



A / F L E G A L

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29 February 2024

Acquisition of Armstrong Legal's Contested Wills & Estates Practice and \$2.95 million Entitlement offer

- Conditional acquisition of the contested wills and estates practice of Go To Court Lawyers Pty Ltd (**GTC**) trading as Armstrong Legal for an initial purchase price of \$3.004 million plus GST (subject to adjustments) and potential earn-out payments of up to \$0.75 million plus GST.
- Concurrently, AFL is seeking to raise approximately \$2.95 million (before costs) by way of a non-renounceable entitlement offer.

Acquisition of Armstrong Legal's Contested Wills & Estates Practice

The Board of AF Legal Group Limited (**AFL**) is pleased to announce the conditional acquisition by one of its wholly-owned subsidiaries of Armstrong Legal's contested wills and estates practice which manages all aspects of wills and estates disputes including contesting, challenging and defending wills. AFL will acquire the key components of this division of Armstrong Legal's business, being debtors, work-in-progress, client matters and direct staff.

Total consideration for the acquisition is expected to be between \$3.004 million plus GST and \$3.754 million plus GST comprised of an initial purchase price of \$3.004 million plus GST (subject to adjustments), with two potential earnout payments of up to \$375,000 plus GST each, subject to meeting revenue targets and payable after FY24 and FY25 accounts (respectively) have been settled.

The transaction is subject to several conditions precedent, namely:

- draw down under AFL's NAB facility becoming unconditional in accordance with its terms;
- GTC obtaining Westpac's consent to the transaction and encumbrances being released;
- AFL's wholly-owned subsidiary being registered as an incorporated legal practice with a legal practice director appointed covering each of New South Wales, Victoria and Queensland, and obtaining professional indemnity insurance;
- all employees of this division of Armstrong Legal's business accepting offers of employment with AFL's group; and
- there being no material adverse change before completion.

Subject to the satisfaction or waiver of the conditions precedent, the parties are aiming to complete the transaction by 2 April 2024.



The deal is an all-cash transaction with the initial purchase price to be funded by bank debt to be drawn on the recently extended \$9 million NAB finance facility. Part of the proceeds from the Entitlement Offer will be used to partly fund the acquisition, and for integration costs and working capital requirements of the newly acquired business (see further details below).

Further details relating to the acquisition are contained in the accompanying Investor Presentation entitled *"Time to grow, profitably - Acquisition of Armstrong Contested Wills & Estates and \$2.95 million Entitlement Offer"*.

\$2.95 million Entitlement Offer

The Board is also pleased to announce a \$2.95 million Entitlement Offer to issue up to approximately 19.7 million new shares in AFL.

Eligible shareholders of the Company will be invited to participate in a non-renounceable, pro-rata entitlement offer on the basis of 1 new fully paid ordinary share in the Company (**New Share**) at an issue price of \$0.15 per New Share (**Offer Price**) for every 4 existing Shares held as at 7.00pm (Sydney time) on Wednesday, 6 March 2024 (**Record Date**) to raise \$2.95 million (before costs) (**Entitlement Offer**).

The Offer Price of \$0.15 per New Share represents a discount of:

- 13.79% to the TERP¹ of \$0.174 per Share; and
- 16.67% to the closing price of \$0.18 per Share on 28 February 2024, being the last trading day prior to the announcement of the Entitlement Offer.

The Entitlement Offer is being partially underwritten by AF Legal Group CEO Christopher McFadden as trustee for Christoula Superannuation Fund up to an amount of \$250,000. AFL will not pay any underwriting fees to the underwriter. A broker has not been engaged in relation to the Entitlement Offer and no separate placement of shares is being made.

The proceeds of the Entitlement Offer will be used:

- for costs related to the Entitlement Offer (approx. \$0.1 million);
- to partly fund the consideration for the acquisition (approx. \$0.75 million), integration costs (approx. \$0.2 million) and working capital requirements of the newly acquired business (approx. \$0.3 million); and
- to identify and fund future earning accretive acquisition opportunities (approx. \$1.60 million).

¹ Theoretical ex-rights price (TERP) is calculated by reference to the closing price of \$0.18 on 28 February 2024 and includes the New Shares to be issued under the Entitlement Offer.



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Further details relating to the Entitlement Offer are contained in the accompanying Investor Presentation entitled *“Time to grow, profitably - Acquisition of Armstrong Contested Wills & Estates and \$2.95 million Entitlement Offer”*.

Eligible Shareholders will only be those who are shareholders on the share register of the Company as at the Record Date with a registered address in Australia, New Zealand or Singapore.

All New Shares issued under the Entitlement Offer will rank equally in all respects with existing Shares of the Company as of the date of this announcement.

Eligible Shareholders who take up their full entitlement under the Entitlement Offer will have the opportunity to apply for additional New Shares in excess of their entitlement through a shortfall facility (**Shortfall Facility**).

There is no guarantee that Eligible Shareholders who apply for additional New Shares under the Shortfall Facility will receive all or any of the additional New Shares applied for under the Shortfall Facility.

The Entitlement Offer is non-renounceable, and the rights will not be able to be traded on the ASX and will not be transferable.

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Entitlement Offer Booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be despatched on or around Monday, 11 March 2024.

A copy of the Entitlement Offer Booklet will be announced on the ASX and available on the Company’s website.

Indicative Timetable

The indicative timetable for the Entitlement Offer is below.

Event	Date ^(a)
Announcement of Entitlement Offer	Thursday, 29 February 2024
Lodgement of Appendix 3B with ASX	Thursday, 29 February 2024
Ex-date for Entitlement Offer	Tuesday, 5 March 2024
Record Date for determining Entitlements	7.00pm (Sydney time) on Wednesday, 6 March 2024



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Entitlement Offer opens Despatch of Booklet and Entitlement and Acceptance Form to Shareholders	Monday, 11 March 2024
Last day to extend Closing Date	Monday, 18 March 2024
Entitlement Offer closes (Closing Date)	5.00pm (Sydney time) on Thursday, 21 March 2024
Shares quoted on a deferred settlement basis	Friday, 22 March 2024
Announcement of results of the Entitlement Offer	Tuesday, 26 March 2024
Allotment and issue of New Shares under the Entitlement Offer	Tuesday, 26 March 2024
Commencement of trading of New Shares	Wednesday, 27 March 2024
Despatch of holding statements in respect of New Shares	Thursday, 28 March 2024

Notes: ^(a) *The above timetable is indicative only and subject to change. The quotation of Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares. All dates and times in the timetable above are in Sydney, Australia time.*

This announcement has been authorised by the Board of Directors of the Company.