

**Via ASX Online****ASX ANNOUNCEMENT – 24 August 2023**

ASX Market Announcements Office

ASX Limited

**2023 Full Year Results and strong FY24 outlook**

Diverger Limited (**Diverger** or **the Company**) releases its results for the full-year ended 30 June 2023.

The Company has delivered solid Net Revenue growth of 19% and investment towards our stated FY25 growth targets, including completion of four accretive acquisitions. As forecast, Underlying Profit is in line with prior year, reflecting a year of uncertain markets and costs related to growth investments. We are pleased to report improving Underlying Profit momentum with 2H 20% higher than 1H and an FY24 outlook of \$8-9m. Reflecting this momentum, Diverger confirms a final dividend of 3.5cps.

Nathan Jacobsen, Managing Director said, “We are pleased the Company has delivered materially improved 2H results after the period of re-investment in the 1H and focus on progressing M&A transactions. This performance is expected to carry through into FY24 run rate.”

**HIGHLIGHTS:**

- Increased Net Revenue by 19% to \$37.61m (2022: \$31.61m)
- Improved returns to shareholders with total dividends for the year 5.5cps (2022: 5.0cps), up 10%
- Underlying Profit (normalised EBITA) down 2% to \$6.90m (2022: \$7.06m)
- Further diversified our revenue model, now with >90% recurring revenue across five core services and a national footprint of circa 4,100 advice, accounting and other firms, up 8%
- Substantial inflows into CARE portfolios of \$863m despite market volatility, now managing \$2.7bn of investor assets
- Completed four acquisitions (one shortly after balance date) that collectively contribute more than \$1.38m to FY24 EBITA
- Statutory NPAT down by 24% to \$2.83m (2022: \$3.75m) due primarily to increased non cash amortisation and adjustments related to M&A activity
- Retained capacity to self-fund growth strategy, with \$0.72m Net Debt after investing \$4.1m of capital (plus \$1.8m post balance date)
- Renewed finance facilities with circa \$13.5m of existing headroom after post balance date acquisition.

**SUBSTANTIAL PROGRESS TOWARDS FY25 GROWTH STRATEGY**

Diverger’s plan is to grow Underlying Profit to \$10.5m by FY25, through growing scale, service expansion and technology driven transformation. For FY23 this has meant:

- Extending the licensing business into the faster growing self-licensing market through the acquisition of AFSLC Compliance Pty Ltd (**AFSLC**), with Diverger now servicing more self-licensed firms than licensed
- Adding a new service offer in IT infrastructure and cyber consulting services, through the acquisition of Priority Networking Pty Ltd (**PNET**) 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 McGregor Wealth Management Pty Ltd (**MWM**) and Atkinson Saynor Private Wealth (**APSW**), which allows us to support growth and succession in those firms, in return for a growing return on invested capital. Both these investment opportunities come to Diverger through our licensing network and we are seeing a growing pipeline of opportunities in this space
- Rollout of a new member portal for Knowledge Shop accounting firms and launch of the Knowledge Shop offer to advice firms
- Continued investment into digital transformation of core operations, with expansion of the HubConnect machine learning data warehouse solution, pilot launch of a new business technology offer to advice firms and commencement of a machine learning/generative AI proof of concept for automation of client file notes
- Re-commenced client events post COVID, with completion of multiple education programs for advisers and accountants, supporting retention and continued advocacy

## **OUTLOOK**

Following the investments made in FY23, directors anticipate Underlying Profit growth to \$8-9m in FY24, whilst acknowledging the continued uncertainty of market conditions.

### **The following information has been released to the market:**

1. Appendix 4E;
2. Directors' Report and Annual Report for the year ended 30 June 2023; and
3. FY23 Full Year Results Presentation dated 24 August 2023.

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