



ASX Announcement

Prime Financial Group Ltd
(Prime - ASX:PFG)

aspire, innovate, grow & impact

22 April 2025

Prime to acquire leading Australian investment research, portfolio, platform and funds management business, Lincoln Indicators
Expands Prime's Wealth offering and distribution footprint

Highlights:

- Prime Financial Group Limited ("Prime" or "PFG") has entered into binding agreements to acquire 100% of Lincoln Indicators Pty Ltd ("Lincoln Indicators"), together with the associated intellectual property that is held by a related entity
- Lincoln Indicators is a leading Australian investment research, portfolio, platform and funds management business located in Melbourne, Australia
- The acquisition further expands Prime's Wealth offering and significantly increases its distribution capability, including access to a further 3,300 high-net-worth investors, a 10x increase
- The acquisition delivers on Prime's strategy of growth through complementary and EPS-accretive acquisitions that increase customer diversification and recurring revenue with significant cross-sell opportunities into the wider group
- Lincoln Indicators has a favourable financial profile and will represent a small contribution to revenue in FY25: anticipated future revenue is \$10M - \$11M annually
- Total consideration of \$15.75M for on target EBITDA performance, or potentially \$17.9M if earnings targets are outperformed, payable in an approximate mix of 80% cash and 20% shares with payments to be made over a 3-year period. The cash consideration for the acquisition, will be funded from the Company's operating cashflow, debt facilities and cash reserves
- Additional consideration will be payable for the associated intellectual property as follows:
 - fixed consideration of \$2.1M;
 - conditional consideration in the form of an 'outperformance payment' where earnings exceed specified targets during the 3 years following completion; and
 - a royalty equal to 50% of any 'performance fees' earned by Lincoln Indicators in its capacity as the manager of any investment funds that Lincoln Indicators manages at completion



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Prime Financial Group Limited (Prime – ASX:PFG), an Advice, Capital and Asset Management Group, has entered into a binding agreement to acquire 100% of Australian investment research, portfolio, platform and funds management business, Lincoln Indicators, together with the associated intellectual property that is held by a related entity.

About Lincoln Indicators

Lincoln Indicators has approximately 3,300 high-net-worth investors/clients that access a range of research services and proprietary managed funds.

Lincoln's Stock Doctor product gives high-net-worth self-directed investors and self-managed super funds access to exclusive quantitative research that identifies both stocks with downside risk and Lincoln's Star Stocks – the stocks identified by its exclusive research methodology as having strong financial health and suited to meeting an investor's long-term growth or income objectives.

Stock Doctor also gives these investors the tools to create, manage and optimise their portfolios.

The Company also has three funds: the Lincoln Australian Income Fund, the Lincoln Australian Growth Fund and the Lincoln U.S. Growth Fund, with all three investing in a portfolio of stocks after applying Lincoln's quantitative methodology of screening.

Its Taking Stock product provides investors with weekly updates, expert opinions, stock insights and analysis tools.

The Company employs approximately 30 staff and has approximately \$600M in funds under management (FUM).

Lincoln Indicators' Co-Founder and Managing Director Tim Lincoln will join Prime's Wealth leadership team following completion of the acquisition.

Strategic Rationale

The acquisition provides Prime with additional tools and services for the high-net-worth and wholesale investor market, including research and information for self-directed investors through to managed investment solutions complemented by Prime's existing full Investment, Wealth Management and SMSF services.

Lincoln Indicators' large client base adds significantly to Prime's distribution capabilities with the ability to deliver its services, advice and products into this client base, many of which have been clients of Lincoln Indicators since inception over 20 years ago.

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As well as complementing Prime's existing Wealth offering, Lincoln Indicators also provides Prime with numerous operational, client and capability synergies and cross-sell opportunities into the wider group.

Lincoln Indicators also represents a small contribution to revenue in FY25 with an anticipated \$10M - \$11M of revenue annually - the majority of this recurring revenue - and a positive EBITDA contribution.

The transaction will also help Prime access the growing Wealth sector with around 690,000 individuals now classified as high-net-worth investors in Australia, representing an 8.7 per cent rise from 635,000 in 2023¹.

Collectively, these investors manage \$3.4 trillion in investable assets, which is up from \$2.98 trillion in the previous year².

Prime's Managing Director & Chairman, Mr Simon Madder, said: "We are delighted to be expanding our Wealth offering through the acquisition of Lincoln Indicators."

"The transaction provides us with additional tools and services for the high-net-worth and wholesale investor market and complements our existing Wealth business, providing us with significant distribution capabilities, multiple synergies and cross-sell opportunities, putting us in a strong position to capture the growing Australian wealth market."

"The acquisition will not only provide Prime ownership of a leading Australian wealth provider, but also provides us with additional profitability and a suite of well-established and loyal clients."

"We look forward to bringing our two businesses together with a respect for the legacy and client base that Lincoln Indicators' Co-Founder and Managing Director, Tim Lincoln, and the team has built. Prime has a successful track record of working with founders and has a significant number as part of its leadership team. We warmly welcome the well-established and capable Lincoln Indicators team to Prime."

¹ ² Praemium and investment Trends 2024 High Net Worth Investors report.

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Details of the Acquisition

- **Assets being acquired:** 100% of the issued capital of Lincoln Indicators and the associated intellectual property that is held by a related party
- **Consideration:**
 - Total consideration of \$15.75M for on target EBITDA performance, or potentially \$17.9M if earnings targets are outperformed
 - Initial consideration of up to \$5M (**Tranche 1**), comprising of \$4M in cash (subject to working capital and net debt adjustments), payable at completion, and a further \$1M in cash which is conditional on Lincoln Indicators achieving specified cost saving milestones within 90 days of completion
 - Two additional tranches of \$3.5M for on target EBITDA performance, or up to \$4.2M if earning targets are outperformed, (**Tranches 2 and 3**) will be payable following the first and second anniversaries of completion
 - A fourth and final tranche of \$3.75M for on target EBITDA performance, or up to \$4.5M if earning targets are outperformed, (**Tranche 4**) will be payable following the third anniversary of completion
- **Tranches 2, 3 and 4** will be paid with a minimum of 70% cash and the balance in PFG fully paid ordinary shares (**Consideration Shares**). Prime may elect to increase the percentage of cash consideration
- Each tranche of Consideration Shares will be subject to an escrow period of 12 months from the date of issue
- The price of each Consideration Share will be determined as follows:
 - Tranche 2 - 30-day volume-weighted average price at which shares of PFG were trading up to and including the first anniversary date from completion;
 - Tranche 3 - 30-day volume-weighted average price at which shares of PFG were trading up to and including the second anniversary date from completion; and
 - Tranche 4 - 30-day volume-weighted average price at which shares of PFG were trading up to and including the third anniversary date from completion, provided that the minimum price that Prime will issue each Consideration Share is \$0.20.
- PFG will not issue more than 16,125,000 Consideration Shares so as not to exceed its capacity pursuant to Listing Rule 7.1
- The cash consideration for the acquisition will be funded from the Company's operating cashflow, debt facilities and cash reserves

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- Completion is subject to the fulfilment of completion deliverables that are considered standard for transactions of this nature, including obtaining change of control consents for material contracts

Further, and with respect to Prime's acquisition of the associated intellectual property that is held by a related party to Lincoln Indicators, there are three consideration streams as follows:

- Fixed consideration of \$2.1M (plus GST if applicable) will be paid for the intellectual property owned by the related entity to Lincoln Indicators. This will be paid as cash consideration over the 3-year period following completion in equal quarterly instalments of \$175,000;
- Conditional consideration in the form of an 'outperformance payment' where earnings exceed specified targets during the 3 years following completion; and
- A royalty equal to 50% of any 'performance fees' earned by Lincoln Indicators in its capacity as the manager of any investment funds that Lincoln Indicators manages at completion

Likely Effect of the Lincoln Indicators Transaction

The acquisition of Lincoln Indicators is not likely to represent a significant change to the scale of Prime's activities in the context of Listing Rule 11.1, the ASX has confirmed that Prime is not required to obtain shareholder approval for the transaction.

Prime considers that the following reference points provide the best basis for assessing the likely impact of the acquisition:

- Prime's calendar year 2024 financial results (being the most recent period that has been subject to audit review); and
- The financial results for Lincoln Indicators for the 12 months up to the end of February 2025 (being the most up to date financial information).

The likely impact of the Lincoln Indicators acquisition, expressed as a percentage change from Prime's calendar year 2024 financial result, is set out in the table below:

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	Likely impact expressed as a percentage
Revenue Test	23.64%
EBITDA Test	13.90%
PBT Test	13.02%
Total Asset Test	4.43%
Total Equity Test	5.84%*

*This assumes 100% of the Consideration Shares are issued but does not include any shares that are yet to be issued pursuant to the terms on which Prime acquired the business conducted by Remuneration Strategies Pty Ltd and 100% of the issued capital of Equity Plan Management Pty Ltd (terms of which were announced on 11 June 2024) or any shares that may be issued on conversion of performance rights that are currently on issue.

Prime's Managing Director & Chairman, Mr Simon Madder will be holding a live Webinar on Wednesday 23 April 2025 at 1.00pm with the opportunity for Q&A.

To register for the Webinar, please register via the following link.

https://primefinancial.zoom.us/webinar/register/WN_bhCmHd_DQe6xvMrqv-W4fw

Authorised for release by the Board of Prime Financial Group Limited.

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About Prime Financial Group

Prime is an Advice, Capital & Asset Management Group, operating across four key areas in Accounting & Business Advisory, Wealth Management, SMSF and Capital in its three core locations of Melbourne, Sydney and Brisbane.