

Via ASX Online**ASX ANNOUNCEMENT – 24 August 2022**

ASX Market Announcements Office

ASX Limited

2022 Full Year Results and Increased Dividend

Diverger Limited (**Diverger** or **the Company**) releases its full year audited results, confirming no amendments following the release of preliminary unaudited results on 23rd July 2022.

For FY22 Diverger delivers 35% growth in Statutory EPS, increases its final dividend and dividend payout ratio.

Nathan Jacobsen, Managing Director said, “We are pleased to report strong earnings growth and a significant increase in return on equity from the capital investments we have made to date, in line with our goal to become the leading service provider to advice and accounting firms. This provides the Company with the opportunity to continue to enhance returns to shareholders, as we invest in our service platform to provide customers with market leading solutions and institutional scale efficiencies. We have started FY23 well and look forward to delivering further growth and returns for shareholders”.

IMPROVED RETURNS FOR SHAREHOLDERS – growth achieved with improving earnings, margins and return on equity

- Earnings per Share (EPS) 9.47 cents, up 35%
- Statutory EBITA \$6.56m, up 18%, with strong alignment to cash generated from operations
- Underlying Profit (normalised EBITA) from continuing operations \$7.06m, up 11%
- Net Profit After Tax \$3.75m, up 26%
- Return on Equity now 9.4%, up 45% and more than doubled in two years
- Increased final dividend to 3.5 cents and introduced a target dividend payout ratio for FY23 and onward of 40 – 60% of NPAT, adjusted for non-cash impairment and fair value adjustments

DELIVERING CONSISTENT GROWTH – established, sustainable business model continuing to deliver

- Revenue from continuing operations \$125.04m, up 36%
- Net Revenue from continuing operations \$30.15m, up 9%

- Attractive financial model, with 92% recurring revenue across four core products – adviser services, managed portfolios, membership and training
- Substantial customer base of 155 advice firms (221 full financial advisers), 210 limited advisers and 1,346 subscribing accounting firms
- Managing \$2.2bn of investor assets in the CARE portfolios
- Capacity to invest in the growth strategy, with \$2.5m net cash after investing \$3+m of capital into growth investments during FY22 and ongoing access to an undrawn debt facility

OUTLOOK

In the first quarter of FY23 Diverger's core business is operating in line with our budget expectations. Notwithstanding the lower growth and inflationary economic environment, we expect the Diverger core business lines to continue the momentum built so far. Throughout FY23 the Board expects sustained growth in Net Revenue across membership, CARE and Net AR Fees, with growth returning to the training business post COVID shutdowns; and improved momentum across both divisions, as we seek growth from the the additional services launched in FY22. This increased business activity is expected to translate to continuing growth in earnings, however it should be noted that the EBITA margin is expected to remain largely flat year on year through cost inflation and ongoing investment into operations and core capabilities.

Diverger's strategy is to grow returns for shareholders while maintaining a conservative capital structure. With recurring revenues, high cash conversion, and a capital light business model, the Board has set the following capital management guidelines:

- Strategy to balance growth and shareholder returns
- Investments into operations funded from free cashflow and debt at accretive ROIC (Return on Invested Capital) i.e. ahead of the Company's weighted average cost of capital (WACC), over three years
- Dividend payout ratio to be 40% - 60% of NPAT, adjusted for non-cash impairment and fair value adjustments, with available franking credits distributed where available
- Conservative capital structure: target range of 1.0 – 1.5x Net debt / EBITDA leverage
- Board to retain flexibility outside of these guidelines based on value accretion opportunities

In line with this policy, Board and management continue to explore value accretive organic and inorganic opportunities to enhance returns to shareholders, consistent with our track record over the last two years. Whilst more transformational transactions such as our offer to acquire Centrepoint Alliance remain

strategically relevant, we remain focused on only proceeding where the returns to shareholders on invested capital are justified.

The following information has been released to the market:

1. Annual Report for the year ended 30 June 2022; and
2. 2021/22 Full Year Results presentation dated 24 August 2022.

Ends

Authorised for release by the Board of Diverger Limited.

Further information

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