

## MARKET RELEASE

16 November 2023

### **Steadfast Group is pleased to announce the acquisition of Sure Insurance underwriting agency, a FY24 trading update and guidance upgrade, and a \$280 million fully underwritten Institutional Placement with an accompanying non-underwritten Share Purchase Plan including eligible retail shareholders**

#### **Acquisition of Sure Insurance**

Steadfast Group has today entered into an agreement to acquire 70% of the equity interest in Combined Agency Group Pty Limited, trading as Sure Insurance ("Sure Insurance"). Sure Insurance is a rapidly growing underwriting agency providing home and contents insurance in regional Queensland, Australia.

In summary:

- Transaction consideration comprises a fixed non-refundable upfront cash payment of \$148.8 million plus two potential earn out payments based on FY24 and FY25 performance, payable at the end of each year (calculated as 10.333x EBITA)
- Put & call option arrangement for up to two thirds of the remaining 30% equity interest in Sure Insurance at fair market value, with an exercise date between September and October 2026 and to be settled in Steadfast Group scrip
- Forecast to be EPS accretive in the first full year
- The acquisition of Sure Insurance is consistent with Steadfast's successful acquisition strategy
- Completion of the acquisition is scheduled to occur on 30 November 2023

For further information, including key terms and conditions of the acquisition, refer to the Investor Presentation lodged with the ASX today (Investor Presentation).

Managing Director & CEO Robert Kelly said "Consistent with our growth strategy, Steadfast Group continues to pursue highly attractive acquisitions that are complementary to the existing portfolio and further enhances Steadfast Group as the largest general insurance broker network and largest group of insurance underwriting agencies in Australasia.

Sure Insurance is a highly compelling acquisition opportunity, and there is strong cultural alignment between the two organisations. We look forward to partnering with the Sure Insurance team to continue providing unique solutions to the market in regional Queensland and support Sure Insurance's continued geographic growth."

Managing Director of Sure Insurance, Bradley Heath said "We are delighted to be working with Steadfast Group, an organisation aligned with our philosophy at Sure Insurance. We are particularly excited by the potential opportunities Steadfast can provide to support our growth and expansion."

## FY24 trading update and guidance upgrade

Steadfast's strong start to FY24 has continued in October with a solid first four months of trading, and premium increases from insurers in excess of original guidance assumptions.

Steadfast Group's FY24 acquisition program excluding Sure Insurance is on track to meet or exceed the \$280 million target, with \$165 million of acquisitions completed to date (including ISU Group).

Steadfast has upgraded its FY24 guidance range to reflect the current positive trading results, the acquisition of Sure Insurance and the equity raise. The upgraded guidance is:

	Previous FY24 guidance range	Upgraded FY24 guidance range
Underlying EBITA	\$500 - 510 million	\$520 - 530 million
Underlying NPAT	\$230 - 240 million	\$240 - 250 million
Underlying diluted EPS (NPAT) growth	10% - 15%	11% - 16%
Underlying NPATA	\$277 - 287 million	\$290 - 300 million

Key assumptions for the upgraded FY24 guidance include:

- Insurers maintain premium rate increases
- Completion of the \$280 million FY24 acquisition program (excluding Sure Insurance)
- No material adverse impacts from current geopolitical uncertainties
- Completion of the equity raise and Sure Insurance acquisition
- Key risks as set out in the 2023 Annual Report pages 49 to 51 and Investor Presentation key risks slides 28 to 37

## \$280 million fully underwritten Institutional Placement and accompanying non-underwritten Share Purchase Plan

Steadfast Group has launched a fully underwritten \$280 million Institutional Placement (Institutional Placement)<sup>1</sup>. Steadfast Group also intends to offer a non-underwritten Share Purchase Plan (SPP) to raise up to an additional \$30 million. The SPP will be offered to eligible shareholders being persons who at 7.00pm (Sydney time) on Wednesday, 15 November 2023 were registered as holders of Steadfast Group shares and whose address on Steadfast Group's share register is in Australia or New Zealand.

<sup>1</sup> Refer to slide 33 of the Investor Presentation for a summary of the key terms and conditions of the underwriting arrangements.

Shares issued under the Institutional Placement and SPP will be fully paid and rank equally in all respects with existing Steadfast Group ordinary shares from allotment.

It is expected that Steadfast Group shares will remain in a trading halt while a bookbuild for the Institutional Placement is conducted until the market opens on Friday, 17 November 2023, or such time that it is announced to ASX. Settlement of new shares issued under the Institutional Placement will occur on Tuesday, 21 November 2023, with allotment scheduled for Wednesday, 22 November 2023. The shares will be issued at a price to be determined in the bookbuild, which will not be less than \$5.06 per share, being the underwritten floor price.

J.P. Morgan Securities Australia Limited and UBS Securities Australia Limited are acting as joint lead managers, bookrunners and underwriters for the Institutional Placement.

Following the completion of the Institutional Placement, Steadfast Group will offer eligible existing Australian and New Zealand shareholders the opportunity to apply for new Steadfast Group shares through a non-underwritten SPP without brokerage fees.

The SPP is targeting to raise up to \$30 million, with the Directors having discretion to increase this amount, according to demand including eligible retail shareholders.

The SPP will allow eligible shareholders to apply for the maximum allowed of \$30,000 per shareholder of new fully paid ordinary shares. The SPP offer period will be open on Thursday, 23 November 2023 and close at 5:00pm on Thursday, 14 December 2023, subject to Steadfast Group's discretion to amend these dates.

The offer price per new share under the SPP will be the lower of (i) the final price achieved under the Institutional Placement and (ii) a 1% discount to the volume weighted average price of Steadfast Group shares on the ASX over a 5-trading day period ending on the close of the SPP offer period (being Thursday, 14 December 2023) (round down to the nearest cent).

The terms and conditions of the SPP will be set out in an SPP Offer Booklet which will be made available to eligible Steadfast Group shareholders in due course. Participation in the SPP is optional and Steadfast Group reserves the right to scale back any applications under the SPP.

Further details of the equity raising are set out in the Investor Presentation provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Institutional Placement and the SPP.

## **Conference call and webcast**

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast at 10:30am (ADST) Thursday, 16 November 2023.

### **Conference call details**

To participate in the call, please pre-register for dial in details [here](#).

### **Webcast details**

To access the live webcast, please either click [here](#).

This announcement is authorised by the Steadfast Board of Directors.

For more information, please contact:

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All references in this announcement to either dollars or \$ are to Australian dollars.

Steadfast Group, established in 1996, is the largest general insurance broking network and the largest underwriting agency group in Australasia. The network provides services to broker businesses across Australia, New Zealand, Asia and London. In FY23, Steadfast Network brokers and underwriting agencies generated billings of approximately AUD\$14 billion. Steadfast also operates as a co-owner and consolidator through its equity interests in a number of broker businesses, underwriting agencies and other complementary businesses. Steadfast Group also owns ISU Group, an independent insurance agency network in the USA generating billings of approximately USD\$6 billion and has a 60% equity stake in UnisonSteadfast, a global general insurance broker referral network with 271 brokers in 115 countries. For further information, please visit [investor.steadfast.com.au](http://investor.steadfast.com.au)

## Forward looking statements

This market release contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar expressions that are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of Steadfast Group and its related bodies corporate and affiliates and each of their respective directors, securityholders, officers, employees, partners, agents, advisers and management. This includes statements about market and industry trends, which are based on interpretations of market conditions. Refer to the 'Key risks' on slides 28 - 37 of the Investor Presentation and pages 49 – 51 of the Steadfast 2023 Annual Report for a summary of certain risk factors that may affect Steadfast Group.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the Covid pandemic and geopolitical uncertainties. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of Steadfast Group's business strategies, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement.

These forward-looking statements speak only as of the date of this market release, and except as required by applicable laws or regulations, Steadfast Group, its representatives or advisers do not

undertake to publicly update or revise any forward-looking statement or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances. Past performance and pro forma historical financial information is given for illustrative purposes only. It should not be relied on and it is not indicative of future performance, including future security prices.

## **Important notice**

This market release does not constitute investment or financial product advice, nor is it a recommendation to acquire entitlements or shares in Steadfast Group. It is not intended to be used as the basis for making a financial decision, nor is it intended to constitute legal, tax, accounting or other advice. You should make your own enquiries and investigations regarding any investment and should seek your own professional advice on the legal, financial, accounting, taxation and other consequences of investing in Steadfast Group.

This market release is not a prospectus, product disclosure statement or any other disclosure or offering document under Australian law (and has not been, and will not be, lodged with the Australian Securities and Investments Commission) or any other law. This market release is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction and neither this market release nor anything in it shall form any part of any contract for the acquisition of Steadfast Group shares.

This market release has been prepared for publication in Australia and may not be released to US wires services or distributed in the United States. This market release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction. The securities referred to in this release have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States and, as a result, may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

In addition, this announcement is subject to the same "Important Notice and Disclaimer" as appears on pages 2 - 4 of the Investor Presentation with any necessary contextual changes.