



## Power Corporation's FinTech Strategy Creating Shareholder Value – Wealthsimple announces \$750 million equity offering

Readers are referred to the section "Forward-Looking Statements" at the end of this release. All figures are expressed in Canadian dollars.

**Montréal, Québec, May 3, 2021** – Wealthsimple Financial Corp. ("Wealthsimple"), a member of the Power Corporation group of companies and one of Canada's leading financial technology companies, issued a press release today announcing it has signed a \$750 million financing round. The fundraising consists of a \$250 million primary offering by Wealthsimple, as well as a \$500 million secondary offering by Power Corporation of Canada (TSX: POW) ("Power Corporation" or "PCC"), IGM Financial Inc. ("IGM Financial") and Great-West Lifeco Inc. ("Great-West Lifeco") (collectively the "PCC Group") pro-rata to their respective ownership interests. The transaction is subject to customary closing conditions and is expected to close by mid-May 2021. Additional details of the primary offering are disclosed in Wealthsimple's press release issued earlier today.

The PCC Group is the largest shareholder of Wealthsimple holding a 62% equity interest, on a fully diluted basis with PCC, IGM Financial and Great-West Lifeco owning 23.1%, 36.3% and 2.3%, respectively. The PCC Group's interest represents 76% of the voting rights. Following completion of the primary and secondary offerings, the PCC Group will continue to be the largest shareholder in Wealthsimple with a combined 43% equity interest, on a fully diluted basis, and 60% of the voting rights<sup>[1]</sup>. As a result of the secondary offering, the PCC Group will receive proceeds of \$500 million and will retain an interest valued at \$2.1 billion, a total increase in value of \$1.7 billion from December 31, 2020 and \$2.3 billion over the PCC Group's invested capital of \$315 million in Wealthsimple. This represents a multiple on invested capital of 8.3x and a compound annual return on investment of 79% (before expenses and taxes).

PCC currently holds a 23% equity interest in Wealthsimple, on a fully diluted basis. PCC will receive proceeds of \$187 million (\$164 million after-tax) from the secondary offering and will retain a 16% equity interest in Wealthsimple, on a fully diluted basis, valued at \$796 million. PCC's retained interest represents, along with proceeds from the secondary offering, an increase in value of approximately \$633 million, or \$0.94 per participating share, from December 31, 2020.

Today, IGM Financial also announced the change in its ownership interest in Wealthsimple. IGM Financial will receive proceeds of \$295 million (\$260 million after-tax) from its pro-rata share of the secondary offering and will retain an interest valued at \$1.15 billion. Additional details are disclosed in IGM Financial's press release issued earlier today.

Wealthsimple is a key part of a portfolio of fintech investments that the PCC Group has cultivated through Portag3 Ventures ("Portag3"), the venture-capital arm of multi-asset class alternative investment platform Sagard Holdings. Investments in organizations such as Wealthsimple enhance the capabilities of PCC's publicly traded operating companies while giving them exposure to new markets with favorable secular trends. Through Portag3, the PCC Group will continue to play an active role in Wealthsimple's growth through Board membership and support from Portag3's value creation team.

[1] Including a 3.8% interest held through a co-investment vehicle managed by Sagard Holdings.



## Expected Impact of Wealthsimple's Equity Offerings on PCC's Consolidated Financial Statements<sup>[2]</sup>

In the first quarter ended March 31, 2021, the revised Wealthsimple valuation will result in a net increase in the liability related to put rights held by non-controlling interests and option holders of Wealthsimple of approximately \$200 million recorded through the statement of earnings and a net carried interest expense of approximately \$41 million.

In the second quarter ended June 30, 2021, pending a successful close of the transaction, the put rights will be extinguished. Following the close, the primary and secondary offerings and the extinguishment of the put rights will result in an increase in participating shareholders' equity of approximately \$0.7 billion recorded through the statement of changes in equity.

### About Wealthsimple

Wealthsimple is a financial company on a mission to help everyone achieve financial freedom, no matter who they are or how much they have. Using smart technology, Wealthsimple takes financial services that are often confusing, opaque and expensive and makes them simple, transparent, and low-cost. The company was founded by a team of financial experts and technology entrepreneurs, and is headquartered in Toronto, Canada. To learn more, visit [www.wealthsimple.com](http://www.wealthsimple.com).

### About Power Corporation

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms. To learn more, visit [www.PowerCorporation.com](http://www.PowerCorporation.com).

### Forward-Looking Statements

Certain statements in this news release, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations. Forward-looking statements are provided to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation, including the Corporation's fintech strategy, the expected proceeds from the primary and secondary offerings and the resulting size and value of the ownership interests of members of the PCC Group, the extinguishing of the put rights, and the expected impact of matters on the Corporation's financial statements. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

[2] All amounts disclosed are attributable to PCC participating shareholders.



By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, fluctuations in interest rates, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, man-made disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including, without limitation, management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the offerings will proceed as currently contemplated and that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including its most recent Management's Discussion and Analysis and Annual Information Form, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com).

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