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ASX Announcement

10 February 2025

Generation Development Group Limited to acquire 100% of Evidentia Group Holdings Pty Ltd for $320m, to be partly funded by a fully underwritten Equity Raising of approximately $287.9m

Highlights

- Generation Development Group Limited (ASX:GDG) ('**GDG**') has entered into a binding agreement to acquire 100% of Evidentia Group Holdings Pty Ltd ('**Evidentia**') for $320m up-front consideration[1] ('**Acquisition**')
- Evidentia is a highly strategic opportunity for GDG as one of Australia's leading providers of investment management and tailored managed account solutions
- GDG's acquisition of Evidentia and subsequent merger with Lonsec Investment Solutions will bring together two of the leading and fastest growing managed account providers as the undisputed leader in the market, with a combined total of over $25bn funds under management ('**FUM**')[2].
- The Acquisition will build on GDG's presence in the rapidly expanding managed accounts market (currently valued at over $200bn), which is estimated to grow at approximately 15% p.a. to $474bn by 2030[3]
- Evidentia management will be retained post-acquisition, with existing CEO, Peter Smith to become the Executive Chairman of this expanded managed accounts business and also join GDG's board of directors
- All Evidentia key management personnel have elected to roll a portion of their equity into GDG shares, creating strong alignment for the future[4]
- The acquisition has also provided GDG the timely opportunity to realign its businesses to ensure it continues to deliver exceptional performance and enhance its customer propositions. Moving forward GDG will operate three distinct businesses: Generation Life, Lonsec Research and Ratings, and Evidentia Group, formed through the merger of the Evidentia and Lonsec Investment Solutions businesses. Under the newly created Evidentia Group, GDG will be executing a multi-brand strategy with Lonsec branded products and offerings continuing to be distributed
- The acquisition of Evidentia is expected to be low double-digit EPS accretive in the first full year of ownership (FY26F exclusive of synergies)[5] and deliver other material benefits

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[1] Subject to customary completion adjustments
[2] As at 31 December 2024 (excludes strong January FUM growth)
[3] IMAP (Jun-24), NMG Consulting (forecast including the treatment of MDA as including MDAs, IMAs and other discretionary with no roll-forward or adjustment for MDA managers that did not provide data to IMAP in Jun-24)
[4] ~33% management rollover based on completion accounts with scrip consideration to be escrowed for 12 months post completion
[5] EPS accretion on an NPAT basis excludes transaction costs, integration costs and amortisation of acquired identifiable intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. The calculation has been prepared in accordance with AASB 133 and reflects the impact of securities issued under both the Entitlement Offer and Placement

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- The Acquisition, transaction costs and additional balance sheet flexibility to support synergy implementation and future growth initiatives to be funded through:
    - a $287.9m fully underwritten placement and pro rata accelerated non-renounceable entitlement offer ('**Equity Raising**); and
    - $75.1m of new GDG shares issued to Evidentia shareholders as scrip consideration at the Equity Raising Offer Price[6]
- GDG Directors and Senior Management have committed to participate for $1.6m of their entitlements under the Entitlement Offer and continue to be significant shareholders in GDG

Commenting on the transaction, GDG Chief Executive Officer Grant Hackett OAM said, "I am excited to announce today that Generation Development Group has entered into a binding agreement to acquire 100% of Evidentia. This transaction represents another significant milestone in GDG's growth strategy, following the successful acquisition of the remaining equity interests in Lonsec in 2024."

"Since launching in 2020, Evidentia has grown into a leading player in the rapidly expanding managed accounts market. The transaction presents a highly strategic growth opportunity for GDG, given the complementary nature of the Evidentia and Lonsec Investment Solutions businesses."

"Evidentia's boutique tailored managed account solutions, client communications expertise and financial advice practice management experience, paired with Lonsec's enduring heritage of knowledge, broad managed account offering and strength in research will deliver a more complete and scalable offering. This will provide financial advisers and their clients with an even stronger value proposition, access to deeper insights, more extensive investment solutions and an integrated service experience that ultimately supports better outcomes for both financial advisers and clients."

"This transaction will be a continuation of the best-in-class services that both Lonsec and Evidentia have to offer."

Acquisition of Evidentia – Accelerating growth in the large managed accounts sector

- Evidentia, one of Australia's fastest growing managed accounts businesses, provides tailored SMA portfolios and investment management services to Australia's leading private wealth firms
- Since launching in January 2020, it has grown to ~$12.7bn[7] in FUM through a client-centric strategy focused on building long-term competitive advantages
- By merging their collective strengths, GDG will provide a leading end-to-end investment management and managed account solutions for licensees, financial advisers, and their clients with minimal overlap in client bases, products offerings and target markets
- There will be no impact to financial advisers and clients as a result of the restructuring, with business as usual and no changes to the leading client service models in place
- $320m up-front enterprise value (100% basis), comprised of $244.9m cash consideration and $75.1m scrip issued at the Offer Price
    - up-front consideration reflects implied valuation of EV / FY26F EBITDA of 15.2x
    - Evidentia key management personnel to own 4.7% of GDG ($75.1m), demonstrating strong alignment post transaction
- Potential Earn Out of up to $40.0m (maximum payable if the combined Evidentia and Lonsec's Managed Accounts business achieves FY26 YoY revenue growth of 46%)[8]
- Completion expected in February 2025, subject to customary closing conditions

Details of the Equity Raising

GDG intends to conduct an Equity Raising to raise approximately $287.9m through a:

- fully underwritten placement to institutional investors to raise approximately $114.4m ('**Institutional Placement**'); and

[6] Scrip issued to Evidentia shareholders will be placed under GDG's existing capacity per ASX Listing Rule 7.1
[7] As at 31 December 2024 (excludes strong January FUM growth)
[8] Earn out linearly scales from $0-$40m from combined FY26 YoY revenue growth of 38% up to 46%

- fully underwritten 1 for 7.16 accelerated non-renounceable entitlement offer of New Shares to raise approximately $173.5m ('**Entitlement Offer**')

Proceeds from the Equity Raising will be applied to fund the cash portion of the Acquisition and associated transaction costs, synergy implementation costs and future growth initiatives.

The offer price for the Institutional Placement and the Entitlement Offer will be $4.15 per New Share ('**Offer Price**'). The Offer Price represents:

- a 10.8% discount to the last traded price of GDG shares on 6 February 2025; and
- a 8.5% discount to the theoretical ex-rights price ('**TERP**')[9]

Under the Entitlement Offer, eligible shareholders will be able to subscribe for one New Share for every 7.16 existing GDG shares held at 7.00pm (Sydney time) on Wednesday 12 February 2025 ('**Record Date**') at the Offer Price ('**Entitlements**').

Luminis Partners Pty Ltd is acting as financial adviser to GDG in relation to the Acquisition. Jefferies (Australia) Pty Ltd and MA Moelis Australia Advisory Pty Ltd are acting as joint lead managers, joint underwriters and joint bookrunners of the Equity Raising. Baker McKenzie is acting as a legal adviser to GDG in relation to the Acquisition and Equity Raising. Morgans Financial Limited have been appointed as Co-Manager in relation to the Equity Raising.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

It is expected that up to 69.4m New Shares will be issued as part of the Equity Raising. New Shares issued under the Institutional Placement do not participate in the Entitlement Offer. New Shares issued under the Equity Raising will rank equally in all respects with existing shares and will be eligible for any dividend declared for the half year ending 31 December 2024.

The Entitlement Offer includes an institutional component ('**Institutional Entitlement Offer**') and a retail component ('**Retail Entitlement Offer**').

Under the Institutional Entitlement Offer, eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Monday, 10 February to Tuesday, 11 February 2025. Eligible institutional shareholders can choose to take up all, part or none of their Entitlements. Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer and Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild at the Offer Price from 10 February to 11 February 2025.

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Friday, 14 February 2025 and close at 5.00pm (Sydney time) on Thursday, 27 February 2025.

The Retail Entitlement Offer will include a top-up facility under which eligible retail shareholders who take up their full Entitlement may apply for additional shares in the Retail Entitlement Offer (subject to a cap of 100% of their Entitlements) from a pool of shares not taken up by other eligible retail shareholders. There is no guarantee that applicants under this top-up facility will receive all or any of

[9] TERP is the theoretical price at which GDG shares should trade immediately after the ex-date of the Entitlement Offer and Institutional Placement and is calculated based on the Entitlement Offer of $173.5m and Institutional Placement of $114.4m. TERP is a theoretical calculation only and the actual price at which GDG shares will trade on the ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to GDG's closing price of $4.65 on 6 February 2025, being the last trading day prior to the announcement of the Placement and Entitlement Offer.

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the New Shares they apply for under the top-up facility. Further details on the allocation of New Shares under the top-up facility will be set out in the Retail Offer Booklet.

GDG will notify retail shareholders as to whether they are eligible to participate in the Retail Entitlement Offer. The Retail Offer Booklet, including a personalised entitlement and acceptance form, will be made accessible to eligible retail shareholders on or about Friday, 14 February 2025. A copy of the Retail Offer Booklet will also be lodged with ASX on or about Friday, 14 February 2025.

Those shareholders who GDG determines to be ineligible shareholders will also be notified.

A presentation on the Acquisition and Equity Raising has been lodged with ASX today and is able to be downloaded from ASX's website (www.asx.com.au).

Proposed timetable

GDG expects that the Equity Raising will be conducted according to the following timetable:

Event	Date (2025)
Announcement of Acquisition and Equity Raising, together with Investor Presentation	Monday 10 February
Announcement of results of the Institutional Entitlement Offer, trading resumes on an ex-entitlement basis	Wednesday 12 February
Record date for Retail Entitlement Offer (7.00pm)	Wednesday 12 February
Retail Entitlement Offer opens	Friday 14 February
Booklet and Entitlement and Acceptance Form made available to Eligible Retail Shareholders and announced to ASX	Friday 14 February
Settlement of the Institutional Placement and the Institutional Entitlement Offer	Friday 14 February
Allotment of New Shares under the Institutional Placement and the Institutional Entitlement Offer	Monday 17 February
Quotation of New Shares issued under the Institutional Placement and the Institutional Entitlement Offer	Monday 17 February
Normal trading for New Shares issued under the Institutional Placement and the Institutional Entitlement Offer commences	Monday 17 February
Announcement of Completion of Acquisition and Acquisition Shares Issue to Sellers	Tuesday 18 February
Closing date for acceptances under the Retail Entitlement Offer (5.00pm)	Thursday 27 February
Announcement of results of Retail Entitlement Offer	Monday 3 March
Settlement of the Retail Entitlement Offer	Wednesday 5 March
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday 6 March
Payment of Deferred Completion Amount to Sellers	Friday 7 March
Normal trading for New Shares issued under the Retail Entitlement Offer commences	Friday 7 March

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Dispatch of holding statements for New Shares issued under the Retail Entitlement Offer	Monday 10 March

Notes:

All times are Sydney time.

This timetable is indicative only and subject to change. The board of directors of GDG may vary these dates, in consultation with the Underwriters, subject to the ASX Listing Rules. An extension of the closing date for acceptances under the Retail Entitlement Offer will delay the anticipated date for issue of the New Shares. The board of directors of GDG also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants.

Trading update and outlook

GDG anticipate that based on current earnings momentum and market conditions, FY25 earnings forecast remains in line with consensus.

Investor Webcast

GDG will conduct a conference call and webcast on 10 February 2025 at 10:30am AEDT in relation to the announcement.

Attendees will need to pre-register using the following link:

https://s1.c-conf.com/diamondpass/10045304-wed9z0.html

-ENDS

This announcement has been authorised by the board of Generation Development Group Limited.

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IMPORTANT NOTICES

Important Notices

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This announcement has been prepared for publication in Australia and may not be released to U.S. wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

Forward-Looking Statements

This announcement contains certain "forward-looking statements", including but not limited to projections and guidance on future financial performance, potential synergies and estimates, the timing and outcome of the Reconstruction Experts acquisition, the outcome and effects of the Equity Raising and the use of proceeds, and the future performance of GDG post-acquisition.

The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and certainties and other factors which are beyond the control of GDG, its directors and management.

Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of GDG's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue credence on forward-looking statements and, except as required by law or regulation, none of GDG, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to GDG as at the date of this announcement.

None of GDG or any of its subsidiaries, representatives, advisers, or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance, or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statements.

Financial data

Readers should be aware that the pro forma financial information included in this announcement is for illustrative purposes and does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the United States Securities and Exchange Commission. Readers should be aware that certain financial data included in this announcement is "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934. Non-IFRS/non-GAAP measures in this announcement include the pro-forma financial information, EBITDA and EBIT. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this announcement.

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Information about Evidentia

Certain information in this announcement has been sourced from Evidentia, its representatives or associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this announcement may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither GDG nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

The financial information for Evidentia is based on financial and operating data provided by Evidentia.

GDG has performed due diligence on the financial records of Evidentia however this does not constitute an independent verification of the information provided by Evidentia. Investors are cautioned that they should not place reliance on this information as if it were audited financial information.