



1 November 2024

E&P 2024 Extraordinary General Meeting

ASX Announcement

In accordance with ASX Listing Rule 3.13.3, E&P Financial Group Limited (the **Company** or **EP1**) attaches the following in respect of its 2024 Extraordinary General Meeting (**EGM**) to be held today, 1 November 2024 at 9:00am (AEDT).

1. Non-Executive Chairman's Address and Managing Director & CEO's Address; and
2. 2024 Extraordinary General Meeting Presentation

This announcement has been approved by the Company Secretary of E&P Financial Group Limited.

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About E&P Financial Group Limited

E&P Financial Group is an Australian Securities Exchange listed financial services group. In E&P Wealth we service approximately 7,400 clients, representing \$29.4 billion in funds under advice. In E&P Capital we are an advisor to many leading Australian institutions through the provision of research, institutional sales and trading, corporate advisory, equity capital market and debt capital market services. In E&P Funds, we manage \$2.2 billion of assets across international equities and private equity.

Chairman's Address to 2024 Extraordinary General Meeting

David Evans, Non-Executive Chairman, E&P Financial Group Limited

I am pleased to be able to meet with many of you today and thank you for your attendance with us in person and online today.

Today's Extraordinary General Meeting has been called for Shareholders to consider a number of resolutions, most notably to remove the Company from the Official List of the ASX.

The Company announced on 24 September 2024 that it formally applied to the ASX to be removed from the Official List. The ASX require that the Company's request for delisting be approved by a special resolution of Shareholders.

Should the proposed delisting be approved by Shareholders, the Company has put forward a resolution to conduct an Equal Access Buy-Back of up to \$25 million in acknowledgement that some Shareholders may not wish to remain invested in an unlisted company.

Further resolutions tabled today relate to the issuance of Convertible Notes and Options to Directors under the wholesale placement announced on 24 September 2024 which will be used to fund the Equal Access Buy-Back proposed under Resolution 2. The resolutions put forward today reflect a carefully considered approach to facilitate the proposed delisting, while providing an opportunity for Shareholders that wish to exit the register using an efficient mechanism to do so.

As outlined in the Notice of Extraordinary General Meeting, Explanatory Statement and Supplementary Disclosures, for various financial and non-financial reasons, the Board believes that the Group's medium to long-term strategic objectives would be best pursued as an unlisted entity.

The EP1 share price has been impacted by a sustained lack of equity market support, and trading illiquidity has restricted Shareholders from realising the value of their investments and limited new investors from joining the register.

The Board considers that the trading price of the Company's shares in recent years implies a valuation that has been, and remains, consistently and materially below the Board and management's view of the Company's fundamental value and also significantly below that of the Company's peers.

In the absence of any significant demand for EP1 shares, relatively small parcels of shares sold on-market have often resulted in disproportionate impacts on the share price. In the Directors' view, this has, in part, seen the price of EP1 shares disconnect from the underlying fundamentals of the Company.

Further, there are material direct costs incurred in remaining listed on the ASX as well as the indirect costs associated with the Board and senior management's focus required for maintaining compliance of a listed company. In an unlisted environment, this focus can be better directed to other, value accretive opportunities.

Resolution 2 relates to the equal access off-market share buy-back of up to 48,076,923 shares at a price of \$0.52 per share, conditional upon Shareholders voting to approve Resolution 1. The Buy-Back will provide Shareholders with the opportunity to partially or wholly realise their investment at a material premium to the Volume Weighted Average Price of EP1 shares traded on ASX in the months prior to release of the Notice of Meeting.

It is important to note that the inclusion of the Buy-Back as part of the Delisting was not a condition imposed by ASX in approving our application to the Exchange to delist EP1.

The Buy-Back was deliberately included in the structure to ensure that Shareholders wishing to exit have the ability to do so in an efficient and orderly way if they do not want to remain invested in an unlisted environment.

At the same time, Shareholders can maintain their shareholding by simply not participating in the Buy-Back.

The delisting has been a key priority of our Board. Consistent with the long-term strategic objectives of the Company, the Board believes that the Company will be in a better position to achieve its next phase of growth. I note that the Board recognises that many of the objectives set out at the IPO in 2018 were not achieved, and that the period following listing was marked by several challenges and presented the company with legacy issues we strove to resolve. However, I reiterate the comments made in the 2024 Annual Report that we feel the Company has a real platform of growth to build upon. It is the Board's firm belief that this can be better achieved once the business has delisted.

Should the proposed delisting proceed, it will not reflect a reduction in the engagement with our Shareholders but instead, we hope, reflect the beginning of a new period for the Company centred on growing our core offering, focusing on the premium service we deliver our clients, and generating much improved returns for our Shareholders.

I will now hand over to our CEO and Managing Director, Ben Keeble, to address the Proposed Delisting and Buy-Back in detail.

Managing Director and CEO's Address to 2024 Extraordinary General Meeting

Ben Keeble, Managing Director and Chief Executive Officer, E&P Financial Group Limited

Thank you, David, and good morning Shareholders.

Proposed Delisting from ASX

As David has noted, the Board has concluded that the benefits of being listed on ASX are materially outweighed by the potential benefits of delivering the next phase of growth in an unlisted environment. The rationale for pursuing the delisting is outlined in detail in the Notice of Meeting, Explanatory Statement and Supplementary Disclosures.

Firstly, in recent years the EP1 share price has experienced a sustained negative impact as a result of regulatory proceedings and class action litigation. The past few months have illustrated that the lack of equity market support has remained in spite of the resolution of these legacy issues.

EP1's shares are also highly illiquid, making it challenging for new investors to join the register and for existing Shareholders to realise value for their shares.

There are also no immediate prospects of index inclusion, nor any sell-side broker coverage.

The ongoing administrative, compliance and direct costs associated with maintaining the listing of the Company's shares on the ASX are disproportionate to the benefit obtained by remaining listed. We estimate that the Company incurs approximately \$2.5 million in annual direct costs associated with being listed on ASX and further indirect costs of management and board time and effort in maintaining listed compliance at the expense of prosecuting commercial opportunities.

Finally, the Board considers that the Company will have greater flexibility to pursue and execute value enhancing strategic opportunities following the proposed delisting, and the Group has limited requirements for incremental capital.

Off-Market Equal Access Buy-Back

Alongside the proposed delisting, the Board has also proposed to conduct an equal access off-market share Buy-Back at a price of \$0.52 per share, conditional on the delisting being approved by Shareholders.

Acknowledging that there may be some Shareholders who do not want to remain on the register in an unlisted environment, the Buy-Back will provide Shareholders with the opportunity to partially or wholly exit their investment at a material premium to recent trading.

The Buy-Back Price of \$0.52 per share represents a material premium to the price and VWAP of the shares traded on the ASX immediately prior to the announcement of the proposed Buy-Back. It represents:

- an 18% premium to the VWAP of shares traded in the three-month period prior to 16 September 2024; and
- an 11% premium to EP1's net assets per share at 30 June 2024.

I also note that the Buy-Back Price is a 9% premium to yesterday's closing price of \$0.475 per share.

The Company sought and obtained technical relief from ASIC for the Buy-Back to be treated as an equal access scheme rather than a selective access scheme.

The effect of the ASIC Relief is that in the event of a scale back, eligible Shareholders holding a parcel of shares of less than the applicable Scale Back Threshold of \$30,000 will have the ability to sell their entire parcel of shares

without application of the scale back. This will be particularly beneficial to those Shareholders with smaller holdings who may seek to exit their investment in full if the delisting and Buy-Back resolutions are approved.

Operating in a Delisted Environment

Operation and business of the Company as an unlisted entity

If the proposed delisting proceeds, the Board is committed to operating in an unlisted environment with similar principles of transparency, accountability, and ethical conduct that would be expected of a company listed on ASX.

The Company intends to maintain rigorous governance practices, ensuring that decision-making processes are inclusive and informed, while actively engaging with stakeholders to uphold their interests. The Board's focus will be on sustaining performance and driving long-term value creation, reflecting a commitment to excellence and responsibility, regardless of the Company's listing status.

There are no current plans for the composition of the Board of the Company to change should the Proposed Delisting proceed and it should be noted that as an unlisted public company, the appointment of any new directors will remain subject to Shareholder approval.

Should the proposed delisting proceed, the Company currently expects that it will commission an independent valuation of the shares no less than semi-annually. This valuation will inform, but not bind, the Board for the purposes of capital management. The Board's current intention is to commission the first valuation following completion of the Company's audited financial results for the year ended 30 June 2025.

Recognising that liquidity is important to our Shareholders, the Company continues to explore the potential to provide shareholders with future access to liquidity via third party platforms.

On 21 October 2024, the Company announced that it has entered into a non-exclusive non-binding heads of agreement with FinClear under which the Company and FinClear intend to consider potential terms upon which shares may be onboarded to the recently announced FCX Liquidity Venue to facilitate periodic trading opportunities for shareholders and wholesale investors. Whilst the Heads Of Agreement does not prohibit the Company from considering potential alternative providers of trading platforms for unlisted securities, the Company and FinClear intend to progress discussions with an aim to reaching mutually acceptable terms if the Company determines that the FCX Liquidity Venue, once fully operational, can assist the Company with meeting its future liquidity objectives.

Governance of the Company as an unlisted entity

Once delisted, the Company intends to adopt ASIC's 'Good practice guidance for website disclosure'. This will provide Shareholders with easy access to material information to assist them with making informed investment decisions. Once delisted, the Company proposes to include a prominent link on its website to a location where it will make timely publication of material disclosure. The Company also intends to establish a mechanism for Shareholders to choose to receive electronic alerts of the disclosure of material information.

As is the case currently, the company will continue to be required to cleanse the market with material disclosures ahead of any liquidity events.

As announced on 9 October, should the proposed delisting proceed, the Company intends to propose the adoption of a new constitution at its next annual general meeting. The Board proposes to enshrine in that new constitution specific protections afforded to Shareholders of listed companies by the ASX Listing Rules. At a high level, these are envisaged to include clauses that are analogous to a number of Listing Rules provisions and exceptions, including:

- a) imposing a 15% 'placement capacity' on the Company;
- b) Shareholder approval for certain issues of securities to Directors and other related parties;
- c) obtaining Shareholder approval for changing the nature and scale of the Company's activities or disposing of its main undertaking; and
- d) approval from Shareholders for certain acquisitions or disposals to related parties.

Capital Raisings

As outlined within the Notice of Meeting and Explanatory Statement, in light of the current illiquidity of the Company's shares traded on ASX, and less frequent trading opportunities post delisting, the Board recognised that, absent a pre-delisting liquidity mechanism, the proposed delisting would likely mean that some Shareholders may be forced into an unlisted environment.

Therefore, and notwithstanding that it was not a condition imposed by ASX, the Board determined it appropriate to provide Shareholders an opportunity to sell down their Shareholding, in part or potentially in full, through the Buy-Back prior to completion of the proposed delisting. Subject to approval today, the Buy-Back will facilitate a liquidity opportunity for existing investors which may not otherwise be readily available.

Having regard to the shareholder register and the ability for the Company to raise capital, the Company assessed that a buy-back of \$25 million represents an appropriate balance between debt and equity and provision of a broadly accessible exit opportunity for those Shareholders who do not want to remain on the Company's register in an unlisted environment, or who want to remain but with a reduced holding.

Because the Company does not have the financial resources to execute a \$25 million Buy-Back without additional capital, the Company raised a combination of debt and equity to fund it.

In order to limit the dilutive impacts of a typical equity raising, the equity raising was originally structured as a placement of Notes conditional upon the delisting and Buy-Back resolutions at the EGM, with the Notes mandatorily converting to ordinary shares at a significant premium to recent trading. The conditionality was included to mitigate Shareholder dilution should the Delisting resolution not be approved by Shareholders.

As announced on 9 October, the Board unanimously decided to decouple the Placement from the Proposed Delisting by making the Placement unconditional. The decoupling was determined following feedback from ASX that notwithstanding ASX's previous 'no objection' confirmation regarding the Notice of Meeting and Explanatory Statement, ASX had intended to exercise its discretion under ASX Listing Rule 14.11.2 that all participants in the Placement who are existing Shareholders, including their associates, should be excluded from voting in favour of Resolution 1.

Despite the Company disagreeing with the ASX's view that the passing of Resolution 1 would bestow a material benefit upon the Placement participants, the Board decided to remove the Placement's conditionality on the delisting.

The Board sees this delisting as an important strategic step for the Company and wants to ensure that all Shareholders have the right and opportunity to vote on this significant resolution. In addition, the Board does not want to disadvantage those Shareholders wishing to reduce their holding in the Company, and the retention of the Placement is critical to operating a Buy-Back at the \$25 million capacity. The result of the Decoupling is that the Placement is no longer conditional on the passing of Resolution 1 or Resolution 2.

The Placement settled yesterday and the Notes and options were issued today.

Furthermore, as advised in the Notice of Meeting and Explanatory Statement, if the delisting occurs, and subject to the level of participation in the Buy-Back, the company intends to explore a potential future capital raising, which is currently expected to be in the form of an entitlement offer which may be launched following the release of the Company's FY25 half year results.

The proceeds of the future capital raising would be used to refinance the debt facility drawn upon to partially fund the Buy-Back and it would provide an opportunity for all Shareholders who remain on the Company's share register to participate. The offer which is currently expected to raise a minimum of \$5.0 million and a maximum of \$12.5 million is anticipated to be on broadly the same economic terms as the Convertible Notes.

Closing Remarks

Finally, I'd like to conclude with some closing remarks.

As David touched upon earlier, the Board believes that the Group's medium to long-term strategic objectives would be best pursued as an unlisted entity. The delisting has been a key priority of our Board and, consistent with the long-term strategic objectives of the Company, is expected to position the business well to achieve its next phase of growth.

The approach undertaken in structuring the elements of this transaction were carefully considered by the Board and senior management team to facilitate the proposed delisting while providing Shareholders that wish to exit the register with the maximum available opportunity to do so, and in the process further strengthening the level of staff ownership and engagement which will be to the benefit of continuing shareholders.

Finally, we note that there is no compulsion for Shareholders to participate in the Buy-Back. The Company welcomes all Shareholders' continued participation on the register. We look forward to continuing to engage with our shareholder base once delisted and will continue to strive to deliver greater shareholder value.