



A / F L E G A L

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14 October 2024

## Acquisition of Armstrong Legal's Criminal and Family Law Practices and the armstronglegal.com.au website

- Conditional acquisition of the criminal and family law practices of Go To Court Lawyers Pty Ltd (**GTC**) trading as Armstrong Legal, certain related business assets of GTC Legal Pty Ltd (**GTC Legal**), and the armstronglegal.com.au website, for an initial purchase price of \$2.25 million plus GST, subject to adjustments predominantly relating to debtors and work-in-progress less employee leave liabilities.

### Acquisition of Armstrong Legal's Criminal & Family Law Practices and armstronglegal.com.au website

The Board of AF Legal Group Ltd (**AFL**) is pleased to announce the **conditional acquisition** by its wholly-owned subsidiaries of **Armstrong Legal's criminal and family law practices and the armstronglegal.com.au website**. The buyers will acquire the key components of these divisions of Armstrong Legal's business, being debtors, work-in-progress, client matters and direct staff. AFL's subsidiary will also acquire the armstronglegal.com.au website, various Armstrong Legal trademarks, the registered business name and associated intellectual property.

**Total consideration** for the acquisition is an initial payment of **\$2.25 million** plus GST, with a subsequent adjustment for debtors and work-in-progress less employee leave and some other minor miscellaneous adjustments. The deal requires no further earnout payments. AFL has agreed to guarantee the obligations of its wholly-owned subsidiaries as buyers under the sale agreement. The obligations of the sellers will be guaranteed by GTC Legal Group Holdings Pty Ltd.

Annualised projections for the acquired businesses are for annual **revenue in the order of \$3.3 million** with a **NPBT attributable of approximately \$700,000 after interest charges**.

The **transaction is subject to several conditions precedent**, namely:

- draw down under AFL's NAB facility becoming unconditional in accordance with its terms;
- GTC and GTC Legal each obtaining Westpac's consent to the transaction and encumbrances being released;
- AFL's wholly-owned subsidiaries each being registered as an incorporated legal practice with a legal practice director appointed in New South Wales, and each wholly-owned subsidiary obtaining professional indemnity insurance;
- key employees of the relevant divisions of Armstrong Legal's business accepting offers of employment with AFL's group;
- execution of ancillary transaction documents; 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 28 October 2024**.





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The deal is an **all-cash transaction** with the initial purchase price to be funded by bank debt to be drawn on our \$9 million NAB finance facility.

The acquisition is **consistent with our stated growth strategy** and represents a move into **our third area of law**, being criminal law. **We are now diversified across family law, contested wills and estates and criminal law.**

All three sectors have good prospects for continued organic growth. Criminal law is currently confined to NSW but we will look to expand into other states in the short to medium term. All three sectors are characterised by the absence of significant national players.

Additionally, the acquisition includes the **armstronglegal.com.au website** which is one of the nation's premier sources of search activity and resultant lead volume across the three areas of law we now operate across.

We will release a brief presentation during the week ending 18<sup>th</sup> October 2024 to provide more detail on the rationale for the deal and some of the key benefits and opportunities presented by it.

This announcement was approved for release to the ASX by AFL's Board of Directors.

- ENDS -

For any questions, please contact:

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