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LEI: 2549008KZ7HM27V4O637

27 March 2025

InvestAcc Group Limited

Acquisition of AJ Bell's Platinum SIPP and SSAS business

and

Announcement of Results Date

InvestAcc announces the second acquisition of its buy and build strategy with AJ Bell's Platinum SIPP and SSAS business, strengthening its position as a market leader in "Full" SIPP pension administration

InvestAcc Group Limited ("InvestAcc", the "Company" or, together with its subsidiaries, the "Group"), a leading UK specialist pension administrator, is pleased to announce that it has agreed to acquire AJ Bell's Platinum SIPP and SSAS business (the "Acquisition"), the pension administration client books which form part of the AJ Bell non-platform business, for a maximum consideration of £25m.

The transaction is expected to complete in the second half of 2025 following the extraction, migration and integration of the Platinum SIPP and SSAS clients onto InvestAcc's platform ("Completion").

In addition, the Company expects to announce its results for the six months ended 31 December 2024 on 24 April 2025.

Mark Hodges, Executive Chairman of InvestAcc Group, commented: "We are thrilled to announce the acquisition of the Platinum SIPP and SSAS businesses from AJ Bell. The Acquisition's high-net-worth client base, exceptional service proposition and strong financial performance make it a perfect strategic fit for InvestAcc. This significantly strengthens our position as a market leader in "Full" SIPP pension administration, allowing us to enhance our service offering while maintaining the highest standards of customer experience. This represents the second acquisition of a wider pipeline of both company and client book extraction opportunities under active review.

We look forward to collaborating with AJ Bell to ensure a seamless migration and integration of the Platinum SIPP and SSAS clients to our platform and to presenting the Acquisition opportunity as part of our investor roadshow following the publication of our accounts in April."

Michael Summersgill, Chief Executive Officer of AJ Bell, commented: "AJ Bell Platinum customers will continue to receive great service as part of InvestAcc, an award-winning provider of bespoke SIPP and SSAS services, with a track record of delivering excellent customer service."

Background to AJ Bell's Platinum SIPP and SSAS business

The Platinum SIPP and SSAS business provides bespoke, high-quality pensions expertise and SIPP and SSAS administration to the high net worth ("HNW") segment. The business has Assets under Administration ("AuA") of £3.2bn across 3,562 accounts^[1], and a HNW client base reflected through average SIPP account size of approximately £670k. The Acquisition generated £10m revenue in FY24 (September year-end) of which 92% of revenues were recurring, underpinned by fixed annual fees with inflation linked fee increases.

Strategic Rationale and Financial Impact

Strengthens Market Position

- The Acquisition consolidates InvestAcc's market position in "Full" SIPP administration, driving Group AuA to over £8.5bn across 16,000 SIPP & SSAS accounts.
- It also enhances InvestAcc's existing relationships with financial advisers and wealth managers through expansion of product offering, as well as broadening overall advisor relationship market coverage.

Significant Growth Potential

- The Acquisition's Platinum SIPP and SSAS products are not actively marketed. This provides a significant opportunity to re-open marketing channels and leverage the Acquisition's large network of financial advisers and wealth managers.
- 48% of the Acquisition's SIPPs are unadvised, an underserved segment that provides additional opportunities to offer ancillary services to improve client service and outcomes.

Positive Financial Impact

- A comprehensive integration plan is in place to ensure business continuity for existing clients, led by the Group's experienced in-house integration team. The Acquisition will be integrated onto and leverage InvestAcc's operating platform and infrastructure.
- Management anticipate the Acquisition's trading EBITDA margin will be in line with the performance of existing InvestAcc operations following integration, with an expected cost to deliver of £2.8m.

Consideration Structure

The consideration of up to £25.0m will be satisfied as follows:

- £18.5m consideration comprising £17.5m in cash and £1.0m in new InvestAcc ordinary shares issued to AJ Bell on Completion;
- Up to £6.5m deferred cash consideration expected to be paid in the first 6 months of 2026, subject to the achievement of specific client transfer targets to protect the Group against client lapses during the migration process.

New Acquisition Facilities

Following an extensive process advised by Rothschild & Co, the Group also announces that a £25.0m committed acquisition facility (the "Facility") has been secured from Kartesia. The Facility will be used to finance the Acquisition, with further ability to scale and support the wider Group acquisition strategy in future.

Following the Acquisition announcement and the signing of the Business Purchase Agreement, £5.0m of the Facility will be drawn for Acquisition fees and to support the costs associated with the extraction, migration and integration of the Platinum SIPP and SSAS clients ahead of Completion.

The initial interest rate margin of 6.75% p.a. is subject to a leverage ratchet following Completion. The Group maintains a cautious approach to leverage; management expects net leverage to fall from c.2.5x on Completion to below 2x for the year ended 31 December 2026, based on the Group's current trading expectations and this Acquisition. The Group therefore expects the interest rate margin to fall to 6.00% p.a. in 2026.

Marwyn Lock-Up Agreement

Marwyn, the largest shareholder in the Company, holding 59.8% of the Ordinary Shares and the sole Sponsor Share, has reinforced its long-term commitment to the Group and its strategy by entering into a three-year lock-up agreement. Under this agreement, subject to limited exceptions, Marwyn has committed to retain 12,400,000 Ordinary Shares, representing 25% of the Company's current share capital, along with the only Sponsor Share. This reflects their continued confidence in the Group's vision and future growth.

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Related Party Disclosure

As preliminary steps to the Acquisition, the Company capitalised a £6,150,911 loan owed to the Company by the Company's subsidiary, InvestAcc (BVI) Limited ("the Subsidiary") (the "Loan Note") into equity in the Subsidiary by way of a further capital contribution of £6,150,911 and cancellation of the Loan Note and waived all accrued but unpaid interest on the Loan Note (the "Interest Waiver").

As a subsidiary of the Company, the Subsidiary is considered to be a related party of the Company for the purposes of paragraph 7.3 of the Disclosure Guidance and Transparency Rules ("DGTRs"). The Interest Waiver constitutes a material related party transaction for the purposes of paragraph 7.3 of the DGTRs. The Directors consider that, on the basis that the Interest Waiver is a necessary preliminary step to completing the Acquisition, the Interest Waiver is fair and reasonable from the perspective of the Company and its shareholders not considered to be related parties of the Company within the meaning of the DGTRs.

The person responsible for arranging the release of this announcement on behalf of InvestAcc Group Limited is Will Self, CEO.

END

[1] as at 31 December 2024

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