



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

23 June 2017

JB Financial update – proposed acquisition of Genesis Proprietary Trading

Henry Morgan Limited (ASX: HML) (**Company**) refers to previous market announcements regarding JB Financial Group Ltd (**JB Financial**). JB Financial is a financial services company with established and profitable broking and foreign exchange arms, and an expanding FinTech Services division.

JB Financial has advised that it has entered into negotiations for the acquisition of Genesis Proprietary Trading Pty Ltd (**Genesis**), one of Australia's largest proprietary trading companies with offices in Sydney, Melbourne, Manly and Warriewood.

Complementary acquisition

Founded in 2016 and headquartered in Sydney, Genesis is a profitable and growing business which trains, develops and supports proprietary traders.

JB Financial believes the Genesis business is highly complementary to JB Financial's existing broking operations, and will deliver immediate scale to JB Financial Group's broking division.

If the acquisition completes, it is anticipated Genesis' current management team will continue to operate the Genesis business. In addition, several individuals within the Genesis management team, including Nick Scarf, Ben Gregory and Justin Williams, will join JB Financial's management ranks to capitalize on the growth opportunities that the acquisition of Genesis is anticipated to deliver.

Terms of acquisition and financial impact

The terms of the transaction are contained in a non-binding agreement between JB Financial and Genesis. The agreement notes that completion of the acquisition is subject to a number of conditions precedent, including completion of due diligence to the satisfaction of JB Financial.

As part of the acquisition, it is anticipated JB Financial will take on additional 17 employees.

Genesis' expected actual EBIT for FY2016/17 is approximately \$1.2 million on revenue of approximately \$4.2 million. Significant synergies are expected included reduced dealing costs through scale.

The consideration for the acquisition of Genesis is \$11 million, half of which is payable by way of shares in JB Financial issued at \$6.14 per share, based on an internal management company valuation of \$93 million. Settlement is anticipated to occur in early July 2017.

Management commentary

JB Financial's Group CEO, Stuart McAuliffe, said, "If completed, this transaction will significantly increase the scale of our market operations. We believe it will put JB Financial in a market-leading position in bonds and bank bills, and will open up multiple opportunities to expand our important foreign exchange trading division as well."



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Further disclosure will be made as details become more certain.

ENDS

Stuart McAuliffe
Managing Director
Henry Morgan Limited