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3 March 2021

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ACQUISITION UPDATE – UK COMMERCIAL BROKING ACQUISITIONS

PSC Insurance Group Limited (PSC) (ASX: PSI) is delighted to announce that it has entered into agreements to acquire two UK based commercial (SME) broking businesses, as follows:

1. The acquisition of 100% of the share capital of Trust Insurance Services Ltd (Trust) for a base consideration of approximately £15.5 million (excluding net assets) (approximately A$28 million equivalent).
2. The acquisition of 100% of the share capital of Abaco Insurance Brokers Ltd (Abaco) for a base consideration of £21.0 million (excluding net assets) (approximately A$38 million).

Managing Director of PSC Tony Robinson said:

"These acquisitions are consistent with our goal of building a significant presence in the commercial broking market outside of London. It is an area we understand and believe we can help drive growth.

Both businesses are excellent inclusions into PSC bringing both great people into the Group and generating strong returns.

We are very pleased to welcome Geoff and his team at Trust. They have built a wonderful business over the years and PSC has seen this first hand, having worked with them for many years.

We are also very pleased to welcome John and his team at Abaco into the PSC Group. Their business has grown strongly over recent years and their expertise will greatly add to the Group.

Both businesses have strong expertise in particular areas that we believe we can help grow and that will benefit the wider PSC Group."

Financial Impact of the Acquisitions

The acquisitions are expected to generate a combined incremental annual EBITDA of approximately £4.0 million (approximately A$7.2 million equivalent) for the Group.

Post these acquisitions, UK direct commercial broking operations of the Group will comprise Leicester based brokers Turner Insurance Services and Abaco Insurance Brokers, Croydon based Absolute Insurance Brokers and Northampton based Trust Insurance Services, with a combined GWP of approximately £70 million and revenue of approximately £12 million. This places the Group well to achieve scale benefits and additional services for our clients in an increasingly integrated offering.

Funding for the acquisitions will be via the Group's existing cash resources.

The acquisitions are conditional upon approvals by the UK Financial Conduct Authority.

Details on the consideration and operations for each acquisition are noted below.

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Trust Insurance Services

Formed in 1992, Trust is an independent commercial insurance broker located in Northampton, England. The business services clients in both the United Kingdom and The Republic of Ireland.

Trust focusses on a specialised offering to the arboriculture, forestry and landscaping industries. This has helped deliver strong revenue and earnings growth over the years, and we believe that Trust's specialism will help deliver future growth opportunities, not just within the Trust business itself, but also across the wider PSC Group.

The key principal is well known to PSC as a result of Trust having utilised the wholesale broking services of PSC's London based Carrolls for a number of years. Along with its 9 staff, the principal will be remaining in this business, and will help drive PSC UK's direct commercial broking strategy more generally.

The purchase price is payable in three tranches as follows:

- On completion: 70% of the purchase price (£10.86 million) payable upon completion in the form of £7.8 million in cash and £3.1 million in fully paid ordinary shares in PSC (Shares).
- Year 1 Payment: 15% of the purchase price (£2.33 million) payable in cash.
- Year 2 Payment: 15% of the purchase price (£2.33 million) payable in cash. This final tranche will be subject to an upward or downward adjustment based on the difference between actual year 2 EBITDA and the estimated EBITDA figure at completion.
- Shares will be issued to the vendors to facilitate the scrip component of the First Tranche of the purchase price at an issue price to be determined at the time of completion, which will be based on FX conversion rate and five day average share price at the time of completion.
- All Shares issued under the agreement will be subject to escrow restrictions for 2 years from the Completion Date.

Abaco Insurance Brokers

Formed in 2011, Abaco is an independent insurance broker located in Leicester, England with 32 staff. The business is a leading general insurance broker, with a growing focus on insurance services to the property management (strata) industry, alongside some niche offerings that will add opportunity to the wider PSC Group.

The acquisition brings numerous benefits to the Group, including:

- The management team at Abaco are highly experienced, with the business exhibiting strong growth with the expansion of its property management business.
- Natural growth opportunities for our Carrolls wholesale business, given Abaco access a number of other providers.
- With the Group's existing Turner Insurance Services business, we will be the dominant broker in Leicester, providing increased operational flexibility.

The purchase price is payable in three tranches as follows:

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- On completion: 70% of the purchase price (£14.7 million) in the form of approximately £10.3 million in cash and approximately £4.4 million in fully paid ordinary shares in PSC (Shares).
- Year 1 Payment: 10% of the purchase price (£2.1 million), payable in cash (approximately £1.5 million) and in Shares (approximately £0.6 million). PSC have the ability to pay all of this tranche in cash under certain conditions. This tranche will be subject to an upward or downward adjustment based on the year 1 EBITDA.
- Year 2 Payment: 20% of the purchase price (£4.2 million), payable in cash (approximately £3.0 million) and in Shares (approximately £1.2 million). PSC have the ability to pay all of this tranche in cash under certain conditions. This tranche will be subject to an upward or downward adjustment based on the year 2 EBITDA.
- Shares will be issued to the vendors at an issue price to be determined at the time of issue, which will be based on FX conversion rate and five day average share price at the time of issue.
- All Shares issued under the agreement will be subject to escrow restrictions for up to 2 years from the issue date.

Please direct any queries to Tony Robinson, Managing Director on 0407 355 616 or Joshua Reid, Chief Financial Officer on (03) 8593 8303.

Authorised for release by the PSC Insurance Group Ltd Board to the ASX:



Stephen Abbott

Company Secretary

Forward looking statements

This announcement contains forward looking statements. All statements that address events or developments that we expect or anticipate will or may occur in the future are forward looking statements. These forward looking statements are based on the Board or management's beliefs and expectations based on information currently available to the Board and management. The Company believes that these forward looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward looking statements which are inherently uncertain. We do not undertake any obligation to publicly update or revised any forward looking statements whether as a result of new information, future events or otherwise except as required by law or the ASX Listing Rules. Forward looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience, or our present expectations or projections.