

MARKET RELEASE

17 August 2022

Steadfast Group is pleased to announce full year 2022 results with underlying EBITA up 29.5% and underlying NPAT up 29.3%, the acquisition of Insurance Brands Australia, update on Trapped Capital acquisitions and a \$225m fully underwritten Institutional Placement with an accompanying non-underwritten Share Purchase Plan

FY22 financial highlights¹

- Underlying revenue of \$1,135.9m, up 26.2%
- Underlying EBITA of \$340.4m, up 29.5%
- Underlying NPAT of \$169.0m, up 29.3%
- Underlying EPS (NPAT) of 17.58 cents per share (cps), up 16.5%
- Final dividend (fully franked) of 7.8 cps, up 11.4%
- Total dividend (fully franked) of 13.0 cps, up 14.0%

Statutory net profit after tax, including non-recurring net gains, was \$171.6 million compared with \$143.0 million for FY21.

Managing Director & CEO Robert Kelly commented "I am pleased to report another year of excellent Steadfast Group earnings, with our FY22 underlying net profit after tax at the top end of our upgraded guidance range advised in February 2022. The Group has produced consistently strong increases in profits in each year since listing in 2013.

Our enduring business model, the skills and stability of our executive team, our prudent approach to acquisitions and the strong performance of our equity owned businesses resulted in a 26.2% increase in commission and fee revenue for FY22, improved margins and a 29.3% increase in underlying NPAT to \$169.0 million for FY22.

Consistent with our prudent strategy to provide our Network Brokers with a mechanism to realise the value they created in their family businesses (Trapped Capital), Steadfast Group purchased equity in a number of them during FY22 for a cost of \$552 million, including Coverforce Group in late August 2021. In addition to the acquisition of Insurance Brands Australia announced today, a further \$400 million of Trapped Capital equity investments are in the pipeline, of which \$220 million is anticipated completing in FY23."

Strong growth in Group underlying EBITA

The Group delivered strong underlying EBITA growth in FY22 of 29.5% to \$340.4m driven by:

- Acquisition growth contributed +16.2%; and
- Organic growth of 13.1% from further increases in premiums by insurers and some volume uplift.

¹ Underlying P&L results exclude non-trading gains after tax of \$2.6m (FY21 gain \$12.3m).

Steadfast Network Brokers deliver 13% of GWP growth

The Steadfast Network delivered record gross written premium (GWP) of \$11.1 billion in FY22, growth of 13.1%. Our brokers increased volumes over FY22 and experienced further premium price rate increases from our strategic partners.

Growth in revenues from our Equity Brokers driven by a hard premium market, and some volume growth, more than mitigating the expected cost increases flagged when issuing guidance for FY22. This, and strong growth from acquisitions made in FY22, resulted in excellent underlying EBITA growth of 23.6%.

Steadfast Underwriting Agencies delivers \$1.8b of GWP

Steadfast Underwriting Agencies continue to perform strongly with sustained organic growth, generating \$1.8 billion of GWP, a 19.9% uplift over FY21.

GWP continues to grow and this, combined with further premium price increases by insurers, led to underlying EBITA growth of 22.5%, reflecting the ability of our agencies to provide sustainable profit margins. This strong performance was assisted by the quality of our products and services, and the diligence and underwriting expertise of our team.

Total dividend up 14.0% year-on-year

The Board has declared a fully franked final dividend of 7.8 cps, up from 7.0 cps (+11.4%) in FY21. The FY22 total dividend (fully franked) of 13.0 cps is up from 11.4 cps (+14.0%) for the previous year, equating to a dividend payout ratio of approximately 75% of underlying NPAT.

The final dividend dates are as follows:

- Ex-dividend date of 22 August 2022
- Record date of 23 August 2022
- Dividend Reinvestment Plan (DRP) record date of 24 August 2022
- Payment date of 9 September 2022

The final dividend is eligible for Steadfast Group's DRP at no discount. For more information on the final dividend and the DRP, please refer to Steadfast Group's Appendix 3A.1: Notification of dividend, lodged with the ASX on 17 August 2022 and available on the investor website.

Acquisition of Insurance Brands Australia

Steadfast Group has today entered into a binding agreement with existing shareholders of Insurance Brands Australia Pty Limited (IBA) to acquire 100% of IBA, and its subsidiary companies. IBA is one of Australia's largest privately owned insurance distribution businesses established in 1983 and is predominantly focused on the SME sector.

In summary:

- Acquisition price of total consideration up to \$301 million.
- Initial acquisition payment of \$276 million (comprising both cash and Steadfast scrip)
- The cash portion of the initial acquisition payment will be funded from Steadfast's existing corporate debt facilities. Certain IBA management and employee shareholders may elect to

be issued Steadfast scrip² (with a value of up to \$56.1 million).

- An additional potential earn-out payment of up to \$25 million³ will be payable subject to meeting FY23 performance criteria
- Expected to be EPS accretive in first full year pre synergies
- The acquisition of IBA is consistent with our prudent and successful acquisition strategy.
- Completion of the acquisition is scheduled to occur on Tuesday 23 August 2022. For further information refer to the Investor Presentation lodged with the ASX today

Trapped Capital acquisitions pipeline and capacity for future growth

- Current identified Trapped Capital acquisitions potential pipeline of approximately \$400 million representing c.9% of Steadfast Network GWP
- Average acquisition EBITA multiple of c. 10x
- It is anticipated that \$220m of Trapped Capital acquisitions will be completed in FY23
- Trapped Capital Project will continue to increase Steadfast's equity holdings in Steadfast Network
- For further information please refer to the Investor Presentation lodged with the ASX today

\$225m fully underwritten equity Institutional Placement and accompanying SPP

Steadfast Group has launched a fully underwritten \$225m Institutional Placement (Institutional Placement)⁴. Steadfast Group also intends to offer a non-underwritten Share Purchase Plan (SPP) to raise up to an additional \$25m. The SPP will be offered to eligible shareholders being persons who at 7.00pm (Sydney time) on Tuesday, 16 August 2022 were registered as holders of Steadfast Group shares and whose address on Steadfast's share register is in Australia or New Zealand are not in the United States and are not acting for the account or benefit of a person in the United States. Proceeds will be used to fund ongoing Trapped Capital pipeline acquisitions.

Shares issued under the Institutional Placement, SPP and those issued to the vendors under the IBA acquisition will be fully paid and rank equally in all respects with existing Steadfast Group ordinary shares from allotment, however, will not be entitled to the FY22 final dividend announced today.

It is expected that Steadfast Group shares will remain in a trading halt while a bookbuild for the Institutional Placement is conducted until the market opens on Thursday 18 August 2022, or such time that it is announced to ASX. Settlement of new shares issued under the Institutional Placement will occur on Monday 22 August 2022, with allotment scheduled for Tuesday 23 August 2022. The shares will be issued at a price to be determined in the bookbuild, which will not be less than \$5.00 per share, being the underwritten floor price.

J.P. Morgan Securities Australia Limited and UBS Securities Australia Limited are acting as joint lead managers, bookrunners and underwriters for the Institutional Placement.

Following the completion of the Institutional Placement, Steadfast Group will offer eligible existing Australian and New Zealand shareholders the opportunity to apply for new Steadfast Group shares

² Vendor scrip is not entitled to the FY22 final dividend.

³ Any additional earn-out payment will be paid in 1H24.

⁴ Refer to slide 45 of the Investor Presentation for a summary of the key terms and conditions of the underwriting arrangements.

through a non-underwritten SPP without brokerage fees.

The SPP is targeting to raise up to \$25 million, with the Directors having the discretion to increase this amount, according to demand.

The SPP will allow eligible shareholders to apply for the maximum allowed of \$30,000 per shareholder of new fully paid ordinary shares. The SPP offer period will be open on Tuesday 6 September 2022 and close at 5:00pm (Sydney time) on Tuesday 27 September 2022, subject to Steadfast Group's discretion to amend these dates. New shares issued under the SPP will rank equally with existing shares on issue. As the new shares will be allotted after the ex-dividend date, they will not be entitled to the FY22 final dividend.

The offer price per new share under the SPP will be the lower of (i) the final price achieved under the Institutional Placement and (ii) a 1% discount to the volume weighted average price of Steadfast Group shares on the ASX over a 5 trading day period ending on the close of the SPP offer period (being Tuesday 27 September 2022) (rounded down to the nearest cent).

The terms and conditions of the SPP will be set out in an SPP Offer Booklet which will be made available to eligible Steadfast Group shareholders in due course. Participation in the SPP is optional and Steadfast Group reserves the right to scale back any applications under the SPP.

FY23 guidance

Steadfast Group provides FY23 guidance of:

- Underlying EBITA of between \$400 million and \$420 million
- Underlying NPAT of between \$190 million and \$202 million
- Underlying diluted EPS (NPAT) growth of 5 - 11%

This guidance is subject to:

- Strategic partners continue premium price increases
- Completion of Insurance Brands Australia acquisition
- \$250m equity raised (Institutional Placement and SPP)
- \$220m of Trapped Capital acquisitions in FY23 producing c. \$22m of annualised EBITA; with \$8m pro rata contribution expected in FY23 (2.7% NPAT growth)
- No material economic impacts from current global uncertainties

Additional details

Further details of the capital raising are set out in the Investor Presentation provided to the ASX today (Investor Presentation). The Investor Presentation contains important information including key risks with respect to the Acquisition, the Institutional Placement and the SPP and foreign selling restrictions with respect to the Institutional Placement and the SPP.

Conference call and webcast

Robert Kelly, Managing Director & CEO, and Stephen Humphrys, Chief Financial Officer, will host a conference call and webcast at 10:30am (AEST) today, 17 August 2022.

To participate in the call, please pre-register for dial in details [here](#) or by using the link <https://s1.c-conf.com/diamondpass/10023224-ctdv8p.html>

To access the live webcast, please click [here](#) or use the link <https://webcast.openbriefing.com/8889/>

A replay of the webcast will be made available on the investor website approximately 48 hours after the initial broadcast.

This announcement is authorised by the Steadfast Board of Directors.

For more information, please contact:

Shalome Ruitter
Steadfast Group Limited
Investor Relations Manager
P: +61 2 9495 6582
M: +61 404 811 847
E: shalomer@steadfast.com.au

All references in this announcement to either dollars or \$ are to Australian dollars.

Steadfast Group, established in 1996, is the largest general insurance broking network and the largest underwriting agency group in Australasia. The network provides services to broker businesses across Australia, New Zealand, Asia and London. As of June 2022, Steadfast Network brokers and underwriting agencies generated billings of more than \$13 billion. Steadfast also operates as a co-owner and consolidator through its equity interests in a number of broker businesses, underwriting agencies and other complementary businesses. Steadfast Group also has an equity stake in unisonSteadfast, a global general insurance broker network with 272 brokers in 140 countries. For further information, please visit investor.steadfast.com.au

Forward looking statements

The information in this market release is for general information only and contains forward looking statements, opinions or estimates or statements about future matters (each a "forward looking statement"). Such forward looking statements can be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and include, without limitation, statements regarding Steadfast's intent, belief or expectations, plans, strategies, objectives of management, the proposed acquisition of Insurance Brands Australia Pty Ltd (ACN 608 968 396) and/or other potential acquisitions, the outcome of the Placement and SPP and the use of proceeds therefrom. Steadfast gives no undertaking to update this information over time (subject to legal or regulatory requirements). Any forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside control of Steadfast, its related bodies corporate and affiliates and each of their respective directors, securityholders, officers, employees, partners, agents, advisers and management and may cause Steadfast's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking

statements. Any forward-looking statements in this market release are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Investors are strongly cautioned not to place undue reliance on forward looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the Covid pandemic and geopolitical tensions such as the Russian-Ukrainian War. Neither Steadfast nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this market release will actually occur. In addition, please note that past performance is no guarantee or indication of future performance. Possible factors that could cause Steadfast's results or performance to differ materially from those expressed in Steadfast's forward looking statement include the risk factors set out on slides 41 – 49 of the Investor Presentation and pages 48 - 49 of the Steadfast 2022 Annual Report.

The forward-looking statements are based on information available to Steadfast as at the date of this market release. Except as required by applicable laws or regulations, none of Steadfast, its representatives or advisers undertakes to provide any additional information or revise the statements in this market release, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

Financial data

All references starting with "FY" refer to the financial year ended 30 June.

Investors should be aware that this market release contains certain financial measures that are "non-IFRS financial information" under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The disclosure of non-GAAP financial measures in the manner included in this presentation may not be permissible in a registration statement under the US Securities Act. The non-IFRS financial information have not been subject to review by Steadfast auditors and include EBITA, underlying EBITA, NPAT, underlying NPAT, underlying EPS (NPAT) (NPAT per share).

Steadfast believes such non-IFRS/non-GAAP financial information provides useful information to users in measuring the financial performance and business conditions of Steadfast. The non-IFRS/non-GAAP financial information does not have a standardised meaning prescribed by AAS and IFRS and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this market release.

In addition, the market release includes pro forma financial information reflecting the Institutional Placement and SPP, and the acquisition of IBA. The pro forma financial information included in this market release is presented for illustrative purposes and does not purport to be in compliance with Article 11 of Regulation S-X under the US Securities Act and was not prepared with a view towards compliance with the rules and regulations or guidelines of the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants for the preparation and presentation of pro forma financial information.

Important notice

This market release does not constitute investment, financial product, legal, tax, accounting or other advice, nor is it a recommendation to acquire Steadfast shares. It is not intended to be used as the basis for making a financial decision. You should make your own enquiries and

investigations regarding any investment, and should seek your own professional advice on the legal, financial, accounting, taxation and other consequences of investing in Steadfast.

This market release is not a prospectus, product disclosure statement or any other disclosure or offering document under Australian law (and has not been, and will not be, lodged with the Australian Securities and Investments Commission) or any other law. This market release is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction and neither this market release nor anything in it shall form any part of any contract for the acquisition of Steadfast shares.

Not an offer

This market release does not constitute an offer to sell, or a solicitation of an offer to buy, Steadfast Group shares in the United States or any other jurisdiction in which such an offer would be illegal. None of the Steadfast Group shares to be offered and sold under the Institutional Placement or the SPP have been, or will be, registered under the US Securities Act of 1933, as amended (the "US Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the new Steadfast Group shares to be issued in the Institutional Placement may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. The new Steadfast Group shares to be issued under the SPP may not be offered or sold, directly or indirectly, in the United States.

In addition, this market release is subject to the same "Important Notice and Disclaimer" as appears on pages 2 - 4 of the Investor Presentation with any necessary contextual changes.

For personal use only