



24 September 2024

EP1 completes conditional placement of \$12.5 million convertible notes

ASX Announcement

Highlights

- Successful completion of a \$12.5 million conditional placement of 125,000 convertible notes at a face value of \$100 per note, mandatorily convertible into fully paid ordinary shares at a conversion price of \$0.52, together with free-attaching options
- Placement made to wholesale investors, including over 90 EP1 executives (representing a majority of the commitments), EP1 Directors and Mercury Capital
- Proceeds to be used to partly fund an off-market equal access buy-back, subject to shareholder approval

E&P Financial Group Limited (ASX: EP1) (**EP1** or **Company**) is pleased to announce that it has received binding commitments for 125,000 convertible notes (**Notes**) and 12,019,277 free-attaching options in the Company by way of a conditional placement to wholesale investors to raise \$12.5 million.

The Notes will be mandatorily convertible into fully paid ordinary shares at a conversion price of \$0.52. Once converted, the Notes will result in the issue of 24,986,878 fully paid ordinary shares, and if fully exercised, the options will result in the issue of 12,019,277 fully paid ordinary shares.

A total of \$12,040,000 has been committed using EP1's existing placement capacity under ASX Listing Rule 7.1 (**Tranche A**). The remaining \$460,000 has been committed under conditional agreements to issue in aggregate 4,600 convertible notes and 442,309 free-attaching options to EP1 non-executive director Sally McCutchan, and executive directors Tony Johnson and Ben Keeble (**Tranche B**).

The settlement of both Tranche A and Tranche B are expected to occur on 1 November 2024 and are subject to, and conditional upon, the Company's shareholders approving the following at an extraordinary general meeting to be held on 24 October 2024 (**EGM**):

1. a delisting of EP1 from the official list of the ASX; and
2. an off-market equal access buy-back for up to \$25,000,000 (**Buy-Back**).

In addition, Tranche B, being agreements to issue securities to related parties of the Company, are also subject to separate shareholder approval at the EGM under ASX Listing Rule 10.11. Full details of the EGM and capital management initiatives have been released by the Company today in a separate announcement.

Proceeds of the placement will be used to partly fund the Buy-Back (subject to demand and subject to shareholders approving the Buy-Back). Participants in the placement who are existing shareholders of EP1 have undertaken not to participate in the Buy-Back.

A summary of material terms of the convertible notes and attaching options are annexed to this announcement.

This announcement has been authorised for release by the Board of E&P.

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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.

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Appendix A – Summary of the Convertible Notes and Option Terms

Convertible Note Terms

Issuer	E&P Financial Group Limited ACN 609 913 457 (Company)
Type and class of securities	Convertible Notes, unsecured, unsubordinated, interest-bearing
Quotation	The Convertible Notes will be unlisted and not quoted on ASX
Maturity Date	1 May 2025, or if that date is not a Business Day, the following Business Day
Issue Date	1 November 2024, with issue subject to and conditional upon Company shareholders approving the following at an extraordinary general meeting on 24 October 2024: (a) a delisting of EP1 from the official list of the ASX; (b) an off-market equal access buy-back for up to \$25M; and (c) in respect of the issue to Directors only, shareholder approval under Listing Rule 10.11.
Face value payable per Convertible Note	\$100
Conversion Price	\$0.52
Accrued Interest	Interest is payable by the Company at 8% p.a. (Interest Rate) calculated as follows: $\frac{A \times B}{365}$ A = Face Value paid for the total number of Convertible Notes held by Noteholder; and B = Interest Rate Interest accrues daily from and including the date of issue, up to and including the earlier of the day before conversion or redemption of the Convertible Notes. Interest will not accrue past the Maturity Date
Payment of interest	If Convertible Notes convert, accrued interest at conversion will be included in calculating the entitlement to the number of fully paid ordinary shares (Shares) on conversion. If Convertible Notes are redeemed, the Company must pay the accrued interest in cash on redemption date
Conversion	On the earlier of Maturity Date and the occurrence of a Change of Control Event (subject to applicable laws and the Company having obtained requisite shareholder approval for a delisting), all Convertible Notes held and outstanding by the holder of a Convertible Note (Noteholder) will automatically be converted into Shares in accordance with the formula below

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Conversion Formula	<p>The number of Shares to be issued on conversion is as follows:</p> $\frac{A}{B}$ <p>where:</p> <p>A = total of the Face Value paid for Convertible Notes plus accrued interest (if any); and</p> <p>B = Conversion Price</p>
Redemption	Convertible Notes are redeemable at the election of the Noteholder, with the Noteholder providing the Company with 60 days' notice following certain events of default. Upon redemption, the Company must pay the Face Value for the total number of Convertible Notes held by that Noteholder plus any accrued interest.
Transfer	Convertible Notes may not be transferred, except to an investor to whom an offer of securities does not need disclosure by reason of section 708(8), 708(10) or 708(11) of the Corporations Act 2001 (cth) and subject to certain conditions, including the prior written approval of the directors (which may be delayed or withheld in their discretion).
Change of Control Event	<p>If the Company is removed from the official list of the ASX (Delisting), each of the following events is a Change of Control Event:</p> <ul style="list-style-type: none"> (a) a full takeover bid being made for the Shares in accordance with the Corporations Act 2001 (cth) and the bidder becomes the registered holder of more than 50% of the issued Shares; (b) a scheme of arrangement between the Company and its shareholders is undertaken in accordance with the Corporations Act which, if implemented, would have a similar effect as a full takeover bid, and the scheme of arrangement is approved by the requisite majorities of the Company's shareholders at the scheme meeting and is approved by a court of competent jurisdiction; (c) the requisite majority of the Company's shareholders at a general meeting approving the sale, transfer, exclusive license or other disposition in a single transaction or a series of related transactions (but not including a transfer or disposition by pledge, mortgage or terms of other security interest to a bona fide lender) of all or substantially all of the assets of the group taken as a whole (other than to the Company or a wholly-owned subsidiary of the Company or a solvent restructure of the group), including as a result of the liquidation or winding up of one or more of the Company and its subsidiaries; or (d) any other transaction or series of related transactions, which has the same substance and effect as any of sub-paragraphs (a) to (c) above.
No conversion in breach of applicable laws	The Company need not convert such number of Convertible Notes if it would result in a person acquiring voting shares in the Company in breach of section 606 of the Corporations Act where none of the exceptions apply, or a person acquiring shares in the Company where some other consent or approval is required by law and which has not been obtained.
Reconstruction	If the Company reorganises or reconstructs its share capital, the Conversion Price will be adjusted so as to place the Noteholder in substantially the same economic position as it would have been in if the reorganisation or reconstruction event had not occurred.

Option Terms

Issue Price	No monetary consideration payable upon issue of an Option.
Entitlement	An Option entitles the holder to acquire by way of issue one Share on the exercise of the Option.
Exercise Price	\$0.52.
Expiry Date	31 October 2029.
Exercise Period	An option may be exercised at any time on or before 5.00pm (Melbourne time) on 31 October 2029 (Expiry Date), following the 'Conversion Date', being the date on which Shares are issued on conversion of the Convertible Notes.
Shares issued	Shares issued on exercise of an Option will rank equally in all respects with the then issued Shares.
No exercise in breach of laws	An Option may not be exercised if it would result in a person acquiring voting shares in the Company in breach of section 606 of the Corporations Act where none of the exceptions listed in section 611 of the Corporation Act apply, or a person acquiring shares in the Company where some other consent or approval is required by law and which has not been obtained.
Reconstruction	If at any time the issued capital of the Company is reconstructed (other than as part of any capital management initiative (meaning the Buy-Back, the Delisting, and the non-marketable parcel facility) all rights of a holder of Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements attached to the Options.
Bonus issue	If, before the expiry of any Options, the Company makes a pro rata issue of Shares for no consideration (Bonus Issue), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue.
Voting	Holders of Options have no voting rights until the Options are exercised and the Shares issued on exercise of those Options.