

25 March 2020

# ASX/MEDIA ANNOUNCEMENT

## Agreement to sell Australian Underwriting Business

- Ensurance has agreed to the sale of its non-core Australian Underwriting business for \$1.1 million consideration.
- Ensurance entitled to an additional further payment, subject to 12-month earnout period.
- Sale completes corporate restructuring activity, delivering significant operational efficiencies.
- Restructured business allows focus to be on supporting the rapid growth and ongoing development of Ensurance's UK business.

**Ensurance Limited (ASX: ENA)** ('Ensurance' or 'the Company') is pleased to advise that its wholly-owned subsidiary, Ensurance Capital Pty Ltd, has executed a share sale agreement with 360 Construction and Engineering Pty Limited ('360 Construction') to dispose of 100% of Ensurance Underwriting Pty Ltd ('Ensurance Underwriting'), the Company's Australian underwriting agency business ('Agreement').

The disposal will complete the Company's restructuring activities, as first announced on 8 May 2018, to deliver a significant reduction in IT and administration costs from its Australian operations. The restructuring further frees up management's time and capital to support the rapid growth and continued development of Ensurance's growing UK business. Once the sale is complete, Ensurance's streamlined operations will consist of a UK base of operations, supported by a much smaller Australian corporate head office.

### Terms of the Agreement

Under the Agreement, Ensurance Capital Pty Ltd will sell 100% of the shares in Ensurance Underwriting to 360 Construction for consideration of \$1,100,000, with \$220,000 to be paid within 30 days from completion, \$330,000 to be paid on or before 31 July 2021, another \$330,000 to be paid on or before 31 July 2022 and \$220,000 to be paid on or before 31 July 2023.

Other key terms and conditions of the Agreement are set out in the Appendix to this announcement.

In addition to \$1,100,000 in fixed consideration, the sale attracts an additional payment, subject to an earnout period of 12 months from settlement, with the Company entitled to an additional payment, dependent on the net income from Ensurance Underwriting's Latent Defects product over this period.

**Tony Leibowitz, Executive Chairman comments:** "The sale of our Australian Underwriting business is a significant milestone and marks the completion of our corporate restructuring activities, which commenced in May 2018. Over the last 22 months, significant work has been completed to divest non-core operations, reduce corporate overheads, refine our global growth strategy and develop and grow our UK operations. Already, we have seen strong quarter on quarter growth from our UK operations, and with the executive team now free to focus solely on supporting this fast-growing business, and the significant reduction in corporate overheads, we expect this growth trajectory to continue at an accelerated rate."

This announcement is authorised by the Board.

**ENDS**

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## APPENDIX – KEY TERMS AND CONDITIONS OF THE AGREEMENT

The key terms and conditions of the Agreement are as follows:

- **Acquisition:** Ensurance Capital Pty Ltd has agreed to sell and 360 Construction has agreed to acquire all of the issued shares of Ensurance Underwriting, free from encumbrances, for the consideration set out below.
- **Consideration:** The consideration to be paid to Ensurance Capital for the disposal of Ensurance Underwriting comprises:
  - a staged purchase price of \$1,100,000;
  - any adjustment amount calculated in accordance with the terms of the Agreement; and
  - an earn out amount (if any) calculated with reference to net retained commissions earned by Ensurance Underwriting during the 12 months following settlement in respect of Ensurance Underwriting's Latent Defects insurance policies.
- **Conditions Precedent:** Settlement is conditional upon satisfaction (or waiver by 360 Construction) of the following conditions precedent:
  - Ensurance Capital obtaining run off professional indemnity and management liability cover for Ensurance Underwriting for 3 years from the settlement date;
  - execution of employment agreements with key persons identified by 360 Construction;
  - Ensurance Capital procuring Ensurance Underwriting to issue notices of termination or redundancy for employees, who will not be offered employment agreements post-settlement; and
  - Ensurance Capital procuring relevant intellectual property licences in favour of Ensurance Underwriting.
- **Completion:** Completion of the sale of the Ensurance Underwriting shares will occur on the last Business Day of the month in which the last of the conditions precedent are satisfied or waived.