

19 October 2020

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

ACQUISITION UPDATE – ABSOLUTE INSURANCE BROKERS LTD (“AIB”) IN THE UK

PSC Insurance Group Ltd (“PSI”) are pleased to announce the completion of the acquisition of 100% of the share capital of Absolute Insurance Brokers Ltd (“AIB”).

AIB, located in Croydon, (UK – South London), has been operating since 2009 providing risk management and insurance solutions predominantly to business and commercial clients. Their ethos of providing great customer service is much like the cornerstone foundation of PSI and hence provides a natural growth opportunity for PSI as we expand our footprint in the UK, in both retail and wholesale Broking operations.

The acquisition of AIB, in addition to the recent increase to 100% control of UK insurance broker Turner Financial Services Ltd, represents a strong expansion of our strategy to grow PSI’s UK retail broking business. The immediate increase in scale will assist client outcomes with insurers, enhance our ability to improve margins through economies of scale in back office functions and provide opportunities for our Carroll wholesale broking operations.

Key terms of the transaction are:

- PSI has acquired 100% of the share capital of AIB for a total consideration of approximately £8.51m (~ A\$15.5m), plus net assets.
- 75% of the Total Consideration is payable on completion (£6.38m), with 80% of this payable in cash (£5.11m) and the balance (£1.28m) in PSI shares.
- The PSI shares will be issued at the 5 day VWAP to completion date at the spot FX rate. 50% of these shares will be in escrow for a period of 2 years.
- The balance of the consideration will be payable on the first anniversary (12.5% - £1.06m) and second anniversary (12.5% - £1.06m) of the completion date, in cash. These 2 payments are adjustable on a rise or fall basis, dependent on the financial performance at those dates.

We anticipate an initial annualised incremental EBITDA of approximately £1.0m (A\$1.825m) to the Group.

The Directors and key staff will remain with the business after completion and PSI are delighted to welcome them to the Group. We expect that the Directors will play a leadership role in the growth of our UK retail businesses and strategy.

The acquisitions will be funded by a combination of existing cash resources and the UK debt facility.

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

Authorised for release to the ASX by the PSC Insurance Group Limited Board.

A handwritten signature in black ink, appearing to be 'S. Abbott'.

Stephen Abbott
Company Secretary