

Via ASX Online**ASX ANNOUNCEMENT – 20 November 2020**ASX Market Announcements Office
ASX Limited**ASX Code: EAS****Divestment of Panthercorp**

The directors of Easton Investments Limited (**Easton** or **the Company**) advise that the Company has entered into a conditional Terms Sheet relating to the divestment of its 100% equity interest in Panthercorp CST Pty Limited (**Panthercorp**) to Sequoia Financial Group Limited (**Sequoia**) for a consideration comprised of \$0.90 million in cash and 2.0 million Sequoia shares, representing an aggregate value of \$1.72 million at the most recent closing price of Sequoia shares (**the proposed sale**).

Panthercorp is a Perth based business which provides a range of corporate and legal documents and was acquired by Easton in 2016 as part of a broader document distribution plan which included the acquisition of a majority interest in Law Central Co. Pty Limited (**Law Central**).

Following a strategic review and a related decision by the Easton Board to focus on core business opportunities where the Company has a strong competitive position, the Board no longer considers Easton to be a natural owner of Panthercorp nor regards its underlying document business to be a core activity.

The sale represents the final step in simplifying the Company's asset holdings following several asset divestments over the last 6 months, including most recently the Company's interest in Law Central – the Law Central divestment was announced to the ASX on 17 November 2020 and is expected to complete in early December 2020.

It is also consistent with the Company's clear growth strategy following the recently announced strategic partnership with HUB24 Limited (**HUB24**) – the HUB24 transaction was announced to the ASX on 28 October 2020 and is to be completed over coming months subject to, amongst other things, the approval of Easton shareholders.

The proposed sale is conditional on several conditions precedent, including due diligence investigations to the satisfaction of Sequoia and the execution of a formal share sale agreement by the respective parties, which is expected to be entered into on or around 18 December 2020 and completed at the end of January 2021 with a 31 December 2020 effective date.

The consideration for the proposed sale is to be comprised as follows:

- A cash component of \$0.90 million, to be paid 50% up-front (\$0.45 million) and 50% at the end of 12 months (\$0.45 million); and
- A share component involving the issue of 2.0 million ordinary, fully paid Sequoia shares.

The proposed sale is expected to give rise to an impairment charge (being a loss on sale) of approximately \$0.6 million, although the charge could be impacted (either up or down) by the market price of Sequoia shares at or around the date of completion.



Notwithstanding this impairment charge, being a one-off, non-cash item, the directors consider this transaction to be in the best interests of the Company and its shareholders for both financial and non-financial reasons, including the ability to re-invest the proceeds of sale in higher growth, core business assets and activities to offset the loss of earnings from Panthercorp, which contributed earnings before interest, tax and amortisation of \$412k in FY20.

Concluding Remarks

The Company has been reshaped and simplified over recent months, repositioned with a much clearer, more concentrated focus on core, growth businesses and with a significantly strengthened balance sheet with no net debt.

Easton is now well placed to focus on and take full advantage of the growth opportunities available across its core accounting and wealth businesses in combination with an important strategic partner in the form of HUB24, a much larger ASX listed company with proven technology development capabilities and with an intent to help reposition Easton with a competitive advantage in the delivery of efficient, cost-effective solutions and services to advisers, accountants and their clients.

Authorised for release by Kevin White, Chairman.

Kevin White
Executive Chairman

Mobile 0403 269 193

Email kevin.white1202@gmail.com