

17 January 2020

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

**ACQUISITION UPDATE - PARAGON INTERNATIONAL HOLDINGS LTD (PARAGON)**

PSC Insurance Group Limited (“PSC”, “Group”) (ASX: PSI) is pleased to provide an update on the performance of Paragon and the consequent impact on the expected consideration to be paid to the vendors in the period to 30 June 2020.

In our announcement of 25 July 2019, we advised that the calendar 2018 EBITDA of Paragon was £4.2 million. The initial payment to the vendors was based on that performance.

Whilst full year results to December 2019 are still to be finalised, we are pleased to advise that we expect the adjusted EBITDA for that period to be greater than £7.0 million.

This strong result reflects revenue growth of greater than 20% for the period. This growth is a product of new client acquisition, incremental performance of a new ‘Casualty’ team and improving rates in Paragon’s key professional and financial lines specialties.

Paragon’s reputation as leaders in their specialties and markets continues to grow and is confirmed by the recognition of the business via the following industry awards:

- BiA (Broker Innovation Awards) Digital Broker of the Year.
- Insurance Insider Cyber Broker of the Year.
- Insurance Insider D&O Broker of the Year.

These awards are voted for by peers and underwriters and are strong indicators of the quality of the business and of the contribution Paragon can provide to the Group in future years.

As previously advised, the two remaining payments are based on the EBITDA in calendar years 2019 and 2020.

Based on a notional EBITDA of greater than £7.0 million in 2019, the first payments due in the current half would be £31.5 million, payable as follows:

- £17.5 million in cash.
- £14.0 million in PSI shares. Based on today’s variables this equates to ~ 8.8 million shares.

The structure of the consideration continues to build alignment between the vendors and the Group. The final number of shares and cash consideration depend on the actual 2019 EBITDA and the share price and exchange rate at the time of payment.

Funding of the cash component will be via existing cash holdings and capacity in our UK based debt facility.

It is also appropriate to note that Griffiths Goodall Insurance Brokers has also performed well post acquisition and is making a contribution to the Group that is consistent with previously advised expectations.

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

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S. Abbott', with a stylized flourish at the end.

Stephen Abbott  
Company Secretary