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AFH Financial Group Plc
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AFH FINANCIAL GROUP PLC
("AFH" or the "Company")

ACQUISITION OF DAVISONS FINANCIAL MANAGEMENT LIMITED

The Board of AFH, a leading financial planning led investment management firm, is pleased to announce the acquisition of Davisons Financial Management Limited ("DFM") an IFA based in Devon. The advisers of DFM joined AFH on completion of the acquisition.

DFM is the financial planning division of Davisons Chartered Accountants ("DCA"), a rapidly expanding practice in Devon and will continue as a trading style of AFH. The DCA accountancy practice will continue to act as an introducer.

Under the terms of the acquisition, the maximum consideration payable by AFH is £2,856,000 based on the profitability of DFM over the next 24 months.

The consideration for the acquisition is to be satisfied through a combination of cash and the issue of new ordinary shares in AFH (the "Consideration Shares") over a 24 month earn out period. The initial consideration has been satisfied by a cash payment upon completion of £1,071,000, funded from the Company's existing cash resources, together with the issue of 71,915 Consideration Shares at a price of 146p (the "Initial Consideration Shares"), being the average mid-market price of AFH's ordinary shares during the 5 business days prior to completion.

Further deferred consideration of up to £1.68 million will be payable, of which no more than £945,000 will be settled in cash with the balance to be settled through the issue of Consideration Shares. These are to be issued at the average mid-market price of AFH's ordinary shares during the 5 business days prior to each payment date over the next 27 months in two tranches and dependent upon set performance criteria of DFM over the period. The Consideration Shares will subject to a 36 month lock-in from the date of issue.

The acquisition of DFM is the thirteenth acquisition by AFH since the Company listed on AIM in June 2014.

Application has been made for the admission of the Initial Consideration Shares to trading on AIM ("Admission"). The 71,915 Initial Consideration Shares will rank *pari passu* in all respects with the existing ordinary shares of the Company. The Initial Consideration Shares are expected to be admitted to trading on AIM on 11 August 2015.

Following the issue of the Initial Consideration Shares, the issued share capital of the Company will comprise of 20,105,819 ordinary shares of 10 pence, each with one voting right. The Company does not hold any ordinary shares in treasury. Therefore the total number of ordinary shares and voting rights in the Company is 20,105,819.

Following Admission, the above figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their

interest in, or change to their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Commenting, Alan Hudson, Chief Executive of AFH, said:

"I am pleased to welcome current Managing Director of DFM, John Wright and his team to AFH and look forward to developing the existing relationship with DCA to drive the expansion of AFH in the South West region. The structure of this deal, which enables the vendors to participate in any future uplift in revenue and profitability through the issue of the Consideration Shares and will be held for a minimum period of three years, reflects their belief that the sector has significant potential and that our business model is value enhancing."

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