

ASX Announcement & Media Release

Update on Amendments to Debt Covenants

Melbourne, 14 January 2019

Axsesstoday Limited (ASX: AXL) (“Axsesstoday” or the “Company”) refers to its announcements on 17 December 2018 and 4 January 2019 on which it announced that the Circulating Resolutions to Noteholders and Bondholders, respectively, had passed.

Background:

Over the course of the past three months, the Company has executed significant changes to place itself in a stronger long-term position. After completing the strategic review, the Company sought the consent of its Noteholders and Holders of the Simple Corporate Bond to waive covenant breaches and to make the necessary amendments to the lending agreement terms to remove ambiguity in the interpretation of the covenants. The Company received continued support via the consent from the Noteholders and Bondholders, as well as the conditional waivers provided by the Senior Lenders.

The Board and management team, consisting of Dermott McVeigh interim CEO, Joe Flanagan, CFO, and Konrad Pels, acting COO, have been implementing the Company’s capital plan since November. The capital management plan is, at present, focused on raising equity to support the debt in the Company’s capital structure and provide capital for the growth of the portfolio during FY19 and beyond. The raising of equity was delayed by the reissuance of the FY18 Financial Statements due to the disclosed covenant breaches subsisting at 30 June 2018. The delay stretched the process to the holiday period where markets are inactive which has delayed completion.

The Company is seeking, this week, the consent of Noteholders and Bondholders to lift the limit on the ratio of total gearing from 85% to 90%. This gives the company the flexibility to return to compliance with all covenants with an equity raise smaller than previously required and progress through the stabilisation period in early 2019. The capital management plan then anticipates a term out being completed by June 2019 and the potential sell down of the mezzanine Securitisation Warehouse Facility (SWF) note currently held by the Company. Both transactions release equity back to the parent company from the SWF, to be deployed to bring leverage back to 80% and to fund further growth in the portfolio. After commencing the strategic review, the Company deliberately reduced originations as it tightened credit appetite and refocussed on equipment finance to the hospitality and transport sectors. Once the capital raise is completed and with all covenants compliant, the Company can leverage its established introducer network to deliver higher volumes.

The respective Noteholder and Bondholder votes will continue through the middle of January. Noteholders and Bondholders are urged to vote promptly as finalisation of the capital raise is contingent on voting being completed.

Actions taken by Board of Directors and Management

The Board and management team have been active in three key areas: the recruitment of a new managing director, enhancing internal compliance frameworks and implementing the capital management plan. A more detailed update on each of these is located below.

Appointment of new managing director:

A replacement CEO with extensive banking experience has been appointed, conditional on the completion of the capital raise. The prospective CEO has over 10 years' experience in the financial services sector, including leading the commercial lending area of a major bank. Their familiarity with the type of finance provided by the Company is considered a strong asset in leading the Company forward. Upon successful completion of the capital raise, Mr McVeigh would remain with Axesstoday as a consultant for a transition period.

Strengthening of governance and internal controls:

External legal counsel has been engaged on a retainer basis to provide guidance on the Company's ongoing compliance with its funding agreements. The Company is in the process of recruiting a General Counsel with significant banking and finance experience. The Company has also recently recruited a Compliance Manager with over a decade of experience at a major bank, as well as an acting Chief Operating Officer with a strong business operations improvement background.

The Company already had in place a Credit Committee involved in the assessment of large and complex deals, setting credit policy and providing oversight of the management of credit risk across the business. The structure of the Credit Committee was recently amended to enhance its independence and effectiveness. The amendments included the adoption of a new Board-approved charter, the widening of executive participation in the committee, and a review and update of the Company's credit policy. The Credit Committee is accountable to the Board and members must be appointed from among management by the Board.

The Company maintains its focus on continuous technology improvement. It is expecting to implement an updated version of its Loan Origination System and Core Banking platform over the course of this financial year. The upgrade will provide further significant operational efficiencies, operational controls and reporting enhancements that will ensure the Company has the necessary tools to manage compliance requirements effectively in the future.

Progress on capital management plan:

Under the Company's revised capital management plan, it has suspended dividend distributions and initiated an equity raise to provide further support to the capital structure. The capital management plan has been constructed to target ongoing compliance with all debt facilities and funding for future receivables growth. The plan focuses on the use of securitisation term outs to debt investors to optimise debt funding and, over time, reduce leverage in the Covenant Group.

Next steps

The Company thanks its shareholders, Noteholders, Bondholders, external advisers and employees for their continued support and patience over the past several months and looks forward to providing further updates over the course of the month as the equity raise process progresses.

Yours sincerely

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CFO and Company Secretary

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About Axesstoday

Axesstoday Limited (ASX: AXL) ("Axesstoday" or the "Company") is a specialist provider of funding solutions for small to medium sized enterprises (SMEs) in the hospitality, transport and other sectors. The Company has continued to achieve strong growth since commencing operations in 2012 by providing a compelling and differentiated value proposition for merchants to offer finance to their end customers.