

Ensurance set to announce maiden annual profit after posting fourth consecutive quarter of positive net operating cash-flow

Growing demand for specialist insurance products, in conjunction with an expanded Australian operation, results in another strong quarter

Highlights:

- ✓ **FY22 revenue rises to ~\$7.2M, a 61% increase over FY21.**
- ✓ **FY22 unaudited net profit of ~\$224K compared to a \$1.3M loss for FY21.**
- ✓ **Strong June 2022 quarter resulting in \$2.2M revenue (March 2022 quarter: \$1.46M).**
- ✓ **Gross Written Premium (GWP) of \$57M for FY22 and \$16M for the June Quarter.**
- ✓ **Debt-free following repayment of the \$1M unsecured loan.**
- ✓ **Expanded Australian operations with the opening of a Melbourne office joining established offices in Sydney, Melbourne, Adelaide and Perth.**
- ✓ **Strong business outlook with Australian revenues underpinned by recent 3-year contract with Liberty Specialty Markets.**
- ✓ **Subsequent to quarter-end, Ensurance signs a non-binding term sheet to sell its UK operations to PSC Insurance (ASX: PSI) for A\$8.2M; The sale will allow Ensurance to focus on the immense growth opportunities in Australia.**

Ensurance Limited (ASX: ENA) (Ensurance or the Company) is pleased to announce its fourth net operating cash-flow positive quarter resulting in an unaudited maiden annual net profit.

The revenue of ~\$7.2 million for the year to June 30, 2022 (FY22) confirms Ensurance is benefiting from a strategic direction which includes continued expansion of its Australian office

network, key staff appointments, and backed by strong underwriting agreements with leading insurers.

The unaudited FY22 net profit of ~\$224K compares with a loss of ~\$1.3 million in the previous year (FY21), marking a major milestone in Ensurance's growth.

The Company is also now debt-free following the repayment of a \$1 million loan during the quarter (see ASX announcement: 25 May 2022).

Ensurance CEO Tom Kent said: "These results demonstrate that we are now unlocking what I believe to be the enormous growth potential of our business".

"We have now generated positive net operating cash-flow for four consecutive quarters. This is a strong trend which we will strive to continue to achieve rapid increases in cash-flow and therefore shareholder returns".

"The risks facing individuals and businesses are growing and changing by the day," Mr. Kent said.

"These risks now include cyber-attacks and fraud, terrorism and ever-increasing legal threats requiring professional indemnity and commercial liability protection".

"For Ensurance, these growing risks represent growing opportunities".

"The combination of the Company's agreements with leading underwriters and our team of highly-experienced advisers means that we are well-placed to capitalise on these opportunities."



June 2022 Quarter Summary

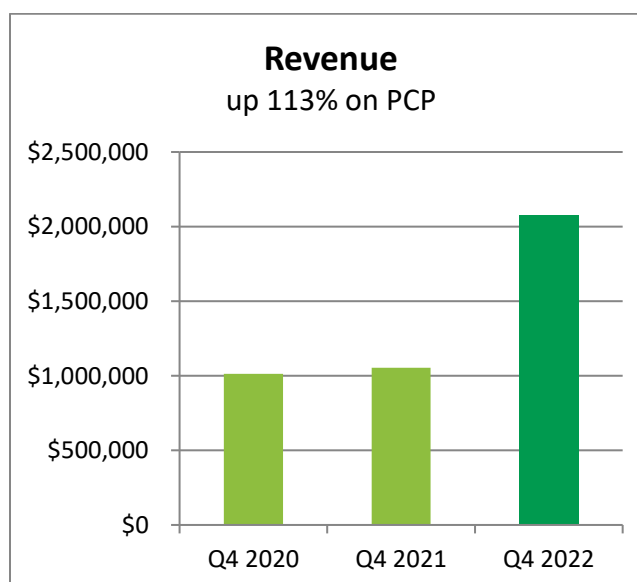
Financial Results

Quarterly financial results are set out below in two sections: (i) A comparison of quarter-on-quarter growth against the corresponding quarters from the previous two financial years; and (ii) A data set of year-to-date financials, compared with the same data for the previous year.

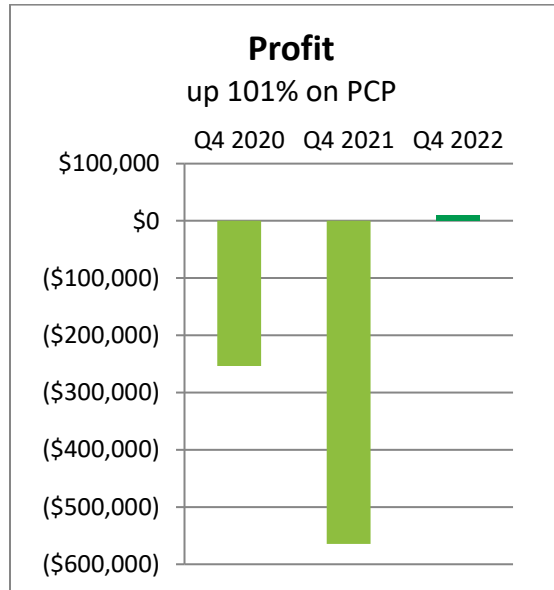
(i) *Previous Corresponding Period (PCP) Analysis*

QUARTERLY RESULTS	Q4 2020	Q4 2021	Q4 2022	% Change from PCP
	\$	\$	\$	%
Fees and Commissions	992,074	1,044,097	2,241,246	115 %
Other Income	20,078	9,678	633	(93) %
Revenue	1,012,152	1,053,775	2,241,879	113 %
Profit / (loss) before income tax	(253,774)	(564,491)	5,586	101 %
Gross Written Premium	7,654,500	9,544,500	16,085,087	69 %

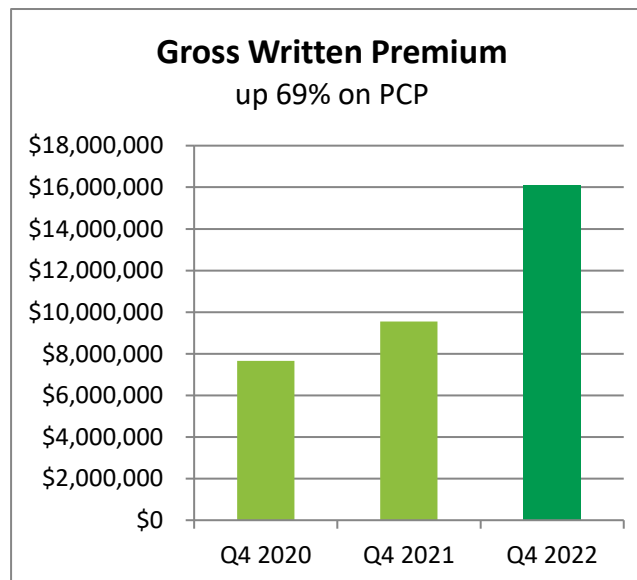
Company Revenue – Q4 difference by corresponding reporting periods



Group profit – Q4 difference from corresponding reporting periods



Gross Written Premium – Q4 difference from corresponding reporting periods



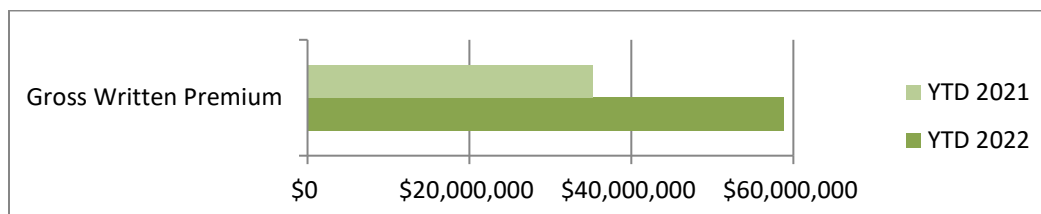
(ii) **Year to Date (YTD) Analysis**

	Revenue	Profit Margin	Gross Written Premium
Q1 2022 *	\$1,516,035	0.02%	\$12,455,948
Q2 2022	\$2,081,272	13.35%	\$15,761,244
Q3 2022	\$1,456,487	N/A	\$13,396,019
Q4 2022	\$2,241,246	0.48%	\$16,085,087
YTD 2022	\$7,295,040	3.28%	\$57,698,298
YTD 2021	\$4,530,183	N/A	\$35,248,500
Increase on YTD	(+ 61%) +\$2,764,857	N/A	(+ 67%) +\$23,573,850

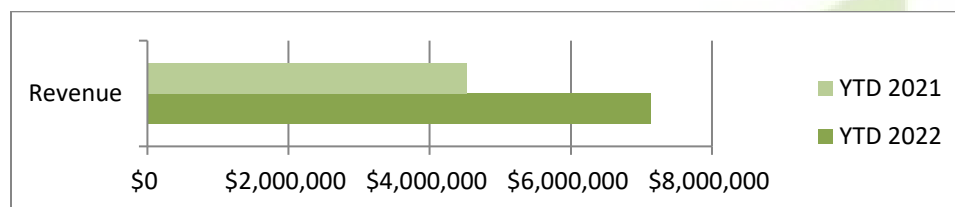
*In Q2 2022 Ensurance Australia commenced reporting net Commissions, to be consistent with the UK accounting treatment. The Q1 2022 revenue has been disclosed on this basis.

Year to Date (YTD)

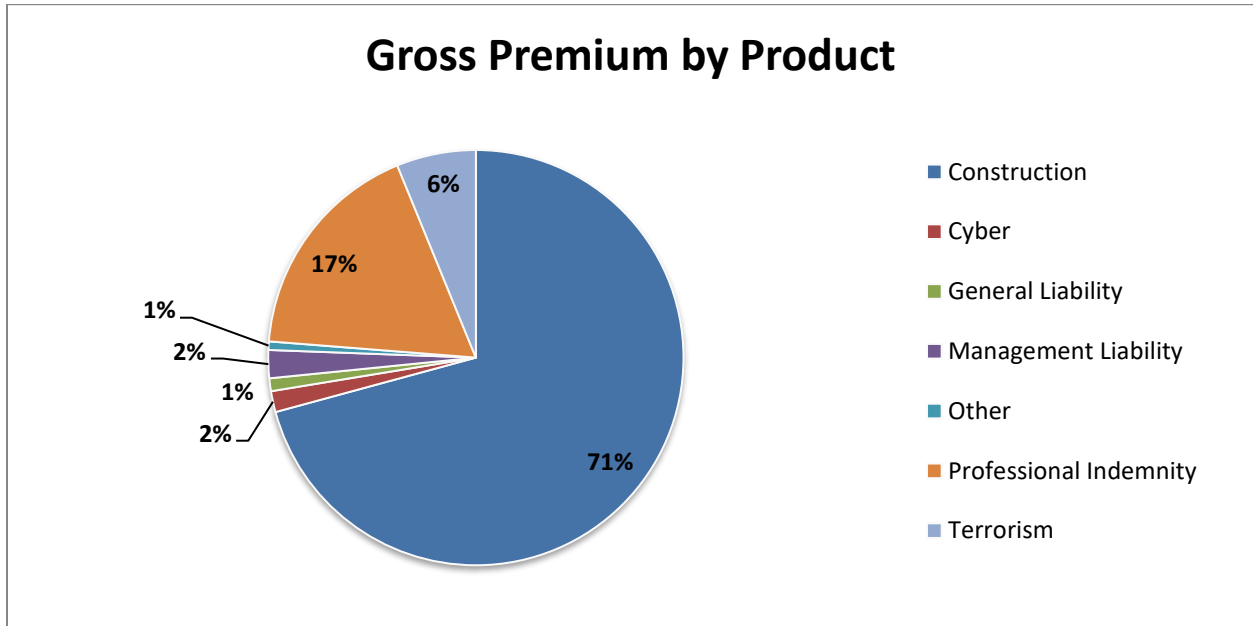
Gross Written Premium – YTD Q4 Results



Revenue – YTD Q4 Results



The following chart outlines the spread of gross written premiums managed as at June 30, 2022, across the Australian and UK divisions of the business.



Finance, Operational & HR Commentary

The Company again saw strong increases across all key metrics when compared with the previous corresponding period, including gross written premiums (up 69%) and revenue (up 61%).

Insurance premiums managed by the Company now exceed A\$57 million, with strong growth flowing in from Professional Indemnity insurance products in Australia and Terrorism insurance products in the United Kingdom.

During the quarter, Ensurance Australia appointed Andrew Hookings as National Manager – Casualty & Environmental Risks in Sydney. This role will commence in October of this year.

In a watershed moment for the Australian division of the Company, Ensurance is now expanding its product set outside Professional and Financial Risks insurance products. Ensurance Australia also opened its Melbourne Office in May, further cementing its East Coast presence.

Related Party Transactions

Payments to related parties of the Company and their associates in section 6 of Appendix 4C, amounted to \$135K, for the June 2022 quarter. This includes the Non-Executive Chairman's salary of \$46K, Executive Director salary of \$70K and Non-Executive Director fees of \$20K.

Other payments to related parties are included in section 3 of Appendix 4C. The \$1M loan and interest of \$22K, was repaid to Kalonda Pty Ltd during the quarter, a company related to the Non-Executive Chairman Mr. Tony Leibowitz. The \$1.5M unused loan facility with Kalonda Pty Ltd was also terminated during the quarter.

Summary of Cash Position and Expenditure during the Period

The Company held cash and cash equivalents at the end of the quarter of \$1.02M. Quarterly operating expenditure during the quarter was \$1.8M. This included \$1.38M in staffing costs.

In financing activities, a repayment of \$1M unsecured loan and interest of \$22K was paid to Kalonda Pty Ltd and \$36K was paid to Close Brothers Premium Finance.

Term Sheet Signed for Sale of UK Operations

Subsequent to the end of the quarter, Ensurance announced it had signed a term sheet for the sale of its UK operations to PSC Insurance Group (ASX: PSI) for AU\$8.2M (see ASX release dated July 22, 2022).

Under the agreement, which remains subject to execution of a binding sale and purchase agreement, due diligence and other conditions precedent, PSC will pay AU\$6.15M in cash and the balance of AU\$2.05M in PSC shares (to be held in escrow for a period of 12 months) for the acquisition of 100% of the issued share capital of Ensurance UK Ltd (Ensurance UK) by PSC or a related party of PSC.

Completion of the transaction will be subject to usual closing conditions, the most material of which will be approval by the Financial Conduct Authority (UK). The Company will keep shareholders informed on the progression of the transaction.

ENDS

This release has been authorised by the Board.

For further information please contact:

Tony Leibowitz
Chairman
tleibowitz@ensurance.com.au
Ph: +61 2 9167 8050

Tom Kent
Chief Executive Officer
tom.kent@au.ensurance.ltd
Ph: + 61 2 9167 8050

Media:

Paul Armstrong / Nicholas Read
Read Corporate
Ph: +61 8 9388 1474



Appendix 4C

Quarterly cash flow report for entities
subject to Listing Rule 4.7B

Name of entity

Ensurance Limited (ASX: ENA)

ABN

80 148 142 634

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,150	7,107
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(1,378)	(4,865)
(f) administration and corporate costs	(420)	(1,626)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(6)
1.6 Income taxes paid	-	(55)
1.7 Government grants and tax incentives	-	-
1.8 Other income	-	5
1.9 Net cash from / (used in) operating activities	350	560
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(10)
(d) investments	-	-
(e) intellectual property	-	-

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	458
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(33)
2.4	Dividends received (see note 3)	-	-
2.5	(a) Other (TKSR's cash on acquisition of the company)	-	342
	(b) Other (Dividend paid in lieu of accumulated profits, on the acquisition of TKSR at 1 July 2021)	-	(243)
2.6	Net cash from / (used in) investing activities	(4)	514

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,145
3.2	Proceeds from issue of convertible debt securities	-	(773)
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(37)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,036)	(2,616)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (incl. Interest on Convertible Notes & Related Party Loan)	(22)	(216)
3.10	Net cash from / (used in) financing activities	(1,058)	(1,497)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,729	1,464
4.2	Net cash from / (used in) operating activities (item 1.9 above)	350	560
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	514
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,058)	(1,497)
4.5	Effect of movement in exchange rates on cash held	2	(22)
4.6	Cash and cash equivalents at end of period	1019	1,019

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	972	1,682
5.2	Call deposits	47	47
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,019	1,729

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	135
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (Principal Finance Loan)	73	73
7.4 Total financing facilities	73	73
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.3 Unsecured loan from Close Brothers Premium Finance. Term until 29 December 2022 at an interest rate of 6.33% pa.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	350
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,019
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,019
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2022

Authorised by: The Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.