

27 April 2020

# ASX/MEDIA ANNOUNCEMENT

## March 2020 Quarterly Review

- **Disposal of Australian underwriting business completes two significant years of corporate restructuring activity and divestment of all non-core operations.**
- **Revenue continues to grow strongly, as investment into UK operations yields results.**
- **Efficiency gains result in substantial reduction of corporate overheads - a direct result of restructuring activity.**
- **Board and management's focus is on supporting the fast-growing UK business and investigation into an international growth strategy.**

**Ensurance Limited (ASX: ENA)** ('Ensurance' or 'the Company') is pleased to provide the following update on its operational and corporate activity for the quarter ended 31 March 2020.

During the quarter, the Company completed a significant two-year period of restructuring and divestment of non-core operations, as it invested in scaling up its fast-growing UK operations to support strong global growth.

### **Disposal of Australian underwriting business completes two years of significant restructuring**

As announced on 25 March 2020, the Company signed an agreement to dispose of 100% of its Australian underwriting business for \$1.1 million in consideration (less costs associated with the sale). Under the agreement, the Company is entitled to a further payment, dependent on the net income from its Latent Defect's product which is subject to a 12-month earnout period from the date of settlement.

The sale of the last of the Company's non-core businesses marks the end of two-years of corporate restructuring, which was first announced to the market on 8 May 2018.

Over the past two years, the Company has delivered significant cost efficiencies through the streamlining of operations, reduction of corporate overheads, and the disposal of all non-core operations, with its resulting UK operations poised for continued rapid growth in both the UK and internationally, which is now the Company's Board and Executive team's sole focus.

## Operational response and impact of COVID-19

The impact of COVID-19 and the shut-down of major cities around the globe has led to a level of global uncertainty, which continues to impact economies worldwide.

Although the Company's UK operations have seen a reduction in the number of project specific construction enquiries, there remains a constant flow of new enquiries and orders across the business. Annual Construction and Contractors Plant enquiries continue to convert at a healthy rate and renewal retention remains strong.

Construction gross written premium (GWP) is expected to decrease for the quarter ended 30 June 2020 but is expected to return to normalised levels during the September 2020 quarter, as the UK implements its first phase easing of social distancing and lockdown restrictions. All other lines of business continue to experience consistent deal flow and renewal retention and the impact of COVID-19 is not expected to have a material impact on UK business forecasts across these areas of the business, based on current trends.

Ensurance has implemented a number of key initiatives and policies to ensure ongoing business continuity and the safety of its staff in response to the global pandemic.

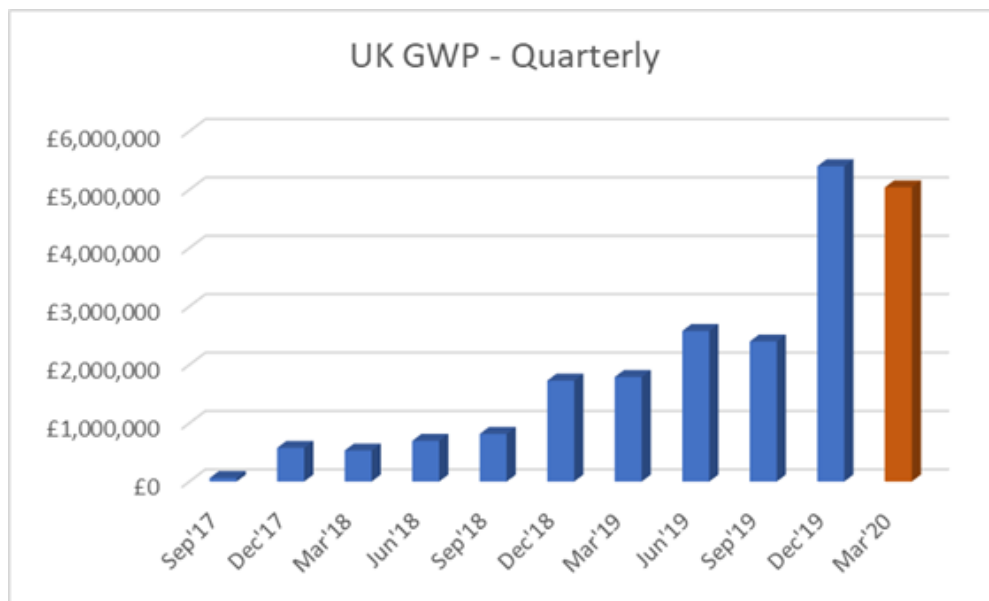
The UK leadership team continues to monitor its operations constantly, implementing Business Continuity plans and remote working arrangements, effective 16 March 2020. All staff have full access to all operational and support systems under remote working conditions, ensuring customers have remained fully supported and continue to receive the same high level of service during this time.

Operating costs have been reviewed and revised to deliver significant cost savings. Four full-time UK-based employees are on temporary leave arrangements, reflecting the current resourcing requirements of the business. The UK leadership team continues to review workloads across the broader team, and will reinstate employees currently on temporary leave arrangements, at the earliest opportunity.

The Board and Management team of Ensurance Ltd have also agreed to a significant reduction in their remuneration for the foreseeable future. The Company is also investigating its eligibility for Australian Federal and State government initiatives, such as JobKeeper, and in the UK, and will implement these as appropriate.

## Another strong quarter of revenue delivered

For the quarter ended 31 March 2020, Ensurance UK's operations invoiced GBP 5m in Gross Written Premiums (GWP) another increase on the prior comparative period (31 March 2019).



The business continues to boast a strong rate of policy renewals.

### Key departures resulting from completed restructuring

With restructuring completed, the Board and Management team would like to acknowledge the contributions of Mr Arjan van Ameyde, the Company's former Chief Financial Officer, and Mr Michael Huntley, the former Head of Underwriting, Australia.

Arjan stepped down to a consulting role effective 31 January 2020, to reflect the Company's reduced demands, following a streamlining of the business. With the sale of the Company's Australian underwriting business now complete. Arjan has been instrumental in the two-year restructuring process which has significantly transformed the Company.

As Head of Ensurance Underwriting in Australia, Michael has played an instrumental role in the business and departs with the sale of the Australian underwriting business.

The Board and Management team would like to express its thanks to Arjan and Michael and wish them both the best in their future endeavours.

**Tony Leibowitz, Executive Chairman states:** "We are pleased to have reached the endpoint of a significant period of corporate restructuring, which has resulted in the streamlining of core operations, the stripping out of unnecessary costs and the investment into a fast-growing UK-based business. Although the impact of COVID-19 on the global economy remains uncertain, we are confident that the return on investment, as already demonstrated in prior quarters, will continue to accelerate, as we launch new products, expand our operations. Furthermore, the Company expects to realise further benefit from the strategic input from the Board and Management, who's attention post restructuring is focussed on the successful execution of the Company's international growth strategy, and continuing to build long term value for shareholders."

**ENDS**

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