

Material terms of contract - investment in KOBA Insurance

Ensurance Limited (ASX: ENA) (**Ensurance** or the **Company**) is pleased to provide additional information with regards to the material terms of the contract that was executed with KOBA Insurance and announced to the market on Monday, 27 March 2023.

Material Terms of Contract

Item	Details
Parties	<ol style="list-style-type: none"> 1. Koba Insurance Holding Pty Ltd ACN 642 787 273 (Company) 2. Ensurance Ltd ACN 148 142 634 (Investor)
Investment and Term	<p>The Investor will invest up to A\$1.5 million via a Simple Agreement for Future Equity (SAFE). The investment will be made in up to five separate tranches over a two-year period.</p> <p>The Investor has an unconditional obligation to pay the first three tranche amounts (totalling A\$1.2 million). Payment of the fourth and fifth tranche amounts (totalling A\$300,000) is conditional upon the Company achieving the milestones set out below. If the relevant milestones for the fourth and fifth tranches are not achieved by the relevant tranche payment date, the Investor has the option (but not the obligation) to proceed to make the relevant tranche payment.</p> <p>In exchange for payment of each tranche, the Investor has the right to be issued shares in the Company.</p>

ASX: ENA
March 31, 2023

Tranche payments and milestones	Tranche No.	Tranche Payment Date	Tranche Amount	Milestone
	Tranche One	31 March 2023	\$400,000	N/A
	Tranche Two	30 Sep 2023	\$400,000	N/A
	Tranche Three	31 March 2024	\$400,000	N/A
	Tranche Four	15 Oct 2024	\$150,000	Sept quarter 2024 net profit >\$0 and Operating Cashflow is positive
	Tranche Five	15 Jan 2025	\$150,000	Dec 2024 half year: - Net profit >\$100,000 and - Operating cashflow >\$100,000
Conversion of cash to shares	<p>The Investor will be issued shares in the Company in the following circumstances:</p> <p>If the Company completes an equity fundraising event or series of events of at least \$1 million (Financing Event) before termination of the agreement, the Company will automatically issue to the Investor that number of shares equal to the aggregate of each tranche amount paid to the Company prior to the Financing Event at a price per share equal to the Company's valuation cap divided by the fully diluted share capital of the Company.</p> <p>If there is an exit event as set out in the agreement (Exit Event) before termination of the agreement, the Investor will at its election, following receipt of notice of such an event either (i) receive a cash payment equal to the aggregate of each tranche amount paid to the Company prior to the Exit Event; or (ii) automatically receive from the Company (with effect immediately prior to the Exit Event) that number of ordinary shares equal to the higher of: the aggregate of each tranche amount paid to the Company prior to the Exit Event divided by the price per share equal to the fair market value at the time; or the aggregate of each tranche amount paid to the Company prior to the Exit Event using the formula for a conversion under a Financing Event.</p>			

Other Commercial Terms	<ol style="list-style-type: none"> 1. The Investor will be offered the right to nominate a director for appointment to the board of the Company for the period prior to the termination of the agreement and for so long as the Investor continues to hold at least 5% of the share capital of the Company. 2. The Investor to receive distribution rights of KOBA Insurance Pty Ltd products under KOBA branded proposition or a white labelled proposition, on terms to be agreed between the parties. 3. In the event the Company receives an offer to acquire all of the shares in the Company, the Company must give the Investor notice of the offer and provide the Investor with the opportunity to make a higher offer. 4. The Company agrees not to licence a white label version of its platform to any other insurance brokers that compete with the Investor during the term of the agreement. 5. The agreement includes certain exit events, the occurrence of which will allow the Investor, at its discretion, to receive a cash payment equal to the aggregate of each tranche amount prior to the exit event or automatically receive shares from the Company (with effect immediately prior to the exit event).
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ENDS

This release has been authorised by the Board.

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