

Via ASX Online

ASX ANNOUNCEMENT – 25 January 2021

ASX Market Announcements Office
ASX Limited

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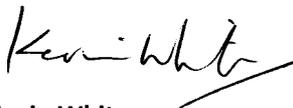
ASX Code: EAS

Target's Statement

Enclosed, in accordance with section 633(1) item 14 of the *Corporations Act 2001* (Cth), is a copy of the Target's Statement issued by Easton Investments Limited (**Easton**) in relation to the proportional off-market takeover bid by HUB24 Limited (**HUB24**).

The Target's Statement is being lodged today with the Australian Securities and Investments Commission and served on HUB24.

Authorised for lodgement and release by Kevin White, Executive Chairman.



Kevin White
Executive Chairman

Mobile 0403 269 193

Email kevin.white1202@gmail.com



Target's Statement

Easton Investments Limited
ABN 48 111 695 357

**The Directors of Easton Investments Limited
(Easton) Unanimously Recommend You**

ACCEPT

**the Proportional Offer by HUB24 Limited (HUB24)
to acquire one third (1 in every 3) of the shares
you hold (rounded down to the nearest share) in
Easton at a price of \$1.20 per share**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR
IMMEDIATE ATTENTION**

If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser.

If you have any questions in relation to HUB24's Proportional Offer, please contact the Offer Information Line on 1300 131 678 (for calls made within Australia) or +61 1300 131 678 (for calls made from outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.



Important Notices

TARGET'S STATEMENT

This document is a Target's Statement dated 25 January 2021 and is issued by Easton Investments Limited ABN 48 111 695 357 (**Easton or the Company**) under Part 6.5 of the Corporations Act. This Target's Statement sets out Easton's formal response to the proportional off-market takeover bid made by HUB24 Limited (**HUB24**) for 1 in every 3 of the Easton Shares that are not already owned or controlled by HUB24, as set out in HUB24's Bidder's Statement.

This Target's Statement contains important information. You should read this document carefully and in its entirety.

PROPORTIONAL OFF-MARKET TAKEOVER BID

Easton Shareholders should note that HUB24 is making a proportional off-market takeover bid. HUB24 is offering to acquire 1 out of every 3 Easton Shares not already owned or controlled by HUB24 (**Proportional Offer**) at a price of \$1.20 per share.

The Easton Directors unanimously recommend that you ACCEPT the Offer in the absence of a Superior Proposal and have entered into Pre-Bid Acceptance Agreements with HUB24 committing to accept the Proportional Offer in respect of the Easton Shares they own or control, representing 9.1% of Easton Shares.

If all Easton shareholders accept the Offer, HUB24 would acquire up to 33.3% of Easton Shares it does not already own or control, excluding the additional potential acquisition by HUB24 of less than Marketable Parcels of Easton Shares (refer to Section 4.3 of this Target's Statement). Taking into account the Paragem Consideration Shares already issued to HUB24 (see Section 1.3(c)), this would amount to a total shareholding of approximately 39.2% in Easton, excluding the impact of the exercise of New Easton Options (see Section 1.3(d)).

NO ACCOUNT OF PERSONAL CIRCUMSTANCES

This Target's Statement does not take into account your individual investment objectives, financial situation, taxation situation or particular needs. It does not contain personal advice. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to Easton Shares or the Proportional Offer generally. You should obtain independent legal,

financial, taxation or other professional advice before deciding whether to reject or accept the Proportional Offer.

ASIC AND ASX DISCLAIMER

A copy of this Target's Statement was lodged with ASIC and given to ASX on 25 January 2021. None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Target's Statement.

DISCLAIMER AS TO FORWARD LOOKING STATEMENTS

Some statements in this Target's Statement are in the nature of forward looking statements. These statements are based on, among other things, information available to Easton at the date of this Target's Statement and Easton's current assumptions, expectations and estimates. Forward looking statements are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Easton, as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of Easton and its Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Easton or any of its officers, or any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or any events or results expressed or implied in any forward looking statement, except to the extent required by law.

You are cautioned not to place undue reliance on any forward looking statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Except as required by applicable law or the ASX Listing Rules, Easton has no obligation to disseminate any updates or revisions to any statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based,



whether as a result of new information, future events or otherwise.

PRIVACY

Easton has collected your information from the Easton Shares Register for the purpose of providing you with this Target's Statement. The type of information Easton has collected about you includes your name, contact details and information in respect of your shareholdings in Easton. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Easton and its related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Easton, please contact Easton's Shares Registry.

NOTICE TO FOREIGN EASTON SHAREHOLDERS

The release, publication or distribution of this Target's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Target's Statement should inform themselves of, and observe, those restrictions. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws or regulations outside Australia.

INFORMATION ON HUB24

All information in this Target's Statement relating to HUB24 has been prepared by Easton using publicly available information, including the Bidder's Statement. Easton and its Directors are unable to verify the accuracy or completeness of that information. The information on HUB24 in this Target's Statement should not be considered comprehensive.

Accordingly, to the maximum extent permitted by law, Easton does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

RISK FACTORS

Easton Shareholders should note there are a number of risk factors attached to their investment in Easton and other risks associated with accepting the Proportional Offer. Section 7 of this Target's Statement sets out further information regarding those risks.

DEFINED TERMS

Certain terms used in this Target's Statement have defined meanings, as set out in Section 10 of this Target's Statement.

EFFECT OF ROUNDING

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, their actual calculations may differ from the calculations set out in this Target's Statement.

DIAGRAMS, CHARTS AND TABLES

Any diagrams, charts or tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts and tables are based on information available at the date immediately prior to the date of this Target's Statement.

NO INTERNET SITE IS PART OF THIS TARGET'S STATEMENT

References in this Target's Statement to Easton's website [eastoninvestments.com.au] and HUB24's website [hub24.com.au] are for your reference only.

Information contained in or otherwise accessible from these websites is not part of this Target's Statement.

FURTHER QUESTIONS

If you have any questions about the Proportional Offer, please contact the Offer Information Line on 1300 131 678 (for calls made within Australia) or +61 1300 131 678 (for calls made from outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.



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Key Dates

Event	Date
Announcement of the Proportional Offer	21 December 2020
Bidder's Statement lodged with Easton, ASIC and ASX	6 January 2021
Bidder's Statement is sent to Easton Shareholders	21 January 2021
Proportional Offer Opens	21 January 2021
Target's Statement lodged with HUB24, ASIC and ASX	25 January 2021
Offer closes (unless extended or withdrawn)*	7.00pm (Sydney time) on 22 February 2021

* This date is indicative only and may be changed as permitted by the Corporations Act.

Chairman's Letter

25 January 2021

Easton Investments Limited
ABN 48 111 695 357

Level 2, 115 Pitt Street
Sydney NSW Australia 2000

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Dear Easton Shareholder

This Target's Statement sets out the formal response from the Board of Easton in relation to the proportional off-market takeover bid made by HUB24 Limited (**HUB24**).

Your Easton Directors have carefully considered HUB24's Proportional Offer and unanimously recommend that you **ACCEPT** the Proportional Offer in the absence of a Superior Offer.

Each of the Easton Directors has entered into a Pre-Bid Acceptance Agreement with HUB24 committing to accept the Proportional Offer in respect of 1 out of every 3 Easton Shares they own or control. In aggregate, the Pre-Bid Acceptance Agreements are in respect of 3,411,206 Easton Shares, representing approximately 9.1% of Easton Shares.

Shareholders will be aware that for some time your Directors have been considering corporate initiatives that are likely to deliver enhanced value for shareholders. Your Directors believe that the strategic relationship with HUB24 that will result from HUB24's Proportional Offer, the acquisition by Easton of the Paragem business, and the ongoing contractual arrangements with HUB24, will have compelling benefits for Easton and its shareholders. In particular:

- a) **Strategic benefits** – the Board considers HUB24 an excellent partner given its size, resources, capabilities and complementary businesses. HUB24's significant equity holding (taking into account Easton Shares it may acquire under the Proportional Offer and the Paragem Consideration Shares) represent a meaningful incentive for HUB24 to support the future growth of Easton;
- b) **Capability** – the formal Technology Partnership and Distribution Agreement with HUB24 will grant Easton access to HUB24's technology development capabilities, with the intent to develop, deploy and distribute technology solutions focused on operational efficiency, practice management and client engagement, whilst recognising the ever-increasing importance that technology plays in professional advice markets;
- c) **Opportunity** – there is an opportunity for Easton to become a leader in licensee and adviser services as it partners with HUB24 to deliver efficient, cost-effective solutions and services to financial advisers, accountants and their clients;
- d) **Scale** – the acquisition of Paragem is a strong strategic fit with Easton's Wealth Solutions division, provides additional scale to support the development of technology to improve efficiencies and to add new revenue generating services, and is consistent with Easton's strategic direction to become a leading non-institutional provider of adviser and licensee services;
- e) **Growth** – the strategic relationship with HUB24 is aimed at accelerating growth opportunities, notably Easton's plans to compete in the Wealth training and continuing professional development market, as well as the potential to grow Easton's adviser network; and



- f) **Board & management** – Easton’s management team will be strengthened with the appointment of Mr Nathan Jacobsen as Managing Director to replace Easton’s interim Managing Director, effective 1 February 2021. Easton’s Board will benefit from the appointment of two additional non-executive directors nominated by HUB24.

Your Easton Directors believe that these benefits are collectively meaningful and over time have the potential to deliver material value to Easton and its shareholders.

While your Easton Directors are confident of the benefits of the strategic relationship with HUB24, your Easton Directors unanimously recommend that Easton Shareholders **ACCEPT** HUB24’s Proportional Offer for 1 of every 3 Easton Shares they hold, for the following reasons:

- a) **Attractive Offer Price** – the Offer Price of \$1.20 cash per Easton Share represents a substantial premium to the price at which Easton Shares were trading prior to the Original Announcement of the proposed transaction with HUB24 on 28 October 2020;
- b) **Share Price post Offer** – having regard to the price at which Easton Shares traded prior to the announcement of the proposed transaction with HUB24, there is a risk that Easton Shares could trade at prices below the Offer Price (and perhaps well below the Offer Price) following the close of HUB24’s Proportional Offer;
- c) **Liquidity** – the Proportional Offer provides an opportunity for Easton shareholders to sell one third of their Easton Shares at a price of \$1.20 per share. Shareholders who do not accept the Proportional Offer may not have a similar opportunity in the future to realise full value for a significant proportion of their shareholdings;
- d) **Risk Mitigation** – while your Directors believe that the strategic relationship with HUB24 is likely to yield material benefits, the reality is that delivery of these benefits is subject to implementation and execution risk, and in any event is only likely to be realised over time. Acceptance of the Proportional Offer will allow shareholders to de-risk a portion of their exposure to Easton and accelerate the crystallisation of cash value for Easton Shares sold into the Proportional Offer; and
- e) **HUB24’s shareholding** – as a result of the acceptance of the Proportional Offer by the Easton Directors and in addition to the Easton Shares already issued to HUB24 (as consideration for the Paragem acquisition), HUB24 has a Relevant Interest in Easton of approximately 17.9%. This Relevant Interest will increase as other Easton Shareholders accept HUB24’s Proportional Offer. Given HUB24’s Relevant Interest, the prospects of shareholders realising superior value through a takeover or other proposal from a third party appear modest.

Further details setting out your Easton Directors’ unanimous recommendation are set out in Section 1 of this Target’s Statement. I urge you to read this Target’s Statement in its entirety.

Detailed information in respect of the Proportional Offer is set out in the Bidder’s Statement dated 6 January 2021. I encourage you to read the entirety of the Bidder’s Statement carefully.

The Proportional Offer is open for acceptance until 7.00pm (Sydney time) on 22 February 2021, unless extended or withdrawn. To accept the Proportional Offer, you should follow the instructions detailed in the Acceptance Form in the Bidder’s Statement.



Your Easton Board will continue to keep you updated on material developments relating to the Proportional Offer as they occur.

If you have any questions about the Proportional Offer or if you require additional assistance, please contact the Offer Information Line on 1300 131 678 (for calls made within Australia) or +61 1300 131 678 (for calls made from outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin White', with a long horizontal stroke extending to the right.

Kevin White
Executive Chairman



1. Easton Directors' Evaluation of the Proportional Offer by HUB24

1.1 Recommendation

In assessing HUB24's Proportional Offer, your Easton Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement.

Based on this assessment and for the reasons set out in this Target's Statement, the Easton Directors unanimously recommend that you **ACCEPT** HUB24's Proportional Offer in the absence of a Superior Offer.

In considering whether to accept HUB24's Proportional Offer, your Easton Directors encourage you to:

- (a) read the whole of this Target's Statement and the Bidder's Statement;
- (b) have regard to your individual investment risk profile, portfolio strategy, tax position and financial circumstances;
- (c) carefully consider the choices available to you as an Easton Shareholder and ensure you understand the consequences of those choices, as outlined in Section 3 of this Target's Statement;
- (d) carefully consider Section 1.5 'Reasons why you should **ACCEPT** HUB24's Proportional Offer', Section 4 'Information about HUB24's Proportional Offer and other important matters' and Section 7 'Risk Factors'; and
- (e) obtain independent financial, legal, taxation or other professional advice if you are in any doubt as to whether or not to accept HUB24's Proportional Offer.

Your Easton Directors will keep you informed of any material developments relating to HUB24's Proportional Offer.

1.2 Personal intentions of Easton Directors

As at the date of this Target's Statement and prior to acceptance of HUB24's Proportional Offer, the Easton Directors and their respective interests in Easton Shares are set out in the table below:

Director	Easton Shares Controlled
Grahame Evans	999,910
Greg Hayes	5,933,705
Carl Scarcella	200,000
Kevin White	3,100,000

Each of the Easton Directors has agreed to **ACCEPT** HUB24's Proportional Offer in respect of the Easton Shares held by the Director or in which the Director otherwise has a Relevant Interest.

1.3 Arrangements between Easton and HUB24

Easton and HUB24 have entered into the following arrangements, summaries of the key terms and conditions of which are set out below:



(a) **Transaction Implementation Deed**

- (i) HUB24 will make an offer to Easton Shareholders to acquire one in every three Easton Shares for a consideration of \$1.20 cash;
- (ii) Offers will be open to acceptance by Easton Shareholders for at least one month;
- (iii) HUB24 will be granted 1.7 million New Easton options as consideration for HUB24 entering into the Technology Partnership and Distribution Agreement (see 1.3(d) below);
- (iv) HUB24 will nominate two directors to be appointed as directors of Easton. Once appointed, such nominees will be subject to election by Easton Shareholders at the next Easton Annual General Meeting. HUB24 may nominate an additional number of directors to be appointed to the Easton Board consistent with its shareholding in Easton from time to time;
- (v) Nathan Jacobsen (currently a senior executive with HUB24 and holding the dual roles of managing director of Paragem and Head of HUB24's Technology Solutions) to be appointed managing director of Easton (to replace Easton's Executive Chairman, Kevin White, who is currently holding that position on an interim basis);
- (vi) Should HUB24 hold in excess of 20% of the total number of issued shares of Easton, HUB24 will have the right to participate, on a pro rata basis and otherwise on terms no less favourable than those granted to other subscribers, in any future equity raisings of Easton, subject to necessary regulatory approvals (including any waiver required under the ASX Listing Rules);
- (vii) Customary exclusivity provisions are provided for the benefit of HUB24, including no shop, no talk, no due diligence, as well as notification and matching rights in the event of a Competing Proposal;
- (viii) Easton will pay a Break Fee of \$140,000 to HUB24 if a Competing Proposal is announced before the End Date and is subsequently implemented (**Break Fee**). Easton must pay Break Costs of \$250,000 to HUB24 if the Proportional Offer does not go ahead or Easton is in material breach of a warranty or other material obligation of the Transaction Implementation Deed (**Break Costs**); and
- (ix) HUB24 may terminate the Transaction Implementation Deed if the Break Fee or the Break Costs are payable, if the Easton Board no longer supports the Proportional Offer or in the event of a Prescribed Occurrence (being the events set out in Section 4.6 of this Target's Statement) occurs.

(b) **Pre-bid Acceptance Agreements**

- (i) In consideration of A\$10 paid by HUB24 to each Easton Director, each Easton Director will accept HUB24's Proportional Offer to be made to Easton shareholders of 1 out of every 3 shares (**Acceptance Shares**) at an Offer Price of A\$1.20 in cash. For particulars of Easton Shares held by each of the Directors, refer to Section 1.2.



- (ii) An Easton Director must not sell, transfer or otherwise dispose of any of the Acceptance Shares (other than pursuant to the Proportional Offer) until the termination of the Pre-Bid Acceptance Agreements.
- (iii) Each Pre-Bid Acceptance Agreement will terminate if:
 - (A) HUB24 does not despatch the Proportional Offer to Easton Shareholders within 2 months from the announcement by HUB24 that it intends to make an Offer; or
 - (B) HUB24 withdraws the Proportional Offer; or
 - (C) a Defeating Condition is triggered (and not waived by HUB24) within 7 days; or
 - (D) HUB24 reduces the Offer Price.
- (c) **Paragem Share Sale Agreement**
 - (i) HUB24 and Easton have entered into a share sale agreement pursuant to which Easton will acquire HUB24's financial advice business, Paragem Pty Ltd (**Paragem**), in consideration of the issue of 3,333,333 Easton Shares (**Paragem Consideration Shares**) to HUB24 at a notional price of \$1.20 per share (representing 8.9% of Easton Shares).
 - (ii) Completion will occur on or around 1 February 2021.
 - (iii) If Completion does not occur by the Sunset Date (31 March 2021) due to a breach by HUB24, Easton may terminate the Paragem Share Sale Agreement. Easton will then be entitled to conduct a selective share buy-back (which HUB24 must participate in), for \$1 in aggregate for all Paragem Consideration Shares issued before termination.
 - (iv) Prior to Completion, HUB24 must procure that Paragem carries on its business in the ordinary course and consistent with past practice and includes customary restrictions in respect of various actions without the prior written consent of Easton (such consent not to be unreasonably withheld or delayed). HUB24 will allow Easton and its representatives reasonable access to Nathan Jacobsen and the Paragem records at all reasonable times before completion of the sale of Paragem to enable Easton to, as is reasonably necessary, become familiar with the Paragem business.
 - (v) HUB24 is subject to a customary restraint in relation to it carrying on a similar business to that of Paragem.
- (d) **Technology Partnership and Distribution Agreement**
 - (i) The parties will work co-operatively to develop technology and data services to deliver innovative solutions that are intended to strengthen Easton's position as a leader in the provision of Licensee and adviser services.
 - (ii) HUB24 will supply Technology Solutions to Easton as agreed between the parties from time to time.



- (iii) Either party may terminate the Technology Partnership and Distribution Agreement (and/or any Statements of Work) by notice to the other if the other party commits a material breach and fails to remedy it within 20 business days, any officers of the other party commits any fraud or misrepresentation or if there is a defined change in control event, without procuring prior written consent.
- (iv) In addition, either party may terminate the Technology Partnership and Distribution Agreement (and/or Statements of Work) by issuing a termination notice to the other party if there is a change in control in the other party without that party obtaining the terminating party's prior written consent. Change of control means a change in more than 50% of the shareholding or underlying control or the composition of the board of directors of a person (where 'control' has the meaning given to that term in section 50AA of the Corporations Act).
- (v) HUB24 will subscribe for 1,700,000 Options (**New Easton Options**) on 1 February 2021 pursuant to the Transaction Implementation Deed as consideration for HUB24 entering into the Technology Partnership and Distribution Agreement, on the following terms:
 - (A) Nil Subscription Price;
 - (B) Each New Easton Option entitles the holder to subscribe for one Share upon exercise of the New Easton Option;
 - (C) The amount payable upon exercise of each New Easton Option will be \$1.20;
 - (D) Each New Easton Option will expire 36 months from the date of issue. A New Easton Option not exercised before the expiry date will automatically lapse on the expiry date;
 - (E) The New Easton Options are exercisable at any time on or prior to the expiry date by HUB24 providing notice in writing to Easton;
 - (F) Easton will allot and issue relevant Easton Shares within 5 Business Days after the exercise of the New Easton Options;
 - (G) The New Easton Options rank equally between each other, and Easton Shares issued upon exercise of the New Easton Options rank equally with other Easton Shares on issue;
 - (H) Easton will apply to ASX for quotation of the relevant Easton Shares upon exercise of the New Easton Options;
 - (I) All rights of a New Easton Option holder will be changed in a manner consistent with the Corporations Act if the issued capital of Easton is reorganised;
 - (J) There are no participation rights or entitlements inherent in the New Easton Options;
 - (K) The New Easton Options confer the right to change in exercise price in accordance with the ASX Listing Rules (for example, where there is a consolidation of Easton's capital);



- (L) The New Easton Options will not be quoted on the ASX; and
- (M) The New Easton Options are not transferable.

(e) **Transitional Services Agreement**

- (i) HUB24 will provide certain services to Paragem on a transitional basis following completion of the Paragem Share Sale Agreement (as noted above).
- (ii) The Transitional Services Agreement commences on the Completion Date (being the date of completion under the Paragem Agreement) and continues for 3 months. Paragem may request that the relevant Service Term be extended where failure to extend, in Paragem's reasonable opinion, would have a material adverse impact on the continuity of the Paragem business, provided that the term not be extended beyond 4 months after Completion.
- (iii) HUB24 and Paragem may terminate the Transitional Services Agreement by giving notice if the other party commits a material breach (or fails to remedy within 20 business days) or a defined insolvency event occurs.

(f) **Executive Contract**

Easton and Nathan Jacobsen are, at the date of this Target's Statement, negotiating the terms of the Executive Contract that would see Mr Jacobsen be engaged as the Managing Director of Easton on 1 February 2021. Disclosure of the material terms of the Executive Contract, once finalised, will be made to ASX.

Further details on the key terms and conditions of the arrangements between HUB24 and Easton are set out in section 6.7 of the Bidder's Statement.

1.4 **Background to HUB24's Proportional Offer**

Shareholders will be aware that your Easton Directors have for some time been considering potential corporate transactions that have the potential to deliver value to Easton and its shareholders. On 28 October 2020, Easton announced a series of proposed transactions with HUB24 with the intention of putting in place a strategic relationship between Easton and HUB24 (**Original Announcement**). The Proportional Offer, Easton's acquisition of Paragem and the ongoing contractual arrangements between Easton and HUB24 (outlined in Section 1.3) have superseded those previously announced transactions and are expected to deliver substantially the same benefits. In particular, these benefits include:

(a) **Strategic Partnership**

HUB24 is an ASX listed company with a market capitalisation of approximately \$1.8 billion (as at 22 January 2021), with a track record of strong growth on the back of the delivery of innovative and technology-based solutions to the financial services sector.

Easton Directors believe that HUB24 would make an excellent partner for Easton, given its size, resources and capabilities, as well as having complementary businesses with strategic overlap.

HUB24 is seeking to acquire a shareholding in Easton of up to ~40% (taking into account Easton Shares it may acquire under the Proportional Offer and the Paragem Consideration Shares) and thereby become a strategic equity partner with



a substantial shareholding and with a meaningful incentive to support and assist Easton's future growth.

(b) **Capability**

The Technology Partnership and Distribution Agreement will grant Easton access to HUB24's technology development capabilities, with the intent to develop, deploy and distribute technology solutions focused on operational efficiency, practice management and client engagement, whilst recognising the ever-increasing importance that technology plays in professional advice markets.

(c) **Strategic Alignment and Opportunity**

The Easton Directors consider there is an opportunity for Easton to become a leader in licensee and adviser services and support.

The current industry landscape, combined with Easton's existing deep engagement with the accounting market, provides Easton with strong growth prospects as it partners with HUB24 to develop, deploy and distribute technology solutions focused on repositioning Easton with a competitive advantage in the delivery of efficient, cost-effective solutions and services to financial advisers, accountants and their clients.

(d) **Enhanced Scale**

The acquisition of Paragem is consistent with Easton's strategic direction to become a leading non-institutional provider of adviser and licensee services. It also provides additional scale to support the development of technology to improve efficiencies and to add new revenue generating services.

The proposed combination of Paragem with Easton's existing Wealth businesses is a strong strategic fit and will increase the total number of financial advisers on license to around 650, comprising around 250 full advisers and around 400 limited advisers and enhancing Easton's position as a top 10 dealer (financial planning) group in Australia by the number of financial advisers.

(e) **Discrete Growth Opportunities**

Specific growth opportunities are expected to be accelerated as a result of the partnership with HUB24, notably Easton's plans to compete in the wealth training and continuing professional development market, as well as the potential to grow Easton's financial adviser network.

(f) **Management and Board skills**

Nathan Jacobsen has indicated his intention to accept Easton's invitation to become the Managing Director of Easton upon completion of the Paragem acquisition. Mr Jacobsen is currently a senior executive with HUB24 and holds the dual roles of managing director of Paragem and Head of HUB24's Technology Solutions. His experience will assist Easton in capitalising on both the opportunities presented by the strategic relationship with HUB24 and Easton's broader integrated growth strategy across the accounting and wealth markets. Easton's Executive Chairman, Mr Kevin White, has been acting as managing director in an interim capacity since 1 October 2020. Mr Jacobsen will replace Mr White as Managing Director. Mr White will continue in the role of Chairman.

The Easton Board will also be strengthened with the appointment and contribution of an additional two directors nominated by HUB24. Easton's Board will benefit



from a broader spread of backgrounds, skills and experiences that is expected to reinforce the strategic partnership with HUB24.

1.5 Reasons why you should ACCEPT HUB24's Proportional Offer

Easton Shareholders are being given an opportunity to sell one third of their shares at a price of \$1.20 per share through a proportional off-market offer by HUB24 (unless by accepting the Proportional Offer, an Easton Shareholder would be left with less than a Marketable Parcel, in which case the Proportional Offer extends to all of that shareholder's Easton Shares).

Easton Directors believe that the strategic relationship that will result from the Proportional Offer, the Paragem acquisition and the ongoing relationship with HUB24 will deliver real benefits to Easton. However, these benefits will be subject to implementation and execution risks and in any event only realised over time. The Proportional Offer provides Easton Shareholders with an opportunity to realise certain and attractive value for a proportion of their Shares, while, in relation to the remaining two thirds of their Shares, allowing participation in the future growth of the Company (except, as stated, where an Easton Shareholder would be left with less than a Marketable Parcel), with the backing and support of a much larger ASX listed company as a substantial shareholder.

While your Easton Directors are confident of the benefits of the strategic relationship with HUB24, your Easton Directors unanimously recommend that Easton Shareholders **ACCEPT** HUB24's Proportional Offer for 1 of every 3 Easton Shares they hold, for the following reasons:

(a) **Attractive Offer Price**

The Offer Price of \$1.20 cash per share represents a significant premium over the trading range of Easton Shares prior to the Original Announcement of the proposed strategic partnership with HUB24 on 28 October 2020, namely a:

- (i) 38% premium to the last trading price for Easton shares on 27 October 2020 of \$0.87;
- (ii) 40% premium to the VWAP for the month to 27 October 2020 of \$0.856; and
- (iii) 52% premium to the VWAP for the three months to 27 October 2020 of \$0.792.

(b) **Share Price post Offer**

As set out above, in the period before the Original Announcement on 28 October 2020 of the proposed strategic partnership with HUB24, Easton Shares traded at prices well below the offer price of \$1.20. Having regard to those pre-announcement share prices, the likely structure of Easton's share register following the Proportional Offer and the possible effects of continued limited liquidity in trading in Easton Shares, there is a risk that Easton Shares could trade at prices below the Offer Price (and perhaps well below the Offer Price) following the close of HUB24's Proportional Offer. Refer to Section 7.4(a) for information about Easton's Share price.

(c) **Liquidity**

The Proportional Offer provides an opportunity for Easton Shareholders to sell one third of their Easton Shares at a price of \$1.20 per share. The impact of the



Proportional Offer on Easton Share liquidity is difficult to predict. However, shareholders who do not accept the Proportional Offer may not have a similar opportunity in the future to realise full value for a significant proportion of their shareholdings.

(d) **Risk Mitigation and Value Acceleration**

Your Directors have given careful consideration to the advantages and risks involved in the proposed strategic relationship with HUB24 and believe that the strategic relationship is likely to yield material benefits for Easton. Nonetheless, delivery of these future benefits is inevitably subject to implementation and execution risk, and in any event such benefits may only be reflected in share price growth over time. Acceptance of the Proportional Offer will allow shareholders to de-risk a portion of their exposure to Easton and accelerate the crystallisation of cash value for one third of their Shareholding.

(e) **HUB24's Shareholding**

As a result of the issue of Easton Shares to HUB24 as consideration for the Paragem acquisition and the commitment by the Easton Directors to accept the Proportional Offer, HUB24 will have a minimum Relevant Interest in Easton of approximately 17.9%. This Relevant Interest will increase as other Easton Shareholders accept HUB24's Proportional Offer. Given HUB24's Relevant Interest and the significant premium represented by the Offer Price relative to the prices at which Easton Shares were traded on the ASX prior to the Announcement Date, your Directors believe that the prospects of shareholders realising superior value through a takeover or other proposal from a third party appear modest. Refer to Section 6.5 for additional information about HUB24's Relevant Interest.

2. Frequently asked questions

This section answers some questions that Easton Shareholders may have in relation to HUB24's Proportional Offer. It is not intended to address all relevant issues for Easton Shareholders. You should read the entire Target's Statement before deciding whether to accept HUB24's Proportional Offer.

No.	Question	Answer
1	What is the Target's Statement?	This Target's Statement is Easton's formal response to HUB24's Proportional Offer as detailed in the Bidder's Statement and includes important information to consider before deciding whether to accept HUB24's Proportional Offer.
2	What is the Bidder's Statement?	The Bidder's Statement is the document dated 6 January 2021 prepared by HUB24, which sets out the terms of HUB24's Proportional Offer, a copy of which was lodged with ASIC and released to the ASX on 6 January 2021.



No.	Question	Answer
3	Who is the bidder?	<p>The Bidder is HUB2424 Limited, a public company incorporated in Australia and listed on the ASX.</p> <p>Information about the HUB24 is set out in Section 6 of this Target's Statement and Section 1 of the Bidder's Statement.</p>
4	What is HUB24's Proportional Offer?	<p>HUB24 is making a "friendly" proportional off-market takeover bid. HUB24 is offering to acquire one third (1 in every 3) of your Easton Shares (rounded down to the nearest share) for \$1.20 cash per Easton Share.</p> <p>As the Proportional Offer is a proportional offer, you may only accept HUB24's Proportional Offer for one third of your Easton Shares, unless accepting HUB24's Proportional Offer would leave you holding less than a Marketable Parcel of Easton Shares, in which case HUB24's Proportional Offer extends to all of your Easton Shares and accepting HUB24's Proportional Offer will deem you to have accepted HUB24's Proportional Offer for all of your Easton Shares. Refer to Section 4.3 of this Target's Statement for further information.</p>
5	If I accept HUB24's Proportional Offer, will I be entitled to any future Easton distributions?	<p>If you accept HUB24's Proportional Offer, you will not be entitled to receive any future Easton distributions, dividends or benefits attributable to those Easton Shares accepted into the Proportional Offer.</p> <p>If you become entitled to receive (or any previous holder of your Easton Shares became entitled to receive) on or after 21 January 2021 any distributions, dividends or benefits in relation to your Easton Shares accepted into the Proportional Offer, HUB24 is entitled to reduce the Offer Price by the amount or value of such distributions, dividends and benefits, provided HUB24 has not been paid or issued those distributions, dividends and benefits. This does not apply in respect of the Special Dividend.</p>
6	What happens to the Easton Special Dividend?	<p>Easton Shareholders who were on the Easton Register on the record date for the Easton Special Dividend of 23 December 2020 were entitled to receive and retain the Easton Special Dividend of \$0.05 per Easton Share whether or not they accept the Proportional Offer. The Special Dividend was paid on 21 January 2021.</p>
7	If I accept HUB24's Proportional Offer, can I later change my mind?	<p>Once you accept HUB24's Proportional Offer, you will not be able to withdraw your acceptance.</p>



No.	Question	Answer
8	What is HUB24's current Relevant Interest in Easton?	<p>As at 6 January 2021 (being the date of the Bidder's Statement), HUB24 had a Relevant Interest in approximately 17.9% of Easton Shares.</p> <p>HUB24's Relevant Interest arises as a result of:</p> <ul style="list-style-type: none"> HUB24 having entered into the Pre-bid Acceptance Agreements with each of the Directors (or their Associates), committing them to accept the Proportional Offer in respect of 1 out of every 3 Easton Shares they own or control. In aggregate, the Pre-Bid Acceptance Agreements are in respect of 3,411,206 Easton Shares representing approximately 9.1% of Easton Shares.¹ 3,333,333 Easton Shares held directly by HUB24 comprising Easton Shares issued by Easton in consideration for the sale of 100% of the shares in Paragem under the Paragem Share Sale Agreement (see section 1.3(c)). <p>If all Easton Shareholders accept the Proportional Offer, HUB24's maximum Relevant Interest in Easton Shares would be approximately 39.2%²</p>
9	What do the Easton Directors recommend?	Your Easton Directors unanimously recommend that you ACCEPT HUB24's Proportional Offer in the absence of a Superior Offer.
10	What are the reasons for the Easton Directors' unanimous recommendation to accept HUB24's Proportional Offer?	<p>Your Easton Directors recommend you ACCEPT HUB24's Proportional Offer for the following reasons:</p> <ol style="list-style-type: none"> Attractive Offer Price; Share Price post Offer; Liquidity; Risk Mitigation; HUB24's shareholding. <p>In this regard, refer to Section 1.5 of this Target's Statement.</p>
11	What do the Easton Directors intend to do with their own Easton Shares?	Each Easton Director has entered into a Pre-bid Acceptance Agreement, committing each Easton Director (and their Associates) to accept the Proportional Offer in respect of 1 out of every 3 Easton Shares they own or control.

¹ A summary of the Pre-bid Acceptance Agreements is set out in Section 1.3(b)

² Prior to the exercise of any New Easton Options and assuming HUB does not acquire a Relevant Interest in any Easton Shares other than pursuant to acceptances under the Proportional Offer and excluding the potential acquisition of less than Marketable Parcels of Easton Shares pursuant to Sections 7.1(d) and 7.4 of the Bidder's Statement.



No.	Question	Answer
12	What choices do I have?	<p>As an Easton Shareholder, you have the following choices in relation to your Easton Shares:</p> <ul style="list-style-type: none"><li data-bbox="699 353 1297 577">(a) sell some or all of your Easton Shares on ASX (except to the extent you have previously accepted HUB24's Proportional Offer), in which case the purchaser of those Easton Shares may accept HUB24's Proportional Offer within the Offer Period in respect of 1 in every 3 of the Easton Shares they acquire; or<li data-bbox="699 600 1297 1216">(b) accept HUB24's Proportional Offer for one third of your Easton Shares, receive cash consideration and either:<ul style="list-style-type: none"><li data-bbox="778 712 1297 768">(i) retain the remaining two thirds of your Easton Shares; or<li data-bbox="778 790 1297 1216">(ii) sell any or all of the remaining two thirds of your Easton Shares on ASX – any purchaser of those Easton Shares will not be able to accept HUB24's Proportional Offer in respect of any of those Easton Shares. Any sale of the remaining two thirds of your Easton Shares during the Offer Period will trade on a deferred settlement basis, meaning settlement will only occur after the Offer Period has ended (which may be several months, if the Offer Period is extended by HUB24); or<li data-bbox="699 1238 1297 1294">(c) reject HUB24's Proportional Offer by simply taking no action. <p>There are implications for you in relation to each of these choices. An outline of key implications is set out in Section 3 of this Target's Statement. Your Easton Directors unanimously recommend option (b) above in the absence of a Superior Offer.</p>



No.	Question	Answer
13	Can I accept HUB24's Proportional Offer for all or some of my Easton Shares?	<p>HUB24's Proportional Offer is a proportional takeover offer to acquire 1 out of every 3 Easton Shares held by each Easton Shareholder other than by HUB24. You may, therefore only accept HUB24's Proportional Offer for one third of your holding of Easton Shares. You may not accept for a larger or smaller number of your Easton Shares.</p> <p>However, if accepting HUB24's Proportional Offer would leave you holding less than a Marketable Parcel of Easton Shares, HUB24's Proportional Offer will extend to all your Easton Shares and if you accept HUB24's Proportional Offer, you will be deemed to have accepted HUB24's Proportional Offer for all your Easton Shares.</p> <p>If you accept HUB24's Proportional Offer, you will be able to sell any or all of the remaining two thirds of your Easton Shares on ASX. However, any purchaser of those Easton Shares will not be able to accept HUB24's Proportional Offer in respect of any of those Easton Shares. Any sale of the remaining two thirds of your Easton Shares during the Offer Period will trade on a deferred settlement basis, meaning settlement will only occur after the Offer Period has ended (which may be several months depending on any extension of the Offer Period by HUB24).</p>
14	How do I accept HUB24's Proportional Offer?	Details of how to accept HUB24's Proportional Offer are set out in Section 7.3 of the Bidder's Statement.
15	How do I reject HUB24's Proportional Offer?	To reject HUB24's Proportional Offer, you simply do nothing.
16	When do I have to make a decision?	<p>If you wish to follow your Easton Directors' unanimous recommendation to accept HUB24's Proportional Offer, you must do so before its scheduled closing date. HUB24 has stated HUB24's Proportional Offer remains open until 7:00 pm (Sydney time) on 22 February 2021 .</p> <p>It is possible that HUB24 may extend the Offer Period in accordance with the Corporations Act.</p>
17	What are the conditions to HUB24's Proportional Offer?	The Proportional Offer is subject to the conditions set out in section 7.10 of the Bidder's Statement.
18	Can HUB24 vary HUB24's Proportional Offer?	HUB24 may vary its Proportional Offer, including by extending the Offer Period.



No.	Question	Answer
19	What happens if another offer emerges, or HUB24 increases its Offer Price following a Competing Proposal?	If another offer emerges, or HUB24 increases its Offer Price following a Competing Proposal, your Easton Directors will carefully consider the revised offer and advise Easton Shareholders accordingly.
20	What happens if I accept HUB24's Proportional Offer and a Superior Offer is made by a third party for my Easton Shares?	If you accept HUB24's Proportional Offer, you will NOT be able to accept any other Superior Offer that may emerge. As at the date of this Target's Statement, your Easton Directors are not aware of any other competing expression of interest or proposal that may develop into a Superior Offer.
21	Can HUB24 extend the closing date of its Proportional Offer?	<p>Yes. HUB24 has stated that HUB24's Proportional Offer remains open until 7:00 pm (Sydney time) on 22 February 2021. It is possible that HUB24 may choose to extend the Offer Period in accordance with the Corporations Act.</p> <p>In addition, the Offer Period may be extended automatically in certain circumstances. See Section 4.10 of this Target's Statement for details of the circumstances in which the Offer Period can be extended. Refer also to sections 7.1(d) and 7.4 of the Bidder's Statement for more information.</p>
22	Can I sell my Easton Shares on- market?	<p>Yes, you can sell some or all your Easton Shares on ASX unless you have accepted HUB24's Proportional Offer in respect of those Easton Shares, which cannot thereafter be sold.</p> <p>If you accept the Proportional Offer for 1 in every 3 of your Easton Shares, you can sell the remaining two thirds of your Easton Shares on-market.</p> <p>If you sell your Easton Shares on-market, however, you may incur brokerage costs.</p>
23	What happens if I do nothing?	If you do nothing, you will remain an Easton Shareholder and retain 100% of your Easton Shares.
24	Can I be forced to sell a proportion of my Easton Shares?	You cannot be forced to sell your Easton Shares, as the terms of the Proportional Offer do not entitle HUB24 to proceed with compulsory acquisition of those Easton Shares it does not already own at the end of the Offer Period.
25	What are the risks associated with continuing to hold Easton Shares?	Those risks are outlined in Section 7 of this Target's Statement.



No.	Question	Answer
26	When will I be paid if I accept HUB24's Proportional Offer?	<p>HUB24 has stated in its Bidder's Statement (Section 7.11) that it will pay you within 10 Business Days after the later of:</p> <ul style="list-style-type: none"> (a) the date of receipt of your valid acceptance of the Proportional Offer; and (b) if the Proportional Offer is subject to a Defeating Condition when accepted, the contract resulting from your acceptance becomes unconditional.
27	What happens to my remaining Easton Shares if I accept HUB24's Proportional Offer?	<p>You will continue to hold your remaining Easton Shares until you decide to sell them.</p> <p>If you subsequently sell your remaining Easton Shares during the Offer Period, these remaining Shares cannot be accepted into HUB24's Proportional Offer and will trade on a deferred settlement basis, meaning settlement will only occur after the Offer Period has ended (which may be several months, if the Offer Period is extended by HUB24).</p>
28	What if accepting HUB24's Proportional Offer leaves me with less than a Marketable Parcel?	<p>If accepting HUB24's Proportional Offer would leave you with less than a Marketable Parcel of Easton Shares, HUB24's Proportional Offer will extend to all of your Easton Shares, subject to certain limitations under section 618(2) of the Corporations Act (as modified by ASIC Class Order 13/521). Refer to Section 4.3 of this Target's Statement for further details.</p>
29	What are HUB24's intentions?	<p>HUB24 intends to propose to the Easton Board that it conduct a thorough and broad-based strategic review of Easton's corporate structure, assets, businesses, personnel and operations including opportunities to leverage the new relationship with HUB24. HUB24 intends that this review should consider all actions and strategies which could be undertaken by Easton in order to maximise the value of all Easton Shares. Further details relating to HUB24's intentions are set out in Section 3 of the Bidder's Statement.</p>
30	Do I pay brokerage or stamp duty if I accept HUB24's Proportional Offer?	<p>No brokerage or stamp duty will be payable by you on acceptance of HUB24's Proportional Offer.</p> <p>If your Easton Shares are registered in a CHESS Holding or you hold your Easton Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of HUB24's Proportional Offer.</p>



No.	Question	Answer
31	What are the tax implications of accepting HUB24's Proportional Offer?	<p>A general outline of the tax implications for certain Australian resident Easton Shareholders of accepting HUB24's Proportional Offer are set out in Section 8 of this Target's Statement. As that outline is general in nature and does not take into account your individual circumstances, you should not rely on that outline as advice for your particular circumstances.</p> <p>You should seek your own independent advice on the taxation implications applicable to your specific circumstances.</p>
32	What if I would like further information?	<p>If you have any questions about HUB24's Proportional Offer, please contact the Offer Information Line on 1300 131 678 (for calls made within Australia) or +61 1300 131 678 (for calls made from outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.</p>

3. Your Choices as an Easton Shareholder

As an Easton Shareholder, you have the following choices available to you:

(a) **Accept HUB24's Proportional Offer**

Your Easton Directors unanimously recommend that you **ACCEPT** HUB24's Proportional Offer in the absence of a Superior Offer.

If you choose to accept HUB24's Proportional Offer, you should follow the instructions in section 7.3 of the Bidder's Statement and on the Acceptance Form accompanying the Bidder's Statement.

If you accept HUB24's Proportional Offer:

- (i) your acceptance is only in respect of one third (1 in every 3) of your Easton Shares;
- (ii) you will retain the remaining two thirds (2 in every 3) of your Easton Shares to which HUB24's Proportional Offer does not extend (unless accepting the Proportional Offer leaves you with less than a Marketable Parcel, in which case you will be deemed to have accepted the HUB24 offer in respect of all your Easton Shares – refer to Section 4.3);
- (iii) if you become entitled to receive (or any previous holder of your Easton Shares became entitled to receive) on or after 21 January 2021 any dividends or benefits, HUB24 is entitled to reduce the Offer Price by the amount or value of such dividends and benefits³, although this does not apply to the Special Dividend;
- (iv) you will not be able to withdraw your acceptance and accept any Competing Offer for those Easton Shares accepted into the Proportional Offer, if one eventuates; and

³ Provided HUB has not been paid or issued those dividends and benefits.



- (v) you may incur a tax liability on the disposal of your Easton Shares (refer to Section 8 of this Target's Statement and Section 5 of the Bidder's Statement).

If you accept HUB24's Proportional Offer, you may then choose to retain the remaining two thirds of your Easton Shares or sell some or all of the remaining two thirds of your Easton Shares on-market (refer to section 4.3 where accepting HUB24's Proportional Offer would leave you with less than a Marketable Parcel of Easton Shares). If you sell your remaining Easton Shares on-market, any transferee will not be able to accept the Proportional Offer in relation to those Easton Shares and settlement of the trades will be deferred until after the end of the Offer Period (which may be several months if the Offer Period is extended by HUB24).

If HUB24 increases the Offer Price under HUB24's Proportional Offer, all Easton Shareholders will be entitled to the benefit of that improved consideration, whether or not they have accepted HUB24's Proportional Offer before that increase in the Offer Price.

(b) Reject HUB24's offer

You are not required to take any action to reject HUB24's Proportional Offer. In particular, if you do not wish to accept the Proportional Offer, you should not complete or return the Acceptance Form that accompanied the Bidder's Statement.

If you decide to do nothing, you will not receive the Offer Price for 1 in every 3 of your Easton Shares and you will retain your entire Easton Shareholding and be subject to the risks associated with holding Easton Shares. You will remain exposed to those risks to an extent even if you accept HUB24's Proportional Offer, as you will retain two thirds of your Easton Shares (unless by accepting the Proportional Offer, you would be left with less than a Marketable Parcel, in which case the Proportional Offer extends to all your Easton Shares and if you accept, you will be deemed to have accepted the Proportional Offer for all your Easton Shares).

For further information on these risks, refer to Section 7 of this Target's Statement.

(c) Sell your Easton Shares on ASX

During the Offer Period, you may sell your Easton Shares on-market through ASX at the prevailing market price for cash (less any brokerage), provided you have not already accepted HUB24's Proportional Offer for those Easton Shares.

If you do not accept the Proportional Offer in respect of your Easton Shares, you may sell your Easton Shares on-market and the transferee will then be entitled to accept the Proportional Offer during the Offer Period in respect of one third of those Easton Shares.

The latest trading price for Easton Shares may be obtained from the ASX website at www.asx.com.au using the code 'EAS'.

If you do not accept the Proportional Offer and sell your Easton Shares on-market, you:

- (i) will receive the market consideration for those Easton Shares
- (ii) will lose the ability to accept HUB24's Proportional Offer and receive the Offer Price (and any possible increase in the Offer Price) in relation to those Easton Shares;



- (iii) will lose the ability to accept any offer from a competing bidder, if one eventuates, in respect of those Easton Shares;
- (iv) may incur a brokerage charge;
- (v) will lose the opportunity to receive future returns from Easton in respect of those Easton Shares; and
- (vi) may incur a tax liability on the sale.

You should contact your broker for information on how to sell your Easton Shares through ASX and your tax advisor to determine your tax implications from such a sale.

4. Information about HUB24's Proportional Offer and other important matters

4.1 Summary of HUB24's Proportional Offer

HUB24 is offering to acquire one third of the Easton Shares held by each Easton Shareholder (rounded down to nearest whole number of Easton Shares).

HUB24's Proportional Offer is a proportional takeover offer entitling Easton Shareholders to accept for one third of their Easton Shares and not more or less. However, if accepting HUB24's Proportional Offer would leave you with less than a Marketable Parcel of Easton Shares, HUB24's Proportional Offer will extend to all your Easton Shares and if you accept HUB24's Proportional Offer, you will be deemed to have accepted HUB24's Proportional Offer for all your Easton Shares.

4.2 Offer Price

HUB24 is offering \$1.20 cash for each Easton Share accepted into the Proportional Offer.

HUB24 is entitled to reduce the Offer Price of \$1.20 per Easton Share by the value of any Rights which you (or any previous holder of your Easton Shares) become entitled to receive on or after 6 January 2021 (the date of the Bidder's Statement) in respect of your Easton Shares agreed to be sold under the Proportional Offer.

4.3 HUB24'S Proportional Offer

HUB24's Proportional Offer is an offer to acquire 1 in every 3 of the Easton Shares (rounded down to nearest whole number of Easton Shares) held by an Easton Shareholder.

As HUB24's Proportional Offer is a proportional takeover offer, it does not provide Easton Shareholders with the ability to sell their entire Easton Shareholding into HUB24's Proportional Offer. However, if accepting HUB24's Proportional Offer would leave you with less than a Marketable Parcel of Easton Shares, HUB24's Proportional Offer will extend to all your Easton Shares and if you accept HUB24's Proportional Offer, you will be deemed to have accepted HUB24's Proportional Offer for all your Easton Shares.

If you accept HUB24's Proportional Offer in respect of one third of your Easton Shares:

- (a) you will receive the Offer Price per Easton Share for 1 in every 3 of your Easton Shares;
- (b) you will retain the remaining 2 in every 3 of your Easton Shares, and will not be entitled to accept HUB24's Proportional Offer for those remaining Easton Shares (except as stated above in relation to holdings of Easton Shares constituting less than Marketable Parcels); and



- (c) while you can sell your remaining Easton Shares, any transferee will not be able to accept HUB24's Proportional Offer in relation to those Easton Shares.

If you accept HUB24's Proportional Offer, your remaining Easton Shares can only be sold on-market on a deferred settlement basis so that the sale will not settle, and you will not receive the proceeds of sale, until after the end of the Offer Period (which may be several months if the Offer Period is extended by HUB24).

Special ASX trading and settlement arrangements are expected to be put in place during the Offer Period in order to ensure that not more than one third of each parcel of Easton Shares is accepted into HUB24's Proportional Offer, irrespective of who holds those Easton Shares (except where acceptance of HUB24's Proportional Offer results in the Easton Shares constituting less than a Marketable Parcel).

4.4 Regulatory Approvals

In Section 7 of the Bidder's Statement, HUB24 has stated that the Proportional Offer is not subject to any conditions other than the Defeating Conditions. In some limited circumstances set out in section 5.5 of the Bidder's Statement, HUB24 may be required to withhold amounts of consideration for Easton Shares as a result of tax withholding obligations.

4.5 Offer Period

HUB24's Proportional Offer is open for acceptance until 7:00pm (Sydney time) on 22 February 2021, unless HUB24's Proportional Offer is withdrawn or the Offer Period is extended in accordance with the Corporations Act.

HUB24 may extend the Offer Period at any time before the end of the Offer Period.

The Offer Period will be automatically extended if, within the last seven days of the Offer Period, HUB24 increases the Offer Price.

Before you accept HUB24's Proportional Offer, HUB24 may withdraw HUB24's Proportional Offer with the written consent of ASIC, subject to the conditions (if any) specified in the consent.

4.6 Conditions of HUB24'S Proportional Offer

In Section 7.10 of the Bidder's Statement, certain conditions of HUB24's Proportional Takeover Bid are set out, the occurrence of which may result in withdrawal of the Proportional Offer. They are, during the period commencing on the date the Proportional Offer was announced on ASX (being 21 December 2020) until the end of the Offer Period, that none of the following events happen:

- (a) Easton converts all or any of its shares into a larger or smaller number of shares;
- (b) Easton or a Subsidiary of Easton resolves to reduce its share capital in any way;
- (c) Easton or a Subsidiary of Easton:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under Section 257C(1) or 257D(1) of the Corporations Act;
- (d) Easton or a Subsidiary of Easton issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) Easton or a Subsidiary of Easton issues, or agrees to issue, convertible notes;



- (f) Easton or a Subsidiary of Easton disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property (excluding Panthercorp);
- (g) Easton or a Subsidiary of Easton grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (h) Easton or a Subsidiary of Easton resolves to be wound up;
- (i) a liquidator or provisional liquidator of Easton or of a Subsidiary of Easton is appointed;
- (j) a court makes an order for the winding up of Easton or of a Subsidiary of Easton;
- (k) an administrator of Easton, or of a Subsidiary of Easton, is appointed under Section 436A, 436B or 436C of the Corporations Act;
- (l) Easton or a Subsidiary of Easton executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Easton or of a Subsidiary of Easton.

4.7 HUB24's Intentions

Section 3 of the Bidder's Statement sets out HUB24's intentions in respect of Easton's business and operations, including its intention at the end of the Offer Period to propose to the Easton Board that it conduct a thorough and broad-based strategic review of Easton's corporate structure, assets, businesses, personnel and operations including opportunities to leverage the new relationship with HUB24.

HUB24 intends that this review should consider all actions and strategies which could be undertaken by Easton in order to maximise the value of all Easton Shares, although HUB24 advises that at this stage it does not have any preconceptions or specific intentions as to the outcome of the broad-based strategic review.

4.8 Risks Associated with HUB24'S Proportional Offer

Easton Shareholders should be aware of the key risks associated with HUB24's Proportional Offer which are set out in Section 7 of this Target's Statement.

4.9 Consequences of HUB24 Acquiring Up to 40% of Easton's Shares

If HUB24's Proportional Offer is successful, HUB24 may acquire up to 33.3% of total issued Easton Shares it does not already own or control (increased further by the extent to which HUB24 acquires Easton Shares constituting less than Marketable Parcels - refer to Section 4.3 of this Target's Statement). In addition, HUB24 has been issued the Paragem Consideration Shares (see Section 1.3(c)), increasing its potential holding of Easton Shares to approximately 39.2%, excluding the impact of the potential exercise of New Easton Options (see Section 1.3(d)).

Depending on the uptake of HUB24's Proportional Offer, this may have a number of potential implications for the remaining Easton Shareholders, including:

- (a) a reduction in Easton's 'free float', which may lead to a reduction in the liquidity of Easton Shares and may impact the price at which Easton shares trade;
- (b) the interest that HUB24 will hold in Easton is likely to represent a deterrent to future offers for control of Easton and hence the potential for a future control premium to be offered to Easton Shareholders for their remaining shares;
- (c) HUB24 may gain significant influence over Easton, the composition of the Easton Board and the Company's strategic direction and its operations. HUB24 may gain



effective control of Easton at ownership levels below 50% without having acquired any additional shares or paying Easton Shareholders a control premium for 100% of your Easton Shares;

- (d) HUB24 will also be able to acquire additional Easton Shares after the end of the Offer Period to the extent permitted by law, including under the '3% creep' rule under the Corporations Act; and
- (e) HUB24 has stated it is not its current intention to control Easton or have it operate as a subsidiary of HUB24, however if HUB24 comes to own a majority of the total issued Easton Shares, HUB24 will be in a position to cast the majority of votes at a general meeting of Easton Shareholders, therefore enabling it to control the composition of the Easton Board and senior management, and control the strategic direction of Easton and its businesses.

4.10 Procedural aspects of HUB24'S Proportional Offer

(a) Extension of the Offer Period

HUB24 may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period, HUB24 increases the Offer Price offered under the Proportional Offer. If this occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurred.

(b) Withdrawal of HUB24's Proportional Offer

HUB24 may not withdraw HUB24's Proportional Offer if you have already accepted it.

Before you accept HUB24's Proportional Offer, HUB24 may withdraw HUB24's Proportional Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

(c) Effect of acceptance

The effect of acceptance of HUB24's Proportional Offer is set out in Section 7.5 of the Bidder's Statement.

Easton Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise Rights attaching to their Easton Shares and the representations and warranties which they give by accepting HUB24's Proportional Offer.

If you accept HUB24's Proportional Offer for one third of your Easton Shares, you will:

- (i) relinquish control of one third of your Easton Shares (to which HUB24's Proportional Offer relates) to HUB24;
- (ii) be unable to sell on ASX the one third of your Easton Shares to which HUB24's Proportional Offer relates; and
- (iii) be unable to accept any higher takeover bid that may be made by a third party or any alternative transaction that may be recommended by the Easton Board in respect of one third of your Easton Shares to which HUB24's Proportional Offer relates.

(d) No right to withdraw your acceptance



If you accept HUB24's Proportional Offer, you will not be entitled to withdraw your acceptance.

(e) **Timing for receipt of Offer Price if you accept**

If you validly accept HUB24's Proportional Offer, HUB24 has stated it will pay the Offer Price no later than ten Business Days after the later of HUB24's receipt of the valid acceptance and, if the Proportional Offer is subject to a Defeating Condition when accepted, the contract resulting from your acceptance becomes unconditional.

However, there are certain exceptions to this timetable for payment of the Offer Price. Refer to Section 7.11 of the Bidder's Statement for further details on the timing for payment of the consideration to Easton Shareholders who accept HUB24's Proportional Offer.

(f) **Effect of an increase in Offer Price for Easton Shareholders who have already accepted**

If HUB24 increases the Offer Price in response to a Competing Proposal during the last seven days of the Offer Period, the Offer Period will be automatically extended by a further 14 days and all Easton Shareholders, whether or not they have accepted HUB24's Proportional Offer before then, will be entitled to the benefit of that increased consideration.

5. Profile of Easton

5.1 Introduction

Easton is an ASX-listed company which provides integrated services and solutions to accounting firms and wealth management businesses across Australia.

Easton adopted a new direction and strategic plan in 2014 following the acquisition, as part of a single transaction, of a group of related businesses comprising Knowledge Shop (**Knowledge Shop**), Merit Wealth (**Merit Wealth**) and a minority interest in an accounting firm, Hayes Knight (NSW) Pty Limited (**HKNSW**).

In 2017, Easton made a further significant acquisition with the purchase of GPS Wealth Pty Limited (**GPS Wealth**).

The Company has incrementally made other smaller acquisitions and investments over the period, including:

- (a) a minority interest in a financial planning firm, First Financial Pty Limited (**First Financial**);
- (b) two businesses providing legal and corporate documents, namely Law Central and Panthercorp; and
- (c) two businesses providing in-house training to the accounting profession, namely Taxbytes and TaxBanter.

In recent times, Easton has moved to dispose of its equity interests in First Financial, HKNSW and the two document businesses as they no longer considered by the Easton Board to fit with Easton's core business strategy. The sales of Easton's interests in First Financial, HKNSW and Law Central were completed during the second half of calendar 2020, while the proposed divestment of Panthercorp is subject to a conditional share sale agreement with a target completion date of 31 January 2021.



Easton currently has a 65% equity interest in Taxbytes and a 60% equity interest in TaxBanter and has entered into a put and call option over the remaining equity interests in each business. The Taxbytes put and call option has been exercised with an effective date of 31 January 2021, while the Easton Directors similarly expect the TaxBanter option to be exercised in January 2022, thereby progressively increasing Easton's equity interest in each of those businesses to 100%. These two training businesses complement Knowledge Shop and in combination, position Easton as a leading national provider of training to the accounting profession.

5.2 Business Overview

Easton provides support services and solutions to over 3,000 accounting practices, *circa* 115 financial planning firms and around 580 licensed financial advisers and their clients. It is ranked in the top 10 dealer (financial planning) groups in Australia by the number of financial advisers.

Easton's operations are split into two segments, as follows:

(a) Accounting Solutions

- (i) Services (for accountants) include a technical, online help desk, training and professional development and practice support.
- (ii) Businesses comprise Knowledge Shop, Taxbytes (65% owned by Easton) and TaxBanter (60% owned by Easton).

These businesses are highly regarded, well established brands in the accounting sector.

As noted in Section 5.1, the Company has entered into a conditional sale agreement, which if completed, will result in the disposal of Panthercorp, a provider of legal and corporate documents.

(b) Wealth Solutions

- (i) Services (for financial advisers and accountants) include a wide range of dealer services, extending from basic licensing to client engagement tools, coaching and training, investment managed accounts and risk and compliance services.
- (ii) Businesses comprise GPS Wealth, Merit Wealth, Easton Wealth Australia and The SMSF Expert.

GPS Wealth is an award-winning licensee having won the CoreData Licensee of the Year for the 2nd time in 2020.



5.3 Easton Directors' Profiles

As at the date of this Target's Statement, the directors of Easton are set out below, together with their profiles.

Kevin White

Executive Chairman & Interim Managing Director	B.Eng (civil), M.Eng.Sci., M.Admin Director since: 29 May 2013 Chairman since: 1 March 2015 Interim Managing Director since: 1 October 2020 Member of the Nomination & Remuneration Committee Member of the Audit and Risk Committee Independent: No
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Skills and Experience

Mr White graduated as a professional engineer in 1973 and has spent the majority of his working life in the financial services industry. He was a founder and Managing Director of Crowe Horwath Australasia Limited (formerly WHK Group Limited) from 1996 to 2011 and has a successful track record in the financial services sector.

Carl Scarcella

Non-Executive Director	B.Com, FCPA Director since: 15 May 2014 Chair of the Audit and Risk Committee Member of the Nomination & Remuneration Committee Independent: Yes
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Skills and Experience

Mr Scarcella joined the financial services industry in 1987. In 2000, he was one of the foundation managers of Snowball Group Limited, a listed independent advice business which provided financial services, including financial planning, accounting and tax, portfolio management and portfolio administration. Mr Scarcella was Chief Operating Officer and Company Secretary of Snowball from inception through to its merger with the Shadforth Group in 2011 to become SFG Australia Limited. Following his departure from SFG in 2012, he co-founded T&C Consulting Services, a firm which has provided advice on growth strategies, governance frameworks, infrastructure solutions and M&A support.

Greg Hayes

Non-Executive Director	B.Bus, FCPA, CTA Director since: 19 March 2014 Managing Director from: 19 March 2014 till 1 October 2020 Member of the Audit and Risk Committee Independent: No
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Skills and Experience

Mr Hayes is the founder and Chairman of Hayes Knight (NSW) Pty Ltd and is well known in the accounting profession. He was also the Chairman of the Hayes Knight Group nationally, a specialist business valuer, a recognised practice management specialist and an author in



both of these disciplines. Mr Hayes is the founder and a director of Knowledge Shop Pty Ltd and was a member of the Advisory Panel to the Board of Taxation between 2003-2013.

Grahame Evans

Executive Director	MBA, Dip SM, GAICD Director since: 24 August 2017 CEO of Easton Wealth Solutions Independent: No
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Skills and Experience

Mr Evans has been extensively involved with the financial services industry for over 30 years. He has held a variety of board positions, including Chairman of Australian, Canadian, Singaporean and Chinese investment and advice businesses and also as a director of Malaysian and New Zealand companies. Mr Evans is a regular speaker at conferences both in Australia and overseas and holds an MBA from the prestigious Australian Graduate School of Management. His executive roles have included CEO Investments for Tower Australia, Managing Director, AMP Consulting and Group Managing Director of Centrepont Wealth. He is currently Chairman of DomaCom Limited.

Collectively, the Directors bring to the Easton Board extensive expertise and skills in the following areas:

- (a) Business / Leadership / Commercial
- (b) Finance / Accounting
- (c) Strategic Planning
- (d) Risk Oversight & Management
- (e) Investor Relations
- (f) Human Resources Management, including Remuneration
- (g) Relevant Listed Company and Industry Experience
- (h) Acquisition Experience.

5.4 Easton Senior Management Profiles

As at the date of this Target's Statement, the senior management of Easton are set out below, together with their profiles.

Lisa Armstrong

CEO of Easton Accounting Solutions	Ms Armstrong is a co-creator of Knowledge Shop and, as CEO, has grown the business from inception into Australia's leading resource service for professional accountants. She is an experienced executive focused on innovation and growth, with a background in public affairs and communications. Ms Armstrong previously worked with CPA Australia with responsibility for tax and tax reform, as well as with Hayes Knight (NSW).
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Michael Harris

Chief Financial Officer &
Joint Company Secretary

Mr Harris has been Easton's CFO since January 2015. He has over 20 years' working experience in various executive finance roles in ASX listed groups. Mr Harris has extensive experience with ASX reporting, M&A, business integration, business transformation, system implementations, risk management, IT strategy and multi-national experience. He has a diverse range of sector experience including financial services, energy, health, property and professional services.

5.5 Capital Structure of Easton

As at the date of this Target's Statement, Easton has the following Shares on issue:

Class	Number
Easton Shares	37,612,804

Pursuant to the Transaction Implementation Deed (described in Section 1.3(a)), Easton is to issue 1,700,000 New Easton Options as consideration for HUB24 entering into the Technology Partnership and Distribution Agreement, each of which will convert into one Easton Share upon exercise.

If all Easton Shareholders accept HUB24's Proportional Offer, taking into account the additional issue of the Paragem Consideration Shares (see Section 1.3(c)) to HUB24, HUB24 will hold approximately 39.2% of Easton's Shares, increasing to 41.9% if it exercises its New Easton Options (see Section 1.3(d)).

5.6 FY20 Financial Information and Recent Activity

On 27 August 2020, Easton released to ASX its financial results for the full year ending 30 June 2020.

Easton's FY20 Appendix 4E and the FY20 Annual Report can be obtained from Easton's website at www.eastoninvestments.com.au.

Key financial metrics for FY20 include:

- (a) Statutory Profit⁴ down 36% to \$1.75m (2019: \$2.73m) – impacted by a non cash impairment charge of \$1.30m
- (b) Underlying Profit⁵ up 11% to \$5.67m (2019: \$5.12m)
- (c) Revenue up 21% to \$72.24m (2019: \$59.80m)
- (d) A final dividend of 2.5 cents per share, fully franked – bringing the full year dividend rate to 4 cents per share, fully franked, an increase of 33%
- (e) Underlying Profit contribution from the Wealth Solutions division down 23%⁵ to \$2.93m (2019: \$3.81m)

⁴ Statutory Profit is Net Profit after Tax.

⁵ Underlying Profit is Normalised Earnings before Interest, Tax and Amortisation. Underlying Profit is a non-IFRS measure and is used by the Company to assess performance as it excludes non-cash amortization, share based payment charges, AASB16 Leases and one-off or non-operational items.



- (f) Underlying Profit contribution from the Accounting Solutions division up 51% to \$4.68m (2019: \$3.11m)
- (g) Net debt of \$8.15m, up from \$5.37m at 30 June 2019 – increase includes the acquisition of a 60% interest in TaxBanter (\$4.18m)

A list of Easton announcements lodged with the ASX since the date of Easton's FY20 Annual Report is set out below:

Date	Announcement
22/01/2021	Notice of completion of sending the Bidder's Statement
21/01/2021	Commencing despatch of the Bidder's Statement
20/01/2021	HUB24's Bidder's Statement
11/01/2021	Change in substantial holding from Pie Funds
07/01/2021	Change in substantial holding from HUB
06/01/2021	Bidder's Statement – HUB24
05/01/2021	Substantial Shareholder Notice for HUB24
04/01/2021	Cleansing Statement
04/01/2021	Application for Quotation of Securities – Appendix 2A
23//12/2020	Update on Divestment of Document Businesses and Other Matters
22/12/2020	Becoming a substantial holder from HUB
21/12/2020	Proposed issue of Securities – EAS
21/12/2020	Proposed issue of Securities – EAS
21/12/2020	Update on HUB24 Proposed Investment in Easton
21/12/2020	HUB: HUB24 Investment in Easton
21/12/2020	Proposed Issue of Securities (Shares) - Appendix 3B
21/12/2020	Proposed Issue of Securities (Options) - Appendix 3B
21/12/2020	Update on HUB24 Transaction
15/12/2020	Trading Update & Special Dividend
14/12/2020	Announcement of buy-back - Appendix 3C
11/12/2020	Final share buy-back notice - Appendix 3F
01/12/2020	Change of Joint Company Secretary
20/11/2020	Divestment of Panthercorp
20/11/2020	SEQ: Acquisition of Panthercorp CST Pty Ltd
17/11/2020	Divestment of Equity Interest in Law Central
10/11/2020	Ceasing to be a substantial holder
06/11/2020	Change in substantial holding



Date	Announcement
04/11/2020	Change of Director's Interest Notice - K White
04/11/2020	Change of Director's Interest Notice - C Scarcella
29/10/2020	Correction to Yesterday's ASX Announcement
28/10/2020	Important Heads of Agreement with HUB24
26/10/2020	Cancellation of shares ASIC form 484
08/10/2020	Completion of the Sale of Equity Interest in HKNSW
01/10/2020	Results of Annual General Meeting
01/10/2020	2020 Annual General Meeting
07/09/2020	Cancellation of shares ASIC form 484
07/09/2020	Daily share buy-back notice - Appendix 3E
02/09/2020	Daily share buy-back notice - Appendix 3E
31/08/2020	Daily share buy-back notice - Appendix 3E
28/08/2020	Notice of Annual General Meeting/Proxy Form
27/08/2020	2019/20 Full Year Results
27/08/2020	Full Year 2020 Results Presentation
27/08/2020	Appendix 4G and Corporate Governance Statement
27/08/2020	Dividend/Distribution - EAS
27/08/2020	Appendix 4E and 2020 Annual Report
21/08/2020	Notification of Change of Auditor
17/08/2020	2020 Annual General Meeting and Succession Plans
03/08/2020	Completion of the Sale of Equity Interest in First Financial
31/07/2020	Daily share buy-back notice - Appendix 3E
29/07/2020	Daily share buy-back notice - Appendix 3E
23/07/2020	Daily share buy-back notice - Appendix 3E
20/07/2020	Divestment of Equity Interest in HKNSW

5.7 Publicly Available Information About Easton

Easton is a listed 'disclosing entity' for the purposes of the Corporations Act and therefore is subject to regular reporting and disclosure obligations. Specifically, as a listed entity, Easton is subject to the ASX Listing Rules, which require continuous disclosure of any information that a reasonable person would expect to have a material effect on the price or value of Easton Shares (subject to some exceptions).

ASX maintains files containing publicly disclosed information about all listed entities. Easton's files are available for inspection on the ASX website (www.asx.com.au). In addition, Easton is required to lodge various documents with ASIC. Copies of documents lodged with ASIC in respect of Easton may be obtained from, or inspected at, an ASIC office. A substantial amount of information about Easton is available in electronic form on its website www.eastoninvestments.com.au.



A list of documents lodged with ASX since lodgement of Easton's 2020 Annual Report on 27 August 2020 is set out in Section 5.6.

6. Information about HUB24

6.1 Disclaimer

The information in this Section 6 of the Target's Statement in relation to HUB24 has been prepared based on a review of publicly available information, including information in the Bidder's Statement, and has not been independently verified by Easton. Easton does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on HUB24 in this Target's Statement should not be considered comprehensive.

Further information relating to HUB24 is set out in the Bidder's Statement and may also be obtained from HUB24's website at www.hub24.com.au. Information contained in or otherwise accessible from that website does not form part of this Target's Statement.

6.2 Overview of HUB24

HUB24 is an ASX listed financial services company, quoted on the ASX under the code 'HUB', focused on provision of investment and superannuation portfolio administration services, the provision of licensee services to financial advisers and technology and data services to the financial services industry. HUB24's market capitalisation is approximately \$1.8 billion (as at 22 January 2021) and has \$19 billion in Funds Under Administration (as at 30 September 2020).

HUB24 operates the HUB24 platform and also provides a licensing solution to financial advisers through its wholly owned subsidiary, Paragem.

6.3 Information about HUB24

HUB24 operates the HUB24 Platform, licenses financial advisers authorised by Paragem and provides technology and data services through HUBconnect Pty Ltd and Agility Applications Pty Ltd.

The HUB24 Platform is a portfolio administration service that provides financial advisers with the capability to offer their clients access to a wide range of investments including market leading managed portfolio functionality, efficient and cost effective trading, insurance and comprehensive reporting for all types of investors – individuals, companies, trusts or self-managed super funds.

Paragem, which Easton has agreed to acquire (see Section 1.3(c)) provides boutique dealer group Licensee services to financial planning businesses. It comprises a network of 37 financial advice businesses (as at 30 June 2020). It provides compliance, software, education and support to the practices, enabling advisers to provide clients with financial advice across a range of products.

HUB24's technology solutions businesses (HUBconnect Pty Ltd and Agility Applications Pty Ltd) provide technology and data services to the financial services industry, leveraging innovative solutions to support Licensees, advisers and stockbrokers to deliver services to their clients.

Further information about HUB24 and its principal activities is set out in Section 1 of the Bidder's Statement or can be found at www.hub24.com.au.



6.4 HUB24 Directors

As at the date of the Bidder's Statement, the directors of HUB24 were:

Name	Position
Bruce Higgins	Non-Executive Chairman, Non-Executive Director
Andrew Alcock	Chief Executive Officer, Managing Director
Anthony McDonald	Non-Executive Director
Ian Litster	Non-Executive Director
Paul Rogan	Non-Executive Director
Ruth Stringer	Non-Executive Director

Information about HUB24's directors is set out in section 1.4 of the Bidder's Statement.

6.5 HUB24's Relevant Interest in Easton

As at the date of the Bidder's Statement, HUB24 has a Relevant Interest and voting power of approximately 17.9% of Easton Share as a result of:

- HUB24 having entered into the Pre-bid Acceptance Agreements with each of the Directors (or their Associates), in aggregate totalling 3,411,206 Easton Shares and representing approximately 9.1% of Easton Shares; and
- 3,333,333 Easton Shares held directly by HUB24 comprising Easton Shares issued by Easton in consideration for the sale of 100% of the shares in Paragem under the Paragem Share Sale Agreement.

If all Easton Shareholders accept HUB24's Proportional Offer, HUB24's maximum Relevant Interest in Easton Shares would be approximately 39.2%⁶.

6.6 HUB24's Intentions

HUB24's intentions in relation to the continued operation of Easton and any major changes to be made to the operation of Easton are set out in 3 of the Bidder's Statement. Refer to Section 4.7 of this Target's Statement for additional information.

7. Risk Factors

7.1 Overview

There are various risks associated with either accepting HUB24's Proportional Offer or rejecting HUB24's Proportional Offer and continuing to hold Easton Shares. There are set out in Sections 7.2 and 7.3 respectively.

Easton's current and future business, assets and operations may be subject to risks which are specific to Easton (see Section 7.4), while other risks are of a more general nature (see Section 7.5).

Those risks (and other risks) will continue to be relevant to Easton Shareholders whether they accept HUB24's Proportional Offer or reject HUB24's Proportional Offer. While some

⁶ Prior to the exercise of any New Easton Options and assuming HUB does not acquire a Relevant Interest in any Easton Shares other than pursuant to acceptances under HUB's Proportional Offer and excluding the potential acquisition of less than Marketable Parcels of Easton Shares under sections 7.1(d) and 7.4 of the Bidder's Statement.



of these risks can be mitigated, many risks are outside the control of Easton and the Easton Directors and cannot be mitigated.

No assurances or guarantees are given as to Easton's future performance, profitability or dividends.

The risks summarised below are not exhaustive and do not take into account the personal circumstances of Easton Shareholders. Prior to deciding whether to do nothing, sell your Easton Shares on the ASX or accept HUB24's Proportional Offer, Easton Shareholders should read this entire Target's Statement, including the risks set out in this Section 7 and seek professional advice if they have any doubt about the risks associated with accepting or rejecting HUB24's Proportional Offer, having regard to their investment objectives and financial circumstances.

7.2 Risks Associated with accepting HUB24's Proportional Offer

If you choose to accept HUB24's Proportional Offer, you will receive the Offer Price for 1 in every 3 of your Easton Shares. In this case, you will retain two thirds of your Easton Shares (unless by accepting the Proportional Offer, you would be left with less than a Marketable Parcel, in which case the Proportional Offer extends to all your Easton Shares and if you accept, you will be deemed to have accepted the Proportional Offer for all your Easton Shares). You may then choose to hold your remaining Easton Shares or sell some or all of them on-market or off-market.

If you accept HUB24's Proportional Offer in respect of one third of your Easton Shares:

- (a) you will lose control of those Easton Shares, including the right to sell those Easton Shares in the future;
- (b) you will not be able to withdraw your acceptance;
- (c) you will relinquish your right to participate in any Superior Offer should one be made and you will not be able to obtain any potential benefit associated with any such Superior Offer in respect of those Easton Shares, unless HUB24 increases the Offer Price in response thereto;
- (d) you will not be entitled to receive any future distributions, dividends or benefits attributable to those Easton shares; and
- (e) in the event that the market price for Easton Shares increases above the price offered by HUB24 in its Proportional Offer, you will relinquish your right to sell into the market for those Easton Shares.

If you do not sell your remaining Easton Shares, you will remain exposed to the risks associated with holding Easton Shares, although your financial exposure to these risks will be reduced commensurate with the number of Shares sold.

Consequences of retaining ownership in Easton following HUB24's Proportional Offer

If all Easton Shareholders accept HUB24's Proportional Offer, HUB24 may acquire up to 33.3% of Easton's Shares not already owned or controlled by HUB24 (excluding additional acquisitions of less than Marketable Parcels). In addition, taking into account the 3,333,333 Paragem Consideration Shares (see Section 1.3(c)) to HUB24, HUB24 will hold approximately 39.2% of Easton's Shares, increasing if it exercises its New Easton Options (see Section 1.3(d)).

Depending on the number of Easton Shareholders that accept HUB24's Proportional Offer, this may have a number of potential implications for the remaining Easton Shareholders, including:



- (a) HUB24 may be in a position to significantly influence the composition of Easton's Board and senior management and the strategic direction and operations of Easton;
- (b) there is a risk that any strategy favoured or supported by HUB24 may be unsuccessful and/or have a detrimental effect on the value of your remaining Easton Shares;
- (c) HUB24 may be in a position to significantly influence voting at any general meeting of Easton, commensurate with its shareholding;
- (d) a reduction in 'free float' which will occur if HUB24 becomes a substantial shareholder in Easton which is likely to lead to a reduction in the liquidity of Easton Shares;
- (e) HUB24 may gain effective control of Easton at ownership levels below 50% without acquiring additional shares or paying Easton Shareholders a control premium for 100% of your Easton Shares; and
- (f) the interest that HUB24 will hold in Easton is likely to represent a deterrent to future offers for control of Easton (i.e. it may be less likely that another party will make an offer to acquire all the Easton Shares in the future) and hence lessen the potential for a future control premium to be offered to Easton Shareholders for their remaining shares.

HUB24 will also be able to acquire additional Easton Shares after the end of the Offer Period to the extent permitted by law, including under the '3% creep' rule under the Corporations Act.

HUB24 has stated it is not its current intention to control Easton or have it operate as a subsidiary, however if HUB24 comes to own a majority of the total issued Easton Shares, HUB24 will be in a position to cast the majority of votes at a general meeting of Easton Shareholders, therefore enabling it to control the composition of the Easton Board and senior management, and control the strategic direction of Easton and its businesses.

Taxation consequences of accepting HUB24's Proportional Offer

Acceptance of HUB24's Proportional Offer and the consequent sale of one third of your Easton Shares will trigger a tax event, the taxation consequences of which will depend on a number of factors and your particular circumstances. You should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

A general outline of certain Australian tax considerations of such a disposal is set out in Section 8 of this Target's Statement and Section 5 of the Bidder's Statement.

7.3 Risks associated with Rejecting HUB24'S Proportional Offer

Easton Shareholders may disagree with the Easton Directors' unanimous recommendation and instead, choose to reject HUB24's Proportional Offer.

In that case, you will not receive the Offer Price for 1 in every 3 of your Easton Shares, you will retain your entire Easton Shareholding and will continue to be subject to the risks associated with holding Easton Shares, including the risk that the price of Easton Shares falls to or below its pre-Offer level. However, should Easton's shares increase in price beyond the Offer Price, you will benefit by retaining them. There is no guarantee that you will have another opportunity to sell your Easton Shares at or near the Offer Price in the near future

If you accept HUB24's Proportional Offer your exposure to these risks will be reduced by one third (commensurate with your shareholding).



7.4 Easton Specific Risks

(a) Share price

Any trading price of Easton Shares realised on market outside or subsequent to the close of HUB24's Proportional Offer will be subject to various economic, market and Easton specific factors and may fall significantly or otherwise not meet the expectations of Easton Shareholders.

(b) COVID-19

COVID-19 was declared a world-wide pandemic by the World Health Organisation in March 2020.

Given the dynamic and evolving nature of the COVID-19 pandemic and the limited recent experience of the economic and financial impacts of such a pandemic, its social and economic consequences remain to be seen. Economic uncertainties currently prevailing around the world make it more challenging to forecast the future in this environment.

(c) Normal course of business

Easton is exposed to a range of risks in its normal course of business, any or all of which could adversely impact the earnings performance of Easton and the carrying value of its assets, thereby weakening its financial position, reducing its appeal to investors and limiting its ability to raise capital, both debt and equity. Such risks include:

- (i) **Key personnel** – Easton is reliant on recruiting and retaining qualified, high-performing senior executives and other key personnel, many of whom also play an important role in recruiting and retaining the Company's key customers, financial advisers and accountants. The loss of or inability to attract key personnel may have a material adverse impact on Easton's operational and financial performance.
- (ii) **Litigation and disputes** – Litigation and other disputes may arise from time to time in the ordinary course of operations. Any such dispute or litigation may impact earnings or affect the value of Easton assets and Easton Shares.
- (iii) **Compliance and regulatory** – As a holder of Australian Financial Services Licences (**AFSLs**), Easton and its AFSL authorised representatives are required to maintain continuous compliance with strict regulatory and licensing obligations. Failure to maintain compliance with these regulations and obligations could result in client remediation claims and regulatory sanctions which may have material financial and reputational consequences for Easton and Easton Shareholders.
- (iv) **Operating performance** – A number of factors may negatively impact Easton's operations and, in turn weaken its financial performance. Specific factors include increased compliance costs, client claims and remediation costs, customer and financial adviser attrition, loss of major contracts, competitive pricing and inadequate cost control.
- (v) **Financial controls, management and reporting** – As an ASX listed entity, Easton is required to provide regular, timely and accurate reporting of financial performance and financial position. Whilst Easton operates a head-office finance function and has moved to streamline operations over the last 12 months, Easton is not immune to finance related risks such as



ineffective controls and systems, fraud, inaccurate reporting, misrepresentation or misinterpretation of statutory requirements, which could lead to financial loss and reputational harm.

- (vi) **Strategy Execution** – Easton has entered into a new strategic partnership with HUB24, encompassing a technology partnership and distribution arrangement. There is no certainty that the technology arrangement will create benefits for Easton or Easton Shareholders given the inherent risks associated with investment in and development and deployment of new technology.
- (vii) **Transaction integration** – The realisation of benefits from the acquisition of Paragem relies on a number of factors, including effective integration, financial adviser retention, effective oversight of compliance supervision and the timely attainment of cost and revenue synergies, which are uncertain and indefinite. Plans to convert Paragem from loss making to a profitable business have been developed, which include a new pricing model (progressively being implemented), future growth in the financial adviser network and anticipated cost savings. Notwithstanding these plans, it is possible that Paragem will continue to incur operating losses after acquisition by Easton and give rise to the recognition of an impairment charge against the carrying value of the asset, with a corresponding charge against future earnings.
- (viii) **Technology** – Like many businesses, Easton is reliant on technology for business continuity and operational effectiveness. A prolonged systems failure, a material data security breach or cyber-attack could have significant, adverse implications for Easton, its businesses and its operations.
- (ix) **Divestments** – A conditional share sale agreement has been entered into by Easton in relation to the proposed divestment of Panthercorp (see Section 5.1). This sale will only proceed if certain sale conditions are met or waived by the buyer prior to completion, which is scheduled to occur on 31 January 2021. In the event that the sale does not complete, Easton will retain a business not considered by the Easton Board to be a long term core business.
- (x) **New Investments** – Easton has a history of new business acquisitions and ongoing growth by acquisition will continue to be an important component of the Company's strategy to create value for Easton Shareholders. The anticipated exercise of the put and call options in respect of TaxBytes and TaxBanter (as referred to at Section 5.1) are current examples of likely investments over the next 12 months, although Easton will remain alert to strategic transaction opportunities. All such new investments carry a level of transaction, integration and financial risk and could prove to be detrimental to the value of Easton Shares. There is also a risk that Easton will not be able to identify or complete sufficient new business acquisitions to meet its growth aspirations.
- (xi) **Risk management** – Easton has in place a risk management framework and a risk register, both of which are regularly reviewed and updated. Nevertheless, Easton could suffer from inadequate or ineffective risk management which fails to mitigate the various corporate and business risks which have either been identified in its risk register or otherwise unnoticed, disregarded, discounted or understated.



7.5 General Risks

(a) **Changes in accounting policy**

Easton must report and prepare financial statements in accordance with prevailing accounting standards and policies. Changes in these accounting standards and policies in the future may have an adverse impact on Easton's reported financial performance.

(b) **Disruption to general economic conditions**

Easton's operating, financial and investment performance relating to its managed accounts are influenced by a variety of general and economic business conditions, including the level of inflation, interest rates, oversupply and demand conditions and governmental fiscal, monetary and regulatory policies. Changes in various economic conditions could potentially have a prolonged impact on Easton's financial performance. Such economic impacts could include increases in interest rates, increases in the cost of capital or a severe market downturn and could have a material adverse impact on Easton's operating and financial performance into the future.

(c) **Regulatory issues, changes in the law and Australian economic policies**

The financial performance of Easton in respect of Australian assets may be materially affected by adverse changes in laws and other governmental regulations. Changes in government policy including fiscal, monetary and regulatory policies at federal, state and local levels, may affect Easton's profits, the amount and timing and of its dividends and the Easton Share Price.

(d) **Industry and market environment and dislocation**

The Wealth sector has experienced and continues to undergo significant disruption and change on the back of the findings and recommendations of the Banking Royal Commission, which were handed down in 2019. The rising cost of advice due to heightened regulatory and compliance requirements including the ASIC industry levy, the removal of subsidised income from product rebates and the increased training and education demands placed on financial advisers, have together resulted in a general decline in sector profitability and the need for new pricing models to provide a sustainable industry sector. In this environment, there is a risk that financial advisers, including Easton and Paragem financial advisers, will seek alternative, lower cost options, such as self-licensing, or simply exit the industry as some commentators are more generally predicting, with a consequential impact on Easton's profitability and market value. This risk is heightened with the acquisition of Paragem as it increases the number of financial advisers licensed by Easton.

(e) **Governance and compliance**

Easton is subject to various corporate governance and compliance obligations and has a legal duty to ensure continuous compliance with the various regulatory requirements in the jurisdictions which it operates. Non-compliance could impact Easton's legal and reputational standing and may have a materially adverse impact on Easton's future profits and the value of Easton Shares .

(f) **Taxation changes**

Future changes in Australian taxation law, including changes in interpretation or application of the law by Australian courts or Australian tax authorities, may affect the taxation outcomes for Easton Shareholders in relation to their Easton Shares including the holding and disposing of those Shares.



- (g) **Insurance**
Easton generally enters into contracts of insurance that provide a degree of protection over assets, liabilities and people. While such policies typically cover against material damage to assets, contract works, business interruption, general and professional liability and workers compensation, there are certain risks that cannot be mitigated by insurance, either wholly or in part (such as nuclear, chemical or biological incidents) or where the insurance coverage is reduced (such as natural disasters). Unforeseen factors may result in that insurance cover being inadequate or the cost of the insurance premiums being in excess of that forecast. Any inability to source and secure appropriate insurance policies on reasonable commercial terms could expose Easton to financial risk and potential loss.
- (h) **Uncertainty in interest rates**
Adverse fluctuations in interest rates may impact Easton's earnings and Easton Shareholders.
- (i) **Market price**
Easton Shares may trade on the ASX at, above or below the Offer Price. The price at which Easton Shares trade on the ASX will fluctuate due to Easton's financial performance, its prospects and its dividend policy, as well as various factors including general movements in interest rates, the Australian and international investment markets, economic conditions, global geopolitical events, the economic impact of COVID-19, regulatory changes, changes in stock market ratings and fluctuations in the supply and demand of listed financial services shares. There is also no guarantee that Easton dividends will be paid during each applicable period.
- (j) **Counterparty credit or default risk, and material contract risk**
Counterparty credit or default risk is the potential risk of loss being sustained by Easton as a result of payment default or non-performance by counterparties with whom Easton has contracted. This could subsequently affect the timing and amount of future earnings for Easton Shareholders.
- (k) **Health pandemics**
The outbreak of an infectious disease such as COVID-19 globally, together with any resulting restrictions on travel and/or imposition of quarantine restrictions, could have a negative impact on the economy and business activities in the jurisdictions in which Easton operates, which may adversely impact Easton's revenues, financial condition and financial results.

8. Taxation considerations

8.1 Introduction

This Section 8 of the Target's Statement provides a general overview of the Australian income tax, goods and services tax (GST) and stamp duty implications for Easton Shareholders on disposal of one third of their Easton Shares (through acceptance of HUB24's Proportional Offer) in return for cash consideration.

The Australian tax implications outlined in this Section 8 are only relevant for Australian resident and foreign resident Easton Shareholders who hold their Easton Shares on capital account. This information relates only to Easton Shares.

This Section 8 does not consider the Australian tax consequences for Easton Shareholders:

- (a) who hold their Easton Shares as trading stock or as revenue assets;



- (b) who hold their Easton Shares as assets used in carrying on a business or as part of a profit-making undertaking or scheme;
- (c) who acquired their Easton Shares through an employee share scheme;
- (d) who are Australian tax residents but who hold their Easton Shares as part of an enterprise carried on, at or through a permanent establishment in a foreign country;
- (e) who are foreign tax residents who hold their Easton Shares as part of an enterprise carried on, at or through a permanent establishment in Australia;
- (f) who are exempt from Australian income tax;
- (g) who are under a legal disability;
- (h) who are taken for capital gains tax purposes to have acquired their Easton Shares before 20 September 1985;
- (i) that are financial institutions, insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- (j) who are subject to the taxation of financial arrangements rules under Division 230 of the Income Tax Assessment Act 1997 (Cth) or the investment manager regime in Subdivision 842-1 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their Easton Shares.

The information in this section is based on the Australian taxation law and practice in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Easton Shareholder.

Easton Shareholders should seek independent professional advice regarding the taxation consequences of accepting HUB24's Proportional Offer and disposing of a proportion of their Easton Shares.

8.2 Taxation consequences of disposal of 1/3rd of Easton Shares by Australian Residents

A general overview of the income tax consequences relevant for Easton Shareholders who dispose of one third of their Easton Shares by way of transfer to HUB24 and that are Australian residents for tax purposes is outlined below.

Under HUB24's Proportional Offer, the Easton Shareholders will dispose of a proportion of their Easton Shares to HUB24 in exchange for the Offer Price.

The disposal of Easton shares by a resident shareholder who holds the shares on capital account would trigger CGT event A1. A capital gain would arise to the shareholder if the sale proceeds are more than the cost base of the shares. A capital loss would arise to the shareholder if the sale proceeds are less than the reduced cost base of the shares.

The cash consideration of \$1.20 per share received by a resident shareholder from HUB24 for the disposal of their shares should be the sale proceeds from CGT event A1.

The integrity provision in section 115-45 of the ITAA 1997 should not apply to prevent the capital gain from being a discount capital gain.

An eligible shareholder (i.e., an individual, a complying superannuation entity or a trust) should be entitled to the general CGT discount if the shares have been held for more than 12 months before the CGT event.



8.3 Taxation consequences of disposal of 1/3rd of Easton Shares by Foreign Residents

A general overview of the Australian income tax consequences relevant for Easton Shareholders who dispose of one third of their Easton Shares by accepting HUB24's Proportional Offer and who are foreign residents for tax purposes is outlined below. Foreign resident Easton Shareholders should obtain their own independent professional advice as to the Australian tax consequences arising from the disposal of a proportion of their Easton Shares.

Any capital gain or loss made by a non-resident shareholder on the disposal of Easton shares should generally be disregarded on the basis that Easton shares should not be classified as indirect taxable Australian property interests under section 855-10 of the ITAA 1997.

The CGT exemption in section 855-10 does not apply to a non-resident shareholder who:

- (a) used the Easton Shares in carrying on a business through a permanent establishment in Australia; or
- (b) chose to disregard a capital gain or loss on Easton Shares on ceasing to be an Australian resident.

The foreign resident capital gains withholding tax should not generally apply.

Easton Shareholders who are not resident in Australia for income tax purposes should note that the Australian tax consequences from the disposal of Easton Shares may be affected by any double tax agreement between Australia and their country of residence. Foreign resident Easton Shareholders should obtain specific tax advice.

8.4 Stamp Duty

In the Bidder's Statement, HUB24 has represented that no stamp duty will be payable by an Easton Shareholder on the disposal of Easton Shares under HUB24's Proportional Offer.

8.5 GST

There should be no adverse GST consequences arising for Easton Shareholders, apart from the potential denial of input tax credits (i.e. GST credits) for GST incurred by Easton Shareholders on transaction costs.

9. Additional Information

9.1 Issued Capital

As at the date of this Target's Statement, Easton's issued capital comprises 37,612,804 ordinary fully paid shares.

9.2 Substantial Holders

As at the date of this Target's Statement, the following persons held an interest in Easton Shares of 5% or more. The following table shows the number of Easton Shares and Relevant Interests of those persons, adjusted for the issue of the Paragem Consideration Shares:

Substantial Holder	Number of Easton Shares	Relevant Interest (%)
HUB24 Limited	6,744,539	17.9*
Greg Hayes (direct & associates)	5,933,705	15.8
Kevin White (direct & associates)	3,100,000	8.2



Pie Funds Management Limited	2,337,456	6.2
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*Note: This includes HUB24's Relevant Interest in 3,411,206 Easton Shares as a result of the Pre-Bid Acceptance Agreements (which Shares are still currently held by Easton's Directors) and HUB24's direct holding of the Paragem Consideration Shares. This does not include HUB24's New Easton Options. The Relevant Interest under the Pre-Bid Acceptance Agreements is comprised of 1,977,902 Easton Shares in relation to Mr Hayes and his associates, 1,033,333 Easton Shares in relation to Mr White and his associates, 66,667 Easton Shares in relation to Mr Scarcella and his associates and 333,304 Easton Shares in relation to Mr Evans and his associates. Refer to Section 1.3 for more information.

9.3 Your Easton Directors' Interests and Dealings in Easton Shares

(a) Interests in Easton Shares

At the date of this Target's Statement, the Easton Directors have a Relevant Interest in the following Easton Shares:

Director	Number of Easton Shares
Grahame Evans	999,910
Greg Hayes	5,933,705
Carl Scarcella	200,000
Kevin White	3,100,000

(b) Dealings in Easton Shares

No Easton Director has acquired or disposed of a Relevant Interest in any Easton Shares in the four month period immediately preceding the date of this Target's Statement, except as follows:

- (i) Under the Pre-Bid Acceptance Agreements described in Section 1.3;
- (ii) Carl Scarcella acquired 50,000 shares on-market on 28/10/2020
- (iii) Kevin White acquired 40,000 shares on-market on 04/11/2020.

9.4 Intentions in relation to HUB24's Proportional Offer

Each of your Easton Directors has agreed to **ACCEPT** HUB24's Proportional Offer in respect of the Easton Shares in which they or their Associates own or control or in which they otherwise have a Relevant Interest.

9.5 Your Easton Directors' Interests and Dealings in HUB24 Shares

(a) Interests in HUB24 shares

As at the date of this Target's Statement, no Easton Director has a Relevant Interest in any shares of HUB24.

(b) Dealings in HUB24 shares

No Easton Director has acquired or disposed of a Relevant Interest in any shares of HUB24 in the four months ending on the date immediately before the date of this Target's Statement.



9.6 Benefits and Agreements

(a) Directorships

As at the date of this Target's Statement, no Easton Director is a director of HUB24.

(b) Benefits in connection with retirement from office

As a result of HUB24's Proportional Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board or a managerial office of Easton.

(c) Agreements connected with or conditional on HUB24's Proportional Offer

There are no agreements made between any Easton Director and any other person in connection with, or conditional on, the outcome of the Proportional Offer other than in their capacity as a holder of Easton Shares.

(d) Benefits from HUB24

No Easton Director has agreed to receive, or is entitled to receive, any benefit from HUB24 which is conditional on, or is related to, HUB24's Proportional Offer, other than in their capacity as a holder of Easton Shares as outlined in Section 9.3 of this Target's Statement.

(e) Material interests of Directors in contracts with HUB24

No Easton Director has any interest in any contract entered into by HUB24, except for the agreements described in Section 1.3(b).

9.7 Material Litigation

Easton does not believe that it is involved in any litigation or dispute which is material in the context of Easton and the Easton Group taken as a whole.

9.8 ASX Announcements

Easton is a listed disclosing entity under the Corporations Act and therefore has periodic and continuous disclosure obligations under that legislation and under the ASX Listing Rules. Easton is required to immediately disclose to the market through ASX on becoming aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of Easton Shares (subject to exceptions from disclosure for certain confidential information and other matters contemplated in ASX Listing Rule 3.1A).

Easton's historical ASX announcements and copies of half-yearly and annual financial results and accompanying releases may be obtained from the ASX website at www.asx.com.au (ASX code: EAS).

Copies of these documents are also available on Easton's website at www.eastoninvestments.com.au.

9.9 Takeover Costs

HUB24's Proportional Offer will result in Easton incurring expenses that would not otherwise have arisen in FY21. These include legal, financial and other expenses from advisors engaged by Easton to assist in responding to HUB24's Proportional Offer. The total cost of the takeover response depends on the outcome of HUB24's Proportional Offer, the duration of HUB24's Proportional Offer and required response activities, as well as the complexity of the issues addressed in the response. It is therefore difficult to estimate the likely total cost to Easton. These costs will be reflected in Easton's financial results for the financial year ending 30 June 2021.



9.10 Consents

The following parties have given, and have not withdrawn before lodgement of this Target's Statement with ASIC, their written consent to be named in this Target's Statement in the form and context in which they are named:

- (a) Colin Biggers & Paisley consents to be named in this Target's Statement as legal advisor to Easton;
- (b) Grant Samuel Corporate Finance Pty Limited consents to be named in this Target's Statement as corporate and financial advisor to Easton; and
- (c) Link Market Services Limited consents to be named in this Target's Statement as Easton's Shares Registry.

Each person named in this section as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- (a) has not authorised or caused the issue of this Target's Statement;
- (b) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, other than a statement included in this Target's Statement with the consent of that party; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Target's Statement, other than a reference to its name and the statements (if any) included in this Target's Statement with the consent of that party.

9.11 Reliance on ASIC Class Orders

As permitted by ASIC Class Order 13.521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of such statements in this Target's Statement. Any Easton Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by calling the Offer Information Line on 1300 131 678 (for calls made within Australia) or +61 1300 131 678 (for calls made from outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or published book, journal or comparable publication.

9.12 No Other Material Information

This Target's Statement is required to include all the information that Easton Shareholders and their professional advisors would reasonably require to make an informed assessment whether or not to accept the Proportional Offer but:

- (a) only to the extent to which it is reasonable for investors and their professional advisors to expect to find this information in the Target's Statement; and
- (b) only if the information is known to any of your Easton Directors.

Your Easton Directors are of the opinion that the only information that Easton Shareholders and their professional advisors would reasonably require to make an informed assessment whether to accept the Proportional Offer is:



- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in releases by Easton to ASX before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

Your Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless expressly indicated otherwise in this Target's Statement). However, your Directors do not take any responsibility for the content of the Bidder's Statement and is not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, your Directors have had regard to:

- (a) the nature of the Easton Shares;
- (b) the matters Easton Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to the professional advisors to Easton Shareholders;
- (d) the nature of HUB24's Proportional Offer; and
- (e) the time available to Easton to prepare this Target's Statement.

10. Definitions and Interpretation

10.1 Definitions

The following definitions apply in this Target's Statement, unless the context requires otherwise:

Definitions	Meaning
Acceptance Form	the form with that title that accompanies this Bidder's Statement, or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of HUB24
AFSL	an Australian financial services licence
Announcement Date	the date HUB24 lodged its intention to make a takeover bid, being 21 December 2020
ASIC	the Australian Securities and Investments Commission
Associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if Section 12(1) included a reference to this Target's Statement and Easton was the designated body



Definitions	Meaning
ASX	ASX Limited ABN 98 008 624 691 or, where the context requires, the financial market operated by it
ASX Listing Rules	the official listing rules of ASX, as amended or replaced from time to time
ATO	Australian Taxation Office
Bidder	HUB24 Limited ABN 87 124 891 685
Bidder's Statement	the bidder's statement made by HUB24 under Part 6.5 Division 2 of the Corporations Act relating to the proportional takeover bid, dated 6 January 2021
Business Day	a day that is not a Saturday, Sunday, bank holiday or public holiday in Sydney, Australia
CGT	capital gains tax
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of shares
CHESS Holding	a holding of Easton Shares on the CHESS Subregister of Easton
CHESS Subregister	has the meaning set out in the ASX Settlement Operating Rules
Control	has the meaning given in Section 50AA of the Corporations Act Controlled has the same meaning
Controlling Participant	has the meaning set out in the ASX Settlement Operating Rules
Competing Offer or Competing Proposal	any proposal, offer or transaction by a third party (other than Bidder or its Related Entities) that, if completed, would mean: <ul style="list-style-type: none"> (a) a person would acquire a Relevant Interest or voting power in 10% or more of Easton Shares or of the securities of any member of the Easton Group; (b) person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 10% or more of Easton



Definitions	Meaning
	<p>Shares or of the securities of any member of the Easton Group;</p> <p>(c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or substantially all of the business conducted by, or assets or property of, Easton or the Easton Group;</p> <p>(d) a person would acquire Control of Easton or the Easton Group; or</p> <p>(e) a person may otherwise acquire, or merge with, Easton (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership),</p> <p>and for the avoidance of doubt, each successive material modification or variation of any proposal, offer or transaction in relation to a Competing Proposal will constitute a new Competing Proposal</p>
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Defeating Condition or No Prescribed Occurrences Condition	the condition set out in Section 4.6.
Easton or the Company	Easton Investments Limited ABN 48 111 695 357
Easton Directors or Easton Board or Board	the directors of Easton and the board of directors of Easton respectively
Easton Group	Easton and the entities it controls at the date of this Target's Statement
Easton Shares Register	register of Easton Shareholders maintained by or on behalf of Easton in accordance with the Corporations Act
Easton's Shares Registry	Link Market Services Limited
Easton Shareholder	a person who is registered as a holder of Easton Shares
Easton Shares	in each case, one fully paid ordinary share in Easton
Entity	has the meaning given in Section 64A of the Corporations Act



Definitions	Meaning
GST	goods and services tax
ITAA 1997	<i>Income Tax Assessment Act 1997 (Cth)</i>
HUB24	HUB24 Limited ABN 87 124 891 685
HUB24's Proportional Offer or Proportional Offer or Offer	the proportional offer by HUB24, through HUB24, to acquire 1 in every 3 of the Easton Shares that it does not own or control, set out in Section 7 of the Bidder's Statement, or the offers constituting the Takeover Bid made under the Bidder's Statement, and includes a reference to those offers as varied in accordance with the Corporations Act
Marketable Parcel	a holding of a parcel of Easton of not less than \$500 in value based on the closing price of Easton's Shares on ASX on the most recent trading day before the date of acceptance of the Proportional Offer
New Easton Options	are defined in Section 1.3(d)
Offer Information Line	the telephone line for any queries in connection with the Proportional Offer, being 1300 131 678 (for calls made within Australia) or +61 1300 131 678 (for calls made from outside Australia) from Monday to Friday between 8.30am and 5.00pm (Sydney time)
Offer Period	the period during which the Proportional Offer will remain open for acceptance in accordance with the terms and conditions of the Bidder's Statement
Offer Price or Offer Consideration	the consideration offered for Easton Shares under the Proportional Offer, being \$1.20 cash per Easton Share, as reduced by the amount of any Rights which you (or any previous holder of your Easton Shares accepted into the Proportional Offer) become entitled to receive in respect of those Easton Shares accepted into the Proportional Offer on or after the date of the Bidder's Statement, as set out in the Bidder's Statement
Offers	the offers sent to Easton Shareholders constituting the Takeover Bid made under the Bidder's Statement, as varied in accordance with the Corporations Act.
Original Announcement	means Easton's announcement to ASX on 28 October 2020 relating to a series of proposed transactions with HUB24



Definitions	Meaning
Paragem	means Paragem Pty Ltd ABN 16 108 571 875
Paragem Share Sale Agreement	a share sale agreement between Easton and HUB24 dated 20 December 2020 to which Easton will acquire all the issued shares in Paragem and as described in Section 1.3(c)
Paragem Consideration Shares	means 3,333,333 Easton Shares issued to HUB24 in consideration for the acquisition of all the shares of Paragem, a wholly owned subsidiary of HUB24 (refer to Section 1.3(c))
Pre-bid Acceptance Agreements	<p>the pre-bid acceptance agreements dated 20 December 2020 between HUB24 and each of the following persons in relation to Easton Shares they own or control:</p> <ul style="list-style-type: none"> • Kevin White; • Greg Hayes; • Carl Scarcella; and • Grahame Evans, <p>as set out in Section 1.3(b)</p>
Register	the registers of members of the Company maintained in accordance with the Corporations Act.
Register Date	the date set by HUB24 under Section 633(2) to (4) inclusive of the Corporations Act, being 7.00pm (Sydney time) on 14 January 2021
Related Body Corporate	has the meaning given in Section 50 of the Corporations Act
Related Entity	in relation to an entity, any entity that is related to that entity within the meaning of Section 50 of the Corporations Act or which is an entity under the Control of that entity
Relevant Interest	has the meaning given by Sections 608 and 609 of the Corporations Act
Rights	all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of Easton Shares, directly or indirectly, including without limitation all rights to receive dividends (but expressly excluding any franking credits attaching to those dividends), to receive or subscribe for shares,



Definitions	Meaning
	units, notes, options or other shares and to receive all other distributions or other entitlements declared, paid, made or issued by Easton or any entity controlled by Easton. Rights exclude the Special Dividend.
Special Dividend	the special dividend of \$0.05 per Easton Share announced by Easton on 15 December 2020 bearing a record date of 23 December 2020 and paid to eligible Easton Shareholders on 21 January 2021.
Superior Offer	<p>a written bona fide Competing Proposal which the Easton Board acting in good faith and, after having first obtained written advice from its legal and financial advisers, determines is:</p> <ul style="list-style-type: none"> a) reasonably capable of being completed, taking into account all aspects of the Competing Proposal; and b) more favourable to Easton Shareholders than the Proportional Offer, taking into account all terms and conditions of the Competing Proposal.
Takeover Bid or Proportional Offer	the proportional off-market takeover bid by HUB24 described in the Bidder's Statement constituted by the despatch of the Offers in accordance with the Corporations Act
Target's Statement	this document, being the target's statement of Easton under Part 6.5 of the Corporations Act in relation to the Proportional Offer
Tax Associate	has the meaning given to 'associate' in Section 318 of the Income Tax Assessment Act 1936 (Cth)
Technology Partnership and Distribution Agreement	the technology partnership and distribution agreement between HUB24 (or its subsidiary) and Easton (or its subsidiary) dated 20 December 2020 as set out in Section 1.3(d)
Technology Solutions	means any solution consisting of software and other deliverables and/or services that HUB24 must develop, supply and/or install in accordance with the Technology Partnership and Distribution Agreement
Transaction Implementation Deed	the Transaction Implementation Deed entered into between Easton and HUB24 dated 20 December 2020 in relation to the Proportional Offer (an



Definitions	Meaning
	executed copy of this agreement accompanied Easton's ASX announcement of 21 December 2020), as set out in Section 1.3(a)
Transitional Services Agreement	the Transitional Services Agreement between HUB24 (or its subsidiary) and Paragem dated 20 December 2020 in relation to the provision of transitional services following the sale of Paragem to Easton (or its subsidiary), as set out in Section 1.3(e)
Voting power	has the meaning given in Section 610 of the Corporations Act
VWAP	the volume weighted average price of Easton Shares sold on the ASX over the relevant period
your Easton Shares	the Easton Shares in respect of which you are registered or entitled to be registered as holder in the Register as at the Register Date and to which you are able to give good title at the time you accept the Proportional Offer during the Offer Period and any Easton Shares in respect of which you can accept the Proportional Offer in accordance with section 7.4(a) of the Bidder's Statement

10.2 Interpretation

- (a) Unless otherwise defined, words and phrases which are defined by the Corporations Act have the same meaning in this Target's Statement and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- (b) Headings are for convenience only, and do not affect interpretation.
- (c) The following rules also apply in interpreting this Target's Statement, except where the context makes it clear that a rule is not intended to apply:
- (i) a singular word includes the plural, and vice versa;
 - (ii) a word which suggests one gender includes the other genders;
 - (iii) unless otherwise stated references in this Target's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and subparagraphs of this Target's Statement;
 - (iv) a reference to a person includes a body corporate, partnership, joint venture, associate or other entity;
 - (v) a reference to time is a reference to time in Brisbane, Australia, unless otherwise specifically indicated;
 - (vi) a reference to any legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;



- (vii) a reference to a document or instrument includes the document or instrument as novated, altered, amended, supplemented or replaced from time to time; and
- (viii) a reference to \$ is to Australian dollars.

11. Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by all the directors of Easton.

Dated: 25th day of January 2021

Signed for and on behalf of
Easton Investments Limited

by:

Kevin White

Executive Chairman



Corporate Directory

Directors

Kevin White	Executive Chairman & interim Managing Director
John G Hayes	Non-executive Director
Carl Scarcella	Non-executive Director
Grahame Evans	Executive Director

Joint Company Secretaries

Mark Licciardo, Mertons Corporate Services Pty Ltd
Michael Harris, Chief Financial Officer

Principal registered office in Australia

Level 2, 115 Pitt Street
SYDNEY NSW 2000
Telephone: 1300 655 695
Email: info@eastoninvestments.com.au

Share Registry

Link Market Services Limited
Locked Bag A14, Sydney South NSW 1235
Telephone: 1300 554 474
Email: registrars@linkmarketservices.com.au.

Bankers

Westpac Banking Corporation
360 Collins Street
MELBOURNE VIC 3000

Auditors

BDO
Level 11, 1 Margaret Street
SYDNEY NSW 2000

Legal Advisers

Colin Biggers & Paisley
Level 42, 2 Park Street
SYDNEY NSW 2000

Corporate Advisers

Grant Samuel Corporate Finance
Level 6, 1 Collins Street
MELBOURNE VIC 3000