

23 August 2024

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

PSC INSURANCE GROUP LIMITED (PSI) – 2024 FULL YEAR RESULTS ANNOUNCEMENT

Please find attached:

- FY24 Full Year 30 June 2024 Results Announcement.

Other documents lodged today are:

- Appendix 4E.
- 2024 Annual Report.
- Investor presentation. As previously released to the Market a Results Announcement conference call will be held at 10.00 am today.
- Appendix 4G.

Given the current scheme of arrangement process, the Group has not declared a dividend for the FY24 year as an amount equal to any dividend would result in a commensurate reduction in the Scheme consideration payable to shareholders.

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

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



Stephen Abbott

Company Secretary

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PSC FY24 RESULTS ANNOUNCEMENT

Key financial highlights in 2024 were:

- **UNDERLYING REVENUE UP 16% TO \$343.6M.**
- **UNDERLYING EBITDA UP 15% TO \$127.1M¹.**
- **UNDERLYING NPATA UP 11% TO \$87.0M.**
- **EPS GROWTH OF 8% TO 24.0 CPS.**

Year in Review:

The 2024 financial year has been an enormously significant year for PSC Insurance Group Limited. We have:

- Generated record earnings, at the upper end of our earnings guidance.
- Continued to build and strengthen the capabilities of the Group.
- Invested in and fostered a number of start-up businesses.
- Finalised our shift to be completely independent in our dealings with insurers, by exiting our buying group.
- Commenced the journey of building or supporting the development of key software infrastructure.
- Identified a merger partner, which will help ensure and accelerate the goal of PSC leadership of building a globally significant insurance broking and intermediary business.

We announced in May this year that we had entered into a Scheme Implementation Deed for the acquisition of PSC Insurance by The Ardonagh Group. It is a Group with significant scale, and PSC's strengths are a perfect fit with the areas Ardonagh identified for future growth or development. A Scheme Booklet providing information about Ardonagh and the proposed scheme of arrangement was released to ASX on 22 August 2024, will be despatched to shareholders today and is available at: <https://events.miraql.com/psc-scheme>

Each of the key components of PSC performed well in the 2024 financial year. Sometimes this was in a difficult market environment:

- Australian broking remains the best large scale SME broker in Australia. That is a subjective judgment, however operating talent based businesses at scale is a complex task and we do it very well. It requires commitment from all individuals in that business and an ability of the leaders to respond and support the front of the business to ensure we continue to provide our clients with fantastic outcomes. We have a depth of capability in this business that we believe is the best in Australia.
- Our PSC Network business worked through the difficulties and complexities of needing to guide its authorised representatives (AR's) through a period of significant systems change and to help develop those replacement systems. Its financial performance, recognising the difficulties of the period, is outstanding. We could not have achieved the outcome without the support and patience of our AR's. We are privileged to have such a wonderful collection of partners.
- Our underwriting agencies have also continued to grow. This is an area of focus for developing early stage and start-up businesses. We have acquired two early stage businesses and commenced three. We are very excited about the outlook for all of them. The existing businesses battled tougher market conditions and found a way to go on building relationships with brokers and retaining important clients. Leadership is always important, and in these difficult market conditions even more so. This is an area of the Group that has strong and capable leadership in each of its core pieces and the segment as a whole.

[1] Adjusted for AASB16 impact of ~ -\$0.2m to ensure like for like comparison with prior years.

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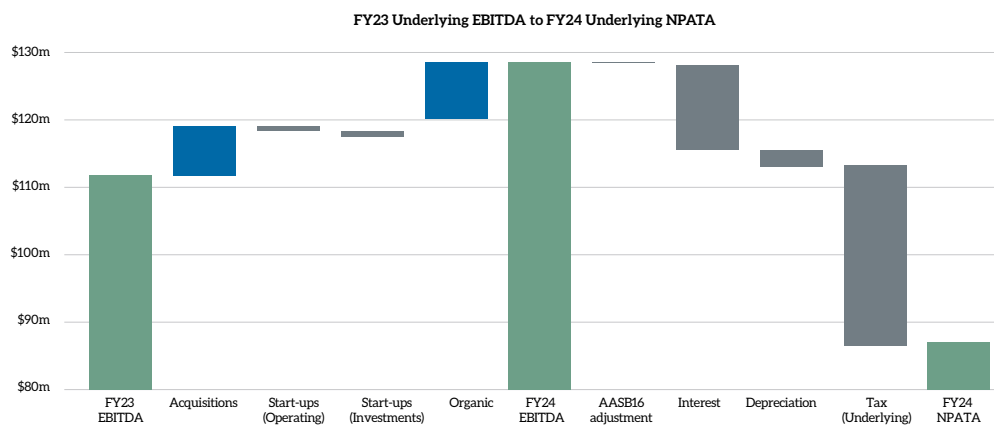
- Paragon faced headwinds in a number of its key specialties both as rates fell, and the relative relationship between cover available in the relevant local market and coverage available via the London market. Notwithstanding those changes Paragon continued to grow.
- Carrolls also continues to grow successfully. That is a product of expanding the number of brokers the business supports and the continued expansion of their offerings. The business has a strength and ability to continue to grow significantly over the next few years as it successfully and capably continues to pull both those levers
- Our UK commercial broking business continued to grow and is starting to find its feet as we expand the leadership within those businesses. The outlook for the 2025 financial year is increasingly positive. A tribute to the individuals leading all parts of that business.

This may be the last time we write to this shareholder group (if the scheme of arrangement is implemented). It has been an exciting and enjoyable period in PSC's continuing journey and the support and interest of shareholders has been enormously helpful.

We look forward to seeing you at the Scheme meetings detailed in the Scheme Booklet.

Year in Review (Financial Commentary):

We summarise the components of our 2024 growth below:



Comments:

Growth Summary

(\$m)	FY24	FY23	\$ Growth	% Growth
Underlying Revenue	343.6	297.5	46.1	15.5%
Underlying EBITDA	127.1	111.0	16.1	14.5%
Underlying NPATA	87.0	78.5	8.5	10.9%

Organic Growth

- Organic EBITDA growth across the Group was good at \$9.1m (8%), with growth across the Distribution and UK segments. This growth was after the results of a number of start-up businesses within the Group which combined for a loss of \$1.4m. Without the impact of these businesses the total EBITDA of the Group would be \$128.5m and organic growth of \$10.5m (9%). We expect these businesses to contribute well in coming periods.

- EBITDA margins remained broadly steady at 37%. Distribution contributed \$4.1m, Agency -\$1.2m, UK \$6.1m and Group \$0.1m of organic growth. There were mixed conditions across the businesses, with the UK wholesale rates in Cyber and D&O being difficult and commercial rates in Australia beginning to soften in certain classes. Offsetting this, increasing interest rates assisted the business and the stronger Sterling was a net contributor.

Acquisition Growth

- Acquisition growth across the Group was \$7.0m. Overall we completed 14 acquisitions and deployed approximately \$50m in capital. The focus of activity was on smaller, accretive acquisitions.
- The Ensurance acquisition added PI to the Australian agency businesses (now Chase Professional Risks), and we see this as a growth business.
- We added to our UK commercial broking business with the acquisition of Giles Gowers and added to our Irish wholesale business with the acquisition of Worldwide Insurance.
- The balance of acquisitions were bolt-in acquisitions in the Australian and NZ broking businesses.

Distribution Segment

(\$m)	FY24	FY23	\$ Growth	% Growth
Underlying Revenue	147.7	128.2	19.5	15.2%
Underlying EBITDA	63.4	56.4	7.0	12.4%

- Distribution performed well with 15% revenue growth (\$19.5m) and 12% EBITDA growth (\$7.0m).
- We saw good performance across the Australian broking businesses and increased performance from the Workers Compensation Consulting business.
- It was a year of consolidation for the PSC Network business (including PSC Insurance Brokers NZ) as we digested the move away from our buying group and invested in to our NZ broking platform.
- Organic EBITDA growth of \$4.1m (7%) was a good result. Market conditions were mixed by policy class, with the commercial classes softening and we are seeing reduced premiums in some classes.

Agency Segment

(\$m)	FY24	FY23	\$ Growth	% Growth
Underlying Revenue	26.5	23.7	2.8	11.9%
Underlying EBITDA	12.2	13.0	-0.8	-6.0%

- It has been a busy year in the Australian underwriting agency and specialty businesses; completing the Ensurance Australia acquisition (now Chase Professional Risks) and commencing 3 new businesses (Chase Plant & Equipment, Chase Credit and Chase Accident & Health). In all 4 of these businesses we have brought in highly capable and experienced leaders to drive growth over the coming years.

UK (International) Segment

(\$m)	FY24	FY23	\$ Growth	% Growth
Underlying Revenue	167.1	142.3	24.8	17.5%
Underlying EBITDA	56.0	46.2	9.8	21.1%

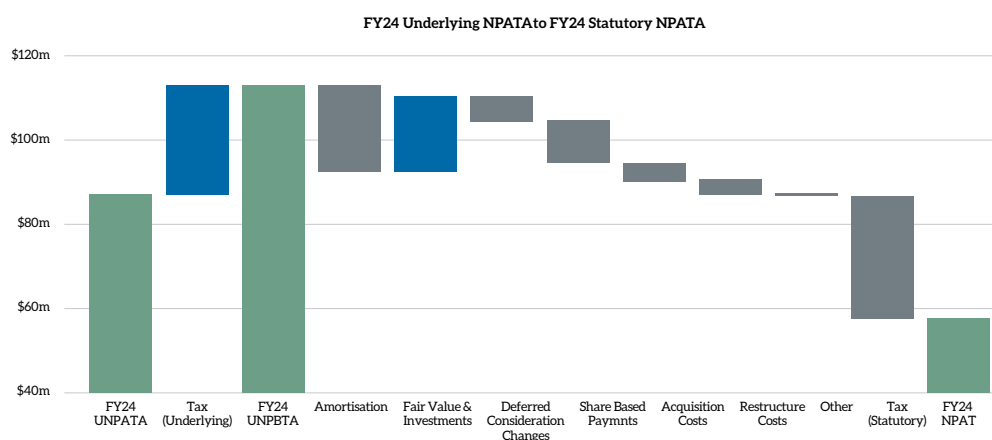
Our UK and international businesses continued to grow successfully with 18% revenue growth (\$24.8m) and 21% EBITDA growth (\$9.8m). This was from a combination of acquisition based growth, organic growth, a net favourable position from a strengthening in the sterling over the period and increased interest income from the flow on of the increasing interest rate environment. Specifically regarding the businesses (commentary in its own currency):

- Paragon EBITDA growth of 3% was more muted over the period given challenging market conditions within the Cyber, D&O and M&A teams. The business remains well placed as a pre-eminent specialist in professional and financial lines. Total EBITDA was a little under £14m for the period.
- The Carrolls and Breeze Underwriting businesses grew strongly with revenue growth of 10% and EBITDA growth of 18%. Total EBITDA was approximately £6m for the period.
- The PSC UK Insurance Brokers business (UK commercial broking) grew revenue by 17% and EBITDA by 13% given the contributions of the Turner Rawlinson and Giles Gowers acquisitions. We have actively changed the leadership and restructured these businesses over the period which we expect will place them in a good position for growth.
- The Chase UK operations have grown as we continue to integrate the Ensurance UK acquisition. Performance has been satisfactory in a period where we have made material changes to the team which place the business in a strong ongoing position.
- The Hong Kong business performance was down (from \$1.9m to \$1.4m). During the period we made a small investment in our first Vietnamese business with an association with Vietnam’s largest insurer. We expect this may become an opportunity to progressively and patiently grow a business in the region.

Group Comments

- Interest costs are up from \$9.0m to \$12.0m given the increase in the interest rate environment. The Group did not draw additional debt during the period to fund our growth.
- The underlying tax rate has increased from ~ 25% to ~ 28% given an increase in the UK company tax rate from 19% to 25% in April 2023.
- This has resulted in an 11% increase in underlying NPAT before amortisation to \$87.0m, at the top end of guidance range of \$83-87m.

Key adjustments to reconcile underlying to statutory results are below:



Comments:

- Fair Value (Investments) – this produced a positive contribution of \$17.9m given the strong share price performance of BP Marsh.
- Non-operating charges – totalled \$23.2m, the main items were:
 - A charge of ~ \$9.7m relating to the implied options under the Group's LTI. Approximately \$6.0m of this related to the acceleration of the Group's LTI as required under accounting standards as a result of the proposed scheme of arrangement with The Ardonagh Group.
 - Fair value increases in the expected value of deferred consideration on previous acquisitions of ~ \$6.0m, indicating the sound performance of the recently completed acquisitions.
 - Expenses of ~ \$3.8m relating to legal and other transaction related costs.
 - Expenses of ~ \$3.4m relating to restructured and non-recurring costs.
- Amortisation – of approximately \$20.5m, which has increased given the Group's continued acquisition activity and accelerated amortisation of acquired client lists.

Dividend and Outlook:

Given the current scheme of arrangement process, the Group has not declared a dividend for the FY24 year as an amount equal to any dividend would result in a commensurate reduction in the Scheme consideration payable to shareholders.