

iSelect H1 FY22 Result

INVESTOR BRIEFING | 28 FEBRUARY 2022



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Business Update

Warren Hebard Chief Executive Officer



Business Update

iSelect

FY22 H1 RESULT: UNDERLYING EBITDA \$6.6M

- Revenue impacted by market headwinds:
 - Consumer demand remained suppressed¹, while competition increased, particularly in Energy²
 - Energy prices for consumers reached an 8-year low in FY22 H1³
 - Health Insurance: saw decline on prior year with the absence of a Premium rate rise (which occurred in H1 FY21)

STRONG OPERATING CASH FLOWS:

- Cash flow was positive: H1 saw +\$5.0m uplift in the cash balance (excluding ACCC instalment)
- Trail related Working Capital returning to an 'Inflow' in FY22 H1
- Balance sheet to be further strengthened by the sale of a legacy Trail Asset for \$4.6 million

MORE FAVOURABLE MARKET CONDITIONS ANTICIPATED:

- Major Retailers have recently indicated that wholesale prices are expected to increase from July 2022⁴, which combined with the increasing uncertainty in the energy market, we anticipate could translate into improved switcher demand
- CDR roll out continues to gather momentum and recent developments have only increased iSelect's conviction around CDR: Open Energy due in Q2 FY23, with Open Telco and the recently announced Open Finance to follow⁵.

ISELECT REMAINS FOCUSED ON i26:

- As i26's first initiative, iSelect continues to work towards delivering an Open Energy proposition in Q2-Q3 FY23
- Investment in a new brand campaign in FY22 H2, ahead of improving market conditions

CIMET INVESTMENT:

- Initial \$26.6m investment for 49% share of CIMET, accelerating i26. (see further detail on slide 13)
- Pre-money valuation of \$33.4m - \$40.6m
- CIMET's unaudited revenues for FY21 were approximately \$5.0 million (+76% vs FY20). Similar level growth is expected for FY22.
- Rationale multifaceted for iSelect:
 - **Enhances current model:** CIMET's higher online sales mix facilitates a lower cost to serve, enabling ISU to compete harder from a marketing and brand perspective
 - **Access to a new model to grow from:** Opportunity to diversify existing revenue via CIMET's B2B model
 - **Platform renewal:** iSelect's ability to innovate in has been inhibited by legacy technology. CIMET's platform will uplift ISU's innovative capability, opening opportunities for: new verticals, international expansion and/or a 'BNPL' comparison proposition

1. Source: 2021- Google Industry Demand Index, year on year comparison of average demand queries

2. Source: Google Search Industry Landscape for Power and Electricity Services and Gas Utilities Feb 2021 – Feb 2022

3. Source: <https://www.theaustralian.com.au/nation/household-power-bills-hit-lowest-in-eight-years-acc/news-story/c0134c0397926460d93b06c3e0e1f8c0>

4. Source: AGL: <https://www.agl.com/companies/energy/agl-coal-power-business-to-ride-higher-prices-20220111p59nf7>; Origin: <https://www.originenergy.com.au/about/investors-media/half-year-results-2022/>

5. Source: <https://ministers.treasury.gov.au/ministers/jane-hume-2020/media-releases/more-power-compare-and-switch-telco-providers-and-share>

FY22 H1 Results

	FY22 H1	YOY
Revenue	44.6	-14%
EBITDA ¹	6.6	-50%
Leads (000's)	1.0	-12%
Conversion	10.1%	+0.6pp
Sales Units	97	-12%
X-Serve	11.3%	-0.3pp
Customer Accounts	1.3m	+18%
NPS	56	+0%

HIGHLIGHTS

- Operating performance remained strong
- Revenue impacted by market factors
- Continued growth in our Customer Accounts
- NPS remained steady

MARKET CONTEXT

Consumer demand levels continued to decline (YoY)²:

- Health: -2.7% H1 YoY, absence of a premium rate rise in H1 contributed
- Energy: -5.5% in Q1, traditionally a strong quarter in Energy due to winter bill shock (H1: -0.9%)
- Declines seen in Car: -7.8% and Telco -16.2%, having a knock-on effect to our cross-serve business

Competition in the category has intensified:

- Increased competition in both digital and 'Above the line' channels
- New players utilising 'lighter' cost models enabling a greater % of revenue to be invested in customer acquisition

Underlines the strategic rationale of the CIMET investment:

- CIMET's proposition 'takes comparison to the consumer' via their B2B partnerships in Energy, with expansion into Telco and Mobile planned in the near term
- CIMET's prioritisation of digital end-to-end user journeys sets them apart from competitors and enables a lower cost to serve. This will deliver improved unit economics for iSelect over time.
- More broadly, CIMET aligns closely with the latter horizons of iSelect's i26 Strategy (page 13) which includes: B2B, international expansion and renewing our platform

1. Results shown above represent Underlying results (including iMoney in FY21)
 2. 2021- Google Industry Demand Index, year on year comparison of average demand queries

Financial Results

Vicki Pafumi Executive – Finance & Strategy



FY22 H1 Performance

INCOME STATEMENT

UNDERLYING (\$m)	FY22 H1	FY21 H1	CHANGE
REVENUE	44.6	51.8	-14%
Gross Profit	16.3	21.8	-25%
GP Margin	37%	42%	-5pp
Overheads	-9.7	-12.0	-19%
JobKeeper	0.0	3.4	-100%
EBITDA	6.6	13.2	-50%
EBITDA Margin	15%	25%	-10pp
Depn. and Amort.	-4.9	-5.2	-6%
EBIT	1.7	8.0	-79%
Net Interest Expense	-0.2	-0.2	0%
Income tax expense	-0.2	-2.3	-91%
NPAT	1.3	5.5	-76%
Reported EBITDA (continuing operations)	5.8	3.9	49%
Reported EBIT (continuing operations)	0.9	-1.3	n.m

KEY COMMENTS:

Although down on FY21 H1, Gross Profit of \$16.3m represents a solid result:

- Underpinned by strong operational performance across conversion and cross-serve.
- Marketing ROI slightly down due to the challenging market
- Note that the Health premium rate rise in H1 FY21 contributed to the YoY decline in Revenue and Gross Profit

EBITDA of \$6.6m:

- Continued focus on fixed costs saw a reduction in Overheads
- Noting that FY21 H1 included Jobkeeper

ISU's Reported Earnings include due diligence costs of \$0.8m associated with the CIMET investment. A breakdown is outlined in Appendix

Segment Performance

REPORTED (\$m)



FY22 H1 Segment Results	Health Insurance		Energy & Telco		Life & General Insurance	
Revenue	30.4	-11%	7.4	-27%	6.6	-11%
EBITDA	4.8	-27%	-0.4	-141%	3.3	-2%
Customer Leads (000s)	348	-3%	319	-25%	219	-2%
Sales Units (000s)	31	-4%	36	-28%	30	35%
RPS \$	1,029	1%	226	-1%	153	-39%
Conversion	9.0%	0%	11.4%	-0.5 pp	13.5%	+3.5pp

HEALTH:

- The absence of a Health Insurance Premium rate rise (that occurred in FY21 H1) contributed to the revenue decline
- Leads and conversion remained solid through H1

ENERGY & TELCO:

- The Energy market has remained challenging due to lower electricity prices¹ and increased competition in the category²
- The investment with CIMET will help address these challenges:
 - Opportunity to uplift our digital end-to-end experience
 - Lower cost-to-serve with higher % of sales online
 - Access to more diversified revenue stream via CIMET's B2B model
- CDR: Longer term, we remain excited about the opportunity to grow the switcher market in totality as the CDR is rolled out

LIFE & GI:

- Across our General Insurance verticals, performance remained steady and in Life Insurance, our Trail book collections remained strong, due to retention initiatives

1. Source: <https://www.theaustralian.com.au/nation/household-power-bills-hit-lowest-in-eight-years-accq/news-story/c0134c0397926460d93b06c3e0e1f8c0>
 2. Source: Google Search Industry Landscape for Power and Electricity Services and Gas Utilities Feb 2021 – Feb 2022

Balance Sheet and Cash Flow

BALANCE SHEET

(\$m)	DEC-21	JUN-21
Cash	12.4	9.4
Receivables	10.4	14.9
Trail Commission Asset	123.4	124.8
Other	18.1	23.2
Total assets	164.3	172.3
Total liabilities	52.6	61.6
Net assets	111.7	110.7

CASH FLOW STATEMENT

(\$m)	FY22 H1	FY21* H1
Operating Cash flow	6.7	6.9
Capital Expenditure	-2.2	-2.6
Free Cash	4.5	4.3
Investing/Financing cash flow	-1.6	-2.3
Net movement in cash	3.0	2.0
Cash at beginning	9.4	10.5
Cash at end	12.4	12.5

* FY21 H1 - Excludes iMoney

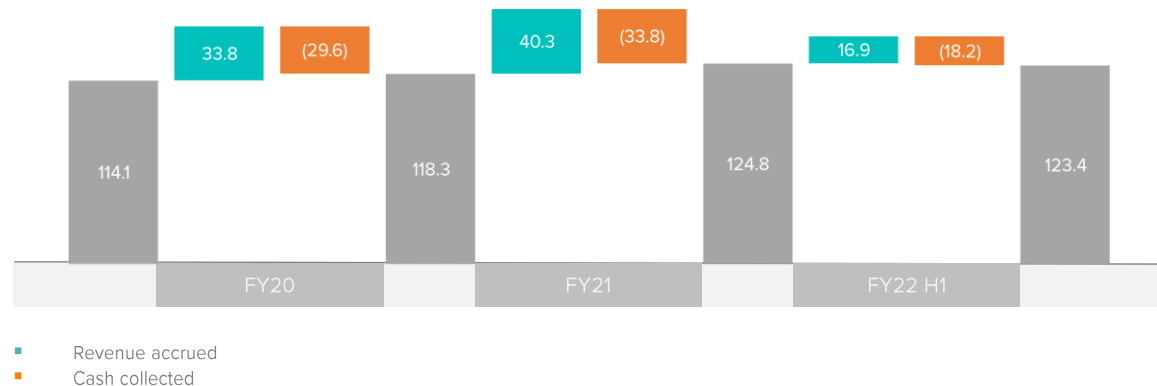
KEY COMMENTS:

Operating cash flow was +\$6.7m, noting FY21 H1 included \$3.4m of Jobkeeper:

- Capital Expenditure reduced to \$2.2m with strategic focus on our key elements for i26: Energy proposition and our Data platforms
- Following the CIMET investment, ISU's Capital expenditure outlook for FY22 is \$4.0-\$4.5m
- ACCC cash payment of \$2.0m in November 2021. (Note: 2 further payments remaining: Nov-22: \$2.0m, Nov-23: \$2.6m)
- Reduction in 'Other' Assets is due to Depreciation & Amortisation exceeding Capital expenditure
- Trail Commission Asset and Working Capital discussed on the next page

Trail Cash flows turning positive

TRAIL RELATED WORKING CAPITAL TREND



REVENUE MIX: UPFRONT / TRAIL	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22
Upfront Revenue	72.9%	72.2%	66.0%	63.7%	62.2%
Trail Revenue	27.1%	27.8%	34.0%	36.3%	37.8%

CASH FLOW AND WORKING CAPITAL

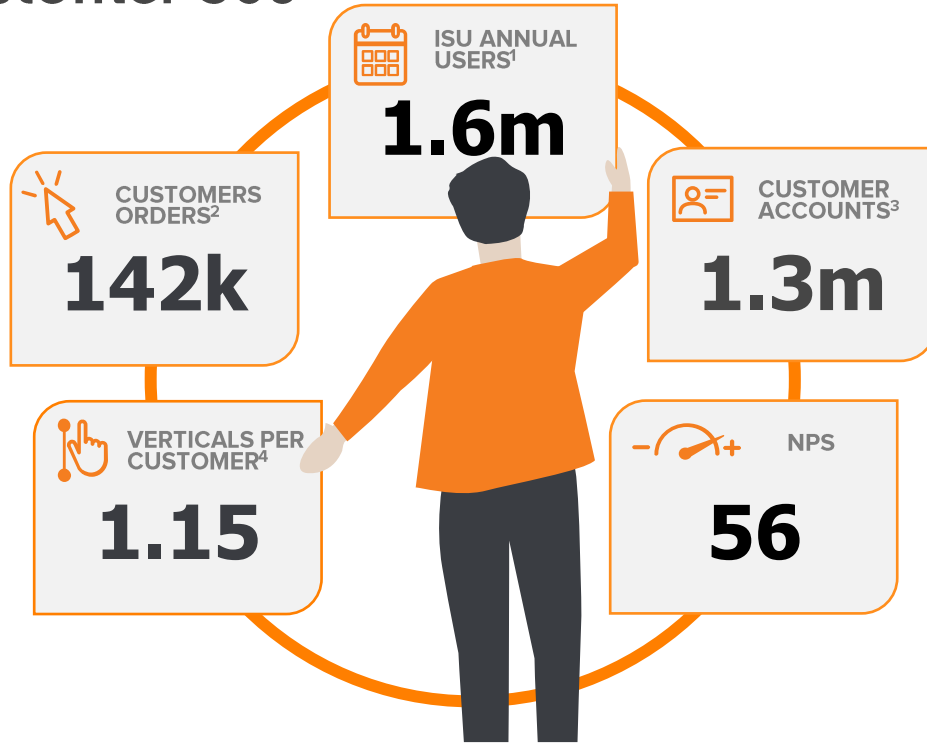
- Trail cash collections continue to perform slightly ahead of expectation, providing ongoing validation of the Trail Asset
- After several periods in 'Outflow', we saw Trail Working Capital turn positive and become an 'inflow' in FY22 H1
- We expect Trail related Working Capital to remain an 'inflow' in FY22 H2

Strategy Update

Warren Hebard Chief Executive Officer



iSelect Customer 360



- **Customer Account** continues its steady growth, with just under 1.3m Accounts since launch
- We will continue to progress and develop our Customer Account:
 - It will enable iSelect to maximise **digital cross-sell opportunities** in the future
 - Aligns closely to Open Energy and future **CDR phases** (Telco, Finance). It is the foundation iSelect will leverage⁶ to provide a secure environment and facilitate consent from consumers to enable frictionless comparisons
- **NPS** results have been strong again, remaining steady at 56
- **Open Energy** is a key focus for the initial phase of our partnership with CIMET. Both parties have deep expertise in Energy comparison and are committed to working together on delivering an innovative and market leading Open Energy proposition.

1. Number of individual customers who have completed a comparison with iSelect in the last 12 months

2. Number of individual customers who made a purchase in the last 12 months

3. Cumulative number of ISU Users who have registered their details with iSelect

4. The average number of verticals within which a customer made a purchase. Where verticals = Health, Energy, Telco, Life, Home Loans, Car, Home & Contents, Travel Insurance, Pet Insurance, Business Insurance

5. NPS: iSelect internal NPS data: 1 July 2021– 31 Dec 2021

6. Regulations require Accredited Data Recipients to meet minimum standards: <https://www.cdr.gov.au/for-providers/become-accredited-data-recipient>

i26 Update | Horizons 2 and 3

In our FY21 Results, we announced the first Horizon of i26: Open Energy. In our FY22 H1 Results, we outline our 2nd and 3rd Horizons within i26:

HORIZON 1 1-2 YEARS

- **The first sector of CDR - Open Energy - will enable:** A more simplified and seamless user journey, with opportunities to continue building relationships with our customers by providing 'always available' comparisons and one central location to manage their energy needs
- We will leverage in our investments in Data and Customer Account
- **With Open Finance now announced as CDR's 4th sector¹,** we have increased conviction that a market opportunity exists for iSelect to better serve our existing 'switcher' customers whilst growing the switcher market in totality

HORIZON 2 3 YEARS

- **Platform:** Build or acquire a scalable and modular platform and deploy a new a digital experience
- **International:** Leverage platform to launch digital international businesses
- **Payments:** Launch payments capability and integrate with new verticals
- **Expand CDR:** Continue to launch CDR-enabled comparison propositions as subsequent sectors are released (Telco, Finance, etc)

HORIZON 3 4-5 YEARS

- **Enter B2B market:** Leverage platform to develop white label partnership opportunities: "Comparison As A Service"
- **New Verticals:** Expand the new online platform into further new verticals
- **Always on Comparison:** Deploy a CDR enabled auto-comparison proposition for consumers

The CIMET investment brings forward key elements of i26 by 3 to 4 years

About CIMET

Who are CIMET?

- CIMET is a fast-growing 'B2B' comparison and technology platform business
- Only 4 years old
- Disrupting the comparison market by bringing 'comparison to the consumer': CIMET enables their B2B Partners to offer comparison to their customers via CIMET's white-label service
- CIMET prioritise digital experiences

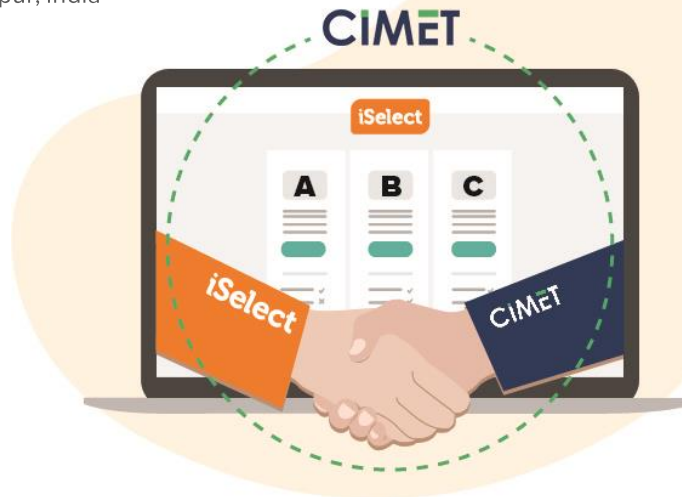


Founders

- Founder and CEO: Ankit Jain
- Co-Founders: Tim Shepherd (Deputy CEO), Raj Jain (COO), Rubal Jain (Head of Technology, Ankit's brother)
- Ankit and Tim are based in Sydney; Rubal and Raj based in Jaipur, India

Business Growth

- CIMET have over 30 'B2B Partners' using their Integrated White-label Service for Energy comparison
- Currently rolling out Internet and Mobile plan comparison



i26 Update | CIMET investment to accelerate the Consumer Data Right opportunity

CDR

- Tranche #1 of Open Energy 'Go-live' date confirmed for Oct 1st, 2022. With remaining Energy retailers (Tranche #2) due Oct 1st 2023.
- Open Telco category is due next, with Open Finance to follow which will include non-bank lending, superannuation and general insurance¹
- With CDR rollout only in its infancy, iSelect continues to participate in the ongoing Government consultation process. Key themes emerging place emphasis on solutions being secure, digitised, quick, easy and ultimately consumer-empowering.
- Commentary from the CDR has been consistent and clear: Their intention for consumers is to enable more choice and control via simplified comparisons².

I26 UPDATE

- iSelect remains focussed on i26 and delivering an Open Energy proposition in Q3 FY23. Developments in the broader CDR space have only increased iSelect's conviction that CDR rollout will change 'comparison' as we know it
- Key areas of priority for iSelect:
 - Consultation with energy retailers,
 - customer experience and technology requirements, further uplifting of our data platforms.

CIMET INVESTMENT

- CIMET's core business brings Energy comparison to the B2B market. A key reason for CIMET's success to date is their fast and innovative development capability.
- iSelect's strengths in Energy comparison lie in our deep industry knowledge, commercial relationships, customer database and scale.
- The CIMET investment represents a strategic partnership which will allow both business to leverage each other's strengths, to deliver a market leading Open Energy proposition to consumers and support a role-out to the broader comparison market via the CIMET B2B platform.

1. Source: <https://ministers.treasury.gov.au/ministers/jane-hume-2020/media-releases/more-power-compare-and-switch-telco-providers-and-share>

2. Source: <https://www.cdr.gov.au/what-is-cdr>

Outlook

Warren Hebard Chief Executive Officer



Outlook



MACRO OUTLOOK

The new CDR legislation represents a significant opportunity for iSelect. The CDR seeks to give consumers more choice, control and convenience. CDR is calling on third parties, such as iSelect, to enable this.

We believe our key strengths leave us uniquely placed to deliver on this:

- Our Brand
- Our customer base (1.3m Accounts) is the foundation of our CDR proposition
- Our partner relationships and industry knowledge
- Our balance sheet strength (\$111.7m Net Assets) which will support our investments and return to growth



CIMET INVESTMENT

Benefits to iSelect are multifaceted:

- CIMET's higher online sales mix improves the unit economics of our model
- Will enable increased investment in marketing, so iSelect can compete harder
- Launch of new verticals / uplift of existing verticals

At a more strategic level, there is close alignment with the Horizons 2 & 3 of our i26 Strategy including:

- Fast tracking our platform renewal by approximately 3 years, reducing future capex and implementation risks. We believe we will be best in market.
- Diversifying our revenue model via access to CIMET's B2B model
- Opening up new opportunities: International expansion, BNPL

CIMET outlook :

- CIMET's FY21 Revenues were approximately \$5m (+76% v FY20); until now the business has been self-funding and EBITDA was approximately breakeven
- In FY22, CIMET expects to deliver a similar growth rate, with a focus on scaling (post the ISU investment) likely to see a small loss

Outlook



H2 MARKET OUTLOOK

We expect consumer demand in our key verticals to remain suppressed in H2 FY22:

- HEALTH: Some health insurers electing not to issue a rate rise in H2; Rate rise itself expected to be lowest in 21 years¹
- ENERGY: With milder summer temperatures, electricity prices at low levels² and increased competition, the external environment remains challenging, however major retailers are forecasting wholesale price increases in H1 FY23³
- **Importantly, we see these headwinds as temporary and have increased conviction in our i26 strategy for FY23 and beyond**



H2 TRADING OUTLOOK

Our key initiatives in H2:

- Launch of a new Brand campaign
- Leverage the CIMET partnership for existing and new verticals
- Open Energy development ahead of its launch in Q3, FY23

Outlook:

- **Given the current market headwinds, we expect revenue and profitability to be impacted in H2 FY22 (vs H2 FY21)**



CASH AND CAPITAL MANAGEMENT

- The sale of legacy Trail Asset (for \$4.6m) to HCF has strengthened our balance sheet. We will continue to assess further opportunities in this space
- We expect cash flows to remain strong, underpinned by Trail Asset cash collections
- Pleasingly Trail related Working Capital turned positive in H1. We expect this will remain positive in H2.
- With the investment in CIMET, the Board has determined that the Dividend program will be cancelled, unless and until otherwise determined by the Board, effective immediately

1. <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/delivering-australias-lowest-private-health-insurance-premium-change-in-21-years>

2. Source: <https://www.theaustralian.com.au/nation/household-power-bills-hit-lowest-in-eight-years-acc/news-story/c0134c0397926460d93b06c3e0e1f8c0>

3. Source: AGL: <https://www.afr.com/companies/energy/agl-coal-power-business-to-ride-higher-prices-20220111-p59nf7>; Origin: <https://www.originenergy.com.au/about/investors-media/half-year-results-2022/>

Thank you



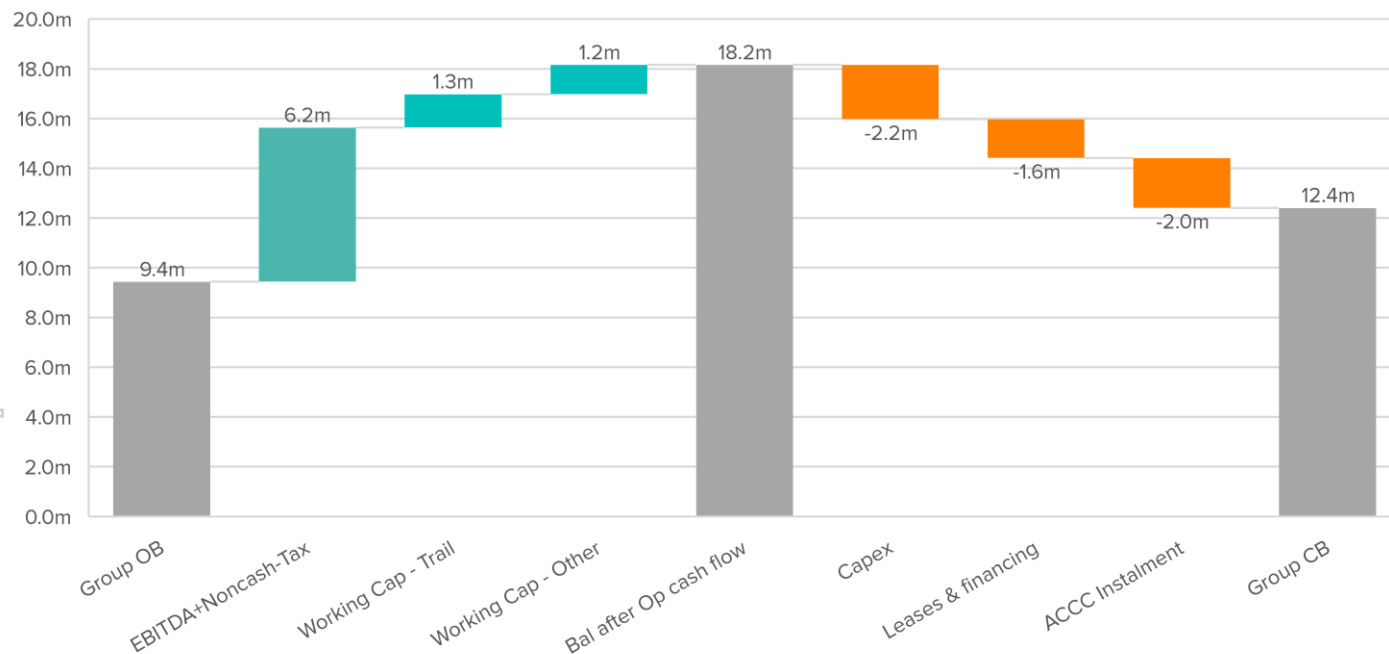
Appendix



FY22 H1 Group Cash flow

iSelect

FY22 H1 | CASH FLOW BREAKDOWN



Excluding the ACCC instalment, FY22 H1 cash increase of \$5.0million

Trail Book Assumptions



Health

KEY VARIABLES:	CUSTOMER: Blended Attrition/ Lapse Rates	INDUSTRY: Premium Increases	PRESENT VALUE: Discount Rate
Principle	Historic trends + 1.00 - 6.6p.p conservatism	Historic trends + 0.4-1.0 p.p conservatism	Locked at point of recognition. Doesn't impact Trail Asset
Assumption	7.5% - 27.0% (Industry Avg = 18.8%)	3.0% - 3.5% (Government Avg = 2.7%)	2.0%
+1% Movement	\$3.3m Rev	\$2.7m Rev	n/a



Life Insurance

Principle	Historic trends + 1.0 - 6.1pp conservatism	Historic trends + 2.0 p.p conservatism	Locked at point of recognition. Doesn't impact Trail Asset
Assumption	13.6% - 19.1% (Industry Avg = 12.8%)	8.0% (Industry Avg = 10.0%)	2.6%
+1% Movement	\$2.9m Rev	\$2.1m Rev	n/a



Home Loans

Principle	Market driven data	Current variable interest rates	Locked at point of recognition. Doesn't impact Trail Asset
Assumption	10% - 24% (Industry Avg = 22.0%)	3.91% (Industry Avg = 4.6%)	1.7%
+1% Movement	\$0.1m Rev	n/a	n/a

Trail Asset: Cash flow profiles



Health

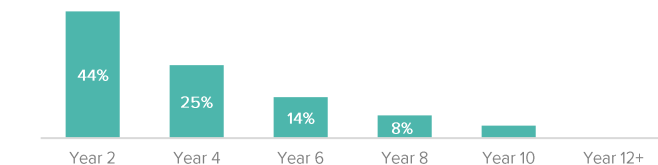
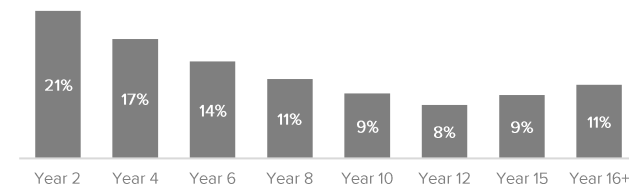
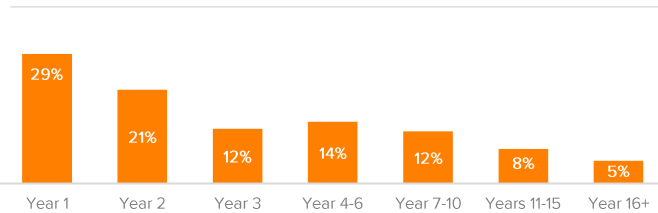


Life Insurance

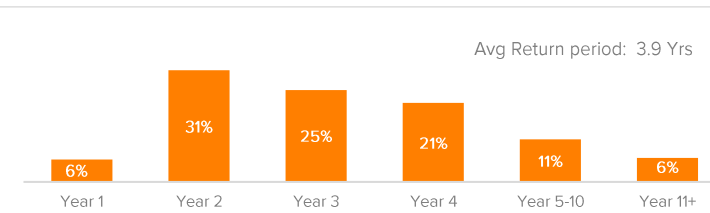


Home Loans

(A) CASH PROFILE: EXISTING TRAIL ASSET



(B) AVERAGE CASH PROFILE: x1 NEW CUSTOMER



No longer Applicable: Future Operating Model for Life will not attract accrual of Trail Revenue going forward

No longer Applicable: Future Operating Model for Home Loans will not attract accrual of Trail Revenue going forward

Reconciliation: Reported to Underlying results

	Reported Result	Acquisition Diligence costs	Underlying Result
	FY22 H1		FY22 H1
	\$'000		\$'000
EBITDA	5,803	830	6,633
Depreciation and amortisation	(4,948)	-	(4,948)
EBIT	855	830	1,685
Net finance costs	(188)	-	(188)
Profit/(loss) before income tax expense	667	830	1,497
Income tax expense	(193)	-	(193)
Profit/(loss) for the period	474	830	1,304