequences to you. You should seek professional tax advice in relation to your personal circumstances.</p>	<p>Section 10.</p>
<p>What are scale back mechanisms and how do they work?</p>	<p>If Diverger Shareholders make Maximum Cash Elections without twice as many Maximum Scrip Elections having been made and the total cash that needs to be paid to Diverger Shareholders exceeds \$15,907,873 (less the aggregate amount of any Permitted Dividend) (which excludes payments made to Ineligible Shareholders) then a portion of the cash that each Diverger Shareholder is entitled to receive will be replaced with Count Consideration</p>	<p>Section 10.</p>

## Question

## Answer

Further  
Information

Shares. Similarly, if too many Diverger Shareholders elect to receive Count Consideration Shares without twice as many Maximum Cash Elections having been made and the total number of Count Consideration Shares exceeds 57,268,344, then a portion of the Count Consideration Shares that each Diverger Shareholder is entitled to receive will be replaced with cash. The scale back mechanism would be applied on a pro rata basis.

It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as many Maximum Scrip Consideration Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared. If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.

The scale back mechanism and the cap limitations mean that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.

Please see Section 10.2(c) for more detail on the operation of the scale back mechanisms.

Question	Answer	Further Information																																	
What is the implied value of the Scheme Consideration?	<p>If a Diverger Shareholder receives Scrip Consideration, being Count Consideration Shares, the implied value of the Scheme Consideration will depend on the price at which Count Consideration Shares are trading on the ASX on the date of sale. Set out below is an illustration of the implied value of the Scrip Consideration based on potential movements in the market price of Count Consideration Shares on the ASX:</p> <p>Set out below is an illustration of the implied value of the Scheme Consideration based on potential movements in the market price of Count Consideration Shares on the ASX and assuming no scale back and no Permitted Dividend:</p> <table border="1"> <thead> <tr> <th>Count Share Price</th> <th>Implied value of the Scheme Consideration under a Maximum Scrip Election<sup>24</sup></th> <th>Implied value of the Scheme Consideration under the Default Scheme Consideration</th> </tr> </thead> <tbody> <tr><td>\$0.45</td><td>\$0.97</td><td>\$1.05</td></tr> <tr><td>\$0.50</td><td>\$1.08</td><td>\$1.12</td></tr> <tr><td>\$0.55</td><td>\$1.19</td><td>\$1.19</td></tr> <tr><td>\$0.60</td><td>\$1.30</td><td>\$1.26</td></tr> <tr><td>\$0.65</td><td>\$1.40</td><td>\$1.34</td></tr> <tr><td>\$0.70</td><td>\$1.51</td><td>\$1.41</td></tr> <tr><td>\$0.75</td><td>\$1.62</td><td>\$1.48</td></tr> <tr><td>\$0.80</td><td>\$1.73</td><td>\$1.55</td></tr> <tr><td>\$0.85</td><td>\$1.84</td><td>\$1.62</td></tr> <tr><td>\$0.90</td><td>\$1.94</td><td>\$1.70</td></tr> </tbody> </table>	Count Share Price	Implied value of the Scheme Consideration under a Maximum Scrip Election <sup>24</sup>	Implied value of the Scheme Consideration under the Default Scheme Consideration	\$0.45	\$0.97	\$1.05	\$0.50	\$1.08	\$1.12	\$0.55	\$1.19	\$1.19	\$0.60	\$1.30	\$1.26	\$0.65	\$1.40	\$1.34	\$0.70	\$1.51	\$1.41	\$0.75	\$1.62	\$1.48	\$0.80	\$1.73	\$1.55	\$0.85	\$1.84	\$1.62	\$0.90	\$1.94	\$1.70	Section 2.3(a).
Count Share Price	Implied value of the Scheme Consideration under a Maximum Scrip Election <sup>24</sup>	Implied value of the Scheme Consideration under the Default Scheme Consideration																																	
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\$0.80	\$1.73	\$1.55																																	
\$0.85	\$1.84	\$1.62																																	
\$0.90	\$1.94	\$1.70																																	
What is a Small Shareholder and how are they treated under the Scheme?	<p>A Small Shareholder is a Diverger Shareholder whose holding of Diverger Shares would entitle them to receive less than \$500 worth of Count Consideration Shares (calculated on the Scheme Record Date). Under the Scheme, Small Shareholders may not make an Election and will only receive cash in return for their Diverger Shares.</p>	Section 10.2(f).																																	

Question	Answer	Further Information
What is a Foreign Scheme Shareholder and how are they treated under the Scheme?	A Foreign Scheme Shareholder is a Diverger Shareholder whose address (as shown in Diverger Register on the Scheme Record Date) is located outside of Australia (and its external territories), New Zealand, United Kingdom and any other jurisdictions mutually agreed by Diverger and Count. Under the Scheme, Foreign Scheme Shareholders may not make an Election and will only receive cash in return for their Diverger Shares.	Section 10.2(e).
When and how will I receive my Scheme Consideration?	<p>If the Scheme is implemented, the Scheme Consideration will be provided to all Diverger Shareholders on the Implementation Date, (currently proposed to be Friday, 1 March 2024).</p> <p>If you have validly registered your bank account details with the Diverger Registry (by the Scheme Record Date), you will have your Cash Consideration credited directly to your bank account. Otherwise, you will have your Cash Consideration sent by cheque to your address shown on the Diverger Register.</p> <p>You can review and update your bank account details online at <a href="http://www.investorcentre.linkgroup.com/Login/Login">www.investorcentre.linkgroup.com/Login/Login</a> before the Scheme Record Date.</p> <p>If you have elected to receive dividend payments through OFX, a third party service offered by the Diverger Registry, your Cash Consideration will be paid out through OFX.</p> <p>If you are unable to receive cheque payments due to being domiciled outside of Australia, you can still sign up to the OFX payment system to have these funds remitted to you.</p>	Sections 1, 10, and Appendix 3.
What are the Australian taxation implications of the Scheme?	<p>If the Scheme becomes Effective, there may be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of Diverger Shares.</p> <p>The tax consequences of the Scheme will depend on your personal situation. A general outline of the main Australian taxation implications of the Scheme for certain Diverger Shareholders is set out in Section 9 of this Explanatory Booklet. As this outline is general in nature, you should consult with your own taxation advisers for detailed tax advice regarding the Australian, and, if applicable, other foreign taxation implications for participating in the Scheme in light of the particular circumstances</p>	Section 9.

Question	Answer	Further Information
	which apply to you, before making a decision as to how to vote on the Scheme.	
Will I be entitled to scrip-for scrip rollover relief?	<p>Diverger Shareholders that are Australian residents for tax purposes who would otherwise make a capital gain on the disposal of their Diverger Shares under the Scheme should be eligible to choose scrip-for-scrip rollover relief under Subdivision 124-M of the ITAA 1997, but only to the extent that they receive Count Consideration Shares.</p> <p>That is, scrip-for-scrip rollover relief does not apply in relation to the Cash Consideration.</p> <p>The tax consequences of the Scheme will depend on your personal situation. You should consult with your own taxation advisers for detailed tax advice regarding the taxation implications for you.</p>	Section 9.
Will I have to pay brokerage fees or stamp duty?	<p>No, you will not have to pay brokerage or stamp duty on the transfer of your Diverger Shares under the Scheme.</p> <p>If you dispose of your Diverger Shares before the Scheme Record Date, brokerage fees may be payable.</p>	Section 9.

### C. QUESTIONS ABOUT THE INTERIM DIVIDEND AND THE PERMITTED DIVIDEND

Question	Answer	Further Information
What is the Interim Dividend?	<p>Under the Scheme Implementation Agreement, Diverger is permitted to declare and pay an interim dividend for FY24 of up to \$0.02 per Diverger Share.</p> <p>The Interim Dividend is not conditional on the Scheme and, if declared, will be paid irrespective of whether the Scheme proceeds or not. Any Interim Dividend that is paid will not affect the Scheme Consideration.</p> <p>The Interim Dividend has not yet been declared by the Diverger Board and remains at the sole and absolute discretion of the Diverger Board. The decision whether or not to declare the Interim Dividend will be made by the Diverger Board and will be communicated to Diverger Shareholders by way of an ASX announcement in late January 2024.</p>	Section 1.3

Question	Answer	Further Information
Am I eligible to receive the Interim Dividend?	If the Interim Dividend is declared, and you hold Diverger Shares on the Interim Dividend Record Date, you will be eligible to receive the Interim Dividend for each Diverger Share that you hold on that date.	Section 1.3
When will I receive the Interim Dividend?	If the Interim Dividend is declared, it is expected that the Interim Dividend will be paid to Diverger Shareholders on a date to be determined by the Diverger Board in late January 2024/early February 2024.	Section 1.3
Will the Interim Dividend be franked?	Diverger intends that the Interim Dividend (if declared) will be fully franked.	Section 1.3
Will I get the benefit of the franking credits attached to the Interim Dividend?	<p>If the Interim Dividend is declared, Diverger Shareholders who hold Diverger Shares on the Interim Dividend Record Date may receive franking credits of up to \$0.009 per Diverger Share (the amount of franking credits will depend on the amount of the Interim Dividend). The implications of receiving these franking credits will depend upon the tax profile of the recipient Diverger Shareholder.</p> <p>Refer to Section 9 for further information. The comments in Section 9 are general in nature and should not be relied upon as advice for your affairs. It is recommended that you consult your financial, legal, taxation or other professional adviser with respect to the potential tax consequences of receiving the Interim Dividend.</p>	Section 1.3
What is the Permitted Dividend?	<p>Under the Scheme Implementation Agreement, Diverger is permitted to declare and pay a permitted special dividend of up to \$0.10 per Diverger Share.</p> <p>The Permitted Dividend is conditional on the Scheme proceeding.</p> <p>The Permitted Dividend has not yet been declared by the Diverger Board and remains at the sole and absolute discretion of the Diverger Board. The decision whether or not to declare the Permitted Dividend will be made by the Diverger Board and will be communicated to Diverger Shareholders by way of an ASX announcement prior to Second Court Hearing.</p> <p>If the Permitted Dividend is declared by the Diverger Board, it will operate to reduce the Scheme Consideration. If the Permitted Dividend is not declared by the Diverger Board but the Scheme</p>	Section 1.3



Question	Answer	Further Information
	nevertheless become Effective, the Scheme Consideration will remain unchanged.	
Am I eligible to receive the Permitted Dividend?	If the Permitted Dividend is declared, and you hold Diverger Shares at 7.00pm on the Permitted Dividend Record Date, you will be eligible to receive the Permitted Dividend for each Diverger Share that you hold on that date.	Section 1.3
When will I receive the Permitted Dividend?	If the Permitted Dividend is declared, it is expected that the Permitted Dividend will be paid to Diverger Shareholders on the Implementation Date.	Section 1.3
Will the Permitted Dividend be franked?	Diverger intends that the Permitted Dividend (if declared) will be fully franked.	Section 1.3
Will I get the benefit of the franking credits attached to the Permitted Dividend?	If the Permitted Dividend is declared, Diverger Shareholders who hold Diverger Shares on the Permitted Dividend Record Date may receive franking credits of up to \$0.043 per Diverger Share (the amount of franking credits will depend on the amount of the Permitted Dividend). The implications of receiving these franking credits will depend upon the tax profile of the recipient Diverger Shareholder. Refer to Section 9 for further information. The comments in Section 9 are general in nature and should not be relied upon as advice for your affairs. It is recommended that you consult your financial, legal, taxation or other professional adviser with respect to the potential tax consequences of receiving the Permitted Dividend.	Section 1.3

## E. ELECTIONS

Question	Answer	Further Information
What is an Election and do I need to make an Election if I am a Diverger Shareholder?	<p>An Election allows you to choose either maximum Cash Consideration or maximum Scrip Consideration.</p> <p>Under the terms of the Scheme, Diverger Shareholders (other than Foreign Scheme Shareholders and Small Shareholders, together Ineligible Shareholders) can elect to receive their Scheme Consideration in one of the following forms (subject to a scale back mechanism based on cap limitations):</p> <ul style="list-style-type: none"> <li> <b>Maximum Cash Consideration</b> comprising \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) for 100% </li> </ul>	Section 10.2.

Question	Answer	Further Information
	<p>of the Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of \$15,907,873 (less the aggregate amount of any Permitted Dividend) which excludes payments made to Ineligible Shareholders; or</p> <ul style="list-style-type: none"> <li> <p><b>Maximum Scrip Consideration</b> comprising 2.16 Count Shares per Diverger Share (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of Maximum Scrip Consideration) for 100% of the Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of 57,268,344 Count Consideration Shares.</p> </li> </ul> <p>If you do not make an Election, you will receive Default Scheme Consideration for each Scheme Share you hold as at the Scheme Record Date.</p> <p>There are scale back mechanisms if Cash Consideration and Scrip Consideration elections exceed the relevant cap, such that the Diverger Shareholders making an Election will be deemed to have elected to receive either Maximum Cash Consideration or Maximum Scrip Consideration (as applicable) in respect of the scaled back percentage of their Scheme Shares. Instead of their Elected Consideration the Diverger Shareholders will receive the Default Scheme Consideration in respect of the remainder of their Scheme Shares. The scale back mechanism will be applied on a pro rata basis.</p> <p>It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as many Maximum Scrip Consideration Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared. If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations</p>	

Question	Answer	Further Information
	<p>would operate so that the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.</p> <p>The scale back mechanism and the cap limitations mean that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.</p>	
<p>How do I make an Election?</p>	<p>To make an Election, you must either:</p> <ul style="list-style-type: none"> <li>• complete and mail the Election Form (which you receive with this Explanatory Booklet) to Locked Bag A14, Sydney South NSW 1235 Australia;</li> <li>• complete and hand deliver the Election Form to Link Market Services Limited at Level 12, 680 George Street, Sydney, NSW 2000 (during business hours (Monday to Friday, 9.00am to 5.00pm);</li> <li>• complete and email the Election Form (which you receive with this Explanatory Booklet) to <a href="mailto:capitalmarkets@linkmarketservices.com.au">capitalmarkets@linkmarketservices.com.au</a>; or</li> <li>• go to <a href="https://events.miraqle.com/diverger-soa">https://events.miraqle.com/diverger-soa</a> and make an Election in accordance with the terms and conditions stated on that website.</li> </ul> <p>It is very important that you make your Election, if you choose to do so, before 5.00pm on the Election Date (Friday, 12 January 2024).</p> <p>This means that any postal Election Forms must be received by the Diverger Registry before that time and date, otherwise your Election will be invalid and you will be treated as not having made an Election.</p>	<p>Section 10.2.</p>

Question	Answer	Further Information
	<p>Making separate Elections If you hold one or more parcels of Diverger Shares as trustee or nominee for, or otherwise on account of, another person, you may make separate Elections in relation to each parcel to reflect the instructions of the beneficial owners.</p> <p>If you make multiple Elections, your most recent Election prior to the Election Date will be taken as your final Election.</p>	
<p>Can I change my Election?</p>	<p>You can change your Election at any time with a replacement Election Form, provided the replacement form is received by the Diverger Registry by 5.00pm on the Election Date (Friday, 12 January 2024). You can also withdraw or revoke your Election at any time before 5.00pm on the Election Date (Friday, 12 January 2024 (and therefore receive the Default Scheme Consideration) by emailing <a href="mailto:capitalmarkets@linkmarketservices.com.au">capitalmarkets@linkmarketservices.com.au</a> or contacting the Diverger Shareholder Information Line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time).</p>	<p>Section 10.2.</p>
<p>If I hold Diverger Shares as trustee or nominee for multiple beneficial owners, can I make separate Elections?</p>	<p>You (as the trustee or nominee) may make separate Elections for each parcel of Diverger Shares you hold for different beneficial owners, to reflect the instructions of those beneficial owners. Your separate holdings must be established before the Election Date (Friday, 12 January 2024), and you must then lodge a separate Election Form for each separate holding by the Election Date, in order to make valid Elections.</p>	<p>Section 10.2(d).</p>
<p>What happens if I do not make an Election in time or if it is invalid?</p>	<p>If the Diverger Registry does not receive a valid Election Form from you by 5.00pm the Election Date (Friday, 12 January 2024), you will be deemed not to have made an Election. This means that you will receive the Default Scheme Consideration (being \$0.40 cash (less the amount of any Permitted Dividend) and 1.44 Count shares per Diverger Share). If you attempt to change your Election by submitting a replacement Election Form but the replacement form is not received by the Diverger Registry by 5.00pm on the Election Date, your original Election will not be changed and will continue to apply.</p>	<p>Section 10.2.</p>

## F. DIRECTORS' RECOMMENDATIONS AND INTENTIONS

Question	Answer	Further Information
Who are the Directors?	<p>The Diverger Directors as at the date of this Explanatory Booklet are:</p> <ul style="list-style-type: none"> <li>• Peter Brook, Non-Executive Chairman</li> <li>• Nathan Jacobsen, Managing Director</li> <li>• Carl Scarcella, Non-Executive Director</li> <li>• Grahame Evans, Non-Executive Director</li> <li>• Anthony McDonald, Non-Executive Director</li> </ul>	Section 5.5.
What do the Diverger Directors recommend?	Your Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders. <sup>25</sup>	Sections 1 and 2.
How are the Diverger Directors going to vote in relation to the Scheme?	Each Director intends to vote all Diverger Shares they hold or control in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders. As at the date of this Explanatory Booklet, your Directors hold or control in aggregate approximately 2.2% of all Diverger Shares on issue.	Sections 1 and 2.
What happens if a Superior Proposal emerges?	<p>Diverger announced on 22 September 2023 that it had entered into the Scheme Implementation Agreement with Count in relation to the Scheme.</p> <p>Diverger subsequently announced on 17 November 2023 that the Scheme Implementation Agreement and the terms of the Scheme had been amended to provide for an increased scheme consideration.</p> <p>No Superior Proposal has emerged as at the date of this Explanatory Booklet. Under the</p>	Sections 1 and 2.

25

You should note when considering this recommendation the interests of each Diverger Director in securities in Diverger, including Diverger Performance Rights, as set out in Sections 5.7 and 12.2 as well as the retention payment arrangement for the Managing Director, in the amount of \$300,000 as set out in Section 12.6. In particular, all Diverger Directors hold Diverger Performance Rights and the Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date. The dollar value as a result of the treatment of the Diverger Performance Rights (on the basis of an implied value of the Scheme Consideration of \$1.42 per Diverger Share ) for each Diverger Director would be as follows: Peter Brook - \$213,000, Nathan Jacobsen - \$1,018,974, Anthony McDonald – \$142,000, Carl Scarcella - \$142,000 and Grahame Evans - \$142,000).

Question	Answer	Further Information
	<p>Scheme Implementation Agreement , Diverger is bound by certain exclusivity obligations, including in relation to Diverger Competing Proposals. None of those exclusivity obligations preclude Diverger from responding to any unsolicited Diverger Competing Proposal that may emerge.</p>	
<p>What happens if a competing proposal for Diverger emerges?</p>	<p>If an unsolicited Diverger Competing Proposal is received before the Scheme Meeting, your Directors will carefully consider it to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that the Scheme is presently the most favourable proposal for all of your Diverger Shares.</p> <p>Count has a right to match any unsolicited Superior Proposal if one is received by Diverger. Any change of your Directors' current recommendation in response to a Diverger Competing Proposal may result in Diverger being obliged to pay a break fee of \$500,000 (inclusive of GST) to Count.</p>	<p>Sections 1 and 2.</p>
<p>What happens if a competing proposal for Count emerges?</p>	<p>Count is not entitled to terminate the Scheme Implementation Agreement in order to pursue, agree or implement a Count Competing Proposal.</p> <p>If Count breaches the Scheme Implementation Agreement in a manner which causes implementation of the Scheme to become impossible or impracticable, or otherwise materially breaches the Scheme Implementation Agreement in order to pursue, agree or implement a Count Competing Transaction, Count must pay to Diverger \$1,250,000 (excluding GST) (<b>Liquidated Damages Amount</b>), even if the Count Board determines that the breach is required in order to fulfil the fiduciary or statutory duties of the directors of Count.</p>	<p>Section 1.10(b).</p>
<p>What is the opinion of the Independent Expert?</p>	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Diverger Shareholders, in the absence of a Superior Proposal.</p> <p>In relation to the Scheme, the Independent Expert has assessed the value of Diverger Shares on a controlling interest basis to be</p>	<p>Appendix 1.</p>

Question	Answer	Further Information
	in the range of \$1.19 to \$1.39 per Diverger Share. In addition, the Independent Expert has also assessed that the mid-point of the assessed value of the Default Consideration lies above the Independent Expert's assessed mid-point range of values for Diverger. <sup>26</sup>	

## G. VOTING

Question	Answer	Further Information
What am I being asked to vote on?	As a Diverger Shareholder, you are being asked to vote at the Scheme Meeting on whether the Scheme should be approved.	Section 4.
When and where will the Scheme Meeting be held?	The Scheme Meeting will be conducted as a hybrid meeting at MinterEllison, Level 40 Governor Macquarie Tower, 1 Farrer Place Sydney commencing at 10.00am on Tuesday, 23 January 2024 at the physical venue and via the online platform that allows for remote participation via the following link: <a href="https://meetings.linkgroup.com/DVRSM24">https://meetings.linkgroup.com/DVRSM24</a> .	Section 4.
What voting majority is required to approve the Scheme Resolution?	For the Scheme to be approved at the Scheme Meeting, votes in favour of the Scheme must be received from: <ul style="list-style-type: none"> <li>a majority in number (more than 50%) of eligible Diverger Shareholders present and voting at the Scheme Meeting (personally or by proxy, attorney, or in the case of a Diverger Shareholder or proxy who is a corporation, by corporate representative) (<b>Headcount Test</b>); and</li> <li>at least 75% of the total number of votes which are cast at the Scheme Meeting by eligible Diverger Shareholders (personally or by proxy, attorney, or in the case of a Diverger Shareholder or proxy who is a corporation, by corporate representative).</li> </ul> <p>The Scheme must also be approved by the Court before it can become Effective.</p>	Section 4.

Question	Answer	Further Information
	The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting.	
Am I entitled to vote?	If you are registered as a Diverger Shareholder on the Diverger Register at 10.00am on Sunday, 21 January 2024, being the Voting Entitlement Time, you will be entitled to attend and vote at the Scheme Meeting.	Section 4.
Is voting compulsory?	<p>No, voting is not compulsory. However, the Scheme can only proceed if the Scheme Resolution is passed by the requisite majorities of Diverger Shareholders. Therefore, voting is important and the Directors strongly encourage you to vote.</p> <p>If the Scheme is implemented, you will be bound by the Scheme whether or not you were present at the Scheme Meeting, whether or not you voted and whether or not you voted in favour of the Scheme Resolution or against the Scheme Resolution.</p>	Sections 4 and 10.
How do I vote if I'm unable to attend the Scheme Meeting or if I don't wish to do so?	<p>You can vote:</p> <ul style="list-style-type: none"> <li>• in person by attending the Scheme Meeting; or</li> <li>• if you are unable to attend the Scheme Meeting, you may vote by completing and lodging the Proxy Form for the Scheme Meeting. The Proxy Form can be lodged in person, online, by mail or by fax.</li> </ul> <p>You can appoint a proxy by completing the Proxy Form accompanying this Explanatory Booklet and returning the form to Diverger or the Diverger Registry by 10.00am (Sydney time) on Sunday, 21 January 2024.</p> <p><b>By mail:</b> Diverger Limited C/- Link Market Services Limited Locked Bag A14, Sydney South NSW 1235 Australia</p> <p><b>By fax:</b> +61 2 9287 0309.</p> <p><b>Online:</b> <a href="https://investorcentre.linkgroup.com">https://investorcentre.linkgroup.com</a></p>	Section 4.



Question	Answer	Further Information
	<p>By hand: Link Market Services Limited Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150</p> <p>You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney.</p>	
<p>When will the result of the Scheme Meeting be known?</p>	<p>The result of the Scheme Meeting will be announced online and to ASX by Diverger after the conclusion of the Scheme Meeting.</p> <p>Even if the Scheme Resolution is passed at the Scheme Meeting, the Scheme will only proceed if Court approval of the Scheme is obtained and all of the other Conditions to the Scheme are satisfied or, if applicable, waived.</p>	<p>Section 4.</p>
<p>What should I do if I wish to support the Scheme?</p>	<p>If you support the Scheme you should attend the Scheme Meeting by logging in online personally or by proxy and vote in favour of the Scheme Resolution.</p> <p>Alternatively, you may lodge proxy votes in favour of the Scheme Resolution by completing and returning the proxy form accompanying this Explanatory Booklet or lodging your proxy online.</p>	<p>Section 4.</p>
<p>What should I do if I wish to oppose the Scheme?</p>	<p>If you do not support the Scheme:</p> <ul style="list-style-type: none"> <li>• you should attend the Scheme Meeting either by logging in online personally or by proxy, and vote against the Scheme Resolution; and/or</li> <li>• if Shareholders pass the Scheme Resolution at the Scheme Meeting, you may wish to oppose the approval of the Scheme, by filing and serving a notice of opposition and any other supporting documents on Diverger by at least one day before the Second Court Date and attending the Second Court Hearing.</li> </ul>	<p>Sections 4.4 and 11.3.</p>
<p>Can I be bound by the Scheme if I do not vote or if I vote against its approval?</p>	<p>Yes. If the Scheme becomes Effective and you hold any Diverger Shares on the Scheme Record Date (currently expected to be Friday, 23 February 2024), you will be bound by the Scheme, even if you were not</p>	<p>Sections 11.5 and 11.6.</p>

Question	Answer	Further Information
	present at the Scheme Meeting, you did not vote or you voted against the Scheme.	
What are my options?	As a Diverger Shareholder, you have the option of voting on the Scheme or not voting on the Scheme.  In addition, if you are a Diverger Shareholder, you have the option of selling your Diverger Shares prior to the Scheme Record Date.	Section 2.6.
What do I do if I have incorrectly logged in as a guest instead of a Diverger Shareholder or a proxy holder?	Guests attending a Scheme Meeting will not be able to ask questions or vote.  Diverger Shareholders are encouraged to follow the instructions provided in the Notice of Scheme Meeting to ensure that you log in to the online platform correctly and are able to participate at the Scheme Meeting.  For any technical difficulties, please contact the Diverger Registry by telephone on +61 1300 554 474.	Section 4.

## H. OTHER QUESTIONS

Question	Answer	Further Information
Do I have to sign anything in relation to the Scheme?	If you wish to appoint a proxy to vote on your behalf, you are required to sign and return to the Diverger Registry (or complete online) your Proxy Form for the Scheme Meeting accompanying this Explanatory Booklet by the date specified in the Important Dates and Times section of this Explanatory Booklet.  If the Scheme is implemented, Diverger will automatically have authority to sign a master share transfer document on behalf of all Diverger Scheme Shareholders in favour of Court.	Sections 4, 10 and 11.
What will happen if the Scheme is approved by the Court?	If the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, Diverger will lodge with ASIC an office copy of the orders. It is expected that this will occur on the Business Day immediately following the Second Court Hearing. The Scheme will	Section 10.

Question	Answer	Further Information
	<p>then become Effective and it will proceed to be implemented.</p> <p>Diverger Shares are expected to cease trading on the ASX from the close of trading on the Effective Date (currently expected to be Friday, 16 February 2024).</p> <p>Count Consideration Shares are expected to commence trading on a deferred settlement basis on the ASX trading day after the Effective Date. The exact number of Count Consideration Shares to be issued to Diverger Shareholders (as applicable) will not be known until after the Scheme Record Date and will not be confirmed to each Scheme Shareholder until they receive their holding statements following the Implementation Date. It is the responsibility of each Scheme Shareholder to confirm their holdings of Count Consideration Shares before they trade them, to avoid the risk of committing to sell more than will be issued to them.</p>	
<p>What happens on the Implementation Date?</p>	<p>On the Implementation Date (currently expected to be Friday, 1 March 2024), the Scheme will be implemented and you will be sent your Scheme Consideration.</p> <p>Following which Count will acquire all of the Scheme Shares.</p> <p>You will be sent a closing nil Holding Statement in regard to your Diverger Shares and a Count Holding Statement for your new Count Consideration Shares. You will also be sent a statement of the total consideration paid (Cash Consideration and Count Share Consideration) for your Diverger Shares.</p> <p>It is intended that Diverger will be delisted shortly after the Implementation Date.</p> <p>You are not required to do anything in relation these implementation matters.</p>	<p>Sections 10 and 11.</p>
<p>When can I start trading my Count Consideration Shares on ASX?</p>	<p>Any Count Consideration Shares issued to you under the Scheme are expected to commence trading on ASX on a deferred settlement basis from the ASX trading day after the Effective Date, and on a normal settlement basis from the first ASX trading</p>	<p>Section 11.6.</p>

Question	Answer	Further Information
	day after the Implementation Date, unless ASX requires a later date.	
How will fractional entitlements to Count Consideration Shares be dealt with?	Any entitlements to a fraction of a Count Consideration Share arising under the calculation of Scheme Consideration will be rounded down to the nearest Count Consideration Share and the fraction will be paid out in cash to the Diverger Shareholder (calculated as the closing price per share of Count Shares on the ASX as at the Scheme Record Date).	Section 11.6.
What dividends will I receive in respect of my Count Consideration Shares?	<p>After the Implementation Date, as the holder of Count Shares, you will be entitled to participate in dividends and other distributions declared by Count after the Implementation Date on the same basis as all other holders of Count Shares.</p> <p>Holders of Diverger Shares that will receive Count Consideration Shares will not be entitled to receive any Count interim dividend for the six months ending 31 December 2023 (if declared) if the record date for such dividend occurs before the Implementation Date.</p>	Section 7.6(h).
What if I have further questions?	<p>If you have any further questions about the Proposed Transaction, please contact the Diverger Shareholder Information Line on 1300 222 378 within Australia or +61 1300 222 378 if outside Australia Monday to Friday between 8.30am and 5.30pm (Sydney time).</p> <p>For information about your individual circumstances, please consult your financial, legal, taxation or other professional adviser.</p>	N/A

## 4. How to vote

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### 4.1 Scheme Meeting

The notice convening the Scheme Meeting is contained in Appendix 4 to this Explanatory Booklet. A Proxy Form for the Scheme Meeting accompanies this Explanatory Booklet.

The Scheme Meeting will be a hybrid meeting and conducted in two parts simultaneously on Tuesday, 23 January 2024, commencing at 10.00am with the physical venue of the Scheme Meeting at MinterEllison, Level 40 Governor Macquarie Tower, 1 Farrer Place Sydney and via the online platform that allows for remote participation using the following link:

<https://meetings.linkgroup.com/DVRSM24>.

Please refer to Section 4 below for further details on how to attend the Scheme Meeting.

For the Scheme to be approved by Diverger Shareholders, votes in favour of the Scheme must be received from:

- a majority in number (more than 50%) of Diverger Shareholders present and voting at the Scheme Meeting (personally or by proxy, attorney, or in the case of a Diverger Shareholder or proxy who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting and the by Diverger Shareholders (personally or by proxy, attorney, or in the case of Diverger Shareholders or proxy who is a corporation, by corporate representative).

The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting.

The purpose and effect of the Scheme is as summarised in Section 10 and are more particularly described in Section 11.

### 4.2 Your vote is important

Your Directors urge all Diverger Shareholders to vote on the Scheme Resolution at the Scheme Meeting. The Scheme affects your Shares and your votes at the Scheme Meeting are important in determining whether the Scheme proceeds.

Your Directors encourage all Diverger Shareholders to vote in favour of the Scheme either by personally participating in the Scheme Meeting or by appointing a proxy, an attorney or, in the case of a Diverger Shareholder or proxy who is a corporation, a corporate representative to participate in the Scheme Meeting and vote on your behalf.

You may appoint a proxy to vote on your behalf by either:

- completing and returning the Proxy Form which accompanies this Explanatory Booklet; or
- appointing a proxy online via <https://investorcentre.linkgroup.com> by following the instructions on that website.

For your proxy appointment to be effective:

- your Proxy Form(s) must be received by the Diverger Registry (whether by mail, by fax, or by lodging your proxy online) by 10.00am on Sunday, 21 January 2024; or
- if you choose to appoint a proxy online – this appointment must be done by 10.00am on Sunday, 21 January 2024.

Further information on your voting alternatives is provided in Section 4.4.

### 4.3 Guide to participating in the Scheme Meeting

The Scheme Meeting will be a hybrid meeting and conducted in two parts simultaneously on Tuesday, 23 January 2024, commencing at 10.00am with the physical venue of the Scheme Meeting at MinterEllison, Level 40 Governor Macquarie Tower, 1 Farrer Place Sydney and via the online platform that allows for remote participation using the following link:

<https://meetings.linkgroup.com/DVRSM24>.

Diverger Shareholders and proxy holders attending the Scheme Meeting online will be given reasonable opportunity to participate in the Scheme Meeting equivalent to the opportunity Diverger Shareholders and proxy holders would have had if they were at the physical venue for the Scheme Meeting.

The Meetings Online Guide provides details about how to ensure your browser is compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site.

The Meetings Online Guide has been released to the ASX and will be available on Diverger's website.

### 4.4 How to vote

#### (a) Voting entitlement

If you are registered as a Diverger Shareholder on the Diverger Register at the Voting Entitlement Time (10.00am on Sunday, 21 January 2024), you will be entitled to vote at the Scheme Meeting.

All voting at the Scheme Meeting will be conducted by poll.

#### (b) Voting in person

Diverger Shareholders wishing to vote in person or their attorneys or, in the case of a Diverger Shareholder or proxy which is a corporation, corporate representatives, are encouraged to participate in the Scheme Meeting by either attending the physical venue of the Scheme Meeting or by logging in online using the following link:

<https://meetings.linkgroup.com/DVRSM24>.

On-line voting will be facilitated through the use of in browser buttons.

Diverger Shareholders, their attorneys or in the case of Diverger Shareholders or proxies which are corporations, corporate representatives, who plan to participate in the Scheme Meeting online should log in 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register. The online platform will be open 1 hour prior to the commencement of the Scheme Meeting.

#### (c) Voting by attorney

If a Diverger Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to that Diverger Shareholder's shareholding in Diverger, that Diverger Shareholder must deliver the instrument appointing the attorney to the Diverger Registry for notation.

Diverger Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to Diverger for notation, deliver to the Diverger Registry (at the address or facsimile number provided in Section 4.4) the original instrument appointing the attorney or a certified copy of it prior to the Scheme Meeting.

Any power of attorney granted by a Diverger Shareholder will, as between Diverger and that Diverger Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Diverger Shareholder is lodged with Diverger.

**(d) Voting by corporate representative**

To vote at the Scheme Meeting, a Diverger Shareholder or proxy which is a corporation may appoint an individual to act as its representative.

To vote by corporate representative at the Scheme Meeting, a Diverger Shareholder or proxy which is a corporation should obtain a Certificate of Appointment of Corporate Representative from the Diverger Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged with the Diverger Registry prior to the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

**(e) Voting by proxy**

Diverger Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must either complete and sign or validly authenticate the personalised Proxy Form for the Scheme Meeting, which accompanies this Explanatory Booklet. Alternatively, Diverger Shareholders may lodge their proxies for the Scheme Meeting online by following the instructions on the Proxy Form. A person appointed as a proxy may be an individual or a body corporate.

Your completed Proxy Form for the Scheme Meeting (and an original or certified copy of any power of attorney under which it is signed, unless already provided) must be delivered to the Diverger Registry by 10.00am on Sunday, 21 January 2024 in any of the following ways:

**By post** in the enclosed reply paid envelope (or the self-addressed envelope, for Diverger Shareholders whose Registered Address is outside Australia) provided to the Diverger Registry:

Diverger Limited  
C/- Link Market Services Limited  
Locked Bag A14, Sydney South NSW 1235 Australia

**By fax** to the Diverger Registry on +61 2 9287 0309.

**By hand** at Link Market Services Limited, Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150

Alternatively, you may choose to appoint a proxy online as follows:

**Online** if you wish to appoint your proxy online, you should do so by visiting <https://investorcentre.linkgroup.com> and by following the instructions on that website. Online appointments of proxies for the Scheme Meeting must be done by 10.00am on Sunday, 21 January 2024.

Proxies will need to enter the unique username and password provided by the Diverger Registry and select login.

Your appointment of a proxy does not preclude you from attending the Scheme Meeting personally. The appointment of your proxy is not suspended merely by attending the Scheme Meeting, but if you vote on the resolution, the proxy is not entitled to vote, and must not vote, as your proxy on the resolution.

**Chairperson as proxy**

If a Diverger Shareholder nominates the Chairperson of a Scheme Meeting as that Diverger Shareholder's proxy, the person acting as Chairperson of that Scheme Meeting must act as

proxy under the appointment in respect of any or all items of business to be considered at that Scheme Meeting.

If a proxy appointment is signed or validly authenticated by that Diverger Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairperson of the Scheme Meeting may at its election act as proxy in respect of any or all items of business to be considered at that Scheme Meeting.

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:

- if the proxy is the Chairperson of the Scheme Meeting - the proxy must vote on the poll and must vote in the way directed; and
- if the proxy is not the Chairperson of the Scheme Meeting - the proxy need not vote on the poll, but if the proxy does vote, the proxy must vote in the way directed. In circumstances where the proxy does not vote on the poll or does not attend the meeting, the Chairperson of the Scheme Meeting will act in place of the nominated proxy and will vote in accordance with any directions on the proxy form.

### **Scheme Meeting**

Proxy appointments in favour of or which default to the Chairperson of the Scheme Meeting, the company secretary or any Diverger Director which do not contain a direction as to how to vote will be voted in support of the Scheme Resolution (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

### **4.5 Further information**

Please refer to the Notice of Scheme Meeting, set out in Appendix 4 to this Explanatory Booklet for further information on voting procedures and details of the resolution to be voted on at the Scheme Meeting.

The results of the Scheme Meeting will be announced to ASX shortly after the conclusion of the Scheme Meeting.



## 5. Profile of Diverger

### 5.1 Background

Diverger is an ASX listed provider of services and solutions to the Australian Accounting and Wealth industry.

Diverger's business operates across three core business segments comprised of:

- **Wealth:** provision of basic licensing and client engagement tools, coaching and training, and risk and compliance services to a network of advice firms.
- **Accounting:** provides a range of support services to accounting and wealth firms, including online technical support through a subscription service and training delivered online or face to face.
- **Technology:** suite of technology support services, specifically in cyber and IT planning that are complementary to Diverger's other offerings.

Diverger's business generates revenue across five core services comprising Licence services, Investment Management services, Membership, Training and IT and Cyber services.

Diverger has expanded to provide services to more than 4,100 firms across 3 divisions being Wealth, Accounting and Technology Solutions. Diverger currently employs a team of approximately 110 staff.

### 5.2 Corporate History

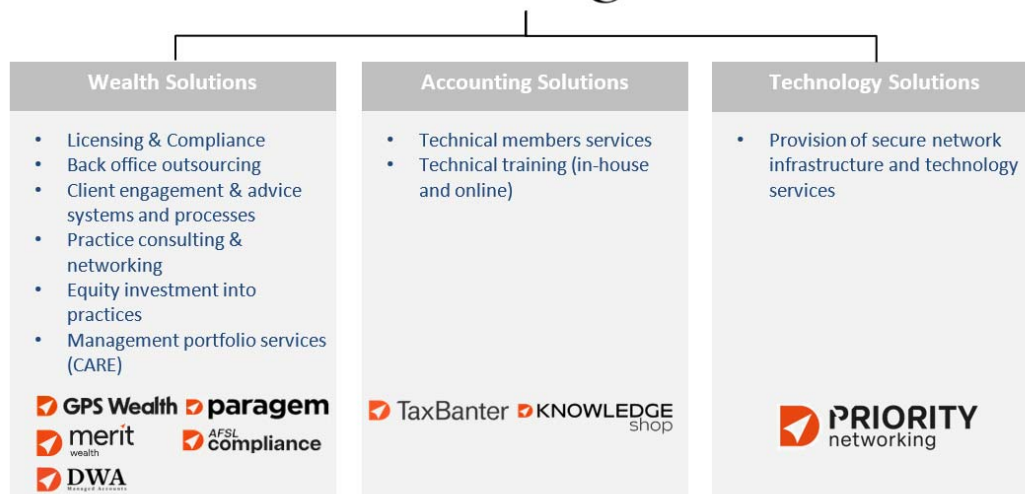
This Section provides an overview of Diverger's history from the commencement of its operations in 2005 to the Last Practicable Date.

Year	Event
2005	Diverger was established under the name Goldlink Growthplus Limited
2005	Goldlink Growthplus listed on the ASX under the ticker GLC.ASX
2008	Goldlink Growthplus Limited renamed to Equities and Freeholds Limited
2012	Equities and Freeholds Limited renamed to Easton Investments Limited
2014	Completion of the Hayes Knight transaction, which included the acquisition of Knowledge Shop and Merit Wealth
2017	Easton Investments Limited acquired GPS Wealth Ltd
2020	<p>Knowledge Shop acquired 60% of TaxBanter Pty Ltd for \$4.3m.</p> <p>In April 2020, Diverger undertook the sale of assets considered non-core to the future strategy and direction of the Company. Including:</p> <ul style="list-style-type: none"> <li>• Wealth Solutions businesses: EWA Finance (30 April 2020) and First Financial (3 June 2020); and</li> <li>• The accounting solutions businesses Hayes Knight NSW (20 July 2020), Law Central (14 December 2020) and Panthercorp (1 February 2021).</li> </ul>
2021	Easton Investments Limited acquired the remaining 40% equity interest in TaxBanter on 31 January 2022 for \$2.9 million
2021	HUB24 Ltd acquired a 31.5% interest in Diverger (as a result of a proportional off-market takeover for 1 out of every 3 Diverger shares for

	<p>consideration of \$1.20 per Diverger share as part of the consolidation of the Diverger and Paragem businesses)</p> <p>Diverger issued 1.7 million options over ordinary shares to HUB24, at an exercise price of \$1.20 per ordinary share, which expire on 1 February 2024 as consideration for entering into a technology partnership and distribution agreement pursuant to which HUB24 will provide the Company with innovative technology and data solutions</p>
2021	Easton Investments Limited announces rebrand to Diverger Limited (ASX: DVR)
2022	Announced 35% investment in McGregor Wealth Management Pty Ltd in July 2022
2022	Diverger submitted a Non-Binding Indicative Offer to the board of Centrepont Alliance Limited (ASX: CAF) to acquire 100% of Centrepont for a combination of cash and Diverger shares. Diverger was not able to progress the Indicative Proposal given no meaningful engagement
2022	<p>Acquired a 35% interest in Wealth Management Pty Ltd (MWM), a financial planning practice (which was licensed through one of Diverger's wholly owned licensing subsidiaries)</p> <p>Diverger acquired AFSL Compliance Ltd in December 2022 increasing its capability to deliver services to the fast growing self-licensing market</p>
2023	<p>Acquired Priority Networking Pty Ltd, expanding service offering into technological support</p> <p>Acquired a 55% interest in Atkinson Saynor Private Wealth Pty Ltd</p>

## 5.3 Overview of operations

### (a) Diverger segment information



### Wealth Solutions:

The Diverger Group's Wealth Solutions segments comprises the following entities:

- DWA Managed Accounts Pty Ltd (**CARE**) – 100%
- GPS Wealth Ltd (**GPS**) – 100%
- Merit Wealth Pty Ltd (**MW**) – 100%
- Paragem Pty Limited (**Paragem**) – 100%
- DivergerX Pty Ltd (**DVRX**) – 100%
- McGregor Wealth Management Pty Ltd (**MWM**) – 35% (acquired 1 July 2022)
- AFSL Compliance Pty Ltd (**AFSLC**) – 100% (acquired 1 December 2022)
- Atkinson Saynor Private Wealth Pty Ltd (**ASPW**) – 55% (acquired 1 July 2023)

The Diverger Group's Wealth Solutions Segment provides a range of licensee and adviser services to a network of 442 advice firms nationally (2022: 296). Of these firms as at 30 June 2023, there were 141 (2022: 155) full authorised representative firms (ARs), 186 (2022: 5) self-licensed advice firms (SLs) and 115 (2022: 136) limited authorised representative firms (LARs). Within each firm, there can be multiple advisers. Additionally the Wealth Solutions Segment provides Australian Financial Services Licence (**AFSL**) compliance to self-licensed firms and provides investment management services through its CARE product. AFSL Licensee and Investment management services account for most of the revenue generated by this segment.

The Wealth Solutions Segment provides a full range of support services including licensing, risk and compliance services, training and coaching, back-office outsourcing, client engagement tools, advice systems, peer-to-peer forums and managed portfolio services. Licensing revenue for the provision of these services is generated through a combination of fixed fee and hybrid (fixed and variable) fee structures.

### Accounting Solutions:

The Diverger Group's Accounting Solutions Segment comprises the following entities during the year:

- Knowledge Shop Pty Ltd (**Knowledge Shop or KS**) – 100%
- TaxBanter Pty Ltd (**TaxBanter or TBR**) – 100%

The Diverger Group's Accounting Solutions Segment provides a range of support services to accounting and wealth firms, including online technical support through a subscription service and training delivered by online and face to face formats.

The segment is built up of two core businesses:

- **Knowledge Shop:** Provides technical support to advisers or accounting and/or financial advice firms through a subscription service, offering access to a client portal for client queries in a variety of areas including tax, accounting, superannuation, and practice management. Knowledge Shop also keeps clients informed through newsletters and provides additional training online or face-to-face.
- **TaxBanter & Taxbytes:** Specialises in the provision of tax training, offered through face-to-face or online sessions. Tax Banter and Taxbytes services were merged in March 2022 to create Australia's leading in-house taxation training company. TaxBanter works with 200 of Australia's leading boutique accounting and advisory firms and the professional bodies to improve the development of their teams.

## Technology Solutions:

On 17 January 2023, the Diverger Group completed the acquisition of a 100% equity interest in Priority Networking Pty Ltd (**PNET**), with an effective date of 1 January 2023. This acquisition seeded the Technology Segment of Diverger.

The Technology Solutions Segment is comprised of a suite of support services that are complementary to both the Accounting and Wealth offerings.

PNET is an IT managed services and consulting company which provides small to medium enterprises with end-to-end IT solutions. Key service offerings include IT planning, 24/7 proactive monitoring and general support services.

### (b) Diverger operating highlights – FY23

Diverger Group	FY23 \$m	FY22 \$m	Increase/ (decrease) %
Wealth solutions	19.45	16.90	15.1%
Wealth solutions - acquired	0.39	-	-
Accounting Solutions	15.07	14.71	2.4%
Technology Solutions - acquired	2.69	-	-
Other - Corporate	0.01	-	-
<b>Net Revenue</b>	<b>37.61</b>	<b>31.61</b>	<b>19.0%</b>
Wealth solutions	4.12	4.20	(1.9%)
Wealth solutions - acquired	0.40	-	-
Accounting Solutions	5.30	5.85	(9.4%)
Technology Solutions - acquired	0.27	-	-
<b>Segment Performance</b>	<b>10.09</b>	<b>10.05</b>	<b>0.4%</b>
Corporate overheads	(3.19)	(2.99)	(6.7%)
<b>Group Underlying Profit / EBITA</b>	<b>6.90</b>	<b>7.06</b>	<b>(2.3%)</b>

FY23 was a strong year operationally for Diverger, with a 19% increase in net revenue to \$37.6 million and EBITA margins slightly down on the prior period. Margins contracted due to the increased investment to support realisation of Diverger's FY25 growth targets and reinstatement of certain costs which had previously been deferred or avoided due to COVID-19, including adviser training and conferences.

Key operating highlights across the FY23 period were:

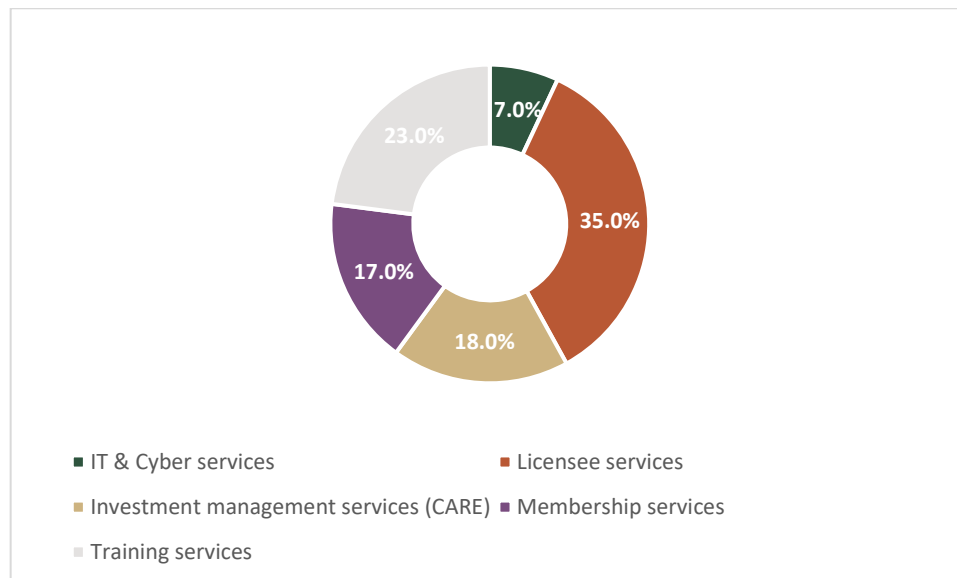
- Increased net revenue by 19% to \$37.61 million (FY22: \$31.61 million);
- Improved returns to shareholders by 10% with an increased dividend of 5.5cps (FY22: 5.0cps);
- Underlying profit (normalised EBITA) down 2% to \$6.90 million (FY22: \$7.06 million);
- Further diversified Diverger's revenue model, now with >90% recurring revenue across five core services;
- Expanded our footprint of circa 4,100 advice, accounting and other firms, up 8%;
- Substantial inflows into CARE portfolios of \$863 million despite market volatility, now managing \$2.7 billion of investor assets;
- Completed four acquisitions (one shortly after balance sheet date) that are expected to collectively contribute more than \$1.38 million to FY24 EBITA;
- Statutory net profit after tax down by 24% to \$2.83 million (FY22: \$3.75 million) due primarily to increased non-cash amortisation and adjustments related to M&A activity;

- Retained capacity to self-fund growth strategy, with \$0.72 million net debt after investing \$4.1 million of capital (plus \$1.8 million post balance sheet date); and
- Renewed finance facilities with circa \$13.5 million of existing headroom after post balance date acquisition.

The total net revenue composition of the Diverger Group illustrated below demonstrates five core revenue streams that operate across the Diverger Group and their respective relativities. Net revenue in FY23 at a segment level is split between the Wealth Solutions Segment (53%), Accounting Solutions Segment (40%) and the Technology Solutions Segment (7%). At a total level, 90+% of net revenue is considered to be of a recurring nature.

EBITA margins vary according to revenue stream and therefore total Diverger Group EBITA margin is driven by service mix which is changing overtime. At a segment level, indicative EBITA margins are circa: Wealth Solutions 23% - 27%; Accounting Solutions 35% - 40%; and Technology Solutions 10%. The Diverger Group is currently operating at an overall 23% EBITA margin to net revenue.

#### Net Revenue Mix by segment



#### Wealth Solutions:

The Wealth Solutions Segment experienced net revenue growth of 17% and underlying profit growth of 8% compared to the prior year.

Net revenue from authorised representatives firms was relatively in line with the prior year. Whilst there has been continued improvement in most key performance metrics in this part of the business, there was a reduction in the number of firms compared to the prior year, declining from 155 to 141 firms. This was driven by a number of factors including consolidation of firms, some movement to self-licensing within Diverger and some exiting driven by the final ethics exam deadline of the Financial Adviser Standards and Ethics Authority (**FASEA**) education reforms.

Overall, the average gross fees generated by the firms licensed by the Diverger Group increased by 9% to \$0.67 million per firm, indicating the continuing strong demand for advice as well as an increasing quality of the Diverger Group's licensed planning firms. Average net fees from authorised representatives firms received by the Diverger Group increased by 5% to \$55,000 per firm as the Group continued to improve fee structures across the 3 licensees.

CARE Managed Accounts continued to grow with CARE investment management fees increasing by 13% to \$6.57 million and funds under management at 30 June 2023 up 21% to \$2.68 billion compared to the prior year (FY22: \$2.22 billion). The rate of growth was slower than the compound growth rate of 24% over the last 3 years reflecting the current economic environment.

Underlying profit for Wealth Solutions increased by 8% to \$4.52 million compared to the prior year (FY22: \$4.20 million). EBITA margin adjusted for expense recovery revenue (ASIC levy and Xplan recoveries) of 27% was consistent with the prior year. Whilst the segment entered into higher margin revenue streams with AFSLC and the continued growth in CARE, a higher overall margin has been offset with the reinstatement of certain costs which had been deferred or avoided due to COVID-19, including staff resourcing as well as adviser training and conferences. Staff costs were also impacted by the low employment environment which has necessitated a general increase in wages to attract and retain talent.

The performance of the Wealth Solutions Segment is summarised below:

Wealth Solutions	FY23 \$m	FY22 \$m	Increase/ (decrease) %
Full adviser (AR) gross fees	96.9	95.9	1.1%
Full adviser fixed licensee fees	6.0	5.8	3.1%
(-) Less: Adviser revenue share	(94.8)	(93.4)	1.5%
<b>AR Net Revenue</b>	<b>8.0</b>	<b>8.2</b>	<b>(2.4%)</b>
Limited adviser subscription revenue (LAR)	0.7	0.9	(23.4%)
Self-License services (SL)	0.5	0.0	2,550.0%
Expense recoveries	3.1	1.5	110.2%
Other revenue	0.9	0.4	107.0%
<b>Total Licensee Services</b>	<b>13.3</b>	<b>11.1</b>	<b>19.5%</b>
CARE investment management fees	6.6	5.8	13.3%
<b>Net Revenue</b>	<b>19.8</b>	<b>16.9</b>	<b>17.4%</b>
<b>Underlying Profit</b>	<b>4.5</b>	<b>4.2</b>	<b>7.6%</b>

#### Accounting Solutions:

The Accounting Solutions Segment had lower earnings compared to the prior year due to a combination of a slower rate of revenue growth as well as investment in additional business development and technical resources which take time to deliver a return. This has resulted in an expected short-term decrease in EBITA margin to 35%, down from 40% in the prior year.

Membership subscription revenue from Knowledge Shop increased by 4% to \$6.45 million compared to the prior year in line with the continued growth in the number of members to 1,379 from 1,346 in FY22. Membership grew at a slower rate than prior years partly due to accountants deferring expenditure in response to a rising cost environment, however also partly due to the transition to a new business development team resulting in some lost momentum in the first half of the year. This team is now in place which has resulted in a stronger second half member acquisition rate that is expected to continue.

Training revenue through the Diverger Group's two training brands, Knowledge Shop and TaxBanter, grew modestly by 3% to \$8.57 million compared to the prior year. Over the current year, the training businesses continued to adjust to the hybrid working environment of our clients post COVID-19, requiring continuing adaption of our in-house training delivery and fee models where audiences are spread between in-office and home. This realignment has made some progress as evidenced through the return to revenue growth after two years of disruption caused by the pandemic.

Underlying profit for Accounting Solutions decreased by 9% (\$549,000) to \$2.67 million compared to the prior year. This result reflects the modest revenue growth referred to above which was more than offset by costs associated with investment in additional resources to drive and support higher revenue and profit growth in future periods. Staff costs associated with technical training and business development increased by 10% or \$0.7 million compared to the prior year reflecting an investment in increased capacity for growth as well as the impact of wage inflation in the current low unemployment environment.

The performance of the Accounting Solutions segment is summarised below:

Accounting Solutions	FY23 \$m	FY22 \$m	Increase/ (decrease) %
Membership subscription revenue	6.5	6.2	3.7%
Training revenue	8.6	8.3	3.0%
Other revenue	0.1	0.2	(70.6%)
<b>Net Revenue</b>	<b>15.1</b>	<b>14.7</b>	<b>2.4%</b>
<b>Underlying Profit</b>	<b>5.3</b>	<b>5.9</b>	<b>(9.4%)</b>

### Technology Solutions:

On 17 January 2023, the Diverger Group completed the acquisition of a 100% equity interest in PNET, with an effective date of 1 January 2023.

For the 6 months to 30 June 2023 since the completion of the acquisition, PNET has performed in line with expectations. In addition, the Diverger Group has been working with PNET to develop a suite of technology support services as part of the group cross-sell strategy which are expected to positively impact results in future periods.

Technology Solutions	6 months to 30 June 2023 \$m
Manage service fees & consulting	1.3
Hardware & software	1.4
Other	0.0
<b>Net Revenue</b>	<b>2.7</b>
<b>Underlying Profit</b>	<b>0.3</b>

### (c) Comparison with Count's financial information

Diverger Shareholders should note that the figures added to Reported EBITA within the financial table prepared by Count in Section 6.2(b) are inclusive of a material Non-Controlling Interest's (**NCI**) share of EBITA after applying accounting standard AASB10 Consolidated Financial Statements.

The key variances when comparing financial information between Diverger and Count are that:

- Diverger at the end of FY23 reported only the operating results attributable to Diverger shareholders, whereas the Count financial table in Section 6.2(b) consolidates the proportion of the EBITA attributable to non-controlling interests (non-Count shareholders) in line with AASB10 (Consolidated Financial Statements) as if the subsidiaries were wholly owned on the basis that Count has a controlling interest; and
- Count's Adjusted Segment EBITA is on a pre corporate costs basis, whilst Diverger presents Underlying EBITA as including corporate costs.

To assist Diverger Shareholders to make an approximate 'like for like' comparison of the operations of Diverger and Count, Underlying EBITA attributable to shareholders after removing

non-recurring items and including corporate office costs for Count is best illustrated by referring to the following line items within the Count financial table in Section 6.2(b).

	FY23	FY22
Adjusted segment EBITA to shareholders (per Count section 6)	14,921	13,671
Less: Corporate office and other income and costs (per Count section 6)	(7,321)	(6,701)
<b>Adjusted segment EBITA to shareholders after Corporate office and other income and costs (derived)</b>	<b>7,600</b>	<b>6,970</b>

Summary of reconciling items to Reported EBITA (inclusive of NCI and non-recurring items)

	FY23	FY22
<b>Adjusted segment EBITA to shareholders after Corporate office and other income and costs (derived)</b>	<b>7,600</b>	<b>6,970</b>
Discontinuing operations	(589)	(571)
Net non-recurring gains/impairment charges	2,499	1,997
Government Grants and cost reimbursements	151	1,257
NCI/Associates	2,567	1,866
<b>Reported EBITA</b>	<b>12,228</b>	<b>11,519</b>

## 5.4 Diverger's strategy

Diverger's target market remains advice and accounting firms, with the financial advice market in particular enjoying strong growth (and a corresponding demand for support services from Diverger) off the back of the Royal Commission led to the collapse in adviser numbers and continued growth in demand for financial advice. Diverger is positioning to take advantage of this trend by scaling our client footprint, expanding the services these firms can buy from Diverger, and investing in the digital transformation of the way advice services are delivered to consumers. In addition, Diverger also intends to capitalise on industry consolidation and accelerate inorganic and organic growth in order to take advantage of market dynamics. For FY23 this has meant:

- extending the licensing business into the faster growing self-licensing market (advice practices who are granted a license by ASIC directly) through the acquisition of AFSL Compliance. Diverger now provides services to more self-licensed firms than licensed;
- adding a new service offer in IT infrastructure and cyber consulting services, through the acquisition of Priority Networking which we intend to offer to our existing firms as well as attract new clients;
- establishing the advice equity partnership model, completing two investments into MWM and ASPW (post balance date), which allows Diverger to support growth and succession



in those firms, in return for a growing return on invested capital. Both these investment opportunities came to Diverger through Diverger's licensing network and Diverger is seeing a growing pipeline of opportunities in this space; and

- rollout of a new member portal for Knowledge Shop accounting firms and launch of the Knowledge Shop offer to advice firms.

In line with this strategy, Diverger has communicated to the market FY25 growth targets, with a progress update provided as part of its FY23 results:

Diverger Strategy	FY23	FY23 Exit Run Rate	FY25 Target	Gap to low range FY25 target
<b>Net Revenue (NR)</b>	\$37.6m	\$43.2m	\$40m - \$45m	On track
<b>Underlying EBITA</b>	\$6.9m	\$8.2m	\$10.5m - \$12.5m	\$2.3m
<b>NPATA</b>	\$4.7m	\$5.0m	\$7.0m - \$8.3m	\$2.0m
<b>Adjusted EPS (NPATA / SOI)</b>	12.5 cps	13.2 cps	18 - 22 cps	4.8 cps

In parallel with this strategy, Diverger has continued to assess various strategic pathways that would include a transaction to deliver material benefits to shareholders. The Diverger Board have remained open to assessing and acting on the best opportunities to take advantage of the industry consolidation and other market dynamics.

## 5.5 Diverger Board and senior management team

### Diverger Board

As at the date of this Explanatory Booklet, Diverger's Board comprises the persons noted below.





- Peter Brook (Non-Executive Chairman);
- Nathan Jacobsen (Managing Director);
- Anthony McDonald (Non-Executive Director);
- Carl Scarcella (Non-Executive Director); and
- Grahame Evans (Non-Executive Director).

The biographies of the Diverger Board as at the date of this Explanatory Booklet are as follows.

#### Peter Brook





Mr Brook has over 40 years' experience with senior management roles across diverse and complex organisations within financial services. Mr Brook was a Senior Partner of Grant Thornton and became the National Chairman of the Insolvency and Recovery practice. He later moved into senior executive roles working for MLC and Challenger in Asset Management and Life Insurance and as an executive director of 4 ASX listed asset management funds. Mr Brook moved onto ASX listed Alinta Energy where he was an Executive Director and Chief Financial Officer working on the separation from the Babcock and Brown stable and its ultimate privatisation. Mr Brook was the Managing Director of Pillar Administration for 4 years until it was sold by the New South Wales Government. Over that time, he shepherded the organisation through the changes needed by frequent and significant changes to the superannuation laws and regulations, the rationalisation of multiple operating member platforms to drive greater efficiency and

	<p>quality, to respond to the digitisation of regulatory reporting, data and funds transfers and member self-service. Pillar administered around \$120 billion of superannuation for clients such as Aware Super, State Super and Commonwealth Super. Most recently Mr Brook was the Chair of ASX listed Xplore Wealth Limited before its sale to HUB24 Limited.</p>
<p><b>Nathan Jacobsen</b></p> 	<p>Mr Jacobsen is a senior executive with 16 years' experience in wealth management organisations, where his key focus has been on market strategy, M&amp;A, business development, technology, operations and organisational transformation. Mr Jacobsen's previous roles have included Managing Director of Paragem, Group Executive Advice &amp; Technology Solutions at HUB24 Limited and various General Manager roles at Perpetual Private. Prior to joining the financial services industry, Mr Jacobsen worked in strategy and management consulting, as well as serving as an officer in the Royal Australian Navy</p>
<p><b>Anthony McDonald</b></p> 	<p>Mr McDonald co-founded financial planning firm Snowball Group Limited in 2000, which merged with Shadforth in 2011 to become ASX-listed SFG Australia Limited. Mr McDonald is also currently Chairman of a leading not-for-profit organisation. As a financial services executive Mr McDonald has worked in a variety of senior roles with the Snowball Group, SFG, Jardine Fleming Holdings Limited (Hong Kong), and Pacific Mutual Australia Limited. Prior to entering the financial services industry, Mr McDonald worked as a solicitor with two global law firms, Baker &amp; McKenzie and Coudert Brothers. He holds a Bachelor of Laws (LLB) and a Bachelor of Commerce (Marketing) from the University of NSW.</p>
<p><b>Carl Scarcella</b></p> 	<p>Mr Scarcella joined the financial services industry in 1987. In 2000, Mr Scarcella was one of the foundation managers of Snowball Group Limited, a listed independent advice business which provided financial services including financial planning, accounting and tax, portfolio management and portfolio administration. Mr Scarcella was Chief Operating Officer and Company Secretary of Snowball from inception through to its merger with the Shadforth Group in 2011 to become SFG Australia Limited. Following his departure from SFG in 2012, Mr Scarcella co-founded T&amp;C Consulting Services, a firm which provided advice on growth strategies, governance frameworks, infrastructure solutions and M&amp;A support.</p>
<p><b>Grahame Evans</b></p> 	<p>Mr Evans has been extensively involved with the financial services industry for over 30 years. Mr Evans has held a variety of board positions including Chairman of Australian, Canadian, Singaporean &amp; Chinese investment &amp; advice businesses and also as a director of Malaysian and New Zealand companies. Mr Evans is a regular speaker at conferences both in Australia and overseas and holds an MBA from the prestigious Australian Graduate School of Management. Mr Evans' executive roles have included CEO Investments for Tower Australia, Managing Director, AMP Consulting and Group Managing Director of Centrepont Wealth.</p>

**(a) Diverger senior management**

Brief profiles of the key members of Diverger's management team as at the date of this Explanatory Booklet are as follows:

<b>Nathan Jacobsen</b>	See biography above at Section 5.5
<b>Lisa Armstrong</b> 	<p>Ms Armstrong is an experienced C-suite executive focused on innovation and growth. A co-creator of Knowledge Shop, from inception she has grown the business and evolved it into Australia's leading resource service for professional advisers. With a background in public affairs and communications, Ms Armstrong previously worked with accounting group Hayes Knight, CPA Australia with responsibility for tax and tax reform, and Israel's Ministry of Foreign Affairs based in Canberra during the Rabin/Arafat peace process. Ms Armstrong is also the Chairman of TaxBanter, an independent director of Hayes Knight, and a former Director of Merit Wealth.</p>
<b>Michael Harris</b> 	<p>Mr Harris has over 20 years' experience working in various executive finance roles within ASX listed groups. Mr Harris has extensive experience with ASX reporting, M&amp;A, business integration, business transformation, system implementations, risk management, IT strategy and multi-national experience. Mr Harris is an effective leader and team developer. He has a diverse range of sector experience including financial services, energy, health, property and professional services.</p>

## 5.6 Capital structure

As at the Last Practicable Date, the total securities of Diverger on issue are as follows:

Security	Number
Diverger Shares	37,674,103
Diverger Options	1,700,000
Diverger Performance Rights	2,095,580

## 5.7 Proposed treatment of Diverger Performance Rights

The Diverger Board has, in exercising its discretion under the Diverger Performance Rights Plan and having regard to the treatment of long term incentives in similar corporate transactions announced to the ASX, resolved that, subject to the Scheme becoming Effective, all of the Diverger Performance Rights on issue will vest in full and be automatically exercised on a cashless basis in time for the holders of the Diverger Performance Rights to acquire Diverger Shares shortly before the Scheme Record Date and the Permitted Dividend Record Date.

In determining the treatment of the Diverger Performance Rights, the Diverger Board considered a number of factors, including:

- public to private change of control corporate transaction market precedents;
- the likelihood, based on current and projected performance against performance targets, of the granted Diverger Performance Rights vesting in the normal course;
- the fact that a significant proportion of the Diverger Performance Rights relate to remuneration contracts that were put in place several years ago;

- risks to the retention and motivation of Diverger's Directors and key executives through the proposed change of control of Diverger, balanced against the incremental costs of various treatment options;
- the terms of the Diverger Performance Rights Plan and the intended vesting conditions at the time of issue of the Performance Rights, as reflected in the Diverger Board's previously resolved policy that Diverger Performance Rights would vest under a change of control event; and
- the impact on Diverger Shareholders.

Count will acquire the Diverger Shares issued to holders of the Diverger Performance Rights on the Implementation Date and the holders of the Diverger Performance Rights will receive Scheme Consideration in respect of those Diverger Shares. The maximum number of Diverger Shares that will be issued in accordance with the accelerated vesting of Diverger Performance Rights is 2,095,580, having an aggregate value of \$2,980,753 (based on the implied value of the Scheme Consideration as at the Last Practicable Date of \$1.42 per Diverger Share), such that the diluted number of Diverger Shares for the Scheme will be 39,769,683.

## 5.8 Proposed treatment of Diverger Options

HUB24 Limited, as the sole holder of Diverger Options, has entered into an option cancellation deed with Diverger and Count under which, subject to the Scheme becoming legally effective, the Diverger Options will be cancelled on the Scheme Record Date for the aggregate cash consideration of \$1.00 for all of the Diverger Options.

## 5.9 Substantial holders

The details of Diverger's substantial holders as at Last Practicable Date (unless otherwise stated) are set out below:

	<b>Number of Diverger Shares</b>	<b>Percentage</b>
HUB24 Limited	12,953,271	34.4%%
Greg Hayes (direct and associated entities)	3,214,480	8.5%
Harvest Lane Asset Management Pty Ltd <sup>27</sup>	2,148,034	5.7%
DMX Asset Management Limited <sup>28</sup>	1,958,922	5.2%

## 5.10 Historical financial information

This Section sets out a summary of historical financial information for the purposes of this Explanatory Booklet.

<sup>27</sup> Based on confirmation from Harvest Lane Asset Management Pty Ltd to Diverger on 16 November 2023. Information in regard to substantial holdings arising, changing or ceasing after that date is not included in the table.

<sup>28</sup> Based on substantial holder notice dated 2 October 2023. Information in regard to substantial holdings arising, changing or ceasing after that date is not included in the table.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS

Below is a summary of Diverger's consolidated statements of profit or loss and other comprehensive income for FY22 and FY23.

	2022 \$'000	2023 \$'000
Total revenue from operating activities		
<b>Revenue from contracts with customers</b>	123,403	129,294
Expense recoveries	1,471	3,088
Other	157	73
<b>Total revenue</b>	125,031	132,455
Other income	-	-
Adviser revenue share	(93,419)	(94,841)
<b>Net revenue</b>	31,612	37,614
Other direct costs	(6,113)	(10,084)
<b>Gross margin</b>	25,499	27,530
Expenses from ordinary operations		
Salaries and employee benefits expenses	(14,164)	(16,351)
Occupancy expenses	(395)	(154)
Professional fees and consultants	(2,014)	(1,956)
Corporate - Directors, ASX, Registry and Co-Sec	(402)	(465)
IT expenses	(694)	(802)
Marketing expenses	(101)	(112)
Administration expenses	(472)	(536)
Other expenses	(221)	(271)
Share-based payments expense	(174)	(148)
Impairment expense	-	(147)
<b>Total expenses from ordinary operations</b>	(18,637)	(20,942)
Share of net profit of associates using the equity method	-	74
<b>Statutory EBITDA</b>	6,862	6,662
Finance income	13	70
Finance costs	(92)	(527)
Depreciation	(302)	(626)
Amortisation	(1,046)	(1,404)
<b>Profit before income tax</b>	5,435	4,175
Income tax expense	(1,686)	(1,343)
Loss from discontinued operations	-	-
<b>Total comprehensive income for the year</b>	3,749	2,832
Total comprehensive income for the year is attributable to:		
Non-controlling interests	186	-
<b>Owners of the Company</b>	3,563	2,832

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Below is a summary of Diverger's consolidated statements of financial position as at 30 June 2022 and 30 June 2023.

	<b>2022</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,527	385
Receivables	3,134	3,132
Other current assets	1,397	1,956
Current tax receivable	-	157
<b>Total current assets</b>	<b>7,058</b>	<b>5,630</b>
<b>Non-current assets</b>		
Plant and equipment	199	202
Right of use assets	1,344	1,042
Intangible assets	43,766	49,453
Equity-accounted investments	-	1,137
Deferred tax assets	1,426	1,276
<b>Total non-current assets</b>	<b>46,735</b>	<b>53,110</b>
<b>Total assets</b>	<b>53,793</b>	<b>58,740</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	5,922	5,240
Provisions and employee benefits	1,274	1,553
Lease liabilities	450	642
Deferred revenue	635	1,402
Provision for contingent consideration	74	1,558
Current tax liability	1,140	-
<b>Total current liabilities</b>	<b>9,495</b>	<b>10,395</b>
<b>Non-current liabilities</b>		
Provisions and employee benefits	416	476
Borrowings	-	1,105
Lease liabilities	957	535
Provision for contingent consideration	-	1,419
Deferred tax liabilities	5,127	6,104
<b>Total non-current liabilities</b>	<b>6,500</b>	<b>9,639</b>
<b>Total Liabilities</b>	<b>15,995</b>	<b>20,034</b>
<b>Net assets</b>	<b>37,798</b>	<b>38,706</b>
<b>Equity</b>		
Contributed equity	29,751	29,751
Retained earnings	7,366	8,126
Reserves	681	829
Non-controlling interests	-	-
<b>Total equity</b>	<b>37,798</b>	<b>38,706</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Below is a summary of Diverger's consolidated statements of cash flow for FY22 and FY23.

	2022 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>		
Fees and adviser revenue received	137,596	146,771
Payments to advisers, suppliers and employees	(129,383)	(140,268)
Cash generated from operations	8,213	6,503
Interest received	12	70
Finance costs paid	(76)	(199)
Income tax paid	(2,491)	(2,718)
<b>Net cash inflows from operating activities</b>	5,658	3,656
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(168)	(76)
Payments for other intangible assets, net of disposals	(491)	(434)
Payments for the acquisition of subsidiaries, net of cash acquired	(2,892)	(2,842)
Dividends received from associates	-	-
Payments for investments accounted for using the equity method	-	(735)
Proceeds on the disposal of subsidiaries net of cash disposed	450	-
Proceeds on disposal of associates	-	-
Payments for other investments - Call Option Centrepoint Alliance	(125)	-
<b>Net cash outflow from investing activities</b>	(3,226)	(4,087)
<b>Cash flows from financing activities</b>		
Payments of principle of lease liabilities	(240)	(685)
Net proceeds from borrowings	-	1,105
Dividends paid to Company shareholders	(1,505)	(2,072)
Dividends paid to non-controlling interests in subsidiaries	(360)	-
Net amounts paid - other loans provided	(59)	(59)
Payments for the issue of shares	-	-
Payments under share buy-back	-	-
<b>Net cash outflow from financing activities</b>	(2,164)	(1,711)
<b>Net (decrease)/increase in cash held</b>	268	(2,142)
Cash at the beginning of the financial year	2,259	2,527
Cash at the end of the financial year	2,527	385

The financial statements of Diverger for FY22 and FY23 including all notes to those accounts, can be found in full in:

- 2022 Diverger Annual Report (released to ASX on 24 August 2022); and
- 2023 Diverger Annual Report (released to ASX on 24 August 2023).

These documents can be found on the Diverger website at: <https://diverger.com.au/annual-reports/>.

## 5.11 Material changes in the financial position of Diverger

Other than:

- the accumulation of revenue and trading losses in the ordinary course of trading including the full year benefit of trading from acquisitions made part way through FY23; and
- as disclosed to ASX by Diverger,

within the knowledge of the Diverger Board, the financial position of Diverger has not materially changed since 30 June 2023.

## 5.12 Recent Diverger Share performance

Diverger's shares are listed for quotation on the ASX under the trading symbol "DVR".

Diverger's closing share price on the last trading day prior to the announcement of the Scheme Implementation Agreement was \$0.895. The closing price of Diverger Shares on the Last Practicable Date was \$1.30

During the three months up to the Last Practicable Date:

- the highest recorded daily closing price of Diverger Share was \$1.30; and
- the lowest record daily closing price of Diverger Shares was \$0.87.

The share price graph below refers to the performance of Diverger Shares from 6 December 2022 to the Last Practicable Date.

**Figure 1 – Diverger Share Price Performance (Last Twelve Months – Last Practicable Date)**



## 5.13 Summary of risks

In considering the Scheme, Diverger Shareholders should be aware of a number of risks which could materially and adversely affect the future operating and financial performance, and value, of Diverger.

This Section outlines some general investment risks relating to an investment in Diverger as well as some specific risks relating to investing in Diverger. These risks are set out in greater detail in Section 8. These risks currently apply to your investment in Diverger and will continue to apply if the Scheme does not proceed. If the Scheme proceeds, you will cease to be a



Diverger Shareholder . If the Scheme does not proceed, you will continue to hold your Diverger Shares. In either of those scenarios, you will continue to be exposed to risks associated with that investment (as set out below), which if the Scheme proceeds, will be by way of your shareholding exposure to the Combined Group.

You should carefully consider the risks outlined in this Section (and as more fully set out in Section 8), as well as the other information contained in this Explanatory Booklet, before voting on the Scheme. Sections 5.13 and 8 are general in nature only and do not take into account your individual objectives, financial situation, tax position or particular needs.

### **General risks associated with your investment in Diverger**

Like many listed companies, the market price of Diverger Shares is influenced by a number of factors. The following are some general risks associated with your investment in Diverger:

- changes in investor sentiment and the overall performance of the global and Australian securities market;
- changes in general business and industry cycles as well as economic conditions including inflation, interest rates, exchange rates, employment, credit markets, consumer confidence and demand, housing prices and turnover and other industry specific factors;
- changes in government, fiscal, monetary, taxation, employment and regulatory policies;
- weather conditions, natural disasters, pandemics generally including any resurgence of COVID-19, terrorism and international conflicts; and
- changes in laws and regulations including accounting and financial reporting standards.

### **Specific risks associated with your investment in Diverger**

There are a number of specific risks associated with an investment in Diverger, including the following:

- key personnel risk;
- key account and adviser/accountant loss risk;
- acquisitions risk;
- growth strategy risk;
- regulatory risk;
- AFSL licensee risk;
- liability and insurance risk;
- major disruption in investment markets which may significantly impact CARE revenues and investor confidence;
- Inability to achieve scale operations which increases threat from competitors;
- lack of current liquidity in Diverger shares;
- reputation and market risk;
- dividends risk;
- capital structure and funding risk;
- accounting standards risk;
- force majeure events risk;
- litigation and legal disputes risk;

- major shareholder risk;
- technology and artificial intelligence risk;
- cyber security risk; and
- taxation risk.

#### 5.14 Public information available for inspection

Diverger is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Diverger is subject to the ASX Listing Rules which require (subject to some exceptions) continuous disclosure of any information that Diverger has that a reasonable person would expect to have a material effect on the price or value of Diverger Shares.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by Diverger is available on ASX's website at [www.asx.com.au](http://www.asx.com.au).

In addition, Diverger is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Diverger may be obtained from an ASIC office.

Diverger Shareholders may obtain a copy of Diverger's 2023 Financial Report from Diverger's website ([www.diverger.com.au](http://www.diverger.com.au)) or Diverger will provide, free of charge, copies of the report to anyone who requests them prior to the Scheme being approved by the Court.

## 6. Profile of Count

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### 6.1 Introduction

This Section 6 contains information concerning Count (being Count Limited ACN 126 990 832) and outlines how it is funding the Scheme Consideration and its present intentions in relation to Diverger. This Section 6 forms part of Count Information. It has been prepared by Count and is the responsibility of Count. Diverger and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

### 6.2 Overview of Count Group

#### (a) Count Group and its principal activities

Since its inception 43 years ago, Count has grown to become a leading provider of integrated accounting and wealth services, helping clients through a dynamic perspective that identifies insights from their past, maximises their present and plans for a future where they can do what matters most to them.

Today, Count operates as a strong brand in the market alongside a client-centric value proposition, representing a community of people in 193 accounting, wealth, and services firms across Australia servicing over 78,000 clients.

Count's business is comprised of three distinct segments including:

- **Accounting:** the provision of integrated accounting, taxation, financial planning services, business and corporate advisory services and audit and assurance;
- **Wealth:** financial services provided by Australian Financial Services licence (AFSL) holders; and
- **Services:** other services that support the accounting and wealth activities, including a market-leading provider of actuarial certificates and education services which have received a number of awards for self-managed superannuation fund (SMSF) education.

The business units are supported by Group Corporate Office services comprising Finance, HR, Legal, Risk & Compliance, Technology, Marketing and other functions.

#### (b) Count operating highlights – FY23

In FY23, Count delivered strong operational results with increased adjusted profits across all three operating segments in the context of a challenging market environment. Count continued to execute on its growth strategy and brand alignment, taking action to deliver growth and profitability in Accounting, build scale in Wealth and deliver on the commitment to profitable Services.

FY23 was a year of significant transformation for Count, with improvements delivered across all operating segments and progress made against the strategic plan. During the financial year Count's network of equity partnership and licensed firms gave back \$1.2m to their local communities through donations to and fundraising efforts with the Count Charitable Foundation (**CCF**). During the period, the CountPlus and Count Financial businesses and brands were merged into a single, aligned business under the new Count brand. This has repositioned the Group with a clear focus on clients as a leading integrated accounting and wealth provider. Count strengthened its management team through the appointment of key leadership personnel in Risk, People & Culture, M&A and Business Integration.

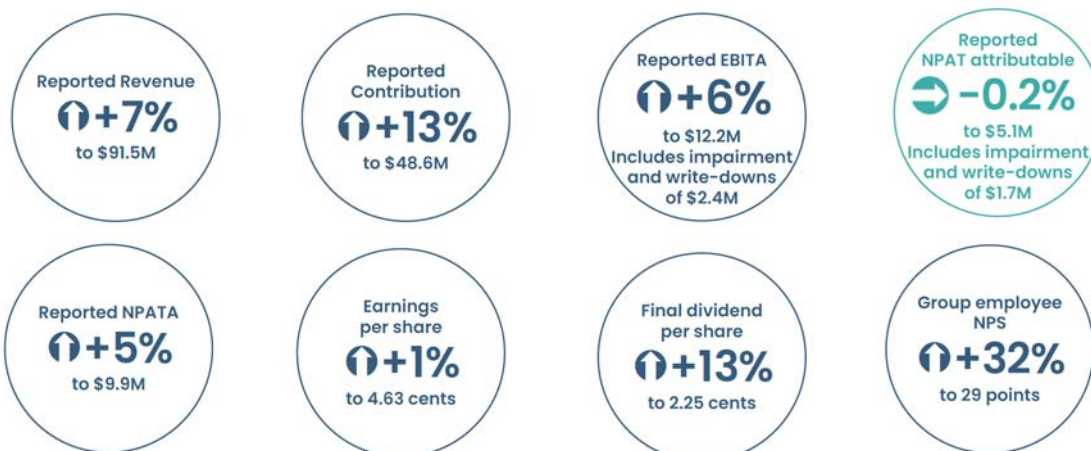
Count completed eight acquisitions and one strategic business merger during FY23, including the substantial acquisition of Affinia Financial Advisors Limited (**Affinia**) from TAL – Australia's

largest life insurance company. This acquisition delivered scale in Wealth, with the addition of around 100 financial advisers, better capability in delivering risk advice and the establishment of a strategic partnership with TAL. All three of Count's segments are well positioned and experiencing growth. Set out below are key operational and financial highlights from FY23.

Diverger Shareholders should note that numbers presented in Figure 6.2.(b)(1) are consistent with Count's historical accounting policies.

*Figure 6.2.(b)(1) FY23 headline results*

<b>Consolidated \$'000</b>	<b>FY23</b>	<b>FY22</b>
Revenue	92,575	86,475
Intercompany revenue	(1,094)	(1,182)
<b>Revenue from external parties</b>	<b>91,481</b>	<b>85,293</b>
Segment contribution margin	48,590	43,126
Other income	928	3,573
Expenses	(35,012)	(31,995)
Share of net profit of associates earnings	3,304	3,516
<b>Segment EBITA</b>	<b>17,810</b>	<b>18,220</b>
Add: Discontinuing operations	589	571
Less: Gain on sale of assets	(760)	(1,997)
Less: Government grants and cost reimbursements	(151)	(1,257)
Less: Non-controlling interest (NCI)	(12,499)	(10,908)
Add: Associates NCI	9,932	9,042
<b>Adjusted segment EBITA to shareholders</b>	<b>14,921</b>	<b>13,671</b>
Less: Discontinuing operations	(589)	(571)
Add: Gain on sale of assets	760	1,997
Add Government grants and cost reimbursements	151	1,257
Add: Non-controlling interest (NCI)	12,499	10,908
Less: Associates NCI	(9,932)	(9,042)
Gain on Bargain purchase	3,163	-
Impairment	(1,424)	-
Corporate office and other income and costs	(7,321)	(6,701)

**Reported EBITA****12,228****11,519**

Count has seen continued business momentum off the back of a strong finish to FY2023 with a strong trading performance in Q1 of the current financial year ending 30 June 2024 with segment EBITA (excluding corporate costs, intercompany eliminations and gains or losses on acquisitive or divestment activities) increased by 31.7% compared to the prior corresponding period, noting this trading update is based on unaudited accounts. The strong performance reflects increased productivity in the accounting segment over the period relative to the labour resource and productivity constraints seen in FY22 and HY23. For further information, please refer to Count's AGM Presentation lodged with ASX on 14 November 2023.

**(c) Count strategic priorities**

Count aims to be the leading provider of integrated accounting and wealth services with a clear ambition for growth and diversification supported by the five strategic pillars outlined below. Count continues to plan for ambitious growth in each of its operating segments.

- 1) Transforming the Count brand
  - Client acquisition
  - Events and communications
  - Recruitment and employee value proposition
- 2) Developing integrated Wealth Accounting solutions
  - Brand-led client experiences
  - People alignment
  - Technology stack
  - Targets, reporting and incentives
- 3) Scaling Wealth through M&A and equity investments
  - Wealth acquisitions
  - Increased resources to support firms
  - Leverage scale for preferential benefits

- M&A and firm tuck-ins
  - Succession planning and equity offers
- 4) Enriching culture and community
- Count Charitable Foundation and the *Barry Lambert Award*
  - Events, conference and recognition
  - Count/Wesley Mission Financial Literacy Program
- 5) Expanding the services segment and delivering new offerings
- SMSF certificates Education and Technical Help Desk
  - Outsourcing administration, paraplanning and IT
  - HR, Legal, Trustee, Mortgage broking.

**(d) Count Segment information**

Count's three operating segments have all contributed to the strong operating and financial performance of the Count Group as set out below.

**Accounting**

This segment refers to Count equity partnerships in converged accounting and financial planning firms throughout the Count Group. As at the date of this Explanatory Booklet there are 19 equity partnership firms in this segment, servicing over 39,000 clients through a network of over 560 accountants in FY23. The network has been joined by at least one new member firm in each of the last three years.

During FY23, the Accounting segment delivered growth despite sector wide resourcing challenges. Inorganic growth was delivered both by the addition of a new member firm, WSC Group, as well as other tuck-in transactions executed by member firms. This strong record has continued in the current financial year with Count completing on the investment in a new equity partnership firm, Bruce Edmunds, in July 2023 as well as the merger to form Count Adelaide in August 2023 and two tuck-in transactions.

Following Count's eight acquisitions in FY23, 94% of Count's equity partnerships provide converged tax, accounting and financial planning services to their clients. Equity Partners' clients grew to over 39,000 and generated revenues of approximately \$126 million. Accounting firms are well positioned to deliver margin growth as production issues have been mitigated.

**Figure 6.2(d)(1) – Accounting Segment Summary Income Statement**

Consolidated \$'000	FY23	FY22
Revenue	67,338	65,081
Intercompany revenue	(695)	(568)
<b>Revenue from external parties</b>	<b>66,643</b>	<b>64,513</b>
Segment contribution margin	30,212	29,458
Other income	777	2,485
Expenses	(21,229)	(21,781)
Share of net profit of associates earnings	3,304	3,516

<b>Segment EBITA<sup>29</sup></b>	<b>13,064</b>	<b>13,678</b>
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## Wealth

This segment refers to the operations of Count Financial and Affinia, both of which provide financial services under AFSLs through their networks of authorised representatives. As at 30 June 2023, there were 188 corporate authorised representative firms and 379 authorised representatives under the two AFSLs. During FY23, the Count Group grew with the acquisition of Affinia from TAL which resulted in the addition of 64 corporate authorised representatives and 115 authorised representatives. Across its network of advisers, Count delivered over 25,000 Statements of Advice (SoA) and Records of Advice (RoA) during FY23.

The Wealth segment also delivered strong performance in FY23 with ongoing growth in revenues and profits as shown below.

**Figure 6.2(d)(2) – Wealth Segment Summary Income Statement**

<b>Consolidated \$'000</b>	<b>FY23</b>	<b>FY22</b>
Revenue	18,073	15,530
Intercompany revenue	-	(121)
<b>Revenue from external parties</b>	<b>18,073</b>	<b>15,409</b>
Segment contribution margin	12,836	10,096
Other income	151	1,088
Expenses	(10,212)	(7,968)
Share of net profit of associates earnings	-	-
<b>Segment EBITA<sup>30</sup></b>	<b>2,775</b>	<b>3,216</b>

## Services

This segment provides a variety of education and support services to over 4,000 accounting firms including through the Accurium business. The Accurium business continued to deliver against its growth strategy with the launch of an SMSF technical helpdesk, and further enhancing its education offering. Accurium is a leading provider of SMSF actuarial certificates services and has been a Count firm since November 2021. Accurium provides quality actuarial advice on a range of issues including life interest, insurance payout valuations, long service leave, defined benefit superannuation, advice of SMSF pension restructuring and legacy pension issues.

The Services segment also delivered strong performance in FY23 as shown below.

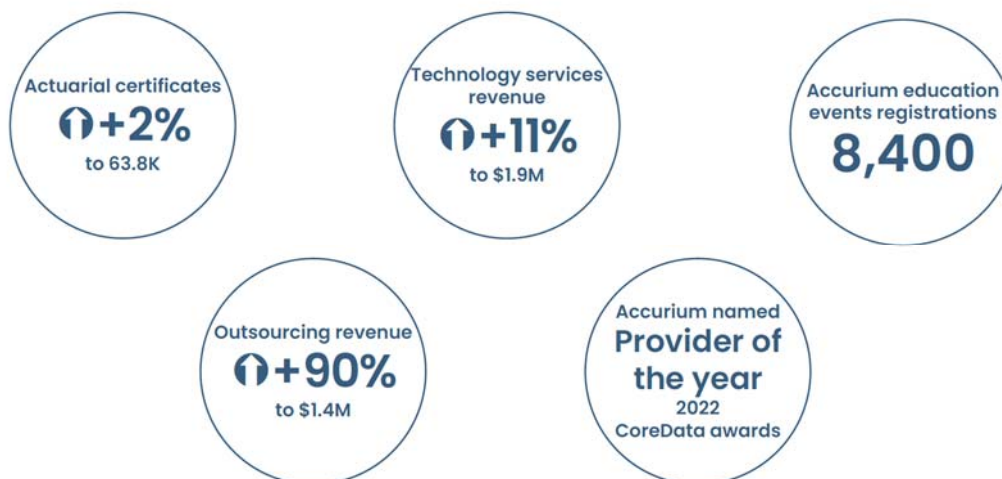
**Figure 6.2(d)(3) – Services Segment Summary Income Statement**

<b>Consolidated \$'000</b>	<b>FY23</b>	<b>FY22</b>
Revenue	7,164	5,864
Intercompany revenue	(399)	(493)
<b>Revenue from external parties</b>	<b>6,765</b>	<b>5,371</b>

<sup>29</sup> Segment EBITA does not include Corporate office costs.

<sup>30</sup> Segment EBITA does not include Corporate office costs.

Segment contribution margin	5,542	3,572
Other income	-	-
Expenses	(3,571)	(2,246)
Share of net profit of associates earnings	-	-
<b>Segment EBITA<sup>31</sup></b>	<b>1,971</b>	<b>1,326</b>



(e) **Count Board**

Director	Experience
 <p><b>Ray Kellerman</b> Independent Non-Executive Chair</p>	<p>Ray has over 30 years of experience in the financial services industry including in the funds management, financial advisory, life insurance and corporate and structured finance industries. Previous appointments include Independent Chairman of ClearView Wealth, an ASX listed life insurance and financial services company, and Independent Chairman of Credit Suisse Asset Management Australia. Prior to this, he was with Perpetual Trustees Australia for 10 years before establishing his own financial services and compliance advisory business in 2001.</p> <p>Ray is an owner and Executive Director of Quentin Ayers, an implemented asset advisor specialising in alternative private market investments. He holds qualifications in law, economics, investment securities and management.</p>

<sup>31</sup> Segment EBITA does not include Corporate office costs.



Ray currently acts as a director for Goodman Funds Management Australia, Ironbark Asset Management (Fund Services) and Ryder Capital. He is also active in a number of governance related roles for some major fund managers operating in Australia.

Ray was appointed a Director of Count in January 2017 and Chairman in April 2017.



**Alison Ledger**

Independent Non-Executive Director

Alison has more than 30 years of experience in the financial services industry. She has held senior operational and strategic roles in banking, funds management and insurance with Chase, Bankers Trust and IAG. As a Partner with McKinsey & Company, Alison advised leading global and Australian banks on strategy, performance improvement and organisational change. Alison's more recent experience has been in digital transformation and customer experience. As Executive General Manager of Product, Pricing and e-Business at IAG, Alison led the digital transformation of the direct-to consumer personal insurance business. She also led product innovation, customer experience and the technical and commercial pricing areas.

Alison is Chair of Count's Remuneration and Nominations Committee and a member of the Audit and Risk Committee. She is also a Non-Executive Director of Audinate Group Limited and Latitude Group Holdings Limited.

Alison holds a Bachelor of Arts (Hons) in Economics from Boston College and an MBA from Harvard Business School. She is also a graduate of the Australian Institute of Company Directors.



**Kate Hill**

Kate has over 20 years of experience as an audit partner with Deloitte Touche Tohmatsu, working with ASX listed and privately-owned clients. She has worked extensively in regulated environments including assisting with initial public offerings, capital raising and general compliance, as well as operating in an audit environment. She held a variety of leadership and executive roles in Deloitte

Independent Non-Executive Director

and served for a period on the Board of Partners of the Australian firm.

Kate Hill is an Independent Non-Executive Director, Chair of the Audit and Risk Committee and member of the Acquisitions Committee. She is also the Chair of Seeing Machines Limited as well as being a member of the Finance and Risk Committee and the People, Culture and Remuneration Committee. During the year she joined the board of Artrya Limited and MedAdvisor Solutions Limited, where she is Chair of the Audit and Risk Committee and member of the Remuneration and Nominations Committee. Post year end she joined the board of Hipages Group Holdings Limited where she is the Chair of the Audit and Risk Committee. During the year she resigned as a director of Elmo Software Limited on the successful sale of the business to a private equity firm, and also resigned as Company Secretary of Kazia Therapeutics Limited.

Kate holds a Bachelor of Science (Hons) from Bristol University, is a member of the Institute of Chartered Accountants in Australia and New Zealand, and a graduate of the Australian Institute of Company Directors.



**Carolyn Colley**

Independent Non-Executive Director

Carolyn has more than 30 years of leadership experience spanning financial services, product development and innovation. Carolyn was most recently a co-founder and Chief Operating Officer of Faethm Pty Ltd, a global Software-as-a-Service augmented analytics platform which enables companies, governments and educators to understand the impact of emerging technologies on the Future of Work. She was the Chief Operating Officer of Asgard Wealth Solutions and St. George's Wealth Management business and was the Head of Strategy for Macquarie Advisor Services and the Head of Personal Banking at Macquarie Bank. Carolyn was also the CEO of formerly listed software business, Decimal Software Limited.

Carolyn is an Independent Non-Executive Director of the subsidiary settlement and

clearing boards of the Australian Securities Exchange and a member of the ASX Technology Committee.

Carolyn is also an Independent Non-Executive Director, Chair of the Information Technology Committee and member of Remuneration and Nominations Committee of ASX listed salary packaging and leasing business Smartgroup. She is an Independent Non-Executive Director and Chair of the Digital Committee of Chartered Accountants Australia and New Zealand. Carolyn is a non-Executive Director and member of the Board Risk and Compliance Committee of Milford Asset Management Limited and Chair of Milford Australia Pty Limited. Carolyn is also a Non-Executive Director and Chair of the Digital Technology Committee of Chartered Accountants Australia and New Zealand and Non-Executive Director and Deputy Chair of Liverpool Neighbourhood Connections, a community based not for profit organisation.



**Tim Martin**

Independent Non-Executive Director

Tim began his career with global strategy consulting firm Bain & Company, spending over a decade working with clients in the UK and Australia.

His experience with Bain spanned multiple sectors including healthcare, telecommunications, utilities and financial services for both large public companies and private equity owned businesses.

Tim has spent the last twenty years in direct investing, including over a decade as a Partner at Crescent Capital Partners, one of Australasia's leading private equity investment firms.

During his career Tim has served as a Chairman and Non-Executive Director of multiple private equity portfolio companies. He also served two terms as a Director of the Australian Investment Council, the industry body representing private capital in Australia.

Tim holds a first-class honours degree from Oxford University and an MBA from Harvard Business School.

**Hugh Humphrey**

Chief Executive  
Officer and Managing  
Director

Hugh is the Chief Executive Officer and Managing Director of Count, and a Director of Count Financial and Affinia.

Hugh is a highly regarded executive in the financial services sector. He started his career at global accounting giant PricewaterhouseCoopers, has been the CEO of Hillross Financial Services and was the Executive General Manager for Wealth at Commonwealth Bank.




Most recently he was the senior executive responsible for NAB's personal banking business in NSW. Hugh is renowned as a growth leader and has delivered large-scale change programs, including wealth transformations at AMP and CBA.

He has significant expertise in effective risk management, business compliance and customer remediation. He has deep client experience capabilities and digital expertise that he developed in his time leading consumer and enterprise businesses in telecommunications with Optus and Vodafone.

He is a Non-Executive Director of The Infants' Home and has previously been a Director of Hillross Pty Ltd, Vodafone Fiji and a Non-Executive Director of the Future2 Foundation.

Hugh holds a Bachelor of Commerce from The University of Sydney with double majors in Economics and Marketing. He has an MBA from Henley Business School at the University of Reading, UK. He is a Chartered Banker and he has completed the Australian Institute of Company Directors course.

**(f) Count senior management**

Director	Experience
 <p><b>Keith Leung</b> Chief Financial Officer</p>	<p>Keith joined Count in October 2023 after 15 years with APA Group, a leading Australian energy infrastructure business, where he led APA's Business Services and Financial Transformation functions.</p> <p>He brings deep experience and a strategic mindset to Count, along with a proven track record of developing successful business strategies.</p> <p>His qualifications include a Bachelor of Commerce from UNSW and a Master of Applied Finance and Investments from Macquarie University. He is a Certified Practising Accountant (CPA) and a Graduate of the Australian Institute of Company Directors (GAICD).</p>
 <p><b>Lisa Chambers</b> Chief Risk Officer</p>	<p>Lisa brings significant executive leadership, commercial risk expertise and a strategic mindset to Count. Prior to joining Count in March 2023, she held numerous senior leadership roles in financial services, most recently as the General Manager of Australian Executor Trustees, where she ran one of Australia's leading private trustee companies across multiple business lines. Prior to that, she held senior executive roles at National Australia Bank, Commonwealth Bank, Colonial First State and BT.</p>
 <p><b>Raelene Hinchliffe</b> Group Head of People &amp; Culture</p>	<p>Raelene has over 20 years' experience in senior human resources roles at organisations including AMP, the Commonwealth Bank (CBA) and News Corp. At both AMP and CBA, Raelene partnered with employed and self-employed advisory firms and led many growth and transformation initiatives. Prior to joining Count in January 2023, she was Senior Vice President, People Partner, at leading global professional services firm Marsh McLennan.</p>



**Andrew Kennedy**  
Chief Advice Officer

Andrew was appointed Chief Advice Officer in January 2020, after previously being the CEO and Managing Director of Total Financial Solutions. Andrew has over 28 years' experience in the financial services industry, having held a number of senior managerial positions across Project, Distribution and General Management functions in companies such as National Australia Bank, ING and AMP.



**Sarah Little**  
Group Head of  
Integration

Sarah joined Count as Group Head of Integration in January 2023 and brings over 20 years' experience in strategy, advocacy, regulatory reform and program management in the financial services industry. She previously worked for the Commonwealth Bank, Colonial First State and the Australian Securities and Investments Commission (ASIC) in senior strategic and operational roles.

#### (g) Ownership structure

As at the Last Practicable Date, Count has the following securities on issue:

Security	Number
Count Shares	111,528,888
Count Performance Rights	1,302,401

As at the Last Practicable Date, Count had a market capitalisation of approximately \$79.2 million (based on a closing price of \$0.71 per Count Share and 111,528,888 Count Shares on issue).

### 6.3 Share price history

Count Shares are listed on the ASX under the code 'CUP'.

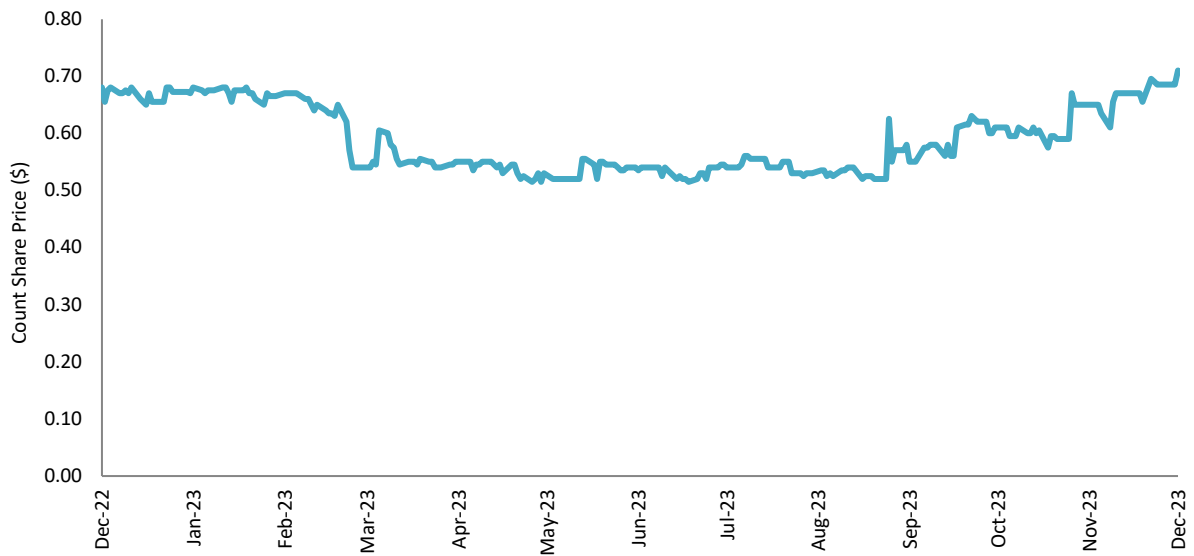
The closing price of Count Shares on the ASX on 21 September 2023, being the last trading day prior to the announcement of the Scheme, was \$0.56.

The closing price of Count Shares on the ASX on the Last Practicable Date was \$0.71.

During the three months prior to the Last Practicable Date:

- the highest recorded daily closing price for Count Shares on the ASX was \$0.71 on 6 December 2023; and
- the lowest recorded daily closing price for Count Shares on the ASX was \$0.55 on 7 September 2023.

Figure: Count's Share price performance over the 12 months to the Last Practicable Date



## 6.4 Dividend policy

Count's dividend policy is set at a range of between 60% to 90% of maintainable profit after income tax expense and minority interest, subject to market conditions and company performance.

Count is committed to the following principles in determining the dividend policy:

- Payment of dividends out of operating cashflows; and
- Consideration of debt reduction, working capital requirements and investments pipeline.

The Count Board declared a final dividend of 2.25 cents per share fully franked for the financial year ended 30 June 2023 (30 June 2022: 2.00 cents per share). The half-year 2023 dividend paid and final 2023 dividend declared were 82% of maintainable net profit after tax and non-controlling interest.

Recent dividends paid were as follows:

Financial year ended	Franking	Status	Cents per share	Payment date
2022	Fully franked	Paid	2.00 (per fully paid share)	12 October 2022
2023	Fully franked	Paid	1.50 (per fully paid share)	5 April 2023
2023	Fully franked	Paid	2.25 (per fully paid share)	11 October 2023



## 6.5 Count Directors' interests in Count Shares

The table below lists the Relevant Interests of Count Directors in Count Shares as at the Last Practicable Date:

Name	Position	Numbers held at the Last Practicable Date	Percentage shareholding (based on 111,528,888 Count Shares on issue)
<b>Ray Kellerman</b>	Independent Non-Executive Chair	3,200,000	2.87%
<b>Alison Ledger</b>	Independent Non-Executive Director	10,000	0.01%
<b>Kate Hill</b>	Independent Non-Executive Director	200,000	0.18%
<b>Carolyn Colley</b>	Independent Non-Executive Director	6,000	0.01%
<b>Tim Martin</b>	Independent Non-Executive Director	10,000	0.01%
<b>Hugh Humphrey</b>	Chief Executive Officer and Managing Director	137,393	0.12%

## 6.6 Substantial Count shareholders

The following persons were substantial holders of Count Shares as at the Last Practicable Date:

Name	Number Held	% of Total Shares
Colonial Holding Company Ltd	40,945,747	36.71
Ryder Capital Ltd	8,363,514	7.50

## 6.7 Rights and liabilities attaching to Count Consideration Shares

The rights and liabilities attaching to the Count Consideration Shares will be the same as those attaching to existing Count Shares and will rank equally with all issued fully paid ordinary shares of Count from the date of their allotment. These rights and liabilities are detailed in Count's constitution and are subject to the Corporations Act and ASX Listing Rules.

The table below summarises some of the key provisions in Count's constitution in relation to the rights and liabilities currently attaching to Count Shares. This summary does not purport to be exhaustive and must be read subject to the full text of the Count constitution. A copy of Count's constitution is available on ASX announcements platform or the Count website ([www.count.au](http://www.count.au)).

Item	Description
Meeting of members	Subject to the terms of the Count constitution, each shareholder of Count is entitled to receive notice of, attend and vote at, general meetings of Count.



Voting at meetings	<p>At a general meeting of Count, a resolution put to the vote of the meeting will be decided by a poll. On a poll, Count shareholders will have one vote for each fully paid Count Share held.</p> <p>Count shareholders are also entitled to, if the Count Board permits, submit direct votes which may be by way of post, fax, electronic or other means approved by the Count Board.</p> <p>If there is an equality of votes, the chair of the meeting is entitled to a casting vote, in addition to any votes to which the chair is entitled as a Count shareholder or proxy or attorney or corporate representative.</p>
Dividends	<p>The Count Board may from time to time resolve to pay dividends to Count shareholders, the time for determining entitlements to the dividend and the timing and method of payment.</p>
Transfer of Count Shares	<p>Subject to Count's constitution, Count Shares may be transferred:</p> <ul style="list-style-type: none"> <li>• as provided by the ASX Settlement Operating Rules;</li> <li>• by a written instrument of transfer in any usual form or in any other form approved by the Count Board that is otherwise permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules; or</li> <li>• by any other method that is permitted by Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules and is approved by the Count Board.</li> </ul> <p>Count will refuse to register a transfer of Count Shares where the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules permit Count to do so and the Count Board so resolves, and will refuse to register any transfer of Count Shares where:</p> <ul style="list-style-type: none"> <li>• the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules requires Count to do so;</li> <li>• a stamp duty law requires the Company to do so;</li> <li>• Count's constitution otherwise requires;</li> <li>• a disposal (including registering a transfer) of certain restricted securities during the escrow period for those securities, except as permitted by the relevant restriction agreement, the ASX Listing Rules or the ASX; or</li> <li>• a disposal (including registering a transfer) of certain escrow securities during the escrow period for those securities, except as permitted by the relevant escrow agreement.</li> </ul>
Issue of further Count Shares	<p>Subject to the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, the Count Board may resolve to issue Count Shares, preference shares and other securities with rights of conversion to Count Shares to any person, at any time and for any consideration, as the Count Board resolves.</p>

Sale of unmarketable parcels	In accordance with the ASX Listing Rules, the Count Board may sell Count Shares that constitute less than a marketable parcel (within the meaning of the ASX Listing Rules) by following the procedure described in the Count constitution.
Variation of class rights	<p>As at the date of this Explanatory Booklet, there is only one class of shares on issue in Count, being the Count Shares.</p> <p>Count may, subject to the Corporations Act and the terms of issue of shares in a particular class, vary or cancel rights attached to shares in that class:</p> <ul style="list-style-type: none"> <li>• with the written consent of shareholders entitled to at least 75% of votes that may be case in respect of shares in that class; or</li> <li>• by a special resolution passed at a meeting of the shareholders holding shares in that class.</li> </ul>
Winding up	<p>In the event that Count is wound up:</p> <ul style="list-style-type: none"> <li>• each preference shareholder (if any) has a right to repayment of the amount paid up on each preference share and, if, and to the extent that, the Count Board resolves under the terms of issue, any dividend in arrears and any surplus assets or profits;</li> <li>• otherwise, the liquidator may, with approval by special resolution, divide among the Count shareholders all or any of Count's property and for that purpose, determine how it will carry out the division between the Count shareholders, but may not require a Count shareholder to accept any shares or other securities in respect of which there is any liability.</li> </ul>

## 6.8 Funding of the Scheme consideration

The Scheme Consideration is comprised of Scrip Consideration and Cash Consideration components.

If the Scheme becomes Effective, each Scheme Shareholder will become entitled to \$0.40 in cash (less the amount of any Permitted Dividend) for each Diverger Share held on the Scheme Record Date and 1.44 Count Shares for every Diverger Share held on the Scheme Record Date.

### Cash Consideration

If the Scheme becomes Effective, the maximum value of the Cash Consideration to be paid to Scheme Shareholders under the Scheme will be \$15,907,873 (less the aggregate amount of any Permitted Dividend), which excludes payments made to Ineligible Shareholders.

The Cash Consideration will be funded by a new corporate facility of Count, provided by Westpac. Refer to Section 7.4 below for further details regarding the new debt facility.

### Scrip Consideration

For the Scrip Consideration, Count will issue approximately 57.3 million Count Consideration Shares, with an implied value of approximately \$40.7 million, based on an issue price of \$0.71 per Count Share on the Last Practical Date

## 6.9 Additional information of Count

### (a) Interests in Diverger Shares

None of the Count Directors had a Relevant Interest in Diverger Shares as at the Last Practicable Date. In addition, Count does not hold a Relevant Interest in any Diverger Shares nor any voting power in Diverger or any other interest in Diverger Shares.

### (b) Dealings in Diverger Shares in the previous four months

Except for the Scheme Consideration to be provided under the Scheme, neither Count nor any of its Associates has provided or agreed to provide consideration for any Diverger Share under any purchase or agreement during the period of four months before the date of this Explanatory Booklet.

### (c) Inducing benefits for Scheme

During the period of four months prior to the date of this Explanatory Booklet, neither Count nor any of its Associates gave, or offered to give, or agreed to give a benefit to another person that was likely to induce the other person, or an Associate of the other person, to:

- vote in favour of the Scheme; or
- dispose of Diverger Shares,

where the benefit was not provided to all Scheme Shareholders.

### (d) Employee incentive schemes

A high-level summary of Count's employee incentive plans is provided below. Further detail on Count's employee incentive plans and remuneration practices more generally is available in the Remuneration Report of Count's FY23 Annual Report.

#### (i) Short-Term Incentive Plan

Count operates a short-term incentive (**STI**) plan to reward executive key management personnel for meeting annual performance targets set by the Count Board at the beginning of the reporting period.

The STI is set as a percentage of total fixed remuneration and performance is assessed against a balanced scorecard of both financial and non-financial key performance indicators. Set out below are the opportunities available to each relevant executive as a percentage of total fixed remuneration:

	Opportunity as % of total fixed remuneration	
	CEO	Other Executives
Target	50%	10% - 30%
Overachievement	75%	15% - 45%

Financial key performance indicators may include revenue growth, net profit after tax attributable to shareholders and acquisitions. Non-financial KPIs may include employee engagement and implementing strategic initiatives.

STI awards are delivered in cash. The STI scheme only activates when certain pre-determined profit thresholds are achieved.

## (ii) Long-Term Incentive Plan

Count operates a long-term incentive (**LTI**) plan to align executive key management personnel's remuneration with shareholder value and Count's strategy, as well as strike an appropriate balance between growth and long-term profitability. This is subject to the satisfaction of two performance milestones, being diluted earnings per share (**EPS**) growth and average return on equity.

The LTI is in the form of Count Performance Rights with a nil exercise price, which are subject to performance and service vesting conditions. The current measurement period applicable to the FY23 LTI plan is three years, ending on 30 June 2025.

Set out below are the opportunities available to each relevant executive as a percentage of base pay:

	Opportunity as % of base pay	
	CEO	Other Executives
Target*	75%	10% - 20%

\*Target opportunity is the maximum opportunity that executives may be awarded.

Additional terms of the LTI plan (including in relation to change of control, cessation of employment and disposal restrictions) are set out in further detail in Count's FY23 Annual Report.

## 6.10 Historical financial information

### (a) Basis of preparation

This Section presents summary financial information in relation to Count for the purpose of this Explanatory Booklet. The information has been extracted from Count's audited financial statements for the years ended 30 June 2021, 30 June 2022 and 30 June 2023.

The financial information contained in this Section is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in the annual report prepared in accordance with the Corporations Act. The financial information has not been subject to further review by an independent accountant. This financial information should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements.

Further details on Count's financial performance and financial statements for FY23 set out in the 2023 Annual Report announced to the ASX on 30 August 2023 can be found on the ASX website (<https://www.asx.com.au>) or the Count website ([www.count.au](http://www.count.au)).

**(b) Historical consolidated statement of profit or loss and other comprehensive income**

Below is a summary of Count's consolidated statements of profit or loss and other comprehensive income for the years ended 30 June 2021, 30 June 2022 and 30 June 2023.

	<b>2021</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>	<b>2023</b> <b>\$'000</b>
<b>Revenue from contracts with customers</b>	80,521	85,293	91,481
Direct costs	(39,592)	(42,167)	(42,891)
<b>Contribution margin</b>	<b>40,929</b>	<b>43,126</b>	<b>48,590</b>
Other income	3,530	3,573	1,639
Indirect salaries and employee benefits expense	(19,139)	(20,513)	(22,720)
Administrative expenses	(9,153)	(10,304)	(10,917)
Other operating expenses	(8,096)	(10,033)	(11,872)
<b>Operating profit</b>	<b>8,071</b>	<b>5,849</b>	<b>4,720</b>
Gain on bargain purchase	-	-	3,163
Impairment of intangible assets	-	-	(1,424)
Share of net profits of associates accounted for using equity method	2,498	3,516	3,304
Net finance costs	(1,006)	(1,069)	(1,063)
<b>Profit before income tax expense</b>	<b>9,563</b>	<b>8,296</b>	<b>8,700</b>
Income tax expense	(2,479)	(941)	(1,211)
<b>Profit after income tax expense for the year</b>	<b>7,084</b>	<b>7,355</b>	<b>7,489</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the year, net of tax	(23)	17	25
<b>Total comprehensive income for the year</b>	<b>7,084</b>	<b>7,372</b>	<b>7,514</b>
<b>Profit for the year is attributable to:</b>			
Owners of Count Limited	4,938	5,112	5,100
Non-controlling interest	2,146	2,243	2,389
	<b>7,084</b>	<b>7,355</b>	<b>7,489</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Owners of Count Limited	4,915	5,129	5,125
Non-controlling interest	2,146	2,243	2,389
	<b>7,061</b>	<b>7,372</b>	<b>7,514</b>

**(c) Historical consolidated statement of financial position**

Below is a summary of Count's consolidated statements of financial position as at 30 June 2021, 30 June 2022 and 30 June 2023.

	<b>2021</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>	<b>2023</b> <b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	26,239	21,540	21,668
Trade and other receivables	19,514	24,601	30,617
Contract assets	12,926	16,064	42,574
Loans and advances	236	57	2
Indemnity asset	259,810	237,953	87,472
Assets of disposal groups classified as held for sale	2,726	-	-
<b>Total current assets</b>	<b>321,451</b>	<b>300,215</b>	<b>182,333</b>
<b>Non-current assets</b>			
Trade and other receivables	490	381	93
Contract assets	21,839	35,830	112,223
Investments in associates	18,236	22,214	25,951
Property, plant and equipment	4,006	3,617	3,484
Right-of-use assets	13,103	12,047	10,457
Intangible assets	36,514	52,338	54,577
Deferred tax assets	1,024	1,886	3,394
<b>Total non-current assets</b>	<b>95,212</b>	<b>128,313</b>	<b>210,179</b>
<b>Total assets</b>	<b>416,663</b>	<b>428,528</b>	<b>392,512</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14,201	18,161	24,006
Contract liabilities	10,332	13,628	39,285
Interest bearing loans and borrowings	2,610	911	1,683
Lease liabilities	3,439	3,589	3,021
Current tax liabilities	1,403	2,726	1,388
Provisions	6,797	7,195	8,030
Remediation provision	259,827	237,962	87,481
Other liabilities	1,116	1,455	1,693
<b>Total current liabilities</b>	<b>299,725</b>	<b>285,627</b>	<b>166,587</b>
<b>Non-current liabilities</b>			
Contract liabilities	20,668	34,075	110,285
Interest bearing loans and borrowings	1,718	8,890	15,654
Lease liabilities	10,994	9,849	8,493
Provisions	1,533	1,446	1,336
Other liabilities	203	177	693
<b>Total non-current liabilities</b>	<b>35,116</b>	<b>54,437</b>	<b>136,461</b>
<b>Total liabilities</b>	<b>334,841</b>	<b>340,064</b>	<b>303,048</b>
<b>Net assets</b>	<b>81,822</b>	<b>88,464</b>	<b>89,464</b>
<b>Equity</b>			
Contributed equity	123,153	123,153	121,536
Reserves	(47,767)	(47,896)	(48,411)
Retained earnings / (accumulated losses)	(4,217)	96	1,579
Equity attributable to the owners of Count Limited	71,169	75,353	74,704
Non-controlling interest	10,653	13,111	14,760
<b>Total equity</b>	<b>81,822</b>	<b>88,464</b>	<b>89,464</b>

**(d) Historical consolidated statement of cash flows**

Below is a summary of Count's consolidated statements of cash flow for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023.

	2021 \$'000	2022 \$'000	2023\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)	146,365	151,463	197,270
Payments to suppliers and employees (inclusive of GST)	(134,268)	(139,420)	(188,674)
Government grants received	2,389	97	–
Interest received	37	21	357
Interest and other finance costs paid	(1,062)	(1,096)	(1,464)
Income taxes paid	(3,865)	(2,765)	(5,027)
<b>Net cash from operating activities</b>	9,596	8,300	2,462
<b>Cash flows from investing activities</b>			
Purchase of shares under equity partnership model	(220)	(1,304)	(697)
Proceeds from reduction of shareholding in associate investments	69	–	145
Purchase of business assets	(2,798)	(1,681)	(2,008)
Purchase of equipment and other non-current assets	(1,442)	(962)	(994)
Proceeds from sales under the equity partnership model	979	1,487	2,201
Proceeds from / (payments for) acquisition of subsidiary, net of cash acquired	–	(9,374)	670
Payments for acquisition of associates	–	(2,261)	(2,436)
Proceeds from sale of business assets	449	3,152	1,255
Payments for disposal of subsidiary, net of cash disposed		–	(262)
Dividends / distributions received from associates	1,821	2,358	2,565
Payment for deferred consideration on acquisition of controlled entities and associates	(464)	(1,530)	(1,010)
Proceeds from deferred consideration on sale of controlled entities and associates		–	1,155
<b>Net cash from / (used in) investing activities</b>	(1,606)	(10,115)	584
<b>Cash flows from financing activities</b>			
Net proceeds from borrowings	963	10,620	7,773
Repayment of lease liability (AASB 16)	(3,005)	(3,134)	(3,121)
Purchase of shares under the share buy-back programme	–	–	(1,707)
Dividends paid	(2,789)	(3,348)	(3,864)
Repayment of borrowings	(1,000)	(5,000)	–
Payment of dividends by controlled subsidiaries to non-controlling interests	(1,762)	(2,022)	(1,999)
<b>Net cash used in financing activities</b>	(7,593)	(2,884)	(2,918)
<b>Net increase / (decrease) in cash and cash equivalents</b>	397	(4,699)	128
Cash and cash equivalents at the beginning of the financial year	25,842	26,239	21,540
<b>Cash and cash equivalents at the end of the financial year</b>	26,239	21,540	21,668

**6.11 Material changes in Count's financial position**

As at the date of this Explanatory Booklet, to the knowledge of the Count Directors and other than as disclosed in Section 6.2(b) of this Explanatory Booklet, in Count's FY23 Annual Report or as otherwise announced on the ASX subsequent to the Explanatory Booklet, there have been no material changes to the financial position of Count since 30 June 2023, being the date of Count's full year accounts.

## 6.12 Publicly available information

Count is a publicly listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Count is subject to the ASX Listing Rules which require continuous disclosure (with some exceptions) of any information that Count has which a reasonable person would expect to have a material effect on the price or value of Count Shares.

In addition, Count is required to maintain periodic disclosure (including yearly and half yearly financial statements) with ASIC in accordance with the Corporations Act and ASX in accordance with the ASX Listing Rules.

Information disclosed by Count is available on ASX's website (<https://www2.asx.com.au/markets/company/cup>) and Count's website (<https://www.count.au/asx-announcements>). Copies of documents lodged by Count with ASIC may be obtained from or inspected at any ASIC office or ASIC's website (<https://www.asic.gov.au>).

## 6.13 No other material information

Except as disclosed elsewhere in this Explanatory Booklet, or announced on ASX, so far as Count is aware, as at the date of the Explanatory Booklet, there is no other information that is:

- material to the making of a decision by a Diverger Shareholder whether or not to vote in favour of the Scheme; and
- known to Count, at the date of lodging this Explanatory Booklet with ASIC for registration, which has not previously been disclosed to Diverger Shareholders.



## 7. Overview of the Combined Group

### 7.1 Introduction and responsibility for information

The information in this Section of the Explanatory Booklet regarding the Combined Group (other than any information provided by Diverger to Count or obtained from Diverger's public filings on ASX regarding the Diverger Group which is contained in or used in the preparation of this Section, for which Diverger takes responsibility) has been prepared by and is the responsibility of Count.



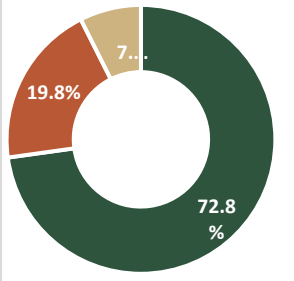
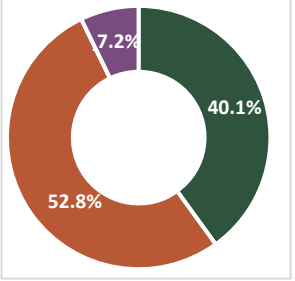
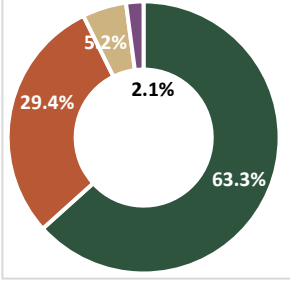
The information regarding the Diverger Group or which has been provided by Diverger to Count or obtained from Diverger's public filings on ASX regarding the Diverger Group which is contained in or used in the preparation of this Section has been prepared by and is the responsibility of Diverger.

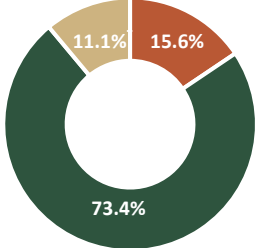
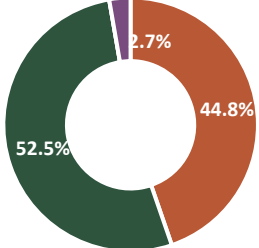
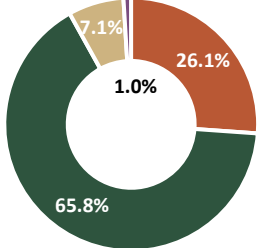
### 7.2 Overview of the Combined group

The combination of Count and Diverger, two highly complementary businesses, is expected to create a leading integrated financial services provider. The Proposed Transaction will bring Count's and Diverger's experienced teams together, adding further depth and breadth to the talent pool and fostering a culture of collaboration and excellence. The Proposed Transaction is expected to deliver a material increase in scale and diversification of Count's revenue and earnings as well as unlock incremental growth opportunities.

The below breakdown by business is illustrative in nature and is not a direct comparison of like for like treatment across account captions. Count's EBITA is inclusive of non-controlling interest (NCI) of partly owned subsidiary entities, whereas Diverger reports its EBITA on a basis that is attributable to members, as a result of Diverger subsidiary entities being wholly owned. Refer to Section 6.2(b) for further detail on the key variances in the basis of preparation of reporting methods.

*Figure— Combined group pro forma key metrics*

	 Count	 diverger	Combined
<b>FUMA (A\$bn)</b>	\$17bn	\$12bn	\$29bn
<b>Advisers (#)</b>	379	~225 (as at Sep-23)	~604
<b>FY23 net revenue</b>	\$91.5m	\$37.6m	\$129.1m
<b>FY23 net revenue segment contribution % group net revenue</b>			
	<ul style="list-style-type: none"> <li><span style="color: green;">■</span> Accounting</li> <li><span style="color: orange;">■</span> Wealth</li> <li><span style="color: gold;">■</span> Services</li> <li><span style="color: purple;">■</span> Technology</li> </ul>		

<b>FY23 EBITA (inclusive of corporate costs)<sup>32</sup></b>	<b>\$12.2m</b>	<b>\$6.9m</b>	<b>\$19.1m</b>
<b>FY23 EBITA segment contribution % Group net revenue (ex. Corporate costs)<sup>32</sup></b>			

### 7.3 Strategic rationale for the Scheme

The Count Board considers that the Proposed Transaction will create a leading financial services provider with substantial increases in scale across Count's existing Wealth and Services Segment. The new Combined Group will represent total pro forma FY23 revenues of \$129 million, FUMA of \$29 billion with approximately 600 advisers, 563 accountants and a significantly expanded Services segment. The Proposed Transaction is well aligned to Count's current operations and strategic priorities and the combination is expected to unlock material benefits for all stakeholders. In addition, Count's strong track record of operating one of Australia's leading AFSLs allows it to be well positioned to realise certain cost synergies, as detailed in the table below. This is reinforced by Count's experience in transforming both the Count Financial and Affinia operations after their acquisitions.

The strategic rationale for the Proposed Transaction is summarised below:

Compelling strategic fit	<ul style="list-style-type: none"> <li>• Material increase in scale for Wealth Segment through addition of approximately 225 advisers</li> <li>• Expansion of Wealth Segment and service offering and equity partnership opportunities</li> <li>• Significant opportunity for Services Segment with cross-sell opportunity</li> </ul>
Incremental growth opportunities	<ul style="list-style-type: none"> <li>• Opportunity to expand DWA managed account service, via the adoption of CARE portfolios</li> <li>• DWA capability enhances Count's ability to manage managed accounts</li> <li>• Leverage Knowledge Shop and TaxBanter across the network with Accurium</li> <li>• Diverger equity firms expected to benefit from Count support model - equity partners enriched through complementary service offerings and unlocking of additional capacity for growth and investment</li> </ul>

<sup>32</sup> Diverger has presented an adjusted EBITA attributable members, Count has presented a statutory reported EBITA figure. Count's EBITA is inclusive of non-controlling interest (NCI) of partly owned subsidiary entities, whereas Diverger reports its EBITA on a basis that is attributable to members, as a result of Diverger subsidiary entities being wholly owned.

	<ul style="list-style-type: none"> <li>• Ability to undertake further equity investments</li> <li>• Enhanced opportunity for the Combined Group to pursue further significant inorganic M&amp;A</li> </ul>
Cultural alignment	<ul style="list-style-type: none"> <li>• Common beliefs, values and ethos across both teams</li> <li>• Ability to drive positive change through the Proposed Transaction that will unlock greater opportunities for employees</li> <li>• Similar approach to client and advisor service and focus</li> </ul>
Material synergy and efficiency benefits	<ul style="list-style-type: none"> <li>• Material increase in scale and diversification of revenue and earnings</li> <li>• Significant cost synergy opportunity of approximately \$3 million targeted in the first full financial year post completion of the Proposed Transaction<sup>33</sup></li> <li>• Opportunity to realise scale benefits</li> <li>• Broader shareholder base post transaction</li> </ul>

## 7.4 Capital structure and ownership

### Share capital

As at the date of this Explanatory Booklet, there are 111,528,888 Count Shares on issue. If the Scheme is implemented, Count will issue Count Consideration Shares to Scheme Shareholders and the total number of Count Shares on issue will increase.

The total maximum number of Count Consideration Shares that Count will issue under the Scheme to Diverger Shareholders is 57,268,344, subject to rounding (being the Scrip Consideration Cap as defined in the Scheme). Accordingly, the maximum number of Count Shares on issue following implementation of the Scheme will be approximately 168,797,232.

### Combined Group Ownership Structure

On implementation of the Scheme, Count shareholders will own approximately 66% of the Combined Group and Diverger shareholders will own approximately 34% of the Combined Group based on all Diverger Shareholders receiving the Default Scheme Consideration.

Based on their respective shareholders in Count and Diverger as at the Last Practical Date and all Diverger Shareholders receiving the Default Scheme Consideration, the holders of 5% or more of the issued capital of Count, if the Scheme is implemented would be:

Substantial shareholder	Voting power%
Colonial Holding Company Limited	24%
HUB24 Limited	11%

Note: Pro forma shareholdings calculations assume that all Diverger Shareholders (other than Ineligible Shareholders) elect to receive the Default Scheme Consideration.

<sup>33</sup> The annual synergies are expected to be realised through operational and corporate efficiencies including a reduction of costs arising from the removal of duplication including corporate overheads, listing, audit, management, board, information technology and outsourced services. Diverger Shareholders should note that the potential synergies outlined above represent current expectations, and is subject to a number of assumptions, including as to future events which involve inherent uncertainties and contingencies. The final synergy value will only be able to be determined following implementation of the Scheme and completion of the Combined Group's review of its operations. There is a risk that these synergies may not be realised or that they may be realised over a longer period of time than anticipated.

## **New Debt Facility**

The Cash Consideration under the Scheme and associated transaction costs will be funded by a new debt facility of \$27.4 million (**New Debt Facility**) with Westpac Banking Corporation (**Westpac**). Approval from Westpac for the New Debt Facility was obtained on 10 November 2023. The New Debt Facility will also be used to refinance Diverger's existing debt facilities, which will be cancelled on implementation of the Scheme. It is intended that Count's existing acquisition debt facility of \$20 million will be extended to \$23.5 million in order to provide headroom to support future growth plans. Count's existing overdraft facility of \$5 million and the debt facilities of existing Count subsidiary entities will remain in place.

On the basis of the arrangements described above, Count is of the opinion that it has a reasonable basis for forming the view, and holds the view, that it will have sufficient funds available to fund the payment of the aggregate Cash Consideration as and when it is due and payable under the terms of the Scheme, as well as the costs associated with the Scheme.

## **7.5 Combined Group board and management**

Following implementation of the Scheme, there will be no change to Count's current Board and senior management team.

The Chair of the Combined Group will be the current Chair of Count, Mr Ray Kellerman. The Chief Executive Officer and Managing Director of the Combined Group will be the current Chief Executive Officer and Managing Director of Count, Mr Hugh Humphrey.

## **7.6 Intentions if the Scheme is implemented**

This Section sets out the current intentions of Count in relation to the Combined Group if the Scheme is implemented. The statements of intention are formed on the basis of facts and information known to Count at the date of this Explanatory Booklet.

Final decisions regarding the Combined Group's future operating will be made by the board of the Combined Group in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intentions only, which may vary as new information becomes available or circumstances change and the Combined Group further develops its strategic focus and outlook.

### **(a) Diverger's removal from the ASX**

Under the Scheme, if the Scheme becomes Effective, Diverger must apply to ASX to be removed from the official list of the ASX, and quotation of Diverger Shares on ASX be terminated, with effect on and from the close of trading on the trading day immediately following the Implementation Date or on such other date after the Implementation Date as determined by Count. Count does not intend to make any direction to Diverger which is inconsistent with this requirement. Following implementation of the Scheme, Diverger will become a wholly-owned subsidiary of Count.

### **(b) Employees**

Since announcing the Proposed Transaction, Count has been working with the Diverger leadership to engage all key stakeholder groups, including key management personnel. Count will continue to engage with all employees across Diverger leading up to the completion of the Proposed Transaction, to understand their skills and assess opportunities for them within the integrated business. Count anticipates that key roles in Diverger will transition across to Count, and certain individuals will be appointed to new roles in Count or engaged for transitional periods to ensure successful integration.

However, it may not be possible for Count to offer suitable alternative roles in all instances where duplication of roles is identified. At the date of this Explanatory Booklet, Count has identified the roles of Managing Director and Chief Financial Officer as roles where it does not

intend to offer ongoing comparable employment to the employees in Diverger who are employed in those roles given the nature of those positions. Where affected employees are unable to be allocated alternative responsibilities, those employees will receive payments and other benefits to which they are entitled on departure under their terms of employment.

Final decisions regarding the structure of the Combined Group and its senior management requirements will be made following implementation of the Scheme.

### (c) Changes to Diverger's constitution

Count intends to replace Diverger's constitution with a constitution appropriate for an unlisted company limited by shares.

### (d) Operations

If the Scheme is implemented, Count will undertake a review of the Combined Group's operations covering strategic, financial, risk and commercial operating matters to determine and implement improvements to integrate these corporate enabling functions, deliver synergies and explore new potential growth opportunities. Set out below is the expected combined operating model for the Combined Group.



### (e) Corporate strategy

If the Scheme is implemented, Count intends that its strategy as outlined in Section 6.2 will be applied to the Combined Group. The Combined Group will enable a material increase in scale for the Wealth and Services offering with incremental growth opportunities including the expansion of managed account services and leveraging Knowledge Shop and TaxBanter across the Accurium network.

### (f) Corporate governance

It is intended that the Combined Group will continue to be governed by Count's current corporate governance policies. In addition to Count's 2023 Corporate Governance Statement lodged with ASX on 30 August 2023, a copy of Count's core corporate governance policies can be accessed on Count's website (<https://www.count.au/governance>).

### (g) Financing

As noted in Section 6.8, the cash component of the offer, totalling \$15.9 million will be funded by a new debt facility. The new debt facility will also refinance Diverger's existing drawn debt. For further details of the new debt facility, please refer to Section 7.4.

### (h) Dividend policy

Following implementation of the Scheme, the payment of future dividends to Count shareholders will be at the discretion of the Count Board and will be a function of a number of factors including general business conditions, the operating results and financial condition of the Combined Group, future funding requirements, compliance with debt facilities, capital

management initiatives, taxation considerations, including the availability of franking credits, any contractual, legal or regulatory restrictions on the payment of dividends by the Combined Group, and any other factors that the Count Board may consider relevant.

Count currently intends to maintain its existing policy to pay ordinary dividends, targeting a payout ratio in the range of 60% to 90% of maintainable net profit after tax attributable to Count shareholders.

## 7.7 Corporate structure of the Combined Group

On implementation of the Scheme, Count will acquire 100% of the issued shares of Diverger and, accordingly, Diverger will become a wholly owned subsidiary of Count.

## 7.8 Combined Group pro forma historical financial information

This Section 7.8 contains the pro forma historical financial information of the Combined Group (together, the “**Combined Group Pro Forma Historical Financial Information**”) comprising the:

- Combined Group pro forma historical income statement for the year ended 30 June 2023 (“**Combined Group Pro Forma Historical Income Statement**”), as set out in Section 7.8(c);
- Combined Group pro forma historical statement of financial position as at 30 June 2023 (“**Combined Group Pro Forma Historical Statement of Financial Position**”), as set out in Section 7.8(d); and
- Combined Group pro forma historical cash flow for the year ended 30 June 2023 (“**Combined Group Pro Forma Historical Cash Flow**”), as set out in Section 7.8(e).

The Combined Group Pro Forma Historical Financial Information is based on and should be read in conjunction with:

- the Diverger Historical Financial Information presented in Section 5.10;
- the Count Historical Financial Information presented in Section 6.10;
- the basis of preparation presented in Section 6.10(a); and
- the risk factors presented in Section 8.

### (a) Basis of preparation

The Combined Group Pro Forma Historical Financial Information set out in this Section has been prepared in order to give Diverger Shareholders an indication of the financial performance, financial position, and cash flows of the Combined Group as if the Scheme had been implemented from 30 June 2023 in respect of the financial performance, financial position and cash flows. It does not reflect the actual financial performance, financial position, or cash flows of the Combined Group at the time of implementation. It has been prepared for illustrative purposes only for the purpose of this Explanatory Booklet.

The Combined Group Pro Forma Historical Financial Information presented in this Section 7.8 is based on the:

- Diverger Historical Financial Information, as at and for the year ended 30 June 2023;
- Count Historical Financial Information, as at and for the year ended 30 June 2023; and
- Pro forma adjustments.

The Historical Financial information presented in this Section 7.8 has been derived from the Consolidated Financial Statements of Diverger for the financial year ended 30 June 2023 and from the Consolidated Financial Statements of Count for the financial year ended 30 June 2023.

The Historical Financial information of Diverger and Count has been prepared in accordance with significant accounting policies described in their respective financial statements for the year ended 30 June 2023. The financial statements for Diverger for the year ended 30 June 2023 are available on Diverger's website (<https://www.diverger.com.au/>). The financial statements for Count for the year ended 30 June 2023 are available on Count's website (<https://www.count.au>).

In preparing the Combined Group Pro Forma Historical Financial Information, Count has undertaken a review to identify significant accounting policy differences where the impact is potentially material to the Combined Group and could be reliably estimated. No material differences have been identified by Count.

## **(b) Basis of Consolidation**

### Preliminary purchase price accounting

Count will be required to consolidate Diverger from the date upon which control passes. AASB 3 (Business Combinations) allows the acquirer to provisionally account for the acquisition during the measurement period, which cannot exceed one year from the acquisition date to finalise the identification and valuation process of all assets and liabilities and any resultant accounting adjustments. Count has not finalised the identification and valuation of Diverger assets and liabilities, with finalisation to take place after implementation of the Scheme. For the purpose of preparing the Combined Group Pro Forma Historical Statement of Financial Position, it has been assumed that the historical carrying value of assets and liabilities is equal to their fair value and that there will be no additional separately identifiable intangible assets other than those already recognised in the 30 June 2023 historical statement of financial position of Diverger.

As purchase price accounting has not been finalised, additional amortisation in relation to identifiable finite life intangible assets may arise and this has not been reflected in the Combined Group Pro Forma Historical Income Statement. The quantum of any additional amortisation will depend on the incremental fair value allocated and the useful lives ascribed to the identifiable intangibles assets as part of the final purchase price allocation.

For the purpose of preparing the Combined Group Pro Forma Historical Statement of Financial Position, it has been assumed that there will be no resetting of the Combined Group's tax cost bases following the acquisition. It is, however, likely that the allocable cost amount calculation will result in a deferred tax position which is different to the position presented in the Combined Group Pro Forma Historical Statement of Financial Position. Any resulting adjustment to deferred tax assets and liabilities will have an equal but opposite impact on the amount of goodwill recognised in the Combined Group Pro Forma Historical Statement of Financial Position.

### Presentation

The Combined Group Pro Forma Historical Financial Information:

- is provided for illustrative purposes only;
- does not include the full year contributions from Count or Diverger acquisitions made part way through FY23;
- does not include the expected synergies from the Proposed Transaction;
- is presented in a summary form and consequently does not contain all of the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act; and

- has been prepared on the basis that Count is the acquiring entity for accounting purposes. The pro forma income statement and statement of financial position does not take into account the impact of aligning accounting policies.

Pro forma adjustments have been made to reflect the financial impacts of the combination of Diverger and Count.

The Pro Forma Adjustments on the Combined Group Pro Forma Historical Income Statement and Combined Group Pro Forma Historical Cash Flow include:

- the additional interest expenses relating to the drawdown of Count's new debt facility of \$15.9 million at an interest rate of 7.19% noting that the actual fluctuation of rates will impact the interest expenses;
- the impact of acquired amortisation assuming that 50% of the acquired intangibles amortises over a 10 year period; and
- the tax effect of additional interest expenses calculated based on a 30% tax rate in line with the Australian corporate tax rate.

The pro forma adjustment on the Combined Group Pro Forma Historical Statement of Financial Position include:

- the decrease in pro forma group cash and cash equivalents representing the \$15.9 million Cash Consideration (assuming a 32% gross Cash Consideration), the assumed payment of the \$9.8 million transaction and integration costs (including all integration expenses required to deliver synergies) (see below) offset by the drawdown of the new and existing financing facilities (see below);
- acquired intangible assets of \$15.6 million based on the acquisition value of \$54.3 million and Diverger net assets of \$38.7 million;
- increase in drawdown of \$15.9 million from Count's new debt facility to fund the cash component of the transaction. As part of the transaction, Count has increased its existing acquisition financing facility from \$20 million to \$23.5 million;
- issuance of 57.3 million in Count Shares to Diverger Shareholders, in line with the Scheme Implementation Agreement, representing \$40.7 million (based on Count's closing share price of \$0.71 as at the Last Practicable Date);
- the impact of expected transaction and integration costs of \$9.8 million. Transaction and integration costs are to be incurred over time post completion of the Proposed Transaction however they are assumed to be fully incurred by 30 June 2023 shown on 100% basis for illustrative purposes; and
- the decrease in contributed equity, reserves and retained earnings of \$38.7 million, reflecting the elimination of Diverger's equity reserves.

The Combined Group Pro Forma Historical Information presented in this Section 7.8 does not purport to reflect the likely actual or prospective reported financial performance, financial position or cash flows of the Combined Group.

It is likely that actual financial performance, financial position and cash flows in future periods will differ from the Combined Group Pro Forma Historical Financial Information presented in this Section 7.8. The factors which may impact the actual financial performance, financial position or cash flows of the Combined Group include but are not limited to:

- trading of Diverger and Count after 30 June 2023 which is not reflected in the historical financial information of Diverger or Count;
- the ultimate timing of Implementation of the Scheme to combine Diverger and Count;



- the difference between the estimated value of transaction costs and the amount ultimately incurred;
- the finalisation of the acquisition accounting, including determining the appropriate purchase price allocation, including the fair value of the assets and liabilities acquired by Count in accordance with the relevant accounting standards;
- the finalisation of the adoption of Count's accounting policies and acquisition accounting;
- the fluctuations of the market interest rates as well as RBA cash rate and their respective impact on the interest expenses;
- the timing and realisation of synergies (and associated integration costs) arising from the combination of Diverger and Count; and
- the value of Count Shares on the Implementation Date will change the value of goodwill and intangibles to be recognised on acquisition.

### (c) Combined Group Pro Forma Historical Income Statement

This Section outlines the Combined Group Pro Forma Historical Income Statement as though the Scheme was implemented prior to 1 July 2023.

\$'000	Diverger	Count	Pro forma adjustment	Combined Group
<b>Total revenue from operating activities</b>				
<b>Net Revenue</b>	<b>37,614</b>	<b>91,481</b>		<b>129,095</b>
				—
Direct costs	(10,084)	(42,891)		(52,975)
<b>Gross Margin</b>	<b>27,530</b>	<b>48,590</b>		<b>76,120</b>
				—
<b>Expenses from ordinary operations</b>				
Salaries and employee benefits expenses	(16,351)	(22,720)		(39,071)
Occupancy expenses	(154)	—		(154)
Professional fees and consultants	(1,956)	—		(1,956)
Corporate - Directors, ASX, Registry and Co-Sec	(465)	—		(465)
IT expenses	(802)	—		(802)
Marketing expenses	(112)	—		(112)
Administration expenses	(536)	(10,917)		(11,453)
Other expenses	(271)	(5,167)		(5,438)
Share-based payments expense	(148)	—		(148)
Impairment expense	(147)	—		(147)
<b>Total expenses from ordinary operations</b>	<b>(20,942)</b>	<b>(38,804)</b>		<b>(59,746)</b>
				—
Share of net profit of associates using the equity method	74	3,304		3,378
Other Count income	—	1,639		1,639
Gain on bargain purchase	—	3,163		3,163
Impairment of intangible assets	—	(1,424)		(1,424)
				—
<b>Statutory EBITDA</b>	<b>6,662</b>	<b>16,468</b>		<b>23,130</b>
Finance income	70	—		70
Finance costs	(527)	(1,063)	(1,143)	(2,733)
Depreciation	(626)	(4,240)		(4,865)
Amortisation	(1,404)	(2,465)	(778)	(4,647)
<b>Profit before income tax</b>	<b>4,175</b>	<b>8,700</b>	<b>(1,891)</b>	<b>10,954</b>
Income tax expense	(1,343)	(1,211)	343	(2,211)

Profit after income tax for the year	2,832	7,489	(1,578)	8,743
Other comprehensive income for the year	—	25		25
Total comprehensive income for the year	2,832	7,514	(1,578)	8,768
<b>Profit for the year is attributable to:</b>				
Shareholders	2,832	5,100	(1,578)	6,354
<b>Non-controlling interest</b>	<b>—</b>	<b>2,389</b>	<b>-</b>	<b>2,389</b>
	<b>2,832</b>	<b>7,489</b>	<b>(1,578)</b>	<b>8,743</b>
<b>Total comprehensive income for the year is attributable to:</b>				
Shareholders	2,832	5,125	(1,578)	6,379
Non-controlling interest	—	2,389	-	2,389
<b>Total comprehensive income for the year</b>	<b>2,832</b>	<b>7,514</b>	<b>(1,578)</b>	<b>8,768</b>

Note: Excludes the impact of expected Count and Diverger transaction costs.

#### (d) Combined Group Pro Forma Historical Statement of Financial Position

This Section outlines the Combined Group Pro Forma Historical Statement of Financial Position as at 30 June 2023, though the Scheme was implemented on 30 June 2023.

\$'000	Diverger	Count	Pro forma adjustment	Combined Group
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	385	21,668	(800)	21,253
Receivables	3,132	30,617		33,749
Other current assets	1,956	130,048		132,004
Current tax receivable	157	—		157
<b>Total current assets</b>	<b>5,630</b>	<b>182,333</b>	<b>(800)</b>	<b>187,163</b>
<b>Non-current assets</b>				
Plant and equipment	202	3,484		3,686
Right of use assets	1,042	10,457		11,499
Intangible assets	49,453	54,577	15,564	119,594
Equity-accounted investments	1,137	25,951		27,088
Deferred tax assets	1,276	3,394		4,670
Other non-current assets	—	112,316		112,316
<b>Total non-current assets</b>	<b>53,110</b>	<b>210,179</b>	<b>15,564</b>	<b>278,853</b>
<b>TOTAL ASSETS</b>	<b>58,740</b>	<b>392,512</b>	<b>14,764</b>	<b>466,016</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	5,240	24,006		29,246
Provisions and employee benefits	1,553	—		1,553
Lease liabilities	642	3,021		3,663
Deferred revenue	1,402	—		1,402
Provision for contingent consideration	1,558	—		1,558
Current tax liability	—	1,388		1,388
Other current liabilities	—	138,172		138,172
<b>Total current liabilities</b>	<b>10,395</b>	<b>166,587</b>	<b>—</b>	<b>176,982</b>
<b>Non-current liabilities</b>				
Provisions and employee benefits	476	1,336		1,812
Borrowings	1,105	15,654	25,689	42,448
Lease liabilities	535	8,493		9,028
Provision for contingent consideration	1,419	—		1,419
Deferred tax liabilities	6,104	—		6,104
Other non-current liabilities	—	110,978		110,978
<b>Total non-current liabilities</b>	<b>9,639</b>	<b>136,461</b>	<b>25,689</b>	<b>171,789</b>
<b>TOTAL LIABILITIES</b>	<b>20,034</b>	<b>303,048</b>	<b>25,689</b>	<b>348,771</b>
<b>NET ASSETS</b>	<b>38,706</b>	<b>89,464</b>	<b>(10,925)</b>	<b>117,245</b>
<b>EQUITY</b>				
Contributed equity	29,751	121,536	8,619	159,906

Retained earnings	8,126	1,579	(18,715)	(9,010)
Reserves	829	(48,411)	(829)	(48,411)
<b>Equity attributable to Shareholders</b>	<b>38,706</b>	<b>74,704</b>	<b>(10,925)</b>	<b>102,485</b>
Non-controlling interest	—	14,760	—	14,760
<b>TOTAL EQUITY</b>	<b>38,706</b>	<b>89,464</b>	<b>(10,925)</b>	<b>117,245</b>

### (e) Combined Group Pro Forma Historical Cash Flow for the Year Ended 30 June 2023

This Section outlines the Combined Group Pro Forma Historical Cash Flow as though the Scheme was implemented prior to 1 July 2023.

\$'000	Diverger	Count	Pro forma adjustments	Combined group
<b>Cash flows from operating activities</b>				
Fees and adviser revenue received (inclusive of GST)	146,771	197,270		<b>344,041</b>
Payments to advisers, suppliers and employees (inclusive of GST)	(140,268)	(188,674)	(9,789)	(338,731)
<b>Cash generated from operations</b>	<b>6,503</b>	<b>8,596</b>	<b>(9,789)</b>	<b>5,310</b>
Interest received	70	357		<b>427</b>
Finance costs paid	(199)	(1,464)	(1,143)	<b>(2,806)</b>
Income tax paid	(2,718)	(5,027)	343	<b>(7,402)</b>
<b>Net cash inflows from operating activities</b>	<b>3,656</b>	<b>2,462</b>	<b>(10,589)</b>	<b>(4,471)</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	(76)	(994)		<b>(1,070)</b>
Payments for other intangible assets, net of disposals	(434)	(608)		<b>(1,042)</b>
Proceeds from/ (payments for) the acquisition of subsidiaries, net of cash acquired	(2,842)	408	(15,900)	<b>(18,334)</b>
Payments for investments accounted for using the equity method	(735)	(2,436)		<b>(3,171)</b>
Net proceeds from the sale and purchase of shares under the equity partnership	-	1,504		<b>(1,504)</b>
Proceeds from associate related activities	-	2,710		<b>2,710</b>
<b>Net cash outflow from investing activities</b>	<b>(4,087)</b>	<b>584</b>	<b>(15,900)</b>	<b>(19,403)</b>
<b>Cash flows from financing activities</b>				
Payments of principle of lease liabilities	(685)	(3,121)		<b>(3,806)</b>
Net proceeds from borrowings	1,105	7,773	25,689	<b>34,567</b>
Dividends paid to Company shareholders	(2,072)	(3,864)		<b>(5,936)</b>
Payment of dividends by controlled subsidiaries to non-controlling interests	-	(1,999)		<b>(1,999)</b>
Net amounts paid - other loans provided	(59)	-		<b>(59)</b>
Purchase of shares under the share buy-back programme	-	(1,707)		(1,707)
<b>Net cash outflow from financing activities</b>	<b>(1,711)</b>	<b>(2,918)</b>	<b>25,689</b>	<b>21,060</b>
				-
Net (decrease)/increase in cash held	(2,142)	128	(800)	<b>(2,814)</b>
Cash at the beginning of the financial year	2,527	21,540		<b>24,067</b>
<b>Cash at the end of the financial year</b>	<b>385</b>	<b>21,668</b>	<b>(800)</b>	<b>21,253</b>

## 8. Risk factors

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### 8.1 Introduction

In considering the Scheme, you should be aware that there are a number of general and specific risk factors associated with your current investment in Diverger Shares and with the Scheme. This Section outlines:

- general and specific risk factors relating to the business and operations of Diverger and which in turn affect the value of your current investment in Diverger Shares (see Section 8.2);
- risk factors relating to the Scheme and the creating of the Combined Group (see Section 8.3);
- general and specific risks relating to the business and operations of Count and which in turn may affect the value of an investment in Count Shares (see Section 8.4); and
- risks if the Scheme does not proceed (see Section 8.5).

The outline of risks in this Section 8 is a summary only and should not be considered exhaustive. This Section 8 does not purport to list every risk that may be associated with an investment in Diverger, Count or the Combined Group now or in the future which may prevent the Scheme from becoming Effective or being implemented. The occurrence or consequences of some of the risks described in this Section 8 may be partially or completely outside the control of Diverger, Count, the Combined Group or their respective directors and senior management teams.

These risk factors do not take into account the individual investment objectives, financial situation or positional particular needs of Diverger Shareholders. If you do not understand any part of this Explanatory Booklet or are in any doubt as to how to vote in relation to the Scheme, you should seek professional guidance from your stockbroker, solicitor, accountant tax advisor or other independent and qualified professional adviser before deciding how to vote.

You should consider carefully the risk factors discussed in this Section 8, as well as the other information contained in this Explanatory Booklet, before voting on the Scheme.

### 8.2 Risk factors relating to the business and operations of Diverger

This Section outlines some general and specific investment risks relating to your current investment in Diverger. These risk factors will continue to apply to Diverger Shareholders if the Scheme is not implemented.

In considering the Scheme, Diverger Shareholders should be aware of these general and specific risks as they could materially and adversely affect the future operating and financial performance, and value, of Diverger.

The future operating performance of Diverger and the value of an investment in Diverger Shares may be affected by risks relating to Diverger's business. Some of these risks are specific to Diverger while others relate to economic conditions and the general industry and markets in which Diverger operates.

Where practicable, Diverger seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined below. However, there can be no assurance that such strategies will protect Diverger from these risks. Other risks are beyond Diverger's control and cannot be mitigated. The occurrence of any such risks could adversely affect Diverger's financial position and performance and the value of Diverger Shares. The risks listed below are

summaries, do not purport to be exhaustive and are not presented in any order of importance. Further, there is no assurance that the importance of different risks will not change, or other risks will not emerge.

**(a) General risks associated with your investment in Diverger**

The following are some general risks associated with equity investments in listed companies:

- changes in investor sentiment and the overall performance of the global and Australian securities market;
- changes in general business and industry cycles as well as economic conditions including inflation, interest rates, exchange rates, employment, credit markets, consumer confidence and demand, housing prices and turnover and other industry specific factors;
- changes in fiscal, monetary, taxation, employment and regulatory policies;
- weather conditions, natural disasters, pandemics generally including any resurgence of COVID-19, terrorism and international conflicts; and
- changes in laws and regulations including accounting and financial reporting standards.

**(b) Specific risks associated with your investment in Diverger**

There are a number of specific risks associated with an investment in Diverger, including the following:

<b>Key personnel</b>	<p>Diverger's success to an extent depends on its key personnel. The directors and management of Diverger have extensive experience in and knowledge of, Diverger's business and the financial advisory and accounting industry.</p> <p>There is a risk that Diverger may not be able to attract and retain key staff or be able to find suitable staff in a timely manner and this could impact Diverger's ability to operate its business and achieve its growth strategies.</p> <p>There is a further risk that if the Scheme does not proceed, Diverger may face a heightened risk of senior management departures, having regard to the distraction and destabilisation associated with the significant time spent pursuing the Proposed Transaction and this in turn may increase the risk that Diverger's strategy set out in Section 5.4 may be delayed or may not be achieved due to business disruption including the potential loss of key client accounts.</p>
<b>Loss of key accounts and/or adviser and accountants</b>	<p>Diverger's operating performance is influenced by its ability to retain its customers. The financial planning and investment advice sector is competitive with challenging market dynamics and low levels of industry wide growth. This may give rise to a higher churn of customers in the future.</p> <p>To the extent Diverger experiences a reduction in key accounts, and/or advisers and accountants from its platform, this would have detrimental impact on the operating performance of the Diverger business.</p>
<b>Acquisitions</b>	<p>Diverger may pursue acquisitions that could present integration obstacles or costs. Diverger may not realise any of the benefits it anticipates and Diverger may be exposed to additional liabilities of any acquired business, which could materially adversely impact Diverger's revenue and results of operations. In addition, future acquisitions may result in the issue of additional Diverger Shares and other securities, which would dilute the</p>

	ownership of the existing shareholders immediately prior to the time of acquisition.
<b>Growth strategy</b>	<p>Diverger's growth strategy and objectives may not be met. There is a risk that expected revenue will not meet targets while expenses may increase disproportionate to revenue.</p> <p>There are ongoing risks with the growth of a business which include the costs associated with staffing, third party services, regulatory and compliance.</p> <p>An ongoing risk is maintaining current client relationships while also building new client relationships which has the potential to strain the time and effort of employees. This may also increase costing pressures.</p>
<b>Liability and insurance risk</b>	<p>Diverger's insurance arrangements may not be adequate to protect Diverger against liability for losses relating to public liability, property damage, product liability, business interruption, data breach liability and other risks that may arise in the course of operations.</p> <p>Should Diverger be unable to maintain adequate insurance to cover these risks, or experience claims for losses in excess of the level of its insurance coverage, Diverger's financial performance could be materially affected.</p>
<b>Reputation</b>	<p>Diverger's reputation is important. If Diverger's reputation is harmed or, the reputation of the financial advisory and accounting industry are harmed as a whole, Diverger's business, financial condition and results of operations and cash flow may be materially adversely affected.</p> <p>Although Diverger may not be directly exposed to risks imposed by fraudulent conduct, an increase in fraudulent activities affecting any of its customers may result in a materially adverse impact to Diverger's reputation, which would result in Diverger bearing costs to rectify and safeguard its business operations, and to protect its products against further fraudulent activity.</p>
<b>Dividends</b>	If Diverger does not generate sufficient cash flow, Diverger Shareholders may not receive any dividends.
<b>Capital structure and funding</b>	<p>Diverger operates in a dynamic industry and there is a risk that Diverger may need additional debt or equity funding.</p> <p>Changes in the capital structure of Diverger, for example from raising debt or the issue of further equity to repay or refinance debt facilities or to fund the acquisition of assets, may affect the value of, and returns from, an investment in Diverger Shares.</p> <p>There can be no guarantee that such funding will be available to Diverger on reasonable terms or at all. Any such failure to obtain funding on reasonable terms may adversely impact Diverger's ability to meet its strategic objectives, and may result in a loss of business opportunity and/or excessive funding costs, including dilution to shareholders if equity funding is pursued.</p> <p>Diverger seeks to manage funding risk through a disciplined capital allocation process targeted at maintaining an appropriate capital structure and allocation of capital in accordance with Diverger's capital management framework.</p>

<b>Accounting standards</b>	Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are beyond the control of Diverger. Changes to accounting standards issued by the AASB could adversely impact the financial performance and position reported in Diverger's financial statements.
<b>Force majeure events</b>	Events may occur within or outside Australia that could impact upon the Australian economy, the operations of Diverger and the price or value of Diverger Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Diverger's products and its ability to conduct business, and on Diverger's business and earnings.
<b>Litigation and legal disputes</b>	From time to time, Diverger may be involved in disputes and/or litigation claims, including with clients or suppliers, industrial action or disputes involving Diverger's executives and employees or former executives or employees, or relating to matters such as privacy breaches, product liability, intellectual property, contractual, workplace health and safety, or other claims arising in the ordinary course of Diverger's business. If Diverger is involved in such litigation, disputes or protracted settlement negotiations, this may disrupt Diverger's business operations, cause Diverger to incur significant legal costs and may divert management's attention away from the day-to-day operations of the business. The outcome of any such litigation cannot be predicted with certainty and adverse litigation outcomes could negatively impact Diverger's business, financial condition and/or reputation.
<b>Regulatory matters</b>	<p>Diverger's business is governed by a range of legislation and regulations in Australia. This is a complex and constantly changing environment which is subject to the prevailing political and regulatory climate. In addition to this, the regulatory environment for financial services in Australia is complex and regulation has over recent times continued to increase, resulting in an increased burden on the business as well as risks and direct costs associated with compliance.</p> <p>Future changes to legislation, regulation, standards or policies may require Diverger to modify its product offerings or incur additional costs to ensure compliance, which may increase the costs of operations, affect profitability, the viability of some operations or adversely affect Diverger's ability to conduct its operations.</p> <p>Whilst Diverger has in place sophisticated compliance protocols, there is a risk that Diverger's processes and systems may not be adequate to detect and prevent all potential breaches. Serious breaches could have significant consequences, including the suspension or cancellation of Diverger's AFSLs and other regulatory licences. The cancellation of the AFSLs and other regulatory licences may result in Diverger being unable to operate its business, being issued with fines or other penalties arising from regulatory action and reputational damage.</p> <p>Diverger is subject to privacy laws in Australia. These laws regulate the handling of personal information and data collection. Such laws impact the way Diverger can collect, use, analyse, transfer and share personal and other information. Any actual or perceived failure by Diverger to comply</p>

	<p>with relevant privacy laws and regulations may result in the imposition of fines or other penalties, client losses, a reduction in existing services, and limitations on the use and development of technology requiring the input of such data. Any of these events could adversely impact Diverger's business, financial condition and financial performance.</p>
<b>AFSL Licensee risk</b>	<p>Diverger acts as a financial services licensee for a large number of independently owned financial planning businesses which are authorised representatives of Diverger. Diverger has implemented systems and policies to assist these businesses in meeting their financial services compliance obligations and in managing their cyber security risks. Whilst Diverger monitors adherence to these AFSL compliance and cyber security policies, it does not directly manage the operations of each individual business and risk mitigation is ultimately the responsibility of the business owner(s). It is possible that a business may experience a financial services compliance breach, cyber incident, fraud or other event which in turn may materially impact Diverger's financial position and/or reputation.</p>
<b>Major disruption in investment markets which may significantly impact CARE revenues and investor confidence</b>	<p>Diverger's revenue model associated to the CARE service is closely linked to the total funds under administration. Accordingly, it is subject to the risk of a deterioration of value in the global financial markets. This could materially impact the revenue and earnings associated with the CARE service, and may also negatively impact investor and/or adviser confidence which in turn reduces fund inflows to, or increases fund outflows from CARE.</p> <p>The funds under administration is subject to market risk in that the funds will often increase during periods of market growth, but often decrease during periods of market decline.</p> <p>There are many variables that have an impact on global financial markets including a combination of price, currency and interest rate risks.</p> <p>The forward outlook of the Diverger Group's performance will depend on various factors and the possible material risks associated with uncertainty relating to market conditions that may impact the rate of revenue growth, cost pressure and availability of appropriate investment opportunities.</p>
<b>Inability to achieve scale operations which increases threat from competitors</b>	<p>Diverger operates in a fragmented and competitive industry. Diverger competes on the basis of a number of factors, including the variety and quality of its products and services, brand recognition, reputation, and price. There is no assurance that competitors or new market entrants in the Australian financial and accounting advice industry will not succeed in offering services or products that are more economic or otherwise more desirable than those being offered by Diverger. This will have negative effects on Diverger's market position. Any decline in Diverger's competitive position could adversely affect its market share and lead to a decline in Diverger's revenue and earnings.</p>
<b>Lack of current liquidity in DVR shares</b>	<p>Any investment in Diverger is subject to the liquidity of Diverger Shares on the ASX and is dependent on market appetite, the size of the shareholding and the price sought for any Diverger Shares. There is a risk that any Diverger Shares owned by an investor will not be able to be sold at a desired price given the relative trading volumes.</p>



<b>Major shareholder risk</b>	Diverger currently has a number of substantial shareholders on its share register. There is a risk that these shareholders or another substantial shareholder may sell their shares at a future date. This could cause the price of Diverger Shares to decline.
<b>Technology and Artificial Intelligence risk</b>	<p>As marketable technologies and artificial intelligence tools continue to develop in the professional services and advice industry, there may be certain information technology and product developments that supersede, or diminish, the existing service and product offering of Diverger. This would negatively affect Diverger's profitability if Diverger were not able to respond to these developments.</p> <p>This could also lead significant adviser attrition, accountant client attrition and general sector specific market disruption for the industry in which Diverger operates in.</p>
<b>Cyber security</b>	<p>Diverger is reliant on significant information technology infrastructure and any interruption to the availability of that infrastructure or the information held within it, either as a result of systems failure, network outages, cyber-attacks or security breaches would detrimentally impact the ability of the business to carry on operating.</p> <p>Diverger also uses a number of third party service providers to supply and manage its information technology infrastructure. There is a risk that services are not provided in accordance with the agreements governing those third party relationships, which could result in significant business interruption, loss to clients, or of clients, reputational damage, regulatory action and claims for loss which may negatively impact revenue and profitability.</p>
<b>Taxation</b>	<p>In addition to the corporate income taxation imposed on Diverger, Diverger is required to pay direct and indirect taxes and other imposts in the jurisdictions in which Diverger operates. Diverger may be affected by changes in government taxation policies or in the interpretation or application of such policies under Australian and overseas laws and the outcome of tax audits.</p> <p>The potential of Diverger to obtain the benefit of existing franking credits, taxation losses and claim other taxation attributes will depend on ATO rulings, the completion of this transaction, future circumstances and may be affected by changes in ownership of Diverger, business activities, taxation bases and any other conditions.</p>

### 8.3 Risks relating to the Scheme and creation of the Combined Group

This Section sets out the risks associated with the Scheme and its implementation.

#### (a) Conditions

The Scheme is subject to various Conditions, which are outlined further in Section 2.5(b). The Scheme will not proceed to the Second Court Date unless the Conditions are satisfied or waived (as applicable). Given there are Conditions that have yet to be satisfied or waived, there is a risk that the Second Court Date will be delayed, which in turn will delay the Implementation Date.

The Scheme will not proceed if the Conditions are not satisfied or waived (as applicable) before the End Date.

As at the date of this Explanatory Booklet, your Directors are not aware of any circumstances which would cause the Conditions to not be satisfied or (if applicable) waived. Despite this, there is a possibility that one or more of the Conditions will not be satisfied or waived and that the Scheme will not proceed. A failure to satisfy one or more of the Conditions, or a delay in satisfying the relevant Conditions and implementing the Scheme, may adversely affect the market price of Diverger Shares or Count Shares.

**(b) Implied value of Scheme Consideration**

In respect of the Scrip Consideration, the value that each Diverger Shareholder may realise on the sale of Scrip Consideration issued as part of the Scheme Consideration will depend on the price at which Count Shares trade on the ASX after the Implementation Date.

Some Diverger Shareholders may not wish to continue to hold Count Shares received under the Scheme and may sell them on the ASX soon after the Implementation Date. There is a risk that such sales may drive down the price of Count Shares in the short term.

In any event, there is no guarantee regarding the market price of Count Shares before the Scheme Meeting or after the Implementation Date. The value of Count Shares may fluctuate before Count Shares are issued on the Implementation Date. Future market prices may be either above or below current or historical market prices. Information about the current trading prices of Count Shares may be obtained from ASX's website (<https://www.asx.com.au/markets/company/cup>).

**(c) Scale back risk**

It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as many Maximum Scrip Consideration Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared. If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.

The scale back mechanism and the cap limitations mean that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.

**(d) Integration risk and realisation of synergies**

There is a risk that the integration of Diverger and Count into the Combined Group may encounter unexpected challenges or issues, including that any integration could take longer or cost more than anticipated, or that the extraction of potential benefits and synergies of the combination of Diverger and Count may be less than expected or may not be realised.

There is a risk that the Combined Group's success and profitability could be adversely affected if Diverger's business is not integrated effectively into Count, such as potential adviser attrition. Any failure to achieve expected potential synergies may also impact on the financial performance and position of the Combined Group and the future price of Count Shares.

**(e) Scheme Implementation Agreement may be terminated**

Each of Diverger and Count has the right to terminate the Scheme Implementation Agreement in certain circumstances as set out in Section 10.4. These circumstances may involve or be triggered by a Diverger Competing Proposal. Accordingly, there is no certainty that the Scheme Implementation Agreement will not be terminated by either Diverger or Count before the implementation of the Scheme.

If the Scheme Implementation Agreement is terminated, there is no assurance that the Diverger Board will be able to find a party willing to pay an equivalent or greater price for Diverger Shares than the price to be paid pursuant to the terms of the Scheme Implementation Agreement. This may adversely affect the future market price of Diverger Shares. However, please refer to the discussion on Diverger Competing Proposals in Section 1.10(b).

**(f) Performance risk in relation to Count**

There is a risk that Count refuses, or otherwise fails, to comply with its obligations under the Scheme Implementation Agreement, including:

- to use all reasonable endeavours, and work in a timely and cooperative fashion, to implement the Scheme as soon as reasonably practicable and as far as possible in accordance with the timetable;
- under clause 7.2 of the Scheme Implementation Agreement, including with its obligations to take all reasonable steps to assist Diverger to implement the Scheme as soon as reasonably practicable; and
- to provide the Scheme Consideration to Diverger Shareholders.

If Count refuses, or otherwise fails, to comply with its obligations to implement the Scheme (including those listed above), then there is a risk that the Scheme will not be able to be implemented. Any enforcement action by Diverger would involve significant time and cost and there is no assurance that Diverger would succeed.

**(g) Court approval**

There is a risk that the Court may not approve the Scheme, either at all or in the form proposed, or the Court's approval of the Scheme may be delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, the Court will take the change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date.

**(h) Transaction costs may vary**

If the Scheme is implemented, there are expected to be one-off costs of approximately \$9 million to implement the transaction and achieve business synergies, with the majority of these incurred over 12-24 months post completion of the Proposed Transaction.

This amount does not distinguish between amounts which may have already been paid by either Count or Diverger prior to the Implementation Date. These costs are not certain and the actual transaction costs incurred may differ from the current estimates.

**(i) Change in risk and investment profile**

After implementation of the Scheme, Scheme Shareholders will be exposed to certain additional risks relating to the Combined Group.

While the operations of Diverger and Count are similar in a number of ways, there will be differences between the size, capital structure, infrastructure, business offerings and clients of the Combined Group and Diverger currently which may give rise to a different investment and

business risk profile which may not align with the investment objectives or risk tolerance of Diverger Shareholders.

**(j) Tax consequences**

If the Scheme proceeds, there may be tax consequences for Scheme Shareholders. Scheme Shareholders should seek their own professional advice regarding the individual tax consequences of the Scheme.

General information on the Australian tax consequences of the Scheme is set out in Section 9.

## 8.4 Risks relating to the business and operations of Count and the Combined Group

The following risks are relevant to Count as an individual entity and will be relevant to the Combined Group after the Implementation Date. In addition, many of the risks relevant to Diverger as set out in Section 8.2 are expected to be relevant to the Combined Group.

**(a) General economic conditions**

The financial performance of the Combined Group and the value of Count shares may fluctuate due to various factors, including interest rates, inflation, Australian and international economic and political conditions, change in government, fiscal, monetary and regulatory policies, investor perceptions, geopolitical tensions and various other factors which may affect the financial position and earnings of the Combined Group. If any of those factors come into play in the future, the price of Count Shares may fluctuate including falling below historical and current prices.

Ongoing global economic uncertainty, including the potential for an economic recession or downturn of uncertain severity and duration, may impact the financial performance, profitability and financial position of both Count and the Combined Group and the value of Count Shares.

**(b) Market risk, product and investment performance**

The profitability of the Combined Group is affected, at least in part, by the value of funds under advice and management which may be impacted by volatility in equity and fixed income markets, global currencies, interest rates and broader economic conditions.

In addition, the value and satisfaction of clients is impacted by the performance of their investments. The risk that clients' investment portfolios do not meet their investment objectives or achieve consistent long-term performance can challenge client retention which may in turn adversely affect the financial performance, profitability and financial position of both Count and the Combined Group and the value of Count Shares.

**(c) Performance of member firms**

Count is an aggregator of businesses and invests in substantial accounting, financial services and other enterprises. In the financial year ended 30 June 2023, Count made a number of acquisitions, the most material of which was the acquisition of Affinia from TAL, completed on 29 May 2023.

A material part of the revenue of Count is derived from its equity interests in accounting and business advisory firms, a number of which are not controlling interests. A list of non-controlling interests is contained in Note 6.2 to Count's consolidated financial statements for the year ended 30 June 2023, available on the ASX's website (<https://www.asx.com.au>).

While Count carries out due diligence in respect of any investment in an enterprise or the acquisition of any enterprise, there is a risk that information obtained in due diligence is not accurate or complete which may result in the financial return on that investment or acquisition being less or less favourable than forecast.

Those enterprises are also subject to many of the risks outlined in this Section. In particular, there are risks associated with the integration of acquired businesses into the Count Group, which may result in cultural issues or impact the financial performance of Count and the Combined Group.

The due diligence process undertaken by Count seeks to establish any historical liabilities and risk associated with the enterprises it invests in or acquires, however it remains possible that from acquisition, Count inherits liabilities for past conduct or failures which it is not aware of and which can emerge many years after that investment or acquisition.

The underlying financial performance of the advisory firms can have a material impact on the income of the Count Group or the value of those equity interests and, by extension, the financial performance, profitability and financial position of both Count and the Combined Group as well as the value of Count Shares.

**(d) Growth strategy and performance**

There is a risk that the continued growth strategy of the Combined Group is unable to be achieved, particularly having regard to the investment required to implement the Scheme. There are likely to be considerable resources and effort expended on the integration activities necessary to establish the Combined Group and additional investment or acquisition activity may be slowed.

There is a risk that management distraction associated with integration activities may result in revenue from ongoing business operations being below budget.

**(e) Key personnel**

Key personnel are essential to the retention of adviser and client relationships across the business units of the Combined Group and to retaining corporate knowledge. In a low unemployment environment where highly capable financial services employees are highly sought after, there is an ongoing risk that key personnel may be lost to competitors and/or the industry and that it may be difficult to replace key personnel.

Loss of key management and other personnel may have a negative impact on the ability to achieve effective integration of the Combined Group. There is a risk that key management personnel of Diverger do not take up positions within Count or retain their existing positions in the Combined Group. Count personnel or new hires will not have the same familiarity with Diverger. Nevertheless, Count believes its current staff will have the ability to manage integration and the operation of the Combined Group effectively.

**(f) Regulatory matters**

The businesses operated by the Combined Group are highly regulated, in particular the financial advice and portfolio businesses. The legislative and regulatory regime surrounding the businesses is complex and subject to ongoing regulatory change. In order to provide the majority of its services in Australia, a number of Count's controlled entities are required to hold a number of licences, most notably AFSLs.

Failure to manage compliance with an extensive set of obligations, including the conditions of any AFSLs, would expose the Combined Group to potential regulatory scrutiny, activity and possible penalties leading to reputational damage and impacts on the financial performance of the Combined Group. Indeed, this could result in the suspension or cancellation of a licence which is otherwise required for Count to operate key parts of its business. A breach or loss of licences, consents or permissions could have a material adverse effect on business and financial performance of Count and the Combined Group. AFSLs also require the licence holder to maintain certain levels of capital. These capital requirements may change from time to time. Financial performance may be impacted where Count is required to hold a higher capital base.

The costs associated with compliance with obligations are increasing and the cost of remediation activities where failures have occurred can be significant and may impact the profitability of the Combined Group.

Regulatory and legislative change can be costly to implement across existing processes and infrastructure, and which may require further investment in technology and systems that could negatively impact profitability.

There is a risk that the processes and systems in place in the Combined Group may not detect and prevent potential non-compliance with obligations under these licenses. Significant breaches of some obligations can have significant consequences, including the suspension or cancellation of licenses and authorisations resulting in the Combined Group and its authorised representatives being unable to operate their businesses, reputational damage and significant negative impacts on revenue generation.

**(g) Operational risks**

The main operational risk for Count's accounting and business advisory firms relates to inappropriate or inadequate client advice. All firms are required to have quality assurance processes and appropriate professional indemnity insurance either directly or as part of the Group policy. Accounting and business advisory firms who are part of the Count Financial or Affinia licensee network are covered under professional indemnity insurance arrangements for their financial planning services.

**(h) Technology and cyber-security risks**

The Combined Group will be reliant on significant information technology infrastructure and any interruption to the availability of that infrastructure or the information held within it, either as a result of systems failure, cyber-attacks or security breaches would detrimentally impact the ability of the business to carry on operating.

The Combined Group will also use a number of third party service providers to supply and manage its information technology infrastructure. There is a risk that services are not provided in accordance with the agreements governing those third party relationships, which could result in significant business interruption, loss to clients, or of clients, reputational damage, regulatory action and claims for loss which may negatively impact revenue and profitability. Count expects these risks to only increase and will remain proactive in its approach to mitigate these risks.

**(i) Security or privacy of data**

Failures or breaches of data protection and systems security can cause reputational damage, regulatory interventions and financial loss. The legal and regulatory landscape around data protection and privacy is complex, demanding and evolving. The protection of customer, employee, third party and company data is critical to Count's operations, and those persons have high expectations that Count will adequately protect personal information.

**(j) Legislative risks**

Any substantive changes to legislation or laws that impact the provision of accounting, tax or financial planning services could have a material impact on the Combined Group. For accounting- and tax-related services, initiatives are being considered by the Federal Government to further reduce the requirement for individuals to lodge tax returns, which may have some impact on the compliance based work for some accounting and business advisory firms.

Legislative risk is not currently expected to significantly impact the profitability of accounting and business advisory firms and the Group, but it will continue to be closely monitored by Count.

**(k) Risk associated with debt facility**

The ability of the Combined Group to service its debt is dependent on its financial position, ongoing financial performance and cash flows which may be adversely impacted by economic, financial, regulatory and other factors beyond the control of the Combined Group. If the Combined Group is unable to generate sufficient cash flow to meet debt repayment obligations, it may face additional financial penalties, higher interest rates or difficulty obtaining future funding, refinancing or refinancing on similar terms. The Combined Group's debt facility is also subject to the adherence to certain covenants related to financial performance and position. If those covenants are breached, there is a risk that debt may be repayable sooner than anticipated.

**(l) Financing risks**

The Combined Group will rely on access to debt and equity financing. The ability to secure financing, or financing on acceptable terms, may be adversely affected by a number of economic factors, including volatility in financial markets or a downgrade in the credit rating of the Combined Group which may result in financing being unavailable or the cost of financing significantly increasing, detrimentally impacting the profitability of the Combined Group.

**(m) Litigation and claims**

Count may from time to time be involved in legal, regulatory or other proceedings and disputes arising from its business and operations. The Combined Group will face ongoing risk of litigation and complaints from clients which is inherent in highly regulated business and those operating in complex legislative environments. In particular, businesses operating in financial services have been the subject of a number of class actions seemingly triggered by the findings from the Royal Commission. A number of those class actions remain on foot and Count Financial is subject to, and actively defending, such a class action (albeit indemnified by the Commonwealth Bank of Australia).

There is potential liability arising from actions or conduct of Count or Diverger or any of their subsidiaries prior to the Effective Date (including litigation instigated by regulators or complaints from clients) and disputes arising in the ordinary course of their businesses which may, to the extent not covered by Count's insurance policies, cause financial and reputational damage and distract management and staff from the operations of the Combined Group.

**(n) Fraud risk**

Whilst Count has policies and procedures which are designed to mitigate the risk, there remains a risk that funds of clients, or advice provided to clients, may be the subject of fraudulent behaviour. A significant or sustained failure in Count's technology systems or cyber security could also expose Count to fraudulent behaviour. Any of these events may cause financial and reputational damage and distract management and staff from the operations of the Combined Group.

**(o) Environmental, social and governance (ESG)**

ESG risks can have a material impact on Count's ability to deliver good long-term outcomes for its clients, investors and the community.

Count considers a broad range of ESG risks and opportunities, including climate change, human capital management, diversity and inclusion and corporate transparency, among others. Climate change may impact on overall economic growth, unemployment and the wealth of customers, including due to: (i) extreme weather and climate related events affecting property and asset values or causing damage and/or interruptions to business operations and supply chains; (ii) the effect of new laws, regulations and government policies designed to mitigate climate change; and (iii) the cost of business insurance.

These may individually, or in aggregate, cause financial and reputational damage and distract management and staff from the operations of the Combined Group.

**(p) Securities market fluctuations**

There are various risks associated with investing in listed entities, including:

- economic and global events which can impact the prices of broader securities on the ASX and relevant indices;
- the risk that one or more substantial holders of Count Shares (including any persons who become substantial holders of Count Shares following implementation of the Scheme) may sell all or a substantial portion of the Count Shares they hold, which may have an adverse impact on the price and trading volumes of Count Shares; and
- the liquidity of Count Shares on the ASX. There is no guarantee of profitability, dividends, return of capital, or the price at which Count Shares will trade on the ASX. The past performance of Count Shares is not necessarily an indication as to future performance and the value attributed to the Diverger business as reflected in its past share price performance may not necessarily be reflected in an increase in the value of Count Shares.

**(q) Inability to pay dividends**

The payment of dividends (if any) by Count will be determined by the Count Board from time to time in accordance with its constitution and stated dividend policy. While the Count Board will consider a range of factors including available profits, cashflow, financial condition, operating results, future capital requirements and economic conditions, there is no guarantee that a dividend will be paid or, if paid, paid at the same or higher levels than paid historically.

**(r) Equity dilution**

Count may undertake offerings of equities in the future. Factors including the increase in the number of fully paid shares issued, the ability of an individual shareholder to participate in the equity offer, the issue price and the possibility of selling such equities may have an adverse effect on the financial position or voting power of any individual shareholder.

**(s) Insurance**

While each of Diverger and Count and their subsidiaries have held various policies of insurance covering their operations and the Combined Group will hold similar insurances, not all risks are insurable, including for example, a requirement to refund financial planning fees, and there is a risk that the Combined Group insurance is not adequate or does not cover particular risks. There is also a risk that in the future the cost of insuring the operations and activities of the Combined Group increases materially, that equivalent cover is not able to be obtained or that run off cover is not able to be obtained for any businesses which cease to operate. Any failure of insurance cover to respond to a claim or loss would negatively impact the financial position of the Combined Group.

**(t) Change in accounting or financial reporting standards**

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are outside the control of Count, or the Combined Group. Changes to accounting standards issued by the AASB could adversely affect the financial performance and position reported in the financial statements of Count and the Combined Group.

**(u) Tax**

A change to the current tax regime may affect Count, Count shareholders or the Combined Group.



Any changes to the current rate of company income tax may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns.

**(v) Force majeure events**

Events may occur locally, nationally or internationally which may impact on the global or Australian economy and the operations of the Combined Group. Events such as political conflict, war, terrorism, global health events, fire, flood, earthquakes and other natural or human caused events have the potential to create a broad range of disruptive impacts which may directly or indirectly affect the operations of Count and the Combined Group which may not be able to be insured against.

**(w) Competition**

The financial services industry, including the provision of accounting and wealth management advice, is highly competitive and there is ongoing consolidation activity across the industry with competition, particularly for financial advisers, remaining strong. Commoditisation of financial services and products is also increasing. The retention by the Combined Group of staff and authorised representatives will be critical to the financial performance of the Combined Group. The Combined Group will be vulnerable to losing authorised representatives to other Australian Financial Services Licensees if the Combined Group is unable to maintain competitive pricing of licensee fees and dependable and demonstrated support models across compliance, education, training, business development and technology.

## 8.5 Risks if the Scheme does not proceed

If the Scheme does not proceed and no other acceptable proposal is received and implemented, Diverger will continue on a standalone basis and Diverger Shareholders will retain their Diverger Shares.

In these circumstances, Diverger Shareholders will remain exposed to the normal risks inherent in Diverger's business as set out in Section 8.2 and the advantages of the Scheme described in in Section 2.3 of this Explanatory Booklet will not be realised.

In addition to the normal risks inherent in Diverger's business, should the Scheme not be implemented, it is expected that Diverger Shareholders will also face exposure to the following risks.

**(a) Share price fall**

In the absence of the Scheme or a Superior Proposal, there is a risk that the Diverger Share price could decline below the value of the Scheme Consideration in the near term as a result of the absence of the opportunity to obtain the premium which the Scheme represents for each Diverger Share, as well as the impact of both the direct transaction costs and indirect costs described further below.

**(b) Diverger's growth strategy may be impacted**

In the absence of the Scheme, there is a risk that Diverger may not be able to execute on its strategy to grow into a more substantial company that can materially improve returns to shareholders over time on a standalone basis, given the requirement for new capital to meaningfully support Accounting Solutions and execute on acquisition opportunities.

**(c) Transaction costs**

If the Scheme is not implemented, Diverger expects to pay an aggregate of approximately \$1.5 million in aggregate transaction costs in connection with the Scheme. These transaction costs are primarily payable to Diverger's financial, legal, tax and accounting advisors, the Independent Expert and the Diverger Share Registry.

Only in certain limited circumstances will Count be required to pay Diverger a break fee of \$500,000 if the Scheme does not proceed which will contribute to payment of these transaction costs. See Section 2.5(e) for further information on the break fee payable by Count to Diverger.

In addition to the transaction costs it has incurred, under the Scheme Implementation Agreement, Diverger will be required to pay a break fee of \$500,000 to Count if the Scheme does not proceed in certain circumstances. See Section 2.5(e) for further information on the break fee payable to Diverger to Count.

**(d) Employee loss**

There is a risk that if the Scheme is not implemented, there may be uncertainty amongst Diverger employees regarding the strategic direction of the business and future remuneration schemes. This may result in higher attrition levels amongst employees than would be usual. Given the relationships that these employees may have with clients, this may lead to client attrition and impacts on future financial performance and shareholder returns.

**(e) Indirect costs**

In addition to direct transaction costs it has and will incur, Diverger may have incurred potential opportunity costs in pursuing the Scheme or in not pursuing strategic initiatives which Diverger could have developed to further its business and objectives, the distraction of Diverger's management from conducting Diverger's business as usual and potential damage to Diverger's reputation associated with a failed transaction (and the implications of that damage to Diverger's business).

## 9. Taxation implications for Diverger Shareholders

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### 9.1 Introduction

This Section 9 provides a summary of the general Australian tax (including capital gains tax (**CGT**), GST and stamp duty) implications for Diverger Shareholders in relation to the Scheme and the Permitted Dividend and / or Interim Dividend (to the extent that either or both are paid), and should be considered in conjunction with the rest of this Explanatory Booklet.

This Section is relevant for Australian resident and non-resident Diverger Shareholders that hold their Diverger Shares on capital account. This information relates only to Diverger Shares, and not to other rights held over Diverger Shares. This Section does not consider the Australian tax consequences for Diverger Shareholders who:

- hold their Diverger Shares as trading stock or as revenue assets;
- hold their Diverger Shares as assets used in carrying on a business or as part of a profit-making undertaking or scheme;
- acquired their Diverger Shares through an employee share, option or rights scheme;
- are Australian tax residents but hold their Diverger Shares as part of an enterprise carried on, at or through, a permanent establishment in a foreign country;
- are non-resident shareholders who have used their Diverger Shares at any time in carrying on a business through a permanent establishment in Australia;
- are financial institutions, insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated), temporary residents or shareholders who change their taxation residency while holding shares, each of which may be subject to additional or specific taxation rules; or
- are subject to taxation of financial arrangement rules in Division 230 of the ITAA 1997 or the investment manager regime in Division 842 of the ITAA 1997 in relation to gains and losses on their Diverger Shares.

The information in this Section 9 is a guide only, and is based on the Australian taxation laws and practice in effect as at the date of this Explanatory Booklet. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Diverger Shareholder and should not be relied on by Diverger Shareholders as taxation advice.

Diverger Shareholders should seek independent professional advice regarding the taxation consequences of disposing of their Diverger Shares under the Scheme. Diverger Shareholders who are tax residents of a country other than Australia (whether or not they are also residents or temporary residents of Australia for tax purposes) should also take into account the tax consequences under the laws of their country of residence.

### 9.2 Australian taxation implications of the Scheme

#### (a) Taxation consequences of the payment of the Interim Dividend and Permitted Dividend

Australian Diverger Shareholders who receive the Interim Dividend (if any) and / or Permitted Dividend (if any) must include the Interim Dividend and / or Permitted Dividend in their assessable income.

It is expected that the Interim Dividend (if any) and Permitted Dividend (if any) will each be fully franked.

Where a Diverger Shareholder is a 'qualified person' in relation to the Interim Dividend and / or Permitted Dividend received on their Diverger Shares and the franking integrity rules do not apply, they must also include the amount of the attached franking credits in their assessable income and will be entitled to a tax offset equal to the amount of the attached franking credits.

A Diverger Shareholder will be a 'qualified person' if they hold their Diverger Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the relevant share's acquisition or disposal) during the relevant prescribed period.

The usual holding period (known as the 'primary qualification period') is expected to apply for the Interim Dividend, beginning on the day after the Diverger Share was acquired and ending on, the earlier of:

- the 45th day after the day on which the Diverger Share become ex-dividend (being the day after the Interim Dividend Record Date); and
- the day before the Scheme Record Date (i.e. 22 February 2024, assuming the Scheme Record Date is 23 February 2024).

The day before the Scheme Record Date (i.e. 22 February 2024 assuming the Scheme Record Date is 23 February 2024).

The latest date on which a Diverger Shareholder can acquire a Diverger Share, the Interim Dividend and be a 'qualified person' is ultimately dependent on Interim Dividend Record Date.

The usual holding period is modified where the 'related payment rule' applies. The 'related payment rule' applies if a Diverger Shareholder is under an obligation to pass the benefit of the dividend to one or more other persons. It is likely that the Commissioner will consider that the 'related payment rule' applies to the Permitted Dividend (and not the Interim Dividend) as a consequence of the impact of the Permitted Dividend on the amount of the Scheme Consideration.

Where the 'related payment rule' applies, the prescribed period for the Permitted Dividend is the period commencing 45 days before the day on which the Diverger Shares become ex the Permitted Dividend (i.e. 7 January 2024, being 45 days before the day after the Permitted Dividend Record Date, assuming the Permitted Dividend Record Date is 20 February 2024) and ending on the day before the Scheme Record Date (i.e. 22 February 2024, assuming the Scheme Record Date is 23 February 2024).

Accordingly, Diverger Shareholders could only satisfy the 'related payment rule' for the Permitted Dividend in relation to particular Diverger Shares if they acquired those Diverger Shares on or before 8 January 2024.

Diverger Shareholders will be considered to hold their Diverger Shares 'at-risk' on a particular day provided that they have more than 30% of the ordinary financial risks of loss and opportunities for gain from owning those shares. This will be a matter for each individual Diverger Shareholder to determine in their own circumstances.

The 'holding period rule' does not apply to Diverger Shareholders that are individuals where their total franking credit tax offset entitlement does not exceed \$5,000 for the year of income in which a dividend is paid. This concession will not, however, apply to the Permitted Dividend on the basis that the Permitted Dividend constitutes a 'related payment'.

The ability of Diverger Shareholders to benefit from the franking credit tax offset will depend on their status and specific circumstances. The following comments are provided on the assumption that each Diverger Shareholder is a 'qualified person' in relation to the Interim Dividend and Permitted Dividend and that the franking integrity rules do not apply. If either of these requirements are not met then there will be no franking credit tax offset.

*Australian resident individuals and complying superannuation funds*

Diverger Shareholders that are Australian resident individuals or complying superannuation funds will be entitled to a tax offset equal to the amount of the franking credits attached to the Interim Dividend and Permitted Dividend. Where these Diverger Shareholders have franking credit tax offsets in excess of their total income tax liability they may be entitled to a refund equal to the excess.

*Australian resident companies*

Diverger Shareholders that are Australian resident companies will be entitled to a tax offset equal to the amount of the franking credits attached to the Interim Dividend and Permitted Dividend and accordingly, should not pay any additional income tax on the dividends. Where an Australian resident company Diverger Shareholder has an excess of franking credits, they may be able to convert the excess tax offsets into carried forward tax losses.

A franking credit will arise in the franking account of these Diverger Shareholders equal to the amount of the franking credits attached to the Interim Dividend and Permitted Dividend.

*Australian resident trusts (other than an Attribution managed investment trust (AMIT))*

Where a Diverger Shareholder is an Australian resident trust (other than an AMIT) and Australian resident beneficiaries are presently entitled to trust income of the trust which includes the Interim Dividend and / or Permitted Dividend, the benefit of the franking credits attached to the dividends may also pass through to Australian resident beneficiaries. The income tax treatment of the Interim Dividend and Permitted Dividend and attached franking credits in the hands of those beneficiaries will depend on the tax status of the beneficiaries.

Where the Diverger Shareholder is an Australian resident trust (other than an AMIT) and there are no beneficiaries presently entitled to the trust's income comprising the Interim Dividend and / or Permitted Dividend, the trustee will be liable for any income tax attributable to the dividends and be entitled to a tax offset equal to the attached franking credits.

*AMITs*

Where Diverger Shares are held by an AMIT, the beneficiaries of the AMIT will be attributed the income of the AMIT including the Interim Dividend and Permitted Dividend based on their clearly defined rights in the AMIT. The attached franking credits will flow to the relevant beneficiary in proportion to the attributed Interim Dividend and Permitted Dividend. The income tax treatment of the Interim Dividend and Permitted Dividend and attached franking credits in the hands of those beneficiaries will depend on the tax status of the beneficiaries.

*Australian resident partnerships*

Where Diverger Shares are held by an Australian resident partnership, the Interim Dividend and Permitted Dividend and the benefit of the franking credits attached to the dividends may also pass through to Australian resident partners. The income tax treatment of the Interim Dividend and Permitted Dividend and attached franking credits in the hands of those partners will depend on the tax status of the partners.

**(b) Taxation consequences of disposal of Share Schemes by Australian residents**

The below is a summary of the income tax consequences relevant for Australian resident Diverger Shareholders who dispose of their Diverger Shares under the Scheme.

Under the Scheme, Australian resident Diverger Shareholders will dispose of their Diverger Shares by way of transfer to Count in exchange for the Scheme Consideration.

For Australian CGT purposes, the Diverger Shares will be treated as CGT assets.

The disposal of Diverger Shares should constitute a CGT event A1 for the Australian resident Diverger Shareholders. The CGT event should happen on the Implementation Date.

### **Calculation of capital gain or loss**

Under the Scheme, Australian resident Diverger Shareholders should

- make a capital gain if the capital proceeds received on disposal of their Diverger Shares are greater than the cost base of those Diverger Shares; and
- make a capital loss if the capital proceeds received on disposal of their Diverger Shares are less than the reduced cost base of those Diverger Shares.

The capital proceeds received by an Australian resident Diverger Shareholder under the Scheme will be the Scheme Consideration received.

#### *Capital proceeds*

The Scheme Consideration is not adjusted by the amount of any Interim Dividend and the implementation of the Scheme is not contingent on the declaration of the Interim Dividend, nor is the payment of the Interim Dividend contingent on the Scheme. Accordingly, any Interim Dividend is not likely to be included in the capital proceeds for the disposal of the Diverger Shares.

However, on the basis that any Permitted Dividend will be contingent on the implementation of the Scheme and the Scheme Consideration is adjusted by the amount of the Permitted Dividend, the Permitted Dividend is likely to be included in the capital proceeds for the disposal of the Diverger Shares. The ATO's view around these provisions is set out in Taxation Ruling TR 2010/4. Where the Permitted Dividend forms part of the capital proceeds, the capital proceeds will be equal to the Scheme Consideration plus the amount of the Permitted Dividend, but note the potential further implications set out below under the heading 'Anti-Overlap' on the treatment of capital gains and capital losses.

#### *Cost base*

Where a capital gain is made, an Australian resident Diverger Shareholder's cost base of the Diverger Shares will broadly be the sum of the amount paid to acquire the relevant Diverger Shares and any non-deductible costs associated with the acquisition, holding and disposal of their Diverger Shares (e.g. brokerage fees and stamp duty). The cost base will be reduced by any return of capital received in connection with the Diverger Shares during the ownership of the Diverger Shares (if any).

Where a capital loss is made, the reduced cost base of the Diverger Shares is determined in a similar manner.

Australian resident Diverger Shareholders may be entitled to reduce any capital gain on the disposal of their Diverger Shares by applying the CGT discount (discussed below).

### **CGT discount**

Generally, the CGT discount should be available to Australian resident Diverger Shareholders who are individuals, trusts or complying superannuation funds that have held their Diverger Shares for at least 12 months before the time of their disposal (being the Implementation Date).

Broadly, the CGT discount rules enable the Australian resident Diverger Shareholders to reduce their capital gain (after the application of any available capital losses) by:

- 50% for individuals and trusts; and
- 33⅓% for complying superannuation funds.

The CGT discount is not available to Australian resident Diverger Shareholders that are companies.

The application of the CGT discount rules to an Australian resident Diverger Shareholder that is a trustee of a trust is complex, particularly where distributions to beneficiaries of the trust are attributable to discounted capital gains. Australian resident Diverger Shareholders that are trustees of trusts should obtain specific tax advice on the application of the CGT discount rules to them.

### **Net capital gains or losses**

If an Australian resident Diverger Shareholder makes a capital gain from the disposal of their Diverger Shares, that capital gain will be combined with any other capital gains that the Australian resident Diverger Shareholder has made for the income year. Subject to the relevant loss recoupment rules, any available capital losses (including capital losses available from prior years) can then be applied against the total capital gains made for the income year, following which the CGT discount (if available) is applied to any remaining discount capital gains.

Subject to choosing to apply for CGT roll-over relief (discussed below), a resulting net capital gain will be included in the Australian resident Diverger Shareholder's assessable income for the income year.

A resulting net capital loss cannot be deducted against other income for income tax purposes, but may be offset against any capital gains made in the current income year, or carried forward to offset capital gains made in future income years (before taking into account the CGT discount, if available). Specific loss recoupment rules apply to companies and trusts to restrict their ability to utilise capital losses in future years in some circumstances. Australian resident Diverger Shareholders should seek their own tax advice in relation to the operation of these rules.

### **Anti-overlap**

Where the Permitted Dividend forms part of the capital proceeds, the amount of any capital gain made by an Australian resident Diverger Shareholder will be reduced by the amount of the Permitted Dividend which is assessable to the Australian resident Diverger Shareholder. If the amount of the Permitted Dividend exceeds the capital gain, the capital gain is reduced to zero. However, the capital gain made by the Australian resident Diverger Shareholder will not be reduced by the amount of the franking credit that is included in that Diverger Shareholder's assessable income as a result of the receipt of the Permitted Dividend. If an Australian resident Diverger Shareholder makes a capital loss and the Permitted Dividend forms part of the capital proceeds, that Diverger Shareholder's capital loss is not adjusted.

### **CGT scrip for scrip roll-over relief**

An Australian resident Diverger Shareholder who makes a capital gain on the disposal of their Diverger Shares may choose to obtain CGT scrip for scrip roll-over relief where they receive Scrip Consideration in respect of their Diverger Shares in accordance with Subdivision 124-M of the ITAA 1997 (**CGT roll-over relief**). No CGT roll-over relief is available in respect of a capital loss realised on the disposal of the Diverger Shares.

CGT roll-over relief should not be available for the portion of a capital gain that is referable to the receipt of the Cash Consideration.

If CGT roll-over relief is available and chosen by an Australian resident Diverger Shareholder:

- the capital gain realised on the disposal of their Diverger Shares will be disregarded to the extent that it is attributable to the Scrip Consideration;

- the first element of the cost base of the Count Consideration Shares received as Share Scheme Consideration should be equal to the proportion of the cost base of the Diverger Shares that were exchanged for Scrip Consideration; and
- the acquisition date of Count Consideration Shares will be the date that the Diverger Shares were originally acquired. This is relevant for the purpose of any subsequent disposal of the Count Consideration Shares and the application of the CGT discount.

Count has confirmed to Diverger that Count will not make a choice under section 124-795(4) of the ITAA 1997 to deny Diverger Shareholders CGT roll-over relief.

An Australian resident Diverger Shareholder must make a choice to apply for CGT roll-over relief by the date that they lodge their income tax return for the income year in which the Implementation Date occurs. Generally, this is evidenced by the way in which the Australian resident Diverger Shareholder prepares their income tax return (i.e. by excluding the disregarded capital gain in calculating their assessable income). There is no need to lodge a separate notice with the ATO.

Whether there is a benefit to choosing CGT roll-over relief will depend on the individual circumstances of each Australian resident Diverger Shareholder. Australian resident Diverger Shareholders should obtain independent tax advice in relation to the application of CGT roll-over relief to them.

#### **Where CGT roll-over relief is not chosen or available**

Where CGT roll-over relief is not chosen or available in respect of an Australian resident Diverger Shareholder's disposal of their Diverger Shares:

- any capital gain or capital loss made by the Australian resident Diverger Shareholder from the disposal of their Diverger Shares will be taken into account in calculating their net capital gain for the income year in which the Implementation Date occurs;
- the first element of the cost base of each Count Consideration Share (i.e. Scrip Consideration) received should be an amount equal to the market value (on that date) of the Diverger Shares disposed of on the Implementation Date; and
- the acquisition date of the Count Consideration Shares will be the Implementation Date. This will be relevant for any future application of the CGT discount in respect of the Count Consideration Shares.

#### **(c) Taxation consequences of disposal of Share Schemes by non-residents**

Diverger Shareholders who are not Australian tax residents and do not hold their Diverger Shares in the course of carrying on business in Australia at or through a permanent establishment are not required to include the Interim Dividend or the Permitted Dividend in their assessable income and are not entitled to a franking credit tax offset.

Non-resident Diverger Shareholders should not be subject to Australian dividend withholding tax to the extent that the Interim Dividend and / or the Permitted Dividend is franked.

A non-resident Diverger Shareholder should be able to disregard any capital gain or capital loss that would otherwise arise in respect of the disposal of its Diverger Shares unless the Diverger Shares constitute *taxable Australian property (TAP)*.

Diverger Shares will be TAP where both of the following conditions are satisfied:

- the non-resident Diverger Shareholder (together with its associates) holds 10% or more of the issued shares in Diverger at the time of the CGT event resulting from the disposal of the Diverger Shares or for any continuous 12 month period within two years preceding the time of the CGT event (**non-portfolio interest test**); and



- more than 50% of the market value of Diverger is represented by direct or indirect interests in taxable Australian real property (broadly, Australian land interests or mining rights in respect of resources located in Australia) (**principal asset test**).

While Diverger does not expect the principal asset test to be satisfied, any non-resident Diverger Shareholders that own more than 10% of the shares in Diverger (on an associate inclusive basis) should obtain their own Australian tax advice in relation to their specific circumstances.

### **Foreign Resident Capital Gains Withholding**

Generally, foreign resident capital gains withholding at a rate of 12.5% of the capital proceeds applies to a transaction involving the acquisition of a share that is TAP from a 'relevant foreign resident'. A 'relevant foreign resident' for these purposes is any Diverger Shareholder, at the time the transaction is entered into, that is:

- known or reasonably believed by Count to be a foreign resident;
- not reasonably believed by Count to be an Australian resident, and either has an address outside Australia or has authorised Count to provide a financial benefit to a place outside Australia; or
- has a connection outside Australia of a kind specified in the regulations.

Provided that the Diverger Shares are not TAP, the foreign resident capital gains withholding regime should not apply.

#### **(d) Stamp Duty implications**

No Australian stamp duty will be payable by a Diverger Shareholder in respect of the disposal of their Diverger Shares.

No Australian stamp duty will be payable by a Diverger Shareholder in respect of the acquisition of Count Consideration Shares under the Scheme.

#### **(e) GST implications**

The transfer of the Diverger Shares by Diverger Shareholders should not be subject to GST because the transfer should constitute either an out-of-scope supply or an input taxed financial supply (depending on the circumstances of the relevant Diverger Shareholder).

To the extent that Diverger Shareholders dispose of their Diverger Shares for Scrip Consideration, the transfer or issue of the Count Consideration Shares to the Diverger Shareholders should also not be subject to GST. This is because the transfer or issue of the Count Consideration Shares should constitute either an input taxed financial supply or a GST-free supply (depending on the circumstances of the relevant Diverger Shareholder).

For completeness, the automatic vesting of the Diverger Performance Rights shortly before the Scheme Record Date (and the subsequent issue of additional Diverger Shares to the Diverger Performance Rights Holders) should not be subject to GST. The issue of additional Diverger Shares should constitute either an input taxed financial supply or a GST-free supply (depending on the circumstances of the relevant Diverger Performance Rights Holder).

Diverger Shareholders may be charged GST on costs (such as third party brokerage or advisor costs) that relate to their participation in the Scheme. Diverger Shareholders may not be entitled to claim full input tax credits for the GST included in such costs that relate to the transfer of the Diverger Shares or the acquisition of the Count Consideration Shares (as applicable).

Diverger Shareholders should obtain independent advice in relation to the impact of GST on their individual circumstances in relation to the Scheme.

## 10. The Scheme in Further Detail

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### 10.1 Introduction

This Section:

- discusses the purpose and effect of the Scheme;
- provides a summary of the Conditions and approvals required for the Scheme to proceed; and
- provides a summary of the rights of Diverger and Count to withdraw from the Scheme.

If the Conditions for the Scheme are satisfied or waived (as applicable) and the Scheme becomes Effective, the manner in which the Scheme will be implemented is described in Section 11.

### 10.2 Elements of the Scheme

#### (a) Purpose

The purpose of the Scheme is to give effect to a proposed arrangement between Diverger and Scheme Shareholders. That arrangement in turn contemplates that Count will acquire 100% of the shares in Diverger, being all of the Diverger Shares held by the Scheme Shareholders, in exchange for payment of the Scheme Consideration to the Scheme Shareholders. If the Scheme becomes Effective, Diverger will become a wholly owned subsidiary of Count and Diverger will be delisted from ASX.

The terms of the Scheme are set out in Appendix 3 to this Explanatory Booklet.

At the First Court Hearing on Wednesday, 13 December 2023, the Court ordered Diverger to convene a meeting of Diverger Shareholders to consider and vote on the Scheme.

The resolution to be considered at the Scheme Meeting is contained in the Notice of Scheme Meeting in Appendix 4 to this Explanatory Booklet.

#### (b) Scheme Consideration

Diverger Shareholders whose names appear on the Diverger Register as at the Scheme Record Date, (currently proposed to be on Friday, 23 February) 2024, will be entitled to receive the Scheme Consideration under the Scheme.

The Scheme Consideration will be paid to Scheme Shareholders by cheque mailed to the Registered Address of the Scheme Shareholder or by electronic funds transfer to the bank account nominated by the Scheme Shareholder (as applicable).

Under the terms of the Scheme, Diverger Shareholders (other than Foreign Scheme Shareholders and Small Shareholders) can elect to receive their Scheme Consideration in one of the following forms (subject to a scale back mechanism based on cap limitations):

- **Maximum Cash Consideration** comprising \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) for 100% of the Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of \$15,907,873 (less the aggregate amount of any Permitted Dividend), which excludes payments made to Ineligible Shareholders; or
- **Maximum Scrip Consideration** comprising 2.16 Count Shares per Diverger Share (reduced by the amount of any Permitted Dividend based on the formula set out below\* and in the definition in the Scheme of Maximum Scrip Consideration) for 100% of the Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of

57,268,344 Count Consideration Shares. The implied value of the Maximum Scrip Consideration is \$1.53 per Diverger Share.<sup>34</sup>

\* The amount of Count Shares which you receive is calculated based on the formula set out below:

$$1.44 \times \left( \frac{1.2 \text{ less the amount (expressed as a dollar decimal amount) of any Permitted Dividend (on a Diverger Share Basis)}}{0.8} \right)$$

If the aggregate caps under the Cash and Scrip options are exceeded, the Elections will be subject to scale back mechanisms described in Section 10.2.

Diverger Shareholders (other than Foreign Scheme Shareholders and Small Shareholders):

- who do not make a valid Election;
- whose Election is not received by the Diverger Registry by the Election Date; or
- who become a Diverger Shareholder after the Election Date,

will receive their Scheme Consideration in the form of the Default Scheme Consideration (subject to scale back mechanisms), being \$0.40 cash per Diverger Share (less the amount of any Permitted Dividend) and 1.44 Count Shares for Diverger Share.

The above formulas were agreed through negotiations between Diverger and Count.

#### (c) Scale back mechanisms

Diverger Shareholders should note that scale back mechanisms will be applied on a pro rata basis should aggregate cap limitations under the cash and scrip alternatives be breached.

##### *Maximum Cash Election scale back mechanism*

The total Cash Consideration available to satisfy Maximum Cash Elections is limited to \$15,907,873 (which is the Cash Consideration Cap and which will be less the aggregate amount of any Permitted Dividend and excludes payments made to Ineligible Shareholders). If Diverger Shareholders elect to receive aggregate Cash Consideration that exceeds the Cash Consideration Cap, then each Diverger Shareholder who elects to receive cash will have their Cash Consideration scaled back, such that they will be deemed to have elected to receive Maximum Cash Election in respect of the scaled back percentage of their Scheme Shares. Instead of their Elected Cash Consideration the Diverger Shareholders will receive the Default Scheme Consideration in respect of the remainder of their Scheme Shares. The extent to which Maximum Cash Elections are scaled back will depend on the Elections made by other Diverger Shareholders. The relevant scale back percentage will be calculated using the following formula:

"Cash Scale Back Percentage" being the lower of 100% and B% where B% is calculated as follows, expressed as a percentage:

$$B\% = \left( 1 - \frac{\text{Cash Movement Number}}{\text{Number of Scheme Shares subject to the Maximum Cash Election}} \right)$$

where:

- "Total Cash Number including Elections" = (0.40 less the amount of any Permitted Dividend (on a per Diverger Share basis, expressed as a dollar decimal amount)\* Number of Scheme Shares subject to the Default Consideration) + (1.20 less the amount of any Permitted Dividend

<sup>34</sup>

The implied value of \$1.53 if you elect Maximum Scrip Consideration is based on the closing price of Count Shares of \$0.71 on the Last Practicable Date. The implied value of the Scheme Consideration received by Diverger Shareholders will depend on the trading price of Count Shares on the Implementation Date.

(on a per Diverger Share basis, expressed as a dollar decimal amount) \* Number of Scheme Shares subject to the Maximum Cash Election)

- **"Excess Cash Elections"** = Total Cash Number including Elections – Cash Consideration Cap
- **"Cash Movement Number"** = Excess Cash Elections / (1.20 less the amount of any Permitted Dividend (on a per Diverger Share basis, expressed as a dollar decimal amount) - 0.40 less the amount of any Permitted Dividend (on a per Diverger Share basis, expressed as a dollar decimal amount)).

#### *Maximum Scrip Election scale back mechanism*

The total Scrip Consideration available to satisfy Maximum Scrip Elections is limited to 57,268,344 Count Consideration Shares. If Diverger Shareholders elect to receive aggregate Scrip Consideration that exceeds the Scrip Consideration Cap, then each Diverger Shareholder who elects to receive scrip will have their Scrip Consideration scaled back, such that they will be deemed to have elected to receive Maximum Scrip Election in respect of the scaled back percentage of their Scheme Shares. Instead of their Elected Scrip Consideration the Diverger Shareholders will receive the Default Scheme Consideration in respect of the remainder of their Scheme Shares. The extent to which Maximum Scrip Elections are scaled back will depend on the Elections made by other Diverger Shareholders. The relevant scale back percentage will be calculated using the following formula:

**"Scrip Scale Back Percentage"** being the lower of 100% and A% where A% is calculated as follows, expressed as a percentage:

$$A\% = \left( 1 - \frac{\text{Scrip Movement Number}}{\text{Number of Scheme Shares subject to the Maximum Scrip Election}} \right)$$

where:

- **"Total Scrip Number including Elections"** = (1.44 \* Number of Scheme Shares subject to the Default Consideration) + (Z \* Number of Scheme Shares subject to the Maximum Scrip Election, where Z is calculated in accordance with the following formula:
- $1.44 \times \left( \frac{1.2 \text{ less the amount (expressed as a dollar decimal amount) of any Permitted Dividend (on a Diverger Share Basis)}}{0.8} \right)$
- **"Excess Scrip Elections"** = Total Scrip Number including Elections – Scrip Consideration Cap
- **"Scrip Movement Number"** = Excess Scrip Elections / (Z - 1.44, where Z is calculated in accordance with the following formula:
- $1.44 \times \left( \frac{1.2 \text{ less the amount (expressed as a dollar decimal amount) of any Permitted Dividend (on a Diverger Share Basis)}}{0.8} \right)$

It is important to note that the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if twice as many Maximum Scrip Consideration Elections are received, assuming that no Permitted Dividend is declared. The same principle would apply in relation to the Maximum Scrip Consideration. For example, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 200,000 Diverger Shares have elected to receive Maximum Scrip Consideration. This example assumes that no Permitted Dividend is declared. If a Permitted Dividend of \$0.10 per Diverger Share is declared, then the scale back mechanism on cap limitations would operate so that the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 Diverger Shares electing for Maximum Scrip Consideration for every 1 Diverger Share electing Maximum Cash Consideration. The same principle would apply in relation to the Maximum Scrip Consideration. For example, in this scenario, if you hold 100,000 Diverger Shares and elect to receive Maximum Cash Consideration, the Maximum Cash Consideration can only be paid (without scale back applying) if holders of 267,182 Diverger Shares have elected to receive Maximum Scrip Consideration.

The scale back mechanism and the cap limitations mean that there is no guarantee that Diverger Shareholders making an Election will receive Maximum Cash Consideration or Maximum Scrip Consideration for all of their Diverger Shares.

*If scale back does not occur*

If the Maximum Cash Elections or Maximum Scrip Elections can be satisfied in full without exceeding the relevant caps, then scaling back will not be required. This means that Scheme Shareholders who made the Maximum Cash Election will receive 100% of their Scheme Consideration in cash and/or Scheme Shareholders who made the Maximum Scrip Election will receive 100% of their Scheme Consideration in Count Consideration Shares.

Diverger will announce the results of the Election process to ASX, including whether the scale back mechanism applies for valid Elections. The announcement is currently expected to be made on Monday, 15 January 2024.

#### **(d) Election procedure**

To make an Election, you must either:

- complete and mail the Election Form (which you receive with this Explanatory Booklet) to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia;
- complete and hand deliver the Election Form to Link Market Services Limited at Level 12, 680 George Street, Sydney, NSW 2000 (during business hours (Monday to Friday, 9.00am to 5.00pm);
- complete and email the Election Form (which you receive with this Explanatory Booklet) to [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au); or
- go to <https://events.miraql.com/diverger-soa> and make an Election in accordance with the terms and conditions stated on that website.

It is very important that you make your Election, if you choose to do so, before 5.00pm on the Election Date (Friday, 12 January 2024).

This means that any postal Election Forms must be received by the Diverger Registry before that time and date, otherwise your Election will be invalid and you will be treated as not having made an Election.

**Making separate Elections** If you hold one or more parcels of Diverger Shares as trustee or nominee for, or otherwise on account of, another person, you may make separate Elections in relation to each parcel to reflect the instructions of the beneficial owners. You can change your Election at any time with a replacement Election Form, provided the replacement form is received by the Diverger Registry by 5.00pm on the Election Date (Friday, 12 January 2024). If you make multiple Elections, your most recent Election prior to the Election Date will be taken as your final Election. You can also withdraw or revoke your Election at any time before 5.00pm on the Election Date (Friday, 12 January 2024 (and therefore receive the Default Scheme Consideration) by emailing [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au) or contacting the Diverger Shareholder Information Line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time).

#### **(e) Foreign Scheme Shareholders**

A Scheme Shareholder will be a Foreign Scheme Shareholder if their address, as shown in the Diverger Register as at the Scheme Record Date, is located outside of Australia, and its external territories, New Zealand and other jurisdictions agreed by Diverger and Count.

Foreign Scheme Shareholders will receive cash consideration of \$1.20 for each of their Diverger Shares (less the amount of any Permitted Dividend).

**(f) Small Shareholders**

Scheme Shareholders who will be entitled to receive less than a marketable parcel of Count Consideration Shares under the Scheme as Scheme Consideration will be classified as a Small Shareholder. A marketable parcel of Count Consideration Shares is generally a holding equal to a value of less than \$500 on the Scheme Record Date. Small Shareholders will have their Scheme Consideration paid \$1.20 in cash (less the amount of any Permitted Dividend) for each of their Diverger Shares.

**(g) Fractional entitlements**

Any entitlements to a fraction of a Count Consideration Share arising under the calculation of Scheme Consideration to be provided to a Scheme Shareholder will be rounded down to the nearest Count Consideration Share and the fraction will be paid out in cash to the Scheme Shareholder (calculated as the closing price per share of Count Shares on the ASX as at the Scheme Record Date).

**(h) Legal effect**

If the Scheme becomes Effective, it will constitute a binding arrangement between Diverger and each Scheme Shareholder under which:

- all Scheme Shares held by each Scheme Shareholder (including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against the Scheme) will be transferred to Count, free of any security interest (in accordance with, without limitation, section 32(1) of the PPSA and Regulation 7.1 of the *Personal Property Securities Act Regulations 2010* (Cth)), without the need for any action on the part of the Scheme Shareholders; and
- each Scheme Shareholder (including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against the Scheme) will receive the Scheme Consideration, subject to any security interest which attaches to the Scheme Consideration in accordance with section 32(1) of the *Personal Property Securities Act Regulations 2010* (Cth), as consideration in full for the transfer of all of their Diverger Shares to Count.

**(i) Eligibility to vote at the Scheme Meeting**

Each person who is registered on the Diverger Register as a Diverger Shareholder as at the Voting Entitlement Time (10.00am on Sunday, 21 January 2024), is entitled to attend and vote at the Scheme Meeting either personally, by proxy or attorney or, in the case of a Diverger Shareholder who is a corporation, by a corporate representative.

Section 4 provides full details of how to vote at the Scheme Meeting. The Proxy Form for the Scheme Meeting accompanies this Explanatory Booklet.

**(j) Voting majority required**

The Scheme will only become Effective and be implemented if it is:

- approved by the requisite majorities of Diverger Shareholders at the Scheme Meeting; and
- approved by the Court at the Second Court Hearing.

Approval of the Scheme by Diverger Shareholders requires the resolution at the Scheme Meeting to be passed by:

- a majority in number (more than 50%) of Diverger Shareholders present and voting at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Diverger Shareholders who is a corporation, by corporate representative) (**Headcount Test**); and

- at least 75% of the total number of votes which are cast at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Diverger Shareholder who is a corporation, by corporate representative).

The Court has the power to approve the Scheme even if the Headcount Test has not been satisfied. For example, the Court may do so if there is evidence that the result of the vote has been unfairly influenced by activities such as share splitting.

#### **(k) Your warranties under the Scheme**

The Scheme provides that Diverger Shareholders who hold Diverger Shares as at the Scheme Record Date (currently proposed to be on Friday, 23 February 2024) are taken to have warranted to Diverger that:

- all their Diverger Shares (including any rights and entitlements attaching to those shares) transferred to Count under the Scheme will, at the time of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the PPSA and interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Diverger Shares (together with any rights attaching to those shares) to Count under the Scheme;
- they have full power and capacity to sell and transfer their Diverger Shares (together with any rights attaching to those shares) to Count under the Scheme; and
- they have no existing right to be issued any Diverger Shares, Diverger Performance Rights, options exercisable into Diverger Shares, Diverger performance rights, Diverger convertible notes or any other Diverger Shares.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

#### **(l) Deed Poll**

Count has executed the Deed Poll in favour of the Scheme Shareholders in which it covenants in favour of Scheme Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration in accordance with the Scheme. A copy of the Deed Poll is set out in Appendix 2 to this Explanatory Booklet.

### **10.3 Conditions to the Scheme**

Implementation of the Scheme is subject to the Conditions outlined in Section 2.5(b). The Scheme will not proceed unless all of the Conditions to the Scheme are satisfied or waived (as applicable) in accordance with the Scheme Implementation Agreement.

### **10.4 Termination rights**

Diverger and Count are entitled to terminate the Scheme Implementation Agreement in certain circumstances, as summarised below (and set out in full in clause 13 of the Scheme Implementation Agreement):

#### **(a) Termination by either Diverger or Count**

Diverger or Count may, by notice in writing to the other, terminate the Scheme Implementation Agreement at any time prior to the Delivery Time:

- If the other party is in material breach of any of its obligations under the Scheme Implementation Agreement (other than the breach of a party's respective representations and warranties), and the relevant breach is material in the context of the Scheme taken as a whole, and the other party has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in

writing from the terminating party setting out details of the relevant circumstances and requesting the other party to remedy the breach;

- if the Court refuses to make any order directing Diverger to convene the Scheme Meeting, provided that both Diverger and Count have met and consulted in good faith and agreed that they do not wish to proceed with the Scheme;
- if the Effective Date for the Scheme have not occurred on or before the End Date other than as a result of any breach of this deed by the party purporting to terminate; or
- if a Condition is not satisfied or waived in accordance with clause 3.7 of the Scheme Implementation Agreement.

**(b) Termination by Count**

Count may, by giving written notice to Diverger, terminate the Scheme Implementation Agreement at any time prior to the Delivery Time on the Second Court Date, if:

- any Diverger Board Member:
  - fails to recommend the Scheme;
  - withdraws, adversely changes, adversely modifies or adversely qualifies their support of the Scheme or their recommendation that Diverger Shareholders vote in favour of the Scheme; or
  - makes a public statement indicating that he or she no longer recommends the Proposed Transaction or recommends, supports or endorses another transaction (including any Diverger Competing Proposal, but excluding a statement that no action should be taken by Diverger Shareholders pending assessment of a Diverger Competing Proposal by the Diverger Board or the completion of the matching right process set out in clause 16.7 of the Scheme Implementation Agreement),
- other than where:
  - the Independent Expert provides a report to Diverger (including either the Independent Expert's Report or any update of, or any revision, amendment or supplement to, that Report) that concludes that the Scheme is not in the best interests of Diverger Shareholders; or
- there is a material breach of a Diverger representation and warranty and such breach is not remedied within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) after the date on which the notice is given under clause 13.2(a) of the Scheme Implementation Agreement.

**(c) Termination by Diverger**

Diverger may, by giving written notice to Count, at any time prior to the Delivery Time on the Second Court Date, terminate this deed for breach of a Count representation and warranty only if there is a material breach of a Count representation and warranty and such breach is not remedied within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) after the date on which the notice is given under clause 13.2(b) of the Scheme Implementation Agreement.

In addition, Diverger may, by notice in writing to Count, terminate the Scheme Implementation Agreement at any time prior to the Delivery Time on the Second Court Date, if at any time before then, each of that number of Diverger Directors as constitutes a majority of the Diverger Board publicly recommend a Superior Proposal.



**(d) Automatic termination**

The Scheme Implementation agreement will terminate automatically if the Scheme is not approved by the necessary majorities at the Scheme Meeting.

## 10.5 Status of Conditions and termination rights

As at the date of this Explanatory Booklet, your Directors are not aware of any circumstances which would cause any Conditions not to be satisfied or any termination right to be enlivened.

## 11. Implementation

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### 11.1 Introduction

If:

- the Scheme Resolution is passed by Diverger Shareholders at the Scheme Meeting; and
- all other Conditions for the Scheme as described in Section 2.5(b) (other than Court approval of the Scheme) have been satisfied or waived (as applicable),

the further general steps required to implement the Scheme are as described in the remainder of this Section 11.

The description of these general steps is based on the obligations that Diverger and Count have under the Scheme Implementation Agreement (in relation to the Scheme).

Count has executed a Deed Poll in favour of the Scheme Shareholders in which it covenants in favour of Scheme Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration and in accordance with the Scheme. A copy of the Deed Poll is set out in Appendix 2 to this Explanatory Booklet.

### 11.2 Apply to Court for approval of the Scheme

At the Second Court Hearing, Diverger will apply to the Court for orders approving the Scheme. It is proposed that the Second Court Date will be on Thursday, 15 February 2024. Any change to this date will be announced through ASX and will be available on ASX's website, [www.asx.com.au](http://www.asx.com.au).

The Court has a wide, overriding discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act. If the Scheme is approved by the requisite majorities of Diverger Shareholders at the Scheme Meeting, but is not subsequently approved by the Court, the Scheme will not proceed to be implemented.

### 11.3 Opposing the Scheme

The Second Court Date to approve the Scheme is currently scheduled to be Thursday, 15 February 2024.

The hearing will be at 10.15am (Sydney time) in the Federal Court of Australia (NSW registry). Further details on how to attend the Second Court Hearing will be released on ASX if the Scheme is approved by the Diverger Shareholders at the Scheme Meeting.

If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing you must file with the Court, and serve on Diverger, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Diverger at its address for service at least one day before the Second Court Date.

The address for service is: c/o MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Attention: Anthony Sommer Tel: (02) 9921 4182. The notice of appearance and affidavit must also be sent by email to [anthony.sommer@minterellison.com](mailto:anthony.sommer@minterellison.com).

### 11.4 Receipt of Court orders

If the Court approves the Scheme:

- Diverger will make an announcement to ASX notifying the market of receipt of Court approval, with that announcement proposed to be made on the day on which the Court approves the Scheme;

- that announcement will specify the Scheme Record Date; and
- as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves the Scheme, Diverger will lodge an office copy of the Court's orders with ASIC under section 411(10) of the Corporations Act. On that date (currently proposed to be Friday, 16 February) 2024, the Scheme will become Effective.

If the Scheme becomes Effective, Diverger will become bound to implement the Scheme in accordance with the terms of the Scheme Implementation Agreement, the Scheme and the Deed Poll.

Only those persons who are registered as the holders of Diverger Shares on the Scheme Record Date will be Scheme Shareholders, being the only persons who will be bound by, and have the benefit, of the Scheme.

Section 11.5 describes the principles in the Scheme for determining the identity of Scheme Shareholders.

If the Scheme does not become Effective before the End Date, the Scheme will lapse.

## 11.5 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders under the Scheme, dealings in Diverger Shares or other alterations to the Diverger Register will only be recognised if:

- in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Diverger Register as the holder of the Diverger Shares on or before the Scheme Record Date; and
- in all other cases, registrable transmission applications or transfers are received on or before the Scheme Record Date occurs at the place where the Diverger Register is kept.

Diverger will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Diverger Shares received after the Scheme Record Date occurs (or if received prior to that time but not in registrable or actionable form, as appropriate), other than to Count and any subsequent transfer by its successors in title under the Scheme.

Under the terms of the Scheme, from the Scheme Record Date until registration of Count as the holder of the Diverger Shares:

- Diverger Shareholders may not dispose of, or otherwise deal with, any Scheme Shares or any interest in them after the Scheme Record Date; and
- any disposals or dealings in Scheme Shares after the Scheme Record Date will not be recognised by the Diverger Registry.

For the purposes of determining entitlements to the Scheme Consideration under the Scheme, Diverger must maintain the Diverger Register in accordance with the provisions set out above until the Scheme Consideration has been delivered to the Scheme Shareholders. The Diverger Register in this form will solely determine entitlements to the Scheme Consideration.

All statements of holding for Scheme Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares. As from the Scheme Record Date, each entry current at that date on the Diverger Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Diverger Shares relating to that entry.

As soon as practicable after the Scheme Record Date and in any event within one Business Day after the Scheme Record Date, Diverger will ensure that details of the names, Registered Addresses and holdings of Diverger Shares for each Scheme Shareholder are available to Count in the form they reasonably require.

## 11.6 Implementation of the Scheme

### (a) Suspension of trading of Diverger Shares

It is expected that suspension of trading on ASX in Diverger Shares will occur from close of trading on the Effective Date. On the current timetable, the Effective Date is proposed to be Friday, 16 February 2024.

### (b) Commencement of deferred settlement trading of Count Consideration Shares

Count will seek confirmation from the ASX that, from the Business Day after the Effective Date (or any later date as the ASX requires), the Count Consideration Shares will be listed for quotation on the official list of the ASX.

The Count Consideration Shares are expected to commence trading on the ASX, initially on a deferred settlement basis from Monday, 19 February 2024, and, from the first Business Day after the Implementation Date being Friday, 1 March (or any later date as the ASX requires), on a normal settlement basis.

The exact number of Count Consideration Shares to be issued to each Scheme Shareholder (as applicable) will not be known until after the Scheme Record Date and will not be confirmed to each Scheme Shareholder until they receive their holding statements following the Implementation Date. It is the responsibility of each Scheme Shareholder to confirm their holdings of Count Consideration Shares before they trade them, to avoid the risk of committing to sell more than will be issued to them.

### (c) Scheme Record Date

Diverger Shareholders will be entitled to receive the Scheme Consideration if they are registered as the holders of Diverger Shares at 7.00pm on the Scheme Record Date with that date currently proposed to be Friday, 23 February 2024.

In this Explanatory Booklet, Diverger Shareholders, and the Diverger Shares that they hold, on the Scheme Record Date (if the Scheme becomes Effective) are referred to as 'Scheme Shareholders' and 'Scheme Shares'.

### (d) Transfer and registration of Scheme Shares

Under the Scheme, each Scheme Shareholder, without the need for any further act, irrevocably appoints Diverger and each of its directors, officers and secretaries, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any document necessary to give effect to the Scheme, including (without limitation) a master transfer of all or part of the Scheme Shares.

On the Implementation Date, the Scheme Shares held by the Scheme Shareholders, together with all rights and entitlements attaching to those securities as at the Implementation Date, will be transferred to Count without the need for any further act by any Scheme Shareholder, by Diverger executing and delivering a valid transfer or transfers of the Scheme Shares to Count under the Corporations Act.

### (e) Provision of Scheme Consideration

#### *Payment of Cash Consideration*

If the Scheme becomes Effective:

- Count must, no later than one Business Day before the Implementation Date (currently proposed to be Friday, 1 March 2024), deposit in cleared funds an amount equal to the aggregate amount of the Cash Consideration to Scheme Shareholders who are entitled to Cash Consideration into the Trust Account (except that any interest on the amount deposited will be for the account of Count);

- on the Implementation Date (currently proposed to be Friday, 1 March 2024), Count will pay, or procure the payment, of the Cash Consideration from the Trust Account to each Scheme Shareholder entitled to Cash Consideration on the Implementation Date (subject to receipt of the Cash Consideration from Count); and
- On the Implementation Date, Diverger will, subject to Count transferring the Scheme Consideration into the Trust Account, either:
  - send (or procure the Diverger Registry to send) the Cash Consideration due to each Scheme Shareholder who is entitled to the Cash Consideration under this Scheme to their Registered Address by cheque in Australian currency drawn out of the Trust Account; or
  - deposit (or procure the Diverger Registry to deposit) the Scheme Consideration due to each Scheme Shareholder by electronic fund transfer to a bank account nominated by the Scheme Shareholder notified to Diverger (or the Diverger Register).

#### *Issue of Scrip Consideration*

- If the Scheme becomes Effective, Count must issue the Count Consideration Shares to each Scheme Shareholder entitled to receive Count Consideration Shares; and
- Count must before 12 noon (or such later time as Count and Diverger may agree) on the Implementation Date procure that the name of each Scheme Shareholder (if any) entitled to receive Count Consideration Shares under this Scheme, is entered in Count's register of members as the holder of those Count Consideration Shares (having the same holding name and address and other details as the holding of the Scheme Shares).

#### *Joint holders*

In the case of Scheme Shares, any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under the Scheme will be made payable to the joint holders and sent, at the sole discretion of Diverger, to either the holder whose name appears first in the Diverger Register as at the Scheme Record Date or to the joint holders.

#### *Fractional entitlements*

Where the calculation of the Scheme Consideration would result in a Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

#### *Foreign Scheme Shareholders*

Foreign Diverger Shareholders should note that foreign banks may not accept cheques in Australian currency.

Accordingly, it is recommended that you register your bank account details with the Diverger Registry (by the Scheme Record Date) to ensure that you will have your Scheme Consideration credited directly to your bank account.

You can review and update your bank account details online at [www.investorcentre.linkgroup.com/Login/Login](http://www.investorcentre.linkgroup.com/Login/Login) before the Scheme Record Date.

If you have elected to receive dividend payments through OFX, a third party service offered by the Diverger Registry, your Scheme Consideration will be paid out through OFX.

If you are unable to receive cheque payments due to being domiciled outside of Australia, you can still sign up to the OFX payment system to have these funds remitted to you.

**(f) Delisting of Diverger**

At a time determined by Count following the implementation of the Scheme, Count will cause Diverger to apply for the termination of the official quotation of Diverger Shares on ASX and to have itself removed from the official list of ASX. It is expected that this will occur shortly after the Implementation Date.

## 12. Additional Information

### 12.1 Introduction

This Section sets out the statutory information required by section 412(1)(a) of the Corporations Act and Part 3 of Schedule 8 to the Corporations Regulations to be included in this Explanatory Booklet, but only to the extent that this information is not otherwise disclosed in other Sections. This Section also includes additional information that your Directors consider material to a decision on how to vote on the resolution for the Scheme to be considered at the Scheme Meeting.

In this Section, the terms 'associate', 'marketable securities', 'related body corporate' and 'subsidiary' have the meanings given to them in the Corporations Act. The term 'executive officer' is used to mean 'senior manager' as defined in the Corporations Act, including the company secretary.

### 12.2 Directors' interests and dealings in Diverger securities

The table below sets out the Diverger securities held as at the date of this Explanatory Booklet by or on behalf of the Directors.

Name	Position	Diverger securities held by or on behalf of the Director	Percentage shareholding (based on 37,674,103 Diverger shares on issue)
Peter Brook	Non-Executive Chairman	51,000 Diverger Shares 150,000 Diverger Performance Rights	0.14%
Nathan Jacobsen	Managing Director	68,783 Diverger Shares 717,587 Diverger Performance Rights	0.18%
Anthony McDonald	Non-Executive Director	13,333 Diverger Shares 100,000 Diverger Performance Rights	0.03%
Carl Scarcella	Non-Executive Director	183,333 Diverger Shares 100,000 Diverger Performance Rights	0.49%
Grahame Evans	Non-Executive Director	668,513 Diverger Shares 100,000 Diverger Performance Rights	1.77%

### 12.3 Directors' interest and dealings in Count

No shares of Count are currently held by or on behalf of any Diverger Director, other than to the extent that a Diverger Director may hold or have an interest in Count Shares as part of a diversified portfolio of shares (such as through an independently managed fund or account).

### 12.4 Directors' interests in any contracts with Count

No Diverger Director has any interest in any contract with Count.

### 12.5 Retirement benefits

#### (a) Directors

No payment or other benefit is proposed to be made or given in connection with the Scheme to any Director or employee of Diverger as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Diverger or in any Related Body Corporate of Diverger.

#### (b) Other employees

No payment or other benefit is proposed to be made or given in connection with the Scheme to any employee of Diverger as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Diverger or in any related body corporate of Diverger.

### 12.6 Retention payments

Nathan Jacobsen, the Managing Director of Diverger, is entitled to a one-off cash retention payment of \$300,000 subject to Mr Jacobsen remaining with Diverger until the earlier of 1 May 2024 and the date that the Scheme becomes legally effective. The retention payment to Mr Jacobsen is also conditional on Mr Jacobsen waiving his right to any entitlement to any STI payment or LTI grant for the financial year ending 30 June 2024. If Mr Jacobsen resigns or is terminated for misconduct prior to 1 May 2024 or the date that the Scheme becomes legally effective, no retention payment is payable. The Board and Mr Jacobsen respectively consider that, despite the existence and terms of this retention arrangement, it is appropriate for him to make a voting recommendation on the Scheme. In particular, the Board and Mr Jacobsen respectively consider that, given Mr Jacobsen's intimate knowledge of Diverger business, including its opportunities and risks and the broader industry outlook, Diverger Shareholders would wish to know Mr Jacobsen's views on the Scheme.

Michael Harris, Chief Financial Officer, would also be entitled to a one-off cash retention payment of \$190,000 subject to him remaining with Diverger until 1 May 2024. The retention payment to Mr Harris is also conditional on Mr Harris waiving his right to any entitlement to any STI payment or LTI grant for the financial year ending 30 June 2024. If he resigns or his employment is terminated for misconduct prior to 1 May 2024, no retention payment is payable.

### 12.7 Directors' intentions regarding the business, assets and employees of Diverger

If the Scheme is approved and implemented, the existing Diverger Board will be reconstituted.

Accordingly, it is not possible for your current Directors to provide a statement of the intentions of the directors of the reconstituted Diverger Board regarding:

- the continuation of the business of Diverger or how Diverger's existing businesses will be conducted after the Scheme is implemented;
- any major changes to be made to the business of Diverger; or
- the future employment of the present employees of Diverger,

in each case, after the Scheme is implemented.



If the Scheme is approved and implemented, Count will ultimately control Diverger. For more information regarding Diverger's intentions if the Scheme is implemented, please see Section 6.

## 12.8 Diverger Directors' interests in agreements connected with or conditional on the Scheme

No Diverger Director or any of their associates has entered into, or otherwise has any interest in, any contract that is conditional on the Scheme.

## 12.9 Summary of Scheme Implementation Agreement

Overview	<p>On 22 September 2023, Diverger and Count entered into the Scheme Implementation Agreement. The Scheme Implementation Agreement provides a contractual framework for proposing and implementing the Scheme. The Scheme Implementation Agreement was subsequently amended on 17 November 2023 to increase the Scheme Consideration.</p> <p>A summary of the key elements of the Scheme Implementation Agreement are set out below. This summary does not cover procedural obligations of the parties with respect to the Scheme.</p>
Conditions	The Scheme Implementation Agreement contains Conditions for the Scheme. The Conditions are summarised in Section 2.5(b) and are set out in full in clause 3 of the Scheme Implementation Agreement.
Exclusivity	The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of Count. These arrangements are consistent with Australian market practice. They are summarised in Section 2.5(e) and are set out in full in clauses 16 and 17 of the Scheme Implementation Agreement.
Break fees	Under the Scheme Implementation Agreement, the parties have agreed to certain break fee arrangements. These arrangements are consistent with Australian market practice. They are summarised in Section 1.10 and are set out in full in clauses 14 and 15 of the Scheme Implementation Agreement.
Representations and warranties	Under the Scheme Implementation Agreement, each of Diverger and Count has given representations and warranties to the other party which are customary for an agreement of this kind. These representations and warranties are set out in full in clause 10 of the Scheme Implementation Agreement.
Termination rights	The right of each of Diverger and Count to terminate the Scheme Implementation Agreement is summarised in Section 10.4 and is set out in full in clause 13 of the Scheme Implementation Agreement.
Other	The Scheme Implementation Agreement contains a number of procedural obligations and other market standard provisions including conduct of business restrictions that apply to Diverger between the date of signing and the Implementation Date (or the date the Scheme Implementation Agreement is validly terminated), access and information rights for Count during this period, a process for Diverger and Count engaging with counterparties to contracts entered into by Diverger, mutual releases and director and officer insurance arrangements.

A copy of the Scheme Implementation Agreement (redacted to exclude certain personal information as well as the timetable and the form of the Scheme) is available from the announcements page on ASX's website (<https://www.asx.com.au/markets/company/dvr>).

## 12.10 Summary of Option Cancellation Deed

HUB24 Limited, as the sole holder of Diverger Options, has entered into an option cancellation deed with Diverger under which, subject to the Scheme becoming legally effective, the Diverger Options will be cancelled on the Scheme Record Date for the aggregate cash consideration of \$1.00 for all of the Diverger Options.

## 12.11 Potential effect of the Scheme on Diverger's material contracts

If the Scheme is implemented, a change of control of Diverger will occur. It is possible that material contracts to which Diverger is a party may be subject to pre-emptive rights, review or termination on a change of control due to the implementation of the Scheme.

As at the Last Practicable Date, Diverger is not aware of any counterparty that may wish to review or terminate a material contract or that has indicated an intention to do so if the Scheme is implemented. If any such contracts are terminated following the Implementation of the Scheme, Diverger would lose the benefit of the contract and may be unable to obtain similar terms on entry into replacement contracts (if such replacement contracts are available).

## 12.12 Disclosure of fees and other benefits

No person has paid or agreed to pay any amount, or provided or agreed to provide any benefit to a director or proposed director of Diverger:

- to induce them to become or to qualify as a director of Diverger; or
- for services provided by that person in connection with the formation or promotion of Diverger.

Each of the persons named in this Section as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Explanatory Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

If the Scheme is implemented, Diverger expects to pay an aggregate of approximately \$2 million (excluding GST) in transaction costs. These consist of fees and expenses for professional services paid or payable to:

- MinterEllison for acting as legal adviser to Diverger;
- MA Moelis Australia Advisory Pty Limited for acting as financial advisers to Diverger;
- Lonergan Edwards & Associates Limited for acting as the Independent Expert; and
- other adviser fees and transactional costs including general administrative fees, Explanatory Booklet printing and distribution costs, expenses associated with convening and holding the Scheme Meeting, and Diverger Registry and other expenses.

None of these transaction costs include amounts to be paid to any Diverger director, officer or employee of Diverger.

If the Scheme is not implemented, Diverger expects to pay an aggregate of approximately \$1.5 million (excluding GST) in transaction costs, being costs that have already been incurred as at the date of this Explanatory Booklet or will be incurred even if the Scheme is not implemented.

## 12.13 Regulatory relief

### *ASX Waiver*

ASX Listing Rule 6.23.2 provides that the cancellation of options for consideration requires the approval of shareholders. Diverger has been granted a waiver of ASX Listing Rule 6.23.2 to permit the Diverger Options to be cancelled without requiring the approval of Diverger Shareholders, subject to the Scheme being approved by the requisite majorities of Diverger Shareholders and the Court.

The waiver application was made on the basis that Diverger Shareholders are provided with information of the proposed treatment of Diverger in this Explanatory Booklet and therefore able to consider this information when determining whether to vote in favour of the Schemes.

## 12.14 Consents and disclaimers

The following parties have given and have not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn their written consent to be named in this Explanatory Booklet in the form and context in which they are named:

- MinterEllison as legal adviser to Diverger;
- MA Moelis Australia Advisory Pty Limited as financial adviser to Diverger;
- Lonergan Edwards & Associates Limited as the Independent Expert; and
- Link Market Services Limited as the Diverger Registry.

Count has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn its consent, to the inclusion of Count Information in this Explanatory Booklet.

Lonergan Edwards & Associates Limited has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn its consent, to the inclusion of statements attributed to it in the Chairman's Letter, Sections 2.3 in the form and context in which they are included and to the inclusion of the Independent Expert's Report set out in Appendix 1 to this Explanatory Booklet.

HUB24 Limited has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn its consent, to the inclusion of its statement of intention as reflected in this Explanatory Booklet that it is supportive of the Scheme and that it intends to vote the Diverger Shares it has a relevant interest in in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) to the effect that the Scheme is in the best interests of Diverger Shareholders.

Harvest Lane Asset Management Pty Ltd has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn its consent, to the inclusion of its statement of intention as reflected in this Explanatory Booklet that it is supportive of the Scheme and that it intends to vote the Diverger Shares it has a relevant interest in in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) to the effect that the Scheme is in the best interests of Diverger Shareholders.

Kevin White has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn his consent, to the inclusion of his statement of intention as reflected in this Explanatory Booklet that he is supportive of the Scheme and that he intends to vote the Diverger Shares he has a relevant interest in in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) to the effect that the Scheme is in the best interests of Diverger Shareholders.

Each of the above persons:

- has not authorised or caused the issue of this Explanatory Booklet;
- does not make, or purport to make, any statement in this Explanatory Booklet or any statement on which a statement in this Explanatory Booklet is based other than a statement or report included in this Explanatory Booklet with the consent of that party;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Booklet, other than as described in this Explanatory Booklet with the consent of that party; and
- except for Count, does not assume any responsibility for the accuracy, relevance or completeness of Count Information. Count Information has been prepared by, and is the sole responsibility of, Count.

### 12.15 Independent advice

Diverger Shareholders should consult their financial, legal or other professional adviser if they have any queries regarding:

- the Scheme;
- the taxation implications for them if the Scheme is implemented;
- the Directors' recommendations and intentions in relation to the Scheme, as set out in Section 2.3; or
- any other aspects of this Explanatory Booklet.

### 12.16 Other material information

Except as set out in this Explanatory Booklet, in the opinion of the Diverger Board, there is no other information material to the making of a voting decision in relation to the Scheme being information that is within the knowledge of any Diverger Director or of any related company of Diverger, which has not been previously disclosed to Diverger Shareholders.

Diverger will issue a supplementary document to this Explanatory Booklet if it becomes aware of any of the following between the date of lodgement of this Explanatory Booklet for registration by ASIC and the Effective Date:

- a material statement in this Explanatory Booklet that is false or misleading in a material respect;
- a material omission from this Explanatory Booklet;
- a significant change affecting a matter included in this Explanatory Booklet; or
- a significant new matter that has arisen and that would have been required to be included in this Explanatory Booklet if it had arisen before the date of lodgement of this Explanatory Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Diverger may circulate and publish any supplementary document by any one or more of the following methods:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Diverger Shareholders at their Registered Address as shown in the Securities Register; and/or

- posting a statement on Diverger's corporate website,  
as Diverger in its absolute discretion considers appropriate, subject to any approval that may be required from the Court. In particular, where the matter is not materially adverse to Diverger Shareholders such circulation and publication may be only by an announcement to ASX.

## 13. Glossary

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The following terms used in this Explanatory Booklet have the meanings given to them below, unless the context otherwise requires.

**Note:** A number of terms defined in this Section have the meaning given to them in the Scheme Implementation Agreement (redacted to exclude certain personal information as well as the timetable and the form of the Scheme) which may be accessed electronically at <https://diverger.com.au/asx-announcements/> or received in hard copy free of charge on request made any time before the Scheme Meeting by calling the Diverger Shareholder Information Line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time).

<b>\$</b>	Australian dollar.
<b>AASB</b>	Australian Accounting Standards Board or an accounting standard issued by that Board, as the context requires.
<b>Affiliate</b>	means, in respect of a person ( <b>Primary Person</b> ), a person: <ol style="list-style-type: none"> <li>1. Controlled directly or indirectly by the Primary Person;</li> <li>2. Controlling directly or indirectly the Primary Person;</li> <li>3. who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or</li> <li>4. directly or indirectly under the common Control of the Primary Person and another person or persons.</li> </ol>
<b>Affinia</b>	Affinia Financial Advisors Limited (ACN 085 335 397), being a Subsidiary of Count.
<b>AFSL</b>	Australian Financial Services licence.
<b>AFSLC</b>	AFSL Compliance Pty Ltd.
<b>Appendix</b>	an Appendix to this Explanatory Booklet.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ATO</b>	the Australian Taxation Office.
<b>Associate</b>	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this Explanatory Booklet and Diverger was the designated body.
<b>ASPW</b>	Atkinson Saynor Private Wealth Pty Ltd.
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or, where the context requires, the financial market known as the Australian Securities Exchange that it operates.
<b>ASX Listing Rules</b>	the official listing rules of ASX from time to time as modified by any express written waiver or exemption given by ASX.
<b>ASX Settlement Operating Rules</b>	the settlement rules of the settlement facility provided by ASX Settlement.

<b>Business Day</b>	a day on which banks are open for general banking business in Sydney, New South Wales (not being a Saturday, Sunday, bank holiday or public holiday).
<b>CARE</b>	DWA Managed Accounts Pty Ltd.
<b>Cash Consideration</b>	means the amount of \$0.40 (less the amount of any Permitted Dividend on a per Diverger Share basis) for each Scheme Share held by a Scheme Shareholder.
<b>Cash Consideration Cap</b>	means \$15,907,873 in aggregate (less the amount of any Permitted Dividend on an aggregate basis), which excludes any payments made to Ineligible Shareholders.
<b>CGT</b>	capital gains tax.
<b>CHESS</b>	the Clearing House Electronic Subregister System, the system established and operated by ASX Settlement Pty Limited (ACN 008 504 532).
<b>COG</b>	COG Financial Services Limited ACN 100 854 788.
<b>COG Proposal</b>	the unsolicited, confidential, non-binding indicative proposal from COG dated 13 October 2023 to acquire all of the Diverger Shares for an indicative price of \$1.4083 per Diverger Share with \$0.679 in cash per Diverger Share (48%) and \$0.731 in COG shares per Diverger Share (52%), as attached to Diverger's ASX announcement on 30 October 2023 and which was subsequently withdrawn by COG as stated in COG's ASX announcement on 15 November 2023.
<b>Combined Group</b>	the combination of Diverger and Count following implementation of the Scheme.
<b>Combined Group Information</b>	any information in the Explanatory Booklet or any supplementary disclosure to Diverger Shareholders in respect of the Scheme, regarding the Combined Group.
<b>Conditions</b>	the conditions set out in clause 3.1 of the Scheme Implementation Agreement in respect of the Scheme.
<b>Control</b>	has the meaning given in section 50AA of the Corporations Act.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Count</b>	Count Limited ACN 126 990 832.
<b>Count Board</b>	the board of Count Directors.
<b>Count Break Fee</b>	\$500,000 (inclusive of GST).
<b>Count Competing Proposal</b>	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement.
<b>Count Consideration Share</b>	means a Count Share to be issued under the terms of the Scheme as Scrip Consideration.
<b>Count Directors</b>	the directors of Count.

<b>Count Employee Incentive Plan</b>	means the employee incentive schemes of Count, as summarised in Section 6.9(d).
<b>Count Financial</b>	Count Financial Limited (ACN 001 974 625), being a Subsidiary of Count.
<b>Count Group</b>	Count and each of its Affiliates and its Subsidiaries, and a reference to a Count Group Member or a member of the Count Group is to Count or any of its Affiliates or its Subsidiaries.
<b>Count Information</b>	<p>such information regarding Count or Count Group that is provided by or on behalf of Count or any of its advisers, to Diverger or the Independent Expert for inclusion in this Explanatory Booklet and, for the avoidance of doubt includes:</p> <ul style="list-style-type: none"> <li>• Section 3 at the following "Frequently Asked Questions - Part B – Count";</li> <li>• Section 6 being the Profile of Count;</li> <li>• Section 7, being the Combined Group Information, except to the extent that Diverger has provided Count with information for the purpose of Count preparing the Combined Group Information;</li> <li>• Section 8.4, being the risks relating to the business and operations of Count and the Combined Group;</li> <li>• the confirmation in Section 9.2 that Count will not make a choice under section 124-795(4) of the ITAA 1997 to deny Diverger Shareholders CGT roll-over relief; and</li> <li>• Section 11.6(b), regarding commencement of deferred settlement trading of Count Consideration Shares.</li> </ul> <p>but does not include the Diverger Information and the Independent Expert's Report.</p>
<b>Count Material Adverse Change</b>	has the meaning given to that term in the Scheme Implementation Agreement.
<b>Count Performance Rights</b>	a right to acquire a Count Share granted under the terms of the Count Employee Incentive Plan.
<b>Count Prescribed Occurrence</b>	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement.
<b>Count Share</b>	means an issued fully paid ordinary share in the capital of Count.
<b>Count Warranty</b>	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement.
<b>Court</b>	the Federal Court of Australia (New South Wales registry).
<b>Deed Poll</b>	the deed poll executed by Count on 11 December 2023 in relation to the Scheme in which Count covenants in favour of the Scheme Shareholders to perform the actions attributed to it in accordance with the Scheme. A copy of the executed deed poll is reproduced in Appendix 2 to this Explanatory Booklet.



<b>Default Scheme Consideration or Default Consideration</b>	the Cash Consideration and the Scrip Consideration per Scheme Share held.
<b>Delivery Time</b>	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement.
<b>Diverger or the Company</b>	Diverger Limited ACN 111 695 357.
<b>Diverger Break Fee</b>	\$500,000 (inclusive of GST).
<b>Diverger Board</b>	the board of directors of Diverger and a Diverger Board Member means any director of Diverger comprising part of the Diverger Board.
<b>Diverger Competing Proposal</b>	<p>any offer, proposal or expression of interest, agreement, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms:</p> <p>(a) a Third Party (either alone or together with one or more Associates) would directly or indirectly:</p> <p style="padding-left: 40px;">(i) acquire or obtain a right to acquire:</p> <p style="padding-left: 80px;">(A) a Relevant Interest in or become the holder of;</p> <p style="padding-left: 80px;">(B) a legal, beneficial or economic interest in; or</p> <p style="padding-left: 80px;">(C) control of,</p> <p style="padding-left: 40px;">more than 50% of the Diverger Shares;</p> <p style="padding-left: 40px;">(ii) acquire, obtain a right to acquire, or otherwise obtain a legal, beneficial or economic interest in, or control of, 50% or more by value of the business or property of Diverger or any member of the Diverger Group;</p> <p style="padding-left: 40px;">(iii) acquire control of Diverger; or</p> <p style="padding-left: 40px;">(iv) otherwise acquire or merge with Diverger or amalgamate with, or acquire a significant shareholding or economic interest in Diverger or any member of Diverger Group or 50% or more by value of the total assets or business of any member of Diverger Group,</p> <p>whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for Diverger or other synthetic merger or any other transaction or arrangement;</p> <p>(b) Diverger will cease to be admitted to the official list of ASX or the Diverger Shares will cease to be officially quoted on ASX; or</p> <p>(c) may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Proposed</p>

	Transaction, and would require Count or Diverger to abandon the Proposed Transaction.
<b>Diverger Directors or Directors</b>	the directors of Diverger.
<b>Diverger Group</b>	Diverger and each of its Subsidiaries, and a reference to a Diverger Group Member or a member of the Diverger Group is to Diverger or any of its Subsidiaries.
<b>Diverger Incentive Plan</b>	The Diverger Incentive Plan approved by Diverger Shareholders on 18 November 2021.
<b>Diverger Information</b>	all information in this Explanatory Booklet other than: <ul style="list-style-type: none"> <li>(a) the Count Information; and</li> <li>(b) the Independent Expert's Report.</li> </ul>
<b>Diverger Material Adverse Change</b>	has the meaning given in clause 1.1 of the Scheme Implementation Agreement.
<b>Diverger Option or Options</b>	an option granted by Diverger entitling the holder to acquire a specified number of Diverger Shares for a specified exercise price per Diverger Share but does not include a Diverger Performance Right.
<b>Diverger Performance Right</b>	a right granted under the Diverger Incentive Plan to acquire a Diverger Share subject to the terms of such plan but not does include a Diverger Option.
<b>Diverger Performance Rights Holder</b>	means a person who holds one or more Diverger Performance Rights.
<b>Diverger Prescribed Occurrence</b>	has the meaning given in the Scheme Implementation Agreement.
<b>Diverger Register</b>	the register of shareholders of Diverger maintained by or on behalf of Diverger in accordance with section 168(1)(a) of the Corporations Act.
<b>Diverger Registry</b>	Link Market Services Limited
<b>Diverger Shareholders</b>	a person who is registered in the Diverger Register as a holder of Diverger Shares.
<b>Diverger Share or Share</b>	a fully paid ordinary share in the capital of Diverger.
<b>Diverger Shareholder</b>	a person who is registered in the Diverger Register as a holder of one or more Diverger Shares.
<b>Diverger Warranty</b>	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement.
<b>EBITA</b>	earnings before interest, taxes and amortisation.
<b>Effective</b>	the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.

<b>Effective Date</b>	the date on which the Scheme becomes Effective. The Effective Date is currently expected to be Friday, 16 February 2024.
<b>Election</b>	an election by an Eligible Diverger Shareholder to receive either: <ol style="list-style-type: none"> <li>1. in relation to 100% of their Scheme Shares, Scheme Consideration in the form of Count Consideration Shares (such Election, <b>Maximum Scrip Election</b>); or</li> <li>2. in relation to 100% of their Scheme Shares, Scheme Consideration in the form of cash (such Election, <b>Maximum Cash Election</b>).</li> </ol>
<b>Election Date</b>	5.00pm on the date that is eight clear days before the Proxy Cut-Off Date.
<b>Election Form</b>	the form of election under which a Diverger Shareholder is offered the opportunity to make an Election, sent to Diverger Shareholders with this Explanatory Booklet.
<b>Eligible Scheme Shareholders</b>	means a Diverger Shareholder who is not a Foreign Scheme Shareholder or a Small Shareholder.
<b>End Date</b>	30 April 2024, or such other later date as agreed in writing by the parties.
<b>Exclusivity Period</b>	the period from and including the date of the Scheme Implementation Agreement to the earliest of: <ol style="list-style-type: none"> <li>1. the date of termination of the Scheme Implementation Agreement;</li> <li>2. the End Date; and</li> <li>3. the Effective Date.</li> </ol>
<b>Explanatory Booklet</b>	this Explanatory Booklet.
<b>Financial services licensee</b>	The holder of an AFSL.
<b>First Court Hearing</b>	the Court hearing on Wednesday, 13 December 2023 at which the Court made orders under section 411(1) of the Corporations Act convening the Scheme Meeting.
<b>FY22</b>	the financial year ended 30 June 2022.
<b>FY23</b>	the financial year ended 30 June 2023.
<b>FY24</b>	the financial year ending 30 June 2024.
<b>FY25</b>	the financial year ending 30 June 2025.
<b>Foreign Scheme Shareholder</b>	means a Scheme Shareholder whose address as shown in the Diverger Register (as at the Scheme Record Date) is located: <ul style="list-style-type: none"> <li>• outside of Australia and its external territories, New Zealand or United Kingdom; or</li> <li>• in any other jurisdiction in respect of which Court reasonably believes that it is prohibited or unduly onerous or impractical to implement this Scheme and to issue</li> </ul>

Count Consideration Shares to a Scheme Shareholder with a Registered Address in such jurisdiction.

<b>Governmental Agency</b>	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement.
<b>GPS</b>	GPS Wealth Ltd.
<b>GST</b>	Goods and Services Tax.
<b>Headcount Test</b>	in the context of the Scheme, the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Diverger Shareholders present and voting, either in person or by proxy.
<b>Implementation Date</b>	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree in writing. The Implementation Date is currently expected to be Friday, 1 March 2024.
<b>Independent Expert</b>	Lonergan Edwards & Associates Limited ACN 095 445 560.
<b>Independent Expert's Report</b>	the report from the Independent Expert (a full copy of which is set out in Appendix 1 to this Explanatory Booklet), and any update to such report that the Independent Expert issues.
<b>Ineligible Shareholder</b>	a Foreign Scheme Shareholder or a Small Shareholder.
<b>Interim Dividend</b>	a cash only fully franked interim dividend of up to \$0.02 per Diverger Share, that may be declared by the Diverger Board and paid by Diverger for the period ending 31 December 2023.
<b>Interim Dividend Record Date</b>	the record date for any Interim Dividend, as determined by the Diverger Board and expected to be a date in late January 2024/early February 2024. However, note that it is possible that the Interim Dividend Record Date may be the same date as the Permitted Dividend Record Date.
<b>ITAA 1997</b>	<i>Income Tax Assessment Act 1997 (Cth)</i> .
<b>Last Practicable Date</b>	6 December 2023, being the last practicable day before finalising the information to which this definition relates.
<b>Liquidated Damages Amount</b>	\$1,250,000 (excluding GST).
<b>Maximum Cash Consideration</b>	\$1.20 for each Scheme Share (less the amount of any Permitted Dividend on a per Diverger Share basis), subject to the Cash Consideration Cap.
<b>Maximum Cash Election</b>	a Diverger Shareholder electing to receive 100% of their Scheme Consideration in Cash Consideration.
<b>Maximum Scrip Consideration</b>	the number of Count Consideration Shares for each Scheme Share, calculated in accordance with the following formula:

$$1.44 \times \left( \frac{1.2 \text{ less the amount (expressed as a dollar decimal amount) of any Permitted Dividend (on a Diverger Share Basis)}}{0.8} \right)$$

subject to the Scrip Consideration Cap. For the avoidance of doubt, this equates to 2.16 Count Consideration Shares for each Scheme Share if there is no Permitted Dividend.

<b>Maximum Scrip Election</b>	a Diverger Shareholder electing to receive 100% of their Scheme Consideration in Count Consideration Shares.
<b>MWM</b>	McGregor Wealth Management Pty Ltd.
<b>Optionholder or Diverger Optionholder</b>	a person who holds one or more Diverger Options.
<b>Paragem</b>	Paragem Pty Limited ACN 108 571 875.
<b>Permitted Dividend</b>	any cash only fully franked dividend of up to \$0.10 per Diverger Share, that may be declared by the Diverger Board and paid by Diverger in accordance with, and in satisfaction with the requirements of, clause 7.5 of the Scheme Implementation Agreement
<b>Permitted Dividend Record Date</b>	the record date for any Permitted Dividend, being 7.00pm (Sydney time) on the second Business Day (or such other Business Day as the parties agree in writing) following the Effective Date.
<b>PNET</b>	Priority Networking Pty Ltd ACN 160 178 549.
<b>PPSA</b>	the <i>Personal Property Securities Act 2009</i> (Cth).
<b>Proposed Transaction</b>	the proposed acquisition of the Scheme Shares by Count through the implementation of the Scheme, together with all associated transactions and steps contemplated by the Scheme Implementation Agreement.
<b>Proxy Cut-Off Date</b>	the last day on which proxies must be lodged for the Scheme Meeting being 10.00am on Sunday, 21 January 2024.
<b>Proxy Form</b>	the Proxy Form for the Scheme Meeting accompanying this Explanatory Booklet or, as the context requires, any replacement or substitute Proxy Form provided by or on behalf of Diverger.
<b>Registered Address</b>	in relation to a Diverger Shareholder, the address shown in the Diverger Register as at the Scheme Record Date.
<b>Related Body Corporate</b>	of a person means a related body corporate of that person under section 50 of the Corporations Act.
<b>Relevant Interest</b>	has the meaning given in the Corporations Act.
<b>Royal Commission</b>	the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.
<b>Scheme</b>	the scheme of arrangement under Part 5.1 of the Corporations Act between Diverger and Scheme Shareholders substantially in the form set out in Appendix 3, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Diverger and Count.

<b>Scheme Consideration</b>	has the meaning given in the Scheme Implementation Agreement.
<b>Scheme Implementation Agreement</b>	the agreement dated 22 September 2023 between Diverger and Count and released to ASX on 22 September 2023 available at <a href="https://diverger.com.au/asx-announcements/">https://diverger.com.au/asx-announcements/</a> (redacted to exclude the timetable and the forms of the Scheme and the Deed Poll), as amended on 17 November 2023 and from time to time.
<b>Scheme Meeting</b>	the meeting of Diverger Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting. The notice convening the Scheme Meeting is contained in Appendix 4 to this Explanatory Booklet.
<b>Scheme Resolution</b>	the resolutions to be considered and (if thought fit) approved by the Diverger Shareholders at the Scheme Meeting.
<b>Scheme Record Date</b>	means 7.00pm on the fifth Business Day (or such other Business Day as Diverger and Count agree in writing) following the Effective Date. The Scheme Record Date is currently expected to be Friday, 23 February 2024.
<b>Scheme Share</b>	a Diverger Share on issue as at the Scheme Record Date.
<b>Scheme Shareholder</b>	a person who holds one or more Scheme Shares.
<b>Scrip Consideration</b>	means the number of Count Consideration Shares for every Scheme Share specified in the Scrip Consideration Ratio.
<b>Scrip Consideration Cap</b>	means 57,268,344 Count Shares in aggregate
<b>Scrip Consideration Ratio</b>	means 1.44 Count Consideration Shares per Scheme Share.
<b>Second Court Date</b>	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard, with such hearing being the <b>Second Court Hearing</b> . The Second Court Date is currently proposed to be Thursday, 15 February 2024.
<b>Second Court Hearing</b>	has the meaning given to that term in the definition of "Second Court Date" in this Section 13 of this Explanatory Booklet.
<b>Section</b>	a section of this Explanatory Booklet.
<b>Scheme Resolution</b>	the resolution to be considered and (if thought fit) approved by Diverger Shareholders at the Scheme Meeting.
<b>Share Splitting</b>	the splitting of a holding of Diverger Shares into two or more parcels of Diverger Shares, whether or not it results in any change in beneficial ownership of the Diverger Shares.
<b>Small Shareholder</b>	means a Scheme Shareholder (not being a Foreign Scheme Shareholder) who, based on their holding of Scheme Shares on

the Scheme Record Date, would, on implementation of the Scheme, be entitled to receive less than a marketable parcel of Count Consideration Shares (assessed by reference to the last traded price of Count Shares on ASX on the trading day prior to the Scheme Record Date) as Scheme Consideration.

<b>SMSF</b>	self-managed superannuation fund.
<b>Subsidiary</b>	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
<b>Superior Proposal</b>	has the meaning given to the term "Diverger Superior Proposal" in clause 1.1 of the Scheme Implementation Agreement.
<b>TAP</b>	taxable Australian property.
<b>Trust Account</b>	the Australian dollar denominated trust account operated by Diverger as trustee for the benefit of the Scheme Shareholders (in respect of the Scheme Consideration).
<b>Voting Entitlement Time</b>	the date for determining voting eligibility at the Scheme Meeting, being 10.00am on Sunday, 21 January 2024.
<b>Voting Power</b>	has the meaning given in section 610 of the Corporations Act.
<b>VWAP</b>	volume weighted average price.

# Appendix 1 – Independent Expert's Report

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For personal use only



The Directors  
Diverger Limited  
Level 7, 115 Pitt Street  
Sydney NSW 2000

12 December 2023

**Subject: Proposed acquisition of Diverger Limited by way of a scheme of arrangement**

Dear Directors

## **Introduction**

- 1 On 22 September 2023, Diverger Limited (Diverger or the Company) announced that it and Count Limited (Count) had signed a Scheme Implementation Agreement (the Agreement) under which Count would acquire all of the issued shares in Diverger for a mix of cash and scrip consideration.
- 2 On 17 November 2023, Diverger announced that it had entered into an amending deed with Count (Amending Deed) to increase the consideration payable to Diverger shareholders under the Agreement and to permit Diverger to declare and pay a Permitted Dividend<sup>1</sup> (the Agreement and Amending Deed are hereafter referred to collectively as the Amended Agreement).
- 3 The proposed acquisition of the shares is to be implemented via a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (Corporations Act) (the Scheme) and will require the approval of Diverger shareholders and the Court before it can proceed (as well as the satisfaction or waiver of a number of other conditions precedent as summarised in Section I of our report).
- 4 If the Scheme is approved and implemented, Diverger shareholders will have some flexibility of choice with regards to the scheme consideration they will receive for the Diverger shares they hold as at the Scheme Record Date<sup>2</sup>. The three alternative forms of scheme consideration are as follows (Scheme Consideration):
  - (a) **Maximum Cash Consideration** – \$1.20 cash per Diverger share held inclusive of any Permitted Dividend paid (increased from \$1.10)

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<sup>1</sup> Refer paragraph 8.

<sup>2</sup> The Scheme Record Date is presently expected to be 7:00pm on the second business day after the Scheme becomes effective.

### **Authorised Representatives:**

Hung Chu • Martin Hall • Grant Kepler\* • Julie Planinic\* • Jorge Resende • Nathan Toscan • Wayne Lonergan • Craig Edwards

- (b) **Default Consideration** – \$0.40 in cash (inclusive of any Permitted Dividend paid) plus 1.44 Count shares per Diverger share held (increased from \$0.367 cash plus 1.38 Count shares per Diverger share held)
- (c) **Maximum Scrip Consideration** – 2.16 Count shares per Diverger share held<sup>3</sup> (increased from 2.07 Count shares per Diverger share held).

- 5 Subject to the scale back mechanisms (refer below), Diverger shareholders (other than foreign scheme shareholders and small shareholders<sup>4</sup>) may elect to receive Maximum Cash Consideration or Maximum Scrip Consideration. Those Diverger shareholders who fail to make an election, or who make an invalid election, will receive the Default Consideration.
- 6 The scale back mechanisms specify that where the aggregate amount of cash to be paid exceeds some \$15.9 million<sup>5</sup>, then those Diverger shareholders that elected to receive the Maximum Cash Consideration will have their cash consideration scaled back (and replaced by Count shares). Conversely, where the aggregate number of Count shares to be issued exceeds some 57.3 million<sup>6</sup>, then those Diverger shareholders that elected to receive the Maximum Scrip Consideration will have their scrip consideration scaled back (and replaced by cash).
- 7 Diverger shareholders should note that due to the scale back mechanisms, the Maximum Cash Consideration can only be paid (without scale back) if twice as many elections are received for the Maximum Scrip Consideration (assuming that no Permitted Dividend is declared). The same principle applies to the Maximum Scrip Consideration but in reverse. If a Permitted Dividend of \$0.10 per Diverger share is declared, then the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 times as many elections for the Maximum Scrip Consideration.
- 8 Whilst Diverger is permitted to declare a fully franked cash dividend of up to a maximum of \$0.10 per Diverger share (Permitted Dividend) on or prior to implementation of the Scheme, the Scheme Consideration will be reduced by the amount of any such Permitted Dividend declared and paid by Diverger<sup>7</sup>. The Permitted Dividend is conditional on the Scheme proceeding.
- 9 Diverger shareholders are also entitled to receive an interim dividend, if declared and paid by Diverger, for the six months ending 31 December 2023 of up to \$0.02 per Diverger share (Diverger Interim Dividend). The Diverger Interim Dividend is not conditional on the Scheme proceeding and will not reduce the Scheme Consideration received by Diverger shareholders. Those Diverger shareholders that receive Count shares as consideration will not

<sup>3</sup> If a Permitted Dividend is declared and paid, the exchange ratio will be reduced based on the formula set out in the Explanatory Booklet (if the maximum Permitted Dividend of \$0.10 is paid the exchange ratio reduces to 1.98 Count shares per Diverger share held).

<sup>4</sup> Who will be unable to elect to receive any one of the three forms of Scheme Consideration and will instead receive the Maximum Cash Consideration for each Diverger share held, plus any Diverger Interim Dividend that is declared and paid.

<sup>5</sup> \$15,907,873 less the aggregate amount of any Permitted Dividend and excluding any amounts payable to foreign scheme shareholders and small shareholders.

<sup>6</sup> 57,268,344.

<sup>7</sup> The Permitted Dividend will be paid on the Implementation Date or such other date as agreed between Diverger and Count.

be entitled to Count's dividend for the six months ending 31 December 2023 (Count Interim Dividend)<sup>8</sup> if this dividend is declared prior to the Implementation Date.

- 10 Diverger shareholders are expected to own in aggregate approximately 33.9% of the enlarged Count post implementation of the Scheme (with existing Count shareholders owning the remaining 66.1%).

## Diverger

- 11 Diverger is a collection of wealth and accounting businesses that provides integrated accounting and wealth management services. The Company operates across three business segments: Wealth Solutions, Accounting Solutions and Technology Solutions, which generate revenue across five core services including licence services, investment management services, memberships, training and IT and cyber services. Diverger's Wealth Solutions Segment provides AFSL<sup>9</sup> licensee services to some 391 licensed advisers (financial planners as well as accountants)<sup>10</sup> and provides investment management services to more than \$2.7 billion of funds under management (FUM), while its Accounting Solutions Segment provides training and other support services to more than 3,000 accounting practices. Diverger is headquartered in Sydney, New South Wales (NSW) and employs approximately 110 staff.

## Count

- 12 Count<sup>11</sup> is an Australian based provider of integrated professional accounting and wealth services with 193 accounting, wealth and services member firms across Australia, representing 379 financial advisers and 563 accountants with \$16.8 billion in funds under advice (FUA)<sup>12</sup>. Count invests in accounting, wealth and aligned service firms around Australia primarily through equity partnerships, rather than 100% ownership. Services provided to equity partner firms include strategic and operational support, access to capital for succession and growth, benefits from national pricing agreements, client referrals and access to a professional community. Count owns two AFSL Licensees which authorise financial planning member firms to deliver financial services effectively and efficiently. Count also has equity interests in firms providing aligned services, such as SMSF actuarial certificates, education services and other outsourced services. Count operates across three business segments, being Accounting, Wealth, and Services.

## Purpose of report

- 13 There is no legislative (or regulatory) requirement for Diverger to obtain an independent expert's report (IER), however, the Scheme is subject to a number of conditions precedent, including an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Diverger shareholders. The Diverger Directors' recommendation of the Scheme is (inter alia) also subject to the same condition.

<sup>8</sup> Pursuant to the Amended Agreement, the Count Interim Dividend can be no more than \$0.02 per Count share.

<sup>9</sup> Australian Financial Services Licence (AFSL).

<sup>10</sup> Comprising 222 Full Authorised Representatives and 169 Limited Authorised Representatives as at 30 June 2023.

<sup>11</sup> Formerly known as CountPlus Limited (Count changed its name on 4 May 2023 following the receipt of shareholder approval at the extraordinary general meeting held on the same date).

<sup>12</sup> As at 30 June 2023. FUA are funds an adviser gives advice or consultation on, but does not have the ability to make decisions or execute trades on. This is different to FUM which relates to funds actively managed on behalf of a client.

- 14 In addition, as the Scheme is considered a change of control transaction, the Australian Securities & Investments Commission’s (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable (as well as the inclusion of a statement as to whether the scheme is “in the best interests” of shareholders).
- 15 Accordingly, the Directors of Diverger have requested Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the Scheme is fair and reasonable to and in the best interests of Diverger shareholders and the reasons for that opinion.
- 16 LEA is independent of Diverger and Count and has no other involvement or interest in the proposed Scheme.

### Summary of opinion

- 17 In our opinion, the Scheme is fair and reasonable and in the best interests of Diverger shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below (based on the Default Consideration).

### Assessment of “fairness”

#### Value of Diverger

- 18 As set out in Section VI we have assessed the value of Diverger on a 100% controlling interest basis at between \$1.19 and \$1.39 per share.

#### Value of the Scheme Consideration

- 19 The three alternative forms of Scheme Consideration are Maximum Cash Consideration (all cash), Default Consideration (cash and scrip) and Maximum Scrip Consideration (all scrip). In addition, Diverger shareholders are also entitled to receive the Diverger Interim Dividend, if declared and paid, of up to \$0.02 per Diverger share<sup>13</sup>.
- 20 We have assessed the value of the Maximum Cash Consideration at \$1.20 to \$1.22 per Diverger share (the high end of which includes the maximum permitted Diverger Interim Dividend).
- 21 The Default Consideration and Maximum Scrip Consideration include (to varying degrees) Count shares. Our assessment of the value of Count shares (post implementation of the Scheme) is set out in Section VII. Based upon this assessment, we have determined the value of the Default Consideration and Maximum Scrip Consideration as follows:

<sup>13</sup> The Diverger Interim Dividend is not conditional on the Scheme proceeding and will not reduce the Scheme Consideration received by Diverger shareholders. Whilst Diverger is also permitted to pay a fully franked dividend of up to \$0.10 per Diverger share, the Scheme Consideration will be reduced by the amount of any such Permitted Dividend declared and paid.

**Value of the Default Consideration and the Maximum Scrip Consideration<sup>(1)</sup>**

	Low \$	Mid-point \$	High \$
<b>Default Consideration</b>			
Assessed value of Count per share	0.60	0.65	0.70
Number of Count shares to be issued per Diverger share	1.44	1.44	1.44
Value of Count shares offered as Default Consideration	0.86	0.94	1.01
Cash per Diverger share	0.40	0.40	0.40
<b>Assessed value of Default Consideration<sup>(2)</sup></b>	<b>1.26</b>	<b>1.34</b>	<b>1.41</b>
<b>Maximum Scrip Consideration</b>			
Assessed value of Count per share	0.60	0.65	0.70
Number of Count shares to be issued per Diverger share <sup>(3)</sup>	2.16	2.16	2.16
<b>Assessed value of Maximum Scrip Consideration<sup>(2)(3)</sup></b>	<b>1.30</b>	<b>1.40</b>	<b>1.51</b>

**Note:**

- 1 Rounding differences may exist.
- 2 Excludes the impact of the potential Diverger Interim Dividend and Count Interim Dividend as, whilst the potential (small) interim dividend payments are marginally dilutive, these are not considered to have any material impact on value.
- 3 Assumes no Permitted Dividend. The range changes to \$1.29 to \$1.49 per Diverger share, if the maximum Permitted Dividend of \$0.10 per share is assumed.

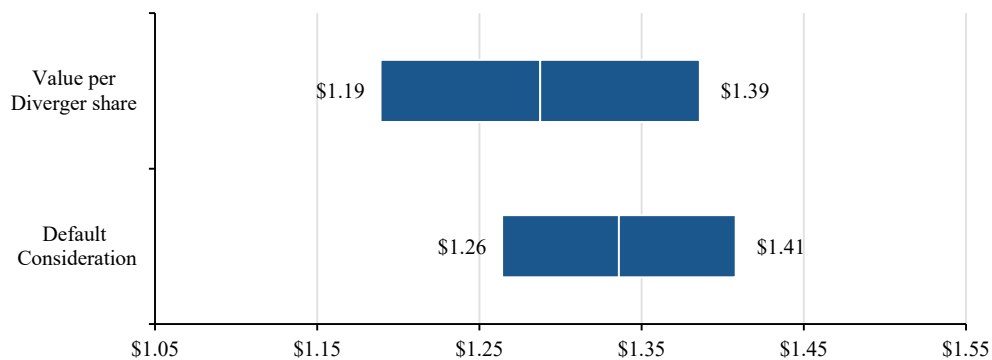
- 22 We note that the value of the Scheme Consideration alternatives to some Australian resident shareholders may be marginally higher than our assessed valuation ranges due to the benefit of franking credits attaching to any Permitted Dividend and Diverger Interim Dividend that is declared and paid.
- 23 As indicated in Section VII, Diverger shareholders should note that:
- (a) the listed market price of Count shares is subject to daily fluctuation. The price at which Count shares may be sold may therefore be greater or less than our assessed value of Count shares of \$0.60 to \$0.70 per share
  - (b) Diverger shareholders will in aggregate receive 57.3 million Count shares or approximately 33.9% of the enlarged capital of Count. Further, a large portion of the issued share capital is likely (at least in the short term) to be held by limited number of substantial shareholders (the largest of which has a stated its intention to sell down its interest in Count in an orderly manner). If a large number of Diverger shareholders subsequently decide to sell their Count shares on-market, this could result in a short-term adverse price impact caused by the potential oversupply of Count securities
  - (c) any decision to hold Count shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold Count shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. Count shareholders should therefore seek independent professional advice specific to their individual circumstances if required.

**“Fairness” opinion**

- 24 Pursuant to RG 111, a scheme is “fair” if the value of the scheme consideration is equal to, or greater than the value of the securities the subject of the scheme.

- 25 While it is possible for individual Diverger shareholders to elect to receive either the Maximum Cash Consideration or Maximum Scrip Consideration, there is no certainty that Diverger shareholders will be able to receive these alternatives and even if they can, they may be scaled back. This is because, due to the scale back mechanisms<sup>14</sup>, the Maximum Cash Consideration can only be paid (without scale back) if twice as many elections are received for the Maximum Scrip Consideration (and vice versa) assuming that no Permitted Dividend is declared<sup>15</sup>. In addition, we note that due to the scale back mechanisms, the Scheme Consideration payable to Diverger shareholders will in aggregate represent the same combination of cash and shares offered under the Default Consideration (i.e. the Default Consideration represents the average Scheme Consideration to be paid)<sup>16</sup>.
- 26 Accordingly, for the purposes of our report we have evaluated the Scheme solely by reference to the value of the Default Consideration, and provided observations with respect to the other forms of Scheme Consideration.
- 27 The comparison of our assessed value of Diverger with the Default Consideration is shown below:

**Comparison of the assessed value of Diverger relative to the Default Consideration<sup>(1)</sup>**



**Note:**

- 1 The white line positioned at the middle of our valuation range signifies the mid-point.

- 28 As some of the Default Consideration includes Count shares (rather than being all cash), there is no single definitive estimate of value that can be relied upon for assessing “fairness” pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes. As Diverger also has a range of possible value outcomes, there are numerous different value comparisons that can be made between the value of Diverger and the value of the Default Consideration. Given this, LEA considers it appropriate to assess “fairness” by reference to the degree of overlap that exists between the respective valuation ranges, rather than by reference to any single point of comparison.

<sup>14</sup> Which caps the maximum amount of cash consideration at \$15.9 million and the limits the total number of Count shares to be issued to 57.3 million.

<sup>15</sup> If a Permitted Dividend of \$0.10 per Diverger share is declared, then the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 times as many elections for the Maximum Scrip Consideration.

<sup>16</sup> That is, cash of \$15.9 million and 57.3 million Count shares, which when divided by the fully diluted number of Diverger shares on issue (39.8 million) equals \$0.40 cash plus 1.44 Count shares per Diverger share.



- 29 As there is a reasonable degree of overlap of values and our assessed mid-point of the Default Consideration lies above our assessed mid-point range of values for Diverger, LEA considers the Scheme to be “fair” to Diverger shareholders when assessed in accordance with the guidelines set out in RG 111.
- 30 With respect to the alternative forms of Scheme Consideration that may be elected by Diverger shareholders, we make the following observations<sup>17</sup>:
- (a) Maximum Cash Consideration – as the value of the Maximum Cash Consideration lies within (albeit towards the lower end of) our assessed valuation range for Diverger shares on a 100% controlling interest basis, in our opinion, the Maximum Cash Consideration is “fair”
  - (b) Maximum Scrip Consideration – as there is a high degree of overlap of values and the assessed mid-point of the Maximum Scrip Consideration lies at the high end of our assessed mid-point value of Diverger shares on a 100% controlling interest basis, in our opinion, the Maximum Scrip Consideration is “fair”.

### Assessment of “reasonableness” and “in the best interests”

- 31 Pursuant to RG 111, a transaction is reasonable if it is fair. Accordingly, in our opinion, the Scheme is also “reasonable”.
- 32 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.
- 33 Generally, in our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 34 We therefore consider that the Scheme is also “in the best interests” of Diverger shareholders in the absence of a superior proposal.

### Summary of opinion on the Scheme

- 35 We summarise below the likely advantages and disadvantages for Diverger shareholders if the Scheme proceeds.

#### Advantages

- 36 In our opinion, the Scheme has the following advantages for Diverger shareholders:
- (a) there is a high degree of overlap between our assessed value of 100% of Diverger and the value of the Default Consideration offered, therefore the Scheme is considered “fair” based on the guidelines set out in RG 111<sup>18</sup>

<sup>17</sup> These observations are made having regard to the guidelines set out in RG 111.

<sup>18</sup> We note for completeness that we also consider the alternative forms of Scheme Consideration to be “fair” based upon the guidelines set out in RG 111.

- (b) the Default Consideration represents a premium to the recent market prices of Diverger shares prior to the announcement of the Scheme on 22 September 2023. Furthermore, the implied premium is broadly consistent, if not higher than observed premiums generally paid to target company shareholders in comparable circumstances
- (c) the Scheme provides Diverger shareholders, other than those receiving Maximum Cash Consideration, with the opportunity to continue to hold an interest in the Diverger business (albeit on a diluted basis) by receiving shares in a larger, more diversified entity with the potential for (inter alia) increased earnings, an increased market capitalisation and an enlarged shareholder base. This may result in increased institutional investment, analyst coverage and potentially enhanced liquidity in Count shares (albeit noting that the free float, at least in the short term, may be relatively limited due to the two expected substantial shareholders<sup>19</sup>)
- (d) if the Scheme does not proceed, and in the absence of a superior proposal, the price of Diverger shares is likely to trade, at least in the short term, at a significant discount to our valuation and the Default Consideration due to the portfolio nature of individual shareholdings.

### Disadvantages

37 The key disadvantages of the Scheme for Diverger shareholders are as follows:

- (a) foreign scheme shareholders and small shareholders will be unable to make an election and will instead receive the Maximum Cash Consideration of \$1.20 per Diverger share held plus the Diverger Interim Dividend. That said, we note that:
  - (i) we consider the Maximum Cash Consideration to be “fair” based upon RG 111 guidelines
  - (ii) these Diverger shareholders may have the opportunity (subject to liquidity) to realise (after transaction costs) more than \$1.20 to \$1.22 for their Diverger shares by selling on-market
- (b) some Diverger shareholders may not want to acquire an economic interest in the Count business. However, as indicated above, these Diverger shareholders have some flexibility with respect to the form of Scheme Consideration by making a Maximum Cash Consideration election (subject to the scale back mechanisms), may sell their Diverger shares on-market or, in the event Count shares are received as Default Consideration, have an opportunity to sell their Count shares after implementation of the Scheme.

### Conclusion

38 Given the above analysis, we consider the advantages of the Scheme outweigh the disadvantages. Accordingly, in our opinion the acquisition of Diverger shares under the Scheme is fair and reasonable and in the best interests of Diverger shareholders in the absence of a superior proposal.

<sup>19</sup> CBA / Colonial Holding Company Limited and HUB24 who, per Section 7.4 of the Explanatory Booklet, are expected to hold some 24% and 11% of the enlarged capital base respectively.



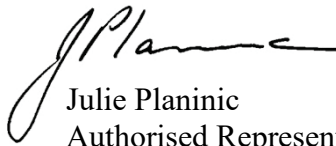
## General

- 39 This report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual Diverger shareholders. Accordingly, before acting in relation to the Scheme, Diverger shareholders should have regard to their own objectives, financial situation and needs. Diverger shareholders should also read the Explanatory Booklet that has been issued by Diverger in relation to the Scheme.
- 40 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether Diverger shareholders should vote for, or against the Scheme or to make an election with respect to Scheme Consideration. This is a matter for individual Diverger shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If Diverger shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.
- 41 For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Diverger shareholders read the remainder of our report.

Yours faithfully



Nathan Toscan  
Authorised Representative



Julie Planinic  
Authorised Representative

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## Table of contents

Section	Page	
<b>I</b>	<b>Key terms of the Scheme</b>	<b>12</b>
	Terms	12
	Conditions	12
	Resolution	13
<b>II</b>	<b>Scope of our report</b>	<b>15</b>
	Purpose	15
	Basis of assessment	16
	Limitations and reliance on information	17
<b>III</b>	<b>Profile of Diverger</b>	<b>19</b>
	Overview	19
	History	19
	Current operations	20
	Financial performance	26
	Financial position	29
	Share capital and performance	31
<b>IV</b>	<b>Profile of Count</b>	<b>35</b>
	Overview	35
	History	35
	Current operations	37
	Financial performance	43
	Financial position	44
	Share capital and performance	47
<b>V</b>	<b>Industry overview</b>	<b>51</b>
	Overview	51
	Financial planning and investment advice	51
	Accounting Services industry	57
	Outlook	61
<b>VI</b>	<b>Valuation of 100% of Diverger</b>	<b>62</b>
	Overview	62
	Assessment of EBITA for valuation purposes	63
	EBITA multiple	65
	Enterprise value under the EBITA methodology	77
	Other assets / (liabilities)	77
	Net debt	78
	Fully diluted shares on issue	78
	Value of Diverger	78
	Valuation cross-checks	78

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Section		Page
<b>VII</b>	<b>Valuation of Count shares (post implementation)</b>	<b>81</b>
	Overview	81
	Recent share trading history (pre and post announcement)	81
	Valuation based upon capitalisation of EBITA	83
	Assessed value of Count shares (post implementation)	90
<b>VIII</b>	<b>Evaluation of the Scheme</b>	<b>92</b>
	Assessment of “fairness”	92
	Assessment of “reasonableness” and “in the best interests”	95
	Other considerations	96
	Summary of opinion on the Scheme	103
	Conclusion	104

## Appendices

<b>A</b>	<b>Financial Services Guide</b>
<b>B</b>	<b>Qualifications, declarations and consents</b>
<b>C</b>	<b>Valuation methodologies</b>
<b>D</b>	<b>Comparable company descriptions</b>
<b>E</b>	<b>Glossary</b>

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## I Key terms of the Scheme

### Terms

42 An overview and key terms of the Scheme is set out at paragraphs 1 to 10.

### Conditions

43 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Agreement between Diverger and Count dated 22 September 2023 (and subsequently amended in the Amending Deed dated 17 November 2023):

- (a) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act
- (b) Diverger shareholder approval by the requisite majorities at the Scheme meetings under the Corporations Act
- (c) an independent expert issuing a report concluding that the Scheme is in the best interests of Diverger shareholders and not withdrawing or changing this conclusion before 8:00am on the Second Court Date
- (d) no change in the Diverger Board recommendation of the Scheme, such recommendation having been given in the absence of a superior proposal and subject to the independent expert's opinion outlined in (c) above
- (e) Diverger has complied with its obligations in the Agreement regarding Diverger options and Diverger performance rights. Essentially this requires Diverger to enter into cancellation deeds with each option holder on or before the Scheme Record Date for consideration per Diverger option as agreed between Diverger and Count. In addition, Diverger must ensure that by no later than the Scheme Record Date, there are no Diverger performance rights in existence
- (f) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the transaction is in effect at 8.00am on the Second Court Date
- (g) no "Diverger Prescribed Occurrence" (as defined in clause 1.1 of the Agreement) occurs in respect of Diverger on or before the Delivery Time<sup>20</sup> on the Second Court Date
- (h) no "Count Prescribed Occurrence" (as defined in clause 1.1 of the Agreement) occurs in respect of Count on or before the Delivery Time on the Second Court Date
- (i) no "Insolvency Event" (as defined in clause 1.1 of the Agreement) occurs in respect of Count on or before the Delivery Time on the Second Court Date
- (j) no "Diverger Material Adverse Change" (as defined in clause 1.1 of the Agreement) occurs in respect of Diverger on or before the Delivery Time on the Second Court Date
- (k) no "Count Material Adverse Change" (as defined in clause 1.1 of the Agreement) occurs in respect of Count on or before the Delivery Time on the Second Court Date.

<sup>20</sup> Delivery Time in relation to the Second Court Date, being two hours before the commencement of the hearing or, if the commencement of the hearing is adjourned, two hours before the commencement of the adjourned hearing of the Court to approve the Scheme in accordance with s411(4)(b) of the Corporations Act.

- 44 Under the Amended Agreement, Diverger has agreed with Count that:
- (a) apart from the Permitted Dividend of up to \$0.10 cash per Diverger share and the interim dividend of up to \$0.02 per Diverger share, Diverger will not declare, determine or pay any other dividends<sup>21</sup>
  - (b) Diverger has agreed with Count that apart from an interim dividend of up to \$0.02 per Count share, Count will not declare, determine or pay any other dividends.
- 45 In addition, Diverger has agreed that during the Exclusivity Period<sup>22</sup> it will not:
- (a) solicit, invite, encourage or initiate any competing transaction
  - (b) participate in any discussions or negotiations which may reasonably be expected to lead to a competing transaction
  - (c) enter into any agreement, arrangement or understanding in relation to a competing transaction or any agreement, arrangement or understanding which may reasonably be expected to lead to the completion of a competing transaction
  - (d) provide any information to a third party for the purposes of enabling that party to table a competing transaction.
- 46 The exclusivity obligations do not apply if Diverger has complied with the various obligations set out in the Amended Agreement and the Diverger Board determines:
- (a) the proposed competing transaction is, or may reasonably be expected to lead to, a superior proposal<sup>23</sup>; and
  - (b) based on written advice from its legal advisers, that failing to take the action or refusing to take the action (as the case may be) in relation to the proposed competing transaction would, or would be reasonably likely to, constitute a breach of the fiduciary or statutory duties of the Diverger Board.
- 47 A break fee of \$0.5 million (inclusive of GST) is payable by either Diverger to Count, or Count to Diverger in certain circumstances as specified in the Amended Agreement.

## Resolution

- 48 Diverger shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Explanatory Booklet.
- 49 Pursuant to the Corporations Act, the Scheme will be approved by Diverger shareholders if the resolution at the Scheme Meeting is passed by a majority in number (more than 50%) of

<sup>21</sup> Noting the Scheme Consideration will be reduced by the amount of any Permitted Dividend declared and paid while the Diverger Interim Dividend will not reduce the Scheme Consideration to be received by Diverger shareholders.

<sup>22</sup> Period from the date of the Agreement until the earlier of 30 April 2024 (the End Date), the Scheme Implementation Date and the date the Agreement is terminated in accordance with the terms.

<sup>23</sup> Subject to any potential breach of fiduciary duties, Diverger must notify Count if it receives a superior competing proposal and give Count four business days to match that competing proposal.

the Diverger shareholders present and voting (in person or by proxy), and by 75% of the votes cast on the resolution at that meeting.

- 50 If the resolution is passed by the requisite majorities, Diverger must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Diverger shareholders who hold Diverger shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

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## II Scope of our report

### Purpose

- 51 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Cth) (Corporations Regulations) prescribes information to be sent to shareholders in relation to a members' scheme of arrangement pursuant to s411 of the Corporations Act.
- 52 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 53 Count has no current shareholding in Diverger and has no representation on the Diverger Board. Accordingly, there is no legislative (or regulatory) requirement for Diverger to obtain an IER.
- 54 However, the Scheme is subject to a number of conditions precedent, including an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Diverger shareholders. The Diverger Directors' recommendation of the Scheme is (inter alia) also subject to the same condition.
- 55 In addition, as the Scheme is considered a change of control transaction, RG 111 requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable.
- 56 The Directors of Diverger have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Diverger by Count under the Scheme is fair and reasonable to and in the best interests of Diverger shareholders and the reasons for that opinion. Our report will accompany the Explanatory Booklet to be sent to Diverger shareholders.
- 57 It should be noted that this report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual Diverger shareholders. Accordingly, before acting in relation to the Scheme, Diverger shareholders should have regard to their own objectives, financial situation and needs. Diverger shareholders should also read the Explanatory Booklet that has been issued by Diverger in relation to the Scheme.
- 58 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether Diverger shareholders should vote for, or against the Scheme or to make an election with respect to Scheme Consideration. This is a matter for individual Diverger shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If Diverger shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

## Basis of assessment

- 59 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.
- 60 When an IER is prepared for a scheme that involves a change of control<sup>24</sup> (like the proposed Scheme concerning Diverger), ASIC expects the form of the analysis undertaken by the expert to be substantially the same as for a takeover bid. That is, the expert is required to assess and provide an opinion on whether the scheme is “fair” and “reasonable” to the shareholders of the company which is the subject of the scheme (in addition to the inclusion of a statement as to whether the scheme is “in the best interests” of shareholders, being the opinion required under Part 3 of Schedule 8 of the Corporations Regulations).
- 61 **Fairness** involves the application of a strict quantitative test that compares the value of the consideration offered against the value of the shares that are the subject of the scheme (assuming 100% ownership of the target company and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length, noting that any special value that may be derived by a particular “bidder” should not be taken into account<sup>25</sup>). A scheme is “fair” if the value of the scheme consideration is equal to, or greater than the value of the shares that are the subject of the scheme. Fairness effectively measures whether shareholders (in the company the subject of the scheme) are being compensated for the actual (or deemed) change of “control” in ownership.
- 62 **Reasonableness** involves the consideration of other significant quantitative and qualitative factors that shareholders might consider prior to accepting a proposal (e.g. the bidder’s existing shareholding in the company, the likely market price of the company’s shares if the scheme is unsuccessful, the likelihood of a superior alternative offer emerging etc). A scheme is considered “reasonable” if it is “fair”. A scheme may also be considered “reasonable” if, despite being “not fair”, the expert believes there are sufficient reasons for shareholders to vote in favour of the scheme, in the absence of a superior proposal.
- 63 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.
- 64 Similarly, RG 111 notes that if an expert concludes that a scheme is “not fair and not reasonable”, then the expert would need to conclude that the scheme is “not in the best interests” of members of the company.
- 65 In our opinion, if the Scheme is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of Diverger shareholders. This is because, if the consideration payable pursuant to a transaction is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 66 Having regard to the above, our report has therefore considered:

<sup>24</sup> A transaction where a person’s voting power increases from below 20% to more than 20%, or from a starting point that is above 20% and below 90%.

<sup>25</sup> e.g. synergies that are not available to other bidders.



**Fairness**

- (a) the market value of 100% of the shares in Diverger
- (b) the value of the consideration offered by Count
- (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)

**Reasonableness**

- (d) the extent to which a control premium is being paid to Diverger shareholders
- (e) the extent to which Diverger shareholders are being paid a share of any synergies likely to be generated pursuant to the Scheme
- (f) the listed market price of the shares in Diverger, both prior to and subsequent to the announcement of the Scheme
- (g) the likely market price of Diverger shares if the Scheme is not approved
- (h) the value of Diverger to an alternative offeror and the likelihood of a higher alternative offer being made for Diverger prior to the date of the Scheme meeting
- (i) the potential benefits of holding an interest in a larger more diversified entity
- (j) the implications for Diverger if the Scheme is not implemented
- (k) other qualitative and strategic issues associated with the Scheme; and
- (l) the overall advantages and disadvantages of the Scheme from the perspective of Diverger shareholders.

**Limitations and reliance on information**

- 67 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 68 Our report is also based upon financial and other information provided by Diverger, Count and their respective advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 69 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Diverger shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 70 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the

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proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.

- 71 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 72 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.
- 73 In forming our opinion, we have also assumed that:
- (a) the information set out in the Explanatory Booklet is complete, accurate and fairly presented in all material respects
  - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Amended Agreement and the terms of the Scheme itself.

### III Profile of Diverger

#### Overview

74 Diverger is a collection of wealth and accounting businesses that provides integrated accounting and wealth management services. The Company operates across three business segments: Wealth Solutions, Accounting Solutions and Technology Solutions, which generate revenue across five core services including licence services, investment management services, memberships, training and IT and cyber services. Diverger's Wealth Solutions Segment provides AFSL<sup>26</sup> licensee services to some 391 licensed advisers (financial planners as well as accountants)<sup>27</sup> and provides investment management services to more than \$2.7 billion of funds under management (FUM), while its Accounting Solutions Segment provides training and other support services to more than 3,000 accounting practices. Diverger is headquartered in Sydney, New South Wales (NSW) and employs approximately 110 staff.

#### History

75 The origins of Diverger date back to 2005 when the Company (known at the time as Goldlink Growthplus) listed on the Australian Securities Exchange (ASX)<sup>28</sup>. Over the years, the Company's operations have evolved through a number of acquisitions and divestures and rebranding. The business was rebranded to Equities and Freeholds Ltd (2008), Easton Investments Ltd (2012) and most recently to Diverger Limited (2021) to reflect the current composition of the Company as a portfolio of prominent brands operating in the Australian wealth and accounting sectors.

76 A summary of the more recent historical developments of Diverger is set out below:

Diverger – history	
Date	Key development
2017	<ul style="list-style-type: none"> <li>The Company acquired GPS Wealth based on a contract price of \$20.0 million consisting of 50% cash and 50% shares (the purchase consideration recognised on completion (based on the spot price of Diverger shares at the time they were issued) was \$17.9 million</li> </ul>
2020	<ul style="list-style-type: none"> <li>Knowledge Shop Pty Ltd (a wholly owned subsidiary of the Company) acquired 60% of TaxBanter in January 2020 for \$4.3 million</li> <li>From 30 April 2020, Diverger undertook an active program to divest business units that were considered non-core to the future strategy and direction of the Company. These included Wealth Solutions businesses EWA Finance (30 April 2020) and First Financial (3 June 2020) and the Accounting Solutions businesses Hayes Knight NSW (20 July 2020), Law Central (14 December 2020) and Panthercorp (1 February 2021)</li> </ul>
2021	<ul style="list-style-type: none"> <li>The Company acquired the remaining 40% equity interest in TaxBanter on 31 January 2022 for \$2.9 million</li> <li>HUB24 Ltd (HUB24) acquired a 31.5% interest in Diverger (as a result of a proportional off-market takeover for 1 out of every 3 Diverger shares for consideration of \$1.20 per Diverger share). As part of this transaction with HUB24, Diverger acquired 100% of the equity in Paragem Pty Limited, a company which provides AFSL licensee services to financial planners</li> <li>Diverger issued 1.7 million options over ordinary shares to HUB24, at an exercise price of \$1.20 per ordinary share, which expire on 1 February 2024 as consideration for entering into a technology partnership and distribution agreement pursuant to which HUB24 will provide the Company with innovative technology and data solutions</li> </ul>

<sup>26</sup> Australian Financial Services Licence (AFSL).

<sup>27</sup> Comprising 222 Full Authorised Representatives and 169 Limited Authorised Representatives as at 30 June 2023.

<sup>28</sup> Then known as the Australian Stock Exchange.

**Diverger – history**

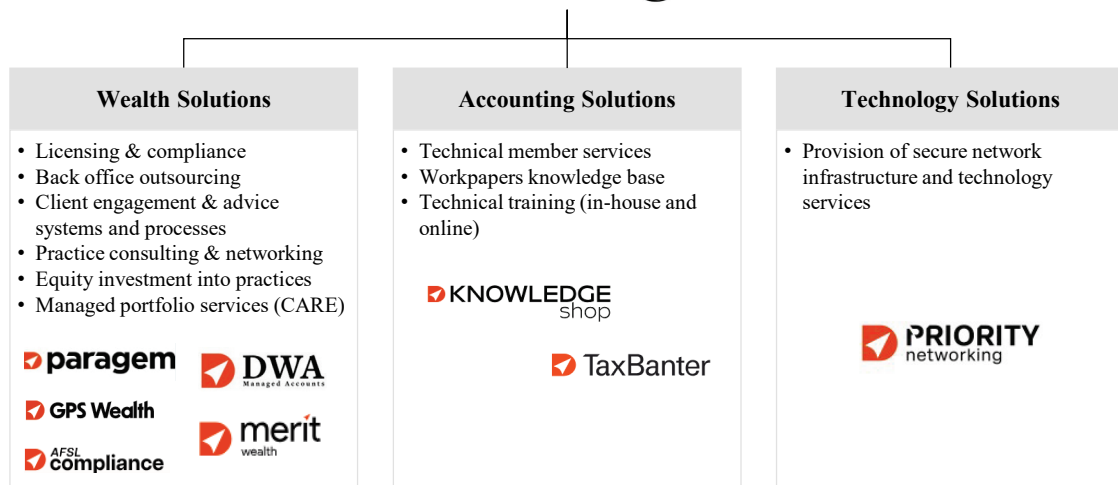
**Date Key development**

2022	<ul style="list-style-type: none"> <li>On 23 June 2022, Diverger submitted a non-binding indicative offer to the Board of Centrepoint Alliance Limited (Centrepoint) to acquire 100% of Centrepoint for a combination of cash and Diverger shares. At the same time the Company entered into a call option deed with Thorney (a substantial shareholder in Centrepoint) over 19.99% of the ordinary shares in Centrepoint. Centrepoint did not provide Diverger access to due diligence and on 8 August 2022, Centrepoint made an announcement to the ASX that effectively rejected the indicative offer</li> <li>On 1 July 2022, the Company acquired a 35% interest in McGregor Wealth Management Pty Ltd (MWM), a financial planning practice (which was licensed through one of Diverger’s wholly owned licensing subsidiaries)</li> <li>The call option deed with Thorney was not exercised by its expiry date of 23 November 2022 (and therefore lapsed)</li> <li>Diverger acquired AFSL Compliance Ltd (AFSLC) on 1 December 2022 increasing its capability to deliver services to the fast growing self-licensing market</li> </ul>
2023	<ul style="list-style-type: none"> <li>The Company acquired Priority Networking Pty Ltd (PNET) on 17 January 2023, which added a new service offering in IT infrastructure and cyber consulting services (which will be offered to existing firms as well as new clients)</li> <li>On 3 July 2023, Diverger acquired a 55% interest in Atkinson Saynor Private Wealth Pty Ltd (ASPW) (which acquired the Atkinson Financial Planning business, a Melbourne based advisory firm)</li> </ul>

**Current operations**

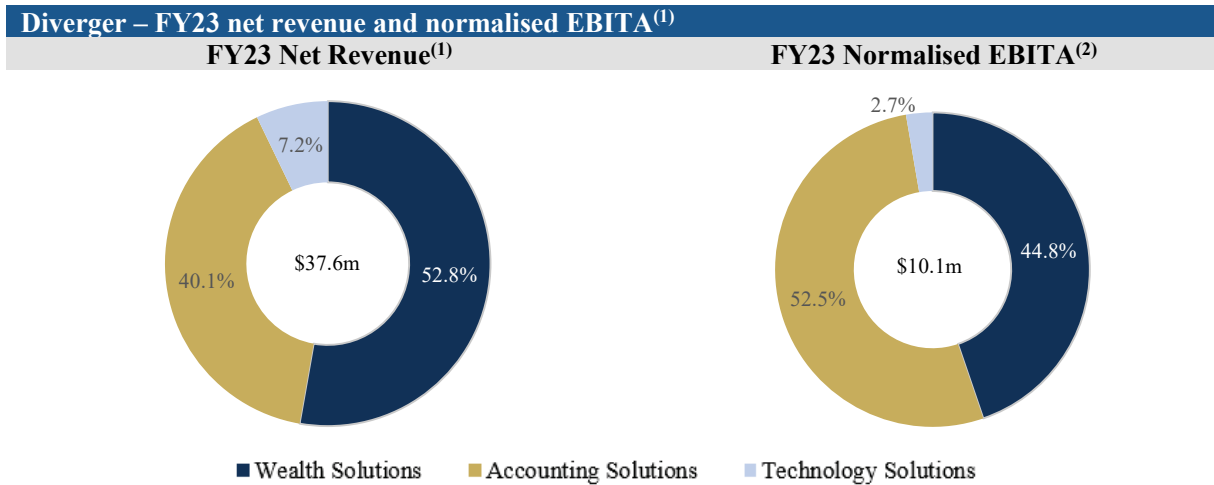
77 A diagrammatic overview of Diverger’s current business operations is set out below:

**Diverger – current operations**



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78 A summary of the net revenue and normalised EBITA<sup>29</sup> contribution from each of Diverger's operating segments during FY23 is illustrated below:



**Note:**

1 Net revenue represents revenue from ordinary activities less adviser revenue share amounts.

2 FY23 normalised EBITA set out above is before unallocated corporate costs of some \$3.2 million.

Source: Diverger FY23 Annual Report.

79 As indicated above, the Wealth Solutions and Accounting Solutions Segments are Diverger's largest operating segments and account for a broadly similar proportion of the Company's normalised EBITA (noting the Accounting Solutions Segment operates on higher margins relative to the Wealth Solutions Segment).

80 Further details on each operating segment is set out below.

**Wealth Solutions**

81 The Wealth Solutions Segment provides AFSL licensing and other support services to a network of fully authorised representatives and limited authorised representatives, compliance and support services to self-licensed financial planning firms and also provides investment management services in relation to its CARE portfolios. These services are provided through a number of different businesses which are outlined below:

<b>Wealth Solutions – Businesses</b>		
<b>Entity</b>	<b>Abbreviation</b>	<b>Diverger ownership %</b>
<b>AFSL Licensee entities</b>		
GPS Wealth Ltd	GPS Wealth	100
Merit Wealth Pty Ltd	Merit Wealth	100
Paragem Pty Limited	Paragem	100
<b>Self-Licence AFSL services</b>		
DivergerX Pty Ltd	DVRX	100
AFSL Compliance Pty Ltd <sup>(1)</sup>	AFSLC	100

<sup>29</sup> Normalised EBITA (or Underlying Profit as referred to by Diverger) is defined as earnings before interest, tax and amortisation (EBITA) excluding one-off non-operational items including acquisition / divestment and recapitalisation costs, restructure costs, impairment charges, fair value adjustments, gains / losses on divestments, lease accounting under Australian Accounting Standard 16 – *Leases* (AASB 16) and non-cash amortisation charges.

**Wealth Solutions – Businesses**

Entity	Abbreviation	Diverger ownership %
<b>Investment management services</b>		
DWA Managed Accounts Pty Ltd	CARE / DWA	100
<b>Equity investment in advisory practices</b>		
Atkinson Saynor Private Wealth Pty Ltd <sup>(1)</sup>	ASPW	55
McGregor Wealth Management Pty Ltd <sup>(1)</sup>	MWM	35

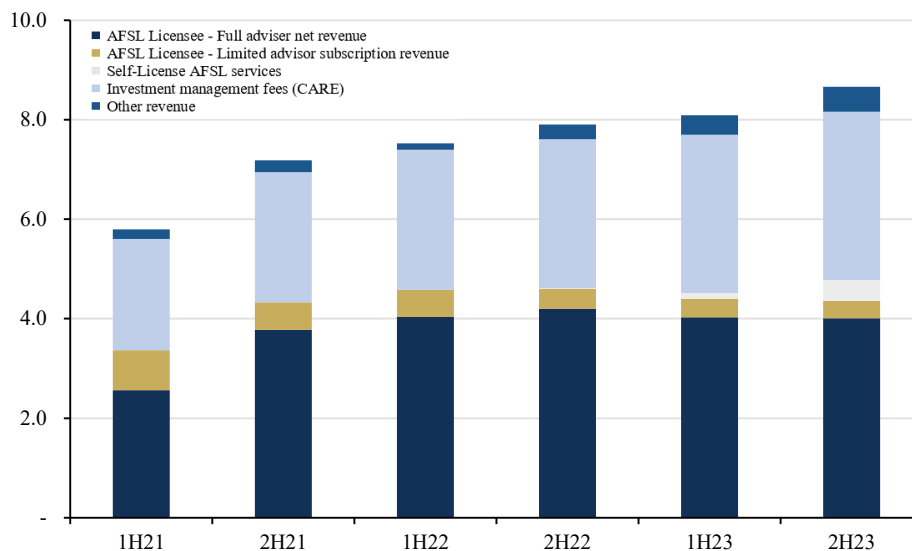
**Note:**

1 The interests in MWM, AFSCL and ASPW were acquired on 1 July 2022, 1 December 2022 and 3 July 2023 respectively.

**Source:** Diverger FY23 Annual Report.

82 As indicated below, AFSL licensee and investment management services account for the largest proportion of revenue generated by the Wealth Solutions Segment:

**Wealth Solutions – Net revenue by service type<sup>(1)</sup> (\$m)**



**Note:**

1 Full adviser net revenue is calculated as fixed licensee fees charged plus adviser gross fees generated less the adviser revenue share amounts.

**Source:** Diverger Interim and Annual Reports, LEA analysis.

**Licensee services**

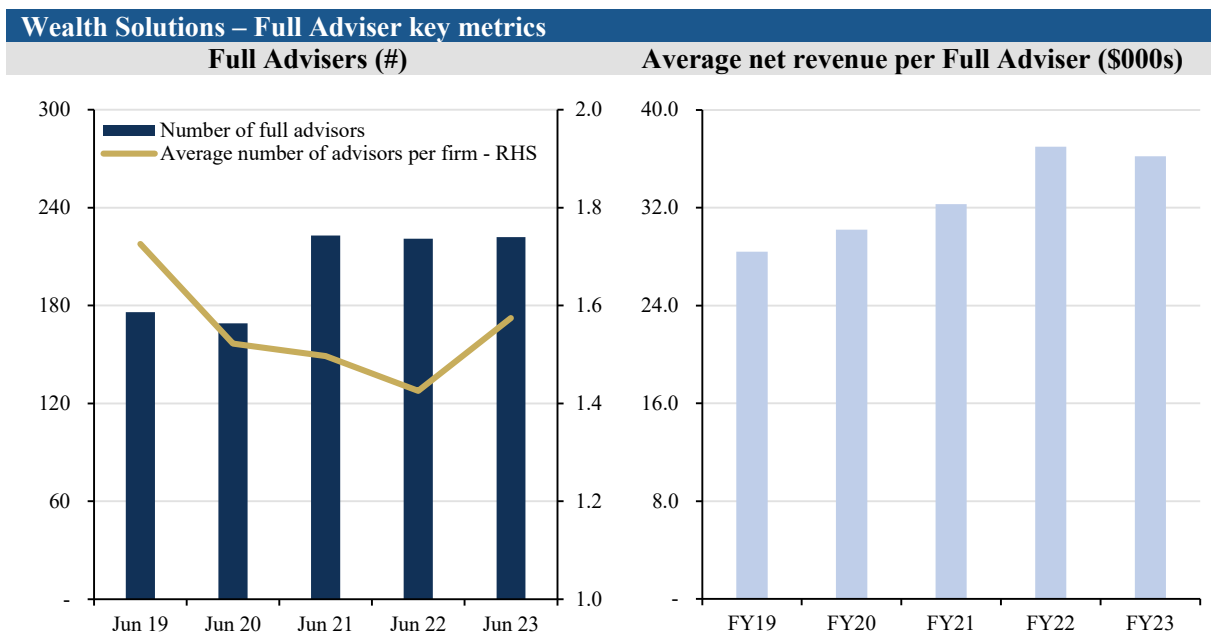
83 AFSL licensees can appoint persons or companies as “Authorised Representatives” to provide financial services on behalf of a licensee. These Authorised Representatives can only provide the scope of financial services the licensee is authorised to provide, however licensees can also restrict the appointment of authorised representatives to specified financial services.

84 Diverger’s Wealth Solutions Segment comprises three specialist AFSL licensees (GPS Wealth, Merit Wealth and Paragem) which provide licencing and support and services to financial planners operating as Authorised Representatives who provide services such as financial planning, risk insurance advice, investment advice and managed accounts. The

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Wealth Solutions Segment also comprises a number of Limited Authorised Representatives who provide self-managed superannuation fund (SMSF) services.

- 85 The segment provides a full range of support services to its adviser network including licensing, compliance, back-office outsourcing, client engagement tools, advice systems, peer-to-peer forums and managed portfolio services. Licensing revenue for the provision of these services is generated through a combination of fixed fee and hybrid (fixed and variable) fee structures.
- 86 The Wealth Solutions Segment’s network of Authorised Representatives (also referred to as full advisers) account for the largest proportion of licensee service revenues. As indicated below, the number of full advisers has remained broadly consistent in recent periods albeit the average net revenue per full adviser has been increasing:



- 87 The number of Limited Authorised Representative firms and advisers has declined in recent periods, attributable to the changes in the Financial Advisor Standards and Ethics Authority’s (FASEA) education requirements<sup>30</sup> which has resulted in a number of accountants reassessing the value of retaining a limited license. That said, subscription revenue generated from Limited Authorised Representatives has not historically represented a material proportion of revenue (i.e. the impact of this decline is relatively minor).
- 88 AFSL compliance and other AFSL support services provided by the Wealth Solutions Segment increased during FY23 following the acquisition of AFSLC (completed 1 December 2022), however as indicated in paragraph 82, the revenue generated from self-licensed firms remains relatively low as a proportion of total licensee services net revenue.

<sup>30</sup> Refer to Section V for further details.

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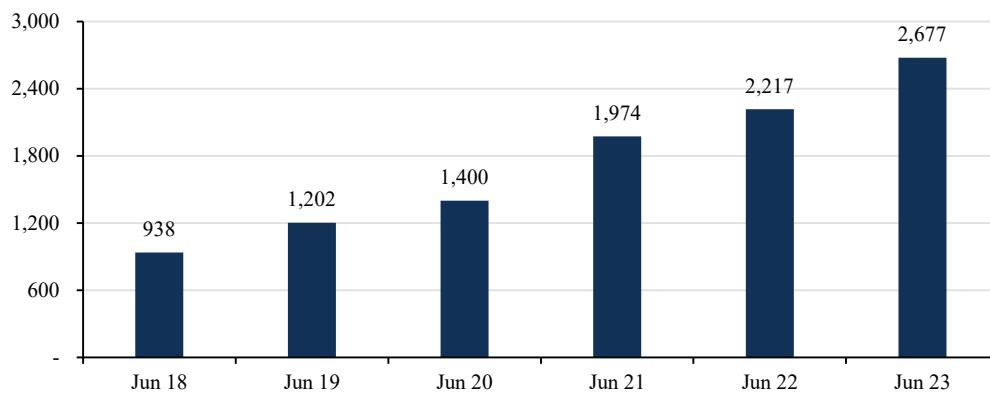


**Investment management services (CARE)**

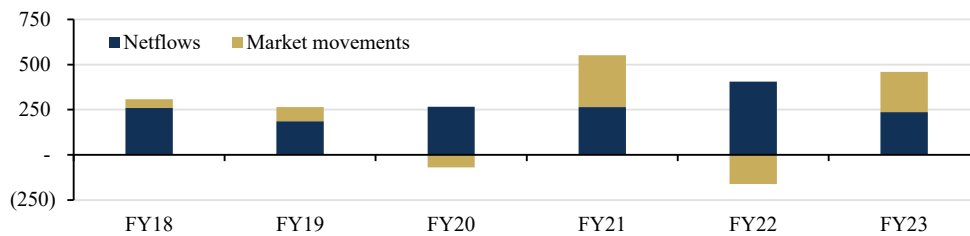
- 89 Diverger’s investment management services are provided by DWA, a thematic investment manager with a strong focus on managing investor behaviours and sequence risk. DWA provides wholesale investment advice to registrable entities and registrable superannuation entities (delivered under the CARE investment process). The CARE portfolio management fee is 0.297% (inclusive of GST)<sup>31</sup> of funds invested as part of CARE of which 0.22% (net of GST) is retained by DWA.
- 90 As at 30 June 2023, Diverger’s investment management services had some \$2.68 billion of FUM:

**Investment management services – FUM metrics**

**Closing FUM at period end (\$m)**



**Net movement in FUM (\$m)**



Source: Diverger FY23 Annual Report.

- 91 As indicated above, a large portion of the growth in FUM has largely been attributable to net fund inflows, notwithstanding the contribution to FUM growth from investment returns (i.e. market movements) has increased in the more recent period (i.e. FY21 to FY23).

**Accounting Solutions**

- 92 Diverger’s Accounting Solutions Segment provides a range of support services to accounting and wealth firms, including online technical and other support services offered through a subscription service, in addition to professional development training services delivered through a combination of online and face to face formats. These services are provided under the following businesses:

<sup>31</sup> Source: GPS Wealth Financial Services Guide dated 1 February 2022.

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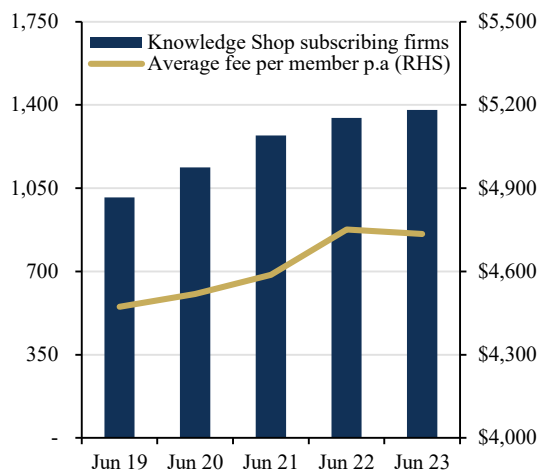


- (a) **Knowledge Shop** – provides adviser technical support through a subscription service including access to a technical help desk which assists with client queries across tax, accounting, superannuation, practice management and other specialist areas. Members of Knowledge Shop also receive regular newsletters and updates to keep clients informed on key issues, and technical alerts to explain how to address changes at both a practice and client level. Knowledge Shop also provides training services through webinars, online and on-demand training and workshops
- (b) **TaxBanter** – delivers industry leading specialist tax training services through a combination of in-house, online and workshop sessions<sup>32</sup>.

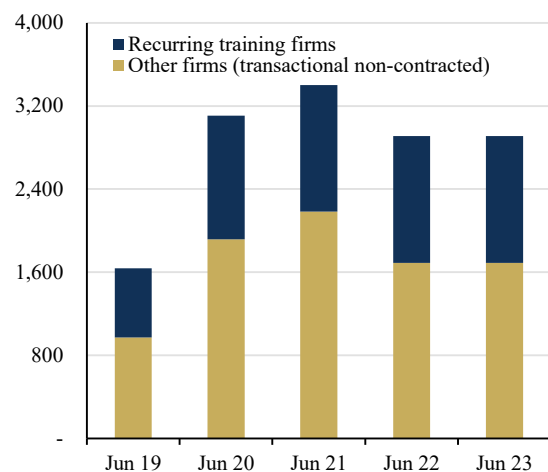
93 A summary of the key operating metrics of the Accounting Solutions Segment is illustrated in the diagram below:

**Diverger – Accounting Solutions key operating metrics**

**Number of Knowledge Shop member firms**



**Number of firms provided training<sup>(1)</sup>**



**Note:**

1 Whilst specific training numbers for FY23 are not available, Diverger Management have indicated that the numbers were broadly the same as FY22.

Source: Diverger Annual Reports, Diverger Management.

94 The segment engages with more than 3,000 accounting firms annually, of which a large number are either Knowledge Shop members or firms that commit to annual in-house training programs. These firms collectively account for approximately 90% of the Accounting Solutions Segment’s revenue which is relatively recurring in nature. The remaining 10% of the segment’s net revenue is derived from accounting firms that may be repeat customers but acquire services on an ad-hoc transactional basis for topic specific training.

**Technology Solutions**

95 The Technology Solutions Segment was established following the acquisition of the 100% equity interest in Priority Networking Pty Ltd (PNET) on 17 January 2023.

<sup>32</sup> As of 1 April 2022, TaxBanter and TaxBytes were combined.

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- 96 PNET is an IT managed services and consulting company which provides small to medium sized enterprises with end-to-end IT solutions. These services include outsourced IT, cloud, managed IT, professional IT, cyber protection and proactive IT maintenance services.
- 97 The acquisition enables Diverger to expand the services it provides to its network of accounting and advice firms.

## Financial performance

- 98 A summary of the recent financial performance of Diverger over the four half year periods and two full year periods to 30 June 2023 is set out below:

Diverger – statement of financial performance <sup>(1)</sup>						
	Half year				Full year	
	1H22	2H22	1H23	2H23	FY22	FY23
	\$m	\$m	\$m	\$m	\$m	\$m
Net revenue <sup>(2)</sup>	15.0	16.6	16.8	20.8	31.6	37.6
Direct and other operating expenses	(11.6)	(12.9)	(13.8)	(16.8)	(24.5)	(30.6)
<b>Normalised EBITDA<sup>(3)</sup></b>	3.4	3.7	3.0	4.0	7.1	7.0
Depreciation (excluding AASB 16)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
<b>Normalised EBITA</b>	3.3	3.7	2.9	4.0	7.1	6.9
Amortisation	(0.5)	(0.5)	(0.6)	(0.8)	(1.0)	(1.4)
Non-recurring and other adjustments <sup>(4)</sup>	(0.1)	(0.4)	(0.4)	(0.4)	(0.5)	(0.9)
Net finance income	(0.0)	(0.0)	(0.1)	(0.3)	(0.1)	(0.5)
<b>Profit before income tax (PBT)</b>	2.7	2.8	1.8	2.4	5.4	4.2
Income tax expense	(0.9)	(0.8)	(0.6)	(0.8)	(1.7)	(1.3)
<b>Profit after income tax (NPAT)</b>	1.8	2.0	1.2	1.6	3.7	2.8
Less non-controlling interests	(0.2)	0.0	-	-	(0.2)	-
<b>NPAT attributable to Diverger shareholders</b>	1.6	2.0	1.2	1.6	3.6	2.8

**Note:**

- 1 Rounding differences may exist.
- 2 Net revenue represents revenue from ordinary activities less adviser revenue share amounts.
- 3 Earnings before interest, taxes, depreciation and amortisation (EBITDA).
- 4 Non-recurring items include one-off non-operational items such as acquisition / divestment and recapitalisation costs, restructure costs, impairment charges, fair value adjustments and one-off legal expenses. Other adjustments relate to accounting treatments for equity accounted investments and lease accounting (i.e. AASB 16).

**Source:** Diverger Interim Financial Reports and Annual Reports.

- 99 In addition to the above, we set out below a summary of the key financial measures by operating segment:

Diverger – segment performance<sup>(1)</sup>

	Half year				Full year	
	1H22	2H22	1H23	2H23	FY22	FY23
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Net revenue<sup>(2)</sup></b>						
Wealth Solutions	7.7	9.2	9.3	10.6	16.9	19.8
Accounting Solutions	7.3	7.5	7.5	7.6	14.7	15.1
Technology Solutions	-	-	-	2.7	-	2.7
<b>Total</b>	<b>15.0</b>	<b>16.6</b>	<b>16.8</b>	<b>20.8</b>	<b>31.6</b>	<b>37.6</b>
<b>Normalised EBITA</b>						
Wealth Solutions	1.9	2.3	1.8	2.7	4.2	4.5
Accounting Solutions	2.9	3.0	2.7	2.6	5.8	5.3
Technology Solutions	-	-	-	0.3	-	0.3
Corporate	(1.4)	(1.6)	(1.6)	(1.6)	(3.0)	(3.2)
<b>Total</b>	<b>3.3</b>	<b>3.7</b>	<b>2.9</b>	<b>4.0</b>	<b>7.1</b>	<b>6.9</b>
<b>Normalised EBITA margin</b>						
Wealth Solutions	24.0%	25.6%	19.5%	25.6%	24.8%	22.8%
Accounting Solutions	39.4%	40.2%	35.7%	34.6%	39.8%	35.2%
Technology Solutions	n/a	n/a	n/a	10.1%	n/a	10.1%
<b>Total</b>	<b>22.3%</b>	<b>22.3%</b>	<b>17.4%</b>	<b>19.1%</b>	<b>22.3%</b>	<b>18.3%</b>

**Note:**

1 Rounding differences may exist.

2 Net revenue represents revenue from ordinary activities less adviser revenue share amounts.

n/a – not applicable.

**Source:** Diverger Interim Financial Reports and Annual Reports.

100 Regarding the above, we note:

- (a) the recent increase in net revenue generated by the Wealth Solutions Segment has been supported by acquisitions completed during FY23, which contributed some \$0.4 million of revenue in FY23 (the majority of which was generated during 2H23). Whilst the segment entered into higher margin revenue streams associated with the acquisition of AFSLC and continued growth in investment management fees, EBITA margins for FY23 remained broadly consistent with the prior period due to the reinstatement of certain costs which had been previously been deferred or avoided due to COVID-19 including staff resourcing and adviser training and conferences. The variation in normalised EBITA margins between 1H and 2H reflects, inter alia, a combination of the attraction of new clients at intervals during the year and exponential nature of revenues generated from CARE Managed portfolios
- (b) the Accounting Solutions Segment generated relatively minor growth in revenue over the period above which reflected, inter alia, the modest growth in Knowledge Shop memberships as accountants responded to an increased inflationary cost environments<sup>33</sup>. EBITA margins declined in FY23 from some 40% to 35% which was primarily attributable to increased technical training and business development, staffing costs associated with wage inflation and investment in increased capacity (the latter of which is expected to translate into higher future revenue and profit growth)

<sup>33</sup> Revenue for the Accounting Services Segment in FY23 was also impacted by a temporary disruption in the marketing of Knowledge Shop services whilst Diverger transitioned to a new business development team.

- (c) the Technology Solutions Segment represents a six month contribution from PNET which was acquired effective 1 January 2023
- (d) a breakdown of the FY23 normalised EBITA between organic and inorganic (i.e. acquisitions) is set out below:

Diverger – FY23 normalised EBITA			
	1H23	2H23	FY23
	\$m	\$m	\$m
Organic	2.8	3.4	6.2
Inorganic	0.1	0.6	0.7
<b>Total</b>	<b>2.9</b>	<b>4.0</b>	<b>6.9</b>

Source: Diverger FY23 Annual Report.

## Outlook

101 As part of the FY23 results presentation released on 24 August 2023, Diverger provided the following outlook for FY24:

*“Net Revenue target \$41-43m<sup>34</sup>:*

- *Improving sales momentum in membership, with higher base supporting revenue growth*
- *Training and licensing business growth subdued due to market factors*
- *CARE growth to continue through net inflows, subject to material market corrections*

*Underlying EBITA target \$8-9m:*

- *Targeted focus on cost-base + licensee fee re-pricing in 1H*
- *EBITA margin expected to remain flat, with improving Wealth & Accounting margin offset by lower margin IT services business line*
- *Growing contribution from FY23 / FY24 acquisitions*

*Expect a continued 2nd half skew to earnings in FY24”*

102 At its AGM on 20 November 2023, Diverger noted that its FY24 EBITA was on track to come in at the higher end of the targeted range of \$8 million to \$9 million.

103 In addition to the above, Diverger is (inter alia) targeting net revenue and Normalised EBITA of \$40 to \$45 million and \$10.5 million to \$12.5 million respectively for FY25.

<sup>34</sup> The FY24 and FY25 net revenue targets are exclusive of expense recoveries which were some \$3.1 million in FY23.

## Financial position

104 The financial position of Diverger as at 30 June 2022 and 30 June 2023 is set out below:

Diverger – statement of financial position <sup>(1)</sup>		
	30 Jun 22	30 Jun 23
	\$m	\$m
Trade and other receivables	3.1	3.1
Other current assets	1.3	2.0
Trade and other payables	(5.9)	(5.2)
Current provisions and employee benefit obligations	(1.3)	(1.6)
Deferred revenue	(0.6)	(1.4)
Net current tax assets / (liabilities)	(1.1)	0.2
<b>Net working capital</b>	<b>(4.6)</b>	<b>(3.0)</b>
Plant and equipment	0.2	0.2
Derivative assets	0.1	-
Intangible assets	43.8	49.5
Equity accounted investments	-	1.1
Net deferred tax assets / (liabilities)	(3.7)	(4.8)
Non-current provisions and employee benefit obligations	(0.4)	(0.5)
Net right of use assets / (lease liabilities)	(0.1)	(0.1)
Contingent consideration	(0.1)	(3.0)
<b>Total funds employed</b>	<b>35.3</b>	<b>39.4</b>
Cash and cash equivalents	2.5	0.4
Borrowings	-	(1.1)
<b>Net cash / (debt)</b>	<b>2.5</b>	<b>(0.7)</b>
<b>Net assets</b>	<b>37.8</b>	<b>38.7</b>

**Note:**

1 Rounding differences may exist.

Source: Diverger Annual Reports.

105 In respect of the above, we note that:

- Net working capital** – Diverger operates with negative working capital requirements, noting its Wealth Solutions Segment collects gross adviser revenues (and later remits the advisers' revenue share amounts) and its Accounting Solutions Segment receives revenue in advance for prepaid memberships and training programs
- Plant and equipment** – plant and equipment (comprising office equipment, furniture and fittings and leasehold improvements) is carried at historical cost less accumulated depreciation
- Intangible assets** – Diverger's intangible assets primarily relate to goodwill and client lists and relationships which have been acquired through business combinations:

Diverger – Intangible assets		
	30 Jun 22	30 Jun 23
	\$m	\$m
Goodwill	25.6	27.9
Client lists and relationships	15.6	18.9
Software platforms	0.8	0.9
Trademarks & brands	1.7	1.7
<b>Total intangibles</b>	<b>43.8</b>	<b>49.5</b>

Goodwill is tested annually for impairment using the value in use methodology based on cash flow projections approved by management covering a period of up to five years. A summary of the key impairment testing assumptions adopted as at 30 June 2023 included:

- (i) revenue and expense growth rates – 3.0% per annum over the five year forecast period with a terminal growth rate of 1.5% per annum
- (ii) pre-tax discount rate – 12.5% per annum
- (d) **Equity accounted investments** – relates to Diverger’s 35% interest in MWM which is carried at historical cost plus Diverger’s share of post-tax profit (generated post acquisition)
- (e) **Contingent consideration** – is associated with the acquisitions of MWM, AFSLC and PNET. The contingent consideration amounts are payable across various tranches subject to performance hurdles with final payment dates ranging from 1 December 2023 to 1 December 2025. Diverger recognises the contingent consideration as the present value (using a discount rate of 12.5%) of the expected future cash payments assuming the achievement of all performance hurdles
- (f) **Interest bearing liabilities** – relate to amounts drawn under the Company’s finance facility with Westpac Banking Corporation (Westpac). On 14 August 2023, Diverger executed a renewal of its finance facilities with Westpac. The key terms of the renewed facility (which expires on 31 August 2026) include:
  - (i) two bank bill business loans and other operational facilities with a limit of some \$16.4 million comprising an extension of the existing \$6.0 million facility, an acquisition facility of \$10.0 million and credit card and bank guarantees of some \$0.4 million
  - (ii) a General Security Agreement over all assets and undertakings of the Company and its wholly owned subsidiaries with guarantee and indemnities
  - (iii) covenants which include an equity ratio (shareholder funds / total assets) to be greater than 40% and a debt / EBITDA ratio to be no greater than 2.5 times.

#### Events subsequent to 30 June 2023

106 On 3 July 2023, Diverger completed the business acquisition of the Atkinson Financial Planning business, a Melbourne based advice firm through a newly incorporated subsidiary, ASPW. Diverger has a 55% controlling interest in ASPW with the remaining 45% interest owned by a financial adviser who has worked in the business for over 20 years.

107 The total purchase consideration for ASPW comprises:

- (a) a payment of \$3.20 million settled on completion (Diverger share \$1.76 million cash)
- (b) a deferred payment of \$0.80 million (Diverger share \$0.44 million cash) payable eight months from completion subject to continuing business performance
- (c) a further earn-out payment of \$0.30 million (Diverger share \$0.17 million cash) subject to client growth performance hurdles to be achieved eight months from completion.

## Share capital and performance

108 As at 6 December 2023, Diverger had 37.7 million fully paid ordinary shares on issue. In addition, the Company had 1.7 million options and 2.1 million performance rights on issue.

### Options

109 On 1 February 2021, Diverger issued 1.7 million options over its ordinary shares to HUB24 at an exercise price of \$1.20 per share. These options were issued as consideration for entering into a technology partnership and distribution agreement with HUB24 pursuant to which HUB24 agreed to provide Diverger with innovative technology and data solutions. The options held by HUB24 expire on 1 February 2024.

110 Under the terms of the Amended Agreement Diverger must ensure that, before the Delivery Time<sup>35</sup> on the Second Court Date, it has entered into a cancellation deed with respect to these options in a form and for consideration as agreed between Diverger and Count. Subject to the Scheme becoming legally effective, HUB24 has entered into an option cancellation deed with Diverger under which the options will be cancelled on the Scheme Record Date for an aggregate cash consideration of \$1.00 for all of the options.

### Performance rights

111 As part of a long term incentive plan approved by shareholders on 18 November 2021, Diverger has also issued performance rights to key management personnel, executives and other employees. A summary of the performance rights, which have been issued in two tranches, is set out below:

- (a) **Tranche 1 (1.145 million)** – these performance rights, which were granted on 11 November 2021, are subject to two vesting conditions which are measured over a three year period commencing 1 July 2021. Vesting conditions are measured on a sliding scale between a minimum threshold and 100% achievement:
  - (i) PC1<sup>36</sup> (applied to 0.378 million performance rights) – Adjusted Net Revenue growth target between a minimum 100% sliding to 150% to meet a 100% vesting level
  - (ii) PC2 (applied to 0.767 million performance rights) – Absolute Total Shareholder Return (ATSR) between a minimum of 15% sliding up to 25% to meet a 100% vesting level
- (b) **Tranche 2 (0.95 million)** – these performance rights, which were granted on 11 November 2022, are subject to two vesting conditions which are measured over a three year test period commencing 1 July 2022. Vesting conditions are measured on a sliding scale between a minimum threshold and 100% achievement:
  - (i) PC1 (applied to 0.400 million performance rights) – Adjusted Earnings Per Share compound average growth rate (CAGR) target over three years between a minimum 13.5% sliding to 18% to meet a 100% vesting level

<sup>35</sup> Delivery Time in relation to the Second Court Date, being two hours before the commencement of the hearing or, if the commencement of the hearing is adjourned, two hours before the commencement of the adjourned hearing of the Court to approve the Scheme in accordance with s411(4)(b) of the Corporations Act.

<sup>36</sup> Performance Condition (PC).



- (ii) PC2 (applied to 0.550 million performance rights) – ATSR CAGR between a minimum of 12.5% sliding up to 20% to meet a 100% vesting level.

112 The performance rights do not carry any voting or dividend rights and each (vested) performance right converts to one Diverger share with no consideration payable. In certain circumstances (such as employee termination, resignation due to illness and a change in control of the Company) the Diverger Board may in its absolute discretion elect to treat certain unvested performance rights as vested. Under the terms of the Amended Agreement, it has been agreed that all unvested performance rights on issue will vest and be converted into ordinary shares, subject to the Scheme becoming legally effective.

### Substantial shareholders

113 As at 6 December 2023, there were four substantial shareholders in Diverger which collectively held more than 50.0% of the ordinary shares on issue:

Diverger – substantial shareholders		
Shareholder	Shares held (million)	% interest
HUB24	13.0	34.4
Greg Hayes (direct and associated entities)	3.2	8.6
DMX Asset Management Limited	2.0	5.2
Harvest Lane Asset Management Limited (Harvest Lane) <sup>(1)</sup>	1.9	5.1
<b>Total</b>	<b>20.1</b>	<b>53.3</b>

**Note:**

1 Per Diverger’s ASX announcement of 17 November 2023, Harvest Lane’s interest has increased to 5.7%.

**Source:** Diverger FY23 Annual Report and substantial shareholder notices released to the ASX.

### Share price performance

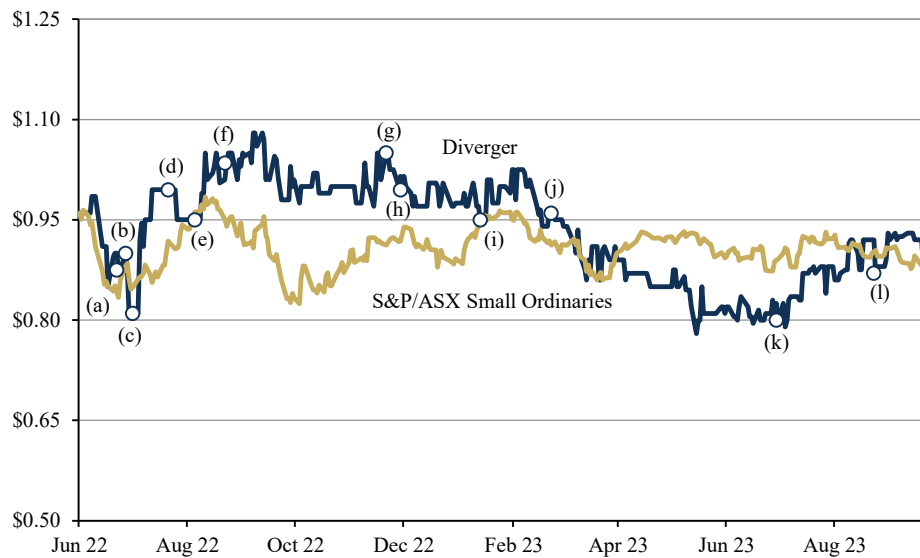
114 The following chart illustrates the movement in the share price of Diverger from 1 June 2022 to 21 September 2023<sup>37</sup>.

<sup>37</sup> Being the last trading day prior to the announcement of the Scheme.



**Diverger – share price history<sup>(1)</sup>**

**1 June 2022 to 21 September 2023**



**Note:**

<sup>1</sup> Based on closing prices. The S&P/ASX Small Ordinaries Index has been rebased to Diverger's share price on 1 June 2022.

**Source:** FactSet and LEA analysis.

115 As indicated above, Diverger has intermittently outperformed and underperformed the S&P/ASX Small Ordinaries Index<sup>38</sup> during the period set out above. Details of the ASX announcements that have coincided with material movements in Diverger's share price over the above period are as follows:

- (a) **23 June 2022** – Diverger submitted a non-binding indicative offer to the Board of Centrepont to acquire 100% of Centrepont for a combination of cash and Diverger shares (Indicative Proposal). At the same time the Company entered into a call option deed with Thorney (a substantial shareholder in Centrepont) over 19.99% of the ordinary shares in Centrepont
- (b) **27 June 2022** – the Centrepont Board announced it did not consider the Indicative Proposal to reflect the strategic value of Centrepont
- (c) **4 July 2022** – announced the acquisition of the 35% interest in MWM
- (d) **25 July 2022** – Diverger released its preliminary unaudited results for FY22
- (e) **8 August 2022** – announced Centrepont had not granted Diverger access to due diligence with respect to the Indicative Proposal and that some of the assumptions upon which the Indicative Proposal was based may be unlikely to be achieved after discussions with Centrepont
- (f) **4 August 2023** – Diverger released its FY22 results
- (g) **23 November 2023** – announced that the call option deed entered into with Thorney with respect to 19.99% of the ordinary shares in Centrepont had expired
- (h) **1 December 2022** – announced the acquisition of 100% of AFSLC
- (i) **17 January 2023** – announced the acquisition of 100% of PNET

<sup>38</sup> This index includes healthcare companies included in the S&P/ASX 300 Index but not in the S&P/ASX 100 Index.

- (j) **24 February 2023** – release of first half FY23 results
- (k) **3 July 2023** – announced the acquisition of 55% of ASPW and provided an outlook for FY24 including the Company’s strategic acquisition target to acquire \$1.5 million to \$2.1 million EBITA by FY25
- (l) **24 August 2023** – Diverger released its FY23 results.

**Liquidity in Diverger shares**

116 The liquidity in Diverger shares based on share trading over the 12 month period to 21 September 2023<sup>39</sup> is set out below:

Diverger – liquidity in shares						
Period	Start date	End date	No of shares	WANOS <sup>(1)</sup>	Implied level of liquidity	
			traded	outstanding	Period <sup>(2)</sup>	Annual <sup>(3)</sup>
			000	000	%	%
1 month	22 Aug 23	21 Sep 23	354	37,674	0.9	11.3
3 months	22 Jun 23	21 Sep 23	1,339	37,674	3.6	14.2
6 months	22 Mar 23	21 Sep 23	3,104	37,674	8.2	16.5
1 year	22 Sep 22	21 Sep 23	6,165	37,674	16.4	16.4

**Note:**

- 1 Weighted average number of shares outstanding (WANOS) during relevant period.
- 2 Number of shares traded during the period divided by WANOS.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

**Source:** FactSet.

117 As indicated in the table above, total share turnover (on an annualised basis) in Diverger shares has been relatively low (i.e. less than 20% of the total number of shares on issue) over the 12 month period to 21 September 2023, indicating only a moderate level of liquidity for Diverger shares. This reflects (inter alia) the relatively low free float, noting that two of the four largest shareholders (which when combined, represent over 40% of the shares on issue) remained relatively unchanged over the period.

<sup>39</sup> Being the last trading day prior to the announcement of the Scheme.

## IV Profile of Count

### Overview

118 Count<sup>40</sup> is an Australian based provider of integrated professional accounting and wealth services with 193 accounting, wealth and services member firms across Australia, representing 379 financial advisers and 563 accountants with \$16.8 billion in funds under advice (FUA)<sup>41</sup>. Count invests in accounting, wealth and aligned service firms around Australia primarily through equity partnerships, rather than 100% ownership. Services provided to equity partner firms include strategic and operational support, access to capital for succession and growth, benefits from national pricing agreements, client referrals and access to a professional community. Count owns two AFSL Licensees which authorise financial planning member firms to deliver financial services effectively and efficiently. Count also has equity interests in firms providing aligned services, such as SMSF actuarial certificates, education services and other outsourced services. Count operates across three business segments, being Accounting, Wealth, and Services.

### History

- 119 Since its inception 43 years ago, Count has expanded its operations significantly through the acquisition of interests in a number of accounting practices and in September 2010, expanded its operations into financial planning through the acquisition of the Total Financial Solutions business (acquired for an enterprise value of \$11.5 million). Shortly thereafter, Count listed on the ASX in December 2010, with its business comprising 18 accounting and financial services businesses across Australia.
- 120 Since listing on the ASX, Count's business operations have continued to evolve through the acquisition and disposal of investments in a number of businesses. A summary of Count's more recently completed transactions is set out below:

Count – recent transactions	
Date <sup>(1)</sup>	Commentary
2019	<ul style="list-style-type: none"> <li>Count completed the acquisition of 85% of Count Financial Limited (Count AFSL) from the Commonwealth Bank of Australia (CBA) for \$2.5 million (on a 100% basis)<sup>(2)</sup></li> </ul>
2021	<ul style="list-style-type: none"> <li>On 30 July 2021, Count sold the audit and corporate finance business units of equity partner firm Bentleys (WA) Pty Ltd to Hall Chadwick (WA) Pty Ltd for \$3.9 million</li> <li>Count completed four acquisitions and one merger in the Accounting and Services Segments:               <ul style="list-style-type: none"> <li>1 July 2021 – Count merged its 100% owned firm Cooper Reeves Pty Ltd with 4Front Holdings Pty Ltd (4Front Holdings), resulting in Count's ownership interest reducing to 51%</li> <li>20 August 2021 – Count's equity partner firm Unite Advisory Pty Ltd (Unite Advisory) acquired the business of Bentley, Brett &amp; Vincent for approximately \$1.7 million</li> <li>20 August 2021 – Count acquired a 51% interest in Wealth Axis Holdings Pty Ltd (Wealth Axis)<sup>(3)</sup></li> <li>3 September 2021 – Count acquired a 49% shareholding in Southern Cross Business Holdings Pty Ltd, an accounting firm located in Victoria for \$2.7 million</li> </ul> </li> </ul>

<sup>40</sup> Formerly known as CountPlus Limited (Count changed its name on 4 May 2023 following the receipt of shareholder approval at the extraordinary general meeting held on the same date).

<sup>41</sup> As at 30 June 2023. FUA are funds an adviser gives advice or consultation on, but does not have the ability to make decisions or execute trades on. This is different to FUM which relates to funds actively managed on behalf of a client.

**Count – recent transactions**

<b>Date<sup>(1)</sup></b>	<b>Commentary</b>
2021	<ul style="list-style-type: none"> <li>– 1 November 2021 – Count acquired 85% of Accurium Holdings Pty Ltd (Accurium) from Challenger Limited for net cash consideration of \$7.7 million<sup>(4)</sup></li> </ul>
2022	<ul style="list-style-type: none"> <li>• On 4 July 2022, Count’s subsidiary, CountPlus One Pty Ltd (CountPlus One) acquired 100% of CDC Partners Pty Ltd (CDC Partners)</li> <li>• On 1 August 2022, Count completed the acquisition of a 32.75% interest in WSC Group Pty Ltd (WSC Group) for \$3.1 million</li> <li>• Other less material acquisitions during the year included Absolute Accounting, MiPlan and Magenta Business Partners</li> </ul>
2023	<ul style="list-style-type: none"> <li>• On 28 February 2023, following the completion of an operational review and cessation of operations, Count disposed of its 51% investment in Wealth Axis</li> <li>• Count completed a number of acquisitions and one merger in the Accounting and Wealth Segments: <ul style="list-style-type: none"> <li>– 14 February 2023 – Moggs Accounting + Advisory Pty Ltd (Moggs Accounting) (a 60% owned subsidiary of Count) acquired the regional Victorian accounting practice Timothy Trevor Gubbins for \$1.3 million</li> <li>– 29 May 2023 – Count acquired Affinia Financial Advisers Limited (Affinia) for \$3.4 million. The transaction (announced on 10 March 2023) expanded Count's financial advice offering by 75 practices and over 100 advisers</li> <li>– 8 June 2023 – CountPlus One completed the acquisition of Sydney based accounting business RHA Associates for \$1.0 million</li> <li>– 1 July 2023 – Count acquired a 40% interest in a large Victorian based accounting practice Bruce Edmunds &amp; Associates for \$2.7 million</li> <li>– 15 August 2023 – Adelaide based advisory firms Crosby Dalwood Pty Ltd (a 90% owned subsidiary of Count) and Warnecke &amp; Co completed a merger (which was announced on 28 June 2023) to operate a new entity under the Count brand. As a result of the transaction, Count’s shareholding in Crosby Dalwood reduced to 45%</li> <li>– 2 November 2023 – Twomeys Group Pty Ltd acquired the Canberra based accounting firm Allan Watt Accounting for \$0.8 million</li> <li>– other less material acquisitions during the year included Boyar and Sapphire Coast.</li> </ul> </li> </ul>

**Note:**

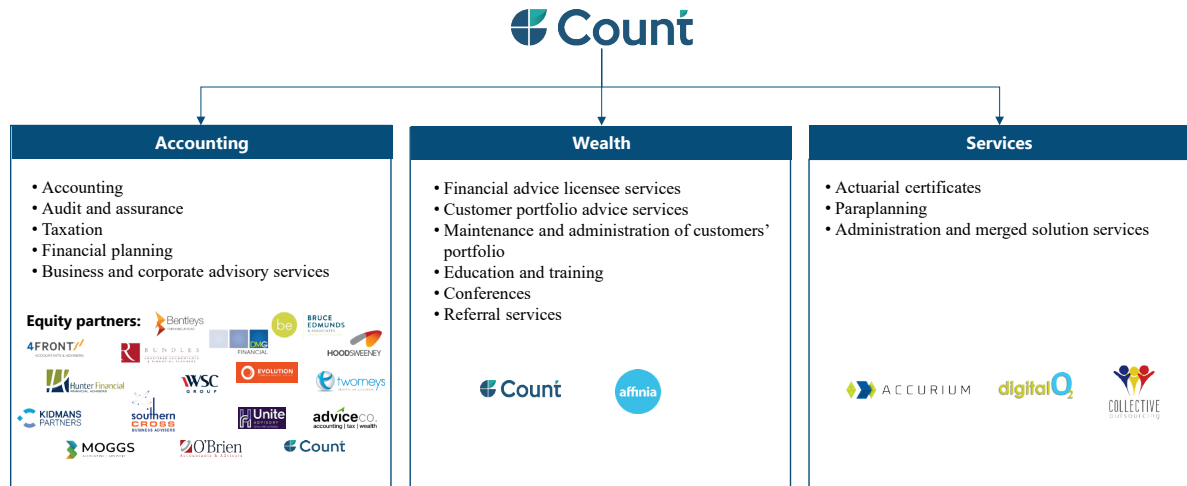
- 1 Date of acquisition completion.
- 2 The acquisition of Count AFSL from CBA allowed Count to expand its scale and capability in the financial advice sector, adding over 350 advisers, 160 client firms and approximately \$8.1 billion in FUA to the firm.
- 3 A provider of paraplanning and administration support services to financial advice firms for approximately \$1.3 million. The acquisition was the first step in Count’s strategy of investing in activities that enhance operational capacity within member firms.
- 4 Key management personnel of Accurium acquired the remaining 15%. Accurium was Australia’s largest supplier of SMSF actuarial certificates (with a then 45% market share) and had EBITA of approximately \$2.8 million. The acquisition enabled Count to generate subscription-style revenue, consistent with management’s updated strategy to focus on activities with regulatory or core earnings aspects.

**Source:** Count company announcements.

## Current operations

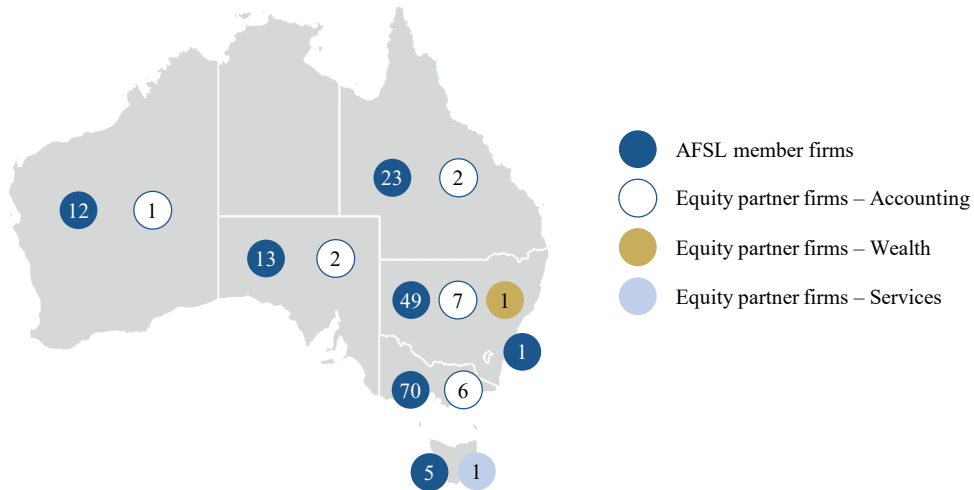
121 A diagrammatic overview of Count's current business operations is set out below:

### Count – current operations



122 As at 30 June 2023, Count's business network comprised 193 firms with 563 accountants and 379 financial advisers. A summary of the geographical distribution of Count's equity partnership firms and AFSL member firms as at that date is shown below:

### Count – location of equity partner firms and AFSL member firms<sup>(1)</sup>



**Note:**

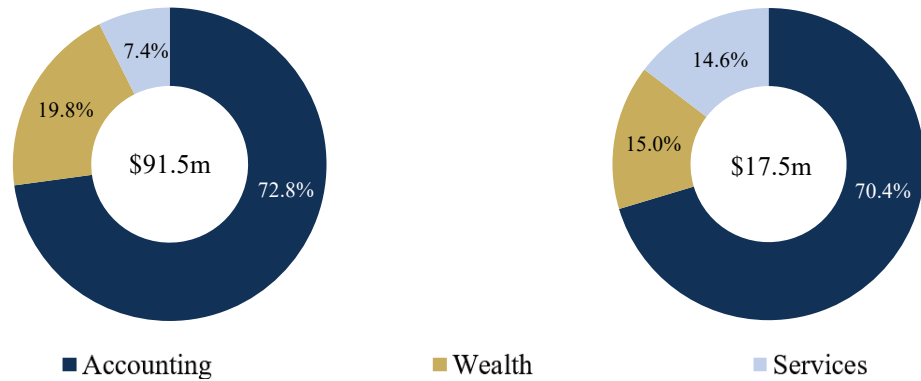
1 Equity partner firms are accounting, wealth or services firms Count has acquired an ownership interest in, while AFSL member firms are firms Count AFSL and Affinia authorise to provide financial services. Some equity partner firms have related entities which are also AFSL member firms.

**Source:** Count FY23 results presentation.

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123 A summary of the net revenue and Adjusted EBITA<sup>42</sup> contribution from each of Count's segments during FY23 is illustrated below:

**Count – FY23 net revenue and Adjusted EBITA<sup>(1)</sup>**



**Note:**

- 1 Net revenue represents revenue from ordinary activities less commissions. Net revenue does not include any revenue generated by Count's equity accounted investments.
- 2 Prior to unallocated corporate costs. EBITA has not been adjusted to exclude non-controlling interests in the earnings of those entities that are only partly owned by Count. The Accounting Segment also includes Count's share of the NPAT from its associates.

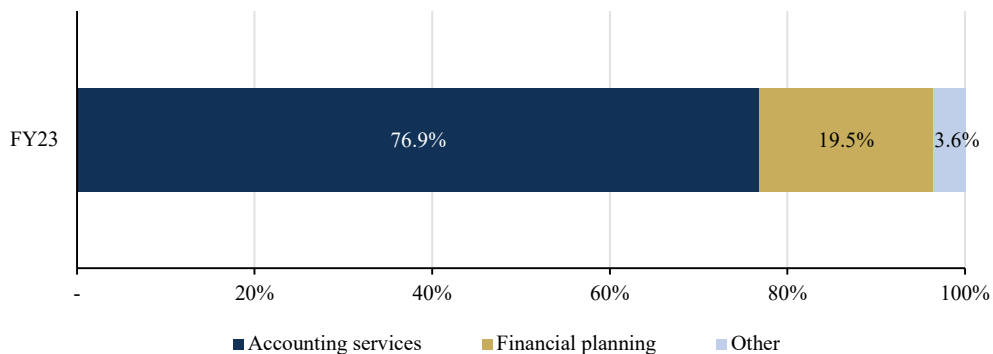
**Source:** Count FY23 Annual Report and results presentation.

124 Further detail on each operating segment is set out below.

**Accounting**

125 Count's Accounting Segment primarily generates revenue from the provision of accounting services to clients such as audit and assurance, taxation and business and corporate advisory services, but also includes commissions and fees generated by Count equity partnership firms from financial planning services provided to clients (noting some of Count's equity partnership accounting firms also have related entities which are AFSL member firms).

**Count – Accounting Segment revenue composition (FY23)<sup>(1)</sup>**



**Note:**

- 1 Does not include any revenue generated by Count's equity accounted investments.

**Source:** Count FY23 Annual Report.

<sup>42</sup> Defined by Count as EBITA excluding one-off and non-recurring items. Count's Adjusted EBITA reflects AASB 16, i.e. does not substitute AASB16 depreciation and interest entries with actual rent costs.

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- 126 As at 30 June 2023, Count had 18 equity partnerships in converged accounting and financial planning firms<sup>43</sup>, which operate under the Count national brand or the brands of equity partner firms. The wholly owned subsidiaries and equity partnerships of Count (including post 30 June 2023 transactions) are set out below:

<b>Count – equity partnerships<sup>(1)</sup></b>		
<b>As at 30 June 23<sup>(1)</sup></b>		
	<b>Ownership %</b>	<b>Carrying amount<sup>(2)</sup> \$m</b>
<b>Wholly-owned subsidiaries</b>		
CountPlus One Pty Ltd	100.0	n/a
Bentleys (WA) Pty Ltd	100.0	n/a
<b>Partly-owned subsidiaries</b>		
Crosby Dalwood Pty Ltd (merged with Warnecke & Co on 15 Aug 23)	90.0 <sup>(3)</sup>	n/a
Evolution Advisers Pty Ltd	85.0	n/a
MBA Group Holdings Pty Ltd (MBA Partnership)	73.1	n/a
Unite Advisory Pty Ltd	69.0	n/a
Kidmans Partners Holdings Pty Ltd (Kidmans Partners)	64.2	n/a
Moggs Accounting	60.0	n/a
AdviceCo CA Pty Ltd	60.0	n/a
Twomeys Group Pty Ltd	54.9	n/a
4Front Holdings Pty Ltd	51.0	n/a
<b>Associates (or equity accounted investments)</b>		
One Hood Sweeney Pty Ltd	32.4	8.5
Hunter Financial Planning Pty Ltd	40.0	2.8
OBM Financial Services Pty Ltd	40.0	1.9
Rundles CountPlus Pty Ltd <sup>(4)</sup>	40.0	2.3
Rundles Financial Planning Pty Ltd <sup>(4)</sup>	20.0	0.4
DMG Financial Holdings Pty Ltd	30.0	3.7
Southern Cross Business Holdings Pty Ltd	49.0	3.1
WSC Group - Aust Pty Ltd	32.8	3.3
Bruce Edmunds and Associates (interest acquired on 1 Jul 23)	n/a <sup>(5)</sup>	n/a <sup>(5)</sup>

**Note:**

- 1 Ownership percentages and carrying value of investment as at 30 June 2023 unless stated otherwise.
  - 2 Based on Count's share of the associates' net assets (as the wholly and partly-owned entities are consolidated within the financial accounts they do not have separately identified carrying values).
  - 3 On 15 August 2023, Crosby Dalwood Pty Ltd and Warnecke & Co completed a merger to operate a new entity under the Count brand. Count's shareholding in the merged entity is 45%.
  - 4 Count views the shareholdings in these entities as one investment.
  - 5 Acquisition of 40% interest completed post 30 June 2023 with an effective date of 1 July 2023.
- n/a – not applicable.

**Source:** Count FY23 Annual Report and results presentation.

- 127 A summary of the financial performance of the Accounting Segment over the four half year periods and two full year periods to 30 June 2023 is set out below (assuming 100% ownership of all equity partnerships, including associates):

<sup>43</sup> Rundles CountPlus Pty Ltd and Rundles Financial Holdings Pty Ltd are considered one investment. Subsequent to 30 June 2023, Count also completed the investment in Bruce Edmunds and Associates on 3 July 2023.



Accounting Segment – financial performance assuming 100% ownership <sup>(1)(2)</sup>	Half year				Full year	
	1H22	2H22	1H23	2H23	FY22	FY23
	\$m	\$m	\$m	\$m	\$m	\$m
Net revenue	57.8	57.5	62.4	63.4	115.2	125.8
Adjusted EBITA	10.0	10.5	10.7	11.6	20.6	22.2
<i>Adjusted EBITA margin (%)</i>	<i>17.3</i>	<i>18.3</i>	<i>17.1</i>	<i>18.2</i>	<i>17.8</i>	<i>17.7</i>
Count's share of Adjusted EBITA	5.2	5.1	5.4	5.1	10.2	10.5
Add back non-controlling interests <sup>(3)</sup>	0.9	0.4	0.7	1.1	1.3	1.8
Adjusted EBITA (per paragraph 138) <sup>(4)</sup>	6.1	5.4	6.1	6.2	11.5	12.3

**Note:**

- 1 Rounding differences may exist.
- 2 Assumes 100% ownership of all equity partnerships (including associates) within the segment.
- 3 Add back of non-controlling interests in Count's partly owned subsidiaries, which is offset by the deduction of amortisation, net interest costs and tax on Count's share of the Adjusted EBITA of its associates (in order to reflect Count's interest in the NPAT of its associates).
- 4 Represents 100% of Adjusted EBITA of Count's wholly and partly owned subsidiaries plus Count's share of NPAT from its associates (or equity accounted investments).

**Source:** Count Interim Financial Reports, Annual Reports and results presentations.

128 In respect of the above, we note that:

- (a) in FY22, Count expanded the number of wholly owned subsidiaries and equity partnerships to 18. During the year it acquired an interest in Southern Cross Business Holdings Pty Ltd and merged its 100% owned member firm Cooper Reeves Pty Ltd with 4Front Holdings<sup>44</sup>. In addition, Count completed two "tuck-ins" to existing equity partnerships<sup>45</sup> and sold the audit and corporate finance business units of Bentleys (WA) Pty Ltd to Hall Chadwick (WA) Pty Ltd
- (b) the FY23 results were impacted by sector-wide resource shortages, which were particularly pronounced in the first half of FY23 and alleviated by outsourcing work as local resources stabilised. Count expanded its network of equity partnerships through the addition of WSC Group, as well as multiple "tuck-ins"<sup>46</sup>, which provided further scale to existing equity partnerships.

**Wealth**

129 Count's Wealth Segment comprises two specialist AFSL licensees, Count AFSL (an 85% owned subsidiary) and Affinia (a wholly owned subsidiary) which support a network of 379 financial advisers operating as Authorised Representatives under its AFSLs with some \$16.8 billion FUA:

<sup>44</sup> The merger resulted in Count's ownership interest being transferred into a 51% ownership of 4Front Holdings.

<sup>45</sup> An acquisition made by either one of its wholly owned or partly owned subsidiaries. In FY22, the "tuck-ins" included the acquisition of Bentley, Brett & Vincent and Sphere Wealth.

<sup>46</sup> Includes CDC Partners, Absolute Accounting, MiPlan, Magenta, Timothy Trevor Gubbins, RHA Associates and Boyar.



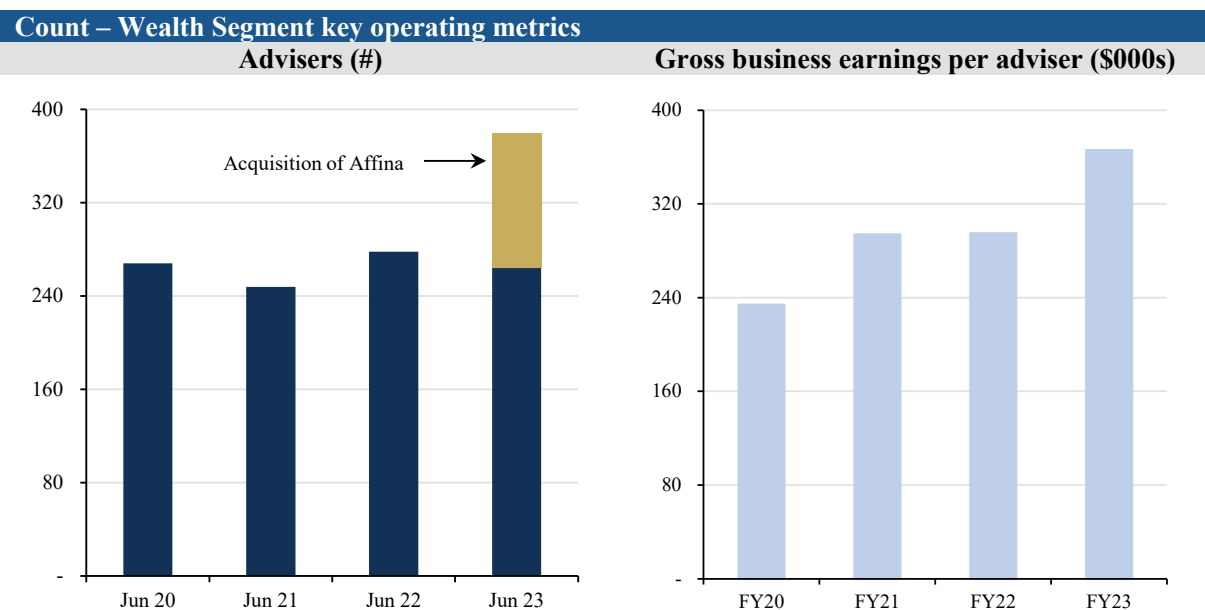
Wealth – key metrics			
	Count (AFSL)	Affinia	Total
Advisers (#)	264	115	379
Firms (#)	124	64	188
Client FUA (\$bn)	12.3	4.5	16.8
In-force premiums (\$m)	80	150	230

Source: Count FY23 results presentation.

130 Count’s Wealth segment generates revenue from a number of different sources, including:

- (a) **Share of revenue** – Count receives a share of advice fees charged by Authorised Representatives
- (b) **Educational partner fees** – received from education partners for the provision of education and training services to advisers
- (c) **Insurance commission income** – received for the provision of risk insurance services that result in a client purchasing an insurance product and then renewing that insurance product for a subsequent year
- (d) **Licensee fees** – received from financial advisers for financial advice licensee services, which include providing advisers with an authorisation to provide financial services as well as training and compliance services
- (e) **Conference fees** – received from advisers and other delegates to attend Count’s annual national conference.

131 As indicated below, the number of advisers in Count’s network increased significantly during FY23 following the acquisition of Affinia (completed in May 2023). All advisers in Count’s network are Authorised Representatives. The gross business earnings per adviser has been increasing in recent periods:



Source: Count Annual Reports and results presentations.

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- 132 A summary of the financial performance of the Wealth Segment over the four half year periods and two full year periods to 30 June 2023 is set out below (assuming 100% ownership of the entities within the segment):

Wealth Segment – financial performance assuming 100% ownership <sup>(1)(2)</sup>						
	Half year				Full year	
	1H22	2H22	1H23	2H23	FY22	FY23
	\$m	\$m	\$m	\$m	\$m	\$m
Net revenue	7.2	8.2	8.4	9.6	15.4	18.1
Adjusted EBITA	0.7	1.4	1.4	1.3	2.1	2.6
<i>Adjusted EBITA margin (%)</i>	<i>9.6</i>	<i>17.6</i>	<i>16.3</i>	<i>13.0</i>	<i>13.8</i>	<i>14.5</i>
Count's share of Adjusted EBITA	0.6	1.2	1.2	1.1	1.8	2.2
Add back non-controlling interests <sup>(3)</sup>	0.1	0.2	0.2	0.2	0.3	0.4
Adjusted EBITA (per paragraph 138)	0.7	1.4	1.4	1.3	2.1	2.6

**Note:**

- 1 Rounding differences may exist.
- 2 Assumes 100% ownership of all wholly and partly owned subsidiaries within the segment.
- 3 Add back of non-controlling interests in Count's partly owned subsidiaries.

**Source:** Count Interim Financial Reports, Annual Reports and results presentations.

- 133 In respect of the above, we note that:

- (a) in FY22, Count's Wealth Segment transitioned to a new fee for service model following the end of grandfathered commissions on 1 January 2021. Count grew financial advisers from 248 to 278 (despite total industry adviser numbers decreasing by 14%) and 22 new AFSL member firms joined Count
- (b) in FY23, and as noted above, gross business earnings grew strongly and Count significantly increased its scale with the acquisition of Affinia in May 2023, which added over 100 advisers and approximately \$4.5 billion in client FUA.

**Services**

- 134 Following the strategic disposal of its 51% interest in Wealth Axis (completed on 28 February 2023), the Services Segment currently includes Count's 85% owned subsidiary Accurium. A number of other services propositions are delivered via some of Count's equity partnerships and as such, their results are included under the Accounting Segment.
- 135 Accurium provides other ancillary services that support the activities of the Accounting and Wealth Segments, including the provision of SMSF actuarial certificates (primarily s390 and defined benefit actuarial certificates), and consulting services to clients (including SMSF clients) within and outside Count's network of accounting and wealth firms. Accurium also offers online educational training services through its TechHub platform which focuses on SMSF and tax training for accountants.
- 136 A summary of the financial performance of the Services Segment over the four half year periods and two full year periods to 30 June 2023 is set out below (assuming 100% ownership of Accurium<sup>47</sup>):

<sup>47</sup> The contribution from the divested Wealth Axis business has been excluded in the financial performance figures.

Services Segment – financial performance assuming 100% ownership<sup>(1)(2)</sup>

	Half year				Full year	
	1H22	2H22	1H23	2H23	FY22	FY23
	\$m	\$m	\$m	\$m	\$m	\$m
Net revenue	1.1	2.8	2.8	3.0	4.0	5.7
Adjusted EBITA	0.7	1.2	1.1	1.4	1.9	2.6
<i>Adjusted EBITA margin (%)</i>	<i>64.0</i>	<i>41.7</i>	<i>40.9</i>	<i>48.0</i>	<i>48.0</i>	<i>44.5</i>
Count's share of Adjusted EBITA	0.6	1.0	1.0	1.2	1.6	2.2
Add back non-controlling interests <sup>(3)</sup>	0.1	0.2	0.2	0.2	0.3	0.4
Adjusted EBITA (per paragraph 138)	0.7	1.2	1.1	1.4	1.9	2.6

**Note:**

- 1 Rounding differences may exist.
- 2 Assumes 100% ownership of Accurium.
- 3 Add back of non-controlling interests in Accurium.

**Source:** Count Interim Financial Reports, Annual Reports and results presentations.

- 137 The FY22 results reflect only a partial year contribution from Accurium (as it was acquired by Count in November 2021). Since acquiring the business, Accurium's financial performance has remained broadly consistent year on year (noting however it operates on much higher margins than Count's other two segments).

**Financial performance**

- 138 A summary of the recent financial performance of Count over the four half year periods and two full year periods to 30 June 2023 is set out below:

Count – statement of financial performance<sup>(1)</sup>

	Half year				Full year	
	1H22	2H22	1H23	2H23	FY22	FY23
	\$m	\$m	\$m	\$m	\$m	\$m
Net revenue <sup>(2)</sup>	41.9	43.4	45.4	46.1	85.3	91.5
Direct costs	(21.0)	(21.2)	(21.7)	(21.1)	(42.2)	(42.9)
<b>Contribution margin</b>	<b>20.9</b>	<b>22.2</b>	<b>23.6</b>	<b>25.0</b>	<b>43.1</b>	<b>48.6</b>
Adjusted EBITA <sup>(3)</sup> (before associates)	2.1	3.2	3.5	3.6	5.3	7.0
Share of NPAT from Count's associates	1.8	1.7	1.5	1.8	3.5	3.3
<b>Adjusted EBITA<sup>(3)(4)</sup></b>	<b>3.9</b>	<b>5.0</b>	<b>5.0</b>	<b>5.4</b>	<b>8.8</b>	<b>10.4</b>
Amortisation	(0.8)	(1.4)	(1.2)	(1.2)	(2.2)	(2.5)
Non-recurring items <sup>(5)</sup>	2.0	0.7	(2.0)	3.9	2.7	1.9
Net finance costs	(0.5)	(0.5)	(0.5)	(0.6)	(1.1)	(1.1)
<b>PBT</b>	<b>4.6</b>	<b>3.7</b>	<b>1.2</b>	<b>7.5</b>	<b>8.3</b>	<b>8.7</b>
Income tax	0.1	(1.0)	(0.3)	(0.9)	(0.9)	(1.2)
<b>NPAT</b>	<b>4.7</b>	<b>2.7</b>	<b>0.9</b>	<b>6.6</b>	<b>7.4</b>	<b>7.5</b>
Less non-controlling interests	(1.2)	(1.0)	(1.0)	(1.4)	(2.2)	(2.4)
<b>NPAT attributable to Count shareholders</b>	<b>3.4</b>	<b>1.7</b>	<b>(0.1)</b>	<b>5.2</b>	<b>5.1</b>	<b>5.1</b>

**Note:**

- 1 Rounding differences may exist.
- 2 Net revenue represents revenue from ordinary activities less commissions. Net revenue does not include any revenue generated by Count's equity accounted investments.
- 3 Defined by Count as EBITA excluding one-off and non-recurring items and reflects AASB 16, i.e. does not substitute AASB 16 depreciation and interest entries with actual rent costs.

4 The contribution by segment to Adjusted EBITA is as follows:

Accounting <sup>(6)</sup>	6.1	5.4	6.1	6.2	11.5	12.3
Wealth	0.7	1.4	1.4	1.3	2.1	2.6
Services	0.7	1.2	1.1	1.4	1.9	2.6
Subtotal segments (pre Corporate costs)	7.5	8.1	8.6	8.9	15.5	17.5
Adjusted Corporate costs	(3.6)	(3.1)	(3.7)	(3.5)	(6.7)	(7.1)
Adjusted EBITA	3.9	5.0	5.0	5.4	8.8	10.4
5 Non-recurring items are set out below:						
Government grants / cost reimbursements	0.2	1.1	-	0.2	1.3	0.2
Grandfathered revenue	-	-	-	-	-	-
Gain on sale of assets	2.0	0.0	0.4	0.3	2.0	0.8
Discontinuing operations (Wealth Axis)	(0.1)	(0.5)	(0.4)	(0.2)	(0.6)	(0.6)
Gain on bargain purchase (Affinia)	-	-	-	3.2	-	3.2
Intangible assets impairment	-	-	(1.4)	-	-	(1.4)
Gain on disposal of subsidiary	-	-	-	0.4	-	0.4
W/off deferred consideration receivable	-	-	(0.6)	-	-	(0.6)
Total non-recurring items	2.0	0.7	(2.0)	3.9	2.7	1.9

6 Includes share of NPAT from Count's associates.

**Source:** Count Interim Financial Reports, Annual Reports and results presentations.

- 139 Count's financial performance reflects the underlying performance of its business segments, which are set out above within each respective operating segment.

## Financial position

- 140 The financial position of Count as at 30 June 2022 and 30 June 2023 is set out below:

Count – statement of financial position <sup>(1)</sup>		
	30 Jun 22	30 Jun 23
	\$m	\$m
Trade and other receivables	25.0	30.7
Trade and other payables	(18.2)	(24.0)
Current provisions and employee benefit obligations	(7.2)	(8.0)
Contract assets / (liabilities):		
– Contract assets (offset by unearned income) <sup>(2)</sup>	3.9	4.2
– Unearned revenue <sup>(3)</sup>	(2.0)	(1.5)
– Current ongoing insurance commission receivable <sup>(4)</sup>	0.6	0.7
Net current tax assets / (liabilities)	(2.7)	(1.4)
<b>Net working capital</b>	<b>(0.7)</b>	<b>0.6</b>
Property, plant and equipment	3.6	3.5
Intangible assets	52.3	54.6
Equity accounted investments	22.2	26.0
Net indemnity asset and remediation provision	(0.0)	(0.0)
Loans and advances	0.1	0.0
Non-current ongoing insurance commission receivable <sup>(4)</sup>	1.8	1.9
Net deferred tax assets	1.9	3.4
Non-current provisions and employee benefit obligations	(1.4)	(1.3)
Net right of use assets / (lease liabilities)	(1.4)	(1.1)
Contingent consideration	(1.6)	(2.4)
<b>Total funds employed</b>	<b>76.7</b>	<b>85.1</b>

**Count – statement of financial position<sup>(1)</sup>**

	30 Jun 22	30 Jun 23
	\$m	\$m
Cash and cash equivalents	21.5	21.7
Borrowings	(9.8)	(17.3)
<b>Net cash / (debt)</b>	<b>11.7</b>	<b>4.3</b>
<b>Net assets</b>	<b>88.5</b>	<b>89.5</b>
Less net assets attributable to non-controlling interests <sup>(5)</sup>	(13.1)	(14.8)
<b>Net assets attributable to Count shareholders</b>	<b>75.4</b>	<b>74.7</b>

**Note:**

- 1 Rounding differences may exist.
- 2 Costs incurred and profit recognised on client assignments and services that are in progress and have not yet been invoiced at a reporting date.
- 3 Consideration received from customers prior to Count providing the goods or services to the customer.
- 4 Estimated ongoing insurance commissions receivable across various commission arrangements, net of the estimated payment owed to the aligned adviser.
- 5 Non-controlling interests in Count's less than 100% owned subsidiaries that are not otherwise classified as an associate (or equity accounted investment).

**Source:** Count FY22 and FY23 Annual Reports.

141 In respect of the above, we note that:

- (a) **Net working capital** – Count operates with minimal working capital requirements, noting its Wealth Segment collects gross adviser revenues (and later remits the advisers' revenue share amounts)
- (b) **Plant and equipment** – plant and equipment (comprising office equipment, motor vehicles, furniture, fixtures and fittings and leasehold improvements) is carried at historical cost less accumulated depreciation
- (c) **Intangible assets** – Count's intangible assets primarily relate to goodwill and client lists and relationships which have been acquired through business combinations:

**Count – Intangible assets**

	30 Jun 22	30 Jun 23
	\$m	\$m
Goodwill	36.2	36.7
Client relationships / adviser networks	11.9	14.3
Information technology software	1.3	1.0
Brands	2.1	2.0
Other intangible assets	0.8	0.6
<b>Total intangibles</b>	<b>52.3</b>	<b>54.6</b>

Goodwill is tested annually for impairment using the value in use methodology on each individual cash generating unit (CGU). The cash flow projections (which cover a five year period) and underpin Count's impairment testing are based on Board approved budgets for year one and management assessments for the remaining years. A summary of the key impairment testing assumptions adopted as at 30 June 2023 included:

- (i) revenue growth rate – 3.0% per annum (years 2 to 5) with a terminal growth rate of 2.5% per annum

- (ii) direct employment expense ratio – between 38% and 58% depending upon the CGU
  - (iii) pre-tax discount rate – 18.8% (13% post tax) for all CGUs, with the exception of Accurium at 25.7% (18% post tax) and Affinia at 30.0% (21% post tax).
- (d) **Equity accounted investments** – relates to Count’s equity interest in numerous associates (the carrying value of these investments, based on the equity method of accounting after initially being recognised at cost, is set out at paragraph 126)
- (e) **Net indemnity asset and remediation provision** – a provision for the remediation of the past conduct of Count AFSL (service fees charged to clients where no service was provided and for other advice issues). Count acquired Count AFSL from CBA. In connection with the acquisition, CBA provided Count with an indemnity to cover the cost of the remediation. The indemnity has a current limit of \$520 million and covers certain claims and remediation activities that were identified at the time of the sale or during the four years up to 1 October 2023<sup>48</sup>. The indemnity asset and remediation provision are reduced as clients are remediated (the balance of each as at 30 June 2023 being \$87.5 million)
- (f) **Contingent consideration** – associated with the acquisitions of WSC, Timothy Gubbins, RHA Associates, CDC Partners and others. The consideration payable depends upon the achievement of earnings and other performance hurdles being met. The carrying value of the contingent consideration is based upon Count’s assessment of the likelihood of the payment being made (with amounts due to be settled in more than a year’s time discounted to the balance sheet date using a risk adjusted discount rate)
- (g) **Interest bearing liabilities** – relate to drawn amounts under Count’s various lines of credit with Westpac. The lines of credit include:
- (i) overdraft facility with a \$5.0 million limit
  - (ii) a five year revolving line of credit with a \$20.0 million limit (that was renewed in January 2022)
  - (iii) additional bank loans extended by Westpac to Count’s partly and wholly owned subsidiaries, including Kidmans Partners, MBA Partnership, Unite Advisory, 4Front Holdings, Moggs Accounting and CountPlus One.

142 In addition to the above, we note that Count is exposed to the following contingent liabilities (for which no reliable estimate of the exposure, if any, can be formed):

- (a) class action – a Federal Court class action brought against Count AFSL in relation to the past conduct of Count AFSL (as described at 141(e)). This matter is contemplated by the CBA indemnity. CBA has assumed conduct of the defence of the proceedings
- (b) claim against corporate authorised representative – a matter has been brought in the Supreme Court of NSW against a corporate Authorised Representative of Count AFSL. Count (including its subsidiaries) has not been named in the proceedings. This matter is contemplated by the CBA indemnity

<sup>48</sup> Albeit the limit of the indemnity has twice been increased since the indemnity deed was established on 1 October 2019 (using the adjustment mechanism in the deed).



- (c) corporate actions – a further matter has arisen in relation to Count AFSL and has been referred to CBA (which has commenced an investigation to ascertain the extent of any potential liability). This matter is contemplated by the CBA indemnity
- (d) claim against Total Financial Solutions Australia Pty Ltd (Administrators Appointed) (TFSA)<sup>49</sup> – a claim has been served against a former representative of TFSA and related parties of that representative regarding an alleged breach of fiduciary obligations, misleading or deceptive conduct and possible misappropriation of client superannuation funds from an adviser that operated under TFSA’s AFSL.

## Share capital and performance

- 143 As at 6 December 2023, Count had approximately 111.5 million fully paid ordinary shares on issue.
- 144 In addition, Count had some 1.3 million performance rights on issue, which had been issued to (eligible) key management personnel pursuant to Count’s employee incentive plan. The number of rights that vest are subject to the satisfaction of a continuous employment condition as well as two separate performance hurdles (each of which has a 50% weighting): diluted earnings per share (EPS) growth; and average return on equity (ROE). These performance hurdles are measured over a three year period commencing 1 July 2022. A summary of the performance metrics and vesting scales follows:

### Count – performance metrics and vesting scale that apply to performance rights on issue

Performance metric	Performance hurdle <sup>(1)</sup>	
	Threshold	Target
Diluted EPS Growth (applies to 50% of the performance rights)	12.5	10.0
Average ROE (applies to 50% of the performance rights)	15.0	9.0

**Note:**

- 1 The achievement of the threshold hurdle will cause 50% of the rights to vest, while the achievement of the target threshold will cause 100% of the rights to vest. Vesting occurs on a straight-line sliding scale between the threshold and target.

**Source:** Count FY23 Annual Report.

- 145 The performance rights do not carry any voting or dividend rights and each (vested) performance right converts to one Count ordinary share with no consideration payable. In certain circumstances (such as employee termination and a change in control of Count) the Count Board may in its absolute discretion elect to treat certain unvested performance rights as vested.

## Share buy-back program

- 146 On 27 June 2022, Count announced a proposed on-market buy-back of up to 11.4 million ordinary shares (representing 10% of the ordinary Count shares on issue). Over the period to 12 July 2023 (when the buy-back program ceased), Count acquired some 2.7 million ordinary shares for total consideration of \$1.7 million, representing an average price of \$0.63 per share. The 2.7 million ordinary shares acquired under the buy-back program were cancelled on 12 July 2023.

<sup>49</sup> TFSA is a wholly owned subsidiary of CountPlus FS Holdings Pty Ltd which operates under the Wealth Segment.

### Substantial shareholders

147 As at 6 December 2023 there were two substantial shareholders in Count which collectively held some 44.2% of the ordinary shares on issue:

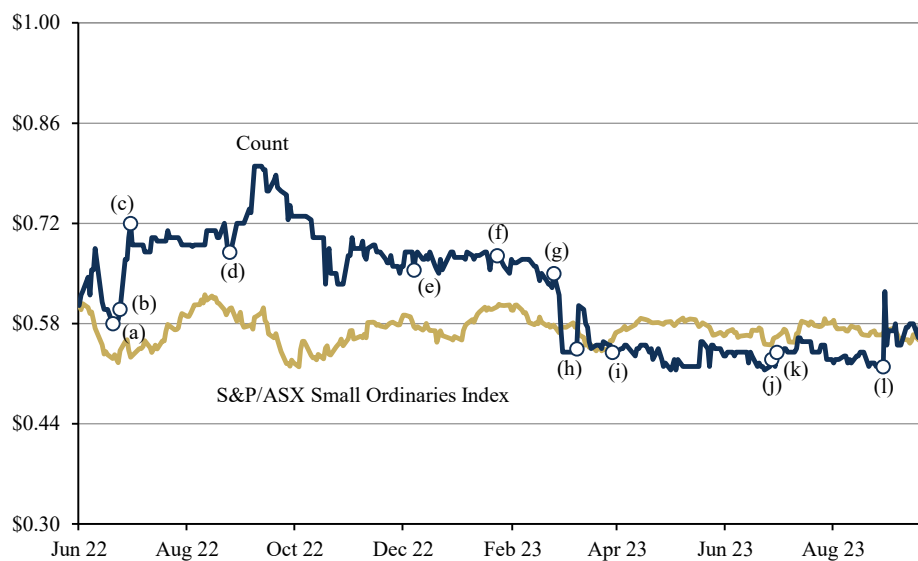
Count – substantial shareholders		
Shareholder	Shares held (million)	% interest
Colonial Holding Company Limited	40.9	36.7
Ryder Capital Limited	8.3	7.5
<b>Total</b>	<b>49.3</b>	<b>44.2</b>

Source: Count FY23 Annual Report.

### Share price performance

148 The following chart illustrates the movement in the share price of Count from 1 June 2022 to 21 September 2023<sup>50</sup>.

Count – share price history<sup>(1)</sup>  
1 June 2022 to 21 September 2023



**Note:**

1 Based on closing prices. The S&P/ASX Small Ordinaries Index has been rebased to Count's last traded price on 1 June 2022.

Source: FactSet and LEA analysis.

149 As indicated above, while there were periods of over and under performance, Count has traded largely in-line with the S&P/ASX Small Ordinaries Index<sup>51</sup> over the observed period. Key market sensitive announcements during the period are as follows:

- (a) **21 June 2022** – announced that its 100% owned subsidiary CountPlus One had acquired the Sydney based accounting services business, CDC Partners (the transaction completed on 4 July 2022)

<sup>50</sup> Being the last trading day prior to the announcement of the Scheme.

<sup>51</sup> This index includes healthcare companies included in the S&P/ASX 300 Index but not in the S&P/ASX 100 Index.



- (b) **27 June 2022** – announced updated earnings guidance for FY22 as well as a proposed on-market buy-back of up to 11.4 million shares
- (c) **1 July 2022** – announced it had finalised terms to acquire a 32.75% interest in WSC Group, a financial services and advice practice with offices in Sydney, Brisbane, Melbourne and Newcastle
- (d) **26 August 2023** – FY22 results released
- (e) **8 December 2022** – announced that CBA had increased the indemnity provision for Count AFSL’s “fees for no service remediation program” from \$300 million to \$520 million
- (f) **24 January 2023** – Moggs Accounting (a 60% owned subsidiary of Count) acquired the regional Victorian accounting practice Timothy Trevor Gubbins (the transaction completed on 14 February 2023)
- (g) **27 February 2023** – first half results for FY23 released
- (h) **10 March 2023** – announced Count had finalised terms for the acquisition of Affinia
- (i) **30 March 2023** – 100% owned subsidiary CountPlus One acquired the Sydney based accounting business of RHA Associates (the transaction completed on 8 June 2023)
- (j) **28 June 2023** – announced that Adelaide based advisory firms Crosby Dalwood (a 90% owned subsidiary of Count) and Warnecke & Co had signed a merger agreement and would operate under the Count brand (the transaction completed on 16 August 2023)
- (k) **3 July 2023** – announced it had acquired a strategic investment of 40% in Bruce Edmunds & Associates, a large Victorian accounting practice
- (l) **30 August 2023** – FY23 results released.

### Liquidity in Count shares

150 The liquidity in Count shares based on share trading over the 12 month period to 21 September 2023<sup>52</sup> is set out below:

Count – liquidity in shares						
Period	Start date	End date	No of shares traded 000	WANOS outstanding 000	Implied level of liquidity Period <sup>(2)</sup> %	Annual <sup>(3)</sup> %
1 month	22 Aug 23	21 Sep 23	798	108,917	0.7	8.8
3 months <sup>(4)</sup>	22 Jun 23	21 Sep 23	1,566	109,488	1.4	5.7
6 months <sup>(4)</sup>	22 Mar 23	21 Sep 23	4,968	110,516	4.5	9.0
1 year <sup>(4)</sup>	22 Sep 22	21 Sep 23	11,259	111,054	10.1	10.1

**Note:**

1 WANOS during relevant period.

2 Number of shares traded during the period divided by WANOS.

3 Implied annualised figure based upon implied level of liquidity for the period.

4 Includes trading volumes associated with Count’s share buy-back program which covered a 12 month period from 13 July 2022 to 12 July 2023.

**Source:** FactSet and LEA analysis.

<sup>52</sup> Being the last trading day prior to the announcement of the Scheme.

- 151 As indicated in the table above, total share turnover (on an annualised basis) in Count shares has been relatively low over the 12 month period to 21 September 2023, indicating only a moderate level of liquidity for Count shares. This reflects, inter alia, the relatively low free float noting that two substantial shareholders held approximately 44% of the shares on issue over this period.

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## V Industry overview

### Overview

152 Diverger and Count provide a range of integrated wealth and accounting and training services that span across multiple sectors of the broader professional services industry. We have identified the following IBISWorld industry reports which broadly cover the markets in which Diverger and Count operate<sup>53</sup>:

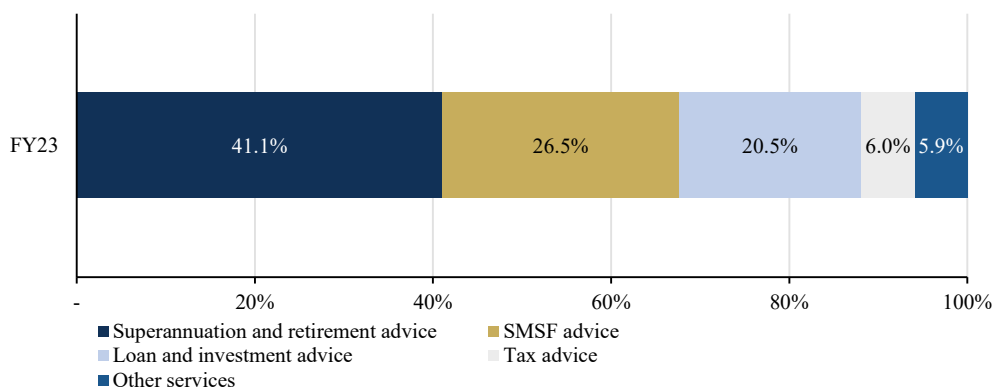
- (a) **Financial planning and investment advice**<sup>54</sup> – the industry associated with the AFSL licensee and related financial services provided by through Diverger’s Wealth Solutions Segment and Count’s Wealth Segment<sup>55</sup>
- (b) **Accounting Services**<sup>56</sup> – Diverger operates indirectly in the Accounting Services industry through the provision of technical support and training services primarily to accountants (which are delivered by the Knowledge Shop business and its subsidiaries). Count operates directly in the industry as it has equity partnership interests in a number of accounting firms as well as indirectly via its Accurium business which provides actuarial certifications to accounting firms and education services with regards to SMSF and tax matters.

153 Further details with respect to each of these sectors is set out below.

### Financial planning and investment advice

154 The financial planning and investment advice industry covers a range of advisory services (primarily to retail clients) including superannuation and retirement advice, SMSF advice, loan and investment advice, tax advice and other services as shown in the chart below:

Financial planning and investment advice – key services (FY23)



Source: IBISWorld: *Financial Planning and Investment Advice in Australia* report dated May 2023, LEA analysis.

<sup>53</sup> Noting for instance the training services delivered by Diverger’s Knowledge Shop and Tax Banter businesses and Count’s Accurium business (which also provides actuarial certificates) are not covered by these industry reports.

<sup>54</sup> IBISWorld: *Financial Planning and Investment Advice in Australia* report dated May 2023.

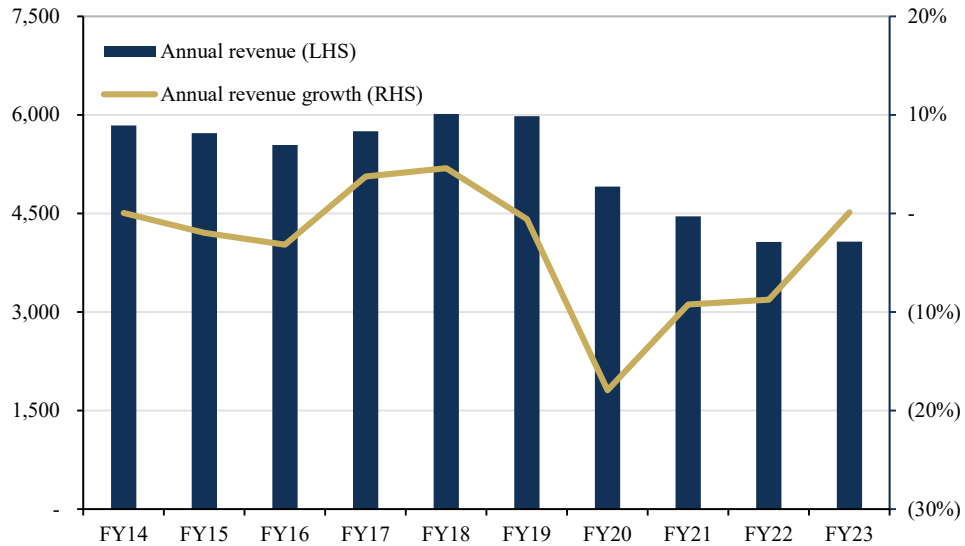
<sup>55</sup> Count’s Accounting Segment also includes financial planning services provided by its equity partnership firms.

<sup>56</sup> IBISWorld: *Accounting Services in Australia* report dated May 2023.

155 Significant regulatory reform, particularly following the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission) which concluded in February 2019, has resulted in industry revenues declining at an average annual rate of approximately 7.5% over the five years ended 30 June 2023 (FY23) as shown below:

**Financial planning and investment advice industry – annual revenue<sup>(1)(2)</sup>**

**Revenue (\$m) and growth (%) per annum**



**Note:**

- 1 Data includes actual industry revenue for each financial year prior to and including FY22, with revenue for FY23 based on IBISWorld estimates.
- 2 Revenue is presented in 2023 real terms.

**Source:** IBISWorld: *Financial Planning and Investment Advice in Australia* report dated May 2023, LEA analysis.

**Adviser trends**

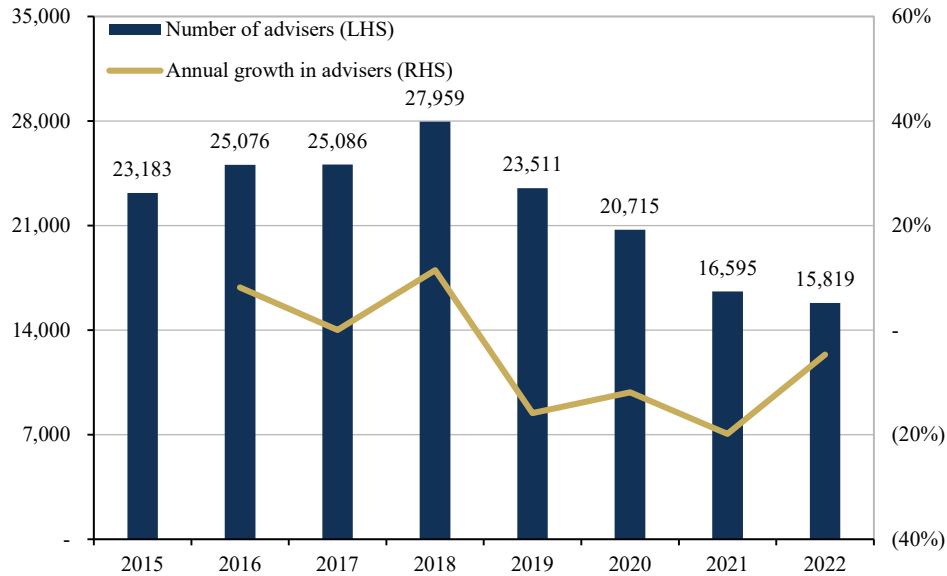
156 Financial advice is typically delivered to retail customers by advisers that operate on an individual basis (self-licensed), as Authorised Representatives operating under an authorisation agreement with an AFSL holder<sup>57</sup>, or as employee representatives of wealth management and financial services companies. As indicated below, the number of advisers has significantly declined (at reducing rates) since 2018 (and now appears to be stabilising):

<sup>57</sup> Like the AFSL licensee services provider by Diverger’s GPS, MW and Paragem businesses and Count’s Count AFSL and Affinia businesses.

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Financial planning and investment advice industry – adviser numbers

Number of advisers and annual growth (%)



Source: AdviserRatings: Australian Financial Advice Landscape 2023 report, LEA analysis.

157 Educational reforms in 2017 and the Royal Commission in 2019 have been the primary catalysts for an exodus of advisers in the industry<sup>58</sup>, noting:

- (a) FASEA was established in 2017 and introduced more stringent educational requirements for advisers<sup>59</sup>, including completion of the FASEA exam on or before 1 January 2022<sup>60</sup> and holding a bachelors or greater qualification in financial planning on or before 1 January 2026. Many advisers (particularly those which only provided a limited scope of services<sup>61</sup>) left the industry due to the lack of ability or inclination to achieve these educational standards
- (b) since the Royal Commission was concluded in 2019, the total number of advisers has declined each year.

158 In addition to a decline in adviser numbers, the industry has also experienced a significant change in the profile of adviser businesses as shown below:

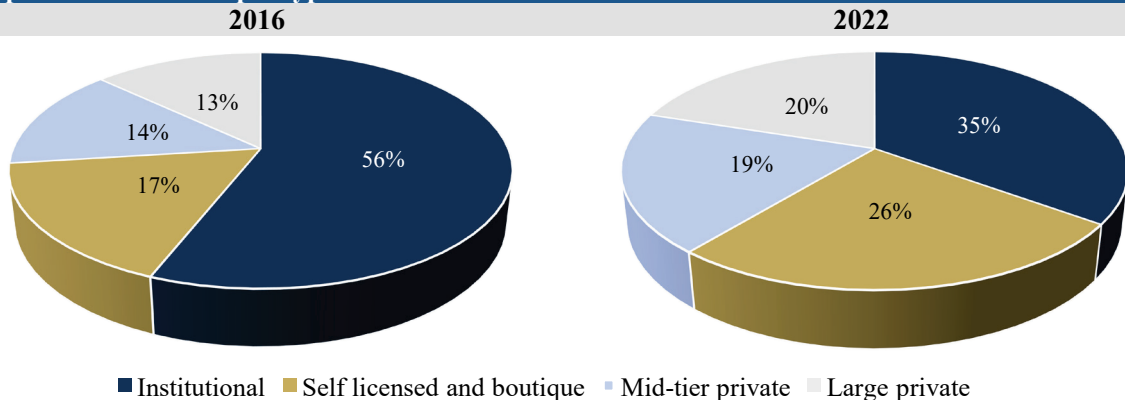
<sup>58</sup> Noting that the newly introduced “experience pathway” legislation (refer paragraph 143(d)) may result in some advisers rejoining the industry.

<sup>59</sup> Following recommendations from the Royal Commission, FASEA was wound up from 1 January 2022 and the standard setting function of FASEA was moved to the responsible Minister and Treasury and ASIC assumed responsibility for administering the financial adviser exam.

<sup>60</sup> The deadline was extended to 1 October 2022 for those advisers that had attempted the exam twice before 1 January 2022.

<sup>61</sup> Such as limited authorised representatives which are accountants authorised to provide advice on SMSFs, such as the licensing services provided by Diverger’s GPS and MW.

Proportion of advisers per type of advice business



Source: AdviserRatings: Australian Financial Advice Landscape 2023 report, LEA analysis.

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- 159 Prior to the Royal Commission, vertically integrated institutions (such as large Australian retail banks and other large wealth managers) were the dominant providers of financial advice, however following the Royal Commission, a number of these institutions have divested or scaled back their wealth management divisions. This has included:
- (a) the sale of Australia and New Zealand Banking Group Limited's OnePath pensions and investments business to IOOF Holdings Limited (now Insignia Financial Limited (Insignia)) which was completed in February 2020. Insignia later acquired National Australia Bank Limited's (NAB) MLC wealth management business in August 2020
  - (b) CBA undertook a divestment of its wealth management business which comprised the Colonial First State Limited (CFS), Colonial First State Global Asset Management, Count Financial Limited (which was acquired by Count), Financial Wisdom Limited and AHL Holdings Pty Limited (Aussie Home Loans) businesses. The process commenced during 2018 and completed with the sale of 55% of CFS to Kohlberg Kravis Roberts & Co Incorporated, which was finalised in December 2021
  - (c) Westpac established a specialist business unit in May 2020 to oversee the divestment of a number of businesses across the areas of, inter alia, superannuation and wealth management. This included the sale of its BT Personal and Corporate Superannuation and Advance Asset Management boutique funds management businesses to Mercer (Australia) Pty Limited in April 2023.
- 160 As a result, a number of existing market participants (such as dealer groups<sup>62</sup>) have seen an increase in their adviser networks, notwithstanding the broader industry has experienced a decline in the total number of advisers. Some of the larger participants in the industry include Insignia, AMP Limited, Centrepoin, Wealth Today, Diverger, Count and Sequoia Financial Group Limited (noting these companies deliver services through a combination of salaried advisers, Authorised Representatives and the provision of support services to self-licensed advisers).

<sup>62</sup> Dealer groups, which hold the required AFSL, provide licensing services to advisers within their network which enables them to deliver financial planning and associated services. These dealer groups also provide their advisers with a range of support services such as managing compliance and regulatory matters, administration and other services.

161 The increased proportion of advisers represented by self-licensed and small to medium sized private financial advice businesses has resulted in increased demand for services related to the outsourcing of administration and compliance functions, as these companies seek to improve profitability by streamlining operations and reducing back-office costs. In addition, the significant reduction in advisers over the past five years has resulted in increased client load for those remaining in the industry<sup>63</sup>. This has further underpinned demand for outsourced administration and compliance services, particularly from smaller boutique firms and individual advisers seeking to outsource these functions in order to spend more face to face time with clients.

### Managed Accounts

162 A notable trend within the investment landscape of the financial planning and investment advice industry has been the recent increase in the use of managed accounts and custom portfolio construction by advisers. Managed accounts now represent almost 50% of advisers' new client portfolio constructs, which has led to a surge in industry demand for investment management services<sup>64</sup>. This is expected to significantly benefit professional investment managers (such as Diverger's CARE Managed Accounts) due to their role in providing specialised advice to advisers in respect of suitable investments and financial products that seek to meet their clients' requirements.

### Royal Commission

163 Established in December 2017, the Royal Commission was an inquiry conducted to investigate and expose misconduct, unethical behaviour, and systemic issues within the Australian financial services industry. The Royal Commission concluded in February 2019, with the release of a final report that highlighted the widespread breaches of conduct throughout the industry. A number of the conduct breaches included in the report related to industry operators:

- (a) providing inappropriate financial advice to clients due to poor risk analyses
- (b) forging client signatures
- (c) doctoring compliance documents
- (d) charging fees to clients without the provision of a service
- (e) providing poor outcomes for clients resulting from financial incentives offered for the promotion of in-house products within vertically integrated banks and firms.

164 The final report included 76 recommendations, a number of which directly impacted the financial advice industry. These included recommendations related to (inter alia) reviewing the fees and commissions charged by advisers, enhancing reporting requirements and introducing mandatory education and qualifications, a code of ethics, and ongoing professional development requirements.

<sup>63</sup> The AdviserRatings *Australian Financial Advice Landscape 2023* report indicates that the average number of clients serviced by an individual adviser was 91 in 2022, a 9.6% increase from 2020, when the average adviser serviced 83 clients.

<sup>64</sup> Source: AdviserRatings: *Australian Financial Advice Landscape 2023* report.



## Regulatory environment

165 Industry regulation has experienced a significant overhaul over the past decade, with a number of key changes introduced to help protect retail customers. A summary of the key regulatory requirements which impact the industry are detailed below:

- (a) **AFSL requirements** – pursuant to s911A of the Corporations Act, businesses or individuals that provide financial services<sup>65</sup> to retail customers in Australia are required to hold an AFSL or be an Authorised Representative of an AFSL holder. All licensed providers are required to have relevant compliance systems in place including risk management, training of Authorised Representatives and dispute resolution systems, among other ongoing compliance obligations
- (b) **ASIC** – financial advisers must have a reasonable basis for the advice and recommendations they offer and this advice must be appropriate for the client. ASIC has introduced minimum training requirements that all authorised representatives must meet if they want to provide financial advice
- (c) **Future of Financial Advice (FOFA) legislation** – the FOFA legislation<sup>66</sup> was implemented on 1 July 2013 with the primary aim of improving customer confidence in the industry. The legislation included a number of reforms aimed at removing conflicts of interest and putting client interests ahead of advisers including the introduction of a “client best interest” duty for advisers
- (d) **Professional standards for financial advisers** – in March 2017, the *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017* (Cth) commenced and introduced reforms to the Corporations Act to raise the education, training and ethical standards of financial advisers. The professional standards came into effect on 1 January 2019 and require:
  - (i) new financial advisers to hold a bachelor’s degree (or equivalent), pass the financial adviser exam<sup>67</sup>, and undertake a professional year of work and training in order to become authorised to provide advice
  - (ii) existing financial advisers to bring their qualifications up to a bachelor’s degree or equivalent level<sup>68</sup> (through bridging courses or other approved programs) and pass the financial adviser exam. However, more recently legislation creating an “experience pathway” for financial advisers has been passed by Parliament which removes the requirement for certain advisers<sup>69</sup> to complete these educational qualification requirements which may result in a number of advisers returning to the industry

<sup>65</sup> Financial services include (inter alia) providing financial product advice, dealing in financial products, operating a registered managed investment scheme, or providing superannuation trustee and estate management services.

<sup>66</sup> Based on the recommendations of the 2009 Parliamentary Joint Committee inquiry into the Financial Planning and Investment Advice industry after financial planning clients lost significant amounts of money as a result of unsuitable and high-cost investment advice from firms.

<sup>67</sup> The financial adviser exam tests the practical application of an adviser’s knowledge across three competency areas, being regulatory and legal requirements, financial advice construction, and applied ethical and professional reasoning and communication.

<sup>68</sup> Existing advisers have until 1 January 2026 to bring their qualifications up the minimum requirement.

<sup>69</sup> Financial advisers can access the experience pathway if they, among other criteria, were authorised to provide advice to retail clients on the exam cut-off date and have provided this advice for a minimum of 10 years between 1 January 2007 and 31 December 2021.



- (iii) both new and existing financial advisers to comply with Continuing Professional Development (CPD) requirements, which includes the completion of 40 hours of CPD activities<sup>70</sup> each year, of which 70% must be approved by their AFSL licensor

In addition to the above, the professional standards require that from 1 January 2020, all financial advisers must comply with the *Financial Planners and Advisers Code of Ethics 2019*.

### Demand drivers

166 A number of external factors are considered to be key drivers of financial planning services, including:

- (a) **age demographic of population** – demand for retirement and superannuation advice (which represents the largest industry segment by revenue) is driven by changes in the proportion of the Australian population approaching retirement age (and whose superannuation accounts are transitioning from the accumulation to the retirement phase)
- (b) **household wealth** – demand for financial advice outside of superannuation is driven by increases in household wealth, which results in higher levels of disposable income available to retail customers to invest. Conversely, decreases in household wealth and disposable income results in lower demand for financial advice, particularly from consumers with lower levels of wealth that are unable to afford the upfront cost of obtaining financial advice<sup>71</sup>
- (c) **general economic conditions** – changes in economic conditions have an impact on the value of investment assets, and may increase demand for financial advice related to the reallocation of investor portfolios. For instance, rising inflation and higher interest rates generally results in a decrease in the value of risk assets such as equity securities and real estate, making these assets less appealing to own relative to more defensive assets such as fixed income securities.

### Accounting Services industry

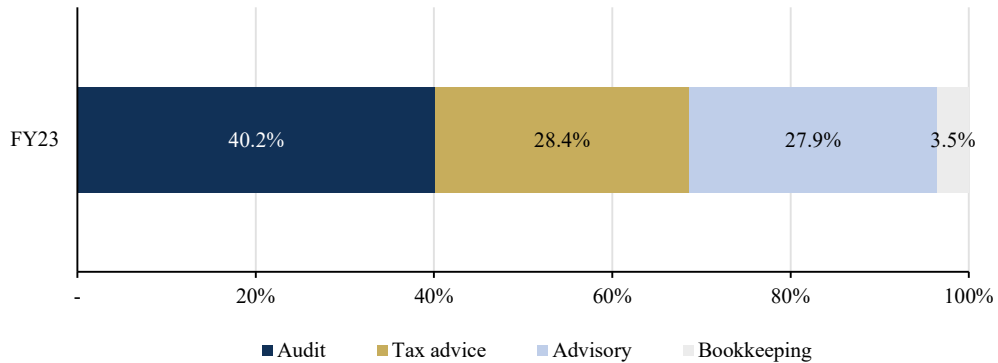
167 The Accounting Services industry relates to companies engaged in the provision of a broad range of services related to bookkeeping, auditing of accounting records, management accounting, financial statement preparation and reporting. Accounting service businesses may also provide taxation advice and assist in the preparation of annual tax returns, with larger industry operators offering additional more specialised services such as valuation advice, forensic accounting, insolvency and corporate restructuring services.

168 As indicated below, audit and tax services (which are relatively recurring in nature) represent a significant proportion of total industry revenue:

<sup>70</sup> Such as development programs and activities to maintain and extend the adviser's professional capabilities, knowledge and skills.

<sup>71</sup> The Adviser Ratings *Australian Financial Advice Landscape 2023* report indicates that the average and median client fees charged by financial advisers in 2022 were \$4,250 and \$3,710 respectively.

Accounting Services – key services (FY23)

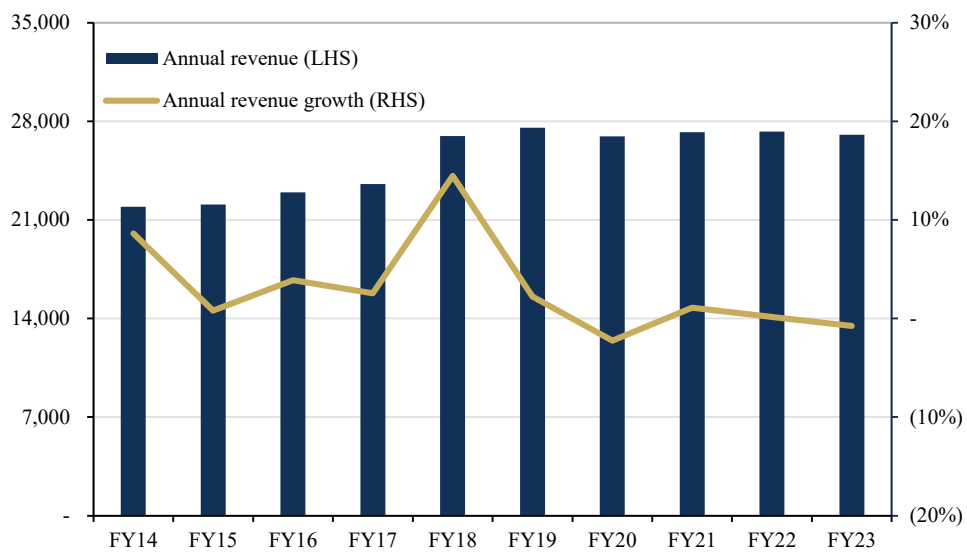


Source: IBISWorld: *Accounting Services in Australia* report dated May 2023, LEA analysis.

169 Notwithstanding the volatile operating environment for professional services generally in recent years (particularly due to the disruption and uncertainty associated with COVID-19), the performance of the Accounting Services industry has remained resilient due to the defensive nature of audit and tax services, as shown below:

Accounting services industry – annual revenue<sup>(1)(2)</sup>

Revenue (\$m) and growth (%) per annum



Note:

- 1 Data includes actual industry revenue for each financial year prior to and including FY22, with revenue for FY23 based on IBISWorld estimates.
- 2 Revenue is presented in 2023 real terms.

Source: IBISWorld: *Accounting Services in Australia* report dated May 2023, LEA analysis.

170 Whilst total industry growth has been relatively flat over the past five years, smaller accounting services firms (particularly those focused on taxation related advice) have experienced higher rates of growth relative to larger firms offering broader advisory

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services<sup>72</sup>. Notable trends that have impacted the revenue generated by the Accounting Services industry include:

- (a) **COVID-19-related advice** – during COVID-19, the industry experienced an increase in demand from businesses and individuals seeking accounting and tax advice in relation to JobKeeper applications, navigating capital expenditure, insolvencies, lockdowns, and generally keeping informed about federal and state government initiatives<sup>73</sup>
- (b) **skilled staff shortages** – whilst demand for advisory services increased as a result of COVID-19, the pandemic also contributed to a shortage of professional staff in the industry. In 2021, more than three quarters of Australia’s largest accounting firms reported difficulties in recruiting and retaining staff, particularly qualified auditors, due to a tight labour market and closed borders restricting the ability of firms to hire foreign or interstate staff<sup>74</sup>
- (c) **outsourced accounting services** – a number of accounting firms have recently attributed revenue growth to the launch of services related to the outsourcing of accounting and finance operations for small to medium sized businesses. Services range from general bookkeeping to Chief Finance Officer related assistance<sup>74</sup>.

### Major participants

- 171 The “big four” accounting firms (PwC, EY, Deloitte and KPMG) are the largest participants in the industry and collectively account for over 20% of industry revenue (noting these firms typically provide tax and audit services to larger corporate clients). Outside the “big four” there are a number of other notable mid-tier industry participants such as BDO, Findex, Grant Thornton and Pitcher Partners in addition to Count (which is estimated to be one of Australia’s 20 largest accounting firm networks<sup>75</sup>).
- 172 The remainder of the industry is largely characterised by a number of smaller firms, with approximately 98% of accounting firms in the industry employing fewer than 20 staff. These small and boutique firms typically provide accounting services to smaller sized businesses and households.

### Regulatory environment

- 173 The Accounting Services industry is self-regulated by two key governing bodies: Chartered Accountants Australia and New Zealand (CAANZ), and Certified Practising Accountants (CPA) Australia. These two professional bodies are responsible for issuing public practice certificates that are required to provide accounting services to the public in Australia. The minimum requirements for obtaining a certificate are relatively consistent across CAANZ and CPA Australia, and include, inter alia:
- (a) completion of the Public Practice Program<sup>76</sup> (or an approved equivalent program)

<sup>72</sup> Source: Australian Financial Review: *Revenue at 100 biggest accounting firms jumps 14.5pc*, 8 November 2022.

<sup>73</sup> Source: Australian Financial Review: *‘Inundated’: Pandemic boosts accounting income, but staff crisis grows*, 3 November 2021.

<sup>74</sup> Source: Australian Financial Review: *Staffing crisis hits Australia’s top accounting firms*, 19 October 2021.

<sup>75</sup> Source: Australia Financial Review: *Revenue at 100 biggest accounting firms jumps 14.5pc*, 8 November 2022.

<sup>76</sup> The Public Practice Program delivers courses related to practical business management skills, as well as knowledge on the regulatory framework associated with managing a public accounting practice. The program is delivered by

- (b) completion of minimum professional experience requirements<sup>77</sup>
- (c) demonstration of satisfactory understanding of Australian company law and tax (CAANZ and CPA Australia membership fulfils this requirement)
- (d) proof of professional indemnity insurance that meets minimum prescribed levels for the applicant's practice.

174 Members of CAANZ and CPA Australia are also required to maintain their membership through the completion of approved CPD activities. Both governing bodies require a member to complete 120 hours of CPD activities each triennium, with a minimum of 20 CPD hours completed each year. Approved CPD activities range from publishing academic papers and presenting at industry conferences, to completing training courses in order to maintain technical competence, for instance in respect of changes to accounting standards set by the Australian Accounting Standards Board (AASB).

175 Other regulatory requirements in the sector include the requirement to be a tax agent registered with the Tax Practitioners Board or a qualified tax relevant provider<sup>78</sup> for the provision of tax advice to retail clients. The Tax Practitioners Board requires tax agents to complete a minimum of 120 hours of CPD over a three year period, with a minimum of 20 hours each year.

#### **AASB standards**

176 The AASB is an Australian Government agency under the *Australian Securities and Investment Commission Act 2001* (Cth) that is responsible for setting the Australian accounting and external reporting standards. The standards set by the AASB are closely aligned and follow similar principles to the standards set by the International Accounting Standards Board. The AASB has introduced a number of new standards that have significantly impacted Australian businesses and the accounting industry in recent years, including AASB 15 – *Revenue from Contracts with Customers* and AASB 16 – *Leases*.

177 Significant changes to accounting and reporting standards provide further opportunities for continued technical training for practicing accountants, particularly in respect of interpreting and applying new standards on behalf of their clients.

#### **Demand drivers**

178 A number of external factors are considered to be key drivers of accounting services, including:

- (a) **private capital expenditure** – represents the level of business investment in the economy and includes expenditure on construction projects, plant and equipment, research and development, and intellectual property. Higher levels of capital

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both CAANZ and CPA Australia and comprises two components: a set of online learning modules followed by a number of in-person practical workshops.

<sup>77</sup> Being at least two years of full-time work experience in a public accounting practice post admission as a CAANZ member (or as an employee of a CAANZ member), or three years full-time work experience in a public accounting practice within the past eight years (in respect of CPA Australia requirements).

<sup>78</sup> Being a relevant provider with ASIC who satisfies the requirements of the Corporations (Relevant Providers – Education and Training Standards) Determination 2021.

expenditure increases demand for accounting services, in particular those related to financial budget planning and preparation, as well as management of tax related issues

- (b) **number of businesses in operation** – the number of businesses operating in the economy is a key driver of industry demand, as businesses of all sizes require accounting services. Not only does the number of businesses in operation impact industry demand, but also changes in business numbers, due to the demand for services in respect of business establishment and matters related to insolvency or liquidation
- (c) **business confidence** – measures how optimistic Australian businesses are based upon a survey of a sample group of business operators regarding their current financial position and outlook for the economy. Higher levels of business confidence indicate that businesses are more likely to undertake expansion activities that require accounting services or taxation advice
- (d) **household wealth** – wealthier households are more likely to seek external tax and accounting advice for more complex financial arrangements (such as the establishment of trusts, SMSFs etc.) and have a greater ability to afford these services.

## Outlook

179 Industry revenue from the abovementioned sectors is expected to exhibit moderate rates of growth over the next five years (based on IBISWorld estimates):

- (a) financial planning and investment advice industry revenue is expected to increase at a CAGR of 2.5% over the next five years to FY28 to reach \$4.6 billion<sup>79</sup>
- (b) accounting services revenue is expected to increase at a CAGR of 1.3% over the next five years to FY28 to reach approximately \$29 billion<sup>79</sup>.

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<sup>79</sup> In 2023 real terms.

## VI Valuation of 100% of Diverger

### Overview

- 180 The market value of the shares in Diverger has been assessed by aggregating the market value of its business operations (on a “control” basis), together with the realisable value of any surplus assets / (liabilities) and deducting net borrowings.
- 181 The valuation of Diverger’s business operations has been undertaken on the basis of market value as a going concern, defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length within a reasonable timeframe.
- 182 An overview of generally accepted valuation approaches used in the determination of market value is set out in Appendix C. The capitalisation of EBITA methodology has been adopted as our primary valuation method for Diverger’s business operations<sup>80</sup>. Under this method the underlying EBITA (before significant / non-recurring items) of the business is capitalised at an EBITA multiple that reflects the risk and growth prospects of that business.
- 183 We have adopted this method when valuing Diverger’s business operations because:
- (a) Diverger has both a demonstrated history of profitability and an expectation of ongoing profitability
  - (b) Diverger’s key business segments operate in a mature industry and have well-established market positions
  - (c) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a discounted cash flow (DCF) valuation to be undertaken
  - (d) the EBITA multiples for listed companies exposed to similar industry sectors as the business segments of Diverger can be derived from publicly available information<sup>81</sup>
  - (e) transaction evidence in the respective industry sectors is generally expressed in terms of EBITA multiples.
- 184 We have cross-checked our resulting equity values for reasonableness by reference to:
- (a) indicative offers received for Diverger both prior and subsequent to the Company’s announcement of the Scheme
  - (b) the price to earnings (PE) method using NPATA, which adds back non-cash amortisation
  - (c) the listed market prices of Diverger shares prior to the announcement of the Scheme, which we have adjusted to reflect a premium for control.

<sup>80</sup> As Diverger has made a number of recent acquisitions and the full year contribution from these acquisitions is expected to result in a material increase in earnings relative to FY23 (refer paragraph 187(b)) we have determined the value of Diverger by reference to forecast FY24 EBITA.

<sup>81</sup> Albeit there are a number of subjective adjustments required to enhance the comparability of these multiples due to certain structural and reporting differences between the identified companies which is discussed in further detail below.

## Assessment of EBITA for valuation purposes

185 In order to assess the appropriate level of EBITA for valuation purposes we have had regard to Diverger's historical and forecast results, and discussed the recent financial performance, operating environment and prospects with Diverger management.

186 A summary of Diverger's net revenue and normalised EBITA over the four half year periods and two full year periods to 30 June 2023 is set out below<sup>82</sup>:

Diverger – summarised normalised financial performance <sup>(1)</sup>						
	Half year				Full year	
	1H22	2H22	1H23	2H23	FY22	FY23
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Net revenue<sup>(2)</sup></b>						
Wealth Solutions – Organic	7.7	9.2	9.2	10.2	16.9	19.5
Wealth Solutions – Acquired			0.0	0.4		0.4
Wealth Solutions	7.7	9.2	9.3	10.6	16.9	19.8
Accounting Solutions	7.3	7.5	7.5	7.6	14.7	15.1
Technology Solutions – Acquired				2.7		2.7
<b>Total</b>	<b>15.0</b>	<b>16.6</b>	<b>16.8</b>	<b>20.8</b>	<b>31.6</b>	<b>37.6</b>
<b>Normalised EBITA</b>						
Wealth Solutions – Organic	1.9	2.3	1.7	2.4	4.2	4.1
Wealth Solutions – Acquired			0.1	0.3		0.4
Wealth Solutions	1.9	2.3	1.8	2.7	4.2	4.5
Accounting Solutions	2.9	3.0	2.7	2.6	5.8	5.3
Technology Solutions – Acquired				0.3		0.3
Corporate	(1.4)	(1.6)	(1.6)	(1.6)	(3.0)	(3.2)
<b>Total</b>	<b>3.3</b>	<b>3.7</b>	<b>2.9</b>	<b>4.0</b>	<b>7.1</b>	<b>6.9</b>
<b>Normalised EBITA margin</b>						
Wealth Solutions	24.0%	25.6%	19.5%	25.6%	24.8%	22.8%
Accounting Solutions	39.4%	40.2%	35.7%	34.6%	39.8%	35.2%
Technology Solutions				10.1%		10.1%
<b>Total</b>	<b>22.3%</b>	<b>22.3%</b>	<b>17.4%</b>	<b>19.1%</b>	<b>22.3%</b>	<b>18.3%</b>

**Note:**

1 Rounding differences may exist.

2 Net revenue represents revenue from ordinary activities less adviser revenue share amounts.

**Source:** Diverger Interim Financial Reports and Annual Reports.

187 In assessing EBITA for valuation purposes, we note the following:

- (a) excluding the contribution from acquisitions completed during the period, Diverger's existing business operations generated some \$6.2 million<sup>83</sup> in normalised EBITA during FY23, noting that:
  - (i) Wealth Solutions exhibited a second half recovery in normalised (organic) EBITA in FY23<sup>84</sup>. This trend is expected to carry through into FY24

<sup>82</sup> Further details regarding Diverger's historical results is set out in Section III.

<sup>83</sup> Being \$6.9 million less \$0.7 million from acquired businesses.

<sup>84</sup> 1H23 was materially down on 1H22, whereas 2H23 was up on 2H22.



(ii) albeit Accounting Solutions' net revenue increased in every half year period, EBITA declined by some \$0.5 million from FY22 to FY23 due to a reduction in margin from around 40% to 35%<sup>85</sup>. Margins are expected to stabilise (if not improve) in FY24

(b) Diverger management has estimated the normalised EBITA contribution from the four recently completed acquisitions at some \$1.4 million in FY24:

Diverger – estimated FY24 contribution from recent acquisitions			
Acquisition	Diverger ownership	EBITA contribution <sup>(1)</sup>	
	%	FY23 \$m	FY24E \$m
MWM	35	0.14	0.20
AFSLC	100	0.26	0.40
ASPW (acquired post 30 June 2023)	55	-	0.33
Total acquisitions by Wealth Solutions		0.40	0.93
PNET (part of Technology Solutions)	100	0.27	0.45
Total		0.67	1.38

**Note:**

1 The EBITA contribution set out above represents Diverger's pro-rata share in the earnings.

**Source:** Diverger FY23 results presentation.

(c) Diverger has a Normalised EBITA target of \$8.0 million to \$9.0 million for FY24<sup>86</sup> (refer paragraph 101). This target reflects assumed continued growth in revenue to between \$41 million and \$43 million<sup>87</sup> on relatively unchanged margins

(d) we have reviewed and discussed Diverger's FY24 budget<sup>88</sup> with Diverger management, including the key risks and assumptions on which it is based (e.g. assumed growth in the number of Accounting Solutions members<sup>89</sup>, Wealth Adviser trends and other growth / cost saving initiatives). While the individual components of the FY24 budget are commercially sensitive and have not been disclosed in this report, we note that budgeted EBITA is consistent with Diverger's targeted EBITA range for FY24. It should be noted this FY24 budget does not include any contribution from further business acquisitions

(e) at its AGM on 20 November 2023, Diverger noted that its FY24 EBITA was on track to come in at the higher end of the targeted range of \$8 million to \$9 million

(f) it should be noted that Diverger's Normalised EBITA:

(i) for FY24 (i.e. target and budget) includes the 45% non-controlling interest in ASPW. We consider it appropriate to exclude these earnings in our assessment of Diverger's EBITA as these earnings are not attributable to Diverger shareholders

(ii) in FY22, FY23 and FY24 (target and budget) does not include any allowance for the amortisation of software intangibles which has historically been around \$0.2 million per annum. For the purposes of valuation we consider it appropriate

<sup>85</sup> Caused by a combination of wage inflation and investment in increased capacity.

<sup>86</sup> Noting this was referred to as Underlying EBITA in Diverger's FY23 results presentation.

<sup>87</sup> The FY24 net revenue targets are exclusive of expense recoveries which were some \$3.1 million in FY23.

<sup>88</sup> Which has been prepared on using a "bottom-up" approach.

<sup>89</sup> Noting during FY23 Diverger incurred increased staffing costs which was partially attributable to investments in increased capacity for the Accounting Solutions Segment.



to allow for this software amortisation as a proxy for the ongoing cash cost associated with the use of intangible assets required for Diverger's business (which are not attributable to acquisitions).

- 188 Having regard to the above, we have adopted EBITA for valuation purposes of \$8.2 million (noting that this reflects Diverger's see-through pro-rata share in the EBITA of its partly owned subsidiaries and its investments in associates and includes an allowance for the amortisation of software intangibles).

### EBITA multiple

- 189 The selection of the appropriate EBITA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• The stability and quality of earnings</li> <li>• The quality of the management and the likely continuity of management</li> <li>• The nature and size of the business</li> <li>• The spread and financial standing of customers</li> <li>• The financial structure of the company and gearing level</li> <li>• The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors</li> <li>• The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors</li> </ul> | <ul style="list-style-type: none"> <li>• The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc</li> <li>• The cyclical nature of the industry</li> <li>• Expected changes in interest rates</li> <li>• The asset backing of the underlying business of the company and the quality of the assets</li> <li>• The extent to which a premium for control is appropriate</li> <li>• Whether the assessment is consistent with historical and prospective earnings</li> </ul> |
|---|--|

- 190 We discuss below specific factors taken into consideration when assessing the appropriate EBITA multiple range for Diverger.

### Listed company multiples

- 191 In this section we discuss the trading evidence pertaining to the ASX listed companies that provide financial planning and investment services and/or accounting services. We have limited our analysis to those entities which we consider most comparable to Diverger (and in doing so have for example, excluded companies which are significantly larger and/or generate a material proportion of their revenue and earnings from operations which are considered to be less comparable)<sup>90</sup>.

<sup>90</sup> For example, Insignia (formerly IOOF), which provides a range of wealth and investment management services to a range of clients, was excluded as it is considered less comparable due to it being significantly larger than Diverger and because it generates the majority of its earnings from its platforms division. E&P Financial Group, Euroz Hartley's and Fiducian Group are examples of other listed companies which operate in the wealth management sector but also provide a range of other services, including corporate advisory (e.g. advice on equity and debt capital market transactions), funds management, platform administration and other services. Whilst we also considered Kelly Partners Group Holdings Limited (Kelly Partners) which provides accounting, taxation, audit and wealth management services, its FY23 multiple was unreasonably high and therefore not considered relevant / meaningful. Accordingly, we have excluded Kelly Partners from our analysis.

192 It is important to recognise that there are certain structural differences between the identified companies (e.g. some but not all have significant non-controlling interests) and that there is a degree of inconsistency in the way the entities report (e.g. some adjust for AASB 16, others do not). These disparities make comparison difficult and a number of subjective adjustments are required to enhance comparability. Having made what we consider to be reasonable estimates of the companies' enterprise values and appropriate adjustments to the respective reported FY23 earnings, we set out the assessed historic trading multiples below:

Listed company trading multiples <sup>(1)</sup>				
Company	Market cap <sup>(2)</sup> \$m	Enterprise value <sup>(2)</sup> \$m	Gearing <sup>(3)</sup> %	FY23 EV / EBITA times <sup>(4)</sup>
Diverger	33.7	37.4	9.9	5.6
<b>Australian wealth and accounting service companies</b>				
Count	62.5	75.3	(2.6)	7.0 <sup>(5)</sup>
Prime Financial Group Limited (Prime Financial)	44.4	52.4	15.3	6.9
Sequoia Financial Group Limited (Sequoia)	76.5	46.5	(64.6)	6.4 <sup>(6)</sup>
Centrepoint Alliance Limited (Centrepoint)	49.2	36.1	(36.6)	5.9
WT Financial Group Limited (WT Financial)	26.5	28.8	8.2	5.3

**Note:**

- 1 A brief description of each company's operations is set out in Appendix D.
- 2 Market capitalisation, enterprise value and EBITA multiples calculated as at 20 November 2023 except for Diverger and Count which are calculated as at 21 September 2023 (being the last trading day prior to the announcement of the Scheme) and Centrepoint which is calculated as at 16 November 2023 (being the last trading day prior to the COG Financial Services Limited's (COG) announcement of its acquisition of a 19.99% strategic investment in Centrepoint). EV includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities, excludes surplus assets and net debt excludes AASB 16 lease liabilities.
- 3 Gearing equals net debt divided by enterprise value.
- 4 Based on latest statutory full year accounts before any non-recurring items and amortisation of acquisition intangibles (noting we have allowed for the amortisation of software intangibles). If EBITA is not already been presented on pre AASB 16 basis we have adjusted EBITA to include an allowance for the interest expense on AASB 16 lease liabilities.
- 5 Count's EBITA is based on its reported Adjusted EBITA which includes its share of post-tax profits from its equity accounted investments (which we have grossed up for tax). As it also includes EBITA that is attributable to non-controlling interests, our assessed enterprise value for Count includes an estimated allowance for the value of these non-controlling interests.
- 6 The EBITA multiple for Sequoia includes a \$4.1 million allowance for additional non-recurring items identified by management in FY23, part of which appears to be attributable to management normalisations for soft trading conditions (e.g. lower revenue generated on structured products). The EBITA multiple for Sequoia is therefore more representative of a forecast rather than a historic multiple.

**Source:** FactSet, company announcements and LEA analysis.

193 The above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical research undertaken by LEA indicates that the average premium paid above the listed market price of equity in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover)<sup>91</sup>. However, this usually translates to a lower premium at the

<sup>91</sup> LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to June 2023. LEA's study covered around 500

EBITA multiple or enterprise value level, depending on the level of debt funding employed in each company.

194 In addition, we note that:

- (a) these companies are exposed to similar industry conditions and regulation and are of a broadly similar size and scale to Diverger. However, it is important to note that none of the companies are directly comparable to Diverger. In that regard we note that:
- (i) Count provides similar services to Diverger through its Wealth Segment (which delivers wealth services through its network of advisers acting as authorised representatives) and its Accurium business (part of which provides training and education services to accountants), however, a significant proportion of its earnings are generated from other services which include the provision of accounting services (via its wholly and partly owned accounting practices) and actuarial certificates
  - (ii) Prime Financial provides wealth management, corporate finance, accounting and business advisory as well as SMSF services, however these are delivered through its team of salaried employees (whereas Diverger provides wealth services through licensed representatives)
  - (iii) subsequent to the divestment of 80% of its ASX clearing services business Morrisons during the second half of FY23, Sequoia generates the largest proportion of its earnings from its Licensee Services division which provides licensee services to advisers operating under its InterPrac and Sequoia Wealth Management businesses. However, the company also provides a range of other services including corporate finance, general insurance broking, SMSF administration, legal document establishment, investment management services and holds a number of other direct investments
  - (iv) Centrepoint provides licensee services to more than 500 advisers operating as authorised representatives under its AFSL and provides support services to more than 190 self-licensed practices. The company also increased its network of salaried financial advisers to 19 advisers following the acquisition of Financial Advice Matters Group Pty Ltd (FAM) on 9 November 2023. Centrepoint also provides investment management services to financial advisers, accountants and their clients. On 17 November 2023, COG announced it had acquired a 19.99% shareholding in Centrepoint via an off-market transaction with ClearView Wealth (the transaction metrics implied by COG's strategic investment are discussed further at paragraph 206(g))
  - (v) WT Financial has achieved improvements in scale in recent periods following the acquisition of AFSL licensee businesses (Sentry in 2021 and Synchron in 2022). The company also provides training and professional development services to advisers and their clients through in-person and online seminars and delivers a range of financial services to wholesale and retail clients through its Spring Financial Group brand

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transactions in all sectors excluding real estate investment trusts and listed investment companies, based on data sourced from Bloomberg, Connect4, FactSet and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

- (vi) having regard to the above, Sequoia, Centrepoint and WT Financial are considered to have the most comparable operations to Diverger
- (b) Diverger generates a significant portion of its earnings from the membership and training solutions delivered by its Accounting Solutions Segment and investment management fees generated from its CARE managed accounts, which are higher margin and are relatively recurring in nature
- (c) Centrepoint and Sequoia hold significant net cash balances<sup>92</sup>, which for the purposes of the derivation of the multiples above has been treated as surplus. The implied multiples for these companies would be higher in the event that some, or all of this cash, was instead considered to be required for operational purposes
- (d) with the exception of Diverger and Count (which have only very limited analyst coverage), forecast earnings estimates are generally not available for the abovementioned companies. That said, we note that:
  - (i) on 15 November 2023 Sequoia provided FY24 EBITDA guidance of \$10 million, which implies a FY24 EBITA multiple of some 5.4 times<sup>93</sup>
  - (ii) as part of its FY23 AGM presentation on 10 November 2023, Centrepoint provided FY24 EBITDA guidance of \$7.5 million to \$8.0 million (pre the acquisition of FAM), which implies a FY24 EBITA multiple of around 6.0 times<sup>94</sup>. Further details with respect to the implied FY24 multiples for Centrepoint based on COG's recent strategic acquisition (which was completed at a premium to Centrepoint's share price) is detailed in paragraph 206(g)
- (e) the multiples are based on closing prices at a point in time and are not necessarily representative of the range of multiples that the companies trade on over time.

#### **EBITA multiples over time**

195 In addition to the above, we set out below the historic trailing 12 month EBITA multiples for Diverger and Count over the period from 1 March 2023 to 21 September 2023 (being the period post the release of both Diverger's and Count's 1H23 results through to and including the last trading day prior to the announcement of the Scheme):

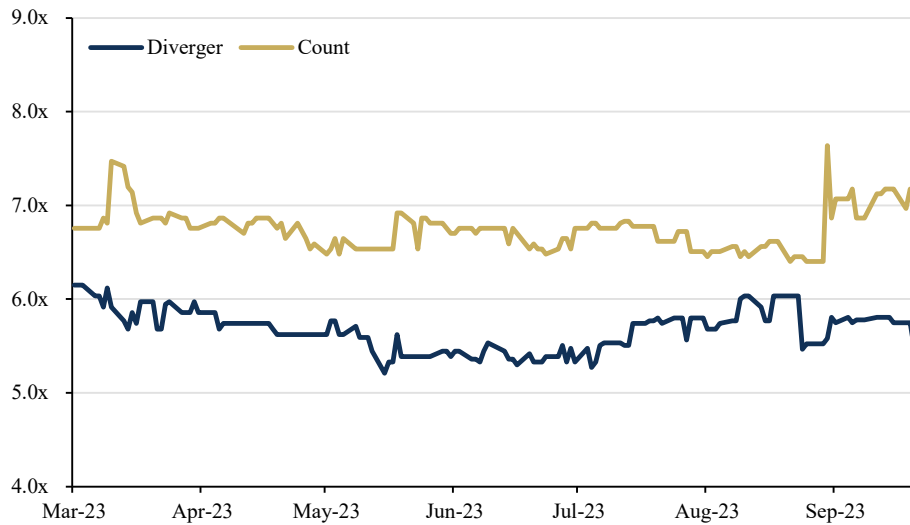
<sup>92</sup> Even after allowing for some restricted cash (e.g. cash required for regulatory purposes / client funds).

<sup>93</sup> After allowing for estimated depreciation and interest on AASB 16 leases totalling \$1.5 million (based on FY23 results).

<sup>94</sup> Calculated as at 16 November 2023 and incorporating the estimated impact of the acquisition of FAM and further adjustments required to calculate Centrepoint's FY24 EBITA which are described at paragraph 184(g).

Historic trailing 12 month EBITA multiples over time<sup>(1)</sup>

1 March 2023 to 21 September 2023



**Note:**

1 Trailing 12 month multiple based upon latest reported Normalised / Adjusted EBITA (as the case may be) for the last 12 months updated every half year, which we have adjusted to be consistent with EBITA used for each company in the table at paragraph 192 (e.g. allowed for amortisation of software, adjusted Count's EBITA by grossing up the post-tax profits received from its equity accounted investments and allowing for interest on lease liabilities etc.).

**Source:** FactSet, LEA analysis.

196 In respect of the above, we note:

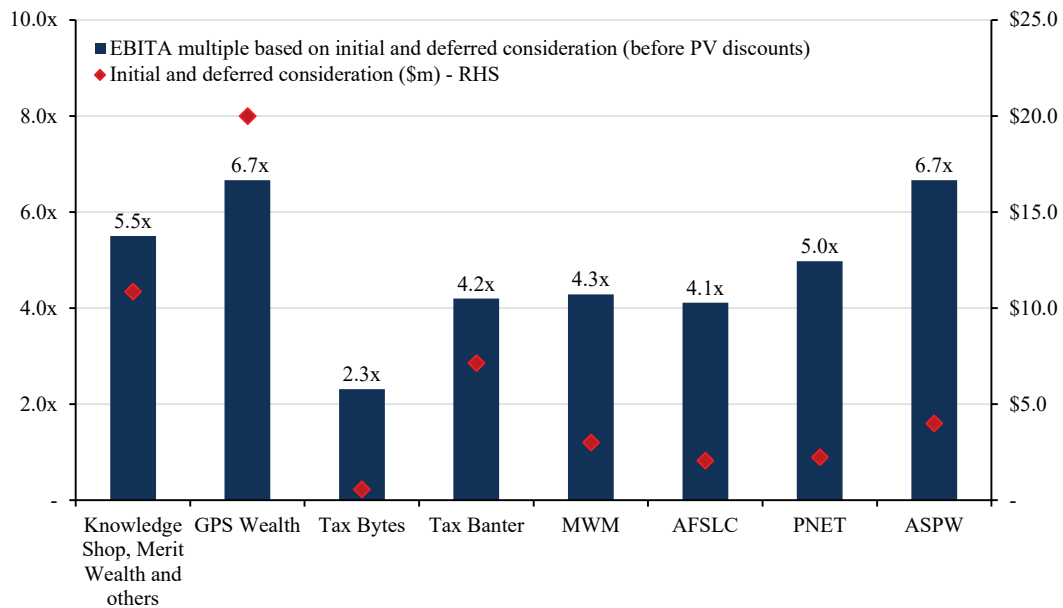
- (a) similar to the trading multiples above, these historic EBITA multiples are based on the listed market price of each company's shares and therefore exclude a premium for control
- (b) Count has historically traded on higher trailing 12 month EBITA multiples relative to Diverger, noting the average historic trailing 12 month EBITA multiples for Diverger and Count over the above period were 5.7 times and 6.7 times respectively
- (c) both Diverger and Count have expectations of improved EBITA for FY24. Accordingly, the implied forecast multiples for these companies would be lower than that set out above.

**Transaction evidence (Diverger acquisitions)**

197 As indicated in Section III, Diverger's operations have expanded over the years as a result of a number of business acquisitions. We set out below a summary of the transaction multiples implied by the acquisition of those companies / businesses which remain a part of Diverger's current operations:

Transaction evidence – Diverger’s acquisitions<sup>(1)</sup>

Implied EBITA multiples



Note:

1 Being companies / businesses that remain a part of Diverger’s current operations. Excludes the acquisition of the Paragem business completed as part of the HUB24 partial takeover offer, noting that Paragem was loss making at the time of the transaction.

Source: Diverger ASX announcements and Annual Reports, LEA analysis.

198 In respect of the above transactions, we note that:

- (a) the multiples set out above have been calculated based on the initial and deferred consideration<sup>95</sup>. Whilst we note that some of the above transactions included an earn-out component<sup>96</sup>, the payment of these earn-outs (after allowing for the improvement in performance) was based on broadly similar multiples implied by the initial and deferred consideration
- (b) in November 2013, Diverger reached an agreement to acquire a portfolio of business interests as part of a single transaction comprising a 100% interest in the Knowledge Shop and Merit Wealth businesses, a 30% interest in the Hayes Knight NSW accounting practice<sup>97</sup> and a 50% interest the Supersentials business<sup>98</sup>. The upfront consideration was \$10.86 million of which \$3.11 million was satisfied by cash and \$7.75 million was satisfied by the issue of Diverger shares of which two thirds were subject to escrow periods<sup>99</sup>. If an escrow discount was applied, the implied consideration (and therefore implied EBITA multiple) would be marginally less than that set out above

<sup>95</sup> We have classified deferred consideration as being amounts for which payment was deferred but was not subject to any improvement in underlying earnings or business performance. Whilst we have not applied any present value discount to these amounts, we note the impact thereof is relative immaterial.

<sup>96</sup> We have classified an earn-out as being any amount which was dependent on improved business performance.

<sup>97</sup> Notwithstanding Diverger divested its interest in the Hayes Knight NSW business on 8 October 2020, we note that at the time of the acquisition more than 80% of (Diverger’s interest in) the EBITA of the acquired businesses related to the Knowledge Source and Merit Wealth businesses.

<sup>98</sup> A provider of SMSF administration services, albeit the profit contribution from this business was relatively minor.

<sup>99</sup> One third to a 12 month escrow, the other to a 24 month escrow.



- (c) on 26 June 2017, Diverger entered into a formal conditional agreement to acquire the equity interests from four majority shareholders which collectively held a 51% interest in GPS Wealth. At the same time, an offer was made to the remaining 43 minority shareholders to acquire their equity interests on similar terms (for which there was a 100% acceptance). The implied EBITA multiple set out above incorporates the cost synergies expected to be achieved from the transaction, which if excluded would cause the implied multiple to increase
- (d) in January 2020, Diverger acquired a 60% interest in the TaxBanter business and simultaneously entered into a put / call option arrangement in relation to the remaining 40% interest. The option was exercised in January 2022, and the remaining 40% was acquired on a broadly similar EBITA multiple of 4.5 times
- (e) more recently, Diverger has completed four acquisitions relating to varying business interests. The implied EBITA multiples for these transactions<sup>100</sup> ranged from 4.3 to 6.7 times (noting these transactions were generally relatively small in size)
- (f) the weighted average EBITA multiples implied by the above transactions (based on size) is some 5.6 times
- (g) the transaction multiples calculated above are based on the purchase consideration (i.e. on a cash and debt free basis) noting that the net cash / debt acquired as part of these transactions was generally relatively minor
- (h) the transaction multiples are calculated based on a combination of the most recent actual earnings (historical multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples), prioritising the forecast multiple where both historical and forecast earnings were available
- (i) except where noted, the transactions relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control.

#### HUB24 transaction

199 On 21 December 2020, Diverger and HUB24 entered into a Transaction Implementation Deed<sup>101</sup> under which:

- (a) HUB24 made a proportional takeover offer for one in every three fully paid ordinary shares in Diverger not held by HUB24 for cash consideration of \$1.20 per share (plus the payment of a special fully franked dividend of \$0.05 per share)<sup>102</sup>
- (b) Diverger issued 3.3 million shares to HUB24 to acquire the licensee entity Paragem, for consideration of some \$4.0 million
- (c) HUB24 entered into a Technology Partnership & Distribution Agreement with Diverger to provide innovative technology and data solutions and received 1.70 million options to acquire further shares in Diverger at an exercise price of \$1.20 (exercisable before 1 February 2024).

<sup>100</sup> Based on the initial and deferred consideration.

<sup>101</sup> The transaction was initially announced on 28 October 2020.

<sup>102</sup> The offer price represented a significant premium to the Diverger closing price of \$0.87 and one month volume weighted average price (VWAP) of \$0.856 up to 27 October 2020 (being the last trading day prior to the initial announcement of the transaction).

- 200 The HUB24 transaction completed on 22 February 2021 and resulted in HUB24 acquiring a substantial interest in Diverger of 31.5%, representing an acceptance level of around 75%.
- 201 The transaction implied an EBITA multiple of some 7.3 times Diverger's Normalised EBITA for the 12 months to 31 December 2020 (LTM Dec 20) calculated as follows:

Implied EBITA multiple from HUB24 transaction	
	\$m
Cash consideration per Diverger share (\$)	1.20
Diverger shares on issue <sup>(1)</sup> (million)	34.3
Implied value for Diverger equity	41.1
Net cash <sup>(2)</sup>	(1.1)
Proceeds from divestments <sup>(3)</sup>	(1.8)
Allowance for special dividend <sup>(4)</sup>	1.7
Non-controlling interests <sup>(5)</sup>	3.5
Implied enterprise value	43.5
Divided by Diverger's LTM Dec 20 Normalised EBITA <sup>(6)</sup>	6.0
<b>Implied EBITA multiple (times)</b>	<b>7.3</b>

**Note:**

- 1 As at 31 December 2020.
- 2 Comprising cash of \$1.8 million less contingent consideration of \$0.1 million and borrowings of \$0.6 million as at 31 December 2020.
- 3 Estimated sale proceeds from the divestment of Panthercorp (\$0.9 million cash and 2.0 million Sequoia shares at \$0.47 per share) which had not completed as at 31 December 2020.
- 4 Announced on 15 December 2020 at \$0.05 per Diverger share.
- 5 Based on the carrying value as at 31 December 2020.
- 6 Being EBITA from continuing operations during 2H20 of \$2.7 million (calculated as full year FY20 EBITA from continuing operations of \$4.4 million less 1H20 EBITA of \$1.7 million) plus 1H21 EBITA from continuing operations of \$3.5 million less \$0.2 million for software amortisation.

**Source:** Diverger ASX announcements, Diverger 30 June 2020 Annual Report and 31 December 2020 Interim Report and LEA analysis.

- 202 It is noted that Diverger management anticipated the strategic relationship with HUB24 was likely to yield material benefits (albeit subject to implementation and execution risk and likely to be realised over a period of time). Absent these benefits, the implied multiple from the HUB24 transaction may have been lower.

**Non-binding indicative offer from COG (COG's Indicative Offer)**

- 203 On 13 October 2023 COG submitted a non-binding indicative offer to acquire all of the ordinary shares on issue in Diverger for an implied price of \$1.41 per Diverger share comprising cash of \$0.679 and \$0.731 in COG shares (COG's Indicative Offer). COG's Indicative Offer was announced on the ASX on 30 October 2023 and was subject to a number of conditions including, inter alia, satisfactory completion of COG's due diligence. COG's Indicative Offer was withdrawn on 15 November 2023, on the basis that Diverger's major shareholders were (in the absence of any public statements to the contrary) unlikely to support its offer.

- 204 The EBITA multiple implied by COG's Indicative Offer is calculated as follows:



**Implied EBITA multiple from COG's Indicative Offer**

	\$m
Consideration per Diverger share (\$)	1.41
Diverger fully diluted shares on issue (refer paragraph 218)	39.8
Implied value for Diverger equity	56.1
Other (assets) / liabilities (represents the mid-point of our adopted range at paragraph 214)	5.5
Net debt (refer paragraph 215)	0.7
Implied enterprise value	62.3
Diverger's EBITA adopted for valuation purposes (refer paragraph 188)	8.2
<b>Implied EBITA multiple (times)</b>	<b>7.6</b>

Source: Diverger ASX announcements, LEA analysis.

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**Other transaction evidence**

205 There have been a number of other recent transactions involving companies which operate within the broadly defined wealth management sector, however similar to our listed company analysis, we have limited our analysis to those transactions considered to be most comparable to Diverger. For example:

- (a) as indicated in Section V, a number of Australian banks divested their wealth management divisions subsequent to the Royal Commission (for instance Insignia (formerly IOOF) completed the acquisition of ANZ's Wealth Management business in February 2020 and the MLC Wealth management business from NAB in August 2020) however these businesses were significantly larger and more diversified than Diverger
- (b) the industry for specialist providers of wealth management platforms has experienced recent consolidation including Praemium's acquisition of Powerwrap in September 2020, IRESS's acquisition of OneVue in November 2020 and HUB24's acquisition of Xplore Wealth in February 2021, however these businesses are not considered to be comparable to Diverger
- (c) other transactions relating to providers of software to the wealth management industry (e.g. IRESS's acquisition of Financial Synergy in October 2016 or Centrepoint's acquisition of Enzumo in June 2020) are not considered relevant.

206 The following is a summary of the transactions considered to be more comparable and for which multiples could be derived from publicly available information<sup>103</sup> (noting EBITA multiples were generally not available for even these transactions):

- (a) on 3 June 2020, Clime Investment Management acquired the Madison Financial Group (MFG) entities which provided licensing, compliance, technology and support services to some 100 financial advisory firms under its ASFL for some \$4.4 million<sup>104</sup>. MFG was expected to contribute EBITDA (pre synergies) of \$0.5 million, representing a multiple of 8.8 times

<sup>103</sup> For instance, whilst Count has made a number of recent acquisitions the financial terms of these transactions (in particular the earnings of the acquired business) are generally not publicly available.

<sup>104</sup> \$2.5 million of the consideration payable for the acquisition was held in escrow with \$1.25 million available for release after 12 months and a further \$1.25 million being available for release after 24 months.

- (b) on 15 June 2021, WT Financial announced the acquisition of the financial advisory dealer group Sentry Group Pty Limited (Sentry) for initial consideration of \$7.0 million (comprising a mix of cash and scrip)<sup>105</sup>. The purchase price represented a multiple of approximately 2.0 times Sentry's recurring (net) dealer group revenue. The acquisition was transformational for WT Financial (and was expected to generate significant cost synergies of up to \$2.0 million per annum)
- (c) on 25 August 2021, Centrepont announced the acquisition of ClearView Wealth's Financial Advice businesses for \$15.2 million on an implied revenue multiple of some 1.2 times. The transaction provided Centrepont with significant operating leverage and scale, with the combined business expected to generate more than \$8.0 million in annualised EBITDA (compared to Centrepont's reported FY21 EBITDA of \$3.1 million)
- (d) on 14 March 2022, WT Financial announced the acquisition of the financial adviser group Synchronised Business Services Pty Ltd (Synchron) for total consideration of \$13.0 million (including deal and integration costs and the assumption of Synchron liabilities) which was stated as representing some 1.0 times net revenue, 4.0 times EBIT<sup>106</sup> and 5.5 times NPAT (on a post synergy basis)
- (e) on 10 March 2023, Count announced the acquisition of Affinia from TAL which added more than 100 advisers to Count's Wealth services. Consideration for the transaction was \$3.4 million, noting Count received cash of \$4.0 million as well as other non-cash assets and acquired relationships which resulted in Count recognising a gain on bargain purchase of \$3.2 million
- (f) on 9 November 2023, Centrepont announced it had entered into a binding agreement to acquire 100% of the Brisbane based financial advice firm FAM which offers a full range of financial planning and advice services to approximately 1,450 client households with FUA in excess of \$1 billion. The total potential consideration for the transaction is \$10 million of which 80% will be paid upfront, with the remaining 20% subject to performance hurdles<sup>107</sup>. FAM generated revenue of \$6.1 million in FY23 and is expected to contribute full year EBIT in the range of \$1.1 million to \$1.5 million in the first 12 months of operations, representing a revenue multiple of 1.3 to 1.6 times and an EBIT multiple range of 6.6 times to 7.3 times (depending on the level of earnout consideration)
- (g) on 17 November 2023, COG announced it had acquired 39.56 million shares in Centrepont (some 19.99% of the ordinary shares on issue) at a price of \$0.33 per Centrepont share which represented a premium of 32% to the closing share price of \$0.25 on 16 November 2023. The transaction implied a FY24 EBITA multiple of some 8.0 times calculated as follows:

<sup>105</sup> Subject to the achievement revenue performance hurdles in FY22 a further payment of up to \$3 million would also be made.

<sup>106</sup> Earnings before interest and tax (EBIT).

<sup>107</sup> Subject to deferred incentives and performance hurdles over a 12-month period based on a minimum EBIT contribution of \$1.5 million.

**Implied EBITA multiple from COG's strategic investment in Centrepoint**

	<b>\$m</b>
Consideration per Centrepoint share (\$)	0.33
Centrepoint shares acquired (million)	39.6
Total consideration	13.1
Interest acquired (%)	19.99
Implied value of Centrepoint equity (100% basis)	65.3
Centrepoint net (cash) / debt as at 30 June 2023 <sup>(1)</sup>	(13.2)
Purchase consideration for acquisition of FAM <sup>(2)</sup>	10.0
Implied enterprise value (A)	62.3
Centrepoint FY24 EBITDA guidance (pre FAM acquisition) <sup>(3)</sup>	7.7
Depreciation and software amortisation <sup>(4)</sup>	(1.2)
Other adjustments <sup>(5)</sup>	(0.3)
Centrepoint FY24 EBITA	6.2
Add estimated contribution from FAM acquisition <sup>(2)</sup>	1.5
Centrepoint pro-forma FY24 EBITA (B)	7.7
<b>Implied EBITA multiple (times) (A / B)</b>	<b>8.0</b>

**Note:**

- 1 Based on the reported 30 June 2023 balance of cash and cash equivalents of \$15.6 million (less regulatory cash estimated at \$2.6 million based on the IER set out in the Centrepoint Notice of Annual General Meeting dated 29 September 2021), plus loan receivables / investments of \$0.2 million.
- 2 Based on the total purchase consideration of \$10.0 million (i.e. including the earnout component of \$2.0 million) noting our adopted earnings for Centrepoint includes a \$1.5 million assumed EBIT contribution from FAM (being the hurdle rate for the earnout).
- 3 Being the mid-point of the market guidance of \$7.5 million to \$8.0 million EBITDA provided as part of Centrepoint's AGM presentation dated 10 November 2023.
- 4 Estimated based on the reported FY23 results.
- 5 Excludes estimated interest income of \$0.4 million included in Centrepoint's EBITDA guidance (based on the interest income included in Centrepoint's FY23 reported EBITDA), deducts interest expenses on AASB 16 leases (based on FY23) and includes an allowance for the estimated interest income on the regulatory cash balance allowed for.

**Source:** Centrepoint ASX announcements and FY23 Annual Report, LEA analysis.

- (h) on 21 November 2023, WT Financial announced it had entered into a Sale and Purchase Agreement to acquire the financial advice network Millennium3 Financial Services Pty Ltd (M3) which includes more than 140 wealth and personal risk insurance advisers for \$2.01 million on a cash and debt free basis. The acquisition is expected to contribute (post-integration) more than \$0.5 million of EBIT on an annualised basis representing a multiple of some 4.0 times.

**Other factors**

207 In order to assess the appropriate EBITA multiple range for Diverger, we have also had regard to range of other factors including:

- (a) **FY25 targets** – Diverger has a Normalised EBITA<sup>108</sup> target for FY25 of between \$10.5 million and \$12.5 million. This exceeds the level of earnings we have adopted for valuation purposes. Although a company's anticipated earnings growth would

<sup>108</sup> Also referred to by Diverger as Underlying EBITA.

ordinarily be reflected (at least in part) in the multiple applied, we note that in this particular circumstance a significant proportion of the growth is expected to be inorganic rather than organic (i.e. come from further business acquisitions). In our opinion, it would be inappropriate to reflect this growth in the adopted multiple given its inherent uncertainty and that this growth implicitly comes at a cost, which has not otherwise been reflected in our valuation

- (b) **industry outlook** – Diverger operates within relatively mature industry sectors which are expected to exhibit low levels of organic growth, noting most industry participants are increasingly seeking inorganic (or acquisitive) growth opportunities
- (c) **regulatory risk** – the provision of financial services is exposed to significant regulatory requirements which are subject to change (as illustrated by changes imposed subsequent to the Royal Commission).

### Potential synergies

- 208 If the Scheme is approved and implemented, Diverger will be delisted from the ASX, resulting in the elimination of listed public company costs (e.g. director fees, listing fees, share registry fees, shareholder communication costs, etc.).
- 209 Count has indicated that it expects to generate pre-tax cost synergies of approximately \$3.0 million (on a run-rate basis) in the first full financial year post completion. We note that these cost synergies are largely attributable to the removal of duplicated corporate costs. Count has also indicated that further revenue opportunities may also arise post integration of the two businesses given the complementary nature of their service offerings.
- 210 However, we note that the existence of public company cost savings as well as other cost (and revenue) synergies that arise from acquisitions / privatisations are one of the key reasons why bidders pay a premium to acquire a company.
- 211 Accordingly, in our opinion, it is inappropriate (in the circumstances of Diverger) to incorporate a separate value for synergies over and above that implicitly reflected in the controlling interest multiple applied.

### Conclusion on EBITA multiple adopted for valuation purposes

- 212 Having regard to the above, in our opinion, an EBITA multiple range of 6.5 times to 7.5 times is appropriate when applied to the EBITA that has been adopted for valuation purposes. This range is:
  - (a) at the low end, marginally higher than the weighted average multiple implied by Diverger's recently completed acquisitions, which we consider to be appropriate given the aggregated Diverger business is much larger and more diversified than these individual transactions
  - (b) at the high end, consistent with the multiple implied by HUB24's relatively recent acquisition of a significant shareholding in Diverger and broadly consistent with the implied EBITA multiple from COG's Indicative Offer
  - (c) at the high end, slightly less than the multiple implied by COG's strategic investment in Centrepont which represented an FY24 EBITA multiple of some 8.0 times.
  - (d) broadly consistent with the EBITA multiples for listed companies considered to be the most comparable to Diverger (Sequoia, Centrepont and WT Financial) after the

application of a control premium (noting that due to the structural differences between these companies<sup>109</sup>, we have placed greater emphasis on the abovementioned transaction evidence pertaining to Diverger)

### Enterprise value under the EBITA methodology

213 Based upon the above, we have assessed the Diverger business (on a cash and debt free basis) as follows:

Diverger – enterprise value (or value of business on cash and debt free basis)			
	Paragraph	Low \$m	High \$m
EBITA for valuation purposes	188	8.2	8.2
EBITA multiple (times)	212	6.5	7.5
<b>Enterprise value</b>		<b>53.3</b>	<b>61.5</b>

### Other assets / (liabilities)

214 Diverger has a number of other liabilities that are not reflected in our abovementioned business valuation (or within our assessed net debt as at 30 June 2023) for which an allowance must be made. The liabilities, which in aggregate range between \$5.3 million and \$5.7 million, comprise the following:

- (a) **Cash settlement of options** – on 1 February 2021, Diverger issued 1.7 million options over its ordinary shares to HUB24 at an exercise price of \$1.20 per share. The options held by HUB24 expire on 1 February 2024. For the purposes of our valuation, we have assessed the value attributable to these options at some \$nil to \$0.4 million which reflects:
  - (i) at the low end, HUB24 Limited, as the sole holder of the options, has entered into an option cancellation deed with Diverger under which, subject to the Scheme becoming legally effective, the options will be cancelled on the Scheme Record Date for the aggregate cash consideration of \$1.00 for all of the options
  - (ii) at the high end, our assessed value attributable to the options calculated using a Black Scholes option model based on the exercise price of \$1.20, an expiry date of 1 February 2024, an assumed volatility rate of 30%, a risk free rate of 4.5% and a share price for Diverger that reflects the high end of our assessed value range of Diverger on a controlling interest basis
- (b) **Deferred and contingent purchase consideration** – as at 30 June 2023, Diverger had deferred and contingent consideration amounts payable with respect to the recent acquisitions associated with MWM, AFSLC and PNET with a carrying value of \$3.0 million
- (c) **ASPW purchase consideration** – subsequent to 30 June 2023, Diverger acquired a 55% interest in ASPW. As the earnings contribution from this acquisition is included within our assessment of Diverger’s maintainable EBITA, it is also appropriate to reflect the cost of the remaining associated (up front and potential earn-out) purchase

<sup>109</sup> Described at paragraph 170.

consideration. For the purpose of our report we included an allowance of some \$2.3 million.

## Net debt

215 As at 30 June 2023, Diverger had net debt of approximately \$0.7 million:

Diverger – net debt		30 Jun 23
		\$m
Cash and cash equivalents		0.4
Borrowings		(1.1)
<b>Net debt</b>		<b>(0.7)</b>

Source: Diverger FY23 Annual Report.

## Fully diluted shares on issue

216 Diverger has some 37.7 million fully paid ordinary shares on issue.

217 In addition, Diverger has 2.1 million performance rights granted under the Company's long term incentive plan. The Diverger Board may in its absolute discretion elect to treat certain unvested performance rights as vested in certain circumstances (such as a change in control of the Company). Under the terms of the Amended Agreement, it has been agreed that all unvested performance rights on issue will vest and be converted into ordinary shares, subject to the Scheme becoming legally effective.

218 Accordingly, when valuing 100% of the shares in Diverger, in our opinion, it is appropriate to adopt Diverger's fully diluted shares on issue of 39.8 million.

## Value of Diverger

219 Given the above, we have assessed the value of 100% of the equity in Diverger on a controlling interest basis as follows:

Diverger – valuation summary			
	Paragraph	Low \$m	High \$m
Enterprise value	213	53.3	61.5
Other assets / (liabilities)	214	(5.3)	(5.7)
Net debt	215	(0.7)	(0.7)
<b>Equity value – controlling interest basis</b>		<b>47.3</b>	<b>55.1</b>
Fully diluted shares on issue (million)	218	39.8	39.8
<b>Diverger value per share – controlling interest basis (\$)</b>		<b>1.19</b>	<b>1.39</b>

## Valuation cross-checks

### Offers received

220 As a cross-check on our valuation of Diverger, we have considered the indicative offers received for the Company from a number of interested parties both prior and subsequent to Diverger's announcement of the Scheme.

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221 We have reviewed and discussed the offers, including COG’s Indicative Offer, with the management of Diverger and its external advisers.

222 Our valuation range is broadly consistent with the range of indicative offers received.

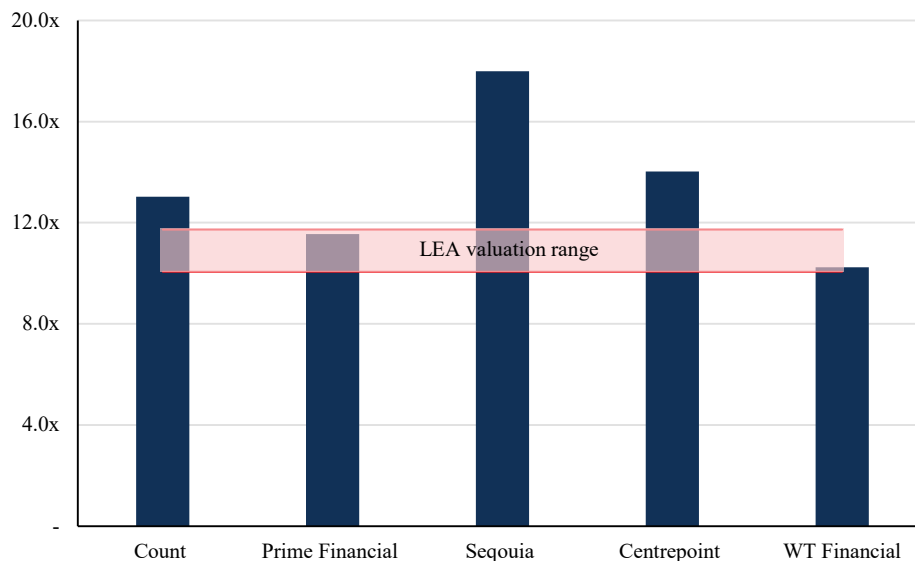
**Implied PE multiples**

223 We have also cross checked our valuation of Diverger’s business for reasonableness by reference to the capitalisation of earnings after tax (i.e. PE multiple) approach, using NPATA.

224 Our assessed equity value of Diverger on a 100% controlling interest basis of \$47.3 million to \$55.1 million represents some 10.0 times to 11.8 times Diverger’s FY23 NPATA of \$4.7 million<sup>110</sup>.

225 A comparison of the FY23 PE multiples implied by our valuation with those exhibited by the identified broadly comparable listed companies is illustrated in the table below (noting that due to the structural differences and reporting inconsistencies discussed above, we have had to make various subjective adjustments in the determination of the multiples in order to enhance the comparability):

**Listed company FY23 controlling interest PE multiples relative to our valuation of Diverger<sup>(1)</sup>**



**Note:**

1 Calculated as at 20 November 2023 with the exception of Count which has been calculated as at 21 September 2023 (being the last trading day prior to the announcement of the Scheme) and Centrepoint which has been calculated based on the price at which COG acquired its 19.99% strategic investment in Centrepoint at \$0.33 per share (announced on 17 November 2023). The PE multiples (with the exception of Centrepoint) have been notionally adjusted to reflect a premium for control of 32.5%.

**Source:** FactSet, LEA analysis.

226 The PE multiples implied by our valuation are consistent with those observed for the broadly comparable companies, except for Sequoia and Centrepoint. Sequoia and Centrepoint have substantial net cash balance which do not generate any significant return. If the net cash for Sequoia and Centrepoint was deducted from their market capitalisation, their observed PE multiple would reduce to around 12.7 times and 11.2 times respectively (noting the Sequoia

<sup>110</sup> Refer paragraph 241 for a breakdown of our calculation of Diverger’s FY23 NPATA which has been calculated on a consistent basis to the broadly comparable ASX listed companies.

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multiple is also considered to be more representative of a forecast rather than a historic multiple<sup>111</sup>). Having regard to this, we consider the PE multiples implied by our valuation to be reasonable.

### Comparison with listed market price

227 We have also considered the listed market prices of Diverger shares up to and including 21 September 2023 (being the last trading day prior to the announcement of the Scheme). These market prices are shown below:

Diverger – share prices prior to the announcement of the Scheme			
	Low	High	Close / VWAP
	\$	\$	\$
Closing price on 21 September 2023	na	na	0.90
VWAP for 1 month up to and including 21 September 2023	0.85	0.93	0.90
VWAP for 3 months up to and including 21 September 2023	0.79	0.93	0.85

na – not applicable.

Source: FactSet.

- 228 Turnover in Diverger shares (on an annualised basis) has been relatively low over the observed periods, as has the aggregate value of the shares traded (\$0.3 million and \$1.1 million over the one and three months prior to the announcement of the Scheme). Accordingly, in our view, the share trading evidence should be treated with a degree of caution. Notwithstanding this, we note that Diverger shares have traded in a relatively narrow band over the observed period. Given this, we have adopted an “undisturbed” share price for Diverger of \$0.85 to \$0.95 for the purposes of our comparison.
- 229 Empirical research undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover)<sup>112</sup>.
- 230 Adding a 30% to 35% premium for control to our adopted “undisturbed” share price range results in a theoretical “control” value of \$1.11 to \$1.28 per Diverger share. Our assessed valuation of Diverger shares (on a 100% controlling interest basis) is broadly consistent with this range (albeit we note the limitations discussed above with respect to Diverger’s listed market prices).

<sup>111</sup> Refer to paragraph 170.

<sup>112</sup> LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to June 2023. LEA’s study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4, FactSet and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.



## VII Valuation of Count shares (post implementation)

### Overview

- 231 The Default Consideration and the Maximum Scrip Consideration include (to varying degrees) Count shares, the value of which should be determined on a post implementation basis (i.e. the value of the shares should reflect the combined minority interest values of Count, Diverger and the synergy benefits that are expected to arise).
- 232 It is customary in transactions where scrip is offered as consideration to have regard to the listed market price of the bidder's shares (in this case Count's shares) as the primary reference point for estimating the realisable value of the scrip consideration offered<sup>113</sup>. This is principally because the listed market price of the bidder's shares post the announcement of a proposed transaction typically reflects all publicly available information about the entity's future risks and prospects (including the impact of the proposed transaction<sup>114</sup>) and therefore provides the best indication as to value<sup>115</sup>. The listed market price also generally represents a reasonable proxy of the amount that target shareholders could expect to realise if they sold any bidder shares received as consideration either immediately, or in the short term after the completion of the transaction.
- 233 However, in the circumstances of Count we note the following limitations:
- (a) as indicated in Section IV, total share turnover in Count shares (on an annualised basis) during the period preceding the announcement of the Scheme was generally less than 10%, indicating only a relatively moderate level of liquidity
  - (b) trading volumes of Count shares have remained relatively low subsequent to the announcement of the Scheme
  - (c) as Count is a relatively small listed company, it is not well researched and analysed by share broking (analyst) firms and institutional investors.
- 234 Accordingly, for the purpose of assessing the post implementation value of Count shares (on a minority interest basis), we also consider it appropriate to adopt the capitalisation of EBITA methodology, the resulting equity value of which we have cross-checked for reasonableness by reference to the PE multiple approach (using NPATA).

### Recent share trading history (pre and post announcement)

- 235 The historical share prices for Count are set out in Section IV. More recent trading in Count shares prior to the announcement of the Scheme on 22 September 2023 is shown below:

<sup>113</sup> Provided there is sufficient liquidity in the bidder's shares.

<sup>114</sup> Where sufficient information about the transaction has been disclosed to the market.

<sup>115</sup> Albeit, these prices typically also reflect some discount for the uncertainty of the transaction completing.

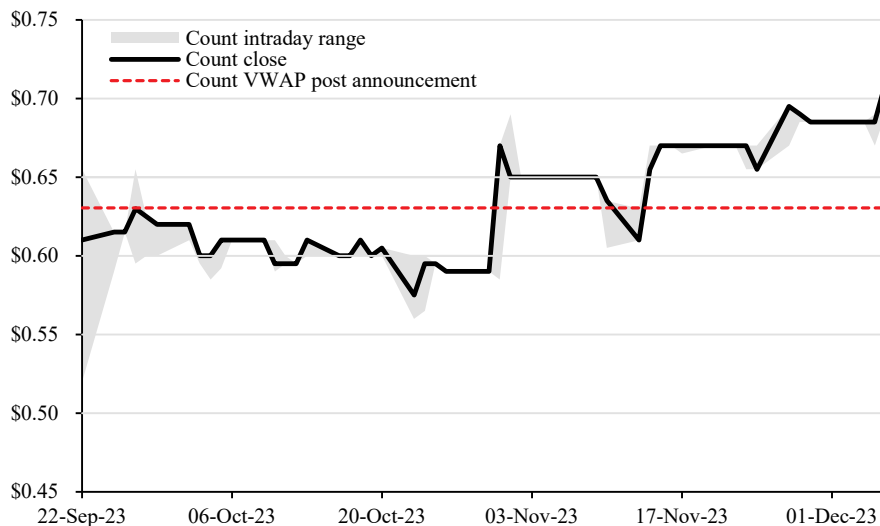
**Count – share price history (pre announcement)**

Periods to and including 21 September 2023	Low \$	High \$	VWAP \$	Number traded (m)	Value traded \$m
1 month	0.52	0.63	0.57	0.8	0.5
3 months	0.51	0.63	0.55	1.6	0.9
6 months	0.51	0.63	0.54	5.0	2.7
12 months	0.51	0.78	0.59	11.3	6.7

Source: FactSet, LEA analysis.

- 236 Whilst turnover in Count shares (on an annualised basis) is relatively low and the aggregate value of the shares traded over the observed period is not that significant, Count has nonetheless traded in a relatively narrow band, particularly in the six months prior to the announcement of the Scheme (\$0.51 to \$0.63 per share). The VWAPs of the abovementioned periods are also broadly consistent (at between \$0.54 and \$0.59 per share). Count shares closed at \$0.56 per share on 21 September 2023 (being the last trading day prior to the announcement of the Scheme).
- 237 However, in our view, the listed market prices of Count shares following the announcement of the Scheme are more relevant in determining the value of the scrip offered as consideration as they reflect the market’s view of the combined value of the two entities based upon the terms of the transaction and the synergy benefits that are expected to be realised.
- 238 The following chart depicts the prices at which Count shares have traded in the period subsequent to the announcement of the Scheme:

**Count share trading post announcement of the Scheme  
22 September 2023 to 6 December 2023**



Source: FactSet, LEA analysis.

- 239 As indicated above, Count shares have traded at prices that are marginally higher than those which were observed prior to the announcement of the Scheme. Count’s shares have ranged between \$0.52 to \$0.71 per share, with a VWAP of \$0.63 per share. That said, the total value

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and volume of Count shares traded over this period has been relatively low at some \$1.3 million and 2.0 million shares respectively.

## Valuation based upon capitalisation of EBITA

### Overview

- 240 In this section we refer to the combined Count and Diverger as “MergeCo”.
- 241 Under the capitalisation of EBITA methodology the underlying EBITA of MergeCo, being the combined standalone EBITA of Diverger and Count together with the synergy benefits that are expected to arise from the implementation of the Scheme, is capitalised at an EBITA multiple that reflects the risk and growth prospects of those earnings.
- 242 While our preference would have been to value MergeCo by reference to its FY24 earnings, as Count does not publicly provide any forward earnings guidance and there is limited available evidence in respect of forecast multiples (particularly for the broadly comparable ASX listed companies), we have determined the value of MergeCo by reference to pro-forma reported FY23 results<sup>116</sup>.
- 243 The value of the shares in MergeCo is determined by adding to our assessed enterprise value, the realisable value of any surplus assets / (liabilities) and deducting net borrowings, the resultant value of which is then divided by the (post implementation) enlarged number of Count shares on issue.

### Assessment of MergeCo EBITA for valuation purposes

- 244 We set out in the following table Diverger’s and Count’s standalone Normalised / Adjusted EBITA for FY23 together with our (like-with-like) adjustments and an estimate of the synergies that are expected to arise from the transaction:

MergeCo – pro-forma FY23 EBITA				
	Diverger \$m	Count \$m	Adjustment \$m	Combined \$m
Normalised / Adjusted EBITA <sup>(1)</sup>	6.9	10.4	-	17.3
Amortisation of IT software	(0.2)	(0.4)	-	(0.6)
AASB 16 interest adjustment	-	(0.6)	-	(0.6)
Gross up associate NPAT to EBITA	-	1.4	-	1.4
Allowance for estimated synergies	-	-	3.0	3.0
EBITA adopted for valuation purposes	6.7	10.8	3.0	20.5

**Note:**

- 1 Refer to paragraphs 98 and 138 respectively.

- 245 We note that neither Diverger’s nor Count’s reported Normalised / Adjusted EBITA include an allowance for the amortisation of intangible assets that are not attributable to acquisitions (e.g. IT software) which in our opinion is a proxy for the ongoing cash cost associated with the use of the intangible assets required for their businesses.

<sup>116</sup> Notwithstanding that we assessed the value of Diverger by reference to forecast FY24 EBITA, had our valuation been primarily based upon Diverger’s FY23 results, it is unlikely that a materially different valuation range would have resulted.

246 In addition, Count's Adjusted EBITA (unlike Diverger's) is presented on a post (not pre) AASB 16 basis and also reflects its share of post-tax profits from its associates (not EBITA). For the purposes of our analysis, we have adjusted Count's EBITA to reflect the interest expense on lease liabilities<sup>117</sup>. We also consider it appropriate to gross up the NPAT contribution from its equity accounted investments for tax to approximate Count's "see through interest" in the EBITA of these investments<sup>118</sup>. Whilst Count's EBITA also includes amounts that are attributable to its non-controlling interests, we have not adjusted for this item in the determination of Count's earnings but instead separately included an allowance for the value attributable to these non-controlling interests in our determination of MergeCo's market capitalisation<sup>119</sup>.

247 Count has indicated that it expects to generate pre-tax cost synergies of approximately \$3.0 million (on a run-rate basis) in the first full financial year post completion. We note that these cost synergies are largely attributable to the removal of duplicated corporate costs. Count has indicated that further revenue opportunities may also arise post integration of the two businesses given the complementary nature of their service offerings, however we note that the quantum of any revenue synergies is subject to significant uncertainty and implementation risk.

#### **EBITA multiple**

248 In assessing the appropriate EBITA multiple for MergeCo (on a minority interest basis) we have referred to the same peer group of listed companies and transactions analysed in our valuation of Diverger and have considered the following additional factors:

- (a) whilst there is an overlap of the revenue and earnings drivers between the Diverger and Count businesses due to their complementary service offerings, a significant proportion of MergeCo's EBITA will be attributable to Count's accounting equity partnerships and (albeit to a lesser extent) the actuarial certificate services provided by its Accurium business. In this respect, we note:
  - (i) the trading multiples for Prime Financial (which provides a range of professional services including accounting and SMSF services through its network of salaried employees) is considered more relevant in the context of MergeCo while the trading multiples for WT Financial, Centrepoint and Sequoia are considered to be less comparable. As indicated at paragraph 192 of Section VI, Prime Financial currently trades on a FY23 EBITA multiple of 6.9 times
  - (ii) Kelly Partners operates a network of accounting practices which provide accounting, taxation, audit and wealth management services and is considered one of the most comparable listed companies to Count's Accounting services, however as noted in Section VI the observed EBITA multiples for Kelly Partners are unreasonably high and therefore not considered relevant / meaningful

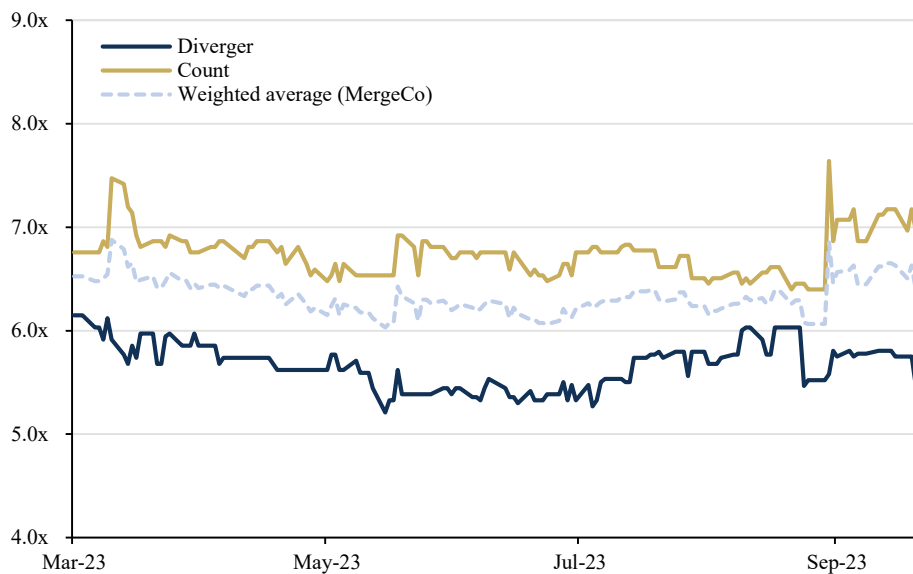
<sup>117</sup> Consistent with our calculation of the EBITA multiples for the broadly comparable ASX listed companies.

<sup>118</sup> We have been advised by Count management that the interest and amortisation associated with these entities is not material (i.e. we consider this approach to be a reasonable proxy for Count's share of the EBITA generated by these investments).

<sup>119</sup> That is, we have determined the value of MergeCo's market capitalisation including Count's non-controlling interests and then deducted from this the estimated value of these interests to derive the market capitalisation (i.e. equity value) attributable to MergeCo shareholders.

- (iii) whilst we have considered the historical acquisitions completed by Count, we note a significant number of these acquisitions relate to smaller businesses. Given (inter alia) the difference in size and diversification, in our opinion, the multiples implied by these transactions are not considered an appropriate reference point for the multiple that should be attributed to MergeCo (noting the earnings of these acquired business are also generally not publicly disclosed by Count)
- (b) the implied weighted average trailing 12 month EBITA multiple for MergeCo (which has been calculated by reference to the recent minority interest trading multiples of Diverger and Count<sup>120</sup>). The implied weighted average multiple attributable to MergeCo ranged from 6.0 times to 6.9 times, with an average of 6.3 times:

**MergeCo – implied historic trailing 12 month EBITA multiples<sup>(1)</sup>  
1 March 2023 to 21 September 2023<sup>(2)</sup>**



**Note:**

- The weighted average multiple is based on the observed trading multiples for Diverger and Count which have been weighted 38% and 62% respectively (which reflects the proportional contributions to MergeCo's pro-forma FY23 EBITA (before synergies)). The EBITA multiples for Diverger and Count have been calculated on a consistent basis to that described in the table at paragraph 192 of Section VI.
- Being the period post the release of both Diverger's and Count's 1H23 results through to and including the last trading day prior to the announcement of the Scheme.

**Source:** FactSet, LEA analysis.

- (c) upon completion, MergeCo will benefit from a broader and more diversified service offering and will be better positioned for inorganic growth opportunities. MergeCo will also be a much larger business compared to the standalone Diverger and Count businesses (noting that all else equal, larger listed companies tend to trade on higher multiples than smaller listed companies). Accordingly, we consider it reasonable for the multiple attributable to MergeCo to be higher than the implied weighted average multiple indicated above
- (d) whilst some of the EBITA for MergeCo is dependent on the realisation of synergies which are subject to implementation and execution risk, the synergies allowed for are associated with cost savings which are generally subject to lower risk and uncertainty relative to revenue related synergies.

<sup>120</sup> Noting Count has recently traded on higher EBITA multiples relative to Diverger.

249 After considering the above factors, we have adopted an EBITA multiple range (on a minority interest basis) of 7.0 times to 8.0 times to apply to our level of pro-forma FY23 EBITA adopted for MergeCo.

### MergeCo enterprise value

250 Based on the above, we have assessed the enterprise value of the MergeCo business (on a minority interest basis) at some \$143.3 to \$163.8 million as follows:

MergeCo – enterprise value (or value of business on cash and debt fee basis)			
	Paragraph	Low \$m	High \$m
EBITA for valuation purposes	244	20.5	20.5
EBITA multiple – minority interest basis (times)	249	7.0	8.0
<b>Enterprise value</b>		<b>143.3</b>	<b>163.8</b>

251 We note that our calculated valuation range for the MergeCo business implies pro-forma FY24 EBITA multiples of between 6.0 times and 6.8 times based upon the following pro-forma FY24 earnings:

MergeCo – pro-forma FY24 EBITA				
	Diverger <sup>(1)</sup> \$m	Count <sup>(2)</sup> \$m	Adjustment \$m	Combined \$m
Normalised / Adjusted EBITA	8.4	12.1	-	20.5
Amortisation of IT software	(0.2)	(0.4)	-	(0.6)
AASB 16 interest adjustment	-	(0.6)	-	(0.6)
Gross up associate NPAT to EBITA	-	1.7	-	1.7
Allowance for estimated synergies	-	-	3.0	3.0
<b>EBITA</b>	<b>8.2</b>	<b>12.8</b>	<b>3.0</b>	<b>24.0</b>

**Note:**

- 1 Based upon our assessed standalone EBITA per paragraph 188 of Section VI.
- 2 Adjusted EBITA for FY24 of \$12.1 million based upon average analyst estimates from E&P (15 Nov 2023 and 31 Aug 2023) and Wilsons (25 Sep 2023 and 31 Aug 2023), which includes \$4.0 million of NPAT from associates. We have adjusted the average EBITA for amortisation of IT software and AASB 16 interest based upon FY23 reported results.

252 The minority interest EBITA multiple implied by our assessed value of Diverger on a standalone basis is some 5.1 times to 5.9 times assuming a discount for lack of control (applied at the equity level) of some 25%<sup>121</sup>. This range is marginally less than the pro-forma FY24 EBITA multiples implied by our valuation of MergeCo which we consider to be appropriate having regard to, inter alia, the greater size and diversification of the MergeCo business and contribution of Count's business operations (which have historically attracted higher multiples relative to Diverger).

253 We note that the EBITA multiple range implied by our valuation of MergeCo is also broadly consistent with the implied FY24 multiples for Sequoia and Centrepont (based on the FY24

<sup>121</sup> Based on the inverse of an assumed control premium of 32.5% (calculated as 1 minus 1 divided by 132.5%).



management's guidance provided for these companies)<sup>122</sup> albeit these companies are considered less comparable to MergeCo as compared to Diverger on a standalone basis.

### Other assets / (liabilities)

254 For the purposes of our valuation, we have allowed for a net liability of some \$5.4 million to \$5.7 million for the following other liabilities of MergeCo:

- (a) an allowance for the cash settlement of the HUB24 options in Diverger of \$nil to \$0.4 million (consistent with our assessment of the value attributable to these options set out in Section VI)
- (b) an allowance for the carrying value of the deferred and contingent consideration for Diverger and Count of \$3.0 million and \$2.4 million as at 30 June 2023 respectively. Whilst Diverger and Count have both made further business acquisitions subsequent to 30 June 2023 (in particular, ASPW and Bruce Edmunds & Associates), we have not allowed for purchase consideration associated with these acquisitions noting the earnings contribution from these acquisitions is not reflected in the FY23 pro-forma EBITA adopted for MergeCo<sup>123</sup>
- (c) as indicated in Section IV, Count has a number of contingent liabilities. We have discussed these contingent liabilities with Count and Diverger management. We have also reviewed the outcomes of the due diligence undertaken by Diverger. Based upon those discussions and the due diligence reports, these contingent liabilities are not (given the information known to date) considered to present any material risk or exposure for Count (noting a number of these are covered by the CBA indemnity).

### Net debt

255 We have estimated the 30 June 2023 pro-forma net debt of MergeCo at some \$19.2 million calculated as follows:

MergeCo – pro-forma 30 June 2023 net debt <sup>(1)</sup>			
	Diverger	Count	Combined
	\$m	\$m	\$m
Cash and cash equivalents	0.4	21.7	22.1
Borrowings	(1.1)	(17.3)	(18.4)
Net cash / (debt) prior to the transaction	(0.7)	4.3	3.6
Cash consideration provided to Diverger shareholders			(15.9)
Transaction costs (post-tax)			(6.9)
MergeCo net debt			(19.2)

<sup>122</sup> Refer paragraph 172(d)(ii).

<sup>123</sup> The net equity value uplift after adjusting FY23 pro-forma EBITA and allowing for the purchase consideration associated with these acquisitions is relatively immaterial in the context of MergeCo. For example, if you applied the adopted EBITA multiple for MergeCo of 7.0 times to 8.0 times to ASPW's EBITA contribution of \$0.33 million (paragraph 187(b)) the resultant increase to MergeCo enterprise value is \$2.31 million to \$2.64 million which would be offset by the purchase consideration of \$2.3 million (paragraph 214(c)), and result in a net equity value uplift of \$0.01 million to \$0.34 million.

**Note:**

1 The pro-forma adjustments to the MergeCo balance sheet set out in Section 7.8 of the Explanatory Booklet do not reflect the tax savings on the \$9.8 million transaction costs (which we consider to be relevant and are captured above) and incorporate an annual post-tax interest cost on the additional debt drawn to fund the cash consideration provided to Diverger shareholders (which we do not consider relevant).

**Source:** Diverger and Count FY23 Annual Reports, Explanatory Booklet and LEA analysis.

256 This includes an allowance for the estimated one-off transaction and (pre-tax) integration costs of approximately \$9.8 million<sup>124</sup> (\$6.9 million post-tax assuming a corporate tax rate of 30%) in addition to the \$15.9 million of cash consideration to be provided to Diverger shareholders under the Scheme (both of which will primarily be funded by a new debt facility).

**Allowance for Count's non-controlling interests**

257 Our assessed value of the MergeCo business referred to above includes value which is attributable to Count's non-controlling interests (as our standalone EBITA for Count, which we have capitalised, includes amounts attributable to these non-controlling interests).

258 As at 30 June 2023, the carrying value of Count's non-controlling interests was some \$14.8 million<sup>125</sup>. The carrying value represents an implied PE multiple of some 6.2 times and a PBT multiple (as a proxy for EBITA) of some 4.3 times, based on the share of Count's reported net profit after tax in FY23 that is attributable to the non-controlling interests (i.e. \$2.4 million)<sup>126</sup>. We consider the implied multiples to be reasonable, having regard to the minority interest status of these equity interests (including their lack of marketability).

259 Given the above, we have adopted a value for Count's non-controlling interests of \$15.0 million (rounded).

**Share capital**

260 If the Scheme is implemented, MergeCo (i.e. the enlarged Count) will have some 168.8 million ordinary shares on issue, calculated as follows:

MergeCo – shares on issue		
	Paragraph	Million
Fully diluted number of Diverger shares on issue	218	39.8
Exchange ratio (Default Consideration) <sup>(1)</sup>	4(b)	1.44
Count shares issued to Diverger shareholders		57.3
Existing Count shares on issue <sup>(2)</sup>	143	111.5
<b>Total</b>		<b>168.8</b>

<sup>124</sup> Comprising some \$2.0 million for Diverger and \$7.8 million for Count.

<sup>125</sup> The carrying value of the non-controlling interests is based on the implied pro-rata interest in the equity value attributed to the business when it was acquired by Count, which has been subsequently adjusted to include the non-controlling interests' share in the cumulative profits generated since, less the cumulative value of any dividends paid.

<sup>126</sup> We note that a broadly similar amount was attributable to the non-controlling interests in FY22 (\$2.2 million) and that the carrying value of those interests at 30 June 2022 was \$13.1 million.



**Note:**

- 1 We note that due to the scale back mechanisms, the total Scheme Consideration payable to Diverger shareholders in aggregate, will always represent the same combination of cash and shares offered under the Default Consideration.
- 2 No allowance has been made for Count's 1.3 million performance rights on issue as they are yet to vest.

**Assessed value of MergeCo under EBITA methodology**

261 Based on the above, we have assessed the value of each MergeCo share (on a minority interest basis) as follows:

Assessed value per MergeCo share – minority interest basis			
	Paragraph	Low \$m	High \$m
EBITA for valuation purposes	244	20.5	20.5
EBITA multiple – minority interest basis (times)	249	7.0	8.0
Enterprise value		143.3	163.8
Other assets / (liabilities)	254	(5.4)	(5.7)
Net debt	255	(19.2)	(19.2)
Equity value (pre Count's non-controlling interests)		118.8	138.9
Allowance for Count non-controlling interests	259	(15.0)	(15.0)
Equity value (post Count's non-controlling interests)		103.8	123.9
Shares on issue (million)	260	168.8	168.8
<b>Assessed value per share – minority interest basis (\$)</b>		<b>0.61</b>	<b>0.73</b>

262 We have cross-checked our assessed equity value range for reasonableness by reference to the PE multiple approach (using NPATA).

263 We set out below a summary of the historic FY23 pro-forma NPATA attributable to MergeCo:

MergeCo – pro-forma FY23 NPATA <sup>(1)</sup>				
	Diverger \$m	Count <sup>(2)</sup> \$m	Adjustment \$m	Combined \$m
EBITA adopted for valuation purposes <sup>(3)</sup>	6.7	10.8	3.0	20.5
Amortisation on acquisition intangibles	(1.2)	(1.9)	-(4)	(3.0)
EBIT	5.5	9.0	3.0	17.5
Finance costs – borrowings	(0.5)	(0.5)	(1.6) <sup>(5)</sup>	(2.5)
PBT	5.1	8.5	1.4	14.9
Income tax	(1.5)	(2.5)	(0.4)	(4.5)
NPAT	3.5	5.9	1.0	10.5
Add back amortisation	1.2	1.9	-	3.0
<b>NPATA</b>	<b>4.7</b>	<b>7.8</b>	<b>1.0</b>	<b>13.5</b>

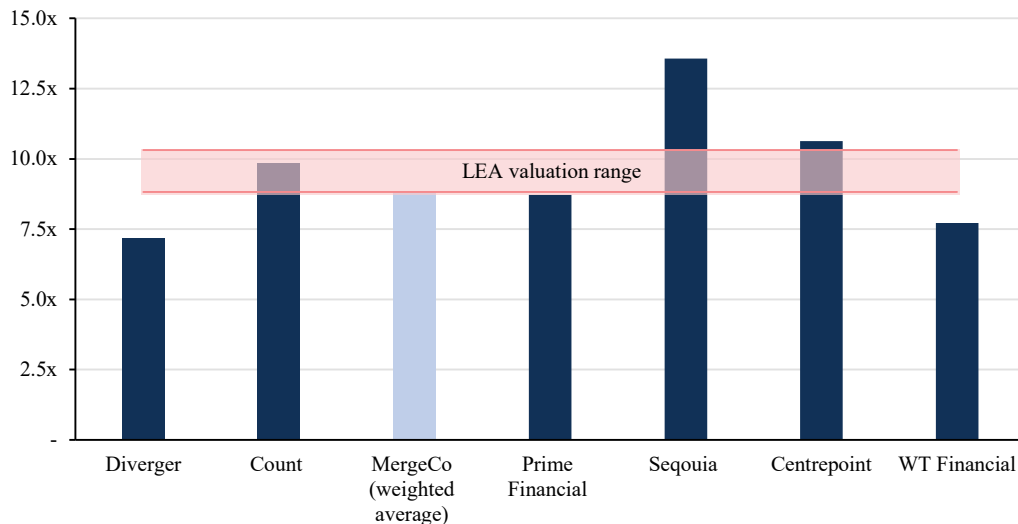
**Note:**

- 1 Rounding differences may exist.
- 2 Count includes amounts attributable to its non-controlling interests.
- 3 Refer paragraph 244.
- 4 For the purposes of our calculation, we have not allowed for any amortisation that may be recognised for identified acquired intangibles of Diverger if the Scheme is implemented.
- 5 Estimated based on the pro-forma net debt impact from the Scheme (post-tax) of \$22.8 million (refer paragraph 255) and an assumed pre-tax cost of debt of 7.0% per annum.

**Source:** LEA analysis, Explanatory Booklet.

264 Based on the above, our assessed value of the equity in MergeCo (including amounts attributable to Count's non-controlling interests) represents an implied FY23 PE multiple of 8.8 times to 10.3 times. We depict this implied range against the PE multiples of the identified broadly comparable ASX listed companies in the following chart:

**Cross check of implied FY23 PE multiples implicit in our valuation of MergeCo<sup>(1)</sup>**  
**FY23 PE multiples (minority interest basis)**



**Note:**

- 1 PE multiples calculated as at 20 November 2023 except for Diverger and Count which are calculated as at 21 September 2023 (being the last trading day prior to the announcement of the Scheme) and Centrepoint which is calculated as at 16 November 2023 (being the last trading day prior to COG's announcement of its acquisition of a 19.99% strategic investment in Centrepoint).
- 2 The weighted average multiple for MergeCo has been calculated based on the observed trading multiples for Diverger and Count which have been weighted 38% and 62% respectively (which reflects the proportional contributions to MergeCo's pro-forma FY23 NPATA (before synergies)).

265 In respect of the above, we note that:

- (a) our implied multiples are broadly consistent with albeit marginally higher than the blended Diverger and Count multiple. We consider this appropriate having regard to the increased size and diversification of the MergeCo business compared to the standalone Diverger and Count businesses. Our implied multiples are also broadly consistent with Prime Financial (which is considered to be a more comparable company to MergeCo)
- (b) Sequoia and Centrepoint have significant net cash balances which if deducted from their market capitalisation, would result in their multiples being lower than those set out above.

266 Having regard to the above, we consider our valuation range to be reasonable and appropriate.

**Assessed value of Count shares (post implementation)**

267 We summarise the valuation range of Count shares under each methodology together with our adopted range in the following table:

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**Count – assessed value per share (post implementation)**

	<b>Paragraph</b>	<b>Low \$</b>	<b>High \$</b>
Share trading post announcement of the Scheme <sup>(1)</sup>	239	0.52	0.71
Values based on capitalisation of EBITA approach	261	0.61	0.73
<b>Adopted value per share – minority interest basis</b>		<b>0.60</b>	<b>0.70</b>

**Note:**

- 1 Represents the range of trading in Count shares post the announcement of the Scheme (22 September to 6 December 2023), noting that the VWAP over that period was \$0.63 per share. If trading on the first day post announcement is excluded (i.e. 22 September 2023), the low increases to \$0.56 per share (the high and the VWAP remain unchanged).

- 268 We note that the number of shares to be issued to Diverger shareholders as consideration under the Scheme will in aggregate represent approximately 33.9% of the enlarged capital base of Count (refer paragraph 260). We also note that a large portion of the issued share capital is likely (at least in the short term) to be held by limited number of substantial shareholders (the largest of which has a stated its intention to sell down its interest in Count in an orderly manner):

**Count – expected substantial shareholders (post implementation)**

<b>Shareholder</b>	<b>Shares held (million)</b>	<b>% interest</b>
Colonial Holding Company Limited	40.9	24.3
HUB24 <sup>(1)</sup>	18.7	11.1
<b>Total</b>	<b>59.6</b>	<b>35.3</b>

**Note:**

- 1 Assumes HUB24 receives the Default Consideration.

**Source:** Section 7.4 of the Explanatory Booklet.

- 269 Given the above, unless there is a material improvement in the liquidity of Count shares post implementation, if a large number of Diverger shareholders subsequently decide to sell their Count shares on-market, this could result in a short-term adverse price impact caused by the potential oversupply of Count securities.

- 270 More generally, Diverger shareholders should note that:

- (a) the listed market price of Count shares is subject to daily fluctuation. The price at which Count shares may be sold may therefore be greater or less than our assessed value of Count shares of \$0.60 to \$0.70 per share
- (b) any decision to hold Count shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold Count shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions.

## VIII Evaluation of the Scheme

271 In our opinion, the Scheme is fair and reasonable and in the best interests of Diverger shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below (based on the Default Consideration).

### Assessment of “fairness”

#### Value of Diverger

272 As set out in Section VI we have assessed the value of Diverger on a 100% controlling interest basis at between \$1.19 and \$1.39 per share.

#### Value of the Scheme Consideration

273 If the Scheme is approved and implemented, Diverger shareholders will have some flexibility of choice with regards to the scheme consideration they will receive for the Diverger shares they hold as at the Scheme Record Date<sup>127</sup>. The three alternative forms of scheme consideration are as follows (Scheme Consideration):

- (a) **Maximum Cash Consideration** – \$1.20 cash per Diverger share held inclusive of any Permitted Dividend
- (b) **Default Consideration** – \$0.40 in cash (inclusive of any Permitted Dividend) plus 1.44 Count shares per Diverger share held
- (c) **Maximum Scrip Consideration** – 2.16 Count shares per Diverger share held<sup>128</sup>.

274 Subject to the scale back mechanisms, Diverger shareholders (other than foreign scheme shareholders and small shareholders<sup>129</sup>) may elect to receive Maximum Cash Consideration or Maximum Scrip Consideration. Those Diverger shareholders who fail to make an election, or who make an invalid election, will receive the Default Consideration.

275 Whilst Diverger is permitted to declare a fully franked cash dividend of up to a maximum of \$0.10 per Diverger share (Permitted Dividend) on or prior to implementation of the Scheme, the Scheme Consideration will be reduced by the amount of any such Permitted Dividend declared and paid by Diverger<sup>130</sup>. The Permitted Dividend is conditional on the Scheme proceeding.

276 In addition, Diverger shareholders are entitled to receive an interim dividend, if declared and paid by Diverger, for the six months ending 31 December 2023 of up to \$0.02 per Diverger share (Diverger Interim Dividend). The Diverger Interim Dividend is not conditional on the

<sup>127</sup> The Scheme Record Date is presently expected to be 7:00pm on the second business day after the Scheme becomes effective.

<sup>128</sup> If a Permitted Dividend is declared and paid, the exchange ratio will be reduced based on the formula set out in the Explanatory Booklet (if the maximum Permitted Dividend of \$0.10 is paid the exchange ratio reduces to 1.98 Count shares per Diverger share held).

<sup>129</sup> Who will be unable to elect to receive any one of the three forms of Scheme Consideration and will instead receive the Maximum Cash Consideration for each Diverger share held, plus any Diverger Interim Dividend that is declared and paid.

<sup>130</sup> The Permitted Dividend will be paid on the Implementation Date or such other date as agreed between Diverger and Count.

Scheme proceeding and, if declared and paid, will not reduce the Scheme Consideration received by Diverger shareholders. Those Diverger shareholders that receive Count shares as consideration will not be entitled to Count's dividend for the six months ending 31 December 2023 (Count Interim Dividend)<sup>131</sup> if this dividend is declared prior to the Implementation Date.

277 We have assessed the value of the Maximum Cash Consideration at \$1.20 to \$1.22 per Diverger share (the high end of which includes the maximum permitted Diverger Interim Dividend).

278 The Default Consideration and Maximum Scrip Consideration include (to varying degrees) Count shares. Our assessment of the value of Count shares (post implementation of the Scheme) is set out in Section VII. Based upon this assessment, we have determined the value of the Default Consideration and Maximum Scrip Consideration as follows:

<b>Value of the Default Consideration and the Maximum Scrip Consideration<sup>(1)</sup></b>			
	<b>Low</b>	<b>Mid-point</b>	<b>High</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Default Consideration</b>			
Assessed value of Count per share	0.60	0.65	0.70
Number of Count shares to be issued per Diverger share	1.44	1.44	1.44
Value of Count shares offered as Default Consideration	0.86	0.94	1.01
Cash per Diverger share	0.40	0.40	0.40
<b>Assessed value of Default Consideration<sup>(2)</sup></b>	<b>1.26</b>	<b>1.34</b>	<b>1.41</b>
<b>Maximum Scrip Consideration</b>			
Assessed value of Count per share	0.60	0.65	0.70
Number of Count shares to be issued per Diverger share <sup>(3)</sup>	2.16	2.16	2.16
<b>Assessed value of Maximum Scrip Consideration<sup>(2)(3)</sup></b>	<b>1.30</b>	<b>1.40</b>	<b>1.51</b>

**Note:**

- 1 Rounding differences may exist.
- 2 Excludes the impact of the potential Diverger Interim Dividend and Count Interim Dividend as, whilst the potential (small) interim dividend payments are marginally dilutive, these are not considered to have any material impact on value.
- 3 Assumes no Permitted Dividend. The range changes to \$1.29 to \$1.49 per Diverger share, if the maximum Permitted Dividend of \$0.10 per share is assumed.

279 We note that the value of the Scheme Consideration alternatives to some Australian resident shareholders may be marginally higher than our assessed valuation ranges due to the benefit of franking credits attaching to any Permitted Dividend and Diverger Interim Dividend that is declared and paid.

280 As indicated in Section VII, Diverger shareholders should note that:

- (a) the listed market price of Count shares is subject to daily fluctuation. The price at which Count shares may be sold may therefore be greater or less than our assessed value of Count shares of \$0.60 to \$0.70 per share
- (b) Diverger shareholders will in aggregate receive 57.3 million Count shares or approximately 33.9% of the enlarged capital of Count. Further, a large portion of the

<sup>131</sup> Pursuant to the Amended Agreement, the Count Interim Dividend can be no more than \$0.02 per Count share.

issued share capital is likely (at least in the short term) to be held by limited number of substantial shareholders (the largest of which has a stated its intention to sell down its interest in Count in an orderly manner). If a large number of Diverger shareholders subsequently decide to sell their Count shares on-market, this could result in a short-term adverse price impact caused by the potential oversupply of Count securities

- (c) any decision to hold Count shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold Count shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. Count shareholders should therefore seek independent professional advice specific to their individual circumstances if required.

**“Fairness” opinion**

- 281 Pursuant to RG 111, a scheme is “fair” if the value of the scheme consideration is equal to, or greater than the value of the securities the subject of the scheme.
- 282 While it is possible for individual Diverger shareholders to elect to receive either the Maximum Cash Consideration or Maximum Scrip Consideration, there is no certainty that Diverger shareholders will be able to receive these alternatives and even if they can, they may be scaled back. This is because, due to the scale back mechanisms<sup>132</sup>, the Maximum Cash Consideration can only be paid (without scale back) if twice as many elections are received for the Maximum Scrip Consideration (and vice versa) assuming that no Permitted Dividend is declared<sup>133</sup>. In addition, we note that due to the scale back mechanisms, the Scheme Consideration payable to Diverger shareholders will in aggregate represent the same combination of cash and shares offered under the Default Consideration (i.e. the Default Consideration represents the average Scheme Consideration to be paid)<sup>134</sup>.
- 283 Accordingly, for the purposes of our report we have evaluated the Scheme solely by reference to the value of the Default Consideration, and provided observations with respect to the other forms of Scheme Consideration.
- 284 The comparison of our assessed value of Diverger with the Default Consideration is shown below:

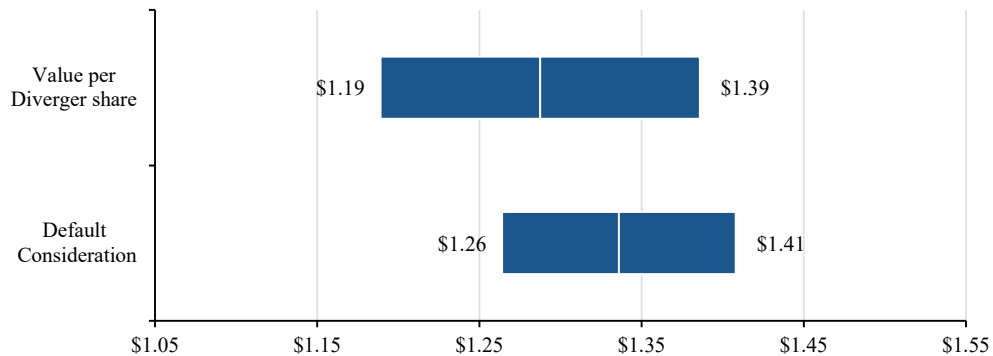
<sup>132</sup> Which caps the maximum amount of cash consideration at \$15.9 million and the limits the total number of Count shares to be issued to 57.3 million.

<sup>133</sup> If a Permitted Dividend of \$0.10 per Diverger share is declared, then the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 times as many elections for the Maximum Scrip Consideration.

<sup>134</sup> That is, cash of \$15.9 million and 57.3 million Count shares, which when divided by the fully diluted number of Diverger shares on issue (39.8 million) equals \$0.40 cash plus 1.44 Count shares per Diverger share.

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Comparison of the assessed value of Diverger relative to the Default Consideration<sup>(1)</sup>



**Note:**

1 The white line positioned at the middle of our valuation range signifies the mid-point.

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- 285 As some of the Default Consideration includes Count shares (rather than being all cash), there is no single definitive estimate of value that can be relied upon for assessing “fairness” pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes. As Diverger also has a range of possible value outcomes, there are numerous different value comparisons that can be made between the value of Diverger and the value of the Default Consideration. Given this, LEA considers it appropriate to assess “fairness” by reference to the degree of overlap that exists between the respective valuation ranges, rather than by reference to any single point of comparison.
- 286 As there is a reasonable degree of overlap of values and our assessed mid-point of the Default Consideration lies above our assessed mid-point range of values for Diverger, LEA considers the Scheme to be “fair” to Diverger shareholders when assessed in accordance with the guidelines set out in RG 111.
- 287 With respect to the alternative forms of Scheme Consideration that may be elected by Diverger shareholders, we make the following observations<sup>135</sup>:
- (a) Maximum Cash Consideration – as the value of the Maximum Cash Consideration lies within (albeit towards the lower end of) our assessed valuation range for Diverger shares on a 100% controlling interest basis, in our opinion, the Maximum Cash Consideration is “fair”
  - (b) Maximum Scrip Consideration – as there is a high degree of overlap of values and the assessed mid-point of the Maximum Scrip Consideration lies at the high end of our assessed mid-point value of Diverger shares on a 100% controlling interest basis, in our opinion, the Maximum Scrip Consideration is “fair”.

**Assessment of “reasonableness” and “in the best interests”**

- 288 Pursuant to RG 111, a transaction is reasonable if it is fair. Accordingly, in our opinion, the Scheme is also “reasonable”.
- 289 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”,

<sup>135</sup> These observations are made having regard to the guidelines set out in RG 111.



then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.

290 Generally, in our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.

291 We therefore consider that the Scheme is also “in the best interests” of Diverger shareholders in the absence of a superior proposal.

### Other considerations

292 In assessing whether the Scheme is reasonable and in the best interests of Diverger shareholders LEA has also considered, in particular:

- (a) the extent to which a control premium is being paid to Diverger shareholders
- (b) the extent to which Diverger shareholders are being paid a share of any synergies likely to be generated pursuant to the Scheme
- (c) the listed market price of the shares in Diverger, both prior to and subsequent to the announcement of the Scheme
- (d) the likely market price of Diverger shares if the Scheme is not approved
- (e) the value of Diverger to an alternative offeror and the likelihood of a higher alternative offer being made for Diverger prior to the date of the Scheme meeting
- (f) the potential benefits of holding an interest in a larger more diversified entity
- (g) the implications for Diverger if the Scheme is not implemented
- (h) other qualitative and strategic issues associated with the Scheme; and
- (i) the overall advantages and disadvantages of the Scheme from the perspective of Diverger shareholders.

293 These issues are discussed in detail below.

### Extent to which a control premium is being paid

294 It is customary when assessing the merits of a proposed change of control transaction to assess the extent of the premium offered under the proposal by comparing the offer to the pre-bid market prices of the target company’s shares. Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company’s shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price)<sup>136</sup>. This premium range reflects the fact that:

<sup>136</sup> LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to June 2023. LEA’s study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4, FactSet and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.



- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
- (b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds
- (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
- (d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

295 In considering the control premium implied by the Scheme we have adopted the mid-point of our assessed value range of the Default Consideration (i.e. \$1.34 per Diverger share). We have calculated the premium implied by the Default Consideration by reference to the market prices of Diverger shares for periods up to and including 21 September 2023 (being the last trading day prior to the announcement of the Scheme).

Implied offer premium – Default Consideration relative to recent Diverger share prices		
Date / period	Diverger share price	Implied control premium <sup>(1)</sup>
	\$	%
Closing share price on 21 September 2023 <sup>(2)</sup>	0.90	48.9
1 month VWAP to 21 September 2023 <sup>(2)</sup>	0.90	48.9
3 month VWAP to 21 September 2023 <sup>(2)</sup>	0.85	57.6

**Note:**

- 1 Implied control premium based on the mid-point our assessed value range of the Default Consideration (i.e. \$1.34 per Diverger share).
- 2 Being the last trading day prior to the announcement of the Scheme.

**Source:** FactSet and LEA analysis.

296 We have also considered the implied premium based upon share trading in Count shares post the announcement of the Scheme (through to 6 December 2023). Over this timeframe, the VWAP of Count shares was \$0.63 per share. This implies a value for the Default Consideration of \$1.31 per Diverger share and an implied control premium relative to Diverger’s share prices prior to the announcement of the Scheme of between 45% and 54%.

297 Another way of looking at the premium represented by the Scheme is to compare the value of the Count share price for a particular date or period with the price of Diverger shares on the same date or over the same period (albeit this analysis fails to incorporate any post implementation synergy benefits that may be realised). On this basis, the Scheme represents premiums of around 35% to 41%:

Diverger – control premium over pre-announcement prices (based on Default Consideration)				
Date / period	Count share price	Implied Default Consideration <sup>(1)</sup>	Diverger share price	Implied control premium <sup>(2)</sup>
	\$	\$	\$	%
Closing share price on 21 September 2023 <sup>(3)</sup>	0.56	1.21	0.90	35.2
1 month VWAP to 21 September 2023 <sup>(3)</sup>	0.57	1.22	0.90	35.9
3 month VWAP to 21 September 2023 <sup>(3)</sup>	0.55	1.19	0.85	39.7
6 month VWAP to 21 September 2023 <sup>(3)</sup>	0.54	1.18	0.84	41.1

**Note:**

- 1 Based upon Count share price multiplied by 1.44 plus cash of \$0.40.
- 2 As this is based on the Count share price prior to the announcement of the Scheme, it excludes any post implementation synergy benefits that may be realised.
- 3 Being the last trading day prior to the announcement of the Scheme.

**Source:** FactSet and LEA analysis.

298 Having regard to the above, in our opinion, the Default Consideration provides Diverger shareholders with a premium that is broadly consistent with, if not higher than observed premiums generally paid in comparable circumstances. Accordingly, in our view, Diverger shareholders are being compensated for the fact that 100% of control of Diverger will pass to Count if the Scheme is approved.

299 With respect to the alternative forms of Scheme Consideration that may be elected by Diverger shareholders, we make the following observations (based upon our assessed value ranges):

- (a) Maximum Cash Consideration – the implied premium ranges from 33.3% to 43.5%, which we consider to be consistent with observed premiums generally paid in comparable circumstances
- (b) Maximum Scrip Consideration – the implied premium (based on the mid-point of our assessed value range of the Maximum Scrip Consideration) ranges from some 55.6% to 64.7%, which we consider to be above observed premium generally paid in comparable circumstances.

**Extent to which Diverger shareholders are being paid a share of synergies**

300 If the Scheme is approved by Diverger shareholders, Count will acquire a 100% interest in Diverger and Diverger will become a subsidiary of Count. Accordingly, listed company costs associated with Diverger will be eliminated and provide cost savings to the merged group. Such cost savings are inherent when listed companies are acquired and are typically one of the reasons why acquirers pay a control premium to target company shareholders.

301 In terms of potential operational synergies, Count is also a participant in the financial and accounting services sector in Australia and provides a range of services which are similar and/or complementary to those of Diverger. The potential therefore exists for operational synergies between the two business operations (which may be significant), noting that in the Scheme announcement dated 22 September 2023, Count stated that:

*“Count has identified approximately \$3 million in cost synergies, and a number of new revenue growth opportunities to be delivered through a rigorous integration and benefit realisation program. Upon completion, Count will benefit from a broader and more diversified shareholder base.*

*The transaction is expected to unlock significant value for shareholders and the combined entity will be better positioned to lead further industry consolidation and inorganic growth opportunities. The transaction is expected to be EPS accretive after completion and 25%+ EPS accretive after realisation of the expected full run-rate cost synergies (excluding revenue synergies and one-off transaction and integration costs).”*

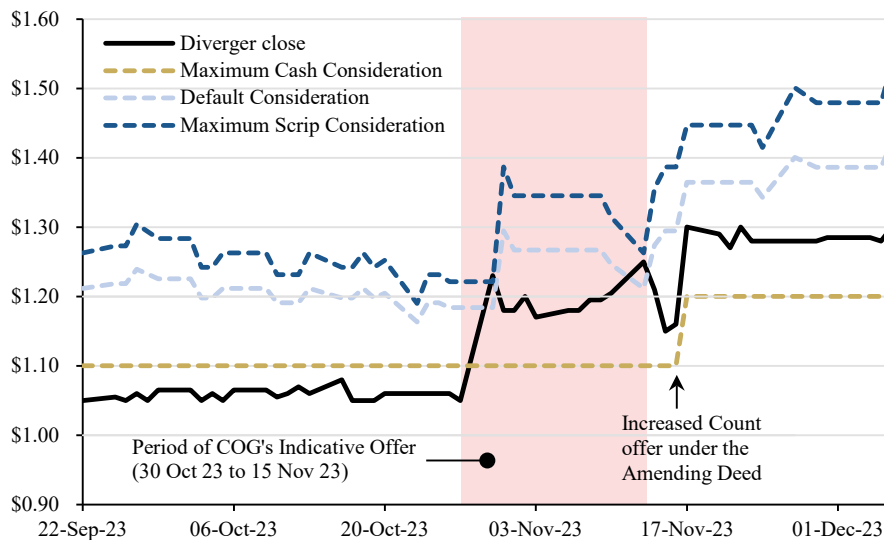
302 However, as noted above, the Default Consideration has a high degree of overlap with our assessed value range of Diverger (on a 100% controlling interest basis). We are therefore of the view that Diverger shareholders are being paid a share of the value of any synergy benefits which may potentially arise from the acquisition.

### Recent share prices subsequent to the announcement of the Scheme

303 The following chart depicts the ASX share trading in Diverger shares subsequent to the announcement of the Scheme on 22 September 2023 relative to the three forms of Scheme Consideration offered (based upon trading in Count shares):

#### Diverger share trading post announcement of the Scheme<sup>(1)</sup>

22 September 2023 to 6 December 2023



**Note:**

1 The scrip component of the Default Consideration and the Maximum Scrip Consideration is based upon the closing prices of Count shares multiplied by the relevant exchange ratio plus cash, if relevant.

**Source:** FactSet and LEA analysis.

304 Regarding the above we note:

- prior to the announcement of COG's Indicative Offer on 30 October 2023, Diverger shares traded on the ASX (albeit on low volumes) at a discount to all three forms of the Scheme Consideration (per Count's initial offer)<sup>137</sup>
- subsequent to the announcement of COG's Indicative Offer and prior to its formal withdrawal on 15 November 2023, Diverger shares traded on the ASX at discount to COG's Indicative Offer but at a premium to the Maximum Cash Consideration and broadly consistent with the implied value of the Default Consideration and Maximum Scrip Consideration (based on trading in Count's shares)<sup>138</sup>
- on 15 November 2023 COG's Indicative Offer was withdrawn and trading in Diverger shares reduced to levels marginally above the Maximum Cash Consideration

<sup>137</sup> Diverger shares traded in the range of \$1.02 to \$1.08 per share, with a VWAP of \$1.05 per share.

<sup>138</sup> Diverger shares traded in the range of \$1.15 to \$1.30 per share from 30 October 2023 to 14 November 2023, with a VWAP of \$1.24 per share.

- (d) subsequent to the announcement of the revised Count offer on 17 November 2023 up to 6 December 2023, Diverger shares have traded in the range of \$1.27 to \$1.35 per share with VWAP of \$1.30 which exceeds the Maximum Cash Consideration but is less than the implied value of the Default Consideration and the Maximum Scrip Consideration.

**Likely price of Diverger shares if the Scheme is not implemented**

305 If the Scheme is not implemented and in the absence of a superior proposal (the potential for which is discussed below), we expect that, at least in the short term, Diverger shares will trade at a significant discount to our valuation and the Default Consideration due to the difference between the value of Diverger shares on a portfolio basis and their value on a 100% takeover basis. In this regard we note that Diverger shares last traded at \$0.90 per share on 21 September 2023 (being the trading day prior to the announcement of the Scheme).

306 Accordingly, in this circumstance, those Diverger shareholders who wish to sell their Diverger shares are therefore likely, at least in the short term, to realise a significantly lower price for their shares than would be received under the Scheme.

**Likelihood of an alternative offer**

307 Prior to the announcement of the Scheme on 22 September 2023, Diverger was in discussions with a number of parties regarding a potential transaction concerning the Company and had received some indicative offers. However, the proposal received from Count was considered more favourable than the other offers received, having regard to a range of factors, including alignment of management between the future direction of the merged entity, the certainty provided by the Scheme and the ability to execute a binding implementation deed with Count on terms that were acceptable to the Diverger Board and Diverger's major shareholder HUB24.

308 Although Diverger received unsolicited indicative offers from another interested party subsequent to the announcement of the Scheme (i.e. COG), we note that:

- (a) COG's Indicative Offer was withdrawn on 15 November 2023, on the basis that Diverger's major shareholders were (in the absence of any public statements to the contrary) unlikely to support its offer
- (b) COG announced that it had acquired a 19.99% interest in Centrepont (a competitor of Diverger) on 17 November 2023. This acquisition is likely to constrain its present ability to acquire Diverger.

309 Whilst there effectively remains an opportunity for other third parties contemplating an acquisition of Diverger (or an alternative transaction) to table a proposal, Diverger shareholders should note:

- (a) the exclusivity (and break fee) obligations to which Diverger is subject pursuant to the Agreement (as amended), which are summarised in Section I of this report and discussed in further detail in the Explanatory Booklet
- (b) the Scheme presently has the support of the Diverger Board as well as Diverger's major shareholders, HUB24, Harvest Lane and Kevin White (and his associated entities) who have indicated they intend to vote in favour of the Scheme, 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

- (c) any superior proposal would require the support of HUB24 in particular, as the size of its shareholding (34.4%) means that it can block any competing takeover offer for 100% of Diverger (that is proposed to be implemented by way of an on or off-market takeover or alternatively, a scheme of arrangement)<sup>139</sup>
- (d) the Diverger business is similar and complementary to Count's business and the potential exists for operational synergies between the two businesses.

310 Although it is possible that a competing or superior proposal may emerge prior to the Scheme meeting, in our opinion, the factors set out above diminish the likelihood of this outcome.

### **Interest in a larger and more diversified entity**

311 If the Scheme is approved and implemented, Diverger shareholders that receive the Default Consideration or elect to receive the Maximum Scrip Consideration will hold shares (albeit on a diluted basis) in a much larger and more diversified business. This should provide benefits to Diverger shareholders as:

- (a) the businesses are highly complementary and the enlarged business would have significantly increased revenue, FUM and number of advisers
- (b) the increased scale of the combined business should provide economies of scale benefits and incremental growth opportunities
- (c) the aggregation of the Diverger and Count businesses will result in a larger, more diversified operation with synergy and other strategic benefits expected to be realised (albeit there is a risk that not all expected benefits will be realised due to unforeseen delays, integration issues, challenges etc.)
- (d) the enlarged operation will have an increased market capitalisation and an enlarged shareholder base. This may result in increased institutional investment, analyst coverage and potentially enhanced liquidity in Count shares (albeit noting that the free float, at least in the short term, may be relatively limited due to the two expected substantial shareholders<sup>140</sup>).

312 Diverger shareholders will also retain the opportunity to realise a (further) control premium through a change of control transaction involving Count at some time in the future. That said, as noted in the Explanatory Booklet, post implementation of the Scheme there are expected to be two substantial shareholders in Count<sup>140</sup>. While CBA / Colonial Holding Company Limited has indicated an intention to sell its interest in Count, it is not known what the remaining substantial shareholders may elect to do in the event an offer was received for Count (post implementation of the Scheme). As such, there can be no assurance that this opportunity will arise.

### **Implications of the Scheme not proceeding and no superior proposal emerging**

313 In the event that the Scheme does not proceed and no superior proposal emerges:

<sup>139</sup> HUB24 cannot however, prevent a potential acquirer from obtaining control of Diverger (i.e. acquiring a 50.1% interest via say an on or off-market takeover offer).

<sup>140</sup> CBA / Colonial Holding Company Limited and HUB24 who, per Section 7.4 of the Explanatory Booklet, are expected to hold some 24% and 11% of the enlarged capital base respectively.

- (a) the advantages (and to a lesser extent, disadvantages) of the Scheme (as summarised below) will be foregone
- (b) Diverger will incur unavoidable transaction costs associated with the Scheme of some \$1.5 million without Diverger shareholders obtaining any corresponding benefit, noting however, these costs are relatively immaterial in the context of Diverger on a stand-alone basis
- (c) Diverger shareholders who retain their Diverger shares will continue to share in any benefits, opportunities and risks associated with an investment in the stand-alone Diverger operations, including risks associated with future growth and profitability. Diverger will seek to pursue its FY25 strategy for growth, principally by acquisition of smaller wealth and accounting solutions providers. The ability to achieve this targeted growth is inherently uncertain, implicitly comes at a cost and is limited by capital constraints. Diverger shares are also likely to remain relatively illiquid.

### **Other considerations**

#### ***Choice of Scheme Consideration***

314 The alternative forms of Scheme Consideration provide flexibility for Diverger shareholders to elect to receive the form of consideration that best suits their individual preferences.

315 That said, we note that:

- (a) due to the existence of the scale back mechanisms, the Maximum Cash Consideration can only be paid (without scale back) if twice as many elections are received for the Maximum Scrip Consideration assuming that no Permitted Dividend is declared<sup>141</sup>. The same principle applies to the Maximum Scrip Consideration but in reverse
- (b) the difference in value between the Maximum Cash Consideration and other Scheme Consideration alternatives may limit Diverger shareholder interest in electing the Maximum Cash Consideration. Further, those Diverger shareholders whose personal preference is for cash consideration may have already sold their Diverger shares on-market. These factors may limit the availability of the Maximum Scrip Consideration alternative.

#### ***Tax implications***

316 The capital proceeds received by Diverger shareholders on disposal of their shares to Count will generate a:

- (a) capital gain if the proceeds are greater than the cost base of the shares held
- (b) capital loss if the proceeds are less than the cost base of the shares held.

317 Generally for Australian resident Diverger shareholders, a capital gains tax (CGT) discount will be available for individuals and trusts (50%) and complying superannuation funds (33.3%) if the Diverger shares have been held on capital account for over 12 months.

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<sup>141</sup> If a Permitted Dividend of \$0.10 per Diverger share is declared, then the Maximum Cash Consideration can only be paid (without scale back) if there are approximately 2.67 times as many elections for the Maximum Scrip Consideration.



- 318 Australian resident Diverger shareholders who make a capital gain on the disposal of their Diverger shares may choose to obtain CGT scrip for scrip roll-over relief where they receive Count shares in respect of their Diverger shares in accordance with Subdivision 124-M of the *Income Tax Assessment Act 1997* (Cth) (CGT roll-over relief). No CGT roll-over relief is available in respect of a capital loss realised on the disposal of the Diverger shares.
- 319 Further information on the tax consequences of the Scheme is set out in Section 9 of the Explanatory Booklet.

***Foreign scheme shareholders and small shareholders***

- 320 Foreign scheme shareholders (with an address outside of Australia, New Zealand, the United Kingdom and other jurisdictions agreed by Count and Diverger) and small shareholders (who will be entitled to receive less than a marketable parcel of Count shares) will be unable to make an election and will instead receive the Maximum Cash Consideration for each Diverger share held, plus any Diverger Interim Dividend that is declared and paid (the combined amount of which consider to be “fair” based upon RG 111 guidelines).
- 321 Whilst those foreign scheme shareholders and small shareholders that wish to maintain an interest in Diverger will be able to buy Count shares on-market with the proceeds they receive, it is important to note that these proceeds will be subject to any potential tax obligations of the individual shareholder and transaction costs (if any) on the acquisition of Count shares.

**Summary of opinion on the Scheme**

- 322 We summarise below the likely advantages and disadvantages for Diverger shareholders if the Scheme proceeds.

**Advantages**

- 323 In our opinion, the Scheme has the following advantages for Diverger shareholders:
- (a) there is a high degree of overlap between our assessed value of 100% of Diverger and the value of the Default Consideration offered, therefore the Scheme is considered “fair” based on the guidelines set out in RG 111<sup>142</sup>
  - (b) the Default Consideration represents a premium to the recent market prices of Diverger shares prior to the announcement of the Scheme on 22 September 2023. Furthermore, the implied premium is broadly consistent, if not higher than observed premiums generally paid to target company shareholders in comparable circumstances
  - (c) the Scheme provides Diverger shareholders, other than those receiving Maximum Cash Consideration, with the opportunity to continue to hold an interest in the Diverger business (albeit on a diluted basis) by receiving shares in a larger, more diversified entity with the potential for (inter alia) increased earnings, an increased market capitalisation and an enlarged shareholder base. This may result in increased institutional investment, analyst coverage and potentially enhanced liquidity in Count

<sup>142</sup> We note for completeness that we also consider the alternative forms of Scheme Consideration to be “fair” based upon the guidelines set out in RG 111.

shares (albeit noting that the free float, at least in the short term, may be relatively limited due to the two expected substantial shareholders<sup>143</sup>)

- (d) if the Scheme does not proceed, and in the absence of a superior proposal, the price of Diverger shares is likely to trade, at least in the short term, at a significant discount to our valuation and the Default Consideration due to the portfolio nature of individual shareholdings.

### Disadvantages

324 The key disadvantages of the Scheme for Diverger shareholders are as follows:

- (a) foreign scheme shareholders and small shareholders will be unable to make an election and will instead receive the Maximum Cash Consideration for each Diverger share held, plus any Diverger Interim Dividend that is declared and paid. That said, we note that:
  - (i) we consider the Maximum Cash Consideration to be “fair” based upon RG 111 guidelines
  - (ii) these Diverger shareholders may have the opportunity (subject to liquidity) to realise (after transaction costs) more than \$1.20 to \$1.22 for their Diverger shares by selling on-market
- (b) some Diverger shareholders may not want to acquire an economic interest in the Count business. However, as indicated above, these Diverger shareholders have some flexibility with respect to the form of Scheme Consideration by making a Maximum Cash Consideration election (subject to the scale back mechanisms), may sell their Diverger shares on-market or, in the event Count shares are received as Default Consideration, have an opportunity to sell their Count shares after implementation of the Scheme.

### Conclusion

325 Given the above analysis, we consider the advantages of the Scheme outweigh the disadvantages. Accordingly, in our opinion the acquisition of Diverger shares under the Scheme is fair and reasonable and in the best interests of Diverger shareholders in the absence of a superior proposal.

<sup>143</sup> CBA / Colonial Holding Company Limited and HUB24 who, per Section 7.4 of the Explanatory Booklet, are expected to hold some 24% and 11% of the enlarged capital base respectively.



## A Financial Services Guide

### Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532, which authorises it to provide a broad range of financial services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

### Financial Services Guide

- 3 LEA has been engaged by Diverger to provide general financial product advice in the form of an IER in relation to the Scheme. The *Corporations Act 2001 (Cth)* (Corporations Act) requires that LEA include this Financial Services Guide (FSG) with our IER.
- 4 This FSG is designed to assist retail clients in their use of the general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

### General financial product advice

- 5 The IER contains general financial product advice only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

### Fees, commissions and other benefits we may receive

- 6 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$160,000 plus GST.
- 7 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
- 8 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of

## Appendix A

performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

- 9 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### Complaints

- 10 If you have a complaint, please raise it with us first. LEA can be contacted by sending a letter to the following address:

Level 7  
64 Castlereagh Street  
Sydney NSW 2000  
(or GPO Box 1640, Sydney NSW 2001)

- 11 We will endeavour to satisfactorily resolve your complaint in a timely manner. Please note that LEA is only responsible for the preparation of this IER. Complaints or questions about the Explanatory Booklet should not be directed toward LEA as it is not responsible for the preparation of this document.
- 12 If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

### Compensation arrangements

- 13 LEA has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of the Corporations Act.

## Appendix B

### B Qualifications, declarations and consents

#### Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Nathan Toscan and Ms Julie Planinic, who are each authorised representatives of LEA. Mr Toscan and Ms Planinic have over 21 years' and 24 years' experience respectively in the provision of valuation advice (and related advisory services).

#### Declarations

- 3 This report has been prepared at the request of the Directors of Diverger to accompany the Explanatory Booklet to be sent to Diverger shareholders. It is not intended that this report serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable to and in the best interests of Diverger shareholders.
- 4 LEA expressly disclaims any liability to any Diverger shareholder who relies or purports to rely on our report for any other purpose and to any other party who relies or purports to rely on our report for any purpose whatsoever.

#### Interests

- 5 At the date of this report, neither LEA, Mr Toscan nor Ms Planinic have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 6 LEA has not had within the previous two years, any business or professional relationship with Diverger or Count or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.
- 7 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.
- 8 LEA has had no part in the formulation of the Scheme. Its only role has been the preparation of this report.

#### Indemnification

- 9 As a condition of LEA's agreement to prepare this report, Diverger agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Diverger which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

#### Consents

- 10 LEA consents to the inclusion of this report in the form and context in which it is included in the Explanatory Booklet.

## C Valuation methodologies

- 1 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, schemes of arrangement, takeovers, share buy-backs, selective capital reductions and prospectuses. These include:
  - (a) the DCF methodology
  - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
  - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
  - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
  - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 2 Under the DCF methodology the value of the business is equal to the net present value of the estimated future cash flows including a terminal value. In order to arrive at the net present value the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.
- 3 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.
- 4 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, EBITA, EBIT or NPAT. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

## Appendix C

- 5 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

## D Comparable company descriptions

### Prime Financial Group

- 1 Prime Financial offers integrated wealth management, corporate and capital advisory, accounting and business advisory, SMSF services and ESG advisory to business owners, entrepreneurs and high-growth individuals. As of 30 June 2023, Prime Financial had approximately \$1.1 billion in FUM maintained by a workforce of over 150 members across seven locations in Australia, Asia, Europe and North America.

### WT Financial Group

- 2 WT Financial provides wealth management, retirement planning and personal risk insurance advice services through a network of more than 400 advisers operating as Authorised Representatives under its Wealth Today, Sentry and Synchron subsidiaries. The Company also delivers a range of financial advice services directly to wholesale and retail clients through its Spring Financial Group brand and delivers in-person and online seminars and professional development programs through its Wealth Adviser business.

### Centrepont Alliance

- 3 Centrepont has a network of more than 510 advisers primarily operating as Authorised Representatives under its AFSL and provides support services to some 200 self-licensed practices representing almost 800 advisers. The business has also recently expanded its network of salaried advisers to 19 advisers following the recent acquisition of FAM. Centrepont also provides mortgage broking services through a network of 80 brokers and provides investment management services to financial advisers, accountants and their clients with some \$295.0 million in managed accounts.

### Sequoia Financial Group

- 4 Sequoia is an integrated financial service company that operates through a number of different divisions. The company's Licensee Services division provides licensee services to more than 370 advisers operating as authorised representatives under its InterPrac and Sequoia Wealth Management businesses. The company also provides a range of other services including corporate finance, general insurance broking, SMSF administration, legal document establishment, investment management services and holds a number of other direct investments.

## E Glossary

Term	Meaning
1H	Six months to 31 December
2H	Six months to 30 June
4Front Holdings	4Front Holdings Pty Ltd
AASB	Australian Accounting Standards Board
AASB 16	Australian Accounting Standard AASB 16 – <i>Leases</i>
Accurium	Accurium Holdings Pty Ltd
AFCA	Australian Financial Complaints Authority
Affinia	Affinia Financial Advisers Limited
AFSL	Australian Financial Services Licence
AFSLC	AFSL Compliance Ltd
Agreement	Scheme Implementation Agreement between Diverger and Count dated 22 September 2023
Amended Agreement	Scheme Implementation Agreement between Diverger and Count dated 22 September 2023 incorporating the Amending Deed dated 17 November 2023
Amending Deed	Amending Deed between Diverger and Count dated 17 November 2023
ASIC	Australian Securities & Investments Commission
ASPW	Atkinson Saynor Private Wealth Pty Ltd
ASX	Australian Securities Exchange
ATSR	Absolute total shareholder return
Aussie Home Loans	AHL Holdings Pty Limited
CAANZ	Chartered Accountants Australia and New Zealand
CAGR	Compound annual growth rate
CBA	Commonwealth Bank of Australia
CDC Partners	CDC Partners Pty Ltd
Centrepoint	Centrepoint Alliance Limited
CFS	Colonial First State Limited
CGT	Capital gains tax
CGU	Cash generating unit
COG	COG Financial Services Limited
COG's Indicative Offer	Non-binding indicative offer from COG to Diverger dated 13 October 2023 (but announced on 30 October 2023)
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
Count	Count Limited
Count AFSL	Count Financial Limited
Count Interim Dividend	Count may declare and pay an interim dividend for the six months ending 31 December 2023 for up to \$0.02 per Count share held
CountPlus One	CountPlus One Pty Ltd
CPA Australia	Certified Practising Accountants Australia
CPD	Continuing Professional Development
DCF	Discounted cash flow
Default Consideration	\$0.40 in cash (inclusive of any Permitted Dividend that is declared and paid) plus 1.44 Count shares per Diverger share held
Diverger / Company	Diverger Limited
Diverger Interim Dividend	Diverger shareholders are entitled to receive an interim dividend, if declared and paid, for the six months ending 31 December 2023 of up to \$0.02 per Diverger share
DWA	DWA Managed Accounts Pty Ltd

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Appendix E

Term	Meaning
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax depreciation and amortisation
EPS	Earnings per share
FAM	Financial Advice Matters Group Pty Ltd
FASEA	Financial Advisor Standards and Ethics Authority
FOFA	Future of Financial Advice legislation
FSG	Financial Services Guide
FUA	Funds under advice
FUM	Funds under management
FY	Financial year
GPS Wealth	GPS Wealth Ltd
Harvest Lane	Harvest Lane Asset Management Limited
HUB24	HUB24 Ltd
IER	Independent expert's report
Indicative Proposal	Non-binding indicative offer by Diverger to Centrepoint submitted on 23 June 2022
Insignia	Insignia Financial Limited (formerly IOOF Holdings Limited)
Kelly Partners	Kelly Partners Group Holdings Limited
Kidmans Partners	Kidmans Partners Holdings Pty Ltd
LEA	Lonerган Edwards & Associates Limited
LTM Dec 20	12 months ended 31 December 2020
Maximum Cash Consideration	\$1.20 cash per Diverger share held (inclusive of any Permitted Dividend that is declared and paid)
Maximum Scrip Consideration	2.16 Count shares per Diverger share held
MBA Partnership	MBA Group Holdings Pty Ltd
MergeCo	The combined Count and Diverger businesses
MFG	Madison Financial Group
Moggs Accounting	Moggs Accounting + Advisory Pty Ltd
Merit Wealth	Merit Wealth Pty Ltd
MWM	McGregor Wealth Management Pty Ltd
NAB	National Australia Bank Limited
NPAT	Net profit after tax
NPATA	Net profit after tax and amortisation
NSW	New South Wales
Paragem	Paragem Pty Limited
Permitted Dividend	Fully franked cash dividend of up to \$0.10 per Diverger share (which if declared and paid will result in a commensurate reduction in the Scheme Consideration)
PBT	Profit before tax
PC	Performance Condition
PE	Price to earnings
PNET	Priority Networking Pty Ltd
Prime Financial	Prime Financial Group Limited
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
ROE	Return on equity
Royal Commission	Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
Scheme	Scheme of arrangement between Diverger and its shareholders
Scheme Consideration	Collectively, the Maximum Cash Consideration, the Default Consideration and the Maximum Scrip Consideration
Sentry	Sentry Group Pty Limited

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## Appendix E

Term	Meaning
Sequoia	Sequoia Financial Group Limited
SMSF	Self-managed superannuation fund
Synchron	Synchronised Business Services Pty Ltd
TFSA	Total Financial Solutions Australia Pty Ltd (Administrators Appointed)
Unite Advisory	Unite Advisory Pty Ltd
VWAP	Volume weighted average price
WANOS	Weighted average number of shares outstanding
Westpac	Westpac Banking Corporation
Wealth Axis	Wealth Axis Holdings Pty Ltd
WSC Group	WSC Group Pty Ltd
WT Financial	WT Financial Group Limited

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## Appendix 2 – Deed Poll

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# Deed poll

—  
Count Limited ACN 126 990 832 (**Count**)  
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# Deed poll

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<b>Details</b>	<b>3</b>
<b>Agreed terms</b>	<b>4</b>
<b>1. Defined terms &amp; interpretation</b>	<b>4</b>
1.1 Defined terms	4
1.2 Terms defined in Scheme Implementation Agreement	4
1.3 Incorporation by reference	4
<b>2. Nature of this deed poll</b>	<b>4</b>
<b>3. Conditions</b>	<b>4</b>
3.1 Conditions	4
3.2 Termination	4
3.3 Consequences of termination	4
<b>4. Performance of obligations</b>	<b>5</b>
4.1 Generally	5
4.2 Provision of Scheme Consideration	5
<b>5. Warranties</b>	<b>5</b>
<b>6. Continuing Obligations</b>	<b>5</b>
6.1 Deed poll irrevocable	5
6.2 Variation	5
<b>7. Notices</b>	<b>6</b>
<b>8. General Provisions</b>	<b>6</b>
8.1 Assignment	6
8.2 Cumulative rights	6
8.3 No waiver	6
8.4 GST	7
8.5 Stamp duty	7
8.6 Further assurances	7
8.7 Governing law and jurisdiction	7
<b>Signing page</b>	<b>8</b>

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# Details

Date 11 December 2023

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## Deed poll made by

Name Count Limited ACN 126 990 832  
Short form name **Count**  
Address Level 5, 55 Clarence Street, Sydney NSW 2000  
Notice details Attention: Hugh Humphrey  
Email: hugh.humphrey@count.au

## in favour of

each person registered in the Share Register as a holder of fully paid ordinary shares in Diverger Limited ACN 111 695 357 as at the Scheme Record Date.

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## Background

- A On 22 September 2023, Diverger and Count entered into the Scheme Implementation Agreement to provide for (among other matters) the implementation of the Scheme. The Scheme Implementation Agreement was amended by the parties on 17 November 2023.
- B The effect of the Scheme will be to transfer all Scheme Shares to Count in return for the Scheme Consideration.
- C Count enters this deed poll to covenant in favour of Scheme Shareholders to:
  - (i) perform the actions attributed to it under the Scheme; and
  - (ii) provide the Scheme Consideration in accordance with the Scheme.

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# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this deed poll:

**Diverger** means Diverger Limited ACN 111 695 357.

**Scheme Consideration** has the meaning given in the Scheme.

**Scheme Implementation Agreement** means the Scheme Implementation Agreement between Diverger and Count dated 22 September 2023, as amended on 17 November 2023 and from time to time.

**Scheme Share** has the meaning given in the Scheme.

**Scheme Shareholder** has the meaning given in the Scheme.

**Scheme Record Date** has the meaning given in the Scheme.

**Share Register** has the meaning given in the Scheme.

### 1.2 Terms defined in Scheme Implementation Agreement

Subject to clause 1.1, words and phrases defined in the Scheme Implementation Agreement have the same meaning in this deed poll unless they are otherwise defined in this deed poll or the context requires otherwise.

### 1.3 Incorporation by reference

The provisions of clauses 1.2, 1.3 and 1.4 of the Scheme Implementation Agreement form part of this deed poll as if set out at length in this deed poll but with *deed poll* substituted for *agreement* and with any reference to *party* being taken to include the Scheme Shareholders (as the context requires or permits).

## 2. Nature of this deed poll

Count agrees that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it.

## 3. Conditions

### 3.1 Conditions

Each of Count's obligations under this deed poll are subject to the Scheme becoming Effective.

### 3.2 Termination

This deed poll and the obligations of Count under this deed poll will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date or any later date as the Court, with the consent of Count and Diverger, may order,

unless Count and Diverger otherwise agree in writing.

### 3.3 Consequences of termination

If this deed poll terminates under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) Count is released from its obligations to further perform this deed poll; and

- (b) each Scheme Shareholder retains the rights they have against Count in respect of any breach of this deed poll which occurred before it terminated.

## 4. Performance of obligations

### 4.1 Generally

Subject to clause 3, Count covenants in favour of Scheme Shareholders to perform the actions attributed to it under, and otherwise comply with, the Scheme as if Count was a party to the Scheme.

### 4.2 Provision of Scheme Consideration

Subject to clause 3, Count undertakes in favour of each Scheme Shareholder to provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme.

## 5. Warranties

Count represents and warrants to each Scheme Shareholder that:

- (a) **(status)** it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) **(power)** it has the power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **(corporate authorisations)** it has taken all necessary corporate action to authorise the entry into and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **(documents binding)** this deed poll is its valid and binding obligation enforceable in accordance with its terms;
- (e) **(transactions permitted)** the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
  - (i) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it; or
  - (ii) its constitution or other constituent documents; and
- (f) **(solvency)** it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

## 6. Continuing Obligations

### 6.1 Deed poll irrevocable

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Count having fully performed its obligations under this deed poll; and
- (b) termination of this deed poll under clause 3.2.

### 6.2 Variation

A provision of this deed poll may not be varied without the agreement of Count and unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Diverger; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Diverger and is approved by the Court,

in which event Count will enter into a further deed poll in favour of each Scheme Shareholder giving effect to the amendment.

## 7. Notices

Any notice, demand or other communication (**Notice**) to Count in respect of this deed poll:

- (a) must be in writing and signed by the sender or a person duly authorised by it;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand, email or to the address or email address specified in the Details;
- (c) will be conclusively taken to be duly given or made:
  - (i) **(in the case of delivery in hand)**, when delivered at the address of the addressee as provided in the Details, unless that delivery is not made on a Business Day, or is made after 5.00pm on a Business Day, in which case that Notice will be deemed to be received at 9.00am on the next Business Day;
  - (ii) **(in the case of delivery by post)**, on the third Business Days after the date of posting (if posted from an address within Australia) or the fifth Business Days after the date of posting (if posted from an address outside Australia); or
  - (iii) **(in the case of email)**, on the earlier of:
    - (A) when the sending party's email system confirms delivery of the email by way of a delivery notification; or
    - (B) when the recipient party confirms receipt to the sending party via email or telephone.

## 8. General Provisions

### 8.1 Assignment

- (a) The rights and obligations of Count and Diverger and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of Count and Diverger.
- (b) Any purported dealing in contravention of clause 8.1(a) is invalid.

### 8.2 Cumulative rights

The rights, powers and remedies of Count, Diverger and each Scheme Shareholder under this deed poll are cumulative with and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

### 8.3 No waiver

- (a) Count may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) If a Scheme Shareholder does not exercise a right arising from a breach of this deed poll at a given time, it may, unless it has waived that right in writing, exercise the right at a later point in time.
- (c) No Scheme Shareholder may rely on words or conduct of Count as a waiver of any right unless the waiver is in writing and signed by Count.
- (d) The meanings of the terms used in this clause 8.4 are set out below.

**conduct** includes delay in the exercise of a right.

**right** means any right arising under or in connection with this deed poll and includes the right to rely on this clause.



**waiver** includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

#### 8.4 GST

- (a) Any reference in this clause 8.4 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this deed poll does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this deed poll is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this deed poll but for the application of this clause 8.4(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 8.4(c) does not apply to any taxable supply under or in connection with this deed poll that is stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 8.4 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) If an amount on account of GST is payable under clause 8.4(c), the Supplier must provide the Recipient with a tax invoice before such amount is payable.
- (f) If the GST payable in relation to a supply varies from the GST amount paid by the Recipient under clause 8.4(c), the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of the variation from the Recipient provided that the Supplier provides an adjustment note to the Recipient where there is an adjustment event. Any payment, credit or refund under this clause 8.4(f) is deemed to be a payment, credit or refund of the GST payable under clause 8.4(c).
- (g) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

#### 8.5 Stamp duty

Count must:

- (a) pay or procure the payment of all stamp duty (if any) any related fines, penalties and interest in respect of the Scheme and this deed poll (including the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this deed poll and each transaction effected by or made under or pursuant to the Scheme and this deed poll. and
- (b) indemnify and undertake to keep indemnified each Scheme Shareholder against any liability arising from a failure to comply with clause 8.5(a).

#### 8.6 Further assurances

Count will, at its own expense, do all things reasonably required of it to give full effect to this deed poll.

#### 8.7 Governing law and jurisdiction

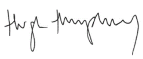
This deed poll is governed by the laws of the State of New South Wales. In relation to it and related non-contractual matters Count irrevocably:

- (a) submit to the non-exclusive jurisdiction of courts with jurisdiction there; and
- (b) waive any right to object to the venue on any ground.

# Signing page

**EXECUTED** and delivered as a deed poll.


**Executed by Count Limited ACN 126 990 832** in accordance with Section 127 of the *Corporations Act 2001*

DocuSigned by:  
  
4098C87B55CC472...

Signature of director

Hugh Humphrey

Name of director (print)

DocuSigned by:  
  
E97F825B2F59414...

Signature of director/company secretary  
(Please delete as applicable)

Doug Richardson

Name of director/company secretary (print)

*By signing above, each director or secretary (as applicable) consents to electronic execution of this document (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other director or secretary (as applicable) to produce a copy of this document bearing his or her signature for the purpose of signing the copy to complete its execution under section 127 of the Corporations Act. The copy of the signature appearing on the copy so executed is to be treated as his or her original signature.*

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## Appendix 3 – Scheme

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# Scheme of Arrangement

—  
Diverger Limited ACN 111 695 357  
Scheme Shareholders  
—

Level 20 Collins Arch 447 Collins Street  
Melbourne Vic 3000 Australia DX 204 Melbourne  
T +61 3 8608 2000 F +61 3 8608 1000  
[minterellison.com](http://minterellison.com)

**MinterEllison.**

# Scheme of Arrangement

Diverger Limited ACN 111 695 357

<b>Details</b>	<b>4</b>
<b>Agreed terms</b>	<b>5</b>
<b>1. Defined terms &amp; interpretation</b>	<b>5</b>
1.1 Definitions	5
1.2 Interpretation	9
1.3 Business Day	10
1.4 Listing requirements included as law	10
<b>2. Preliminary</b>	<b>10</b>
2.1 Diverger	10
2.2 Count	10
2.3 General	10
2.4 Consequence of the Scheme	10
<b>3. Conditions</b>	<b>11</b>
3.1 Conditions precedent	11
3.2 Effect of conditions precedent	11
<b>4. Implementation of this Scheme</b>	<b>11</b>
4.1 Lodgement of Court orders	11
4.2 Transfer of Scheme Shares	11
<b>5. Scheme Consideration</b>	<b>12</b>
5.1 Amount of Scheme Consideration	12
5.2 Provision of Scheme Consideration	12
5.3 Election procedure	13
5.4 Ineligible Shareholders	14
5.5 Joint holders	14
5.6 Fractional entitlements	14
5.7 Unclaimed monies	15
5.8 Status of Count Consideration Shares	15
5.9 Order of a court or Regulatory Authority	16
5.10 Definition of <i>sending</i>	16
<b>6. Dealings in Scheme Shares</b>	<b>16</b>
6.1 Determination of Scheme Shareholders	16
6.2 Register	17
<b>7. Suspension and delisting</b>	<b>18</b>
<b>8. General Scheme provisions</b>	<b>18</b>
8.1 Consent to amendments to this Scheme	18
8.2 Binding effect of Scheme	18
8.3 Scheme Shareholders' agreements and acknowledgment	18
8.4 Warranties by Scheme Shareholder	19
8.5 Title to and rights in Scheme Shares	19
8.6 Authority given to Diverger	19
8.7 Appointment of sole proxy	20
8.8 Instructions and elections	20
<b>9. General</b>	<b>21</b>
9.1 GST	21
9.2 Stamp duty	21

9.3	Notices	21
9.4	Further assurances	22
9.5	Governing law and jurisdiction	22
9.6	No liability when acting in good faith	22

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# Details

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Between the parties

Diverger Limited ACN 111 695 357 of Level 7, 115 Pitt Street, Sydney NSW 2000 (**Diverger**)

and

**Each Scheme Shareholder**

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# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Definitions

In this Scheme, unless the context requires otherwise:

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691, or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it.

**Business Day** means a day on which banks are open for general banking business in Sydney, New South Wales (not being a Saturday, Sunday or public holiday).

**Cash Consideration** means the amount of \$0.40 for each Scheme Share held by a Scheme Shareholder less the amount of any Permitted Dividend (on a per Diverger Share basis).

**Cash Consideration Cap** means \$15,907,873 in aggregate less the amount of any Permitted Dividend (on an aggregate basis), which excludes any payments made to Ineligible Shareholders under clause 5.4.

**CHESS** means the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532.

**CHESS Holding** has the meaning given in the Settlement Rules.

**Constitution** means the constitution of Diverger.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Count** means Count Limited ACN 126 990 832.

**Count Consideration Share** means a Count Share to be issued under the terms of this Scheme.

**Count Nominee** has the meaning given in the Scheme Implementation Agreement.

**Count Share** means a fully paid ordinary share in the capital of Count.

**Court** means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed in writing between Diverger and Count.

**Deed Poll** means the deed poll, dated 11 December 2023, entered into by Count under which Count (among other things) covenants in favour of the Scheme Shareholders to perform the actions attributed to it under this Scheme.

**Default Consideration** means the Scrip Consideration and the Cash Consideration for each Scheme Share held by a Scheme Shareholder.

**Delivery Time** means 8:00am (Sydney time) on the Second Court Date or, if the hearing on the Second Court Date is adjourned to a later day, the day on which the adjourned hearing occurs.

**Diverger Registry** means Link Market Services Limited or any replacement provider of share registry services to Diverger.

**Diverger Shareholder** means a person who is registered in the register of members maintained by Diverger under section 168(1) of the Corporations Act as a holder of one or more Shares.

**Effective** means the coming into effect under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act, in relation to this Scheme.

**Effective Date** means the date on which this Scheme becomes Effective.



**Election** means an election by a Diverger Shareholder, to receive (subject to scale back) either:

- (i) In relation to 100% of their Scheme Shares, Scheme Consideration in the form of the Maximum Scrip Consideration (such Election, **Maximum Scrip Election**); or
- (ii) in relation to 100% of their Scheme Shares, Scheme Consideration in the form of Maximum Cash Consideration (such Election, **Maximum Cash Election**).

**Election Date** means 5.00pm on the date that is eight clear days before the Proxy Cut-Off Date.

**Election Form** means a form issued by Diverger for the purposes of a Diverger Shareholder making an Election.

**End Date** has the meaning given to it in the Scheme Implementation Agreement.

**Foreign Scheme Shareholder** means a Scheme Shareholder whose address as shown in the Share Register (as at the Scheme Record Date) is located:

- (a) outside of Australia and its external territories or New Zealand; or
- (b) in any other jurisdiction in respect of which Count reasonably believes that it is prohibited or unduly onerous or impractical to implement this Scheme and to issue Count Consideration Shares to a Scheme Shareholder with a Registered Address in such jurisdiction.

**Implementation Date** means the fifth Business Day after the Scheme Record Date or such other Business Day after the Scheme Record Date agreed to in writing between the relevant parties to the Scheme Implementation Agreement.

**Ineligible Shareholder** means either a Foreign Scheme Shareholder or a Small Shareholder.

**Ineligible Shares** means the total number of Scheme Shares held by Ineligible Shareholders.

**Issuer Sponsored Holding** has the meaning given in the Settlement Rules.

**Market Integrity Rules** means any rules made by ASIC under section 798G of the Corporations Act that apply to ASX or any other prescribed financial market on which the Shares are quoted.

**Maximum Cash Consideration** means the amount of \$1.20 for each Scheme Share held by a Scheme Shareholder less the amount of any Permitted Dividend (on a per Diverger Share basis), subject to the Cash Consideration Cap..

**Maximum Cash Election** has the meaning given in the definition of Election.

**Maximum Scrip Consideration** means the number of Count Consideration Shares for each Scheme Share, calculated in accordance with the following formula:

$$1.44 \times \left( \frac{1.2 \text{ less the amount (expressed as a dollar decimal amount) of any Permitted Dividend (on a Diverger Share Basis)}}{0.8} \right)$$

subject to the Scrip Consideration Cap. For the avoidance of doubt, this equates to 2.16 Count Consideration Shares for each Scheme Share if there is no Permitted Dividend.

**Maximum Scrip Election** has the meaning given in the definition of Election.

**No Election Shares** means the total number of Scheme Shares which are not held by Foreign Scheme Shareholders or Small Shareholders and in respect of which either:

- (a) no valid Election is made on or before the Election Date; or
- (b) a valid Election is made on or before the Election Date but are subsequently transferred or sold after the Election Date to the effect that under this Scheme they are treated as not being subject to a valid Election.

**Proxy Cut-Off Date** means the last day on or before which proxies must be lodged for the Scheme Meeting.

**Registered Address** means, in relation to a Scheme Shareholder, the address shown in the Share Register as at the Scheme Record Date.

**Regulatory Authority** means:

- (a) any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, tribunal, agency or entity;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
- (c) any regulatory organisation established under statute, in Australia, whether federal, state, territorial or local.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between Diverger and the Scheme Shareholders, subject to any alterations or conditions that are:

- (a) agreed to in writing by Diverger and Count, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Diverger and Count.

**Scheme Consideration** in respect of a Scheme Shareholder means:

- (a) if the Scheme Shareholder is not an Ineligible Shareholder and holds No Election Shares, the Default Consideration in respect of those No Election Shares;
- (b) if the Scheme Shareholder is not an Ineligible Shareholder and has made a valid Election on or before the Election Date, then:
  - (i) if the Scheme Shareholder has made a Maximum Scrip Election, subject to paragraph (c), the Maximum Scrip Consideration for each Scheme Share held by the Scheme Shareholder; or
  - (ii) if the Scheme Shareholder has made a Maximum Cash Election, subject to paragraph (d), the Maximum Cash Consideration for each Scheme Share held by the Scheme Shareholder;
- (c) if the aggregate number of Count Consideration Shares to be issued under the Default Consideration and the Maximum Scrip Consideration exceeds the Scrip Consideration Cap, then the number of Scheme Shares subject to the Maximum Scrip Election will be adjusted such that the Scheme Shareholders electing to receive the Maximum Scrip Consideration will instead be deemed to have elected to receive:
  - (i) the Maximum Scrip Election in respect of the Scrip Scale Back Percentage of their Scheme Shares; and
  - (ii) the Default Consideration in respect of the remainder of its Scheme Shares, with "**Scrip Scale Back Percentage**" being the lower of 100% and A% where A% is calculated as follows, expressed as a percentage:

$$A\% = \left( 1 - \frac{\text{Scrip Movement Number}}{\text{Number of Scheme Shares subject to the Maximum Scrip Election}} \right)$$

where:

- (i) "**Total Scrip Number including Elections**" = (1.44 \* Number of Scheme Shares subject to the Default Consideration) + (Z \* Number of Scheme Shares subject to the Maximum Scrip Election, where Z is calculated in accordance with the following formula:

$$1.44 \times \left( \frac{1.2 \text{ less the amount (expressed as a dollar decimal amount) of any Permitted Dividend (on a Diverger Share Basis)}}{0.8} \right)$$

- (ii) "**Excess Scrip Elections**" = Total Scrip Number including Elections – Scrip Consideration Cap

- (iii) "**Scrip Movement Number**" = Excess Scrip Elections / (Z - 1.44, where Z is calculated in accordance with the following formula:

$$1.44 \times \left( \frac{1.2 \text{ less the amount (expressed as a dollar decimal amount) of any Permitted Dividend (on a Diverger Share Basis)}}{0.8} \right)$$

- (d) if the aggregate amount of cash to be paid under the Default Consideration and the Maximum Cash Consideration exceeds the Cash Consideration Cap, then the number of Scheme Shares subject to the Maximum Cash Election will be adjusted such that the Scheme Shareholders electing to receive the Maximum Scrip Consideration will instead be deemed to have elected to receive:
- (i) the Maximum Cash Election in respect of the Cash Scale Back Percentage of their Scheme Shares; and
  - (ii) the Default Consideration in respect of the remainder of its Scheme Shares, with "**Cash Scale Back Percentage**" being the lower of 100% and B% where B% is calculated as follows, expressed as a percentage:

$$B\% = \left( 1 - \frac{\text{Cash Movement Number}}{\text{Number of Scheme Shares subject to the Maximum Cash Election}} \right)$$

where:

- (i) "**Total Cash Number including Elections**" = (0.40 less the amount of any Permitted Dividend (on a per Diverger Share basis, expressed as a dollar decimal amount) \* Number of Scheme Shares subject to the Default Consideration) + (1.20 less the amount of any Permitted Dividend (on a per Diverger Share basis, expressed as a dollar decimal amount) \* Number of Scheme Shares subject to the Maximum Cash Election)
  - (ii) "**Excess Cash Elections**" = Total Cash Number including Elections – Cash Consideration Cap
  - (iii) "**Cash Movement Number**" = Excess Cash Elections / (1.20 less the amount of any Permitted Dividend (on a per Diverger Share basis, expressed as a dollar decimal amount) - 0.40 less the amount of any Permitted Dividend (on a per Diverger Share basis, expressed as a dollar decimal amount))
- (e) if the Scheme Shareholder is an Ineligible Shareholder, the Maximum Cash Consideration for each Scheme Share held by the Scheme Shareholder, irrespective of the Cash Consideration Cap.

**Scheme Implementation Agreement** means the Scheme Implementation Agreement, dated 22 September 2023, entered into between Diverger and Count.

**Scheme Meeting** means the meeting of Diverger Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Record Date** means 7.00pm (Sydney time) on the fifth Business Day after the Effective Date, or such other Business Day (after the Effective Date) agreed to in writing by Diverger and Count.

**Scheme Share** means a Share as at the Scheme Record Date.

**Scheme Shareholder** means a person who is registered in the Share Register as the holder of one or more Scheme Shares at the Scheme Record Date.

**Scheme Transfer** means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Count or Count Nominee as transferee, which may be a master transfer in respect of all of the Scheme Shares.

**Scrip Consideration** means the number of Count Consideration Shares for every Scheme Share specified in the Scrip Consideration Ratio, subject to the Scrip Consideration Cap.

**Scrip Consideration Cap** means 57,268,344 Count Shares in aggregate.

**Scrip Consideration Ratio** means 1.44 Count Consideration Shares per Scheme Share.

**Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

**Settlement Rules** means the ASX Settlement Operating Rules.

**Share** means a fully paid ordinary share in the capital of Diverger.

**Share Register** means the register of members of Diverger maintained by or on behalf of Diverger in accordance with the Corporations Act.

**Small Shareholder** means a Scheme Shareholder (not being a Foreign Scheme Shareholder) who, based on their holding of Scheme Shares on the Scheme Record Date, would, on implementation of this Scheme, be entitled to receive less than a marketable parcel of Count Consideration Shares (assessed by reference to the last traded price of Count Shares on ASX on the trading day prior to the Scheme Record Date) as Scheme Consideration, whether or not the Scheme Shareholder has made an Election.

**Trust Account** means an Australian dollar denominated trust account operated by Diverger as trustee for the benefit of Scheme Shareholders.

**Unclaimed Money** has the meaning given to it in section 7 of the Unclaimed Money Act.

**Unclaimed Money Act** means the *Unclaimed Money Act 1995* (NSW).

## 1.2 Interpretation

Headings are for convenience only and do not affect interpretation. In this Scheme, the following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause or schedule is a reference to a clause of or schedule to this Scheme.
- (f) A reference to an **agreement** or **document** (including a reference to this Scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Scheme or that other agreement or document, and includes, except to the extent this Scheme expressly provides otherwise the recitals, schedules and annexures to that agreement or document.
- (g) A reference to a party to this Scheme, an agreement or document includes the party's executors, administrators, successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (h) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (j) A reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document

includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.

- (k) A reference to **dollars, A\$ or \$** is to Australian currency.
- (l) A reference to time is to Sydney, Australia time.
- (m) Mentioning anything after *includes, including, for example*, or similar expressions, does not limit what else might be included.
- (n) A reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity.

### **1.3 Business Day**

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

### **1.4 Listing requirements included as law**

A listing rule or operating rule of a financial market and a Market Integrity Rule will be regarded as a law and a reference to legislation (as appropriate), and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

## **2. Preliminary**

### **2.1 Diverger**

- (a) Diverger is a public company limited by shares, registered in New South Wales, Australia.
- (b) Diverger is included in the official list of ASX. Each Share is quoted on the ASX.
- (c) As at the date of the Scheme Implementation Agreement, 37,674,103 Shares were on issue.

### **2.2 Count**

- (a) Count is a public company limited by shares, registered in Victoria, Australia.
- (b) Count is included in the official list of ASX. Each Count Share is quoted on the ASX.

### **2.3 General**

- (a) Diverger and Count have entered into the Scheme Implementation Agreement which sets out the terms on which Diverger and Count have agreed to implement the Scheme.
- (b) This Scheme attributes certain actions to Count but does not impose an obligation on Count to perform those actions.
- (c) Count has agreed, by entering into the Deed Poll for the purpose of covenanting in favour of Scheme Shareholders to provide, subject to the Scheme becoming Effective, the Scheme Consideration to the Scheme Shareholders and otherwise performing the actions attributed to it under this Scheme.

### **2.4 Consequence of the Scheme**

If this Scheme becomes Effective, then subject to the terms of the Scheme, on the Implementation Date:

- (a) Count will apply for all Count Consideration Shares to be quoted on ASX;
- (b) Count will provide the Scheme Consideration in accordance with this Scheme and the Deed Poll; and
- (c) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to Count or Count Nominee, and

Diverger will enter Count or Count Nominee in the Share Register as the holder of the Scheme Shares.

### 3. Conditions

#### 3.1 Conditions precedent

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions precedent in clause 3.1 of the Scheme Implementation Agreement (other than the condition in clause 3.1(j) (Court approval)) having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement by no later than the Delivery Time;
- (b) neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms on or before the Delivery Time;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act and agreed or consented to in writing by Diverger and Count (such agreement or consent not to be unreasonably withheld or delayed);
- (d) such other conditions imposed by the Court under section 411(6) of the Corporations Act in relation to this Scheme, as are agreed or consented to in writing by Diverger and Count, having been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme coming into effect, under section 411(10) of the Corporations Act, on or before the End Date.

#### 3.2 Effect of conditions precedent

- (a) The satisfaction of the conditions referred to in clause 3.1 is a condition precedent to the operation of clauses 4.2 and 5, and the binding effect of this Scheme.
- (b) Subject to clause 4.1, this Scheme takes effect for all purposes on and from the Effective Date.
- (c) This Scheme will lapse and be of no further force or effect if:
  - (i) the Effective Date has not occurred on or before the End Date; or
  - (ii) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms unless Count and Diverger otherwise agree in writing.

### 4. Implementation of this Scheme

#### 4.1 Lodgement of Court orders

If the conditions set out in clauses 3.1(a) to 3.1(d) (inclusive) are satisfied, Diverger must lodge with ASIC an office copy of the orders made by the Court under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme as soon as reasonably practicable after the Court approves this Scheme, and in any event no later than by 5.00pm (Sydney time) on the first Business Day after the Court approves this Scheme or such other Business Day as agreed by Diverger and Count in writing.

#### 4.2 Transfer of Scheme Shares

Subject to this Scheme becoming Effective, on the Implementation Date:

- (a) subject to:

- (i) the payment by Diverger of the Cash Consideration in the manner contemplated by clause 5.2(c);
- (ii) Count confirming in writing to Diverger by no later than 12 noon (or such later time as Count and Diverger may agree) on the Implementation Date that the Scrip Consideration component of the Scheme Consideration has been provided in the manner contemplated by clause 5.2(b); and
- (iii) Count complying with all of its obligations under the Scheme Implementation Agreement that are required to be performed prior to or on the Implementation Date,

the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to Count or Count Nominee, without the need for any further act by any Scheme Shareholder (other than acts performed by Diverger or its officers as agent and attorney of the Scheme Shareholders under clause 8.6 or otherwise), by:

- (iv) Diverger delivering a duly completed and executed Scheme Transfer (which will take the form of a master transfer) to Count, executed on behalf of the Scheme Shareholders by Diverger (or any of its officers) as agent and attorney of the Scheme Shareholders; and
  - (v) Count or Count Nominee duly executing the Scheme Transfer and delivering it to Diverger for registration; and
- (b) immediately after receipt of the Scheme Transfer in accordance with clause 4.2(a)(v), Diverger must enter, or procure the entry of, the name of Count or Count Nominee in the Share Register as the holder of all Scheme Shares in accordance with this Scheme.

## 5. Scheme Consideration

### 5.1 Amount of Scheme Consideration

Subject to clause 5.4, each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder in consideration for the transfer to Count of the Scheme Shares.

### 5.2 Provision of Scheme Consideration

- (a) The obligation of Count to provide the Cash Consideration under this Scheme and the Deed Poll will be satisfied by Count, no later than the Business Day before the Implementation Date, depositing in cleared funds into the Trust Account an amount equal to the aggregate amount of the Cash Consideration payable to Scheme Shareholders who are entitled to the Cash Consideration under this Scheme, such amount to be held by Diverger on trust for the Scheme Shareholders and for the purpose of sending the aggregate amount of the Cash Consideration to the Scheme Shareholders (except that any interest on the amount will be for the account of Count).
- (b) Count must, by no later than 12 noon (or such later time as Count and Diverger may agree) on the Implementation Date:
  - (i) issue all of the Count Consideration Shares which it is obliged to issue to Scheme Shareholders under this Scheme and provide Diverger with written confirmation that Count has done so; and
  - (ii) procure that the name of each Scheme Shareholder entitled to receive Count Consideration Shares under this Scheme is entered in Count's register of members as the holder of those Count Consideration Shares (having in the case of each Scheme Shareholder issued Count Consideration Shares the same holding name and address and other details as the holding of the relevant Scheme Shares).

- (c) On the Implementation Date and subject to funds having been deposited in accordance with clause 5.2(a), Diverger must pay or procure the payment of the Cash Consideration to each Scheme Shareholder who is entitled to the Cash Consideration under this Scheme from the Trust Account by doing any of the following at its election:
- (i) sending (or procuring the Diverger Registry to send) it to the Scheme Shareholder's Registered Address by cheque (in the name of that Scheme Shareholder) in Australian currency drawn out of the Trust Account; or
  - (ii) depositing (or procuring the Diverger Registry to deposit) it into an account with any Australian ADI (as defined in the Corporations Act) notified to Diverger (or the Diverger Registry) by an appropriate authority from the Scheme Shareholder.
- (d) If:
- (i) a Scheme Shareholder does not have a Registered Address and no account has been notified in accordance with clause 5.2(c)(ii) or a deposit into such an account is rejected or refunded; or
  - (ii) a cheque issued under this clause 5 has been cancelled in accordance with clause 5.7(a),

Diverger as the trustee for the Scheme Shareholders may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of Diverger (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with under the Unclaimed Money Act. To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with under Unclaimed Money Act. Until such time as the amount is dealt with under the Unclaimed Money Act, Diverger must hold the amount on trust for the relevant Scheme Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of Count. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the Scheme Shareholder when credited to the Separate Account or Trust Account (as applicable). Diverger must maintain records of the amounts paid, the people who are intitled to the amount and any transfers of the amounts.

- (e) On or before the date that is five Business Days after the Implementation Date, Count must send or procure the sending of a share certificate, direct registration system advice or holding statement to each Scheme Shareholder entitled to receive Count Consideration Shares under this Scheme. reflecting the issue of such Count Consideration Shares.

### 5.3 Election procedure

- (a) Each Diverger Shareholder other than Foreign Scheme Shareholders and Small Shareholders will be entitled to make an Election. All Elections will take effect in accordance with this Scheme to the extent that any Diverger Shareholder who makes an Election qualifies as a Scheme Shareholder.
- (b) A Diverger Shareholder which makes an Election may vary, withdraw or revoke that Election by lodging a replacement Election Form, subject to that replacement Election Form being received on or before the Election Date.
- (c) An Election must be made in accordance with the terms and conditions of the Election Form and this clause 5.3, and an Election not so made will not be a valid election for the purpose of this Scheme and will not be recognised by Count or Diverger for any purpose (provided that Count may, with the agreement of Diverger, waive this requirement and may, with the agreement of Diverger, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any Election, and any such decision will be conclusive and binding on Count, Diverger and the relevant Scheme Shareholder).
- (d) Clause 5.4 will apply to any Diverger Shareholder who purports to make an Election but who qualifies as a Foreign Scheme Shareholder or a Small Shareholder.



- (e) Subject to clause 5.3(f), if a Diverger Shareholder makes a valid Election, that Election will be deemed to apply in respect of the Diverger Shareholder's registered holding of Shares at the Scheme Record Date, regardless of whether the Diverger Shareholder's holding of Shares at Scheme Record Date is greater or less than the Diverger Shareholder's holding at the time it made its Election.
- (f) A Diverger Shareholder who is noted on the Share Register as holding one or more parcels of Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections under this clause 5.3 in relation to each of those parcels of Shares (subject to it providing to Count and Diverger any substantiating information they reasonably require), and if it does so it will be treated as a separate Diverger Shareholder in respect of each such parcel in respect of which a separate Election is made (and in respect of any balance of its holding), provided that if, at the Scheme Record Date, it holds fewer Shares than it held at the time it made the Election, then, unless it has at the time of any sale of Shares notified Diverger whether the Shares sold relate to any such separate Election (and if so which separate Election the Shares sold relate to), it will be treated as not having made a valid Election in respect of any of its Shares (or will be treated in any other manner that Count and Diverger agree is fair to the Diverger Shareholder in all the circumstances acting reasonably).

#### **5.4 Ineligible Shareholders**

Count will be under no obligation under this Scheme to issue, and will not issue, any Count Consideration Shares to any Ineligible Shareholder. All Ineligible Shareholders and Small Shareholders will receive the Maximum Cash Consideration for all of their Scheme Shares.

#### **5.5 Joint holders**

In the case of Scheme Shares held in joint names:

- (a) any Count Consideration Shares to be provided to the joint holders are to be registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent, at the sole discretion of Diverger, either to the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (c) any other document required to be sent under this Scheme, will be forwarded, at the sole discretion of Diverger, either to the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

#### **5.6 Fractional entitlements**

- (a) Where the calculation of the number of Count Consideration Shares to be issued to a Scheme Shareholder would result in the issue of a fraction of a Count Consideration Share, the fractional entitlement will be rounded up or down to the nearest whole number of Count Consideration Shares (rounded up if the fractional entitlement is equal to or greater than 0.5, and rounded down if the fractional entitlement is less than 0.5), except where this would result in a Scheme Shareholder receiving less than one Count Consideration Share, in which case that Scheme Shareholder will only receive one Count Consideration Share.
- (b) Where the calculation of the additional Cash Consideration to be paid to an Ineligible Shareholder would result in the Ineligible Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded up or down to the nearest whole cent (rounded up if the fractional entitlement is equal to or greater than 0.5, and rounded down if the fractional entitlement is less than 0.5), except where this would result in an Ineligible Shareholder receiving less than one cent, in which case that Ineligible Shareholder will only receive one cent.
- (c) If Diverger and Count are of the opinion, formed reasonably, that several Scheme Shareholders, each of which holds a holding of Scheme Shares which results in rounding

in accordance with clause 5.6(a) have, before the Scheme Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the such rounding or splitting or division, or otherwise in connection with the Scheme, then Diverger and Count must consult in good faith to determine whether such matters have arisen and if agreement is reached between Diverger and Count following such consultation, Count may give notice to those Scheme Shareholders:

- (i) setting out the names and Registered Addresses of all of them;
- (ii) stating that opinion; and
- (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after the notice has been so given, the Scheme Shareholder specifically identified in the notice shall, for the purposes of this Scheme, be taken to hold all those Scheme Shares and each of the other Scheme Shareholders whose names are set out in the notice shall, for the purposes of this Scheme, be taken to hold no Scheme Shares. Count, in complying with the other provisions in the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

## **5.7 Unclaimed monies**

- (a) Diverger may cancel (or procure the cancellation of) a cheque sent under this clause 5 if the cheque:
  - (i) is returned to Diverger (or the Diverger Registry); or
  - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Diverger (or the Diverger Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Diverger must reissue a cheque that was previously cancelled under clause 5.7(a).
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes Unclaimed Money.
- (d) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of Count.

## **5.8 Status of Count Consideration Shares**

Subject to this Scheme being Effective, Count must:

- (a) issue (or procure the issue of) the Count Consideration Shares required to be issued under this Scheme on terms such that each such Count Consideration Share will rank equally in all respects with each other Count Share then on issue;
- (b) ensure that each Count Consideration Share required to be issued under this Scheme is duly issued and is fully paid and free from any mortgage, charge, lien, encumbrance or other security interest; and
- (c) do everything reasonably necessary to ensure that the Count Consideration Shares are approved for quotation on ASX and that trading in the Count Consideration Shares (which may be on a conditional and/or deferred settlement basis) commences as soon as practicable after the Effective Date.

## 5.9 Order of a court or Regulatory Authority

If written notice is given to Diverger or Count (or the Diverger Registry) of an order or direction made by a court of competent jurisdiction or by another Regulatory Authority that:

- (a) requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder in accordance with this clause 5, then Count or Diverger (as applicable) will be entitled to procure that provision of that consideration is made in accordance with that law or direction; or
- (b) prevents Count from providing consideration to any Scheme Shareholder in accordance with this clause 5 or such payment or issuance is otherwise prohibited by applicable law Count or Diverger (as applicable) may:
  - (i) in the case of any Ineligible Shareholder, retain an amount, in Australian dollars, equal to the amount of the relevant payment from the amount otherwise required to be paid in accordance with clause 5.4 until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law; or
  - (ii) Count must not issue (or, in the case of Diverger, direct Count not to issue), or issue (or in the case of Diverger, direct Count to issue) to a permitted trustee or nominee, such number of Count Consideration Shares as that Scheme Shareholder would otherwise be entitled to under clause this clause 5,

and the payment or retention by either of Count or Diverger (or the Diverger Registry, as applicable), as applicable, will constitute the full discharge of each of Count's and Diverger's (or the Diverger Registry's, as applicable) obligations under clause 5.2(a) with respect of the amount so paid or retained until, in the case of clause 5.7(b), it is no longer required to be retained.

## 5.10 Definition of *sending*

For the purposes of clause 5, the expression *sending* means, in relation to a Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Shareholder as at the Scheme Record Date;
- (b) delivery to the Registered Address of that Scheme Shareholder as at the Scheme Record Date by any other means at no cost to the recipient; or
- (c) delivering by any electronic means permitted under the Corporations Act.

## 6. Dealings in Scheme Shares

### 6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Shares before the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received before 7.00pm (Sydney time) on the date on which the Scheme Record Date occurs at the place where the Share Register is kept,

and Diverger will not accept for registration, nor recognise for any purpose (except a transfer to Count or Count Nominee under this Scheme and any subsequent transfer by Count or Count Nominee or its successors in title), any transfer or transmission application or other request

received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

## 6.2 Register

- (a) **(Registration of transfers)** Diverger must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by or as soon as reasonably practicable after 7.00pm (Sydney time) on the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Diverger to register a transfer that would result in a Scheme Shareholder holding a parcel of Scheme Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Settlement Rules).
- (b) **(No registration after Scheme Record Date)** Diverger will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after 7.00pm (Sydney time) on the date on which the Scheme Record Date occurs, other than to Count or Count Nominee in accordance with this Scheme and any subsequent transfer by Count or Count Nominee or its successors in title.
- (c) **(Maintenance of Share Register)** For the purpose of determining entitlements to the Scheme Consideration, Diverger must maintain the Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholder. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **(No disposal after Scheme Record Date)** From the Scheme Record Date until registration of Count or Count Nominee as the holder in respect of all Scheme Shares under clause 4, no Scheme Shareholder may dispose or otherwise deal with Shares (or purport to do so) in any way except as set out in this Scheme and any attempt to do so will have no effect and Diverger will be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Scheme Record Date)** All statements of holding for Scheme Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those Scheme Shares. As from the Scheme Record Date, each entry current at that date on the Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (f) **(Provision of Scheme Shareholder details)** As soon as practicable on or after the Scheme Record Date and in any event within one Business Day after the Scheme Record Date, Diverger will ensure that details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder are available to Count in the form Count reasonably requires.
- (g) **(Effect of Share certificates)** From the Scheme Record Date (and other than for Count following the Implementation Date), each certificate or holding statement for Scheme Shares will cease to have any effect as a document of title in respect of the Scheme Shares or otherwise (other than holding statements in favour of Count and its successors in title).
- (h) **(Evidence of entitlement)** Each entry on the Share Register as at the Scheme Record Date (other than entries in respect of the Ineligible Shareholders, Count and its successors in title) will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

## 7. Suspension and delisting

- (a) Diverger will apply to ASX to suspend trading on the ASX of the Shares with effect from the close of trading on the Effective Date.
- (b) Diverger will apply:
  - (i) to the ASX for termination of the official quotation of the Shares on the ASX; and
  - (ii) to have itself removed from the official list of the ASX,in each case with effect on and from the close of the trading day immediately following the Implementation Date or on such other date after the Implementation Date as determined by Count.

## 8. General Scheme provisions

### 8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions under section 411(6) of the Corporations Act:

- (a) Diverger may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which Count has agreed or consented to in writing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel for Diverger has consented.

### 8.2 Binding effect of Scheme

This Scheme binds Diverger and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the Constitution.

### 8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder:

- (a) irrevocably agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;
- (b) who holds their Scheme Shares in a CHESS Holding, agrees to the conversion of those Scheme Shares to an Issuer Sponsored Holding and irrevocably authorises Diverger to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion;
- (c) irrevocably agrees to any variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (d) to the extent they are to receive Count Consideration Shares as a component of the Scheme Consideration to which they are entitled, by force of this clause, irrevocably agrees for the purposes of section 231(b) of the Corporations Act, to become a member of Count and to have their name and address entered into the Count share register as a holder of Count Shares (in respect of the Count Consideration Shares which they are issued under this Scheme) and to be bound by the constitution of Count;
- (e) agrees to, on the direction of Count, destroy any holding statements or security certificates relating to their Scheme Shares; and
- (f) irrevocably consents to Count and Diverger doing all other things and executing all other documents as may be necessary, incidental or expedient to the implementation or performance of this Scheme.

**8.4 Warranties by Scheme Shareholder**

- (a) Each Scheme Shareholder is deemed to have warranted to Diverger, in its own right and for the benefit of Count, that as at the Implementation Date:
  - (i) all of its Scheme Shares which are transferred to Count or Count Nominee under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
  - (ii) all of its Scheme Shares which are transferred to Count or Count Nominee under this Scheme will, on the date on which they are transferred to Count or Count Nominee, be fully paid;
  - (iii) it has full power and capacity to transfer its Scheme Shares to Count or Count Nominee together with any rights and entitlements attaching to those Scheme Shares; and
  - (iv) it has no existing right to be issued any Shares, options or rights exercisable into Scheme Shares, Diverger convertible notes or any other Diverger securities.
- (b) Diverger undertakes that it will provide the warranties in clause 8.4(a) to Count as agent and attorney of each Scheme Shareholder.

**8.5 Title to and rights in Scheme Shares**

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attached to Scheme Shares) transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) On and from the Implementation Date, subject to the provision of the Scheme Consideration to each Scheme Shareholder by Diverger in the manner contemplated by clause 5.2, Count or Count Nominee will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Diverger (or the Diverger Registry) of Count or Count Nominee in the Share Register as the holder of the Scheme Shares in accordance with clause 4.2(b).

**8.6 Authority given to Diverger**

- (a) Scheme Shareholders will be deemed to have authorised Diverger to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including:
  - (i) executing and delivering, as agent and attorney of each Scheme Shareholder, one or more Scheme Transfers as contemplated by clause 4.2; and
  - (ii) executing and delivering, as agent and attorney of each Scheme Shareholder entitled to Count Consideration Shares, an agreement under section 231(b) of the Corporations Act to become a member of Count, to have their name and address entered into the Count share register and to be bound by the constitution of Count.

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- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Diverger and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of:
- (i) enforcing the Deed Poll against Count, and Diverger accepts such appointment; and
  - (ii) executing any document necessary to give effect to this Scheme including, the Scheme Transfer to be delivered under clause 4.2(a) and Diverger accepts such appointment.

### **8.7 Appointment of sole proxy**

Immediately after the provision of the Scheme Consideration to each Scheme Shareholder by Diverger in the manner contemplated by clause 5.2 until Diverger registers (or procures the registration of) Count or Count Nominee as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Count as its attorney and agent (and directed Count in such capacity) to appoint any director, officer, secretary or agent nominated by Count as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Diverger, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution, whether in person, by proxy or by corporate representative;
- (b) undertakes not to otherwise attend shareholders' meetings, whether in person, by proxy or by corporate representative, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Count reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), Count and any director, officer, secretary or agent nominated by Count under clause 8.7(a) may act in the best interests of Count or Count Nominee as the intended registered holder of the Scheme Shares.

### **8.8 Instructions and elections**

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Shareholder to Diverger (or Diverger Registry) binding or deemed binding between the Scheme Shareholder and Diverger relating to Diverger or Shares (including any email addresses, instructions relating to communications from Diverger, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from Diverger but excluding tax file numbers) will be deemed from the Implementation Date (except to the extent determined otherwise by Count and in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Count, and will be accepted by Count until that instruction, notification or election is revoked or amended in writing addressed to Count at the Diverger Registry, provided that any such instructions or notifications accepted by Count will apply to and in respect of the issue of Count Consideration Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

## 9. General

### 9.1 GST

- (a) Any reference in this clause 9.1 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this Scheme does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this Scheme is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this Scheme but for the application of this clause 9.1(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 9.1(c) does not apply to any taxable supply under or in connection with this Scheme that is stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 9.1 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) If an amount on account of GST is payable under clause 9.1(c), the Supplier must provide the Recipient with a tax invoice before such amount is payable.
- (f) If the GST payable in relation to a supply varies from the GST amount paid by the Recipient under clause 9.1(c), the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of the variation from the Recipient provided that the Supplier provides an adjustment note to the Recipient where there is an adjustment event. Any payment, credit or refund under this clause 9.1(f) is deemed to be a payment, credit or refund of the GST payable under clause 9.1(c).
- (g) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

### 9.2 Stamp duty

Count must pay all stamp duty payable in connection with the transfer of the Scheme Shares to Count or Count Nominee under this Scheme.

### 9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Diverger (or Diverger Registry), it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Diverger's registered office or at the office of the Diverger Registry.
- (b) An accidental omission to give notice of the Scheme Meeting to any Scheme Shareholder, or the non-receipt of such a notice by any Scheme Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.



#### **9.4 Further assurances**

- (a) Diverger must do anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder consents to Diverger doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

#### **9.5 Governing law and jurisdiction**

- (a) This Scheme is governed by the laws of New South Wales.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme.

#### **9.6 No liability when acting in good faith**

None of Diverger or Count, nor any of their respective directors, officers, secretaries or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

# Appendix 4 – Notice of Scheme Meeting

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**DIVERGER LIMITED**  
**ACN 111 695 357**  
**NOTICE OF COURT ORDERED**  
**MEETING OF DIVERGER LIMITED SHAREHOLDERS**

Notice is given that, by an Order of the Federal Court of Australia (**Court**) made on Wednesday, 13 December 2023 under sections 411(1) and 1319 of the Corporations Act, the Court has directed that a meeting of the holders of fully paid ordinary shares of Diverger be held at 10.00am (Sydney time) on Tuesday, 23 January 2024 as a hybrid meeting conducted in two parts simultaneously with the physical venue of the meeting at MinterEllison, Level 40 Governor Macquarie Tower, 1 Farrer Place Sydney and on the online platform at <https://meetings.linkgroup.com/DVRSM24>.

The Court has also directed that Peter Brook, or, if he is unable or unwilling to participate in the meeting, Carl Scarcella, act as Chairperson of the meeting.

#### PURPOSE OF THE MEETING

The purpose of the meeting is to consider and, if thought fit, to agree (with or without any alterations or conditions agreed to in writing between Diverger and Court or any alterations or conditions required by the Court to which Diverger and Court agree) to a scheme of arrangement proposed to be made between Diverger and the holders of its ordinary shares (**Scheme**).

A copy of the Scheme and a copy of the Explanatory Statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Explanatory Booklet of which this notice forms part.

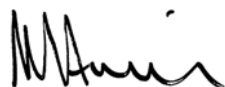
#### RESOLUTION

The meeting will be asked to consider and, if thought fit, pass the following resolution:

*"That under and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the members agree to the arrangement proposed between Diverger and the holders of its fully paid ordinary shares, designated the Scheme, as contained in and more particularly described in the Explanatory Booklet accompanying the notice convening this meeting (with any alterations or conditions agreed or any alterations or conditions required by the Court) and the Board of Directors of Diverger is authorised to implement the Scheme with any such alterations or conditions."*

DATED 14 December 2023

BY ORDER OF THE COURT



.....  
Michael Harris

Joint Company Secretary

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# Explanatory notes for the Scheme Meeting

## 1. General

- (a) Capitalised words and phrases contained in this Notice of Meeting (including the proposed resolution) have the same meaning as set out in the Glossary in Section 13 of the Explanatory Booklet, of which this notice forms part.
- (b) This notice should be read in conjunction with the entire Explanatory Booklet of which this notice forms part. The Explanatory Booklet contains important information to assist you in determining how to vote on the proposed resolution. The Explanatory Booklet includes a copy of the Scheme (refer to Appendix 3) and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (the explanatory statement being all Sections of this Explanatory Booklet, other than the Appendices).

## 2. Voting entitlements

For the purposes of the Scheme Meeting, only those persons registered in the Diverger Register as a holder of Diverger Shares at 10.00am (Sydney time) on Sunday, 21 January 2024 are entitled to participate and vote at the Scheme Meeting in respect of each Diverger Share held by them at that time, either personally, by proxy or attorney or, in the case of a Diverger Shareholder or proxy who is a corporation, by corporate representative.

## 3. Required voting majority

- (a) The resolution to approve the Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
- (b) The resolution to approve the Scheme must be passed by:
  - (i) unless the Court orders otherwise, a majority in number (more than 50%) of Diverger Shareholders present and voting at the Scheme Meeting (whether personally, by proxy, attorney or, in the case of a Diverger Shareholder or a proxy who is a corporation, by corporate representative); and
  - (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting by Diverger Shareholders (whether personally or by proxy, attorney, or in the case of a Diverger Shareholder or a proxy who is a corporation, corporate representative).
- (c) The vote at the Scheme Meeting will be conducted by poll.

## 4. Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with or without any alterations or conditions agreed between Diverger and Count or any alterations or conditions required by the Court to Diverger and Count agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC. If the Scheme is approved by the requisite majorities of Diverger Shareholders at the Scheme Meeting, Diverger intends to apply to the Court for orders approving the Scheme.

## 5. How to vote

Diverger Shareholders who are entitled to vote at the Scheme Meeting may vote:

- (a) by participating in the meeting and voting personally (either virtually or in person), or by appointing an attorney to participate in the meeting (either virtually or in person) and vote on their behalf or, in the case of a Diverger Shareholder or proxy who is a corporation, a corporate representative to attend the meeting (either virtually or in person) and vote on its behalf; or
- (b) by appointing a proxy to participate and vote on their behalf, using the Proxy Form accompanying this notice or by appointing a proxy online. A proxy may be an individual or a body corporate.

## 6. Jointly held Diverger Shares

If you hold Diverger Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Diverger Register will be counted.

## 7. Voting virtually or in person (or by attorney or corporate representative)

- (a) Diverger Shareholders and proxyholders wishing to attend the Scheme Meeting physically are asked to meet at MinterEllison, Level 40 Governor Macquarie Tower, 1 Farrer Place Sydney 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register.
- (b) The relevant parties who plan to virtually participate in the Scheme Meeting are asked to log in online 15 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register. The online platform will be open 1 hour prior to the commencement of the Scheme Meeting. The Meetings Online Guide provides details about how to ensure your browser is compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site. The Meetings Online Guide has been released to the ASX and will be available on Diverger's website.
- (c) The power of attorney appointing your attorney to participate in and vote at the Scheme Meeting must be duly executed by you in the presence of at least one witness, and specify your name, the company (that is, Diverger), and the attorney, and also specify the meeting at which the appointment may be used. The appointment may be a standing one.
- (d) To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Diverger Registry before the Scheme Meeting in any of the following ways:

**By email** by sending it to [vote@linkmarketservices.com.au](mailto:vote@linkmarketservices.com.au)

**By post** in the enclosed reply paid envelope (or the self-addressed envelope, for Diverger Shareholders whose Registered Address is outside Australia) provided to the Diverger Registry:

Diverger Limited  
C/- Link Market Services Limited  
Locked Bag A14, Sydney South NSW 1235 Australia

**By fax** to the Diverger Registry on +61 2 9287 0309.

- (e) Your appointment of an attorney does not preclude you from participating and voting at the Scheme Meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the Scheme Meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.
- (f) A vote cast in accordance with the appointment of a power of attorney is valid even if before the vote was cast the appointor:
  - (i) died;
  - (ii) became mentally incapacitated;
  - (iii) revoked the power; or
  - (iv) transferred the shares in respect of which the vote was cast,unless Diverger received written notification of the death, mental incapacity, revocation or transfer before the meeting or, if applicable, the resumption of any adjourned meeting.
- (g) To vote by corporate representative at the meeting, a Diverger Shareholder or proxy who is a corporation should obtain a *Certificate of Appointment of Corporate Representative* from the Diverger Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged with the Diverger Registry before the Scheme Meeting.
- (h) The appointment of a representative may set out restrictions on the representative's powers.
- (i) The original *Certificate of Appointment of Corporate Representative*, a certified copy of the *Certificate of Appointment of Corporate Representative*, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

## 8. Voting by proxy

Eligible Diverger Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must:

- (a) complete and sign or validly authenticate the Proxy Form accompanying the Explanatory Booklet and deliver the signed and completed Proxy Form (and an original or certified copy of any power of attorney under which it is signed, unless already provided) to the Diverger Registry by 10.00am (Sydney time) on Sunday, 21 January 2024; or
- (b) appoint a proxy online by 10.00am (Sydney time) on Sunday, 21 January 2024, in accordance with the instructions below.

## 9. Submitting proxies

Eligible Diverger Shareholders wishing to appoint a proxy to participate and vote on their behalf at the Scheme Meeting must return the provided Proxy Form to the Diverger Registry in any of the following ways:

**By post** in the enclosed reply paid envelope (or the self-addressed envelope, for Diverger Shareholders whose Registered Address is outside Australia) provided to the Diverger Registry:

Diverger Limited  
C/- Link Market Services Limited  
Locked Bag A14, Sydney South NSW 1235 Australia

**By fax** to the Diverger Registry on +61 2 9287 0309.

**By hand** at Link Market Services Limited Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150

As the cut-off date for receipt of proxies is 10.00am (Sydney time) on Sunday, 21 January 2024 you should ensure that it is posted, delivered or lodged online in sufficient time for it to be received by the Diverger Registry by that time.

Alternatively, Diverger Shareholders may choose to appoint a proxy online as follows:

**Online:** if you wish to appoint your proxy online, you should do so by visiting <https://investorcentre.linkgroup.com> and by following the instructions on that website. Online appointments of proxies must be done is 10.00am (Sydney time) on Sunday, 21 January 2024.

## 10. Notes for proxy appointments

- (a) Proxies participating virtually in the Scheme Meeting will need to enter the unique username and password that will be provided by Link Market Services prior to the Scheme Meeting and select login.
- (b) A Diverger Shareholder entitled to participate in and vote at the meeting is entitled to appoint not more than two proxies to participate in and vote at the meeting on behalf of that Diverger Shareholder.
- (c) A proxy need not be a Diverger Shareholder.
- (d) You are entitled to appoint up to two proxies to participate in the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy you must specify the names of each proxy and the percentage of votes or number of securities for each proxy on the Proxy Form. Replacement Proxy Forms can also be obtained from the Diverger Registry.
- (e) If you hold Diverger Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.
- (f) Your appointment of a proxy does not preclude you from attending the Scheme Meeting personally. The appointment of your proxy is not suspended merely by attending the Scheme Meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution.
- (g) A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:
  - (i) if the proxy is the Chairperson - the proxy must vote on the poll and must vote in the way directed; and

- (ii) if the proxy is not the Chairperson - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed. In circumstances where the proxy does not vote on the poll or does not attend the meeting, the Chairperson will act in place of the nominated proxy and will vote in accordance with any directions on the proxy form.
- (h) If a proxy appointment is signed or validly authenticated by a Diverger Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairperson or any other director of Diverger or the company secretary, as nominated by the Chairperson, will act as proxy in respect of the resolution to be considered at the Scheme Meeting.
- (i) If:
  - (i) a Diverger Shareholder nominates the Chairperson of the meeting as their proxy; or
  - (ii) the Chairperson is otherwise appointed to act as proxy,then the person acting as Chairperson in respect of an item of business at the meeting must act as proxy in respect of the resolution to be considered at the Scheme Meeting.
- (j) The Chairperson intends to vote undirected proxies of which he is appointed as proxy in favour of the resolution to approve the Scheme (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholder). If the Chairperson of the Meeting changes his voting intention on the resolution, an ASX announcement will be made.
- (k) A vote cast in accordance with the appointment of a proxy is valid even if before the vote was cast the appointor:
  - (i) died;
  - (ii) became mentally incapacitated;
  - (iii) revoked the proxy; or
  - (iv) transferred the shares in respect of which the vote was cast,unless Diverger received written notification of the death, mental incapacity, revocation or transfer before the meeting or, if applicable, before the resumption of any adjourned meeting.

## 11. Advertisement

Where this notice of meeting is advertised unaccompanied by the Explanatory Booklet, a copy of the Explanatory Booklet can be obtained by anyone entitled to participate in the Scheme Meeting from Diverger website <https://diverger.com.au/investor-information/> or contacting the Company Secretary of Diverger or the Diverger Registry.

# Corporate Directory

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## **Diverger Limited**

**Level 7, 115 Pitt Street, Sydney**

**NSW 2000**

**Telephone: 1300 655 695**

**Website: [www.diverger.com.au](http://www.diverger.com.au)**

## **Directors**

Mr Peter Brook

*(Non-executive Chairman)*

Mr Nathan Jacobsen

*(Managing Director)*

Mr Grahame Evans

*(Non-executive Director)*

Mr Carl Scarcella

*(Non-executive Director)*

Mr Anthony McDonald

*(Non-executive Director)*

## **Joint Company Secretaries**

Mark Licciardo and Michael Harris

## **Auditor**

BDO Audit Pty Ltd

Level 11, 1 Margaret Street

Sydney, NSW 2000

## **Legal adviser**

MinterEllison

Level 20, Collins Arch

447 Collins Street

Melbourne, VIC 3000

Telephone: +61 3 8606 2000

## **Financial adviser**

MA Moelis Australia Advisory Pty Limited

Level 27, Brookfield Place

10 Carrington Street

Sydney, NSW 2000

Telephone: +61 2 8288 5555

## **Independent Expert**

Lonergan Edwards & Associates Limited

Level 7, 64 Castlereagh Street, Sydney,

NSW 2000

Telephone: +61 2 8235 7500

## **Share Registry**

Link Market Services Limited

Level 12, 680 George Street

Sydney, NSW 2000

Telephone: 1300 554 474





ABN 48 111 695 357

### LODGE YOUR VOTE

**ONLINE**  
<https://investorcentre.linkgroup.com>

**BY MAIL**  
Diverger Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
Parramatta Square, Level 22, Tower 6,  
10 Darcy Street, Parramatta NSW 2150

**ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Diverger Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

the Chairperson of the Meeting (mark box)

OR if you are **NOT** appointing the Chairperson of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairperson of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders) at the Scheme Meeting of the Company to be held at **10:00am (AEDT) on Tuesday, 23 January 2024 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a hybrid meeting and you can participate either by attending in person at **MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000** or logging in online at <https://meetings.linkgroup.com/DVRSM24> (refer to details in the Virtual Scheme Meeting Online Guide).

**The Chairperson of the Meeting intends to vote undirected proxies in favour of the Scheme Resolution in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Diverger Shareholders.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received by 10.00am on Sunday, 21 January 2024.

Please read the voting instructions overleaf before marking any boxes with an

#### Scheme Resolution

For Against Abstain\*

1 "That under and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the members agree to the arrangement proposed between Diverger and the holders of its fully paid ordinary shares, designated the Scheme, as contained in and more particularly described in the Explanatory Booklet accompanying the notice convening this meeting (with any alterations or conditions agreed or any alterations or conditions required by the Court) and the Board of Directors of Diverger is authorised to implement the Scheme with any such alterations or conditions."



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

DVR PRX2401N

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STEP 1

STEP 2

STEP 3



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairperson of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairperson of the Meeting as your proxy, please write the name and email of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRPERSON OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairperson of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairperson of the Meeting will be voted according to the instructions set out in this Proxy Form.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be received at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au) prior to admission in accordance with the Notice of Scheme Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEDT) on Sunday, 21 January 2024**. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MAIL

Diverger Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
Parramatta Square  
Level 22, Tower 6  
10 Darcy Street  
Parramatta NSW 2150

\*during business hours Monday to Friday (9:00am - 5:00pm)

For personal use only



ABN 48 111 695 357

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 222 378
From outside Australia: +61 1300 222 378
Facsimile: +61 2 9287 0303
ASX Code: DVR
Website: www.linkmarketservices.com.au



IID:
HIN/SRN: I9999999999
Election Date: 5:00pm (AEDT) on
Friday, 12 January 2024

For personal use only

ELECTION FORM

PLEASE FILL OUT AND RETURN THIS FORM, ONLY IF YOU WANT TO MAKE AN ELECTION

Capitalised terms used in this Election Form have the meaning given to them in the Explanatory Booklet that accompanied this Election Form.
IF YOU DO NOT MAKE AN ELECTION, YOU WILL RECEIVE THE DEFAULT SCHEME CONSIDERATION COMPRISING \$0.40 CASH PER DIVERGER SHARE (LESS THE AMOUNT OF ANY PERMITTED DIVIDEND) AND 1.44 COUNT SHARES FOR EACH DIVERGER SHARE HELD BY YOU ON THE SCHEME RECORD DATE.

If you are a Diverger Shareholder (other than a Foreign Scheme Shareholder or Small Shareholder) and wish to make an Election to receive either the Maximum Cash Consideration or Maximum Scrip Consideration, please complete Sections A and B of this Election Form below and return this Election Form so that it is received by the Diverger Registry by 5:00pm (AEDT) on Friday, 12 January 2024.

A Election

If you are a Diverger Shareholder (other than a Foreign Scheme Shareholder or Small Shareholder) you can make an Election to receive your Scheme Consideration in one of the following

Maximum Cash Consideration [input box]

Maximum Cash Consideration comprising \$1.20 cash per Diverger Share (less the amount of any Permitted Dividend) for 100% of your Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of 15,907,873 (less the aggregate amount of any Permitted Dividend), which excludes payments made to Ineligible Shareholders; or

Maximum Scrip Consideration [input box]

Maximum Scrip Consideration comprising 2.16 Count Shares per Diverger Share (reduced by the amount of any Permitted Dividend based on the formula set out in the definition in the Scheme of 'Maximum Scrip Consideration') for 100% of your Diverger Shares held at the Scheme Record Date, subject to an aggregate cap of 57,268,344 Count Shares.

Contact Details

B

Please provide a daytime telephone number where we can contact you if we have any questions about this form.

Daytime telephone number [input box]

Contact name (PRINT) [input box]

C Shareholder Signature(s)

By signing and returning this Election Form, you confirm that you have read and understood the consequences of making an Election as detailed in the Explanatory Booklet.

Shareholder 1 [input box]

Individual or Sole Director and Sole Company Secretary

Shareholder 2 [input box]

Director

Shareholder 3 [input box]

Director/Company Secretary

Date [input box]

TO BE A VALID ELECTION FORM, THIS FORM MUST BE RECEIVED AT ONE OF THE ADDRESSES LISTED OVERLEAF BY NO LATER THAN 5:00PM (AEDT) ON FRIDAY, 12 JANUARY 2024

DVR SSF001



## How to complete your Election Form

If you do not understand the consequences of making an Election or if you have any doubts about what to do, please consult your financial or other professional advisor.

### Signing Instructions

**Joint holders** – all holders must sign.

**Power of Attorney** – if not already noted by the Diverger Registry, a certified copy of the power of attorney must accompany this form. If this Election Form is signed under power of attorney, the attorney declares that they have no notice of revocation of that power.

**Deceased Estate** – all executors must sign and, if not already noted by the Diverger Registry, a certified copy of probate or letters of administration must accompany this form.

**Company** – this form must be signed by two directors or a director and the company secretary. For companies with a sole director and sole company secretary, a single signature only suffices. Titles of all signatories should be indicated and inapplicable titles be deleted.

### Lodgement Instructions

Complete and return this Election Form so that it is received by the Diverger Registry by 5:00pm (AEDT) on Friday, 12 January 2024. A reply paid envelope has been provided to you for these purposes. If you are returning your form by post, you must allow sufficient time for collection and delivery by postal services. The postal acceptance rule does not apply.

#### EMAIL

capitalmarkets@linkmarketservices.com.au

#### MAIL DELIVERY

Diverger Limited  
C/-Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia

#### HAND DELIVERY

Deliver during business hours (Monday to Friday, 9:00am – 5:00pm) to  
Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000

**If you require information on how to complete your Election Form please contact the Diverger Shareholder Information Line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia), Monday to Friday, between 8:30am and 5:30pm (Sydney time).**

**Personal Information Collection Notification Statement:** Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.