

iSelect Limited market update

3 August 2020: iSelect Limited (ASX: ISU) (“iSelect” or the “Company”) wishes to provide a market update on a number of key matters.

Cessation of discussions with IHA regarding a change of control transaction

During July 2020, iSelect was in confidential and incomplete discussions with Innovation Holdings Australia Pty Ltd (“IHA”), a 28.7% shareholder in iSelect regarding a number of alternate change of control proposals. These discussions resulted in IHA proposing for negotiation of an off-market takeover offer to acquire all of the remaining shares in iSelect that it does not already own (“Proposed Takeover Offer”).

The Proposed Takeover Offer contemplated conditions that included a 90% minimum acceptance condition, ACCC and FIRB approvals, no material adverse effect in relation to iSelect, and no prescribed occurrences. The consideration under the Proposed Takeover Offer was \$0.40 cash per share.

On Saturday 1 August 2020, IHA notified iSelect that it was not proceeding with the Proposed Takeover Offer at this time because the parties could not agree on various terms in the draft bid implementation agreement, including the terms of a material adverse change condition (and any impact of COVID-19 on that condition).

IHA did not require due diligence and the Proposed Takeover Offer was conditional on a unanimous recommendation from the Board of iSelect.

July trading update

While iSelect’s Melbourne office remains closed due to COVID-19, the Company’s staff have continued to work successfully from home and the Board could not be more grateful for the incredible effort all staff have made during this difficult time in Victoria.

As outlined in iSelect’s previous market update, COVID-19 has presented the business with a number of challenges, including implementing the technology requirements to rapidly shift all staff to working remotely, and the last-minute cancellation of the annual April 1 health insurance premium rise. However, despite these challenges, iSelect’s continued focus on profitability meant the business made an underlying profit in Q4 FY20.

The Company has taken the challenges presented by COVID-19 as an opportunity to further prepare iSelect for the changed environment by adjusting its operating model, particularly in Life Insurance and Home Loans, and reducing its fixed cost base. So far in H1 FY21, the early signs are positive with July 2020 EBITDA of \$1.5 million, an improvement of \$0.6 million over July 2019.

iSelect exits iMoney investment

iSelect has sold its investment in Intelligent Money SDN BHD (“iMoney”) to one of the founders of the iMoney business for a nominal value. iSelect has no further obligations or liabilities in respect of iMoney following the sale.

The transaction follows an earlier exploratory sale process that had progressed to documentation with interested parties, but due to the ongoing impact of COVID-19 on iMoney’s operations, the sale process did not result in a transaction.

Despite iMoney's potential, it had become clear that the capital investment needed to continue to support that business was no longer aligned with iSelect's strategy.

Commenting on the decision, iSelect CEO and Executive Director Brodie Arnhold said: "Our strategy is to focus and reinvest in our core iSelect business. This decision regarding iMoney will stem the losses that this business was incurring, delivering a positive result on iSelect's reported EBIT and an improvement in free cash flow.

"Combined with expected positive cash inflows from working capital in H2 FY21, the sale of iMoney will help create growth opportunities for iSelect. It will enable us to refocus on our core capabilities centred around delivering our customers real value in their buying decisions."

Authorised for release by the Board of iSelect Limited.

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About iSelect

At iSelect, we're passionate about helping Australians with their household bills and save time, effort and money. We are Australia's go-to destination for comparison across insurance, utilities and personal finance products made available from our range of providers and our service is provided at no cost to the customer.

We compare a wide range of Australia's leading brands but unlike other comparison sites, we are not owned by an insurance company. Our trained consultants help Australians to compare, select and save. www.iselect.com.au