
Scheme Booklet registered by ASIC

3 November 2022: iSelect Limited (ASX: ISU) (iSelect)

iSelect refers to the announcement made yesterday in relation to the proposed acquisition by Innovation Holdings Australia Pty Ltd ABN 30 617 998 866 (**IHA**) of all of the shares in iSelect that IHA does not currently own by way of a scheme of arrangement (**Scheme**), pursuant to the Scheme Implementation Agreement announced to the ASX on 10 August 2022, and the orders made by the Federal Court of Australia in respect of the Scheme. Pursuant to those orders, iSelect must convene and hold a meeting of iSelect shareholders to consider and vote on the Scheme (**Scheme Meeting**) and distribute an explanatory statement providing information about the Scheme and the Notice of Scheme Meeting (**Scheme Booklet**) to iSelect shareholders.

Scheme Booklet

iSelect confirms that the Scheme Booklet has been registered by the Australian Securities and Investments Commission (**ASIC**). A copy of the Scheme Booklet is attached to this announcement and will be made available online for viewing and downloading at <https://www.iselect.com.au/corporate/investor-centre/results-reports/>.

The Scheme Booklet contains important information for the consideration of eligible iSelect Shareholders about the Scheme and includes a Notice of Scheme Meeting and an Independent Expert's Report.

Further details on where the Scheme Booklet, as well as the proxy forms, can be viewed and downloaded are expected to be dispatched to iSelect shareholders on or about 8 November 2022.

iSelect shareholders who have previously elected to receive communications electronically will receive an email to their nominated email address containing a link to download the Scheme Booklet and access a proxy form and the online meeting platform guide.

iSelect shareholders who have not nominated an email address for this purpose will receive a letter (sent by post) containing details of where they can view and download the Scheme Booklet and the online meeting platform guide, as well as details about how to obtain a hard copy of the Scheme Booklet, and enclosing a proxy form.

The Scheme Booklet should be read in its entirety before making any decision on whether or not to vote in favour of the Scheme.

Independent Expert's Report

The Scheme Booklet includes a copy of the Independent Expert's Report prepared by Grant Thornton Corporate Finance Pty Ltd (**Independent Expert**).

As previously announced to the market, the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of iSelect shareholders, in the absence of a Superior Proposal.

The Independent Expert's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet.

iSelect Board recommendation

The iSelect Board continues to unanimously recommend that iSelect shareholders vote in favour of the Scheme and each iSelect director continues to intend to vote all of the iSelect shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent

Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of iSelect shareholders, in the absence of a Superior Proposal.

Scheme Meeting

The Scheme Meeting at which eligible iSelect shareholders will vote on the proposed Scheme will be held at Assembly II – The Events Centre, Collins Square, Tower Two, 727 Collins Street, Melbourne VIC 3008 at 10:00am on Friday, 9 December 2022 or online (virtually) via the online meeting platform at <https://meetnow.global/MZMAQ75>. iSelect shareholders who participate in the Scheme Meeting via the online platform will be able to listen to the Scheme Meeting, cast a vote online and ask questions.

All registered iSelect shareholders as at 10:00am on Wednesday, 7 December 2022 will be eligible to vote at the Scheme Meeting, other than IHA Group Members. IHA Group Members may attend, but are not eligible to vote at, the Scheme Meeting.

All eligible iSelect shareholders are encouraged to vote either by attending and voting at the Scheme Meeting or by appointing a proxy to attend and vote at the Scheme Meeting. The Notice of Scheme Meeting provides information on how to lodge your proxy form (if applicable).

You should carefully read the Scheme Booklet in its entirety before making any decision in relation to the Scheme. You are encouraged to seek independent financial, legal, accounting, taxation and/or other professional advice before making any voting or investment decision in relation to your iSelect shares.

This announcement is authorised for release by the Board of Directors of iSelect Limited.

- ENDS -

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Scheme Booklet

iSelect

ABN 48 124 302 932

For a scheme of arrangement between iSelect Limited ABN 48 124 302 932 (iSelect) and the Scheme Shareholders in relation to the proposed acquisition by Innovation Holdings Australia Pty Ltd ABN 30 617 998 866 (IHA) of the outstanding iSelect shares that IHA does not already own (Scheme Shares).

Vote in Favour

The iSelect Directors unanimously recommend that you VOTE IN FAVOUR of the Scheme, in the absence of a Superior Proposal.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Scheme Shareholders, in the absence of a Superior Proposal.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read it in its entirety before deciding whether or not to vote in favour of the Scheme.

If you are in doubt about how to deal with this document, you should contact your broker or financial, tax, legal or other professional advisor immediately.

If you have any questions in relation to this Scheme Booklet or the Scheme, you should call the iSelect Shareholder Information Line on 1300 529 497 (within Australia) or +61 3 9415 4832 (outside Australia) any time between 8.30am and 5.00pm (Melbourne Time) on a Business Day.

If you have sold all of your iSelect Shares, please disregard this Scheme Booklet.

Financial Adviser:



Legal Adviser:



Disclaimer and Important Notices

General

Nature of this document

- (a) This Scheme Booklet is important. You should read it carefully and in its entirety before deciding how to vote at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your broker or financial, tax, legal or other professional advisor.
- (b) This Scheme Booklet explains the terms of the proposed acquisition of the Scheme Shares by IHA, by way of a scheme of arrangement between iSelect and Scheme Shareholders under Part 5.1 of the Corporations Act. A copy of the proposed Scheme is set out in Annexure C.
- (c) This Scheme Booklet details how the Scheme will be considered and implemented if all the Conditions Precedent to the Scheme are satisfied or, if permitted, waived. It is not a disclosure document required by Chapter 6D of the Corporations Act.
- (d) If you have sold all your iSelect Shares, please disregard this Scheme Booklet.

Defined terms

- (e) Capitalised terms used in this Scheme Booklet are defined in Section 11. Section 11 also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the Annexures have their own defined terms and rules of interpretation, which are sometimes different from the definitions and rules of interpretation in Section 11.

Investment decisions

- (a) The information contained in this Scheme Booklet does not constitute financial product advice. This Scheme Booklet has been prepared without reference to the investment objectives, financial situation or particular needs of any iSelect Shareholder or any other person. This Scheme Booklet should not be relied on as the sole basis for any investment decision.
- (b) Independent legal, financial and tax advice should be sought before making any investment decision in relation to your iSelect Shares (including whether to vote in favour of the Scheme Resolution).
- (c) This Scheme Booklet does not constitute or contain an offer to iSelect Shareholders, or a solicitation of an offer from iSelect Shareholders, in any jurisdiction.

Purpose of this Scheme Booklet

- (a) The purpose of this Scheme Booklet is to give iSelect Shareholders (other than the Excluded Shareholders, who are not eligible to vote on the Scheme Resolution) the information required to make an informed decision about whether to vote in favour of the Scheme Resolution. This Scheme Booklet provides information as is prescribed by law or is otherwise material to the decision of iSelect Shareholders (other than Excluded Shareholders) about whether to vote in favour of the Scheme Resolution.
- (b) The Scheme requires the approval of iSelect Shareholders (other than Excluded Shareholders, who are not eligible to vote on the Scheme Resolution) at the Scheme Meeting, which will be conducted as a hybrid meeting at 10:00am AEDT on 9 December 2022.

- (c) You can attend and participate in the Scheme Meeting in person at Assembly II - The Events Centre, Collins Square, Tower Two, 727 Collins Street, Melbourne VIC 3008 at 10:00am AEDT on 9 December 2022 or online (virtually) via the online platform at <https://meetnow.global/MZMAQ75>. The online platform will allow iSelect Shareholders to view the Scheme Meeting, ask questions and vote.
- (d) Your vote is important and will determine the future ownership of iSelect. You can vote at the Scheme Meeting in person or via the online platform, or alternatively by completing and submitting a Proxy Form.
- (e) You should read this Scheme Booklet in full before deciding how to vote on the Scheme Resolution.
- (f) The Scheme has advantages, disadvantages and risks, which may affect iSelect Shareholders (other than Excluded Shareholders) in different ways depending on their individual circumstances. You should seek independent professional advice on your individual circumstances, as appropriate.

Preparation of and responsibility for this Scheme Booklet

- (a) iSelect has been solely responsible for preparing the iSelect Information contained in this Scheme Booklet. The iSelect Information, including the intentions, views and opinions of iSelect and the iSelect Directors, has been prepared by iSelect and is the responsibility of iSelect. IHA, its Related Bodies Corporate and their respective directors, officers, employees and advisers have not verified any iSelect Information and do not assume any responsibility for the accuracy or completeness of any iSelect Information.
- (b) IHA has been solely responsible for preparing the IHA Information contained in this Scheme Booklet. The IHA Information, including the intentions, views and opinions of IHA, has been prepared by IHA and is the responsibility of IHA. iSelect, its Related Bodies Corporate and their respective directors, officers, employees and advisers have not verified any IHA Information and do not assume any responsibility for the accuracy or completeness of any IHA Information.
- (c) The Independent Expert has prepared the Independent Expert's Report and takes responsibility for that report. iSelect, IHA, and their respective Related Bodies Corporate and their respective directors, officers, employees or advisers do not take any responsibility for the

Independent Expert's Report, except in the case of iSelect in relation to the information which it has provided to the Independent Expert for the purposes of the preparation of the Independent Expert's Report.

- (d) The Independent Expert's Report is set out in Annexure A.
- (e) iSelect has prepared Section 9 of this Scheme Booklet in relation to the Australian taxation implications that may arise for certain Scheme Shareholders in the event that the Scheme proceeds and is implemented. iSelect takes responsibility for Section 9. IHA and its Related Bodies Corporate and its directors, officers, employees and advisers have not verified Section 9 and do not assume any responsibility for Section 9.
- (f) Section 9 is general in nature and iSelect Shareholders should obtain their own independent, professional taxation advice as to the taxation consequences that will arise for them as Scheme Shareholders if the Scheme is implemented, based on their specific circumstances.

Regulatory information relating to the Scheme Booklet and role of ASIC and ASX

- (a) This Scheme Booklet includes the explanatory statement for the proposed scheme of arrangement between iSelect and Scheme Shareholders for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is set out in Annexure C.
- (b) A copy of this Scheme Booklet (including the Independent Expert's Report) was lodged and registered with ASIC on 3 November 2022 in accordance with section 412(6) of the Corporations Act.
- (c) ASIC has been requested to provide a statement in accordance with section 411(17)(b) of the Corporations Act that ASIC has no objection to the Scheme. If ASIC provides that statement, then the statement will be produced to the Court at the Second Court Hearing.
- (d) Neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.
- (e) Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Notice of Scheme Meeting

- (a) The Notice of Scheme Meeting is contained in this Scheme Booklet in Annexure B.
- (b) The purpose of the Scheme Meeting is to permit iSelect Shareholders (other than Excluded Shareholders, who are not eligible to vote on the Scheme Resolution) to consider and, if thought fit, agree to the Scheme (with or without any modifications or conditions as are thought fit by the Court) to be made between iSelect and Scheme Shareholders by considering and, if thought fit, passing the Scheme Resolution by the Requisite Majorities.
- (c) To enable you to make an informed voting decision, further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412(1) of the Corporations Act) which, together with the Notice of Scheme Meeting, forms part of this Scheme Booklet.

Notice of Second Court Hearing

- (a) The date of the Second Court Hearing is currently expected to be 14 December 2022 at 9:30am AEDT. The hearing will be at the Federal Court of Australia (Victoria Registry) (Owen Dixon Commonwealth Law Courts Building, 305 William Street, Melbourne, Victoria, 3000).
- (b) Each iSelect Shareholder has the right to appear and be heard at the Second Court Hearing and may oppose the approval of the Scheme at the Second Court Hearing. If you wish to appear in this manner, you must file and serve on iSelect a notice of appearance, in the prescribed form, together with any affidavit on which you wish to rely at the Second Court Hearing. The notice of appearance and affidavit must be served on iSelect at its address for service at least one day before the Second Court Date.
- (c) The address for service for iSelect is: 294 Bay Road, Cheltenham, Victoria 3192 (Attention: Warren Hebard) (Email: warren.hebard@iselect.com.au).

Foreign jurisdictions and shareholders

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements, which may be different from the requirements applicable in other jurisdictions. The financial information included in this Scheme Booklet is based on financial statements that have been prepared in accordance with Australian equivalents to International Financial Reporting Standards, which may differ from generally accepted accounting principles in other jurisdictions. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

Forward-looking statements

- (a) iSelect Shareholders should review carefully all of the information included in this Scheme Booklet.
- (b) This Scheme Booklet contains both historical and forward-looking statements.
- (c) The forward-looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current views of iSelect and the iSelect Directors or, in relation to the IHA Information, IHA, held only as at the date of this Scheme Booklet concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipated”, “intending”, “foreseeing”, “likely”, “should”, “planned”, “may”, “estimated”, “potential”, or other similar words and phrases. Similarly, statements that describe iSelect’s or IHA’s respective objectives, intentions, plans, goals or expectations are or may be forward-looking statements. The statements in this Scheme Booklet about the impact that the Scheme may have on the results of iSelect’s business and operations, and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.
- (d) Any forward-looking statements included in this Scheme Booklet and made by iSelect or the iSelect Directors, or by IHA, (as applicable) have been made on reasonable grounds and reflect present intentions as at the date of this Scheme Booklet and may be subject to change, and no assurance can be given that such views will prove to have been correct.
- (e) These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause iSelect’s actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements (whether or not the Scheme is implemented).
- (f) Deviations as to future results, performance and achievements are both normal and to be expected. iSelect Shareholders should note that the historical financial performance of iSelect is no assurance of the future financial performance of iSelect (whether or not the Scheme is implemented).
- (g) The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet. None of iSelect, IHA or any of their respective directors, officers, employees and advisers give any representation, warranty, assurance or guarantee to iSelect Shareholders

that any forward-looking statements will actually occur or be achieved. iSelect Shareholders are cautioned not to place undue reliance on such forward-looking statements. Subject to any continuing obligations under law or the ASX Listing Rules, iSelect and IHA do not give any undertaking to update or revise any forward-looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Presentation of financial information

- (a) Section 5.7 contains financial information relating to iSelect for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022.
- (b) The financial information in Section 5.7 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only. The information has been extracted from the audited financial report of iSelect for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet. Any minor discrepancies between totals in tables or financial statements, or in calculations, graphs or charts, set out in this Scheme Booklet may be due to rounding.

Privacy and personal information

- (a) iSelect and IHA may need to collect personal information in connection with the Scheme.
- (b) The personal information may include the names, contact details and details of holdings of iSelect Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives of iSelect Shareholders for the Scheme Meeting. Personal information is held on the public register in accordance with Chapter 2C of the Corporations Act. The primary purpose of the collection of personal information is to assist iSelect to conduct the Scheme Meeting and, with IHA (to the extent applicable), to implement the Scheme. The information may be disclosed to iSelect, IHA and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities

brokers and any other service provider to the extent necessary to effect and implement the Scheme.

- (c) iSelect Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. iSelect Shareholders may contact the Registry if they wish to exercise these rights.
- (d) If the information outlined above is not collected, iSelect may be hindered in, or prevented from, conducting the Scheme Meeting or, with IHA (to the extent applicable), implementing the Scheme. iSelect Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

Interpretation

- (a) Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables appearing in this Scheme Booklet is based on information available as at the date of this Scheme Booklet. All numbers in this Scheme Booklet are rounded, unless otherwise indicated.
- (b) The financial amounts in this Scheme Booklet are expressed in Australian currency, unless stated otherwise. A reference to dollars, \$, A\$ or cents is to Australian currency, unless otherwise stated.

Date

This Scheme Booklet is dated 3 November 2022.

Supplementary information

- (a) iSelect will issue supplementary information to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:
 - (i) a material statement in this Scheme Booklet is or becomes false or misleading in a material respect;
 - (ii) a material omission from this Scheme Booklet;
 - (iii) a significant change affecting a matter included in this Scheme Booklet; or
 - (iv) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

- (b) Depending on the nature and timing of the changed circumstances or new matter, and subject to consultation with IHA and obtaining any relevant approvals, iSelect may circulate and publish any document setting out the supplementary information by any or all of:
 - (i) making an announcement to ASX;
 - (ii) posting the document to iSelect Shareholders (other than Excluded Shareholders) at their registered address as shown in the Share Register, or by email for iSelect Shareholders (other than Excluded Shareholders) who have elected to receive communications electronically;
 - (iii) placing an advertisement in a prominently published newspaper that is circulated in Australia; or
 - (iv) posting a statement on iSelect's website (<https://www.iselect.com.au>),as iSelect, in its absolute discretion, considers appropriate.

Times and Dates

- (a) All times referred to in this Scheme Booklet are references to times in Melbourne, Australia, unless stated otherwise.
- (b) All dates following the Scheme Meeting referred to in this Scheme Booklet are indicative only and, among other things, are subject to the satisfaction or (if permitted) waiver of the Conditions Precedent prior to 8.00am on the Second Court Date.

Important notice associated with Court order

The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and that a copy of this Scheme Booklet accompany the Notice of Scheme Meeting does not mean that the Court:

- (a) has formed any view as to the merits of the Scheme or as to how iSelect Shareholders (excluding Excluded Shareholders) should vote on the Scheme Resolution (on this matter, iSelect Shareholders (excluding Excluded Shareholders) must reach their own decision); or
- (b) has prepared, or is responsible for the content of, this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by, or expression of any other opinion of, the Court on the Scheme or the Scheme Booklet.

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Letter from the Chairman of iSelect

3 November 2022

Dear iSelect Shareholders

On behalf of the iSelect Directors, I am pleased to provide you with this Scheme Booklet, which contains information in relation to the proposed acquisition of iSelect by IHA.

On 10 August 2022 iSelect announced that it had entered into the Scheme Implementation Agreement (**SIA**) under which it was proposed that IHA would acquire all of the shares in iSelect which IHA does not already own, by way of a scheme of arrangement, subject to the approval of iSelect Shareholders (other than Excluded Shareholders) and Court approval. The implementation of the Scheme is also subject to ACCC approval being obtained, and to the satisfaction or (if permitted) waiver of certain other Conditions Precedent as further described in this Scheme Booklet.

The purpose of this Scheme Booklet is to provide you with information about the Scheme to assist you in making your determination as to how to vote on the Scheme Resolution at the Scheme Meeting.

Your iSelect Directors consider that the Scheme represents an opportunity for iSelect Shareholders (other than Excluded Shareholders) to realise the value of their investment in iSelect, and unanimously recommend that iSelect Shareholders (other than Excluded Shareholders) vote in favour of the Scheme in the absence of a Superior Proposal, provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.¹

Capitalised terms used in this letter, unless otherwise defined, have the same meaning as in the Glossary.

Scheme Consideration

Under the SIA, IHA has agreed to offer a cash price of \$0.30 for each Scheme Share (**Scheme Consideration**).

The Scheme Consideration of \$0.30 per Scheme Share represents a significant premium of:

- 87.5% to the closing price of iSelect Shares of \$0.1600 on 9 August 2022 (being the last trading day before the Announcement Date);
- 70.6% to the one-month VWAP of iSelect Shares to 9 August 2022 of \$0.1759; and
- 87.7% to the three-month VWAP of iSelect Shares to 9 August 2022 of \$0.1599.

The Scheme Consideration also represents a premium of 9.1% to the closing price of iSelect Shares of \$0.275 on 2 November 2022 (being the Last Practicable Date).

The Scheme Consideration represents an equity value of iSelect (excluding the iSelect Shares held by IHA) of approximately \$53.3 million and a total implied equity value of approximately \$72 million.

Unanimous recommendation of iSelect Directors

Your iSelect Directors unanimously recommend that iSelect Shareholders (other than Excluded Shareholders) vote in favour of the Scheme in the absence of a Superior Proposal.

Each iSelect Director who holds or controls iSelect Shares intends to vote, or procure the vote of, all the iSelect Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal, provided that the

¹ The Chairman is entitled to a retention payment of an amount up to \$300,000 payable in three instalments if the Scheme is implemented and certain conditions are met. If the Scheme is not implemented, the Chairman is entitled to only the first instalment (\$60,000), subject to the meeting of certain conditions. It is intended that the Chairman will continue as Chairman of iSelect if the Scheme becomes Effective and is implemented on the same terms and conditions applicable to his current appointment, which includes payment of ~\$250,000 per annum in directors fees. The iSelect Board (excluding Mr Arnhold) considers that, despite these arrangements, it is appropriate for Mr Arnhold to make a recommendation on the Scheme given his role in the development and management of iSelect (including as previous CEO) and that iSelect Shareholders would wish to know Mr Arnhold's views in relation to the Scheme. Mr Arnhold also considers that it is appropriate for him to make a recommendation on the Scheme.

Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.

In reaching their recommendation, the iSelect Directors have taken into account a range of factors (which are explained in more detail in Section 1.2), including:

- the all cash Scheme Consideration provides iSelect Shareholders (other than Excluded Shareholders) with certainty of value and the opportunity to realise their investment in iSelect for cash;
- the iSelect Directors are not aware of any Superior Proposal that is likely to emerge, and no favourable alternative has been identified;
- the Scheme Consideration of \$0.30 cash per Scheme Share represents a significant premium to the recent trading price of iSelect Shares prior to the announcement of the Scheme;
- the Scheme has support from iSelect's major shareholders, Thorney Investment Group and Microequities Asset Management (in each case, in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of iSelect Shareholders (other than the Excluded Shareholders))²;
- the Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal;
- if the Scheme is not implemented and in the absence of a Superior Proposal, the price at which iSelect Shares trade may fall in the near-term to a price that is below, and potentially materially below, the Scheme Consideration of \$0.30 per Scheme Share being offered to iSelect Shareholders (other than Excluded Shareholders) under the Scheme. To date, no Superior Proposal has emerged, and no favourable alternative has been identified;
- if the Scheme is not implemented, iSelect Shareholders will continue to be exposed to risks and uncertainties associated with their investment in iSelect and iSelect's business. These risks (which are explained in more detail in Section 7) include:
 - iSelect is exposed to potential changes in government policy and legislation, in particular with respect to the Australian private health insurance market;
 - iSelect's business is affected by changes in consumer demand for products offered on the iSelect platform;

- iSelect may face significant competition from product aggregators, direct providers and potential new entrants to the Australian online product comparison sector;
- iSelect's customer acquisition costs may increase over time; and
- several specific risks which relate to iSelect's relationship with Product Providers;
- if the Scheme is not implemented, iSelect Shareholders will be exposed to the loss of an opportunity to realise their investment in iSelect for cash for a certain value, and avoiding the ongoing risks and uncertainties associated with their investment;
- the interests of the iSelect Directors (including my personal interest as Chairman), which are disclosed in Sections 5.10 and 5.13. In summary, if the Scheme is implemented, it is currently expected that I will remain Chairman of iSelect and will continue to receive non-executive director fees on the same terms as I am currently receiving those fees for acting in this role. My existing iSelect Performance Rights will be cancelled and, in consideration, I will be eligible to receive a retention payment under the RPI Scheme (which is further described in Section 5.12). If the Scheme is not implemented, it is currently expected that I will remain Chairman of iSelect, will continue to receive non-executive director fees for acting in this role, and will retain my existing iSelect Performance Rights under the current iSelect Long Term Incentive and Performance Right Plan.

iSelect Shareholders (other than Excluded Shareholders) should have regard to these interests when considering how to vote on the Scheme, including my personal recommendation in relation to the Scheme, which appears throughout this Scheme Booklet.

In forming the unanimous recommendation in favour of the Scheme, your iSelect Directors also considered the disadvantages of the Scheme proceeding. Reasons why iSelect Shareholders (other than Excluded Shareholders) may consider voting against the Scheme include:

- you may disagree with the unanimous recommendation of the iSelect Directors and the Independent Expert's conclusion, and believe that the Scheme is not in your best interests;
- you may prefer to continue to hold your investment in iSelect and the iSelect business, and continue to share in any potential upside or downside associated with that investment;
- you may believe it is in your best interests to maintain your current investment and risk profile;
- the tax implications of the Scheme may not be suitable to your financial circumstances or position; and
- you may consider that there is potential for a Superior Proposal to emerge.

Notwithstanding this, the iSelect Directors consider that the advantages of the Scheme proceeding outweigh the disadvantages.

² Both Thorney and Microequities Asset Management have consented to being named and to the inclusion of this statement in the Scheme Booklet.

Sections 1.2 and 1.3 contain further details on the unanimous recommendation given by the iSelect Directors in relation to the Scheme.

ACCC approval process

As noted above, the implementation of the Scheme is subject to the satisfaction or (if permitted) waiver of a number of Conditions Precedent, including ACCC approval being obtained. In particular, it is a condition precedent to the implementation of the Scheme that ACCC approval be obtained before 8.00am on the Second Court Date, which is currently expected to occur on 14 December 2022 (subject to the approval of the Scheme by iSelect Shareholders (other than Excluded Shareholders) at the Scheme Meeting on 9 December 2022). On 27 September 2022, the ACCC announced that it had commenced an informal review in relation to the proposed acquisition of iSelect by IHA pursuant to the Scheme and has issued a market inquiries letter. The ACCC invited submissions from interested parties regarding the Scheme. The closing date for submissions to the ACCC was 11 October 2022.

The ACCC has set a provisional date for the announcement of the ACCC's findings of 8 December 2022, which may be a final decision or release of a "Statement of Issues".³ See further below in Key Dates in relation to this matter.

Independent Expert

iSelect appointed Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987; AFSL 247140) as the Independent Expert to assess the merits of the Scheme. In its report, the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.

The Independent Expert has assessed the value of an iSelect Share before the Scheme to be in the range of \$0.21 and \$0.30 on a 100% controlling interest basis. The Scheme Consideration under the Scheme of \$0.30 per Scheme Share is at the top end of this range.

A copy of the Independent Expert's Report is included in Annexure A. I encourage you to read it in full.

How to Vote

The Scheme requires the approval of iSelect Shareholders (other than Excluded Shareholders) at a Scheme Meeting, which will be conducted as a hybrid meeting at 10:00am AEDT on 9 December 2022.

You can attend the Scheme Meeting in person at 10:00am AEDT at Assembly II - The Events Centre, Collins Square, Tower Two, 727 Collins Street, Melbourne VIC 3008 or online on your computer, tablet or smartphone via the online meeting platform at <https://meetnow.global/MZMAQ75>. The online meeting platform will allow iSelect Shareholders (other than Excluded Shareholders) to view the Scheme Meeting, ask questions (verbally or via a live text facility) and vote at the appropriate time.

Your vote is important and will determine the future ownership of iSelect. I encourage you to participate in and vote at the Scheme Meeting in person or via the online meeting platform, or alternatively by completing and submitting a Proxy Form.

To attend the Scheme Meeting virtually, please pre-register in advance. Online registration will open one hour before the commencement of the Scheme Meeting. To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready.

If you cannot participate in the Scheme Meeting, you should appoint a proxy by completing the Proxy Form enclosed with this Scheme Booklet in accordance with the instructions set out on the form. Proxies will need to contact the Registry on +61 3 9415 4024 within one hour prior to the Scheme Meeting to obtain their unique email invitation link.

More information about how to use the iSelect online meeting platform is available at www.computershare.com.au/virtualmeetingguide

If you wish for the Scheme to be implemented, it is important that you vote in favour of the Scheme Resolution.

Further Information

This Scheme Booklet sets out important information regarding the Scheme, including reasons for the iSelect Directors unanimously recommending the Scheme, and the Independent Expert's Report. It also sets out some of the reasons why you may wish to vote against the Scheme.

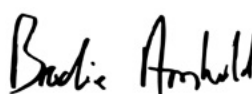
I encourage you to read this Scheme Booklet carefully and in its entirety, as it will assist you in making an informed decision on how to vote on the Scheme Resolution. I would also encourage you to seek independent financial, legal, taxation or other professional advice before making any voting or investment decision in relation to your iSelect Shares.

If you require further information, please call the iSelect Shareholder Information Line on 1300 529 497 (within Australia) or + 61 3 9415 4832 (outside Australia) any time between 8.30am and 5.00pm on a Business Day.

I encourage you to vote in favour of the Scheme which the iSelect Directors unanimously believe is in the best interests of iSelect Shareholders (other than Excluded Shareholders), and which the Independent Expert has concluded is in the best interests of iSelect Shareholders (other than Excluded Shareholders) (in each case, in the absence of a Superior Proposal).

I would like to take this opportunity to thank you for your continued support of iSelect.

Yours Sincerely



Brodie Arnhold
Chairman

iSelect Limited

³ This date is provisional and subject to change.

Key Dates

EVENT	TIME AND DATE
First Court Date The date on which the Court made orders convening the Scheme Meeting	2 November 2022
Date of this Scheme Booklet	3 November 2022
Last date to lodge Proxy Forms Time and date by which Proxy Forms or powers of attorney must be received by the Registry for the Scheme Meeting	10:00am AEDT on 7 December 2022
Scheme Meeting Record Date Time and date for determining eligibility to vote at the Scheme Meeting	7:00pm AEDT on 7 December 2022
Scheme Meeting Time and date of the Scheme Meeting	10:00am AEDT on 9 December 2022

If the Scheme Resolution is approved by iSelect Shareholders (other than Excluded Shareholders) in the Requisite Majorities and all other Conditions Precedent in connection with the Scheme (other than Court approval) have been satisfied or waived (if applicable):

EVENT	INDICATIVE TIME AND DATE
Second Court Date iSelect to apply to the Court for orders approving of the Scheme	14 December 2022
Effective Date Court orders to be lodged with ASIC and announced on ASX Trading in iSelect Shares on ASX to be suspended from close of trading	15 December 2022
Scheme Record Date The time and date which determines the entitlements of iSelect Shareholders (other than Excluded Shareholders) to the Scheme Consideration	7:00pm on 19 December 2022
Implementation Date The date of transfer of all Scheme Shares to IHA and payment of the Scheme Consideration to Scheme Shareholders	28 December 2022

All of the above dates and times are references to the time and date in Melbourne, Australia. All such dates and times are indicative only and, among other things, are subject to all necessary approvals from the Court and any other Conditions Precedent to the implementation of the Scheme having been satisfied or, if applicable, waived. iSelect reserves the right to vary the dates and times set out above and will provide reasonable notice of any such variation. In particular, the date of the Scheme Meeting and/or the Second Court Date may be postponed or adjourned if the satisfaction of a Condition Precedent, for example, relating to receipt of approval from the ACCC, is delayed.

In relation to ACCC approval, it is a condition precedent to the implementation of the Scheme that ACCC approval be obtained before 8.00am on the Second Court Date (the details of the condition precedent are described in further detail below in section 8.1 (d)(i)). The Second Court Date is currently expected to occur on 14 December 2022, subject to the approval of the Scheme by iSelect Shareholders (other than Excluded Shareholders) at the Scheme Meeting on 9 December 2022.

On 27 September 2022, the ACCC announced that it had commenced an informal review in relation to the proposed acquisition of iSelect by IHA pursuant to the Scheme and had issued a market inquiries letter. The ACCC has invited submissions from interested parties regarding the Scheme. The closing date for submissions to the ACCC was 11 October 2022 and the ACCC has set a provisional date for announcement of the ACCC's findings of 8 December 2022, which may be a final decision or release of a "Statement of Issues". As such, the key dates in respect of the Scheme (including the Second Court Date, Effective Date, Scheme Record Date and Implementation Date) may be impacted due to the uncertainty surrounding the timing of receipt of approval from the ACCC.

Any changes to the above timetable will be announced by iSelect to ASX and notified on iSelect's website at <https://www.iselect.com.au/>.










1

Key considerations relevant to your vote

1 Key considerations relevant to your vote

1.1 Summary

- (a) The Scheme has a number of risks, advantages and disadvantages which may affect iSelect Shareholders (other than Excluded Shareholders) in different ways depending on their individual circumstances. Excluded Shareholders⁴ are not eligible to vote on the Scheme Resolution.
- (b) iSelect Shareholders (other than Excluded Shareholders) are encouraged to read this Scheme Booklet in full and, if they are in any doubt as to what they should do, to consult a broker or financial, tax, legal or other professional advisor.
- (c) Section 1.2 sets out reasons why iSelect Shareholders (other than Excluded Shareholders) may wish to vote in favour of the Scheme. These reasons are summarised in the table below. Section 1.2 should be read in conjunction with Section 1.3, which sets out reasons why iSelect Shareholders (other than Excluded Shareholders) may wish to vote against the Scheme.






	The iSelect Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal. ⁵
	The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.
	The Scheme Consideration of \$0.30 cash per Scheme Share represents a significant premium to the recent trading price of iSelect Shares prior to the announcement of the Scheme.
	The all cash Scheme Consideration provides iSelect Shareholders (other than Excluded Shareholders) with certainty of value and the opportunity to realise their investment in iSelect for cash, avoiding the ongoing uncertainties and risks associated with their investment.
	iSelect's share price may fall in the near-term if the Scheme is not implemented and in the absence of a Superior Proposal.
	The Scheme has support from iSelect's major shareholders Thorney Investment Group and Microequities Asset Management. ⁶
	No Superior Proposal has emerged, and no favourable alternative has been identified.
	The Scheme has limited conditions.
	Brokerage charges will not be payable by you for the transfer of your iSelect Shares under the Scheme.

⁴ An Excluded Shareholder is any iSelect Shareholder who is an IHA Group Member or any iSelect Shareholder who holds any iSelect Shares on behalf of, or for the benefit of, any IHA Group Member and does not hold iSelect Shares on behalf of, or for the benefit of, any other person as at the Scheme Record Date.

⁵ Brodie Arnhold (Chairman) is entitled to a retention payment of an amount up to \$300,000 payable in three instalments if the Scheme is implemented and certain conditions are met. If the Scheme is not implemented, the Chairman is entitled to only the first instalment (\$60,000), subject to the meeting of certain conditions. It is intended that the Chairman will continue as Chairman of iSelect if the Scheme becomes Effective and is implemented on the same terms and conditions applicable to his current appointment, which includes payment of ~\$250,000 per annum in directors fees. The iSelect Board (excluding Mr Arnhold) considers that, despite these arrangements, it is appropriate for Mr Arnhold to make a recommendation on the Scheme given his role in the development and management of iSelect (including as previous CEO) and that iSelect Shareholders would wish to know Mr Arnhold's views in relation to the Scheme. Mr Arnhold also considers that it is appropriate for him to make a recommendation on the Scheme.

⁶ In each case, in the absence of a Superior Proposal and provided that the Independent Expert concludes (and continues to conclude) that the Scheme is in the best interests of iSelect Shareholders (other than the Excluded Shareholders), in the absence of a Superior Proposal.

- (d) Section 1.3 sets out reasons why an iSelect Shareholder (other than an Excluded Shareholder) may wish to vote against the Scheme. These reasons are summarised in the table below.

	You may disagree with the iSelect Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests.
	You may prefer to continue to hold your investment in iSelect and the iSelect business, and continue to share in any potential upside or downside associated with that investment.
	You may believe it is in your best interests to maintain your current investment and risk profile.
	The tax implications of the Scheme may not be suitable to your financial circumstances or position.
	You may consider that there is potential for a Superior Proposal to emerge.

1.2 Reasons to vote in favour of the Scheme

The iSelect Directors have unanimously formed the view that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal, for the reasons set out below.

- (a) The iSelect Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.**

The iSelect Directors have formed their conclusion and made their recommendation having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet.

The iSelect Directors have concluded that the Scheme provides iSelect Shareholders (other than Excluded Shareholders) with an opportunity to realise a significant premium to the recent trading price of iSelect Shares prior to the announcement of the Scheme and provides the certainty of an all-cash offer.

In addition, the iSelect Directors believe that the benefits associated with the Scheme for iSelect Shareholders (other than Excluded Shareholders) outweigh the disadvantages associated with the Scheme. The advantages of the Scheme include the matters set out in this Section 1.2, and the potential disadvantages include the matters set out in Section 1.3 (see Sections 1.3 (b), (c), (d) and (e)).

In reaching their conclusions, the iSelect Directors have also had regard to other information set out in this Scheme Booklet, including the risks associated with the Scheme outlined in Section 7 and the Independent Expert's Report contained in Annexure A.

Each of the iSelect Directors who holds or controls iSelect Shares will be voting, or procuring the voting of, all iSelect Shares held or controlled by them in favour of the Scheme (subject to the same qualifications that apply to their recommendation to vote in favour of the Scheme).

Details of the iSelect Directors' respective interests in iSelect Shares are set out in Section 5.10 and, in addition, Brodie Arnhold's (Chairman) interests in iSelect Performance Rights and participation in the RPI Scheme are set out in Section 5.12. In noting the recommendation of iSelect Directors, iSelect Shareholders (other than Excluded Shareholders) should be mindful of the interests and arrangements involving iSelect Directors as described in those Sections.

(b) The Independent Expert has concluded that the Scheme is fair and reasonable, and therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.

The iSelect Directors engaged Grant Thornton as the independent expert to provide an opinion as to whether the Scheme is fair and reasonable and in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.

The Independent Expert has assessed the value of an iSelect Share to be in the range of \$0.21 to \$0.30 on a 100% controlling interest basis. The Scheme Consideration of \$0.30 per Scheme Share accordingly falls within (and is at the top end of) the Independent Expert's assessed valuation range on a 100% controlling interest basis. Your iSelect Directors encourage you to read the Independent Expert's Report, which is set out in Annexure A, before deciding whether or not to vote in favour of the Scheme.

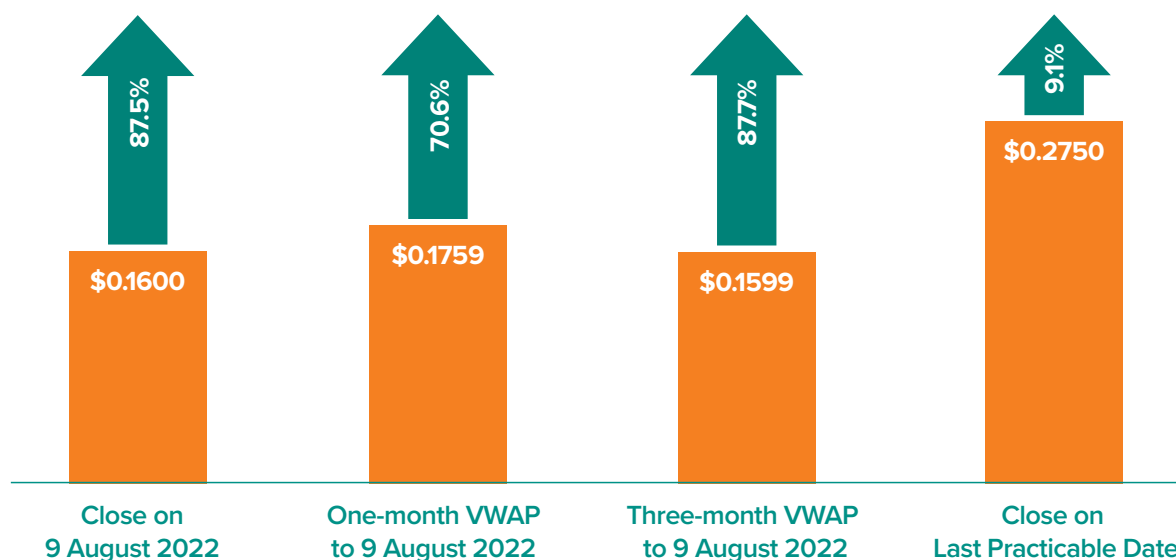
(c) The Scheme Consideration of \$0.30 cash per Scheme Share represents a significant premium to the recent trading price of iSelect Shares prior to the announcement of the Scheme

The Scheme Consideration is \$0.30 per Scheme Share, which represents a premium of:

- 87.5% to the closing price of iSelect Shares of \$0.1600 on 9 August 2022 (being the last trading day before the Announcement Date);
- 70.6% to the one-month VWAP of iSelect Shares to 9 August 2022 of \$0.1759;
- 87.7% to the three-month VWAP of iSelect Shares to 9 August 2022 of \$0.1599; and
- 9.1% to the closing price of iSelect Shares on 2 November 2022 (being the Last Practicable Date) of \$0.275.

Figure 1 shows the premium to the iSelect Share closing price on 9 August 2022, the premium to the VWAP of iSelect Shares over the one-month and three-month periods referred to above, as well as the premium to the iSelect Share closing price on the Last Practicable Date.

Figure 1: \$0.30 Scheme Consideration



For further details relating to iSelect's share price, see paragraph (e) below.

(d) The all cash Scheme Consideration provides iSelect Shareholders (other than Excluded Shareholders) with certainty of value and the opportunity to realise their investment in iSelect for cash, avoiding the ongoing uncertainties and risks associated with their investment

The offer from IHA is a 100% cash offer. This provides certainty of cash proceeds in the near term (subject to the Scheme becoming Effective and being implemented), which may not be otherwise available if the Scheme does not proceed. More specifically, if the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration (payable by IHA) of \$0.30 cash per Scheme Share.

The Scheme also provides you with an opportunity to dispose of 100% of your iSelect Shares in a single transaction in circumstances where you may (depending on the size of your shareholding) be presently faced with limited opportunities (other than under the Scheme) to achieve full liquidity in respect of your holding of iSelect Shares, or may only do so at a discount to the applicable prevailing share price for iSelect Shares.

If the Scheme is implemented, the Scheme Consideration, with its significant premium (see paragraph (c) above and paragraph (e) below relating to the pricing of iSelect Shares on the Last Practicable Date), provides certainty of cash payment against the ongoing uncertainties and risks associated with the execution of iSelect's long term strategy. If the Scheme does not proceed, the amount which iSelect Shareholders (other than Excluded Shareholders) will be able to realise from their investment in iSelect, in terms of share price and future dividends will be uncertain and subject to a number of risks, including those risks set out in Section 7.

In particular, while iSelect has made previous considerable investments in its business to provide a platform for sustainable growth (including as part of its i26 strategy, and the recent acquisition of a 49% interest in CIMET and VCONNEX), there is no certainty as to the value or timing of any return from these investments.

The uncertainties and risks which may affect the amount that iSelect Shareholders (other than Excluded Shareholders) may be able to realise from their investment in iSelect if the Scheme does not proceed also relate to the performance of iSelect's business from time to time (in particular, the uncertainties associated with iSelect's outlook as described in Section 7.3), general economic conditions and movements in the securities markets.

(e) iSelect's share price may fall in the near-term if the Scheme is not implemented and in the absence of a Superior Proposal

On the last trading day prior to the Announcement Date, iSelect's closing share price was \$0.16 and was \$0.275 on the Last Practicable Date. The iSelect Directors are unable to predict the price at which iSelect Shares will trade in the future but consider that, if the Scheme is not implemented and a Superior Proposal is not forthcoming, it is likely that the price of iSelect Shares will fall in the near-term, potentially to a price that is significantly below the Scheme Consideration of \$0.30 cash per iSelect Share.

(f) The Scheme has support from iSelect's major shareholders, Thorney Investment Group and Microequities Asset Management

As at the date of this Scheme Booklet, Thorney Investment Group holds 31,920,079 iSelect Shares (representing 13.30% of the iSelect Shares on issue) and Microequities Asset Management holds 23,598,894 iSelect Shares (representing 9.83% of the iSelect Shares on issue). Each of Thorney Investment Group and Microequities Asset Management have notified the iSelect Directors in writing that they intend to vote all iSelect Shares held by them respectively as at the time of the Scheme Meeting Record Date in favour of the Scheme, in each case in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders).

Each of Thorney Investment Group and Microequities Asset Management have consented to the inclusion of the above statement in this Scheme Booklet.

(g) No Superior Proposal has emerged, and no favourable alternative has been identified

Since the Announcement Date and up to the date of this Scheme Booklet, no Superior Proposal has emerged.

Additionally, as at the date of this Scheme Booklet, the iSelect Directors are not aware of any Superior Proposal that is likely to emerge.

If iSelect receives a Competing Proposal from a third party, there are certain steps that must be taken by iSelect in respect of that Competing Proposal, including providing IHA with the opportunity to submit a counterproposal within five Business Days of providing IHA with the material terms and conditions of the Competing Proposal. See Section 8.1 (j) and Section 3, Question 30 for further details.

The iSelect Directors also considered the prospects for iSelect in pursuing its current strategy and with iSelect Shareholders continuing to participate in the ongoing ownership of iSelect as a listed entity. The iSelect Directors believe that the risks and uncertainties currently presented by the iSelect business and the sectors that it operates in result in this alternative being inferior to the Scheme.

The iSelect Directors have also considered the potential opportunity to realise value for iSelect Shareholders from a sale of all of the assets of iSelect (either individually or in groups), combined with a wind-up of iSelect and a subsequent distribution of after-tax proceeds to iSelect Shareholders. The iSelect Directors believe that the risks of this process, including the timeframe for completion, potential inferior returns and ongoing exposure to the risks and uncertainties of the iSelect business, result in this alternative being inferior to the Scheme.

(h) The Scheme has limited conditions

The implementation of the Scheme is not subject to any financing conditions or further due diligence.

The implementation of the Scheme is subject to the satisfaction or (if permitted) waiver of customary Conditions Precedent, consistent with schemes of arrangement (including iSelect Shareholder (other than Excluded Shareholders) approval, Court approval, ACCC approval (the ACCC has set a provisional date for announcement of the ACCC's findings of its informal review of 8 December 2022) and the Independent Expert continuing to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal. See Section 4 for further details.

(i) No Brokerage

No brokerage or duty will be payable on the transfer of your iSelect Shares to IHA under the Scheme.

It is possible that such brokerage charges (and, potentially GST on those charges) would be incurred if you disposed of your iSelect Shares other than under the Scheme.

1.3 Reasons to vote against the Scheme

The Scheme gives rise to certain potential disadvantages and risks that iSelect Shareholders (other than Excluded Shareholders) should consider in deciding whether or not to vote in favour of the Scheme.

Although the iSelect Directors unanimously recommend that you vote in favour of the Scheme (in the absence of a Superior Proposal), and the Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal, there are other factors, including those set out below, which could lead you to consider voting against the Scheme.

(a) You may disagree with the unanimous recommendation of the iSelect Directors and the Independent Expert's conclusion, and believe that the Scheme is not in your best interests

Despite the views of the iSelect Directors and the Independent Expert, you may believe that the Scheme is not in the best interests of iSelect Shareholders (other than Excluded Shareholders) or not in your individual interests.

The iSelect Directors and the Independent Expert have made judgements based on their views regarding future trading conditions and events, which are not predictable with certainty and which may prove to be inaccurate (either positively or negatively).

You may hold a different view from, and are not obliged to follow, the recommendation of the iSelect Directors, and may not agree with the Independent Expert's opinion.

(b) You may prefer to continue to hold your investment in iSelect and the iSelect business, and continue to share in any potential upside or downside associated with that investment

If the Scheme is implemented, you will cease to be an iSelect Shareholder and will lose the ability to directly participate in any potential upside that may result from maintaining your investment in iSelect.

This means that you will not participate in the future financial performance and potential growth of iSelect, and will not retain exposure to the value that could be created by iSelect for iSelect Shareholders in the future.

However, there is no guarantee as to iSelect's future performance, as is the case with all investments in listed securities.

In particular, you may prefer to continue to hold your investment in iSelect and the iSelect business and seek to achieve a return in respect of your exposure to the considerable investments made in the iSelect business, including as part of its i26 strategy (although there is no certainty as to the value or timing of any return). As described above in Section 1.2, these investments are intended to provide a platform to enable sustainable growth for iSelect Shareholders.

(c) You may believe it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your iSelect Shares to maintain your investment in a public company with iSelect's specific characteristics, including risk, return and liquidity characteristics.

In addition, despite the risk factors relevant to iSelect's future operations as a stand-alone listed entity (including those set out in Section 7), you may consider that iSelect may be able to generate greater returns for its assets as a stand-alone entity, or by exploring alternative corporate transactions in the future.

You may also consider that it would be difficult to identify and invest in alternative investments that have a similar profile to iSelect or may incur transaction costs in undertaking any new investment.

(d) The tax implications of the Scheme may not be suitable to your financial circumstances or position

If the Scheme is implemented, there may be tax consequences that result for you as an iSelect Shareholder, some of which may be adverse.

The tax consequences that will arise for you if the Scheme is implemented will depend on your specific circumstances.

A general guide to the taxation implications of the Scheme is set out in Section 9. However, the outline in Section 9 is expressed in general terms only, and iSelect Shareholders should consult with their own independent taxation advisers regarding the taxation implications for them if the Scheme is implemented.

(e) You may consider that there is potential for a Superior Proposal to emerge

Implementation of the Scheme will mean that iSelect Shareholders (other than Excluded Shareholders) will not have the opportunity to benefit from the potential of a Superior Proposal in the future.

It is possible that a more attractive proposal for iSelect Shareholders could materialise in the future, in the form of a takeover bid, another scheme of arrangement or some alternative

transaction proposal, which would deliver a total consideration for Scheme Shareholders in excess of the Scheme Consideration.

However, since the Announcement Date and up to the date of this Scheme Booklet, no Superior Proposal has emerged. Additionally, as at the date of this Scheme Booklet, your iSelect Directors are not aware of any Superior Proposal that is likely to emerge.

The SIA prohibits iSelect from soliciting a Competing Proposal. iSelect must not accept, negotiate or participate in discussions regarding an actual or potential Competing Proposal even if that Competing Proposal was not solicited. However, iSelect is not subject to the no talk and no due diligence obligations with regard to any genuine unsolicited Competing Proposal provided that the iSelect Directors determine, acting in good faith and after receiving written advice from iSelect's financial and legal advisers, that such Competing Proposal is, or could reasonably be expected to become, a Superior Proposal and that, after receiving legal advice, failing to take or not take a particular action to respond would be reasonably likely to constitute a breach of the iSelect Directors' fiduciary duties or statutory obligations.

1.4 Additional considerations relating to the Scheme

You should also take into account the following additional considerations in deciding how to vote on the Scheme Resolution.

(a) The Scheme may be implemented even if you vote against the Scheme Resolution or do not vote at all.

You should be aware that if you do not vote on, or if you vote against, the Scheme Resolution, the Scheme may still be implemented if it is approved by the Requisite Majorities and by the Court, and if the other Conditions Precedent are satisfied or waived (as applicable). If this occurs, your Scheme Shares will be transferred to IHA and you will receive the Scheme Consideration for your iSelect Shares even though you voted against, or did not vote on, the Scheme Resolution.

(b) Conditions Precedent to the implementation of the Scheme

The implementation of the Scheme is subject to the satisfaction (or waiver, if permitted) of the Conditions Precedent which are summarised in Section 8.1 (d). If the Conditions Precedent are not satisfied or waived (as applicable) by the End Date or, if applicable, the Second End Date (or such other date as agreed between iSelect and IHA), the Scheme will not proceed and Scheme Shareholders will not receive the Scheme Consideration.

(c) Exclusivity arrangements between iSelect and IHA

The SIA contains customary exclusivity provisions, including no shop, no talk, and due diligence restrictions, a notification obligation, as well as a matching right in favour of IHA. These arrangements are summarised in Section 8.1 (j).

(d) Circumstances under which the SIA may be Terminated

The SIA may be terminated by either iSelect or IHA before 8:00am on the Second Court Date, in certain circumstances. These termination rights are summarised in Section 8.1 (f).

(e) Break Fees

The SIA sets out the circumstances where iSelect will be required to pay a break fee to IHA, or may receive a break fee from IHA, as summarised in Section 8.1 (k).

2

What to do next – how to vote

2 What to do next – how to vote

2.1 STEP 1: Carefully read this Scheme Booklet in full

- (a) You should read this Scheme Booklet in full.
- (b) It contains important information to assist you in deciding how to vote on the Scheme Resolution.
- (c) Section 3 contains answers to key questions in relation to the Scheme which may help answer some of your questions.
- (d) It is important that you consider the information disclosed in light of your own particular investment needs, objectives and financial and taxation circumstances.
- (e) If, after reading this Scheme Booklet, you have any questions regarding the Scheme, please:
 - (i) contact the iSelect Shareholder Information Line on 1300 529 497 (within Australia) or 03 9415 4832 (outside Australia) any time between 8.30am and 5.00pm on a Business Day; or
 - (ii) consult your broker or financial, tax, legal or other professional advisor.

2.2 STEP 2: Vote on the Scheme Resolution

YOUR VOTE IS IMPORTANT

- (a) iSelect Shareholders (other than Excluded Shareholders, who are not eligible to vote on the Scheme Resolution) are being asked to approve the Scheme at the Scheme Meeting.
- (b) If you are an iSelect Shareholder that is not an Excluded Shareholder as at the Scheme Meeting Record Date, you will be entitled to vote at the Scheme Meeting. Voting is not compulsory, you may attend but not vote.
- (c) Any iSelect Shares held by or on behalf of Excluded Shareholders, or in which Excluded Shareholders have a Relevant Interest, will not be voted at the Scheme Meeting.
- (d) If the Scheme Resolution is passed by the Requisite Majorities at the Scheme Meeting, iSelect will make an application to the Court to approve the Scheme at the Second Court Hearing.

2.3 How to Vote

You may vote at the Scheme Meeting by doing one of the following:

- (a) **Vote in person or online** – attend the Scheme Meeting in person at Assembly II - The Events Centre, Collins Square, Tower Two, 727 Collins Street, Melbourne VIC 3008 at 10:00am AEDT on 9 December 2022 or attend virtually via an online meeting platform at <https://meetnow.global/MZMAQ75>. If attending in person, please bring a suitable form of personal identification (such as a driver's licence). iSelect Shareholders (other than Excluded Shareholders) attending the Scheme Meeting virtually must use a computer, tablet or smartphone device with internet access. If you are attending virtually, please pre-register ahead of the Scheme Meeting. Registration will be made available one hour prior to the Scheme Meeting commencing. To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxies will need to contact the Registry on +61 3 9415 4024 within one hour prior to the Scheme Meeting commencing to obtain their unique email invitation link. More information about how to use the iSelect online meeting platform is available at www.computershare.com.au/virtualmeetingguide;
 - (b) **Vote by proxy** – if you are unable to attend or participate in the Scheme Meeting and you want to appoint a proxy to vote your iSelect Shares on your behalf:
 - (i) complete, sign and return the original Proxy Form enclosed with this Scheme Booklet in accordance with the instructions set out on the form so that it is received at the address indicated on the form as early as possible and in any event by no later than 10:00am AEDT on 7 December 2022; and
 - (ii) arrange to have your proxy or proxies attend the Scheme Meeting (if you are appointing a person other than the Chairman of the Scheme Meeting as your proxy).
- You can lodge the Proxy Form:
- (iii) by mail to the Registry's postal address at GPO Box 242, Melbourne VIC 3001;
 - (iv) by hand delivery during business hours to the Registry's office address at Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067;
 - (v) by fax at the Registry's fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);

- (vi) online at www.investorvote.com.au using your secure access information, or use your mobile device to scan the personalised QR code on the Proxy Form; or
- (vii) online at www.intermediaryonline.com for intermediary online subscribers (custodians).
- (c) **Joint holders** – in the case of iSelect Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one iSelect Shareholder votes in respect of a jointly held iSelect Share, only the vote of the iSelect Shareholder whose name appears first in the Share Register will be counted.
- (d) **Vote by attorney** – you may appoint an attorney to attend and vote at the Scheme Meeting on your behalf. Such an appointment must be made by a duly executed power of attorney, which must be received by the Registry:
 - (i) by mail to the Registry's postal address at GPO Box 242, Melbourne VIC 3001;
 - (ii) by hand delivery during business hours to the Registry's office address at Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067; or
 - (iii) by fax at the Registry's fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);

as early as possible and in any event by no later than 10:00am AEDT on 7 December 2022, unless it has been previously provided to iSelect.

- (e) **Vote by body corporate representative** – if you are a body corporate, you can appoint a corporate representative to attend and vote at the Scheme Meeting on your behalf. The appointment must comply with section 250D of the Corporations Act.

Please refer to Annexure B where these voting options are set out in full.



3

Answers to Key Questions

3 Answers to Key Questions

3.1 Details of the Scheme

- (a) This Section 3 answers some questions you may have about the Scheme, to assist in your understanding of the Scheme. It is not intended to address all relevant issues for iSelect Shareholders.
- (b) These questions and answers are qualified by, and should be read together with, all other parts of this Scheme Booklet (including the Independent Expert's Report).

3.2 Overview of the Scheme

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
1.	What is the Scheme?	<p>The Scheme is a scheme of arrangement between iSelect and the Scheme Shareholders.</p> <p>A “scheme of arrangement” is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company.</p> <p>In addition to requiring Court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities (see section 4.5 for further details).</p> <p>If the Scheme becomes Effective, IHA (or a nominated wholly owned subsidiary of IHA) (IHA Nominee) will acquire all of the Scheme Shares for the Scheme Consideration. iSelect will become a wholly owned subsidiary of IHA (or the IHA Nominee) and will be delisted from ASX.</p>	Sections 4 and 8
2.	When was the Scheme first announced?	<p>On 10 August 2022, the iSelect Directors announced that iSelect and IHA had entered into the SIA, which related to the proposal for IHA (or the IHA Nominee) to acquire all of the Scheme Shares pursuant to the Scheme.</p>	Section 4.1
3.	Why have I been sent this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are an iSelect Shareholder that is not an Excluded Shareholder and you are being asked to vote on the Scheme Resolution.</p> <p>This Scheme Booklet is intended to help you decide how to vote on the Scheme Resolution at the Scheme Meeting which, if approved, will result in IHA acquiring all of the Scheme Shares.</p> <p>iSelect Shareholders are encouraged to read this Scheme Booklet in full and, if they are in any doubt as to what they should do, consult a broker or financial, tax, legal or other professional adviser.</p> <p>If you have sold all of your iSelect Shares, please disregard this Scheme Booklet as you will not be entitled to vote at the Scheme Meeting.</p>	Section 2

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
4.	Who is IHA?	<p>IHA is a member of the IHA Group. The IHA Group globally has strategic investments in the insurance and related sectors. Its largest businesses are located in South Africa, the United Kingdom and Australia.</p> <p>IHA Group's main businesses in Australia are insurance, through its insurer, Auto & General, and a comparison business, known as Compare the Market. The IHA Group currently employs more than 2,250 people across Australia.</p> <p>IHA is privately owned by a number of offshore companies and entities associated with the Global Chief Executive Officer of IHA Group (Mr Stephen Klinkert) and the Group Managing Director & CEO, Asia Pacific of IHA Group (Mr Ram Kangatharan).</p> <p>IHA is the largest shareholder in iSelect. Auto & General, a related party of IHA, is a customer of iSelect's insurance comparison services. For further details, please see Section 6.</p>	Section 6
5.	Does IHA own any iSelect Shares?	Yes. As at the date of this Scheme Booklet, IHA owns 62,430,788 iSelect Shares and has a voting power of 26% of iSelect Shares on issue.	Section 5.6 (c)
6.	Who is entitled to participate in the Scheme?	If the Scheme is approved by iSelect Shareholders (other than Excluded Shareholders) and the Court and all other Conditions Precedent are either satisfied or waived, the Scheme will be implemented and all Scheme Shareholders on the Share Register as at the Scheme Record Date will receive the Scheme Consideration in respect of the Scheme Shares they hold at that time.	Section 8.4
7.	What payment will I receive if the Scheme is implemented?	<p>If the Scheme is implemented, Scheme Shareholders who are registered as the holders of Scheme Shares as at the Scheme Record Date will receive a cash amount of \$0.30 per Scheme Share (this is the Scheme Consideration).</p> <p>If an iSelect Shareholder sells all of their iSelect Shares before the Scheme Record Date, they will not receive the Scheme Consideration. Refer to the question, "Can I sell my iSelect Shares now?" for more information.</p>	Sections 4.2 and 8.5
8.	What is required for the Scheme to become Effective?	<p>The Scheme will become Effective if:</p> <ol style="list-style-type: none"> the Scheme is approved by the Requisite Majorities; the Court approves the Scheme at the Second Court Hearing; and all of the other Conditions Precedent are satisfied or waived (if permitted). 	Sections 4.3, 4.5 and 4.7

3.3 Scheme Consideration

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
9.	What is the premium of the Scheme Consideration to iSelect's share price?	<p>The Scheme Consideration of \$0.30 cash per Scheme Share represents:</p> <ul style="list-style-type: none"> a. 87.5% to the closing price of iSelect Shares of \$0.1600 on 9 August 2022 (being the last trading day before the Announcement Date); b. 70.6% to the one-month VWAP of iSelect Shares to 9 August 2022 of \$0.1759; c. 87.7% to the three-month VWAP of iSelect Shares to 9 August 2022 of \$0.1599; and d. 9.1% to the closing price of iSelect Shares of \$0.275 on 2 November 2022 (being the Last Practicable Date). 	Section 1.2 (c)
10.	How is IHA funding the Scheme Consideration?	IHA intends to fund the payment of the Scheme Consideration out of its own existing cash reserves, as described in Section 6.5.	Sections 8.2 and 6.
11.	When and how will I receive the Scheme Consideration?	<p>IHA has entered into the IHA Deed Poll to covenant in favour of the Scheme Shareholders to perform its obligations in relation to the Scheme. Those obligations include providing the Scheme Consideration to iSelect, on behalf of the Scheme Shareholders in accordance with the Scheme.</p> <p>If the Scheme becomes Effective, Scheme Shareholders on the Share Register as at the Scheme Record Date will be paid the Scheme Consideration on the Implementation Date (which is currently expected to be 28 December 2022) in accordance with the Scheme.</p> <p>All payments will be made by direct deposit into your nominated bank account, as advised to the Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque sent by post to your registered address as shown on the Share Register.</p>	Sections 4.2 and 8.5
12.	What are the tax implications of the Scheme?	<p>If the Scheme is implemented, there will be tax consequences for Scheme Shareholders, which may include tax being payable on any gain on disposal of Scheme Shares.</p> <p>General information about the likely Australian tax consequences of the Scheme is set out in Section 9. However, the tax consequences arising for Scheme Shareholders will vary depending on their own specific profile, characteristics and circumstances. Accordingly, iSelect Shareholders should obtain professional tax advice having regard to their own particular circumstances.</p>	Section 9

3.4 Conditions Precedent and implementation of the Scheme

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
13.	Are there any conditions to the Scheme?	The Scheme is subject to a number of Conditions Precedent which must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. A summary of the Conditions Precedent is set out in Sections 4.3 and 8.1 of this Scheme Booklet and set out in full in clause 3.1 of the SIA. As at the date of this Scheme Booklet, the iSelect Directors are not aware of any reason why any condition to the Scheme will not be satisfied.	Sections 4.3 and 8.1
14.	Are there any regulatory approvals required for the Scheme to become Effective?	<p>The Scheme is conditional on the ACCC advising IHA in writing before 8.00am on the Second Court Date, either unconditionally or on conditions that are acceptable to IHA (acting reasonably), that the ACCC does not propose to oppose, seek to prevent or otherwise intervene in relation to the implementation of the Scheme, and that advice remains in full force and effect in all respects and has not been withdrawn, revoked, suspended, restricted or amended (or become subject to any notice, intimation or indication of intention to do any such thing) before that time.</p> <p>As at the Last Practicable Date, IHA has applied for, but the ACCC has not yet provided, notice that the ACCC has no objections to the Scheme.</p> <p>On 27 September 2022, the ACCC announced that it had commenced an informal review in relation to the Scheme and issued a market inquiries letter. The ACCC invited submissions from interested parties regarding the Scheme. The closing date for submissions to the ACCC was 11 October 2022.</p> <p>The ACCC has set a provisional date for announcement of the ACCC's findings of 8 December 2022, which may be a final decision or release of a "Statement of Issues". However, the ACCC may change this provisional date.</p> <p>An update on the status of ACCC approval (if any) will be provided at or before the Scheme Meeting.</p>	Sections 4.3 and 8.1
15.	When will the Scheme become Effective?	<p>Subject to the satisfaction or (if permitted) waiver of the Conditions Precedent to the Scheme, the Scheme will become Effective on the date on which the Court order approving the Scheme is lodged with ASIC (this is the Effective Date).</p> <p>Subject to ACCC approval being obtained and all other Conditions Precedent being satisfied (or waived), this is currently expected to occur on 15 December 2022.</p> <p>However, there is no assurance that the Effective Date will occur on 15 December 2022. In particular, the ACCC-related condition will not be satisfied by that time unless the ACCC has confirmed that it has no objection to the Scheme before that date.</p>	Section 8.3

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
16.	What happens on the Implementation Date?	<p>If the Scheme becomes Effective, on the Implementation Date:</p> <ul style="list-style-type: none"> a. IHA will acquire all the Scheme Shares; and b. the Scheme Shareholders will be paid the Scheme Consideration, <p>in accordance with the Scheme.</p> <p>Subject to ACCC approval being obtained and all other Conditions Precedent being satisfied (or waived), the Implementation Date is currently expected to be 28 December 2022. However, there is no assurance that the Scheme will be implemented on that date – see the response to the question “When will the Scheme become Effective?”</p>	Section 8.6
17.	Can the SIA be terminated?	<p>The SIA may be terminated by iSelect or IHA in certain circumstances. These termination rights are summarised in Section 8.1 (f).</p> <p>If the SIA is terminated, the Scheme will not proceed.</p>	Section 8.1 (f)
18.	Is there a reimbursement or break fee payable?	<p>Under the SIA, a break fee of up to \$720,000 may become payable by iSelect to IHA if certain events occur (including, in some circumstances, if iSelect Directors change their recommendation or if IHA terminates the SIA).</p> <p>The circumstances in which the iSelect Break Fee is payable by iSelect are summarised in Section 8.1 (k).</p> <p>The failure to pass the Scheme Resolution by the Requisite Majorities will not trigger the payment of the iSelect Break Fee by iSelect.</p> <p>Further, a break fee of up to \$720,000 may become payable by IHA to iSelect subject to and in accordance with clause 10.4 of the SIA, if the SIA is validly terminated by iSelect in accordance with clause 12.1(b) of the SIA.</p>	Section 8.1 (k)
19.	Will I have to give any warranties in relation to the Scheme?	<p>Yes. Each Scheme Shareholder will be deemed to have warranted to IHA that all of its Scheme Shares will, as at the time of transfer, be fully paid and free from various encumbrances and interests of third parties of any kind, and restrictions on transfer of any kind, and that they have full power and capacity to sell and transfer their Scheme Shares to IHA (together with all rights and entitlements attaching to such shares).</p>	Section 10.2

3.5 Scheme Meeting and Voting Details

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
20.	When and where will the Scheme Meeting be held?	<p>The Scheme Meeting is a hybrid meeting and will be held at:</p> <p>Physical location: Assembly II - The Events Centre, Collins Square, Tower Two, 727 Collins Street, Melbourne VIC 3008</p> <p>Online link: https://meetnow.global/MZMAQ75</p> <p>Date: 9 December 2022</p> <p>Time: 10:00am AEDT</p> <p>See the Notice of Scheme Meeting in Annexure B for further details.</p> <p>iSelect Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to developments relating to the COVID-19 pandemic. Any change will be announced by iSelect to the ASX.</p>	Annexure A Annexure B
21.	Who is entitled to vote at the Scheme Meeting?	Each iSelect Shareholder (other than the Excluded Shareholders) who is registered on the Share Register as at 7:00pm on 7 December 2022 (being the Scheme Meeting Record Date) is entitled to vote at the Scheme Meeting.	Section 2
22.	Is voting compulsory?	<p>Voting is not compulsory. However, your vote is important.</p> <p>If the Scheme Resolution is approved by the Requisite Majorities, you will be bound by the Scheme Resolution whether or not you voted and whether or not you voted in favour of it.</p> <p>The iSelect Directors encourage iSelect Shareholders who are eligible to vote to do so.</p>	Section 2
23.	What am I being asked to vote on?	You are being asked to vote on whether or not to approve the Scheme by voting on the Scheme Resolution.	Annexure B
24.	What vote is required to approve the Scheme?	<p>The Scheme can only proceed if, at the Scheme Meeting, the Scheme Resolution is passed. For this to occur, the Scheme Resolution must be approved by:</p> <ol style="list-style-type: none"> unless the Court orders otherwise, a majority in number (more than 50%) of iSelect Shareholders (other than Excluded Shareholders) present and voting on the Scheme Resolution (either in person or via iSelect's online meeting platform at https://meetnow.global/MZMAQ75, or by proxy, attorney or, in the case of corporate iSelect Shareholders, body corporate representatives); and at least 75% of the votes cast by iSelect Shareholders (other than Excluded Shareholders) on the Scheme Resolution. <p>In this Scheme Booklet, approval of this nature is described as the Requisite Majorities.</p> <p>Even if the Scheme is approved at the Scheme Meeting, the Scheme will remain subject to the approval of the Court and the satisfaction or waiver (if permitted) of any other outstanding Conditions Precedent. For further details of these other conditions, please see section 4.3.</p>	Section 4.5

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
25.	How do I vote?	<p>You may vote on the Scheme Resolution:</p> <ul style="list-style-type: none"> a. by attending the Scheme Meeting in person or via iSelect's online meeting platform available at https://meetnow.global/MZMAQ75; b. by proxy or attorney, by lodging your Proxy Form online at www.investorvote.com.au in accordance with the instructions given there, or completing and lodging the Proxy Form enclosed with this Scheme Booklet, or a duly executed power of attorney, as applicable, so that it is received by no later than 10:00am AEDT on 7 December 2022; or c. by a corporate representative (in the case of an iSelect Shareholder which is a body corporate). 	Section 2
26.	How will voting at the Scheme Meeting be conducted?	<p>Voting at the Scheme Meeting will be conducted by way of a poll.</p> <p>This means that every iSelect Shareholder (other than the Excluded Shareholders) at the Scheme Meeting, present and voting in person or via iSelect's online meeting platform, or by proxy, attorney or corporate representative, will have one vote for each iSelect Share held by them.</p>	Annexure B
27.	What choices do I have as an iSelect Shareholder?	<p>As an iSelect Shareholder you have the following choices in relation to the Scheme:</p> <ul style="list-style-type: none"> a. vote at the Scheme Meeting in person or online, by proxy, by attorney or, in the case of a body corporate, by a duly appointed corporate representative; b. elect not to vote at the Scheme Meeting; c. sell your iSelect Shares prior to the Effective Date; or d. do nothing. <p>For key considerations that may be relevant to your decision how to vote, see Section 1.</p>	Sections 1.2 and 4.12
28.	What happens if I vote against the Scheme Resolution or do not vote?	<p>If you do not vote, or if you vote against the Scheme Resolution, then the Scheme may not be approved by the Requisite Majorities. If this occurs then the Scheme will not be implemented, you will not receive the Scheme Consideration for your iSelect Shares and you will remain an iSelect Shareholder. For more information on what happens if the Scheme is not implemented, please see Section 7.3 (s).</p> <p>However, if the Scheme Resolution is passed by the Requisite Majorities (even if you did not vote, or voted against the Scheme Resolution) and the Scheme becomes Effective, you as a Scheme Shareholder will be bound by the Scheme and:</p> <ul style="list-style-type: none"> a. any iSelect Shares held by you as at the Scheme Record Date will be transferred to IHA on the Implementation Date; and b. you will receive the Scheme Consideration (provided you are registered as an iSelect Shareholder on the Scheme Record Date), <p>in accordance with the Scheme.</p>	Section 7.3 (s)

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
29.	What happens if the Scheme is not approved?	<p>If the Scheme is not approved by the Requisite Majorities or is not approved by the Court, or any other Conditions Precedent are not satisfied or waived (if applicable):</p> <ol style="list-style-type: none"> the Scheme will not be implemented; the iSelect Directors intend to continue to operate the iSelect business in the ordinary course of business; the expected benefits of the Scheme will not be realised, and the disadvantages and risks associated with the Scheme will not arise; iSelect may be liable to pay the iSelect Break Fee to IHA or the IHA Break Fee may be payable by IHA to iSelect depending on the particular circumstances; you will retain your iSelect Shares; and Scheme Shareholders will not receive the Scheme Consideration for their iSelect Shares, <p>and, in the absence of a Competing Proposal:</p> <ol style="list-style-type: none"> iSelect will continue to operate as a stand-alone entity and remain listed on the ASX; and in the opinion of the iSelect Directors, the price of iSelect Shares traded on the ASX is likely to fall in the near-term. 	Section 4.11
30.	What happens if a Competing Proposal emerges?	<p>Until the Scheme is approved by the Court, there is nothing preventing other parties from making Competing Proposals for iSelect.</p> <p>During the Exclusivity Period, iSelect must promptly inform IHA if it (or any of its subsidiaries, representatives or advisers):</p> <ol style="list-style-type: none"> receives any unsolicited approach with respect to any Competing Proposal and must disclose to IHA all material terms and conditions of the Competing Proposal, including the form of consideration and the identity of the Third Party proposing the Competing Proposal; or receives any requests for information relating to members of the iSelect Group or any of their businesses or assets or any request for access to books or records of members of the iSelect Group, which iSelect has reasonable grounds to suspect may relate to a current or future Competing Proposal. <p>These (and other exclusivity) provisions of the SIA are summarised in greater detail in Section 8.1 (j).</p> <p>If a Competing Proposal for iSelect emerges, the iSelect Directors will carefully consider the Competing Proposal and determine (after receiving advice from iSelect's legal and financial advisors) whether it is a Superior Proposal. The iSelect Directors will keep you informed of any material developments.</p>	Section 8.1 (j)

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
31.	Have any Superior Proposals emerged?	<p>Since the Announcement Date and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the iSelect Directors are not aware of any Superior Proposal that is likely to emerge.</p> <p>In this regard, iSelect Shareholders should also bear in mind the exclusivity restrictions imposed on iSelect under the SIA, which are summarised in the Frequently Asked Questions immediately above and in Section 8.1 (j), which may reduce the likelihood that a Superior Proposal emerges or is ultimately completed.</p>	Section 8.1 (j)
32.	What can I do if I oppose the Scheme?	<p>If you, as an iSelect Shareholder (other than Excluded Shareholders), oppose the Scheme, you can do the following:</p> <ol style="list-style-type: none"> call the iSelect Shareholder Information Line on 1300 529 497 (within Australia) or + 61 3 9415 4832 (outside Australia) any time between 8.30am and 5.00pm on a Business Day. attend the Scheme Meeting in person or via iSelect's online meeting platform at https://meetnow.global/MZMAQ75, or appoint a proxy, attorney or (in the case of an iSelect Shareholder which is a body corporate) corporate representative to attend the Scheme Meeting, and vote against the Scheme Resolution; and/or if the Scheme Resolution is approved by the Requisite Majorities and you wish to appear and be heard at the Second Court Hearing and oppose the approval of the Scheme at the Second Court Hearing, you must file with the Court and serve on iSelect a notice of appearance (together with any affidavit on which you propose to rely), attend the Second Court Hearing and indicate your opposition to the Scheme. 	Disclaimer and Important Notices Page 2
33.	When will the result of the Scheme Meeting be available?	The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to the ASX (www2.asx.com.au) once available.	N/A
34.	What do the iSelect Directors recommend?	<p>The iSelect Directors unanimously recommend that all iSelect Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.⁷</p> <p>In noting the unanimous recommendation of iSelect Directors in respect of the Scheme, iSelect Shareholders (other than Excluded Shareholders) should, when considering how to vote on the Scheme, have regard to the respective interests of the iSelect Directors. If the Scheme becomes Effective, it is expected that Mr Arnhold will remain as Chairman of iSelect and will continue to receive non-executive director fees on the same terms as he is currently receiving those fees for acting in this role.</p>	Section 1.2, 5.10, 5.12 and 5.13

⁷ Brodie Arnhold (Chairman) is entitled to a retention payment of an amount up to \$300,000 payable in three instalments if the Scheme is implemented and certain conditions are met. If the Scheme is not implemented, the Chairman is entitled to only the first instalment (\$60,000), subject to the meeting of certain conditions. It is intended that the Chairman will continue as Chairman of iSelect if the Scheme becomes Effective and is implemented on the same terms and conditions applicable to his current appointment, which includes payment of ~\$250,000 per annum in directors fees. The iSelect Board (excluding Mr Arnhold) considers that, despite these arrangements, it is appropriate for Mr Arnhold to make a recommendation on the Scheme given his role in the development and management of iSelect (including as previous CEO) and that iSelect Shareholders would wish to know Mr Arnhold's views in relation to the Scheme. Mr Arnhold also considers that it is appropriate for him to make a recommendation on the Scheme.

3.6 Voting considerations

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
34.	What do the iSelect Directors recommend? (continued)	<p>If the Scheme becomes Effective, in consideration for the cancellation of Mr Arnhold's unvested iSelect Performance Rights, Mr Arnhold will be eligible to receive a retention payment under the RPI Scheme (further details of which are described in the Frequently Asked Questions immediately below and Section 5.12).</p> <p>The iSelect Board considered whether Mr Arnhold should be entitled to participate in the RPI Scheme and concluded that despite the interests of Mr Arnhold, it is appropriate for him to make a recommendation on the Scheme given his role in the development and management of iSelect (including as previous CEO) and that iSelect Shareholders (other than Excluded Shareholders) would wish to know Mr Arnhold's views in relation to the Scheme. Mr Arnhold did not participate in the discussion or decision of the iSelect Board in relation to him making a recommendation on the Scheme. However, Mr Arnhold does consider that it is appropriate for him to make a recommendation on the Scheme.</p> <p>Section 1.2 provides a summary of the reasons why your iSelect Directors consider that iSelect Shareholders (other than Excluded Shareholders) should vote in favour of the Scheme, again in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.</p>	Section 1.2, 5.10, 5.12 and 5.13
35.	What are the interests of the Chairman in relation to the implementation of the Scheme?	<p>In connection with the Scheme, iSelect and IHA have agreed to put in place a new retention and performance scheme (the RPI Scheme). At the 2022 Annual General Meeting, iSelect Shareholders will vote to approve certain aspects of the RPI Scheme (as described below). If the Scheme becomes Effective, the existing iSelect Long Term Incentive and Performance Right Plan and all outstanding iSelect Performance Rights will be cancelled by the iSelect Directors and the senior executives that hold iSelect Performance Rights will receive consideration for the cancellation by being eligible to participate in the RPI Scheme.</p> <p>Mr Arnhold (Chairman) currently holds 1,329,032 iSelect Performance Rights all of which are unvested. In consideration for the cancellation of his unvested iSelect Performance Rights, Mr Arnhold will be eligible to receive up to \$300,000 under the RT Scheme component of the RPI Scheme. However, Mr Arnhold's entitlement to certain benefits under the RPI Scheme is subject to iSelect Shareholder approval at the iSelect 2022 Annual General Meeting.</p>	Section 5.12

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
36.	What approvals are required from iSelect Shareholders in connection with the RPI Scheme and what are the implications if those approvals are not obtained?	<p>Brodie Arnhold (Chairman), Warren Hebard (CEO) and Vicki Pafumi (Executive – Finance & Strategy) have received invitations to participate in the RPI Scheme, however, their entitlement to certain benefits under the RPI Scheme is subject to iSelect Shareholder approval at the 2022 Annual General Meeting.</p> <p>The RPI Scheme Rules provide for a payment under the RT Scheme, LTI Scheme or STI Scheme on the termination of employment (without cause) of a participant of the RPI Scheme. Any payment to Brodie Arnhold, Warren Hebard or Vicki Pafumi in the event of termination of their employment without cause (if applicable) as detailed in the RPI Scheme Rules would constitute a termination benefit for the purposes of section 200A of the Corporations Act. As such, iSelect will seek iSelect Shareholder approval of the termination benefit aspect of the RPI Scheme at the 2022 Annual General Meeting.</p> <p>The proposed retention payment of \$300,000 under the RT Scheme to Brodie Arnhold is likely to be considered a director fee payment. Payment of the full amount of this retention payment will exceed iSelect's existing non-executive director fee cap. As such, iSelect will seek iSelect Shareholder approval to increase iSelect's non-executive director fee cap at the 2022 Annual General Meeting.</p> <p>In the event that the iSelect Shareholders do not approve the termination benefit aspect of the RPI Scheme, Brodie Arnhold, Warren Hebard and Vicki Pafumi will not be entitled to any payment under the RPI Scheme on termination of their employment without cause (if applicable).</p> <p>In the event that the iSelect Shareholders do not approve the increase in iSelect's non-executive director fee cap, Brodie Arnhold will only be entitled to receive up to \$290,000 under the RT Scheme component of the RPI Scheme.</p>	Section 5.12
37.	Is the RPI Scheme subject to the Scheme becoming Effective?	<p>There are three separate incentive components to the RPI Scheme:</p> <ul style="list-style-type: none"> a. RT Scheme; b. STI Scheme; and c. LTI Scheme. <p>The STI Scheme and LTI Scheme are subject to the Scheme becoming Effective and, if the Scheme does become Effective, will apply for FY23 and FY24.</p> <p>Participants under the RT Scheme will be entitled to receive a cash bonus amount that will be paid in three instalments. The first instalment is payable by iSelect to a participant (subject to certain conditions being satisfied in respect of the relevant participant) regardless of whether the Scheme becomes Effective. However, the second and third instalments will only become payable by iSelect to a participant if the Scheme becomes Effective and the conditions are satisfied in respect of the relevant participant.</p> <p>If the Scheme does not become Effective, the iSelect Long Term Incentive and Performance Right Plan will remain in place and no iSelect Performance Rights will be cancelled.</p>	Section 5.12

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
38.	What are the intentions of the iSelect Directors?	Each iSelect Director who holds or controls iSelect Shares intends to vote, or procure the vote of, all iSelect Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal. Details of the iSelect Directors' respective interests in iSelect Shares are set out in Section 5.10.	Sections 4.1, 4.4 and 5.10
39.	What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.	Annexure A
40.	What if the Independent Expert changes its opinion?	If the Independent Expert changes its opinion, this will be announced by iSelect to ASX and the iSelect Directors will carefully consider the Independent Expert's revised opinion and advise you of their recommendation.	Section 8
41.	What are the reasons to vote in favour of the Scheme?	Reasons to vote in favour of the Scheme are set out in the table in Section 1.2 under the heading "Reasons to vote in favour of the Scheme". The iSelect Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, and provided that the Independent Expert continuing to conclude that the Scheme is fair and reasonable and, therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal. ⁸	Section 1.2
42.	What are the reasons you may choose to vote against the Scheme?	Reasons to vote against the Scheme are set out in the table on Section 1.3 under the heading "Reasons to vote against the Scheme".	Section 1.3
43.	What are the key risks associated with the Scheme?	There are certain key risks associated with the Scheme, which are set out in Section 7. These include: a. the risk that the Scheme is not implemented (including as a result of the Scheme Resolution not being approved by the Requisite Majorities, a failure to satisfy any of the Conditions Precedent, or the Court not approving the Scheme), in which case: (i) iSelect must pay incurred transaction and other costs (estimated to be approximately \$1,458,000 (excluding GST)) irrespective of the Scheme not being implemented; (ii) iSelect Shareholders will continue to be exposed to the benefits and risks associated with an investment in iSelect and the iSelect business; and	Section 7

⁸ Brodie Arnhold (Chairman) is entitled to a retention payment of an amount up to \$300,000 payable in three instalments if the Scheme is implemented and certain conditions are met. If the Scheme is not implemented, the Chairman is entitled to only the first instalment (\$60,000), subject to the meeting of certain conditions. It is intended that the Chairman will continue as Chairman of iSelect if the Scheme becomes Effective and is implemented on the same terms and conditions applicable to his current appointment, which includes payment of ~\$250,000 per annum in directors fees. The iSelect Board (excluding Mr Arnhold) considers that, despite these arrangements, it is appropriate for Mr Arnhold to make a recommendation on the Scheme given his role in the development and management of iSelect (including as previous CEO) and that iSelect Shareholders would wish to know Mr Arnhold's views in relation to the Scheme. Mr Arnhold also considers that it is appropriate for him to make a recommendation on the Scheme.

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
43.	What are the key risks associated with the Scheme? (Continued)	<p>(iii) the trading price of iSelect Shares may fall in the near-term and trade at a lower price to the Scheme Consideration; and</p> <p>b. if the Scheme is implemented, there may be tax consequences for Scheme Shareholders in relation to the transfer of their Scheme Shares. Please refer to Section 9 of this Scheme Booklet which summarises the general Australian taxation implications for iSelect Shareholders (other than Excluded Shareholders) who participate in the Scheme arising from the Scheme.</p>	Section 7

3.7 Further information

NO.	QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
44.	Can I sell my iSelect Shares now?	<p>You can sell your iSelect Shares on-market at any time before the close of trading on ASX on the Effective Date at the then prevailing market price.</p> <p>However, if you do so you will receive the prevailing trading price set at the time of sale which may not be the same price as the Scheme Consideration, and you may also be required to pay brokerage.</p> <p>iSelect intends to apply to ASX for iSelect Shares to be suspended from official quotation on ASX from the close of trading on the Effective Date (which is currently expected to be 15 December 2022). You will not be able to sell your iSelect Shares on-market after that time.</p>	N/A
45.	Can I keep my iSelect Shares?	If the Scheme is implemented, you will receive \$0.30 cash per iSelect Share and all of your iSelect Shares will be transferred to IHA. This will be the case irrespective of whether you voted for or against the Scheme Resolution at the Scheme Meeting.	N/A
46.	What are the transaction costs associated with the Scheme?	iSelect estimates that it will incur one-off external transaction costs of approximately \$2,248,000 in relation to the Scheme.	Section 10.6
47.	Do I have to pay brokerage fees or stamp duty to participate in the Scheme?	No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares under the Scheme or the receipt by Scheme Shareholders of the Scheme Consideration.	Section 4.10
48.	Where can I get further information?	<p>If, after reading this Scheme Booklet, you have any questions about the Scheme, you should call iSelect on 1300 529 497 (within Australia) or 03 9415 4832 (outside Australia) on Business Days between 8:30am and 5:00pm.</p> <p>If you are in doubt as to what you should do, you should consult with your broker or financial, tax, legal or other professional advisor immediately.</p>	N/A

4

Summary of the Scheme

4 Summary of the Scheme

4.1 Background

- (a) On 10 August 2022, iSelect announced it had entered into the SIA with IHA under which it is proposed that IHA will acquire all of the Scheme Shares by way of the Scheme.
- (b) A summary of the key terms of the SIA is set out in Section 8.1.

4.2 Scheme Consideration

- (a) If the Scheme is approved by iSelect Shareholders (other than Excluded Shareholders) and the Court, and subject to the satisfaction or waiver (if applicable) of the other Conditions Precedent:
 - (i) each iSelect Share will be transferred to IHA; and
 - (ii) Scheme Shareholders will receive the Scheme Consideration of \$0.30 for every Scheme Share they hold on the Scheme Record Date.
- (b) Payments will be made by direct deposit into your nominated bank account, as advised to the Registry as at the Scheme Record Date. If you have not nominated a bank account, payment

will be made by Australian dollar cheque sent by post to your registered address as shown on the Share Register.

- (c) A copy of the Scheme is included in Annexure C.

4.3 Conditions Precedent to the Scheme

- (a) The implementation of the Scheme is subject to a number of Conditions Precedent which are summarised in the table below.
- (b) The Scheme will not proceed unless all of the Conditions Precedent are satisfied or waived (if applicable) in accordance with the SIA. Condition Precedent number 2 (Shareholder approval) and Condition Precedent number 3 (Court approval) listed below cannot be waived.
- (c) It is important to note that some of these Conditions Precedent may not be satisfied even if the Scheme Resolution is approved by the Requisite Majorities (for example, the Court may refuse to grant the Second Court Order referred to in condition 3 below).
- (d) However, as at the date of this Scheme Booklet, neither iSelect nor IHA is aware of any circumstances which would cause any of these Conditions Precedent not to be satisfied.

NO.	CONDITION PRECEDENT	STATUS
1.	(ACCC) the ACCC has advised IHA by 8.00am on the Second Court Date that the ACCC does not propose to oppose, seek to prevent or otherwise intervene in relation to the implementation of the Scheme.	On 27 September the ACCC commenced an informal review in relation to the Scheme and issued a market inquiries letter. The closing date for submissions to the ACCC from interested parties regarding the Scheme is 11 October 2022. The provisional date for announcement of the ACCC's findings is 8 December 2022 (which may be a final decision or release of a "Statement of Issues"), but is subject to change.
2.	(Shareholder approval) iSelect Shareholders (other than the Excluded Shareholders) approve the Scheme by the Requisite Majorities.	The Scheme Meeting is scheduled to be held on 9 December 2022.
3.	(Court approval) the Court approves the Scheme.	An order of the Court in accordance with section 411(4)(b) of the Corporations Act will be sought at the Second Court Hearing.
4.	(Regulatory intervention) no court of competent jurisdiction or other Regulatory Authority takes any action to delay, restrain, prohibit or impede the implementation of the Scheme or any part of it.	As at the date of this Scheme Booklet, iSelect is not aware of any circumstance which will cause this Condition Precedent not to be satisfied.
5.	(Independent Expert) the Independent Expert concludes that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal, and does not publicly change its conclusion prior to 8:00am on the Second Court Date.	As at the date of this Scheme Booklet, the Independent Expert has concluded that the Scheme is fair and reasonable and therefore, is in the best interests of iSelect Shareholders (other than the Excluded Shareholders), in the absence of a Superior Proposal.

NO.	CONDITION PRECEDENT	STATUS
6.	(No iSelect Regulated Event) no iSelect Regulated Event occurs between (and including) 10 August 2022 and 8.00am on the Second Court Date.	As at the date of this Scheme Booklet, iSelect is not aware of any circumstance which will cause this Condition Precedent not to be satisfied.
7.	(Representations and warranties) the representations and warranties given by iSelect and IHA under the SIA are true and accurate as at the times given.	As at the date of this Scheme Booklet, iSelect is not aware of any circumstance which will cause this Condition Precedent not to be satisfied.
8.	(CIMET Transaction) each of CIMET and VCONNEX have completed their audit processes and obtained an auditor's report in relation to their financial statements for their financial year ended 30 June 2022.	The VCONNEX audit is complete. The CIMET audit process is underway and is expected to be complete prior to the date of the Scheme Meeting.

(e) Section 8.1 (d) sets out a detailed summary of each of the Conditions Precedent.

4.4 Directors of iSelect recommendation and voting intentions

- (a) The iSelect Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.
- (b) Each iSelect Director who holds or controls iSelect Shares intends to vote, or procure the vote of, all iSelect Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal, provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal. The Relevant Interests in iSelect Shares of the iSelect Directors are disclosed in Section 5.10.
- (c) Brodie Arnhold (Chairman) is entitled to a retention payment of an amount up to \$300,000 payable in three instalments if the Scheme is implemented and certain conditions are met. If the Scheme is not implemented, the Chairman is entitled to only the first instalment (\$60,000), subject to the meeting of certain conditions. It is intended that the Chairman will continue as Chairman of iSelect if the Scheme becomes Effective and is implemented on the same terms and conditions applicable to his current appointment, which includes payment of ~\$250,000 per annum in directors fees. The iSelect Directors (other than Brodie Arnhold) consider that despite the interests of Brodie Arnhold (Chairman), it is appropriate for him to make a recommendation and voting intention statement on the Scheme given his role in the operation and management of iSelect and that iSelect Shareholders (other than Excluded Shareholders) would wish to know Mr Arnhold's views in relation to the Scheme. In addition to Mr Arnhold's interest in iSelect Shares disclosed in Section 5.10, his interests in iSelect Performance Rights and participation in the RPI Scheme are disclosed in Section 5.12.

4.5 Voting requirements to approve the Scheme

- (a) For the Scheme to be approved under paragraph 411(4)(a)(ii) of the Corporations Act, the Scheme must be passed by:
 - (i) **(More than 50% of the members, by number)** More than 50% in number of iSelect Shareholders (other than Excluded Shareholders) present and voting either in person, by proxy, by attorney or, in the case of a body corporate, its duly appointed corporate representative (the **Headcount Test**); and
 - (ii) **(75% of the iSelect Shares voted, in aggregate)** At least 75% of the total votes cast at the Scheme Meeting, (together, the **Requisite Majorities**).
- (b) The Court has discretion to dispense with the Headcount Test for the purposes of paragraph 411(4)(a)(ii) of the Corporations Act.
- (c) In accordance with the SIA, if the Scheme is not approved by iSelect Shareholders (other than Excluded Shareholders) by reason of non-satisfaction of the Headcount Test, and the parties agree (acting reasonably) that there are reasonable grounds on which an application could be made to the Court to exercise its discretion under Section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test (**Headcount Test Order**), then iSelect must apply to the Court for the Headcount Test Order by making submissions and filing evidence (as counsel engaged by iSelect, in consultation with IHA, considers is reasonably required) to seek to persuade the Court to exercise its discretion to disregard the Headcount Test).
- (d) Voting at the Scheme Meeting will be by poll. Instructions on how to attend and vote at the Scheme Meeting are set out in Annexure B.

4.6 Persons entitled to vote at the Scheme Meeting

- (a) Each iSelect Shareholder (other than Excluded Shareholders) who is on the Share Register as at the Scheme Meeting Record Date is entitled to vote at the Scheme Meeting either in person, by proxy, by attorney or, in the case of a body corporate, by its duly appointed corporate representative.
- (b) Each iSelect Shareholder (other than Excluded Shareholders) (in its capacity as an iSelect Shareholder) present in person or by proxy has one vote for each Scheme Share held.
- (c) Any iSelect Shares held by or on behalf of Excluded Shareholders, or in which Excluded Shareholders have a Relevant Interest, will not be voted at the Scheme Meeting.
- (d) As at the date of this Scheme Booklet, IHA owns 62,430,788 iSelect Shares and has a voting power of 26% of iSelect Shares on issue.

4.7 Court approval

If the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting and all Conditions Precedent have been satisfied or waived (if applicable), iSelect will apply to the Court at the Second Court Hearing for the Second Court Order approving the Scheme.

4.8 Independent Expert's conclusion

- (a) The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.
- (b) The Independent Expert has provided reasons for its opinion in the Independent Expert's Report, which is set out in Annexure A.
- (c) iSelect Shareholders (other than Excluded Shareholders) are encouraged to read the report carefully and in its entirety.

4.9 Tax Implications

- (a) A summary of the general Australian income tax, stamp duty and GST consequences for iSelect Shareholders (other than Excluded Shareholders) who participate in the Scheme is set out in Section 9.
- (b) Each iSelect Shareholder's tax position is different, and iSelect Shareholders are urged to consult their own tax advisers as to the specific tax consequences of the Scheme to them, including the applicability and effect of local and foreign income and other tax laws in their particular circumstances.

4.10 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares to IHA under the Scheme or the receipt by Scheme Shareholders of the Scheme Consideration.

4.11 Implications if the Scheme is not approved

- (a) If the Scheme is not approved by the Requisite Majorities, or if any other Conditions Precedent are not satisfied or waived (if applicable), the Scheme will not proceed and:
 - (i) the expected benefits of the Scheme will not be realised and the disadvantages and risks associated with the Scheme will not arise;
 - (ii) Scheme Shareholders will retain their iSelect Shares; and
 - (iii) Scheme Shareholders will not receive the Scheme Consideration.
- (b) As at the date of this Scheme Booklet, other than as disclosed in this Scheme Booklet, the iSelect Directors have not formed any plans to make any significant changes to the business of iSelect, redeploy any of its operating assets, or to change or affect the future employment of iSelect's present employees, if the Scheme does not proceed.
- (c) In the absence of a Competing Proposal which is a Superior Proposal to the Scheme, it is likely that the price at which iSelect Shares trade will fall.
- (d) Depending on the reasons why the Scheme does not proceed, iSelect may be liable to pay the iSelect Break Fee or might be entitled to receive the IHA Break Fee. Information on the iSelect Break Fee and IHA Break Fee is set out in Section 8.1 (k).
- (e) Prior to the Scheme Meeting, transaction costs will have been incurred, or will be committed, by iSelect in relation to the Scheme. Those transaction costs have either already been paid or will be payable by iSelect regardless of whether or not the Scheme is implemented. If the Scheme does proceed, additional costs will be incurred.

4.12 Your choices as an iSelect Shareholder

As an iSelect Shareholder (other than Excluded Shareholders), you have the following choices currently available to you:

- (a) **(Vote in favour of the Scheme)** This is the course of action unanimously recommended by the iSelect Directors, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is fair and reasonable and, therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.

To follow the iSelect Directors' unanimous recommendation, you should vote in favour of the Scheme at the Scheme Meeting. For a summary of how to vote on the Scheme, please refer to Section 2 and the Notice of Scheme Meeting contained in Annexure B of this Scheme Booklet. The interests of the iSelect Directors, including Brodie Arnhold (Chairman), are disclosed in Section 5 of this Scheme Booklet. iSelect Shareholders (other than Excluded Shareholders) should have regard to these interests when considering how to vote on the Scheme, including Mr Arnhold's recommendation on the Scheme, which appears throughout this Scheme Booklet.

The reasons why you may vote in favour of the Scheme are set out in detail in Section 1.2.

- (b) **(Vote against the Scheme)** If, despite the iSelect Directors' unanimous recommendation and the Independent Expert's conclusion that the Scheme is fair and reasonable and, therefore in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal, you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting.

The reasons why you might consider voting against the Scheme are set out in detail in Section 1.3.

However, if all the Conditions Precedent to the Scheme are satisfied or waived (if capable of waiver) and the Scheme becomes Effective, the Scheme will bind all iSelect Shareholders (other than Excluded Shareholders), including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all.

- (c) **(Sell your iSelect Shares on the ASX)** The Scheme does not preclude you from selling some or all of your iSelect Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be 15 December 2022), when trading in iSelect Shares will end.

If you are considering selling some or all of your iSelect Shares:

- (i) you should have regard to the prevailing trading prices of iSelect Shares and compare it to the Scheme Consideration that is paid if the Scheme is implemented. You may ascertain the current trading prices of iSelect Shares through the ASX website (www2.asx.com.au); and
- (ii) you should contact your stockbroker for information on how to effect that sale, and you should also contact your broker or financial, tax, legal or other professional advisor.

iSelect Shareholders (other than Excluded Shareholders) who sell some or all of their iSelect Shares on market:

- (i) may receive payment (which may vary from the Scheme Consideration) for the sale of their iSelect Shares sooner than they would receive the Scheme Consideration that is paid under the Scheme;
 - (ii) may incur a brokerage charge;
 - (iii) will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those iSelect Shares they have sold; and
 - (iv) may be liable for capital gains tax (**CGT**) on the disposal of their iSelect Shares (as they also may be under the Scheme – see Section 9).
- (d) **(Do Nothing)** Whilst your vote is important, voting is not compulsory. You are also not required to sell your iSelect Shares on the ASX. It is important that you consider the information disclosed in this Scheme Booklet in light of your own particular investment needs, objectives and financial and taxation circumstances.

4.13 Delisting from ASX

On a date after the Implementation Date to be determined by IHA, iSelect must apply for termination of the official quotation of iSelect Shares on ASX and to have itself removed from the official list of the ASX. However, the last date for trading on ASX is expected to be the Effective Date. For further information, please see Section 6.6.



5

Profile of iSelect

5 Profile of iSelect

5.1 Introduction and business overview

iSelect is an online comparison service provider that was founded in 2000 and was listed on the ASX in 2013 (ASX: ISU). iSelect operates a price comparison website business providing services including product comparison, recommendation and purchase support across private health insurance, life and general insurance, broadband, energy and personal financial products. iSelect maintains two brands, iSelect (www.iselect.com.au), and Energy Watch (www.energywatch.com.au).

iSelect's business model is comprised of four key pillars that are linked:

- (a) **Lead generation:** iSelect generates 'leads' when customers access the iSelect website or call their contact centre;
- (b) **Conversion:** after providing a comparison and identifying the most suitable product for a potential customer, iSelect converts the customer (i.e. the 'lead') into a sale;
- (c) **Product Providers:** product providers are companies that provide private health insurance, life and general insurance, broadband, energy and personal financial products (**Product Providers**). iSelect requires a sufficient range of Product Providers in order to offer a useful comparison to each potential customer; and
- (d) **Brand:** as a price comparison website business, iSelect relies on being a trusted brand for consumers, which enables it to attract new customers and retain existing customers.

iSelect derives the majority of its revenue from fees or commissions paid by Product Providers for a referred sale of their products. For the 12-month period to 30 June 2022, iSelect generated revenue from contracts with customers of \$93.1 million through its Product Provider network. iSelect has over 291 employees as at the Last Practicable Date.

As at the Last Practicable Date, iSelect had a market capitalisation of approximately \$66m (based on a closing price of \$0.275 per iSelect Share).

5.2 Investment in CIMET

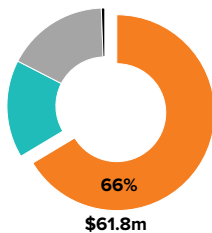
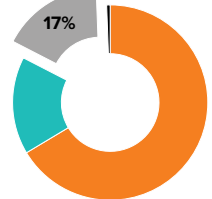
In March 2022 iSelect announced that it had acquired a 49% interest in CIMET, a B2B comparison and technology platform business. CIMET enables its B2B partners to offer comparison services to customers via its white-label service.

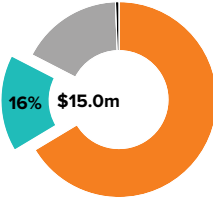
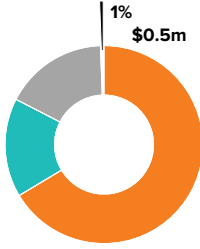
CIMET is expected to provide iSelect with an opportunity to enhance its current model (with CIMET's higher online sales mix potentially facilitating a lower cost to serve customers), an opportunity to diversify revenue through CIMET's B2B model and the opportunity to renew iSelect's legacy platform technology by migrating core businesses onto CIMET's platform. In FY22, CIMET generated \$11.4m of revenue and an EBITDA loss of \$1.2m.⁹

⁹ CIMET's financial statements for FY22 are currently unaudited. As noted in Section 4, these accounts (and the FY22 accounts of VCONNEX) are currently subject to an audit process, which is expected to be complete prior to the date of the Scheme Meeting. As part of iSelect's audit, iSelect's auditor conducted certain analytical review procedures in relation to CIMET's financial statements.

5.3 iSelect business segments

iSelect currently operates through four reporting segments. Each of these segments is described below.

DESCRIPTION	FY22 REVENUE CONTRIBUTION	FY22 EBITDA CONTRIBUTION																													
BUSINESS SEGMENT:																															
Health																															
This segment offers comparison, purchase and referral services across the private health insurance category. Customer experience for the Health segment can be summarised as follows:		 <p>\$3.5m</p>																													
<table><tr><th>Conduct a comparison</th><th>Purchase a new policy online</th><th>Purchase a new policy via phone call with an iSelect consultant</th><th>'Click-out' to a Provider's website to continue the purchase journey</th></tr><tr><td>✓</td><td>✓</td><td>✓</td><td>✗</td></tr></table>	Conduct a comparison		Purchase a new policy online	Purchase a new policy via phone call with an iSelect consultant	'Click-out' to a Provider's website to continue the purchase journey	✓	✓	✓	✗																						
Conduct a comparison	Purchase a new policy online	Purchase a new policy via phone call with an iSelect consultant	'Click-out' to a Provider's website to continue the purchase journey																												
✓	✓	✓	✗																												
BUSINESS SEGMENT:																															
Life and General Insurance																															
This segment offers comparison, purchase and referral services across a range of life insurance, car insurance and other general insurance products. Customer experience for the Life and General Insurance segment can be summarised as follows:		 <p>\$9.1m</p>																													
<table><tr><th>Product</th><th>Conduct a comparison</th><th>Purchase a new policy online</th><th>Purchase a new policy via phone call with an iSelect consultant</th><th>'Click-out' to a Provider's website to continue the purchase journey</th></tr><tr><td>Car</td><td>✓</td><td>✓</td><td>✓</td><td>✗</td></tr><tr><td>Home & Contents</td><td>✓</td><td>✓</td><td>✓</td><td>✗</td></tr><tr><td>Travel</td><td>✓</td><td>✗</td><td>✗</td><td>✓</td></tr><tr><td>Pet</td><td>✓</td><td>✗</td><td>✗</td><td>✓</td></tr><tr><td>Life</td><td>✓</td><td>✗</td><td>✗</td><td>✓</td></tr></table>	Product		Conduct a comparison	Purchase a new policy online	Purchase a new policy via phone call with an iSelect consultant	'Click-out' to a Provider's website to continue the purchase journey	Car	✓	✓	✓	✗	Home & Contents	✓	✓	✓	✗	Travel	✓	✗	✗	✓	Pet	✓	✗	✗	✓	Life	✓	✗	✗	✓
Product	Conduct a comparison	Purchase a new policy online	Purchase a new policy via phone call with an iSelect consultant	'Click-out' to a Provider's website to continue the purchase journey																											
Car	✓	✓	✓	✗																											
Home & Contents	✓	✓	✓	✗																											
Travel	✓	✗	✗	✓																											
Pet	✓	✗	✗	✓																											
Life	✓	✗	✗	✓																											

DESCRIPTION					FY22 REVENUE CONTRIBUTION	FY22 EBITDA CONTRIBUTION*
BUSINESS SEGMENT:						
Energy and Telecommunications						
This segment offers comparison, purchase and referral services across a range of household utilities including electricity, gas and broadband products. Customer experience for the Energy and Telecommunications segment can be summarised as follows:						(\$2.2m)
Product	Conduct a comparison	Purchase a new policy online	Purchase a new policy via phone call with an iSelect consultant	'Click-out' to a Provider's website to continue the purchase journey		
Electricity	✓	✓	✓	✗		
Gas	✓	✓	✓	✗		
Broadband / NBN	✓	✗	✓	✗		
BUSINESS SEGMENT:						
Other						
This segment predominantly offers comparison and referral services across a range of Home Loan, Credit Card, Personal Loans, Car Loans, Business Loans and other finance products and is not a material business segment.						<\$0.1m

* Note: Segment EBITDA excludes certain corporate overhead costs (~\$5.4m) that are not allocated at segment level

5.4 Key revenue streams

How iSelect generates revenue

iSelect derives the majority of its revenue from fees or commissions paid by Product Providers for a referred sale of their products. The commissions comprise two components:

- (a) **Upfront commission:** When iSelect refers a consumer to the Product Provider, iSelect is entitled to an upfront fee that is contingent upon the following events:
 - (i) the referred sale becoming 'financial', which occurs upon new members joining a health fund, initiating a life insurance policy, obtaining general insurance products, mortgages, broadband or energy products via iSelect; and
 - (ii) whether a 'clawback' of the upfront fee is triggered. Upfront fees may trigger a 'clawback' of revenue in the event of early termination by customers.

These contingencies are incorporated into the estimate of variable consideration that iSelect recognises as revenue at the point of sale; and

- (b) **Trailing commission:** Trail commissions are ongoing fees for customers referred to individual Product Providers for certain products supplied by the individual Product Providers. Trail commission revenue represents commission earned calculated, in the case of life insurance and health products, as a percentage of the value of the underlying policy relationship to the expected life of the underlying customer and, in the case of loan products with mortgages, is calculated as a proportion of the underlying value of the loan to which the mortgage relates. iSelect is entitled to receive trail commission without having to perform further services. On initial recognition, trail revenue and assets are recognised at expected value and subject to any applicable contractual terms of individual Product Providers. Prior to FY21, trail commissions were received by iSelect in respect of health and life insurance products and in respect of customers

of Product Providers who had applied for a mortgage in relation to a loan. Due to a change in business model in FY21, iSelect no longer receives trail commissions in connection with the sale of life insurance and home loan products with attached mortgages. Accordingly, iSelect now only accrues new trail commissions in relation to the sale of applicable health insurance products.

5.5 Recent iSelect Share price performance

- (a) iSelect Shares are listed on the ASX under the ASX ticker code 'ISU'.
- (b) On 9 August 2022, being the last trading day prior to the Announcement Date, the closing price for iSelect Shares on the ASX was \$0.16. From the Announcement Date to 2 November 2022 (being the Last Practicable Date), the closing price for iSelect Shares on the ASX has ranged from \$0.26 to \$0.285. During the period leading up to the announcement of the entry into the SIA on 10 August 2022, the VWAP¹⁰ for iSelect Shares was:
 - (i) \$0.1759 per iSelect Share for the one month VWAP; and
 - (ii) \$0.1599 per iSelect Share for the three month VWAP.
- (c) The closing price of iSelect Shares on the ASX on 2 November 2022 being the Last Practicable Date, was \$0.275, being a discount of 8.3% to the Scheme Consideration of \$0.30 per Scheme Share. The figure below shows the iSelect Share price performance over the 12 months to the Last Practicable Date as well as the volume of shares traded over these periods.



¹⁰ Volume weighted average share price (VWAP) based on market trading volume and value up to and including 9 August 2022 (being the last trading day prior to announcement).

5.6 iSelect Directors and senior management

(a) iSelect Directors

As at the date of this Scheme Booklet, the iSelect Directors are:

NAME	POSITION
Brodie Arnhold	Chairman
Shaun Bonett	Independent Non-Executive Director, Chair of Remuneration and Nomination Committee
Bridget Fair	Independent Non-Executive Director
Melissa Reynolds	Independent Non-Executive Director
Geoff Stalley	Independent Non-Executive Director, Chair of Audit and Risk Committee

(b) iSelect senior management

As at the date of this Scheme Booklet, the key members of iSelect's senior management comprise:

NAME	POSITION
Warren Hebard	Chief Executive Officer
Vicki Pafumi	Executive – Finance & Strategy
Michael White	Executive – Sales & Operations
Sonya Oakley	Executive – People & Culture
Paul Coco	Executive – Marketing
Justin Logan	Executive – Commercial
Claire Macfarlane	Executive - Product
Courtney Shergold	Executive – Technology

(c) Substantial shareholders

Based on publicly available information (and information supplied by Thorney Investment Group and Microequities Asset Management in connection with this Scheme Booklet), as at the Last Practicable Date, the following persons have substantial holdings of iSelect Shares:

NAME	NUMBER OF ISELECT SHARES	PERCENTAGE SHAREHOLDING ¹¹
IHA	62,430,788	26.00
Thorney Investment Group	31,920,079	13.30
Microequities Asset Management	23,598,894	9.83
Ankit Jain	18,518,966	7.71
Renaissance Asset Management (Renaissance Smaller Companies Pty Ltd)	14,539,256	6.06

¹¹ Percentage shareholding based on number of iSelect Shares on issue on the Last Practicable Date.

5.7 Financial Information

(a) Basis of preparation

The historical financial information of iSelect presented is in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, iSelect recommends that iSelect Shareholders read the following in conjunction with the financial statements of iSelect for the respective periods including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements (copies of which are available on iSelect's website at <https://www.iselect.com.au/> and on the ASX's website as www2.asx.com.au).

The historical financial information of iSelect has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The historical financial information in this Scheme Booklet is presented on a stand-alone basis and accordingly does not reflect any impact of the Scheme.

The full financial accounts of iSelect, including all notes to those accounts, can be found in the:

- (i) FY20 iSelect Annual Report and Appendix 4E (released to ASIC on 28 August 2020);
- (ii) FY21 iSelect Annual Report and Appendix 4E (released to ASIC on 24 August 2021); and
- (iii) FY22 iSelect Annual Report and Appendix 4E (released to ASIC on 31 August 2022).

These documents are available on ASX's website (asx.com.au) and iSelect's website (iselect.com.au).

(b) Consolidated statement of profit or loss and other comprehensive income

The following table presents the historical consolidated statement of profit or loss and other comprehensive income of iSelect for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022.

	CONSOLIDATED		
	2020 \$'000	2021 \$'000	2022 \$'000
Continuing Operations			
Revenue from contracts with customers – continuing operations			
Upfront revenue	89,149	70,699	57,260
Trail commission revenue	31,276	40,271	35,847
Total Revenue From Contracts With Customers	120,425	110,970	93,107
Cost of sales	(85,903)	(67,428)	(61,082)
Gross Profit	34,522	43,542	32,025
Other income	4,220	3,600	475
Administrative expenses	(30,251)	(34,706)	(25,319)
Loss on disposal of assets	(18,835)	(139)	(1,568)
Share-based payments expense	(669)	(847)	(579)
Share of loss in associates	(909)	-	(119)
Depreciation and amortisation	(8,609)	(10,474)	(20,605)
(Loss)/Profit Before Interest and Tax	(20,531)	976	(15,690)
Finance income	28	3	3
Finance costs	(381)	(403)	(463)
Net Finance Costs	(353)	(400)	(460)

(b) Consolidated statement of profit or loss and other comprehensive income (continued)

	CONSOLIDATED		
	2020 \$'000	2021 \$'000	2022 \$'000
(Loss)/Profit Before Income Tax Expense	(20,884)	576	(16,150)
Income tax benefit/(expense)	422	(2,635)	4,331
Loss for the Period from Continuing Operations	(20,462)	(2,059)	(11,819)
Discontinued Operations			
Loss before tax for the period from discontinued operations	(20,832)	(3,013)	-
Income tax benefit/(expense)	(2,255)	-	-
Loss After Tax for the Period from Discontinued Operations	(23,087)	(3,013)	-
Loss for the Year	(43,549)	(5,072)	(11,819)
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation movements	192	(168)	-
Other Comprehensive Income Net of Tax	192	(168)	-
Total Comprehensive Income for the Year	(43,357)	(5,240)	(11,819)
Loss attributable to			
Owners of the Company	(43,324)	(5,007)	(11,819)
Non-controlling interests	(225)	(65)	-
	(43,549)	(5,072)	(11,819)
Total Comprehensive Income Attributable to			
Owners of the Company	(43,135)	(5,184)	(11,819)
Non-controlling interests	(222)	(56)	-
	(43,357)	(5,240)	(11,819)
Loss per share (cents per share)			
Basic / diluted profit/(loss) for the year attributable to ordinary equity holders of the parent	(19.9)	(2.3)	(5.2)
Loss per share (cents per share) for continuing operations			
Basic / diluted profit/(loss) for the year attributable to ordinary equity holders of the parent	(9.4)	(0.9)	(5.2)
Loss per share (cents per share) for discontinued operations			
Basic / diluted profit/(loss) for the year attributable to ordinary equity holders of the parent	(10.5)	(1.4)	-

(c) Consolidated statement of financial position

The following table presents the historical consolidated statement of financial position of iSelect as at 30 June 2020, 30 June 2021 and 30 June 2022.

	CONSOLIDATED		
	2020 \$'000	2021 \$'000	2022 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	10,522	9,433	11,320
Trade receivables and contract assets	15,826	14,864	10,812
Trail commission asset	29,850	33,407	31,518
Other assets	3,328	3,907	4,442
	59,526	61,611	58,092
Assets held for sale	1,682	-	-
Total Current Assets	61,208	61,611	58,092
Non-Current Assets			
Trail commission asset	88,413	91,361	86,437
Investment in associates	-	-	22,459
Property, plant and equipment	6,939	4,538	2,069
Intangible assets	17,606	14,772	370
Other assets	25	25	25
Total Non-Current Assets	112,983	110,696	111,360
Total Assets	174,191	172,307	169,452
LIABILITIES			
Current Liabilities			
Trade and other payables	18,102	17,162	17,894
Borrowings	-	-	2,374
Lease liabilities	2,544	2,747	1,443
Provisions	5,430	6,058	4,966
Other	325	-	-
	26,401	25,967	26,677
Liabilities directly associated with the assets held for sale	1,934	-	-
Total Current Liabilities	28,335	25,967	26,677

(c) Consolidated statement of financial position (continued)

	CONSOLIDATED		
	2020 \$'000	2021 \$'000	2022 \$'000
Non-Current Liabilities			
Trade and other payables	-	4,600	2,600
Borrowings	-	-	11,033
Lease liabilities	4,157	1,443	-
Provisions	422	395	256
Net deferred tax liabilities	26,560	29,195	24,863
Total Non-Current Liabilities	31,139	35,633	38,752
Total Liabilities	59,474	61,600	65,429
Net Assets	114,717	110,707	104,023
EQUITY			
Contributed equity	111,290	111,425	115,981
Reserves	10,618	11,288	11,867
Accumulated losses	(4,814)	(12,006)	(23,825)
Equity attributable to owners of the Company	117,094	110,707	104,023
Non-controlling interest	(2,377)	-	-
Total Equity	114,717	110,707	104,023

(d) Consolidated statement of cash flows

The following table presents the historical consolidated statement of cash flows for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022.

	CONSOLIDATED		
	2020 \$'000	2021 \$'000	2022 \$'000
Cash Flows from Operating Activities			
Receipts from customers	143,991	109,504	106,204
Payments to suppliers and employees	(142,809)	(99,648)	(101,371)
Interest received	49	3	3
Income taxes refunded	619	-	-
Net cash provided by operating activities	1,850	9,859	4,836
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets	(9,565)	(5,325)	(3,763)
Cash disposed of as a part of discontinued operations	-	(1,576)	-
Payment for investment in CIMET	-	-	(14,012)
Proceeds from sale of non-current assets	-	-	4,617
Net cash used in investing activities	(9,565)	(6,901)	(13,158)
Cash Flows from Financing Activities			
Net proceeds from bank facilities	-	-	13,407
Repayment of lease liabilities	(2,562)	(2,595)	(2,747)
Interest paid	(724)	(437)	(451)
Dividend paid to shareholders of the parent	-	(2,185)	-
Net cash provided by / (used in) financing activities	(3,286)	(5,217)	10,209
Net increase / (decrease) in cash and cash equivalents	(11,001)	(2,259)	1,887
Net foreign exchange difference	301	436	-
Cash and cash equivalents at the beginning of the year	21,956	11,256	9,433
Cash and cash equivalents at the end of the year	11,256	9,433	11,320

(e) Material changes in iSelect's financial position since 30 June 2022

Other than the accumulation of profits in the ordinary course of trading, as disclosed in this Scheme Booklet, or as disclosed to the ASX by iSelect, to the knowledge of iSelect Directors, the financial position of iSelect has not changed materially since 30 June 2022, being the last date of the period to which the financial statements for the financial year ended 30 June 2022 relate.

As disclosed to ASX on 31 August 2022 in the announcement of its FY22 financial results, while the overall outlook for FY23 is uncertain, based on the information known at the date of this Scheme Booklet, iSelect expects overall financial performance in FY23 to be significantly impacted when compared to FY22. As described in the investor presentation dated 31 August 2022 accompanying iSelect's FY22 financial results (also disclosed to ASX on 31 August 2022), the impact on iSelect's financial performance when compared to FY22 is expected to arise as a result of matters including the following:

- (i) the performance of iSelect's Energy & Telecommunications segment, which remains uncertain given the ongoing changes in the energy market; and
- (ii) the level of consumer demand in relation to health insurance products, given the recent 'out-of-cycle' health insurance premium increase.

Copies of iSelect's periodic reports (including the Appendix 4E and the audited report for the financial year ended 30 June 2022) can be obtained from iSelect's website at [iselect.com.au](https://www.iselect.com.au) or ASX's website at [asx.com.au](https://www.asx.com.au).

5.8 Corporate Governance

iSelect's corporate governance practices are detailed in iSelect's 2022 Corporate Governance Statement lodged with ASX on 31 August 2022, available at www2.asx.com.au. A copy of iSelect's corporate governance policies filed with the ASX may be obtained from the ASX website (www2.asx.com.au).

5.9 Capital structure

- (a) As at the Last Practicable Date, the capital structure of iSelect comprised the following securities:

- (i) 240,086,753 fully paid ordinary shares; and
- (ii) 11,146,311 iSelect Performance Rights.

- (b) No other securities in iSelect were on issue as at the Last Practicable Date.

5.10 Relevant Interests of iSelect Directors

- (a) As at the Last Practicable Date, the iSelect Directors have the following Relevant Interests in iSelect Shares.

DIRECTOR	NUMBER OF ISELECT SHARES	PERCENTAGE INTEREST IN ISELECT SHARES
Brodie Arnhold	491,084	0.20%
Shaun Bonett ¹²	7,500,000	3.12%
Bridget Fair	80,728	0.03%
Melissa Reynolds	50,000	0.02%
Geoff Stalley	100,000	0.04%

- (b) iSelect Directors who hold iSelect Shares will be entitled to vote at the Scheme Meeting and receive the Scheme Consideration along with the other Scheme Shareholders.
- (c) Each iSelect Director that holds or controls iSelect Shares intends to vote, or procure the vote of, all iSelect Shares held or controlled by them in favour of the Scheme Resolution, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal.
- (d) No iSelect Director acquired or disposed of a Relevant Interest in any iSelect Share or other security issued by iSelect in the four month period ending on the date immediately before the date of this Scheme Booklet.

¹² Held through Precision Management Corp. Pty Ltd.

5.11 Relevant Interests in IHA

As at the date of this Scheme Booklet, none of the iSelect Directors have a Relevant Interest in IHA and no iSelect Director has acquired or disposed of a Relevant Interest in IHA in the four-month period ending on the date immediately before the date of this Scheme Booklet.

5.12 Adoption of new iSelect Retention and Performance Incentive Scheme

(a) Overview of proposed new arrangements

iSelect currently operates incentive plans under which iSelect Performance Rights are granted to senior executives as an incentive and to reward such persons for performance and align their interests with those of iSelect Shareholders. iSelect Performance Rights grants for a financial year are made under the iSelect Long Term Incentive and Performance Right Plan approved by iSelect Directors on 1 July 2015 and reapproved by iSelect Shareholders on 19 October 2021.

In connection with the Scheme, iSelect and IHA have agreed to put in place a new iSelect Retention and Performance Incentive Scheme (**RPI Scheme**). At the 2022 Annual General Meeting, iSelect Shareholders will vote to approve certain aspects of the RPI Scheme (as detailed below)¹³. If the Scheme becomes Effective, the iSelect Long Term Incentive and Performance Right Plan and all outstanding iSelect Performance Rights will be cancelled by the iSelect Directors and the senior executives that hold iSelect Performance Rights will receive consideration for the cancellation by being eligible to participate in the RPI Scheme.

Unless specifically stated, the remainder of this Section 5.12 assumes that the iSelect Shareholders vote to approve the relevant aspects of the RPI Scheme at the 2022 Annual General Meeting.

If the Scheme does not become Effective, the iSelect Long Term Incentive and Performance Right Plan will remain in place and no iSelect Performance Rights will be cancelled. Further, certain components of the RPI Scheme will still be payable by iSelect to eligible participants who meet specified conditions (see below for further details).

As at the Last Practicable Date, iSelect had 11,146,311 iSelect Performance Rights on issue which comprised:

- (i) 731,667 unvested performance rights (FY2019 iSelect Long Term Incentive and Performance Right Plan);
- (ii) 3,413,286 unvested performance rights (FY2020 iSelect Long Term Incentive and Performance Right Plan);
- (iii) 2,188,621 unvested performance rights (FY2021 iSelect Long Term Incentive and Performance Right Plan);
- (iv) 4,059,869 unvested performance rights (FY2022 iSelect Long Term Incentive and Performance Right Plan); and
- (v) 752,868 unvested performance rights (FY2022 iSelect Long Term Incentive and Performance Right Plan).

As at the Last Practicable Date, before cancellation, Brodie Arnhold (Chairman) held 1,329,032 of the above iSelect Performance Rights all of which are unvested iSelect Performance Rights, issued under the FY2020 iSelect Long Term Incentive and Performance Right Plan. If the Scheme becomes effective, Mr Arnhold will not receive any amount in respect of his unvested iSelect Performance Rights, which will be cancelled. However, if the Scheme does not become Effective, Mr Arnhold will retain his unvested iSelect Performance Rights.

Each iSelect Performance Right entitles the holder to receive one iSelect Share after vesting subject to the satisfaction of certain conditions.

iSelect Shareholders (eligible to vote on the Scheme) should, when considering how to vote on the Scheme and the recommendation of the iSelect Directors in respect of the Scheme, have regard to the interests of Brodie Arnhold (Chairman) in iSelect Performance Rights and his participation in the RPI Scheme (as described below). The iSelect Directors (other than Brodie Arnhold) consider that despite the interests of Brodie Arnhold, it is appropriate for him to make a recommendation and voting intention statement on the Scheme given his role in the development and management of iSelect (including as previous CEO) and that iSelect Shareholders would wish to know Mr Arnhold's views in relation to the Scheme. Mr Arnhold also considers that it is appropriate for him to make a recommendation on the Scheme.¹⁴

¹³ The 2022 Annual General Meeting is intended to be held on 29 November 2022. The outcome of the resolutions in respect of the RPI Scheme will be known prior to the Scheme Meeting.

¹⁴ Brodie Arnhold (Chairman) is entitled to a retention payment of an amount up to \$300,000 payable in three instalments if the Scheme is implemented and certain conditions are met. If the Scheme is not implemented, the Chairman is entitled to only the first instalment (\$60,000), subject to the meeting of certain conditions. It is intended that the Chairman will continue as Chairman of iSelect if the Scheme becomes Effective and is implemented on the same terms and conditions applicable to his current appointment, which includes payment of ~\$250,000 per annum in directors fees.

(b) RPI Scheme

The RPI Scheme is a discretionary cash incentive scheme that aims to provide business continuity during the period leading up to and post the implementation of the Scheme as well as incentivising and rewarding senior management participants for achieving certain financial and other business objectives in relation to the iSelect business.

There are three separate incentive components to the RPI Scheme:

- (i) Retention Scheme (**RT Scheme**) which rewards continuity of service as well as individual performance;
- (ii) Short Term Incentive Scheme (**STI Scheme**) which provides rewards according to iSelect performance results; and
- (iii) Long Term Incentive Scheme (**LTI Scheme**) which provides rewards according to sustained iSelect performance results.

The RPI Scheme will operate in relation to the financial periods ending 30 June 2023 (**FY23**) and ending 30 June 2024 (**FY24**) only.

RT Scheme

Payments under the RT Scheme are conditional on:

- (i) the participant complying with the general RPI Scheme terms (see below for further details);
- (i) the participant remaining employed or engaged by iSelect (or any of its Related Bodies Corporate) on the relevant payment dates; and
- (i) satisfactory achievement of any performance measures included in the relevant participant's RPI Scheme invitation letter.

Participants under the RT Scheme will be entitled to receive a cash bonus amount that will be paid in three instalments as follows:

- (i) 20%, as assessed on 10 February 2023;
- (ii) 30%, as assessed on 10 August 2023; and
- (iii) 50%, as assessed on 10 February 2024.

The first instalment is payable by iSelect to a participant (subject to the above conditions being satisfied in respect of the relevant participant) regardless of whether the Scheme becomes Effective. However, the second and third instalments will only become payable by iSelect to a participant if the Scheme becomes Effective and the above conditions are satisfied in respect of the relevant participant.

Amounts assessed as payable become due and payable by iSelect to a relevant participant in the next monthly pay period following the relevant assessment dates.

Brodie Arnhold (Chairman) will be eligible to receive up to \$300,000 under the RT Scheme.¹⁵ The iSelect Board considered whether Mr Arnhold should be entitled to participate in the RPI Scheme in the absence of Mr Arnhold and concluded that despite the interests of Mr Arnhold, it is appropriate for him to make a recommendation and voting intention statement on the Scheme given his role in the operation and management of iSelect and that iSelect Shareholders (other than Excluded Shareholders) would wish to know Mr Arnhold's views in relation to the Scheme.

STI Scheme

Payments under the STI Scheme are determined based on the achievement by iSelect of equally weighted revenue and adjusted EBIT amounts against certain revenue and adjusted EBIT thresholds. A participant in the STI Scheme will be eligible to receive a cash payment if performance for either or both revenue and adjusted EBIT measures fall within certain ranges.

If the thresholds are achieved, then depending on the relevant performance, a participant can receive up to a maximum of 45% of his or her TFR for that financial year. The maximum STI percentage will depend on a participant's RPI Scheme invitation letter terms.

If the revenue or adjusted EBIT amount for a relevant financial year is below the minimum threshold, a participant will not be eligible to receive a payment under the STI Scheme for that measure.

The STI Scheme is subject to the Scheme becoming Effective and, if the Scheme does become Effective, will apply for FY23 and FY24.

Brodie Arnhold (Chairman) is not eligible to receive any payment under the STI Scheme.

LTI Scheme

Payments under the LTI Scheme are determined based on the achievement by iSelect of adjusted EBIT amounts against certain adjusted EBIT thresholds. A participant in the LTI Scheme will be eligible to receive a cash payment if performance for adjusted EBIT falls within a certain range.

If the threshold is achieved, then depending on the relevant performance, a participant can receive up to a maximum of 45% of his or her TFR for that financial year. The maximum LTI percentage will depend on a participant's RPI Scheme invitation letter terms.

For FY23, if the adjusted EBIT amount is below the minimum threshold, the LTI Scheme will be

¹⁵ Brodie Arnhold's entitlement to certain benefits under the RT Scheme is subject to iSelect Shareholder approval at the 2022 Annual General Meeting (see section 5.12 for further details).

retested in FY24 with each of the minimum and maximum thresholds being increased by 10%.

If the adjusted EBIT amount in FY23 and/or FY24 is above the minimum threshold and the following year the adjusted EBIT amount is at least 15% higher than the previous year, participants will also be paid an amount equal to 50% of the payment made to them under the LTI Scheme in the previous year.

If the adjusted EBIT amount for a relevant financial year is below the minimum threshold, a participant will not be eligible to receive a payment under the LTI Scheme.

The LTI Scheme is subject to the Scheme becoming Effective and, if the Scheme does become Effective, will apply for FY23 and FY24.

Brodie Arnhold (Chairman) is not eligible to receive any payment under the LTI Scheme.

iSelect Shareholder approvals

Brodie Arnhold (Chairman), Warren Hebard (CEO) and Vicki Pafumi (Executive – Finance & Strategy) have received invitations to participate in the RPI Scheme, however, their entitlement to certain benefits under the RPI Scheme is subject to iSelect Shareholder approval at the 2022 Annual General Meeting. As noted above, Brodie Arnhold will be eligible to receive up to \$300,000 under the RT Scheme. The STI Scheme and LTI Scheme components of the RPI Scheme are not applicable to Mr Arnhold.

Pursuant to the RPI Scheme Rules, in the event that the employment of a participant is terminated without cause, the participant will be entitled to payments under the RT Scheme, LTI Scheme or STI Scheme in accordance with the terms of the RPI Scheme as at the termination date, which have not yet been paid or are due for payment.

Any payment to Brodie Arnhold, Warren Hebard or Vicki Pafumi in the event of termination of their employment without cause (if applicable) as detailed in the RPI Scheme Rules would constitute a termination benefit for the purposes of section 200A of the Corporations Act. As such, iSelect will seek iSelect Shareholder approval of the termination benefit aspect of the RPI Scheme at the 2022 Annual General Meeting.

The proposed payment of \$300,000 to Brodie Arnhold is likely to be considered a director fee payment. Payment of the full amount of this payment to Mr Arnhold will exceed iSelect's current non-executive director fee cap by \$10,000. As such, Brodie Arnhold will not be entitled to receive the full amount of the payment under the RT Scheme unless iSelect Shareholders agree to increase the non-executive director fee cap by at least \$10,000. iSelect will seek iSelect Shareholder approval to increase the non-executive director fee cap at the

2022 Annual General Meeting.

In the event that the iSelect Shareholders do not approve the termination benefit aspect of the RPI Scheme, Brodie Arnhold, Warren Hebard and Vicki Pafumi will not be entitled to any payment under the RPI Scheme on termination of their employment without cause (if applicable).

In the event that the iSelect Shareholders do not approve the increase in iSelect's non-executive director fee cap, Brodie Arnhold will only be entitled to receive up to \$290,000 under the RT Scheme component of the RPI Scheme.

If the Scheme does not become Effective, Brodie Arnhold will only be entitled to receive \$60,000 under the RPI Scheme.

Payments under the RPI Scheme

iSelect may require a participant to repay any payment made to a participant, or cancel the entitlement of a participant to receive any amount, under the RPI Scheme in certain circumstances set out in the RPI Scheme Rules.

In the event that the employment of a participant is terminated by iSelect without cause, the participant will be entitled to be paid any payments under the RPI Scheme which have become payable as at the date of termination of employment and if there are no amounts which have become payable, the participant will in certain circumstances be entitled to receive payments which are scheduled to fall due for payment within six months of the date of termination of employment.

The terms of each of the RT Scheme, LTI Scheme and STI Scheme have been set out in the Notice of Meeting and explanatory materials for the 2022 Annual General Meeting. You should refer to these materials for further information concerning the nature of the RPI Scheme and the relevant terms and conditions.

Participation by holders of iSelect Performance Rights

With the exception of Alan Caputo (a former employee of iSelect who holds 491,094 iSelect Performance Rights), it is the intention that all of the holders of iSelect Performance Rights will be eligible to participate in the RPI Scheme. The cancellation of the iSelect Performance Rights as described in Section 5.12 will be compensated by the rights and eligibility for payments under the RPI Scheme. In respect of Alan Caputo, it is intended that his iSelect Performance Rights will be cancelled in return for a payment of \$50,000, subject to the Scheme becoming Effective and certain other conditions being satisfied.

Under a prior arrangement concerning Alan Caputo's departure from iSelect as a good leaver under his incentive arrangements, it was agreed that on termination of his employment with iSelect that:

- (i) the vesting date in respect of certain iSelect Performance Rights held by Alan Caputo would be extended; and
- (ii) the requirement under the relevant LTIP rules that he be employed by iSelect at the relevant vesting dates in order to be eligible for the issue of iSelect Shares would be waived.

Subject to the Scheme becoming Effective, iSelect and Alan Caputo intend to replace this prior arrangement with a new arrangement under which all of his iSelect Performance Rights will be cancelled in return for a payment of \$50,000. The payment is conditional on Alan Caputo complying with the general RPI Scheme terms.

(c) Impact of the Scheme on iSelect Performance Rights and incentive arrangements

On the Scheme becoming Effective, the iSelect Long Term Incentive and Performance Right Plan and all outstanding iSelect Performance Rights will be cancelled by the iSelect Directors and the senior executives that hold iSelect Performance Rights will receive consideration for the cancellation by being eligible to participate in the RPI Scheme. There will be no outstanding iSelect Performance Rights on issue as at the Scheme Record Date.

(d) Implications for iSelect Performance Rights and other incentive arrangements if the Scheme does not become Effective

If the Scheme does not become Effective:

- (i) the 11,146,311 iSelect Performance Rights on issue will not be cancelled and will remain in place subject to their existing terms and conditions;
- (ii) the 491,094 iSelect Performance Rights on issue to Alan Caputo and the existing arrangements concerning the iSelect Performance Rights on issue to Alan Caputo (as described above) would continue and the proposed arrangements would not be implemented;
- (iii) in addition to the existing iSelect Performance Rights on issue and other existing incentive arrangements, the first instalment cash payment under the RT Scheme component of the RPI Scheme will remain in place and will be payable by iSelect to participants (subject to the satisfaction of relevant conditions);

- (iv) the second and third instalment cash payments under the RT Scheme component of the RPI Scheme will not apply and will not be payable by iSelect to participants (regardless of whether the relevant conditions are satisfied); and
- (v) the STI Scheme and LTI Scheme components of the RPI Scheme will not apply and will not be payable by iSelect to participants (regardless of whether the relevant conditions are satisfied).

In these circumstances any holder of iSelect Performance Rights:

- (vi) would retain their current iSelect Performance Rights; and
- (vii) remain eligible for the first instalment cash payment by iSelect under the RT Scheme component of the RPI Scheme, subject to the satisfaction of relevant conditions.

5.13 Interests of iSelect Directors relevant to recommendation and voting intentions of iSelect Directors

The iSelect Directors' interests in iSelect Shares are set out in Section 5.10 and, in addition, Brodie Arnhold's (Chairman) interests in iSelect Performance Rights and participation in the RPI Scheme are set out in Section 5.12. In noting the recommendation and voting intentions of iSelect Directors, iSelect Shareholders (other than Excluded Shareholders) should be mindful of the arrangements involving iSelect Directors as described in those Sections.

5.14 No Pre-transaction benefits

Other than the matters described in Section 5.12, during the period of four months before the date of this Scheme Booklet, neither iSelect nor any associate of iSelect gave, or offered to give, a benefit to another person which was likely to induce the other person, or an associate of the other person to:

- (a) vote in favour of the Scheme; or
- (b) dispose of iSelect Shares,

and which will not be provided to all Scheme Shareholders under the Scheme.

5.15 Benefits and agreements

- (a) Other than the matters described in Section 5.12 in connection with entitlements of senior executives, employees and a former employee:
 - (i) no payment or other benefit is proposed to be made or given to any director, company secretary or executive officer of iSelect (or its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in iSelect or any of its Related Bodies Corporate in connection with the Scheme;

- (ii) there are no contracts or arrangements between an iSelect Director and any person, including IHA, in connection with or conditional upon the outcome of the Scheme; and
 - (iii) no iSelect Director has any interest in relation to the Scheme other than in their capacity as an iSelect Shareholder.
- (b) As at the date of this Scheme Booklet, Brodie Arnhold and the executive officers of iSelect (or its Related Bodies Corporate) will continue to hold their respective offices following the Implementation Date.
- (c) iSelect pays premiums in respect of a directors and officers insurance policy for the benefit of its directors and executive officers.

5.16 Litigation

As at the date of this Scheme Booklet, to the best knowledge of the iSelect Directors and senior management, iSelect is not aware of any material contractual dispute or litigation matters in respect of iSelect, including with customers or other third parties.

5.17 Publicly available information

- (a) iSelect is a “disclosing entity” for the purposes of the Corporations Act and is subject to periodic reporting and continuous disclosure obligations.
- (b) Pursuant to the Corporations Act, iSelect is required to prepare and lodge with ASIC annual financial statements accompanied by a statement and report from the iSelect Directors and an audit or review report.
- (c) In addition, iSelect is required to lodge various documents with ASIC, copies of which may be obtained from, or inspected at, ASIC offices. Information is also available on iSelect’s website (<https://www.iselect.com.au/>).
- (d) iSelect is subject to regular reporting and disclosure obligations under the ASX Listing Rules. iSelect has an obligation (subject to limited expectations to notify the ASX immediately upon becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of the iSelect Shares.
- (e) Copies of documents filed with the ASX may be obtained from the ASX website (www2.asx.com.au). Copies of the documents lodged with ASIC in relation to iSelect may be obtained from, or inspected via, ASIC’s online registry portal ASIC Connect at <https://asicconnect.asic.gov.au>.

- (f) The below table contains ASX announcements by iSelect from 31 August 2022 (being the date on which iSelect lodged its financial report for the year ending 30 June 2022) until the Last Practicable Date.

DATE OF ASX ANNOUNCEMENT	ASX ANNOUNCEMENT
2 November 2022	Court approves convening of Scheme Meeting
28 October 2022	2022 Notice of Annual General Meeting
28 September 2022	Update in relation to the proposed scheme of arrangement

- (g) Further announcements concerning iSelect will continue to be made available on the ASX’s website after the date of this Scheme Booklet.

5.18 Intentions regarding the continuation of iSelect’s business

- (a) The Corporations Regulations require a statement by the iSelect Directors of their intentions regarding iSelect’s business. If the Scheme is implemented, IHA has stated that it will replace certain current directors of iSelect and its subsidiaries with nominees of IHA. It is for the reconstituted board of iSelect Director to determine its intentions as to:
 - (i) the continuation of the business of iSelect or how the existing business will be conducted;
 - (ii) any major changes to be made to the business of iSelect, including any redeployment of fixed assets of iSelect; or
 - (iii) the future employment of the present employees of iSelect,
 and, accordingly, it is not possible for the iSelect Directors to provide such a statement.

IHA’s intentions if the Scheme is implemented are set out in Section 6.6.
- (b) If the Scheme is implemented, IHA intends for iSelect’s head office to remain unchanged, noting that iSelect intends to move its head office to a new location in Docklands, Victoria (currently expected to occur in late 2022/early 2023).



6

Profile of IHA

6 Profile of IHA

6.1 Introduction

The information contained in this Section 6 has been prepared by Innovation Holdings Australia Pty Ltd ("IHA"). The information concerning IHA and the IHA Group, and the intentions, views and opinions of IHA contained in this Section 6 are the responsibility of IHA.

6.2 Overview of Innovations Holding Australia

(a) Overview of the IHA Group

IHA is privately owned by a number of offshore companies and entities associated with the Global Chief Executive Officer of IHA Group (**Global CEO**) (Mr Stephen Klinkert) and the Group Managing Director & CEO, Asia Pacific of IHA Group (Mr Ram Kangatharan)¹⁶.

The IHA Group has a 100% interest in IHA (see below for description) and Compare The Market Pty Ltd (ACN 117 323 378) (**CTM**). CTM owns and operates an online comparison business through its website www.comparethemarket.com.au.

Comparethemarket.com.au is a comparison website that enables suppliers to distribute, and consumers to compare and purchase, a range of insurance, energy and personal finance products and services, as well as roadside assistance and hotel accommodation.

The IHA Group also owns Auto & General Insurance Company Ltd (ACN 111 586 353) and Auto & General Holdings Pty Ltd (ACN 086 321 459) (together, **Auto & General**) which underwrite and distribute motor and home insurance and pet insurance in Australia. Auto & General primarily operates under the brand "Budget Direct".

Further details of the businesses operated by these entities are set out below.

The IHA Group also holds a majority interest in insurance-related businesses in other jurisdictions outside Australia, including South Africa, the United Kingdom and Singapore.

(b) Background / history and overview of Auto and General's business

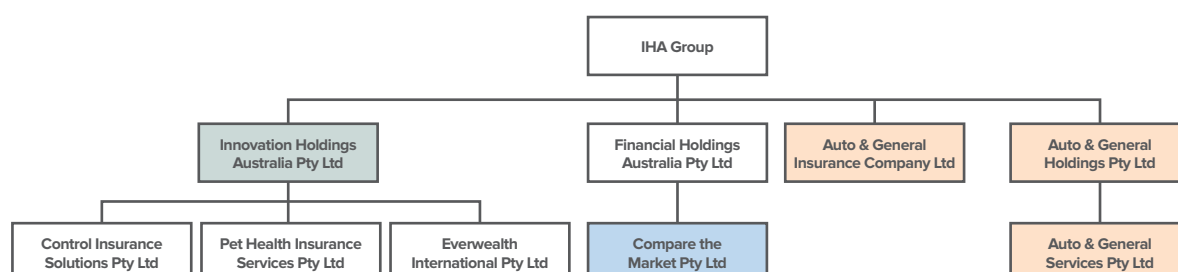
Auto & General entered the Australian market in 2000 to provide Australian consumers with affordable, comprehensive and dependable insurance solutions. Today, Auto & General offers a range of insurance products under the Budget Direct brand, namely car, home, contents, motorcycle, travel, life and pet insurance as well as roadside assistance.

Auto & General is proud to still be considered a 'challenger' in the general insurance market, providing award-winning motor and home insurance to Australian consumers. Auto & General plays an important role in promoting competition and offering consumers an alternative to the large, more traditional incumbent insurers in Australia.

In addition to insurance policies sold under the Budget Direct brand, Auto & General also underwrites and distributes general insurance policies under other household brands including ING Bank, Qantas and Virgin Money.

Auto & General has more than 2,000 employees and is headquartered in Toowong, Brisbane with three contact centre sites located in Southeast Queensland and assessment centre sites located across Victoria, New South Wales and Queensland. Auto & General has more than one million customers and gross written premiums in excess of \$1.5 billion.

Figure 1 – IHA Group structure chart



¹⁶ No securities of any of the members of the IHA Group are publicly traded on any stock exchange.

(c) Background / history and overview of Compare the Market's business and IHA's other operations

CTM entered the Australian market in 2012 and since then has provided comparison services to more than six million Australians looking to compare insurance, energy, personal finance products and fuel. CTM has more than 250 employees and is headquartered in Toowong, Brisbane.

(d) IHA's other operations

IHA was established in 2017 to hold certain of the IHA Group's interests in Australia, including start-ups and new businesses in the insurance and adjacent industries. These include:

- Pet Health Insurance Services Pty Ltd (ACN 638 910 675) which distributes pet insurance on behalf of Auto & General; and
- Control Insurance Solutions Pty Ltd (ACN 617 999 032) which provides towing and car hire services for Auto & General.

6.3 Board and senior management of IHA

The IHA Board as at the date of this Scheme Booklet comprises the following members:

BOARD MEMBER	TITLE	PROFILE
Ram Kangatharan <i>BCom, LLB, MBA F Fin, CPA</i>	Chair of IHA (Director since 2017)	Mr Kangatharan has been the Managing Director & CEO of the IHA Group's businesses in Australia and Asia since 2012. Prior to 2012, Mr Kangatharan previously held Chief Operating Officer ("COO") and Chief Financial Officer ("CFO") roles with Bank of Queensland and strategy and CFO roles with Electronic Data Systems and Procter & Gamble.
Stephen Klinkert <i>BEcon</i>	Director of IHA (since 2017)	Mr Klinkert founded in 1999 the business that went on to become Auto & General and is a Director of each of the IHA Group's Australian entities. In addition to his role as Global CEO, Mr Klinkert is also Chair of Telesure Investment Holdings (Pty) Ltd (South Africa), Deputy Chair of BHL Holdings Ltd (Guernsey) and a Non-Executive Director of other related entities.
Dodds Pringle <i>MSc, CA</i>	Director of IHA (since 2017)	Mr Pringle has been the Chief Financial Officer for Auto & General since 2002 and is a Director of IHA, Auto & General Holdings Pty Ltd and CTM. Prior to joining the IHA Group, he was CEO of Rennies Logistics in South Africa and previously worked in M&A roles with Thomas Cook Group in the UK.
Trevor Jeffords <i>LLB (Hons), BIT</i>	Director of IHA (since 2022)	Mr Jeffords is currently the Group Chief Risk Officer and Company Secretary Australia for Auto & General and a director of IHA. He has been Chief Risk Officer and Company Secretary of Auto & General since April 2017 and was previously General Counsel of CTM from May 2015 to April 2017. Mr Jeffords' previous experience includes being the General Counsel of iSelect between 2010 and 2013 and working as a solicitor with law firms, Herbert Smith Freehills and Eversheds Sutherland.

6.4 Rationale for IHA's proposed acquisition of iSelect

IHA's proposed acquisition of 100% of iSelect reflects IHA's view that the acquisition of iSelect will provide iSelect with long-term financial stability, access to the IHA Group's experienced management team and ability to leverage the IHA Group's capabilities in digital businesses. The IHA Group will have the long-term financial capacity to support continued investment in iSelect's technology base and call centre capabilities.

IHA expects that the proposed acquisition of 100% of iSelect will enable IHA to achieve synergies by leveraging common services such as back-office functions and marketing and removing ASX listing costs (because iSelect will no longer be listed).

These synergies will partly offset the additional investment that will be required for iSelect to regenerate, to offer competitive commission rates, and to scale-up and focus on diversification into other products and offerings, all with the aim of servicing a greater number of consumers.

6.5 Funding arrangements for the acquisition

If the Scheme is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration of \$0.30 per Scheme Share.

The Scheme Consideration is 100% cash funded, and IHA estimates that it will need approximately \$53.3 million (as set out in Section 3.3) to satisfy the payment obligations under the Scheme and the IHA Deed Poll.

As at the date of the Scheme Booklet, IHA has sufficient cash reserves to fund the payment of the aggregate Scheme Consideration payable for the purchase all Scheme Shares on the terms and conditions set out in the Scheme and the IHA Deed Poll. That funding has been provided to IHA by BHL Holdings Ltd, a company in the IHA Group that operates insurance and comparison businesses in the United Kingdom and South Africa.

IHA intends to hold that funding in its bank account until it is required to provide funds to iSelect on behalf of iSelect Shareholders in accordance with the Deed Poll to enable iSelect to pay the Scheme Consideration to iSelect Shareholders (subject to the Scheme receiving all relevant approvals and becoming Effective). The Funding is not subject to security interests or rights of set-off and will not be required or used for other purposes by IHA unless the SIA is terminated.

6.6 IHA's intentions if the Scheme is implemented

This Section 6.6 sets out the present intentions of IHA as at the date of this Scheme Booklet in relation to:

- the continuation of iSelect's business / operations;
- any major changes to be made to iSelect's business / operations (including any redeployment of fixed assets);
- iSelect's Board of Directors;
- utilising the expertise of iSelect's management team to transition the iSelect business into the IHA Group;
- the future employment of the present employees at iSelect; and
- delisting of iSelect from the ASX.

The statements in this Section 6.6 regarding IHA's intentions are based on information concerning iSelect and the general business environment which are known to IHA at the time of preparation of the Scheme Booklet.

If the Scheme is implemented, IHA intends to conduct a review of the iSelect business to verify IHA's understanding of the information, facts and circumstances concerning the business, assets, strategies and operations of iSelect as at the date of this Scheme Booklet. IHA will then work with the

iSelect management team to determine how to further grow the iSelect business in order to maximise its operating performance.

Final decisions regarding these matters will be made in light of all material information, facts, and circumstances at the relevant time if the Scheme is implemented. Accordingly, it is important to recognise that all statements set out in this Section 6.6 are statements of current intention and may change as new information becomes available or circumstances change.

(a) iSelect's business and operations

If the Scheme is implemented, IHA intends to continue to operate the iSelect business as a going concern as a wholly owned subsidiary of IHA. IHA is committed to protecting and enhancing investments in iSelect products.

IHA intends to work with iSelect's leadership team to identify and pursue growth and expansion opportunities. As stated above, IHA intends to undertake a detailed review of iSelect's operations following implementation of the Scheme.

Potentially, in the medium-term to long-term, there may be opportunity to centralise some business functions across IHA's businesses in Australia (which may potentially involve the redeployment of some of iSelect's fixed assets).

(b) Board of Directors

If the Scheme is implemented, IHA will replace the current directors of iSelect and its subsidiaries with nominees of IHA, other than the Chairman of iSelect, Brodie Arnhold who will continue in that role as further described in this Scheme Booklet.

(c) Management team

IHA expects there to be significant value and knowledge in the existing management team of iSelect. IHA plans to draw on the expertise of the existing management team of iSelect to ensure that the iSelect business makes a smooth transition into the IHA Group following the implementation of the Scheme, whilst operating effectively and considering the needs of iSelect's employees, customers and partners.

Further plans for the future management of iSelect as part of the IHA Group will be developed during integration planning. IHA will evaluate the future management and administrative requirements of iSelect following completion of the general business and operational overview described above.

(d) Employees

IHA considers that a well-trained, motivated workforce is critical to maintaining the high standard of the iSelect business, and that the retention and incentivisation of staff is an essential component to the future and success of the company. Accordingly, IHA has agreed with iSelect in connection with the Scheme, that the RPI Scheme be implemented for the benefit of eligible employees. Section 5.12 outlines the short term and long term cash incentives to be awarded to eligible senior executives of iSelect in accordance with the RPI Scheme.

Definitive plans under RPI Scheme in relation to the broader employee base of iSelect have not yet been determined and will be developed during integration planning. IHA will evaluate the future management and administrative requirements of iSelect following completion of the general business and operational overview described above.

(e) Delisting

If the Scheme is implemented, on a date after the Implementation Date to be determined by IHA, IHA will cause iSelect to apply to the ASX for the removal of iSelect from the official list of the ASX on or after the Implementation Date.

6.7 IHA's interests in iSelect**(a) IHA's interest in iSelect Shares**

As at the date of this Scheme Booklet, IHA has a Relevant Interest in 62,430,788 iSelect Shares, which represents approximately 26% of the total number of iSelect Shares on issue.

(b) IHA Directors' interests in iSelect Shares (if any)

None of IHA's Directors or any of their Associates hold or have the power to control voting rights attached to, or the power to dispose of, any iSelect Shares. None of IHA's Directors or any of their Associates have provided or agreed to provide consideration for any iSelect Shares under any other transaction during the period of four months before the date of this Scheme Booklet.

(c) Benefits to holders of iSelect Shares in previous four months

During the four months before the date of this Scheme Booklet, none of IHA or its Associates have given or offered to give, or agreed to give, a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of iSelect Shares,

where the benefit was not offered to all iSelect Shareholders.

(d) Benefits to iSelect Directors

Except as otherwise disclosed in this Scheme Booklet (including in section 5.12 in relation to the benefits paid under the RPI Scheme, including to Brodie Arnhold (Chairman), Warren Hebard (CEO) and Vicki Pafumi (Executive – Finance & Strategy)), none of IHA or its Associates will be making any payment or giving any benefit to any current director of iSelect as compensation or consideration for, or otherwise in connection with:

- their resignation from their respective offices if the Scheme is implemented; or
- the outcome of the Scheme

6.8 No other material information

Except as otherwise disclosed in this Scheme Booklet, there is no other IHA Information that is material to the making of a decision in relation to the Scheme that is within the knowledge of the IHA Board as at the date of this Scheme Booklet that has not yet been previously disclosed to iSelect Shareholders.



7

Risk Factors

7 Risk Factors

7.1 Background

- (a) In considering the Scheme, iSelect Shareholders (other than Excluded Shareholders) should be aware that there are a number of risk factors, both general and specifically relating to iSelect, which could materially adversely affect the future operating and financial performance of iSelect and the value of iSelect Shares and iSelect's dividends – these are set out below. While some of these risks can be mitigated, some are out of the control of iSelect and the iSelect Directors and cannot be mitigated. While iSelect has in place what it considers are appropriate policies and procedures to help manage these risks, there is no guarantee that iSelect will be able to manage these risks completely.
- (b) The risk factors in this Section 7 are existing risks that relate to iSelect's business and the industry in which it operates, or that are generally associated with an investment in listed securities. These risks will not be relevant to you if the Scheme is implemented. However, these risks will continue to apply if the Scheme (or an alternative proposal) is not implemented and iSelect will continue to operate as a stand-alone entity, and you will retain your investment in iSelect.
- (c) In the iSelect Directors' opinion, if the Scheme is not implemented, iSelect Shares are likely to trade at a lower price in the near term as compared to the current iSelect Share price on the date of this Scheme Booklet, in the absence of substantially improved market conditions, and costs incurred by iSelect in relation to the Scheme will still be payable. You will continue to be exposed to risks and opportunities associated with an investment in the iSelect business. Further, if the conditions described in Section 8.1 (k) are met, the iSelect Break Fee will be payable by iSelect.
- (d) If the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration and, on implementation of the Scheme, will cease to be iSelect Shareholders, and will no longer be exposed to the risks set out in this Section 7. You should carefully consider the risks discussed in this Section 7, as well as the other information contained in this Scheme Booklet, before voting on the Scheme Resolution. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of iSelect Shareholders. You should consult your broker or financial, tax, legal or other professional advisor if you are unclear or uncertain about any matter mentioned in this Section 7 or elsewhere in this Scheme Booklet.

- (e) Additional risks and uncertainties not currently known to iSelect may also have a material adverse effect on iSelect's financial and operational performance and the information set out in this Section 7 does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting iSelect, its business or an investment in iSelect Shares.
- (f) Whilst each of the iSelect Directors recommends that iSelect Shareholders (other than Excluded Shareholders) vote in favour of the Scheme in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders), in the absence of a Superior Proposal, iSelect Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.¹⁷

7.2 General risk factors

As with any entity with listed securities on the ASX, the future prospects and operating and financial performance of iSelect and the value of iSelect Shares may be affected by a variety of factors.

These general risk factors may include:

- (a) changes in investor sentiment and overall performance of the Australian and overseas stock markets;
- (b) recommendations by securities analysts;
- (c) changes in general business, industry cycles, and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
- (d) economic and political factors in Australia and overseas, including economic growth;
- (e) changes in legislation and government, fiscal, monetary and regulatory policies including foreign investment;
- (f) natural disasters, catastrophes and disease or pandemic (including the outbreak, escalation or impact of, and recovery from, the COVID-19 pandemic) and other macroeconomic occurrences, including but not limited to geopolitical events such as an outbreak of

¹⁷ Brodie Arnhold (Chairman) is entitled to a retention payment of an amount up to \$300,000 payable in three instalments if the Scheme is implemented and certain conditions are met. If the Scheme is not implemented, the Chairman is entitled to only the first instalment (\$60,000), subject to the meeting of certain conditions. It is intended that the Chairman will continue as Chairman of iSelect if the Scheme becomes Effective and is implemented on the same terms and conditions applicable to his current appointment, which includes payment of ~\$250,000 per annum in directors fees. The iSelect Board (excluding Mr Arnhold) considers that, despite these arrangements, it is appropriate for Mr Arnhold to make a recommendation on the Scheme given his role in the development and management of iSelect (including as previous CEO) and that iSelect Shareholders would wish to know Mr Arnhold's views in relation to the Scheme. Mr Arnhold also considers that it is appropriate for him to make a recommendation on the Scheme.

- hostilities, acts of terrorism and declarations of war;
- (g) uncertainty as to the likelihood, timing, franking or quantum of future dividends;
 - (h) failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
 - (i) liquidity or lack of liquidity of trading volumes in iSelect Shares on the ASX;
 - (j) changes in accounting or financial reporting standards; and
 - (k) changes in laws (including taxation laws) or their interpretation, affecting iSelect, its business, or an investment in iSelect.

Some of these factors could affect the iSelect Share price regardless of iSelect's underlying operating performance.

7.3 Risk factors specific to the iSelect business

There are a range of business-specific risks associated with your current investment in iSelect Shares, as set out below (in no order of significance).

(a) iSelect is exposed to potential changes in government policy and legislation, in particular with respect to the Australian private health insurance market

Each of the main product markets in which iSelect provides its comparison services is subject to varying degrees of government regulation and policy. There is a risk that governments may from time-to-time make changes to these regulations and policies. Changes in the regulatory regime applicable to a given product market have the potential to adversely affect consumer behaviour, including affecting purchasing decisions that are made by consumers. This has the potential to impact iSelect's sales volumes in a given product market (as well as the value of any commissions or fees that it may be entitled to earn from sales of products in that market). Increased regulation can also result in greater compliance costs for iSelect. As a result, changes to the regulatory regime have the potential to impact on iSelect's profitability and its future growth prospects.

This is especially the case for the Australian private health insurance market. Given the importance of the sale of private health insurance policies to iSelect's revenue, and the regulated nature of the private health insurance market, this risk is most relevant to the health segment. The Federal Government supports the private health insurance market as a means of reducing funding pressure on the public healthcare system and has implemented a range of initiatives to encourage

the take up of private health insurance. Changes to that regulatory regime could have a detrimental impact on the level of revenue that iSelect earns from the health segment. For example, if the Federal Government removed the Medicare Levy Surcharge, this could reduce demand for private health insurance (as there would no longer be any taxation disincentive from failing to acquire a private health insurance policy). The Federal Government could also impact the demand for private health insurance policies by adjusting the Federal Government rebate, for instance, by introducing more stringent means testing than already applies.

Amendments to existing regulation or the introduction of additional Federal Government policies could adversely affect the attractiveness and future demand for private health insurance which in turn could impact the volume of sales that iSelect can deliver through its platform, adversely impacting iSelect's profitability and prospects for future growth.

In addition, the ways in which iSelect provides and charges for comparison services are themselves subject to a risk of changes in government policy and regulation. For example, changes in government policy and regulation may affect the ways in which iSelect may communicate with consumers. Such regulatory changes have the potential to adversely impact iSelect's operational model, which in turn can detract from iSelect's ability to maximise its sales revenue and profitability.

(b) Ongoing suppressed demand in the comparison services market

iSelect's business is affected by changes in consumer demand for products offered on the iSelect platform.

For example, in 1H22 the energy market experienced a period of suppressed consumer demand for comparison services as a result of generally lower electricity prices.

Consumer demand changed rapidly during 2H22 with unprecedented price spikes in the wholesale energy market leading to intense media attention. In response, a number of energy retailers began to withdraw their competitive plans from the market offering plans at, or close to, the default market offer price. This reduced the potential savings available for consumers upon a switch of energy retailer.

If this market dynamic continues there is a risk iSelect's conversion levels may be adversely impacted, which may impact on iSelect's financial performance in FY23. As at the date of this Scheme Booklet, the Board of iSelect considers that it is highly unlikely that this market dynamic will adversely impact conversion levels or iSelect's financial performance in FY23.

(c) iSelect may face significant competition from product aggregators, direct providers and potential new entrants to the Australian online product comparison sector

The markets for insurance, personal finance, home loans, broadband and energy products in Australia are competitive. iSelect not only competes with other online comparison sites but also competes against intermediaries and brokers selling products in the relevant product markets, as well as Product Providers who are not using iSelect as a distribution channel, but who instead market to consumers directly through traditional media and/or branches or centres. In addition, iSelect may also face significant competition from potential new entrants to the Australian online comparison sector.

Increased competition could result in a reduction of iSelect's ability to generate revenue, which could negatively impact iSelect's profitability and prospects for future growth, as follows:

- (i) increased competition could result in iSelect attracting a smaller share of the market for sales in each of the underlying product markets in which it operates, which could result in a reduction in the level of fees and commission revenue that it earns from Product Providers; and
- (ii) new entrants to the product comparison sector may provide more attractive terms and conditions for Product Providers, which could result in a decline in the number of products which Product Providers choose to distribute through iSelect's platform.

(d) iSelect's customer acquisition costs may increase over time

iSelect has seen its customer acquisition cost increase steadily over time, while revenue per sale has either remained stable or declined in some business segments. This is a result of factors including the increasing cost of media (both digital and offline media) as well as increased competition from both new price comparison website entrants and Product Providers. If this trend continues and iSelect's customer acquisition cost increases further over time, this may impact on iSelect's financial performance in FY23 and in the future.

(e) Relationships with Product Providers

There are several specific risks with respect to ISU's Product Provider relationships which are listed below.

(i) Attracting and retaining Product Providers

As at the date of this Scheme Booklet, iSelect currently has over 37 Product Providers originating products through

iSelect's platform. The success of iSelect's business relies on its ability to retain the existing Product Providers, as well as its ability to attract new Product Providers. If iSelect is not able to retain the existing key iSelect Product Providers, this could have an adverse impact on iSelect's business, operating and financial performance.

In order to diversify the range of Product Providers on the iSelect panel in the longer term, iSelect aims to increase the number of Product Providers who distribute their products through its service. iSelect's ability to do this not only depends on demonstrating the benefits of using iSelect's distribution channel but also requires it to change Product Providers perceptions about the appropriateness of the end-to-end distribution model offered by a third party intermediary such as iSelect.

Depending on the relative cost of other distribution methods, in the future, Product Providers may decide to decrease their reliance on (or not to use) third party channels or develop competing distribution channels. There is no guarantee that iSelect will be able to influence Product Providers to use iSelect which may result in a reduction in the expected growth in sales of products in each business unit.

(ii) Access to Key Products

iSelect is also reliant on receiving access to competitive products from iSelect's products panel to attract customers in an increasingly competitive market. There can be no assurance that iSelect will continue to be able to access competitive products.

Key Product Providers may make fewer products available, may not make certain products available or may not make any products available to iSelect. This may be for a number of reasons, including in the case of Product Providers who are insurers, decisions those insurers take to limit the number of new policies that they write in response to changes in market conditions, their perception of where their best growth opportunities may lie or as a result of a lack of sufficient capital or funds generally which are required to underpin new policy growth.

(iii) Change to current commercial terms

While new agreements can be made to replace any loss of sales in the instance of the loss or impairment of a relationship with a Product Provider (either through new or existing Product Providers), there is no guarantee that commercial terms negotiated will be as favourable as current terms. Increased competition could result

in iSelect attracting a smaller share of the market for sales in each of the underlying product markets in which it operates, which could result in a reduction in the level of fees and commission revenue that it earns from Product Providers, or a change to the structure of revenue between upfront cash receipts and trail commission.

New entrants to the product comparison sector may provide more attractive terms and conditions for Product Providers, which could result in a decline in the number of products which Product Providers choose to distribute through iSelect's platform.

(iv) Risk of a breach of a Product Provider agreement

There is a risk that iSelect breaches a Product Provider agreement (for example as a result of mismanagement of sensitive commercial information poor data integrity or failing to appropriately integrate with partner systems). Any such breach of a Product Provider agreement may damage iSelect's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing.

(f) iSelect may be unable to effectively manage the integration of new acquisitions, including the integration of CIMET

iSelect may continue to engage in acquisitions in the future to further grow its business.

An important factor in the prospects for future growth of iSelect is the successful integration of any acquired businesses into iSelect's existing business. If iSelect is unable to transition new businesses onto its technology platform, implement its standards, policies and business procedures, retain key personnel, or otherwise effectively manage its growth, its prospects may be affected as it may be unable to provide the same product offering and consumer service across its various underlying product markets.

In particular, iSelect's recent investment in CIMET is expected to provide iSelect with an opportunity to enhance its current model (with CIMET's higher online sales mix potentially facilitating a lower cost to serve customers), an opportunity to diversify revenue through CIMET's business to business model and the opportunity to renew iSelect's legacy platform technology by migrating core businesses onto CIMET's platform. There is however a risk these outcomes may take longer than expected to occur and that they may not deliver the operational and financial returns expected.

Furthermore, if any businesses acquired by iSelect, either historically or in the future, do not meet business expectations, iSelect may be required to impair goodwill and other intangible assets associated with these acquisitions.

(g) Damage to iSelect reputation or brand

The success of iSelect is reliant on the maintenance of its reputation and brand name. Reputational damage could arise due to a number of circumstances, including improper conduct, human error, actions by third parties or adverse media coverage. In particular, illegal practices by iSelect consultants such as fraud or non-compliance with regulatory requirements (for example, iSelect recommending products which were not in the best interests of their customers) could adversely affect iSelect's reputation. These actions could also lead to regulatory action including penalties which could materially affect iSelect's business.

Any factors that damage iSelect's reputation or brand may potentially affect its ability to maintain relationships with its existing Product Providers, as well as iSelect's ability to attract key employees, and attract customers to its website. In such situations, iSelect's business and operating and financial performance could be materially adversely affected.

(h) Unsuccessful implementation of iSelect's business initiatives or growth strategy

There is no guarantee that any of iSelect's growth initiatives will be successfully implemented, deliver expected returns and market share gains or ultimately be profitable. iSelect may also fail to adopt and execute the business initiatives that will enable it to successfully maintain or improve its service and product offering to its customers and meet their requirements. Failure to do so could result in customers choosing to utilise iSelect's competitors to meet their requirements, potentially leading to a decline in iSelect's market position and financial performance.

(i) Reliance on information technology systems

iSelect's ability to service and pay suppliers and employees is dependent on its information technology systems and relationships with service providers. Interruptions, failure or delay in the provision of services could severely impact the business operations of iSelect and iSelect suppliers as well as damaging iSelect's reputation. Any issue with iSelect's information technology systems may also impact on iSelect's operational capabilities and financial performance.

(j) Security software and technology breaches

The use of information technology and the effectiveness of iSelect's technology platforms including its comparison website (www.iselect.com.au) are critical to the ability of iSelect to deliver services to its customers and to continue to grow the business. By their nature, information technology systems are susceptible to cyber-attacks. Security breaches may involve unauthorised access to iSelect's networks, systems and databases, exposing financial, proprietary and personal user information. It is possible that the measures taken by iSelect to protect its proprietary information and the private information of its customers may not be sufficient to prevent unauthorised access to, or disclosure of, such data. Any accidental or deliberate security breaches or other unauthorised access to iSelect's information technology systems or customer data may subject iSelect to reputational damage, a loss of confidence in the services it provides, claims by customers, loss of customers, a disruption of services to clients, legal action and regulatory scrutiny.

(k) Loss of key management

iSelect relies on a management team with significant industry knowledge and experience. If iSelect is not able to retain key members of its management team, or if there is any delay in their replacement, iSelect may not be able to operate its business to the current standard or implement its business strategies. These occurrences may adversely impact iSelect's business and operating and financial performance, including its ability to grow.

(l) Inability to retain or attract sufficiently skilled and trained employees

iSelect employs individuals who are key to the success of its business. These individuals typically possess deep industry or professional expertise and over time develop sound relationships with iSelect's partners. The loss of key employees could undermine iSelect's ability to operate its business to the current standard. These occurrences may have a material adverse impact on iSelect's earnings and profitability.

While the departure of an individual employee from iSelect may not have a material impact on iSelect, the departure of a number of key personnel simultaneously or over a short period of time could have a material adverse effect on iSelect's operations and financial performance.

(m) Exposure to operational risks and costs

iSelect is exposed to operational risks present in the current business, including risks arising from process error, fraud, system failure, failure of security and physical process systems, customer services, staff skills and performance, and product development and maintenance. Operational risk has the potential to have a material adverse effect on iSelect's financial performance and position as well as on iSelect's reputation.

(n) Litigation risk, risk of regulatory investigation and risk of non-compliance with regulatory licensing obligations

iSelect may in the ordinary course of business be involved in litigation and disputes, for example with customers. Any litigation or dispute could be costly and damaging to iSelect's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing.

iSelect may be subject to regulatory investigations (and any related regulatory consequences) with respect to the licences iSelect holds. Any regulatory investigation and consequences (including for example fines or penalties) could be costly and damaging to iSelect's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing.

(o) iSelect's cash receipts from future trail commissions may be lower than expected

As described in more detail in Section 5.4 (b), iSelect derives revenue from trail commissions.

iSelect's trail commission portfolio (**Trail Asset**) is a significant business asset whose value was approximately \$118 million as at 30 June 2022. Upon initial recognition, trail receivables are recognised at fair value on iSelect's consolidated balance sheet, being the present value of expected future trail revenue receivables, discounted to their present value using discounted cash flow valuation techniques.

The recognition of future trail commission revenue requires iSelect to make certain estimates and assumptions based on industry data and historical experience which will have a direct impact on the present value of estimated trail commission revenue.

Subsequent to initial recognition and on an ongoing basis, trail commission receivable is recognised at amortised cost which requires that discount rates, including interest rates, are not altered from the time of initial recognition

of the trail commission revenue. The two key assumption categories that underpin the valuation of the trail asset are: a) Churn rates, and b) annual premium increases. iSelect has provided an overview of these assumptions in investor presentations by iSelect for each of FY20, FY21 and FY22. Copies of these investor presentations are available on ASX.

Forecasting iSelect's revenue involves making an estimate of future churn rates and annual premium increases, and there is a risk that iSelect could underestimate the future churn rates and/or overestimate the future premium increases. This would result in an overestimation of future cash flows and lead to a reduction in profitability when that overestimation is corrected.

The assumptions and model for valuing the trail commission receivable is subject to ongoing review by actuaries. However, if actual experience diverges from assumptions, or if assumptions underpinning the valuations change, this could materially affect the value of the trail commission receivable, which in turn would impact iSelect's profitability, cash flows and consolidated balance sheet.

If iSelect is required to impair the value of trail commission receivable recognised on its consolidated balance sheet by adjusting such assumptions, this may result in a significant loss which in turn could affect iSelect's profitability and resultant cash flows.

(p) Conditions Precedent

The implementation of the Scheme is subject to the satisfaction or (if permitted) waiver of a number of Conditions Precedent, including the ACCC not objecting to the Scheme, which are summarised in Section 8.1 and set out in full in clause 3.1 of the SIA. The Scheme will not proceed to the Second Court Hearing unless all Conditions Precedent (other than approval by the Court and lodgement of the Court order approving the Scheme with ASIC) are satisfied or waived (if permitted).

If the Conditions Precedent are not satisfied or waived (as applicable) by the End Date, the SIA may be terminated, which will mean the Scheme will not be implemented.

A failure to satisfy any of the Conditions Precedent, or a delay in satisfying the Conditions Precedent and implementing the Scheme, may adversely affect the trading price of iSelect Shares.

(q) Court approval

The Court may not approve the Scheme, either at all or in the form proposed, or the Court's approval of the Scheme may be delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, the Court will take the change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date.

(r) Tax consequences for Scheme Shareholders

If the Scheme is implemented, there may be tax consequences for Scheme Shareholders that may include tax being payable on any gain on the transfer of Scheme Shares to IHA.

The tax treatment may vary depending on the nature and characteristics of each Scheme Shareholder and their specific circumstances.

Accordingly, Scheme Shareholders should seek professional tax advice in relation to their particular circumstances.

For general information about the general Australian tax consequences of the Scheme, please refer to Section 9.

(s) Implications for iSelect and iSelect Shareholders (other than Excluded Shareholders) if the Scheme is not implemented

If the Scheme is not implemented:

- (i) iSelect Shares will not be transferred to IHA (and will be retained by iSelect Shareholders);
- (ii) iSelect Shareholders will not receive the Scheme Consideration;
- (iii) iSelect Shareholders will continue to be exposed to the benefits and risks associated with an investment in iSelect on a stand-alone basis (refer to Sections 7.1 and 7.2 for further details about these risks);
- (iv) iSelect will continue, in the absence of implementation of an alternative proposal, to operate as a stand-alone entity, and remain listed on the ASX; and
- (v) in the iSelect Directors' opinion, iSelect Shares are likely to fall and trade at a discount to the Independent Expert's valuation range (of \$0.21 to \$0.30) and to the Scheme Consideration (of \$0.30).

In addition, some circumstances which cause the Scheme not to proceed may result in the payment of the iSelect Break Fee by iSelect to IHA. See Section 8.1 for further details.

(t) Transaction and other costs

Transaction and other costs of approximately \$2,248,000 (excluding GST) are expected to be paid by iSelect in connection with the Scheme which will be paid irrespective of whether the Scheme becomes Effective (and is implemented). The costs include advisory fees for iSelect's financial, legal, accounting and tax advisers, the Independent Expert's and Registry's fees, general administrative fees, Scheme Booklet design, printing and distribution costs, and expenses associated with convening and holding the Scheme Meeting.

8

Implementation of the Scheme

8 Implementation of the Scheme

8.1 Summary of SIA

A high-level summary of the SIA is set out in this Section 8.1. A copy of the SIA was attached to iSelect's ASX announcement dated 10 August 2022 which can be accessed via the iSelect website (<https://www.iselect.com.au/corporate/investor-centre/asx-announcements/>) or ASX's website (asx.com.au).

- (a) **(Parties)** iSelect and IHA.
- (b) **(Interpretation)** All capitalised terms used in this Section 8.1 not otherwise defined in Section 11 have the same meaning as in the SIA.
- (c) **(Purpose)** The purpose of the SIA is to document the principal terms on which the parties will give effect to the Scheme. Under the SIA:
 - (i) iSelect agrees to propose the Scheme on and subject to the terms of the SIA;
 - (ii) IHA agrees to assist iSelect to propose the Scheme on and subject to the terms of the SIA; and
 - (iii) the parties agree to carry out certain steps prior to implementing the Scheme (which for iSelect includes preparing and registering the Scheme Booklet, consulting with IHA as to the content and presentation of this Scheme Booklet, appointing an Independent Expert, convening and holding the Scheme Meeting and liaising with ASIC).
- (d) **(Conditions Precedent)** Implementation of the Scheme is subject to the satisfaction or (if permitted) waiver of a number of Conditions Precedent as set out below. The Scheme will not proceed unless all of these Conditions Precedent are satisfied or waived (if applicable) in accordance with the SIA. The Conditions Precedent in Sections 8.1 (d)(i) and 8.1 (d) (iii) below cannot be waived and the Conditions Precedent in Sections 8.1 (d)(i) and 8.1 (d) (iv) can only be waived if both parties agree in writing. Each of iSelect and IHA must use its reasonable endeavours to procure the satisfaction of the Conditions Precedent. The Conditions Precedent are as follows:
 - (i) **(ACCC approval)** before 8:00am on the Second Court Date, the ACCC has advised IHA, either unconditionally or on conditions that are acceptable to IHA (acting reasonably), that the ACCC does not propose to oppose, seek to prevent or otherwise intervene in relation to the implementation of the Scheme, and that advice remains in full force and effect in all respects and has not been withdrawn, revoked, suspended, restricted or amended (or become subject to any notice, intimation or indication of intention to do any such thing) before that time;
 - (ii) **(Shareholder approval)** iSelect Shareholders (other than the Excluded Shareholders) approve the Scheme by the Requisite Majorities under Section 411(4)(a)(ii) of the Corporations Act at the Scheme Meeting;
 - (iii) **(Court approval)** the Court makes orders approving the Scheme under Section 411(4)(b) of the Corporations Act (either unconditionally and without modification or with modifications or conditions consented to by IHA and iSelect in accordance with clause 3.10 of the SIA);
 - (iv) **(Regulatory intervention)** as at 8:00am on the Second Court Date, there is not in effect any temporary, preliminary or final decision, order, injunction or decree issued by a court of competent jurisdiction or other Regulatory Authority, or any action or investigation by any Regulatory Authority, and no application has been made to any court of competent jurisdiction or other Regulatory Authority or steps been taken (or could reasonably be expected to be made or taken), in each case, to delay, restrain, prohibit or impede the implementation of the Scheme or any part of it;
 - (v) **(Independent Expert)** the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders) and does not publicly change its conclusion or withdraw the Independent Expert's Report prior to 8:00am on the Second Court Date;
 - (vi) **(no iSelect Regulated Event)** no iSelect Regulated Event occurs between (and including) 10 August 2022 and 8:00am on the Second Court Date;
 - (vii) **(iSelect representations and warranties)** each of the representations and warranties given by iSelect are true and accurate in all material respects as at the times they are given;
 - (viii) **(IHA representations and warranties)** each of the representations and warranties given by IHA are true and accurate in all material respects as at the times they are given; and
 - (ix) **(CIMET Transaction)** each of CIMET and VCONNEX have completed, before 8:00am on the Second Court Date, their audit processes and obtained an auditor's report in relation to their financial statements for their financial year ended 30 June 2022.

- (e) **(iSelect Regulated Event)** The iSelect Regulated Event condition will be triggered if an iSelect Regulated Event occurs between 10 August 2022 and 8:00am on the Second Court Date. In summary, and subject to certain, limited exceptions, iSelect is restricted in the way it may operate the iSelect business prior to the Implementation Date, including restrictions in respect of changes to its share capital, the issue of securities or other instruments convertible into iSelect Shares or debt securities, changes to its constituent documents, major acquisitions or disposals, material changes to its business model and increases to employee or iSelect Director benefits. iSelect must, and must procure that each iSelect Group Member, uses reasonable endeavours to ensure that no iSelect Regulated Event that is within the control of any iSelect Group Member occurs on or before the Implementation Date. iSelect is required to promptly notify IHA of any material development which may lead to or constitute an iSelect Regulated Event.
- (f) **(Termination Rights)** IHA may terminate the SIA at any time prior to 8:00am on the Second Court Date if the iSelect Directors or any iSelect Director:
- (i) fails to recommend that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders) and that iSelect Shareholders (other than Excluded Shareholders) vote in favour of the Scheme (in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders));
 - (ii) withdraws, adversely changes, modifies or qualifies his or her recommendation that iSelect Shareholders (other than Excluded Shareholders) vote in favour of the Scheme Resolution or otherwise publicly indicates that they no longer support the Scheme for any reason; or
 - (iii) recommends, supports or endorses a Competing Proposal (including where any iSelect Director recommends that iSelect Shareholders (other than Excluded Shareholders) vote in favour of a Competing Proposal or any iSelect Director accepts or votes in favour of a Competing Proposal),

iSelect may terminate the SIA at any time prior to 8:00am on the Second Court Date if the iSelect Directors determine that a Competing Proposal that was not solicited, invited, encouraged or initiated in breach of the SIA is a Superior Proposal, and iSelect has complied with the matching right process under the SIA.

Either iSelect or IHA may terminate the SIA by written notice to the other in the following circumstances:

- (i) if there is:
 - (A) a breach or non-fulfilment of a Condition Precedent;
 - (B) an event which occurs which would prevent any of the Conditions Precedent being satisfied;
 - (C) an occurrence that will prevent any of the Conditions Precedent being satisfied by the time and date specified in the SIA for its satisfaction; or
 - (D) a probability that the Scheme will not become Effective by the End Date, or if applicable, the Second End Date or any later date agreed in writing between iSelect and IHA,

and, in each case, the parties cannot otherwise reach an agreement to enable the Scheme to proceed or the non-defaulting party elects not to waive the Condition Precedent (if applicable);

- (ii) if, at any time before 8:00am on the Second Court Date, any party has materially breached a provision of the SIA (other than any representation and warranty given by a defaulting party not being accurate or being misleading) and has not rectified the breach within 10 Business Days (or any shorter period ending at 5:00pm on the day before the Second Court Date) after being notified by the other party of an intention to terminate the SIA as a result of such breach, so long as the proper termination procedures in the SIA are followed; or
- (iii) if the Court refuses to make orders convening the Scheme Meeting or approving the Scheme and both IHA and iSelect have appealed the Court's decision to the fullest extent possible (unless the parties otherwise agree or an independent senior counsel advises that an appeal would have no reasonable prospect of success before the End Date).

If the SIA is terminated, the Scheme will not proceed.

(g) **(iSelect Directors recommendation)** iSelect must use its reasonable endeavours to:

- (i) procure that the iSelect Directors unanimously, and each iSelect Director, individually, recommends that iSelect Shareholders (other than Excluded Shareholders) vote in favour of the Scheme at the Scheme Meeting (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders)) and procure that no iSelect Director withdraws or changes their recommendation;
- (ii) include the iSelect Directors' recommendation in this Scheme Booklet and all public announcements made by iSelect in relation to the Scheme (subject to the same qualifications listed in Section 8.1 (g) (i) above); and
- (iii) include a statement that each iSelect Director will (subject to the same qualifications listed in Section 8.1 (g) (i) above) vote, or procure the voting of, any iSelect Shares in which they have a Relevant Interest in favour of the Scheme at the Scheme Meeting.

An iSelect Director can change its recommendation if:

- (i) prior to the Second Court Date, the Independent Expert concludes that the Scheme is not in the best interests of iSelect Shareholders (other than Excluded Shareholders) and the relevant iSelect Director changes their recommendation solely due to the Independent Expert reaching this conclusion;
- (ii) iSelect receives a Superior Proposal; or
- (iii) any iSelect Director determines in good faith and acting reasonably, having received legal advice, that they must change their recommendation because of their fiduciary or statutory duties (provided that there is neither a Superior Proposal or the Independent Expert concludes the Scheme is not in the best interests of iSelect Shareholders (other than Excluded Shareholders)).

The iSelect Break Fee may be payable in certain circumstances where there is a change of recommendation by an iSelect Director. For further details, see Section 8.1 (k) below.

(h) **(Conduct of business)** Subject to certain exceptions, until the Implementation Date, iSelect must (amongst other things):

- (i) carry on its business, and procure that each iSelect Group Member carries on its business in the ordinary course, consistent with usual business practices, policies and the business plans and budgets disclosed to IHA as at (or prior to) 10 August 2022;
- (ii) use reasonable endeavours to preserve and maintain the value of its business and assets and its relationships with financiers, customers, suppliers, licensors, licensees, joint venturers, employees, Regulatory Authorities and others with whom it has business dealings;
- (iii) maintain (and if necessary, renew) each of its authorisations and promptly notify IHA if any renewal proposal is not accepted;
- (iv) promptly notify IHA of any matters which would have a material adverse effect on the financial or operating performance, or the reputation or operating model, of the iSelect Group;
- (v) not make any changes to the tax policies or the accounting policies, principles and practices used by it for the purpose of preparing its financial statements for the year ending 30 June 2022;
- (vi) not revalue any of its assets; and
- (vii) use reasonable endeavours to ensure that no iSelect Regulated Event occurs.

(i) **(Representations and warranties)** Each of iSelect and IHA give customary representations and warranties to each other. See clause 11 of the SIA for the full list of representations and warranties given by iSelect and IHA.

(j) **(Exclusivity)** Clause 9 of the SIA contains certain exclusivity arrangements, as summarised below.

- (i) **(‘No-shop’ obligation)** During the Exclusivity Period, iSelect must not, and must ensure that its “Representatives” do not, directly or indirectly solicit, encourage or initiate any enquiries, negotiations, expressions of interest, offers, proposals, discussions or other communications, or offer, agree, announce or communicate an intention to do any of these things, with a view to obtaining or encouraging any offer, proposal or expression of interest in relation to an actual, proposed or potential Competing Proposal.
- (ii) **(‘No-talk’ obligation)** Subject to the fiduciary exception (see Section 8.1 (j) (iv)), during the Exclusivity Period, iSelect must not, and must ensure that its “Representatives” do not, directly or indirectly negotiate, accept or enter into or participate in any discussions

or negotiations about an actual, proposed or potential Competing Proposal or any expression of interest, proposal, offer, agreement, understanding or arrangement which may reasonably lead to an actual, proposed or potential Competing Proposal, even if the Competing Proposal was not solicited, invited or encouraged by iSelect, or the Competing Proposal has been announced, made, or become open for accepting.

- (iii) **(‘No-due diligence’ obligation)** Subject to the fiduciary exception and the ordinary course exception (see Sections 8.1 (j) (iv) and 8.1 (j) (v)), during the Exclusivity Period, iSelect must not, and must ensure that its "Representatives" do not, in relation to an actual, proposed or potential Competing Proposal, enable any person other than IHA to undertake due diligence investigations on any iSelect Group Member or any of their businesses or assets, disclose any confidential or non-public information, make available or provide access to (other than to IHA) any premises used, leased or licenced or owed by any iSelect Group Member, or make available or permit or cause any other person other than IHA to have access to any officers or employees of any iSelect Group Member or make available any officers or employees of any iSelect Group Member to any person other than IHA, for the purpose of formulating, developing or finalising a Competing Proposal.
- (iv) **(Fiduciary Exception)** The “no-talk” and “no due diligence” obligations described above do not apply to a bona fide Competing Proposal that the iSelect Directors have determined in good faith, after consultation with their financial and legal advisors, is, or could reasonably be expected to become, a Superior Proposal, where after having received legal advice, failing to respond to such bona fide Competing Proposal may constitute a breach of the iSelect Directors’ fiduciary or statutory duties.
- (v) **(Ordinary Course Exception)** Nothing in the SIA prevents iSelect from continuing to make normal presentations to, and respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course of business or in relation to the Scheme, or providing information as required by law, including to satisfy disclosure obligations under the ASX Listing Rules or to any Regulatory Authority.

- (vi) **(Notification)** During the Exclusivity Period, iSelect is required to promptly notify IHA in writing if iSelect:

- (A) receives or becomes aware of an approach with respect to an actual, proposed or potential Competing Proposal, which must set out all material details of such proposal, including the identity of the person making the actual, proposed or potential Competing Proposal, the consideration offered and proposed funding and all material terms and conditions; or
- (B) provides any information relating to any iSelect Group Member or any of their businesses or assets to any other person in connection with or for the purposes of an actual, proposed or potential Competing Proposal.

As at the date of this Scheme Booklet, no such Competing Proposal has been received.

- (vii) **(Matching Rights)** If the iSelect Directors determine that a Competing Proposal is a Superior Proposal (in reliance on the fiduciary exception), as soon as reasonably practicable (and in any event within 2 Business Days), iSelect must give a matching right notice to IHA setting out all material details of the Competing Proposal, including the proposed timetable of the Competing Proposal and all information regarding the funding of the Competing Proposal. iSelect must give IHA at least five Business Days after provision of the matching rights notice to provide an IHA Counterproposal.
- (viii) If during the five Business Day period after the matching right notice is given IHA makes an IHA Counterproposal, iSelect must procure that the iSelect Directors consider the IHA Counterproposal and determine whether, acting reasonably and in good faith, the IHA Counterproposal would provide an equivalent or superior outcome for iSelect Shareholders (other than Excluded Shareholders) compared with the Competing Proposal, taking into account all of the terms and conditions of the IHA Counterproposal as compared to all of the terms and conditions of the Competing Proposal, and then promptly notify IHA of the determination of the iSelect Directors.
- (ix) Should the iSelect Directors determine the terms and conditions of the IHA Counterproposal would provide an equivalent or superior outcome to iSelect Shareholders (other than Excluded Shareholders) than those in the relevant

Competing Proposal, iSelect and IHA must use reasonable endeavours to agree the amendments to this Scheme Booklet and, if applicable, the Scheme and IHA Deed Poll to give effect to the IHA Counterproposal as soon as reasonably practicable.

- (x) Should the iSelect Directors determine the terms and conditions of the IHA Counterproposal would not provide an equivalent or superior outcome to iSelect Shareholders (other than Excluded Shareholders) than those in the relevant Competing Proposal, then iSelect must notify IHA of that determination as soon as reasonably practicable (and in any event within 1 Business Day) after the iSelect Directors make that determination.
- (k) **(Break Fee)**
iSelect must pay IHA a break fee of up to \$720,000 (exclusive of GST) (**iSelect Break Fee**) within 10 Business Days of receiving a written demand given in accordance with the SIA if:
 - (i) on or before the End Date any iSelect Director:
 - (A) fails to recommend the Scheme in accordance with the terms of the SIA;
 - (B) withdraws or changes their recommendation or otherwise makes a public statement indicating that they no longer support the Scheme for any reason; or
 - (C) recommends, supports or endorses a Competing Proposal, including where any iSelect Director recommends that iSelect Shareholders (other than Excluded Shareholders) accept or vote in favour of a Competing Proposal or any iSelect Director accepts or votes, or states an intention to accept or vote in favour of, a Competing Proposal, except where the failure, change, modification or qualification of recommendation or statement is solely due to:
 - (D) the Independent Expert concluding that the Scheme is not in the best interests of iSelect Shareholders (other than Excluded Shareholders), or adversely changing its previously given opinion to the effect that the Scheme is not in the best interests of iSelect Shareholders; or
 - (E) a requirement or request by a court or a Regulatory Authority that the relevant iSelect Director(s) withdraw, or abstain from making, the recommendation or statement; or

- (ii) the SIA is validly terminated by IHA in accordance with its terms due to a material breach of a provision of the SIA by iSelect (other than any representation and warranty given by iSelect not being accurate or being misleading).

IHA must pay iSelect a break fee of up to \$720,000 (exclusive of GST) (**IHA Break Fee**) within 10 Business Days of receiving a written demand given in accordance with the SIA only if the SIA is validly terminated by iSelect where IHA has materially breached a provision of the SIA (other than any representation and warranty given by IHA not being accurate or being misleading).

In each case, if payable, these break fees are each capped at an amount equal to \$720,000 (exclusive of GST).

8.2 IHA Deed Poll

- (a) IHA has entered into the IHA Deed Poll to covenant in favour of the Scheme Shareholders to perform its obligations in relation to the Scheme. Those obligations include providing the Scheme Consideration to iSelect, on behalf of the Scheme Shareholders in accordance with the Scheme.
- (b) The IHA Deed Poll may be relied upon by a Scheme Shareholder, despite the fact that they are not a party to it.
- (c) A copy of the IHA Deed Poll is attached at Annexure D.

8.3 Effective Date

- (a) If the Court approves the Scheme and all of the Conditions Precedent have been satisfied or waived (if applicable) as referred to above, the Scheme will become Effective on the Effective Date (being the date an office copy of the Second Court Order from the Second Court Hearing is lodged with ASIC). iSelect will, on the Scheme becoming Effective, give notice of that event to the ASX.
- (b) iSelect intends to apply to the ASX for iSelect Shares to be suspended from official quotation on the ASX from close of trading on the date the Scheme becomes Effective.

8.4 Determination of persons entitled to the Scheme Consideration

Scheme Record Date

Those Scheme Shareholders on the Share Register as at the Scheme Record Date will become entitled to the Scheme Consideration in respect of the Scheme Shares they hold at that time, if the Scheme is implemented.

Dealings on or prior to the Scheme Record Date

- (a) For the purposes of calculating entitlements under the Scheme, any dealing in iSelect Shares will only be recognised if registrable transmission applications or transfers in respect of those dealings are received on or before the Scheme Record Date at the Registry.
- (b) Subject to the Corporations Act and the Constitution, iSelect must register registrable transmission applications or transfers of the kind recognised above by the Scheme Record Date.
- (c) iSelect will not accept for registration or recognise for any purpose any transmission application or transfer in respect of iSelect Shares received after the Scheme Record Date.

Dealings after the Scheme Record Date

- (a) For the purposes of determining the entitlement to the Scheme Consideration, iSelect must maintain the Share Register until the Scheme Consideration has been paid to Scheme Shareholders and IHA has been entered in the Share Register as the holder of all the Scheme Shares. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (b) From the Scheme Record Date, except as evidence of entitlement to the Scheme Consideration in respect of the iSelect Shares relating to that entry:
 - (i) all statements of holding in respect of iSelect Shares cease to have effect as documents of title in respect of such iSelect Shares; and
 - (ii) each entry current at that date on the Share Register will cease to have effect.

8.5 Payment of the Scheme Consideration

- (a) Under the IHA Deed Poll, IHA covenants to the Scheme Shareholders to provide the Scheme Consideration to iSelect, on behalf of the Scheme Shareholders in accordance with the Scheme.
- (b) On the Implementation Date, iSelect will pay to each Scheme Shareholder \$0.30 for each Scheme Share they hold on the Scheme Record Date.

8.6 Implementation Date

- (a) The Implementation Date is the date that is five Business Days after the Scheme Record Date. The Implementation Date is expected to be 28 December 2022.¹⁸
- (b) On the Implementation Date, iSelect must pay the Scheme Consideration to each Scheme Shareholder as set out in Section 8.5 above.
- (c) Once the Scheme Consideration has been issued, the Scheme Shares will be transferred to IHA without any need for further actions by any Scheme Shareholder.

For further details concerning the terms of the Scheme Implementation Agreement, please refer to the copy of the Scheme Implementation Agreement which was attached to the announcement dated 10 August 2022 released by iSelect.

¹⁸ These dates are prospective and subject to change.



9

Taxation Implications

9 Taxation Implications

9.1 Introduction

- (a) This Section outlines the general Australian income tax, goods and services tax (**GST**) and duty implications of the Scheme as it may apply to Scheme Shareholders.
- (b) The Australian tax implications outlined under this Section are limited to Scheme Shareholders that are Australian tax residents, that are either:
 - (i) individuals, companies (excluding life insurance companies), trusts or complying superannuation funds; and
 - (ii) that have always held their Scheme Shares on capital account for Australian income tax purposes; and
 - (iii) acquired the Scheme Shares on or after 30 September 1999.
- (c) As such, the tax implications noted in this Section will not apply to Scheme Shareholders to the extent that they:
 - (i) are not Australian tax residents for Australian income tax purposes;
 - (ii) became Australian tax residents at any point in time after acquisition of their Scheme Shares;
 - (iii) hold any Scheme Shares on revenue account (including as trading stock) for Australian income tax purposes;
 - (iv) are not any of the shareholder types listed in (i) above;
 - (v) are exempt from Australian income tax;
 - (vi) have received their Scheme Shares as a result of an employee share scheme;
 - (vii) are under a legal disability for the purposes of the *Income Tax Assessment Act 1997* (Cth); or
 - (viii) are subject to the taxation of financial arrangements rules listed in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Scheme Shares.
- (d) This Section provides a general overview of the Australian income tax, GST and duty implications in relation to the Scheme as it may apply to Scheme Shareholders. This Section only considers the Australian tax laws, case laws and relevant administrative guidance in force as at the date of the issuance of this Scheme Booklet. Any changes to the law with respect to Australian income tax, GST or duty may change the relevant tax implications outlined in this Section.

- (e) This Section does not consider the specific financial situation, tax position or financial objectives of any Scheme Shareholder and should not be construed as advice to any particular Scheme Shareholder. It is strongly recommended that Scheme Shareholders obtain independent, professional advice on the relevant tax implications of the Scheme as applicable to their individual circumstances.

9.2 Income tax consequences

Australian capital gains tax

- (a) If the Scheme is Effective, on the Implementation Date, IHA will acquire all the Scheme Shares and the Scheme Shareholders will be paid the Scheme Consideration of \$0.30 per Scheme Share held on the Scheme Record Date.
- (b) The transfer of the Scheme Shares by the Scheme Shareholders to IHA will constitute a disposal by each Scheme Shareholder of such shares for Australian tax purposes. As such, each Scheme Shareholder will need to record either a capital gain or capital loss in their annual Australian income tax return in the income year in which the disposal occurs.
- (c) Broadly, if the capital proceeds upon disposal of the Scheme Shares exceeds the cost base of the Scheme Shares, a Scheme Shareholder will be taken to have made a capital gain on the disposal of the Scheme Shares. Conversely, where the cost base of the Scheme Shares exceeds the capital proceeds received upon disposal of the Scheme Shares, a Scheme Shareholder will be taken to have made a capital loss on the disposal of the Scheme Shares.
- (d) The calculation method for recording a capital gain / loss is outlined below.

Calculating a Capital Gain / Loss

- (e) The capital gain or loss amount is to be calculated by subtracting the cost base (or reduced cost base) of the Scheme Shares from the capital proceeds received upon disposal.

Capital Proceeds

- (f) The total capital proceeds that a Scheme Shareholder will receive in exchange for the disposal of their Scheme Shares will be equal to the Scheme Consideration of \$0.30 per share multiplied by the total number of Scheme Shares held by a Scheme Shareholder at the Scheme Record Date.

Cost Base

- (g) The cost base of the Scheme Shares will broadly be the total of all costs incurred in acquiring the Scheme Shares, including, for example, non-deductible incidental costs relating to acquiring or holding such Shares.

- (h) Where a Scheme Shareholder has purchased multiple parcels of shares at different costs, the cost base of each parcel of shares may need to be calculated separately. As such, the cost base of the Scheme Shares for each Scheme Shareholder will depend on their unique circumstances.

Timing

- (i) Scheme Shareholders should be taken to have disposed of their Scheme Shares for income tax purposes on the Implementation Date.

CGT Discount

- (j) Certain Scheme Shareholders that have held their Scheme Shares for at least 12 months may be eligible to receive a CGT discount upon disposal of such Shares. A CGT discount effectively permits an eligible Scheme Shareholder to reduce any capital gains recognised upon disposal of the Scheme Shares and is applied after any capital losses (where relevant).
- (k) This discount percentage depends on the nature of the Scheme Shareholder as follows:
 - (i) Individuals and Australian trusts (other than complying superannuation funds) can discount certain capital gains made by 50%;
 - (ii) Complying superannuation funds can discount certain capital gains made by 33⅓%.
- (l) Companies are not eligible to make use of any CGT discount.

Example – How to calculate capital gains / losses under the Scheme

- (m) This Section provides a general example on how to calculate capital gains or losses which may arise for a Scheme Shareholder as a result of the Scheme becoming Effective.
- (n) It is important to note that the amounts outlined in the below example are for illustrative purposes only and may not reflect the specific circumstances of any particular Scheme Shareholder. As such, Scheme Shareholders should not rely on this example in preparing their own income tax returns and should seek their own, independent and professional tax advice with respect to the income tax implications of the disposal of their Scheme Shares under the Scheme.

- (o) In this example, assume that the Scheme Shareholder:
 - (i) is an Australian tax resident individual;
 - (ii) purchased their portfolio of 3,000 iSelect Shares as follows:
 - (A) 1,000 iSelect Shares 2 years prior to the Scheme Record Date at a cost of \$0.20 per share (Parcel A);
 - (B) 1,000 iSelect Shares 9 months prior to the Scheme Record Date at a cost of \$0.35 per share (Parcel B);
 - (C) 1,000 iSelect Shares 3 months prior to the Scheme Record Date at a cost of \$0.15 per share (Parcel C);
 - (iii) incurred a non-deductible brokerage fee of \$10 when acquiring each Parcel;
 - (iv) holds all their iSelect Shares on capital account; and
 - (v) has no carry-forward net capital losses in respect of other investments.

Capital proceeds

- (p) The capital proceeds received for each Parcel of shares will be \$300, calculated by multiplying the amount of Scheme Shares owned in each Parcel (1,000) by the capital proceeds received for each Scheme Share (\$0.30).

Cost base

- (q) The Scheme Shareholder will be required to calculate the cost base for each Parcel separately:
 - (i) The cost base of Parcel A will be \$210, calculated by multiplying the amount of iSelect Shares owned (1,000) by the cost per share (\$0.20) and adding the non-deductible brokerage fee of \$10;
 - (ii) The cost base of Parcel B will be \$360, calculated by multiplying the amount of iSelect Shares owned (1,000) by the cost per share (\$0.35) and adding the non-deductible brokerage fee of \$10;
 - (iii) The cost base of Parcel C will be \$160, calculated by multiplying the amount of iSelect Shares owned (1,000) by the cost per share (\$0.15) and adding the non-deductible brokerage fee of \$10.

Capital gain / loss and the resultant net capital gain

- (r) The Scheme Shareholder will be required to calculate the relevant capital gain or loss on each Parcel of shares separately. This is done by subtracting the cost base of each Parcel of shares from such Parcel's capital proceeds.
- (s) Further, to calculate the net capital gain or loss in relation to the Scheme:
 - (i) given the Scheme Shareholder held the Parcel A shares for over 12 months, they will be able to apply the CGT Discount of 50% in respect of the gain on such Parcel; and
 - (ii) the capital loss amounts derived on the disposal of Parcel B shares can be applied against capital gains derived elsewhere.
- (t) Therefore, the net capital gain in relation to the Scheme is equal to \$125, being the discounted capital gain in relation to Parcel A (\$45), minus the capital loss in relation to Parcel B (\$60) plus the capital gain in relation to Parcel C (\$140).
- (u) Pursuant to the above, the capital gain or loss amounts are as follows:

	PARCEL A	PARCEL B	PARCEL C	TOTAL
Proceeds	300	300	300	900
Less Cost Base	(210)	(360)	(160)	(730)
	90	(60)	140	170
CGT Discount	(45)	-	-	(45)
Net Capital Gain / (loss)	45	(60)	140	125

9.3 Duty consequences

Scheme Shareholders should not be liable to pay duty in any Australian State or Territory on the disposal of their Scheme Shares under the Scheme.

9.4 GST consequences

No GST should be payable in respect of the disposal of Scheme Shares.

Scheme Shareholders are recommended to seek their own independent tax advice to determine whether they will be entitled to claim input tax credits for GST incurred on costs (such as brokerage or advisory fees) associated with the proposed Scheme.

10

Additional Information

10 Additional information

10.1 Introduction

This Section sets out additional information relating to the Scheme.

10.2 Deemed warranty on transfer of Scheme Shares to IHA

- (a) Under clause 5.6 of the Scheme annexed at Annexure C, Scheme Shareholders are deemed to warrant to iSelect and IHA, and appoint and authorise iSelect as its attorney to warrant to IHA that:
 - (i) all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the date of transfer to IHA be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of Section 12 of the *Personal Property Securities Act 2009* (Cth)) liens, encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares together with any rights attaching to those shares.
- (b) Under clause 5.7 of the Scheme, all Scheme Shareholders will be deemed to transfer all of their Scheme Shares to IHA free from any restrictions on transfer of any kind.

10.3 Deemed consent for other incidental actions

Under clause 5 of the Scheme annexed at Annexure C, each Scheme Shareholder will be deemed to have irrevocably appointed and consented to iSelect, and all of its directors, officers and secretaries as its attorney and agent for the purpose of executing any document necessary to give effect to the Scheme.

10.4 Regulatory consents

(a) ASIC relief

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the iSelect Directors, the financial position of iSelect has materially changed since the date of the last balance sheet laid before iSelect in a general meeting (being its financial statements for the financial year ended 30 June 2022) or sent to Scheme Shareholders in accordance with Section 314 or 317 of the Corporations Act and, if so, full particulars of any change.

ASIC has granted iSelect relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge

of the iSelect Directors, the financial position of iSelect has materially changed since 30 June 2022 (being the last date of the period to which the financial statements for the full-year ended 30 June 2022 relate).

(b) ASX waiver

iSelect has applied for, and the ASX has granted iSelect a waiver of ASX Listing Rule 6.23.2 to the extent necessary to permit the cancellation of the iSelect Performance Rights as set out in Section 5.12.

10.5 Consents

- (a) The following persons have given and have not before the date of this Scheme Booklet withdrawn their written consent to:
 - (i) be named in this Scheme Booklet in the form and context in which they are named;
 - (ii) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Scheme Booklet; and
 - (iii) the inclusion of other statements in this Scheme Booklet which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:
 - (A) Grant Thornton as Independent Expert;
 - (B) KPMG as tax advisers to iSelect;
 - (C) Canterbury Partners as financial advisers to iSelect; and
 - (D) Computershare as the Registry;
 - (E) Mills Oakley as legal adviser to iSelect;
 - (F) Thorney Investment Group as a major shareholder in iSelect; and
 - (G) Microequities Asset Management as a major shareholder in iSelect.
- (b) IHA has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to be named in this Scheme Booklet in the form and context in which it is named, on the basis set out in the "Responsibility statement" paragraph contained in the Disclaimer and Important Notices.
- (c) Grant Thornton has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure A and to references to the Independent Expert's Report in the form and context in which they appear.

- (d) Each of Thorney Investment Group and Microequities Asset Management has given, and has not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of their respective voting intention statements in relation to the Scheme Resolution in the form and context in which those statements appear in this Scheme Booklet and to references to those voting intention statements in the form and context in which they appear.
- (e) Each of the above persons:
 - (i) has not authorised or caused the issue of this Scheme Booklet;
 - (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than with respect to the relevant statements and references referred to above and as consented to by that person; and
 - (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme Booklet other than with respect to the relevant statements and references referred to above and as consented to by that person.
- (iii) a significant change affecting a matter included in this Scheme Booklet; or
- (iv) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.
- (b) Depending on the nature and timing of the changed circumstances or new matter and subject to obtaining any relevant approvals, iSelect may circulate and publish any document setting out the supplementary information by any or all of:
 - (i) posting the supplementary document on iSelect's website (<https://www.iselect.com.au>); or
 - (ii) making an announcement to ASX; or
 - (iii) placing an advertisement in a prominently published newspaper that is circulated in Australia; or
 - (iv) posting the supplementary document to iSelect Shareholders (other than Excluded Shareholders) at their registered address as shown in the Share Register, or by email to iSelect Shareholders (other than Excluded Shareholders) who have elected to receive communications electronically,

as iSelect, in its absolute discretion, considers appropriate.

10.6 Fees of advisers and others

- (a) iSelect estimates that it will incur one-off external transaction costs of approximately \$2,248,000 (including GST) in relation to the Scheme. This includes financial advisory, tax, legal, accounting, Independent Expert and administrative fees, Scheme Booklet design and printing, marketing, registry and other expenses. Of this, approximately \$1,458,000 (including GST) will be incurred regardless of whether or not the Scheme is implemented, excluding the iSelect Break Fee that may be payable to IHA in certain circumstances.

10.7 Supplementary information

- (a) To the extent required by the Corporations Act or any other applicable law, iSelect will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the date of the Scheme Meeting:
 - (i) a material statement in this Scheme Booklet is false or misleading;
 - (ii) a material omission from this Scheme Booklet;

10.8 Directors' statements

- (a) The issue of this Scheme Booklet has been authorised by the iSelect Directors.
- (b) The iSelect Directors have given (and not withdrawn) their consent to lodgement of this Scheme Booklet with ASIC.

10.9 No other information

Other than as contained in this Scheme Booklet, there is no information within the knowledge of any of the iSelect Directors material to the making of a decision in relation to the Scheme to be voted on by iSelect Shareholders (other than Excluded Shareholders) and that has not been previously disclosed to iSelect Shareholders.



11

Glossary

11 Glossary

11.1 Definitions

DEFINED TERM	MEANING
1H22	the six months ended 31 December 2021.
2H22	the six months ended 30 June 2022.
FY	the abbreviation for a financial year, which ends on 30 June for iSelect and includes references to FY23 and FY24.
ACCC	the Australian Competition and Consumer Commission.
Announcement Date	10 August 2022, being the date of announcement of the Scheme to the ASX.
ASIC	the Australian Securities and Investments Commission, or any replacement or successor authority.
Associate	has the meaning given to it in section 12 of the Corporations Act, as if section 12.1 of the Corporations Act included a reference to this Scheme Booklet, and Associated has a corresponding meaning.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ASX Listing Rules	the official listing rules of the ASX.
Auto & General	Auto & General Insurance Company Ltd (ACN 111 586 353) and Auto & General Holdings Pty Ltd (ACN 086 321 459).
Business Day	(a) when used in relation to the Implementation Date and Scheme Record Date, a business day as defined in the ASX Listing Rules; and (b) in all other cases, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne, Victoria.
CEO	Chief Executive Officer.
CIMET	CIMET Holdings Pty Limited (ACN 639 859 797).
CIMET SHA	The Shareholders' Deed dated 15 March 2022 between CIMET and each of the parties listed in Schedule 1 of that document (each of those parties being shareholders of CIMET).
CIMET Transaction Document	the Share Sale and Subscription Deed dated 27 February 2022 between iSelect and CIMET (amongst other parties).

DEFINED TERM	MEANING
Competing Proposal	<p>any expression of interest, proposal, offer, agreement, arrangement or transaction which if entered into, completed or implemented substantially in accordance with its terms, could result in:</p> <p>(a) a Third Party (either alone or together with any Associate), directly or indirectly:</p> <ul style="list-style-type: none"> (i) acquiring, or obtaining a right to acquire, an interest (including any legal, beneficial or economic interest) or Relevant Interest in, or control of, 10% or more of the iSelect Shares; (ii) acquiring Control of iSelect, or any iSelect Group Member which holds a substantial part or a material part of the business or the material assets of the iSelect Group (where material assets of the iSelect Group are assets representing more than 10% of the value of the iSelect Group's total consolidated assets); (iii) acquiring, or obtaining a right to acquire, an interest (including any legal, beneficial or economic interest) in all, or a substantial part or a material part, of the business or the material assets of the iSelect Group (where material assets of the iSelect Group are assets representing more than 10% of the value of the iSelect Group's total consolidated assets); or (iv) otherwise acquiring, merging or amalgamating with iSelect or any iSelect Group Member which holds a substantial part or a material part of the business or the material assets of the iSelect Group (where material assets of the iSelect Group are assets representing more than 10% of the value of the iSelect Group's total consolidated assets), <p>whether by way of takeover bid, scheme of arrangement, reverse takeover, securityholder approved acquisition, capital reduction, buy-back or repurchase, sale or purchase of shares, securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other arrangement or transaction; or</p> <p>(b) iSelect abandoning or not proceeding with the Scheme, or the Scheme not being able to be implemented on the basis set out in the SIA.</p>
Conditions Precedent	the conditions to implementation of the Scheme set out in clause 3.1 of the SIA and summarised in section 8.1.
Constitution	the constitution of iSelect.
Control	has the meaning given in Section 50AA of the Corporations Act, except that for the purposes of this definition IHA is to be regarded as a legal entity, unless the context requires otherwise.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing between the parties.
Effective	when used in relation to the Scheme, the coming into effect, under Section 411(10) of the Corporations Act, of the order of the Court made under Section 411(4)(b) of the Corporations Act in relation to the Scheme but in any event at no time before an office copy of the order of the Court is lodged with ASIC.
Effective Date	the date on which the Scheme becomes Effective.
End Date	the date that is nine months after the date of the SIA or the date determined in accordance with clause 3.5 of the SIA, or such other date as is agreed in writing between the parties.
Excluded Shareholders	means any iSelect Shareholder who is an IHA Group Member or any iSelect Shareholder who holds any iSelect Shares on behalf of, or for the benefit of, any IHA Group Member and does not hold iSelect Shares on behalf of, or for the benefit of, any other person as at the Scheme Record Date.
Exclusivity Period	<p>the period from and including the date of the SIA to the earlier of:</p> <ul style="list-style-type: none"> (a) the termination of the SIA in accordance with its terms; (b) the Implementation Date; and (c) the End Date.

DEFINED TERM	MEANING
GST	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Headcount Test	has the meaning given to it in Section 4.5.
IHA	Innovation Holdings Australia Pty Ltd ABN 30 617 998 866.
IHA Board	the board of directors of IHA (as constituted from time to time).
IHA Break Fee	has the meaning given to it in Section 8.1.
IHA Controlled Entity	any entity, whether incorporated or not, including any partnership, corporation, association, fund, scheme, body or trust that is Controlled by IHA, Financial Holdings Australia Pty Ltd ACN 112 971 132 or by any of their respective Subsidiaries.
IHA Counterproposal	IHA proposes to iSelect, or announces, amendments to the Scheme or a new proposal that constitutes a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal.
IHA Deed Poll	the deed poll executed by IHA on 28 October 2022 pursuant to which IHA acknowledge and confirm their obligations under the Scheme. A copy of the IHA Deed Poll is contained in Annexure D.
IHA Group	IHA, Financial Holdings Australia Pty Ltd ACN 112 971 132, Auto & General Insurance Company Ltd ACN 111 586 353, Auto & General Holdings Pty Ltd ACN 086 321 459 and their respective Subsidiaries, any IHA Controlled Entity and any person (other than iSelect) listed in the Form 604 (Notice of change of interests of substantial holder) dated 20 March 2020 and IHA Group Member means any of them.
IHA Information	the information regarding the IHA Group as is required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60. IHA Information does not include information about the iSelect Group, CIMET or VCONNEX (except to the extent it relates to any statement of intention by IHA relating to the iSelect Group, CIMET or VCONNEX following the Effective Date).
IHA Nominee	a wholly owned subsidiary of IHA nominated by IHA (where applicable) to acquire all of the Scheme Shares for the Scheme Consideration
Implementation Date	the date of transfer of all Scheme Shares to IHA and payment of the Scheme Consideration to Scheme Shareholders, as set out in the “Key Dates” on page 9.
Independent Expert	Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987.
Independent Expert’s Report	the report prepared by the Independent Expert dated 3 November 2022 set out in Annexure A.
iSelect	iSelect Limited ABN 48 124 302 932.
iSelect Break Fee	has the meaning given to it in Section 8.1.
iSelect Controlled Entity	any entity, whether incorporated or not, including any partnership, corporation, association, fund, scheme, body or trust that is Controlled by iSelect or by any of iSelect’s Subsidiaries.
iSelect Directors	the board of directors of iSelect as constituted from time to time and iSelect Director means any of them.
iSelect Group	iSelect, its Subsidiaries and any iSelect Controlled Entity and iSelect Group Member means any of them.
iSelect Information	the information contained in this Scheme Booklet (except to the extent that the information is based on information provided by IHA), other than the IHA Information and the Independent Expert’s Report.
iSelect Long Term Incentive and Performance Right Plan	the iSelect Long Term Incentive and Performance Right Plan adopted by the iSelect Directors on 1 July 2015, and reapproved by iSelect Shareholders on 19 October 2021.
iSelect Performance Rights	a performance right for the grant of iSelect Shares or other securities in the capital of iSelect which have been offered or issued by iSelect to senior executives under the iSelect Long Term Incentive and Performance Right Plan.

DEFINED TERM	MEANING
iSelect Regulated Event	<p>the occurrence of any of the following:</p> <ul style="list-style-type: none"> (a) (conversion) iSelect converts all or any of its shares into a larger or smaller number of shares; (b) (reduction of share capital) iSelect or another iSelect Group Member resolves to reduce its share capital in any way or resolves to reclassify, combine, split or redeem or repurchase directly or indirectly any of its shares; (c) (buy-back) iSelect or another iSelect Group Member enters into a buy-back agreement or approves the terms of a buy-back agreement; (d) (distribution) iSelect makes or declares, or announces an intention to make or declare, any distribution; (e) (issuing or granting shares or options) any iSelect Group Member: <ul style="list-style-type: none"> (i) issues shares (excluding an issue of consideration shares to CIMET by iSelect in accordance with the terms of the CIMET Transaction Document, to the extent permitted under clause 8.6 of the SIA); (ii) grants an option over its shares; or (iii) agrees to make such an issue or grant such an option, <p>in each case to a person outside the iSelect Group;</p> (f) (securities or other instruments) any iSelect Group Member issues or agrees to issue securities (other than shares) or other instruments convertible into shares or debt securities in each case to a person outside the iSelect Group; (g) (constitution) iSelect or another iSelect Group Member adopts a new constitution or enters into any shareholders agreement, or modifies or repeals its constitution or any shareholder agreement to which it is a party (including the CIMET SHA or the VCONNEX SHA), or a provision of any of those documents; (h) (no material acquisitions, disposals or new commitments) any iSelect Group Member: <ul style="list-style-type: none"> (i) acquires or disposes of one or more companies, businesses or assets with an aggregate value of more than \$1,000,000 or makes an announcement in relation to such an acquisition / disposal; or (ii) enters into, agrees to enter into, or announces entry into, any agreement, joint venture, partnership, management agreement or commitment which would require expenditure or the forgoing of revenue of more than \$1,000,000 (i) (change in business) any iSelect Group Member changes, or threatens to change, its business model in a material respect, or ceases or threatens to cease conducting the whole or a material part of its business; (j) (restructure or disposal of Trail Book) any iSelect Group Member restructures or disposes of the Trail Book, offers or agrees to enter into any agreement or arrangement that could reasonably be expected to lead to the restructure or disposal of the Trail Book, or becomes subject to an obligation that could reasonably be expected to lead to the restructure or disposal of the Trail Book; (k) (material proceedings) any iSelect Group Member is, or becomes: <ul style="list-style-type: none"> (i) the subject of any ruling, order, judgement or determination by any Regulatory Authority or any other person which would or would be reasonably expected to damage in a material respect the reputation of the iSelect Group; (ii) the subject of any investigation, inquiry, prosecution or enforcement proceedings by any Regulatory Authority which would or would be reasonably expected to damage in a material respect the reputation of the iSelect Group; or (iii) a party to, or the subject of, any action which if decided against any iSelect Group Member (or otherwise compromised or settled), would give rise to a liability of more than \$500,000 for any iSelect Group Member;

DEFINED TERM	MEANING
iSelect Regulated Event	<p>(l) (Encumbrances) any iSelect Group Member creates, or agrees to create, any Encumbrance over the whole or a substantial or material part of its business or assets;</p> <p>(m) (employment arrangements) any iSelect Group Member:</p> <ul style="list-style-type: none"> (i) increases the remuneration or any other employment-related benefits or entitlements of, or otherwise varies the employment contract or other arrangements for or applicable to, any of its employees whose annual base salary (including superannuation) is greater than \$150,000, other than any variations to the annual base salary of such employees that are consistent with the “FY23 Plan” which has been disclosed to IHA); (ii) increases the remuneration or any other benefits or entitlements of, or otherwise varies the service arrangements with, any of its directors; (iii) accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including under any iSelect Group incentive plans or other arrangements); or (iv) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing iSelect contract in place on 27 May 2022), <p>excluding any such event which occurs as a result of applicable law (including compliance with that law), a direction or order of any applicable Regulatory Authority;</p> <p>(n) (commitments and settlements) any iSelect Group Member:</p> <ul style="list-style-type: none"> (i) enters into a Material Contract or any contract or commitment: <ul style="list-style-type: none"> (A) involving revenue or expenditure of more than \$1,000,000 over the term of the contract or commitment; or (B) relating to the same matter or project involving revenue or expenditure which exceeds \$1,000,000 in aggregate over the term of the contracts or commitments, <p>other than in accordance with the “FY23 Plan” which has been disclosed to IHA;</p> (ii) terminates or amends in a material manner any contract or commitment material to the conduct of the iSelect Group’s business which involves revenue or expenditure of more than \$1,000,000 over the term of the contract or commitment; (iii) waiving any material Third Party default; or (iv) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$250,000) less than the full compensation due to any iSelect Group Member; <p>(o) (Insolvency) any iSelect Group Member becomes insolvent,</p> <p>provided that an iSelect Regulated Event listed in paragraphs (a) to (n) will not occur where:</p> <ul style="list-style-type: none"> (p) iSelect has first consulted with IHA in relation to the event and IHA has provided its prior written approval to the proposed event; (q) iSelect enters into a contract with CIMET on an arm’s length basis after iSelect has first consulted with IHA in relation to the contract and IHA has provided its prior written consent, provided that iSelect may exchange information with CIMET in respect of any such contract with CIMET whilst IHA is considering whether it agrees to provide consent; (r) iSelect (or any iSelect Group Member) undertakes marketing expenditure in accordance with the “FY23 Plan” which has been disclosed to IHA; (s) the event is expressly contemplated by any business plan or budget approved in writing by IHA; or (t) the event has been fairly disclosed to IHA prior to the Announcement Date, and is not restricted by any provision of the SIA.
iSelect Share	a fully paid ordinary share in iSelect.
iSelect Shareholder	each person who is registered in the Share Register as a holder of iSelect Shares.
Last Practicable Date	2 November 2022, being the last practicable trading day prior to the date of this Scheme Booklet.

DEFINED TERM	MEANING
LTI Scheme	the long term incentive scheme component of the RPI Scheme which provides rewards according to sustained iSelect performance results.
Microequities Asset Management	means Microequities Asset Management Pty Ltd.
Notice of Scheme Meeting	the notice set out in Annexure B to convene the Scheme Meeting.
Product Providers	companies that provide private health insurance, life and general insurance, broadband, energy and personal financial products.
Proxy Form	the proxy form which accompanies this Scheme Booklet and provides for iSelect Shareholders (other than Excluded Shareholders) to give voting instructions and appoint proxies for the Scheme Meeting.
Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
Regulatory Authority	includes: (a) ASX, ACCC, ASIC and the Takeovers Panel; (b) the Competition Commission of India and the Ministry of Corporate Affairs, Government of India; (c) a government or governmental, semi-governmental or judicial entity or authority; (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and (e) any regulatory organisation established under statute.
Related Body Corporate	of a person means a related body corporate of that person under Section 50 of the Corporations Act.
Relevant Interest	has the same meaning given by Sections 608 and 609 of the Corporations Act.
Requisite Majorities	has the meaning given to it in Section 4.5.
RPI Scheme	the iSelect Retention & Performance Incentive Scheme.
RPI Scheme Rules	the RPI Scheme Rules adopted by the iSelect Directors on 18 October 2022.
RT Scheme	the retention scheme component of the RPI Scheme which rewards continuity of service as well as individual performance.
Scheme	the proposed scheme of arrangement pursuant to part 5.1 of the Corporations Act between iSelect and Scheme Shareholders in respect of all of their iSelect Shares held at the Scheme Record Date, as set out in Annexure C, subject to any alterations or conditions made or required by the Court under Section 411(6) of the Corporations Act and approved in writing by each party.
Scheme Booklet	this document, including all of the annexures and the Proxy Forms which accompany this Scheme Booklet.
Scheme Consideration	the consideration to be provided to Scheme Shareholders under the terms of the Scheme, being \$0.30 for each Scheme Share.
Scheme Meeting	the meeting of iSelect Shareholders to be convened pursuant to an order of the Court in relation to the Scheme pursuant to Section 411(1) of the Corporations Act, to consider the Scheme, and includes any adjournment of such meeting.
Scheme Meeting Record Date	7:00pm AEDT on 7 December 2022, being the time and date for determining eligibility to vote at the Scheme Meeting.
Scheme Record Date	7:00pm on the day which is 2 Business Days after the Effective Date, being the time and date used to determine who is entitled to receive the Scheme Consideration in respect of the Scheme Shares they hold at that time.
Scheme Resolution	the resolution to be put to iSelect Shareholders (other than Excluded Shareholders) to approve the Scheme.
Scheme Share	an iSelect Share on issue as at the Scheme Record Date other than any iSelect Share then held by an Excluded Shareholder.
Scheme Shareholder	a person who holds one or more Scheme Shares.

DEFINED TERM	MEANING
Second Court Date	the day on which the Court makes the Second Court Order.
Second Court Hearing	the hearing of an application made to the Court by iSelect for the Second Court Order.
Second Court Order	the order, pursuant to Section 411(4)(b) of the Corporations Act, approving the Scheme.
Second End Date	the date that is 3 months after the End Date, which becomes the new 'End Date' where, in the reasonable opinion of iSelect and IHA, the Scheme will not become Effective by the End Date.
Section	is a reference to a Section in this Scheme Booklet.
Share Register	the register of iSelect Shareholders.
SIA	the Scheme Implementation Agreement between iSelect and IHA dated 10 August 2022 relating to the implementation of the Scheme as summarised in Section 8.1.
STI Scheme	the short term incentive scheme component of the RPI Scheme which provides rewards according to iSelect performance results.
Subsidiary	of an entity means another entity which: <ul style="list-style-type: none"> (a) is a subsidiary of the first entity within the meaning of the Corporations Act; or (b) is part of a consolidated entity constituted by the first entity and the entities it is required to included in the consolidated financial statements it prepares or would be, if the first entity was required to prepare consolidated financial statements.
Superior Proposal	a genuine written Competing Proposal which the iSelect Directors, acting in good faith, and after receiving advice in writing from its legal and financial advisors (who must be reputable advisers experienced in transactions of this nature), determines is: <ul style="list-style-type: none"> (a) reasonably capable of being valued and completed; and (b) of a higher financial value and would, if completed substantially in accordance with its terms, be more favourable to iSelect Shareholders (as a whole) than the Scheme, in each case, taking into account all aspects (including all of the terms and conditions) of the Competing Proposal, including: <ul style="list-style-type: none"> (c) timing considerations, any conditions and any other matters affecting the probability of the Competing Proposal being completed; (d) any respective requirement for all or part of the acquisition consideration payable to iSelect Shareholders being other than cash, and, if so, the respective form, attributes and liquidity of such non-cash consideration and the risks associated with such non-cash consideration; and (e) the identity, reputation and financial condition of the person making the Competing Proposal as compared to IHA, and the funding proposed by the person making the Competing Proposal to effect such Competing Proposal.
TFR	Total Fixed Remuneration, being base salary and statutory superannuation contributions.
Third Party	a person other an IHA Group Member or an iSelect Group Member.
Thorney Investment Group	being comprised of TIGA Trading Pty Ltd, Thorney Opportunities Ltd and Thorney Technologies Ltd and their associates
Trail Book	the trail commission asset recognised on iSelect's balance sheet.
VCONNEX	VCONNEX Private Limited (Corporate Identity Number U72200RJ2017PTC057996.) being a company registered under the Companies Act of India 2013.
VCONNEX SHA	the Shareholders' Agreement dated 15 March 2022 between VCONNEX and each of the parties listed in Schedule 1 of that document (each of those parties being shareholders of VCONNEX).

A

Independent Expert's Report



iSelect Limited

Independent Expert's Report and Financial Services Guide

3 November 2022



The Directors
iSelect Limited
294 Bay Road
Cheltenham VIC 3192

3 November 2022

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Introduction

iSelect Limited ("iSelect", or "the Company" or "ISU") is an online comparison service provider also offering recommendation and purchase support across private health insurance, life and general insurance, internet broadband, energy and personal finance products. In March 2022, iSelect announced that it had acquired a 49% interest¹ in CIMET Holdings Pty Ltd ("CIMET Acquisition", or "CIMET Investment"), that provides a white label energy, broadband and mobile comparison service through a B2B² comparison and technology platform which enables its B2B partners to offer comparison services to customers. ISU listed on the Australian Securities Exchange ("ASX") in 2013 and it had a market capitalisation of circa A\$38 million³ as at 9 August 2022.

Innovation Holdings Australia Pty Ltd⁴ ("IHA") is an investment holding company that owns, amongst other investments, Compare the Market⁵ and Auto & General⁶. As at the date of the Scheme Booklet⁷, IHA held a 26.0%⁸ interest in ISU.

On 10 August 2022, ISU announced that it had entered into a Scheme Implementation Agreement ("SIA") with IHA, under which it is proposed that IHA will acquire all of the shares in iSelect ("ISU Shares", or "iSelect Shares") that it does not currently own, by way of a scheme of arrangement ("Scheme"), for cash consideration of A\$0.30 per share ("Scheme Consideration").

The Scheme is subject to certain conditions precedent including approval by ISU shareholders ("ISU Shareholders" or "Shareholders") other than IHA, court approval, and approval by the Australian Competition and Consumer Commission ("ACCC"). Further details of the conditions precedent relevant to the Scheme are set out in Section 1.1 of this Independent Expert's Report ("IER"). Further detail in relation to the status of the conditions is set out in the Scheme Booklet.

The SIA contains customary exclusivity provisions including no shop, no talk restrictions, due diligence restrictions, a notification obligation, as well as matching right in favour of IHA in the event iSelect directors

¹ The maximum consideration for the CIMET Acquisition is as follows: A\$14 million in cash (subscription of new shares in CIMET), A\$2.2 million in deferred consideration ("Deferred Consideration"), A\$3.6 million as an earn-out subject to meeting certain performance conditions ("Earn-Out") and scrip consideration through the issue of 20.6 million ISU Shares ("Scrip Consideration"). Based on the closing price of ISU Shares as at 15 March 2022 being the date on which shares were issued, the fair value of the Scrip Consideration is A\$4.1 million.

² B2B is a reference to Business-to-Business

³ Based on the closing price of A\$0.16 per share and 240.087 million shares outstanding.

⁴ IHA is privately owned by a number of offshore companies and entities associated with the Global Chief Executive Officer of IHA Group and the Group Managing Director & CEO, Asia Pacific of IHA Group. For further details, please refer to section 9 in Scheme Booklet.

⁵ Compare the Market owns and operates an online distribution and comparison business through its website www.comparethemarket.com.au. Refer to section 9 of the Scheme Booklet for details.

⁶ Auto & General comprises Auto & General Insurance Company Ltd and Auto & General Holdings Pty Ltd which underwrites and distributes motor and home insurance and pet insurance in Australia. Auto & General primarily operates under the brand "Budget Direct". Refer to section 9 of the Scheme Booklet for details.

⁷ Scheme Booklet refers to the document including annexures and proxy forms sent out by iSelect to its shareholders in relation to the Scheme.

⁸ As set out in the Scheme Booklet, IHA has a voting power of 26.0% in iSelect shares.



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("ISU Directors" or "Directors") receive a superior proposal. The SIA also details circumstances under which the parties may be required to pay each other a break fee.

Subject to no superior proposal emerging and an independent expert concluding and continuing to conclude that the Scheme is in the best interests of ISU Shareholders, each of the Directors unanimously recommend that ISU Shareholders vote in favour of the Scheme and subject to the same qualifications, all Directors intend to vote, or procure the voting of all ISU Shares held or controlled by them in favour of the Scheme.

Subject to the same qualifications, ISU shareholders Thorney Investment Group⁹ (13.30%¹⁰ iSelect shares on issue) and Microequities Asset Management (9.83%¹¹ iSelect shares on issue) (being the major ISU Shareholders other than IHA) have each advised iSelect that they each intend to vote all of the iSelect shares they respectively hold at the time of the Scheme Meeting in favour of the Scheme.

Purpose of the report

The Directors have requested Grant Thornton Corporate Finance to prepare an IER stating whether the Scheme is in the best interests of security holders of the Company for the purposes of Section 411 of the Corporations Act.

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission's ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Scheme is FAIR and REASONABLE and hence in the BEST INTERESTS of ISU Shareholders.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Scheme is fair and reasonable to ISU Shareholders and, as part of that consideration, has had regard to other quantitative and qualitative considerations.

Fairness Assessment

Grant Thornton Corporate Finance has compared the fair market value of ISU Shares on a control basis with the Scheme Consideration. The following table summarises our fairness assessment.

⁹ Thorney Investment Group is comprised of TIGA Trading Pty Ltd, Thorney Opportunities Ltd and Thorney Technologies Ltd and their associates.

¹⁰ As set out in the Scheme Booklet. Percentage shareholding based on number of iSelect Shares on issue on the Last Practicable Date as defined in the Scheme Booklet.

¹¹ Ibid.



Fairness assessment	Section Reference	Low	High
A\$ per ISU Share			
Fair market value of ISU Shares on a control basis	Section 6	0.21	0.30
Scheme Consideration		0.30	0.30
Premium/(discount)		0.09	(0.00)
Premium/(discount) (%)		44.1%	(1.3%)
FAIRNESS ASSESSMENT		FAIR	

Source: GTCF analysis

The Scheme Consideration is at the high-end of our assessed valuation range of ISU on a control basis. Accordingly, we conclude that the Scheme is FAIR to ISU Shareholders.

ISU Shareholders should be aware that our assessment of the value per ISU Share should not be considered to reflect the price at which ISU Shares may trade if the Scheme is not implemented. The price at which ISU Shares will ultimately trade depends on a range of factors, including: the available public market for ISU Shares, the key market verticals ISU provides services in, macro-economic conditions (including regulatory factors), and the performance of ISU's business.

We have assessed the fair market value of ISU Shares on a control basis based on the EBITDA multiple method ("EBITDA Multiple Method"). We have also considered the quoted security price method ("Quoted Security Price") before reaching our conclusions.

EBITDA Multiple Method

We have summarised below our valuation assessment using the EBITDA Multiple Method.

EBITDA Multiple Method - Valuation summary	Section Reference	Low	High
A\$ '000 (except where stated otherwise)			
Normalised FY23 EBITDA	Section 6.1.1	5,000	7,000
Assessed FY23 EBITDA Multiple	Section 6.1.2	8.0x	9.0x
Enterprise value of ISU on a 100% basis		40,000	63,000
Less: Net debt as at 30 June 2022	Section 6.1.3	(3,530)	(3,530)
Less: Remaining consideration payable on CIMET Acquisition	Section 6.1.5	(5,840)	(5,840)
Add: Fair market value of CIMET (on a 49% basis)	Section 6.1.4	23,969	23,969
Less: Balance amount payable in respect of ACCC settlement	Note 1	(4,600)	(4,600)
Equity value of ISU on a 100% basis		49,999	72,999
Number of outstanding shares ('000s) (fully diluted)	Section 6.1.8	240,087	240,087
Value per share (A\$ per ISU Share)		0.21	0.30

Source: GTCF Calculations

Note (1): The balance amount payable in respect of Australian Competition and Consumer Commission ("ACCC") settlement is A\$4.6 million and is payable as follows – November 2022 – A\$2 million and November 2023 – A\$2.6 million.

Note (2): Normalised FY23 EBITDA represents Grant Thornton's assessment of FY23 EBITDA, based on Grant Thornton's review of the FY23 budget, transitory items and other information provided by ISU. To avoid confusion with ISU disclosures, Grant Thornton's assessed EBITDA has been referred to as normalised FY23 EBITDA.

The Company has been experiencing declining revenue and EBITDA over the last several years with total revenue reducing from A\$154.1 million in FY19 to A\$93.1 million in FY22. During the same period, underlying EBITDA reduced from A\$22.8 million to A\$9.9 million. We note that the Company reports underlying EBITDA from FY19 to FY22 as the EBITDA reported in ISU's financial statements adjusted for one-off or abnormal adjustments that, in the Company's opinion, are not expected to recur. The subdued financial performance has been caused by increased competition, changes in the regulatory environment, the impact of COVID-19 and ISU's business model which is heavily reliant on call centre services to



conclude sales¹² and does not benefit from automation and digitisation to the same degree as its competitors. Further, notwithstanding continued significant investment by the Company in its brand and marketing campaigns, a reduction in underlying EBITDA has occurred, with all business leading indicators, such as sales units, leads and conversion, materially decreasing between FY19 and FY22. In our opinion, this signals a permanent shift in the business' market positioning and competitive environment, factors which are likely to prevent the Company from returning to historical EBITDA profitability on a sustainable basis. As indicated above, ISU has historically reported a large number of one-off normalisation adjustments between reported and underlying EBITDA which, in our opinion, affect the quality of earnings.

ISU is not covered by any analysts. In the absence of any forward-looking estimates, in assessing a normalised FY23 EBITDA to adopt for the purpose of our valuation assessment, we have also considered the FY23 budget. In its FY22 Investor Presentation, ISU have stated that FY23 financial performance is expected to be significantly impacted compared to FY22. Based on our review of the FY23 Budget, Grant Thornton expects FY23 EBITDA to be lower when compared to underlying FY22 EBITDA. However, based on discussions with the Company and a review of available information, we understand that an element of the budgeted FY23 EBITDA reduction is transitory and linked to external market headwinds which are expected to normalise in the future. These transitory items mainly relate to the likely impact from the timing of the health insurance premium rate rises (which have been deferred from the traditional April period in 2022, to an out of cycle period expected to be October – November 2022), as well as the conversion levels in the energy vertical¹³ compared to historical levels^{14,15}.

Having regard to the above, we have assessed the normalised FY23 EBITDA between A\$5 million to A\$7 million on a post-AASB 16 basis. Normalised FY23 EBITDA represents Grant Thornton's assessment of FY23 EBITDA, based on Grant Thornton's review of the FY23 budget, the aforementioned transitory items and other information provided by ISU. To avoid confusion with ISU disclosures, Grant Thornton's assessed EBITDA has been referred to as normalised FY23 EBITDA.

In the selection of comparable companies, we have considered businesses across various categories such as insurance and mortgage brokers, ecommerce businesses, online marketplaces and classifieds. Out of these, we consider Australian insurance and mortgage brokers to be the most comparable category since they are part of the same wider industry (insurance) and are exposed to similar regulatory trends. In the case of mortgage brokers, their revenue and profitability is driven by a combination of trailing and upfront commission, similar to iSelect. In our valuation assessment, we have adopted an EBITDA multiple range between 8.0x to 9.0x which has been estimated based on the following:

- The average and median of the Tier 2¹⁶ transaction multiples, which is 8.4x and 8.0x respectively.
- The median historical EBITDA multiple for the Tier 1¹⁷ and Tier 2 transactions is 8.3x.

¹² Approximately 90% of iSelect's Group revenue is generated through its call centre sales team, where consultants assist customers to compare and switch their Health Insurance, Car insurance, Home and Contents insurance, Energy or Internet services. Despite iSelect's efforts to reduce the reliance on its call centre by improving the online customer journeys for these verticals as well as introducing new verticals where customers have the ability to click-out to a provider's website to complete the purchase journey (i.e.. Travel, Pet, Small Business and Life insurance, as well as Home loans, credit cards, personal loans and car loans), revenue from the online sales channel in totality contributes approximately only 10% of iSelect's total revenue.

¹³ The energy vertical represents the product comparison offering of various energy plans offered by retailers on the iSelect website.

¹⁴ Following the introduction of regulatory changes that impacted pricing differential (and therefore demand for iSelect's services) in FY20, conversion rates returned to traditional levels in FY21.

¹⁵ In response to higher wholesale costs, many energy retailers withdraw their competitive offers and most retailers now offer customers at, or close to, the default market price. This market dynamic is expected to adversely impact iSelect's conversion levels. This was followed by a recovery in demand for the energy vertical in FY21.

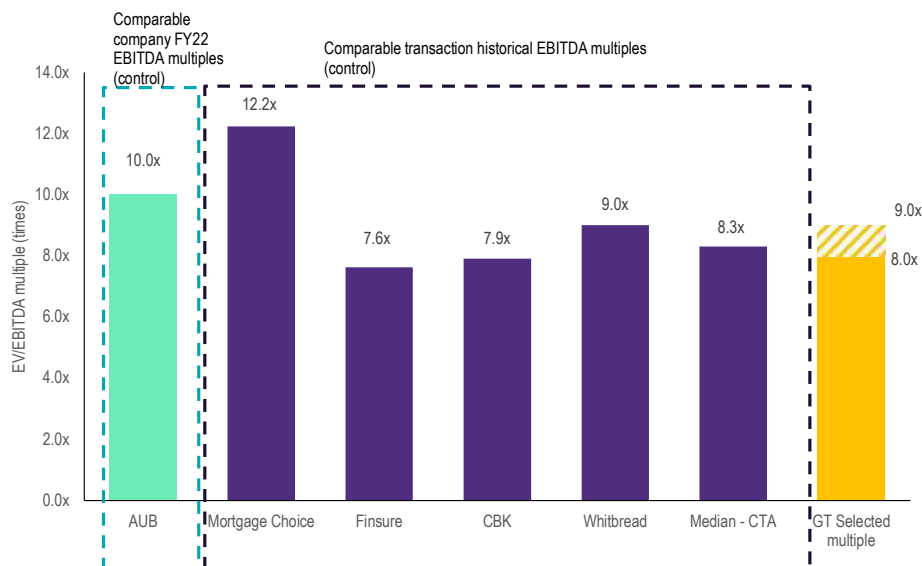
¹⁶ Tier 2 companies comprise mortgage brokers.



- AUB Group ("AUB") is a network comprising of insurance brokers and underwriting agencies operating more than 500 locations across Australia and New Zealand. AUB's FY22 EBITDA multiple (on a control basis) was c. 10x¹⁸.
- In terms of transaction multiples, we have placed reliance on Mortgage Choice Limited ("Mortgage Choice"), a mortgage broker with two reporting segments – mortgage broking (95% of revenue) and financial planning. The transaction multiple for Mortgage Choice is c. 12.2x. We are of the opinion that it is reasonable for the selected multiple to be at a discount to Mortgage Choice, given that Mortgage Choice had higher revenue and EBITDA, a stronger market position and the property market was in a growing cycle, at the time of its acquisition.

A graphical representation of the selected EBITDA multiples is outlined below:

Most relevant comparable companies and transactions



Source: GTCF analysis

Note (1): AUB = AUB Group; CTA = Comparable Transactions; CBK = Community Broker Network; (2) In assessing the controlling multiples for the comparable companies, we have applied a 30% control premium (3) The trading multiples have been assessed based on the trading prices as at 5 October 2022; (4) All comparable companies multiples are calculated on a post-AASB 16 basis; (5) All comparable transaction multiples are calculated on a pre-AASB 16 basis; (5) AUB Group's EBITDA multiple is calculated as the underlying EBIT plus reported depreciation and amortisation. The underlying EBIT is the value of the broker network as if all the brokers are wholly-owned by AUB Group.

- As of October 2022, Compare Club was acquired by Next Capital. There is limited information in relation to the transaction price which is in excess of A\$100 million. Previously, in October 2021, Compare Club was undertaking an IPO process which was later aborted. There is no publicly available information in relation to the likely transaction multiples.

In our valuation, based on the EBITDA multiple, we have also included the balance of the maximum consideration payable on the CIMET Acquisition and the fair market value of the 49% interest in CIMET¹⁹, which is equity accounted and accordingly excluded from the normalised FY23 EBITDA.

¹⁷ Tier 1 companies comprise insurance brokers.

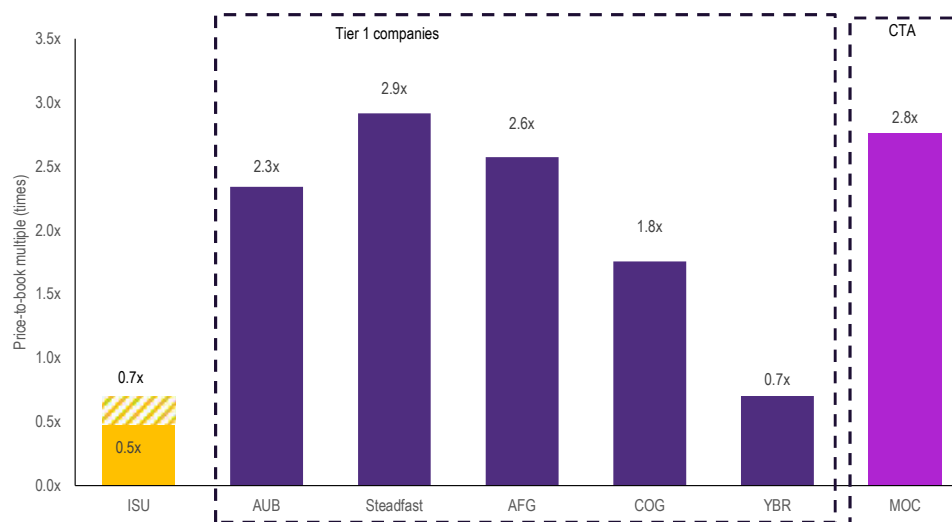
¹⁸ Calculated by applying a 30% premium to the trading prices. The FY22 EBITDA multiple on a minority basis is 7.7x.

¹⁹ Unless stated otherwise, all references to fair value of CIMET also include the fair value of VConnex.



We note that our valuation assessment of ISU and the Scheme Consideration are at a discount to net assets. In order to further examine this, we have analysed below the price-to-net assets ("P/B") of the comparable companies and some of the comparable transactions.

P/B multiples of comparable companies and comparable transactions



Source: Annual reports of comparable companies, Mergermarket, S&P Global and other publicly available information

Note (1): Net assets are based on FY22 Annual reports of comparable companies and market capitalisation is based on trading prices as at 5 October 2022; (2) AUB = AUB Group; Steadfast = Steadfast Group; AFG = Australian Finance Group; COG = Consolidated Operations Group; YBR = Yellow Brick Road Holdings; ISU = iSelect's equity value implied in our consideration compared to the FY22 net assets; MOC = Mortgage Choice Limited; CTA = Comparable transactions(3) We have not applied any control premium to the market capitalisation when calculating the Price-to-book multiples.

The P/B multiple implied in our valuation assessment and in the Scheme Consideration are materially lower than the selected comparable companies and transactions. We are of the opinion that this is not unreasonable due to the following:

- The majority of comparable companies and transactions have a history of profitability and historically have undertaken significant investment in technology. ISU, on the other hand, has experienced declining revenue and its ability to invest in its technology stack is constrained.
- The Company is required to make significant investment in technology to automate and digitise its business, and marketing to preserve its market position. Trail book receipts are currently being utilised by the Company to help fund these investments.
- An orderly realisation of ISU assets, which are mostly represented by the trail book²⁰, is not straightforward due to restrictions in place from some product providers on the sale of the trail book. As a result, there are likely to be challenges in assessing the fair value of the trail book, which ultimately impact the P/B multiple.
- ISU has historically sold legacy components of its trail book at prices below the carrying value²¹.

²⁰ It represents the net present value at the balance sheet date of the trailing commissions yet to be received by ISU.

²¹ During FY22, the Company partially sold a health trail book to HCF at a loss of A\$1.5 million representing a 25% discount to carrying value



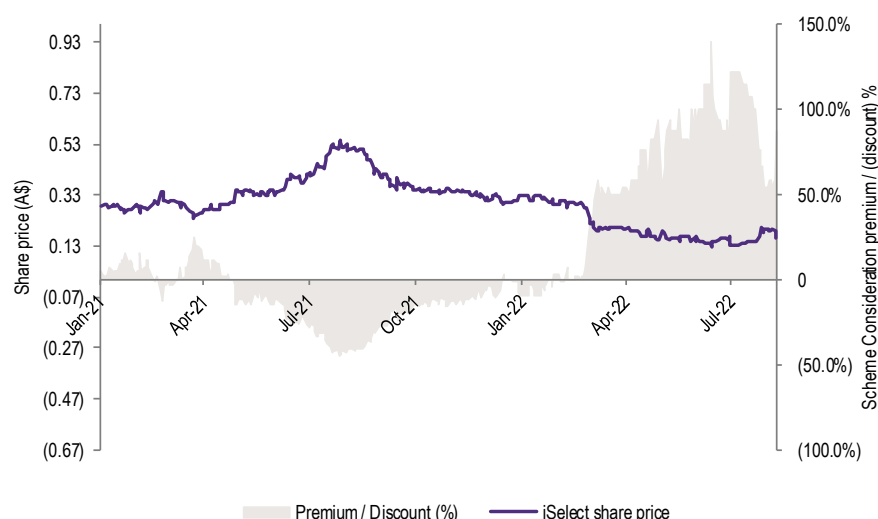
- Similarly to ISU, YBR is trading at a discount to net assets and they have an history of losses and volatile financial performance.

Quoted Security Price Method

Whilst the Scheme Consideration is at a premium to the trading price before the announcement of the Scheme on 10 August 2022, ISU's trading price has been declining over the last few years. Accordingly, we are of the opinion that it is important to provide some insights into the share price movements before concluding on the fairness of the Scheme. We have not adopted the trading prices as one of the valuation methodologies as we are of the opinion that there is insufficient liquidity.

The following graphs set out the implied premium / (discount) in the Scheme Consideration to ISU's trading price since January 2021.

iSelect share prices since 1 January 2021 and Scheme Consideration implied premium / discount



Source: S&P Global²²

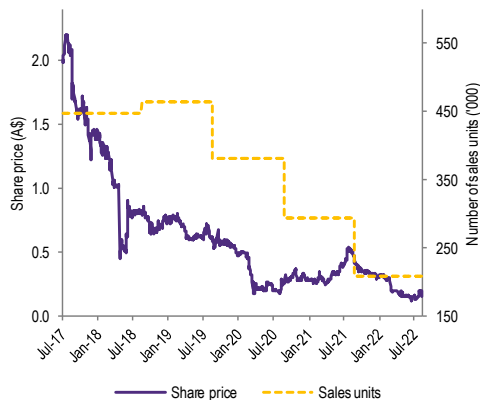
Whilst the Scheme Consideration is at a premium to trading price observed over the last 6 months, it is at a significant discount to the trading price observed during most of 2021. This does not seem unreasonable based on the recent financial performance and the legacy business model (which requires call-centre consultants to complete most of the sales) which have hindered the ability of ISU to respond to increased competitive pressure and preserve its market positioning.

Further, direct marketing costs have been increasing, however, the number of sales units decreased over the past 5 years indicating a significant increase in customer acquisition costs. We have set out below the iSelect share price movement, along with the movement in total revenue and total sales units which seem to be highly correlated.

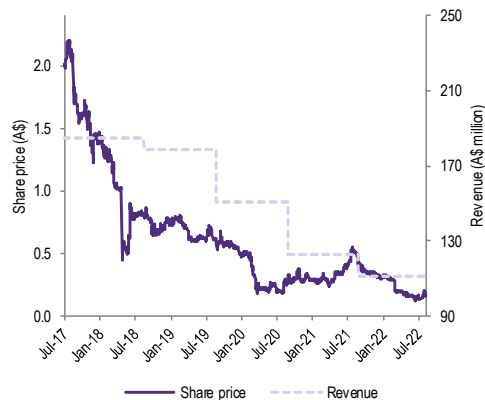
²² As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this report contains ASX share price trading information and references to analyst reports (at the time when ISU was covered by analysts) sourced from S&P Global without its consent.



iSelect share price and sales units



iSelect share price and total revenue



Source: S&P Global; iSelect annual reports; GTCF analysis

Given these factors, it is unlikely that the Company will return to historical profitability levels (and therefore historical share price levels) over the medium term.

In addition to the above, we note that ISU has historically paid dividends and due to its high dividend yield, was attractive to investors. Since FY20, due to the specific circumstances discussed earlier, the Company cancelled dividend payments which has adversely impacted the trading price. As set out in the graph below, there is a strong correlation between the trading prices and the dividend payments.

iSelect trading price and historical dividend per share



Source: S&P Global; iSelect annual reports; GTCF analysis

Reasonableness Assessment

Under RG 111, the Scheme is reasonable if it is fair. Notwithstanding the above, we have summarised below the advantages, disadvantages and other factors in relation to the Scheme.



Advantages

Premium for control

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access technology, access tax benefits and control of the board of Directors of the Company. The Scheme Consideration of A\$0.30 per ISU Share represents a premium of:

- 87.5% to the closing share price on 9 August 2022 of A\$0.1600, being the date immediately before the announcement of the Scheme.
- 70.6% to the one month VWAP²³ to 9 August 2022 of A\$0.1759, being the date immediately before the announcement of the Scheme.
- 87.7% to the three month VWAP to 9 August 2022 of A\$0.1599, being the date immediately before the announcement of the Scheme.

This premium for control is unlikely to be available to ISU Shareholders in the absence of the Scheme or a superior proposal, and we are of the opinion that it is unlikely for the trading price of ISU Shares to increase in line with the Scheme Consideration at least in the short term.

Certainty of the cash consideration

ISU Shareholders entitled to receive the Scheme Consideration have the opportunity to receive a cash amount at a significant premium to the trading price of ISU Shares before the announcement of the Scheme and at a premium to the price that ISU Shares may trade in the short term in the absence of the Scheme or an alternative transaction. If the Scheme is implemented, ISU Shareholders will no longer be exposed to the ongoing risks associated with holding an investment in ISU which are summarised below in a non-exhaustive manner:

- *Declining revenue and profitability* – The following table sets out the key performance measures of ISU over the last 5 years.

²³ Volume Weighted Average Price.



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iSelect financial and operational metrics						
A\$million unless otherwise stated	FY17	FY18	FY19	FY20	FY21	FY22
Revenue	185.1	178.5	150.7	123	111	93.1
Revenue growth	8.0%	(3.6%)	(15.6%)	(18.4%)	(9.8%)	(16.1%)
Underlying EBITDA	28.7	15.7	22.9	13.7	20.8	9.9
Underlying EBITDA margin	15.5%	8.8%	15.2%	11.1%	18.7%	10.6%
Statutory performance:						
EBITDA	28.6	(5.5)	6.1	(31.7)	8.5	5.0
EBITDA margin	15.5%	nmf	4.0%	nmf	7.7%	5.4%
NPAT	16.4	(13.5)	(4.4)	(43.5)	(2.1)	(11.8)
NPAT margin	8.9%	nmf	nmf	nmf	nmf	nmf
Free cash flow	20.5	(14.7)	(7.6)	(7.7)	3.0	5.7

Source: ISU Annual Reports, ISU Investor Presentation

Note (1): Free cash flows is calculated as the cash flows from operations plus cash flows from investing activities; (2) the FY22 free cash flow excludes the CIMET Investment and the associated financing of the CIMET Acquisition.

The Company's financial performance has been volatile and impacted by specific circumstances of the business and adverse regulatory changes.

- Legacy business model & CIMET Acquisition** – ISU's business model is predominantly call-centre based wherein c. 90% of revenue is realised via the call centre service, which is predominantly a fixed cost. With a relatively high fixed cost base and declining sales, the Company is unable to generate free cash flows from the core business. This has resulted in the Company being unable to pivot from its call centre-based business to a more nimble and digitised structure with a superior customer journey. Through the CIMET Acquisition, the Company has attempted to mitigate or overcome the shortcomings of the legacy business model. The CIMET Acquisition remains in the early stages and there are risks around integrating CIMET into the Company's existing business.
- Reliance on trailing commission cash flows** – Over the last few years, ISU has been relying on the cash inflows from the trail book to fund the operating business. From FY17 to FY22, if the trail cash receipts are excluded, the Company has been unable to generate positive free cash flows. In our opinion, this indicates a core business which is expected to continue facing difficulties as it has not kept pace with technological advancement in the industry.
- Regulatory environment** – Changes in the regulatory environment have adversely impacted demand for iSelect's services. We have set out below a non-exhaustive list of regulations and its impact on iSelect as they relate to the insurance and energy industries
 - With regard to the insurance market, the deferred sales model for add-on insurance introduced a four-day interval between the sale of a primary product and the sale of an add-on insurance product to assist individual customers to make informed decisions when purchasing insurance. Anti-hawking restrictions were introduced prohibiting insurers from offering products to consumers while selling other products. ASIC proposed a ban in relation to unsolicited telephone sales on consumer credit insurance, which went into effect from January 2020.
 - With regard to the energy market, the Default Market Offer ("DMO") was introduced in an attempt to regulate the energy market, which is the maximum price that retailers can charge electricity customers on default contracts known as standing offer contracts. Energy retailers are free to set supply and usage charges on default or standing offer contracts as long as the total bill is equal or

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less than the DMO. When advertising or promoting offer pricing, retailers must show the price of their offer in comparison to the DMO price. This has materially reduced the price dispersion of energy product offers and therefore impacted the ability for the Company to convert energy product inquiries.

No brokerage costs

ISU Shareholders will be able to realise their investment in ISU without incurring any brokerage or stamp duty costs.

Disadvantages

Benefits of the CIMET Acquisition

On 15 March 2022, the Company completed the CIMET Acquisition and acquired 49% in CIMET. The rationale for the acquisition and the broader commercial agreements with CIMET was as follows:

- *Enhancing current model:* CIMET's higher online sales mix facilitated a lower cost to serve, enabling iSelect to compete from a marketing and brand perspective. All else being equal, sales generated online have a lower cost to serve compared to fixed cost call-centre businesses such as iSelect.
- *Diversification of income streams:* The acquisition presented ISU with an opportunity to diversify its existing revenue via CIMET's B2B Model.
- *Platform Renewal:* iSelect's ability to innovate its current platform had been inhibited by legacy technology. CIMET's platform is expected to uplift ISU's innovative capability, creating opportunities for new verticals, international expansion and / or a BNPL²⁴ comparison proposition.

During FY22, CIMET had a strong financial performance wherein revenue increased by 124% from A\$5.1 million in FY21 to A\$11.4 million in FY22. CIMET has also managed to expand its B2B-partner network, improving commercial terms and broadening their product range. Although EBITDA was adversely impacted by the costs to fund the growth as CIMET increased headcount of the team, CIMET has been focused on scaling the team, product offering and unlocking its potential by enhancing the cross-sell opportunities.

If the Scheme is implemented, ISU Shareholders will not be able to participate in further growth opportunities in relation to CIMET. Please refer to section 4.5 for details in relation to the CIMET Investment.

Brand value

ISU has been operating for the past 22 years and has a strong brand and reputation in the market which can be leveraged by a pool of potential purchasers in the current vertical or adjacent ones.

Unwinding of Regulatory Headwinds

²⁴ Buy Now Pay Later.



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A key feature of the decline in iSelect's performance has been persistent regulatory headwinds. In FY20, the introduction of the DMO and Victorian Default Offer ("VDO") (VDO has the same function as the DMO but is applicable to consumers in Victoria) severely impacted pricing differentials between competitors' energy plans. This adversely affected conversion within its Energy vertical. Further, a range of regulations across the insurance sector such as anti-hawking regulations and the Royal Commission into banking and insurance sectors have increased regulatory and compliance requirements for iSelect, impacting conversion and cross-sell within its insurance verticals.

More recently, the decision by many Health Funds to defer health premium rises from April 2022 (FY22) to October 2022 (FY23) impacted iSelect's performance. Further, whilst Q4 of FY22 witnessed a sharp increase in energy prices, product providers in the energy market priced their plans in a manner such that there was limited pricing differential. This negatively impacted conversion for iSelect's energy vertical.

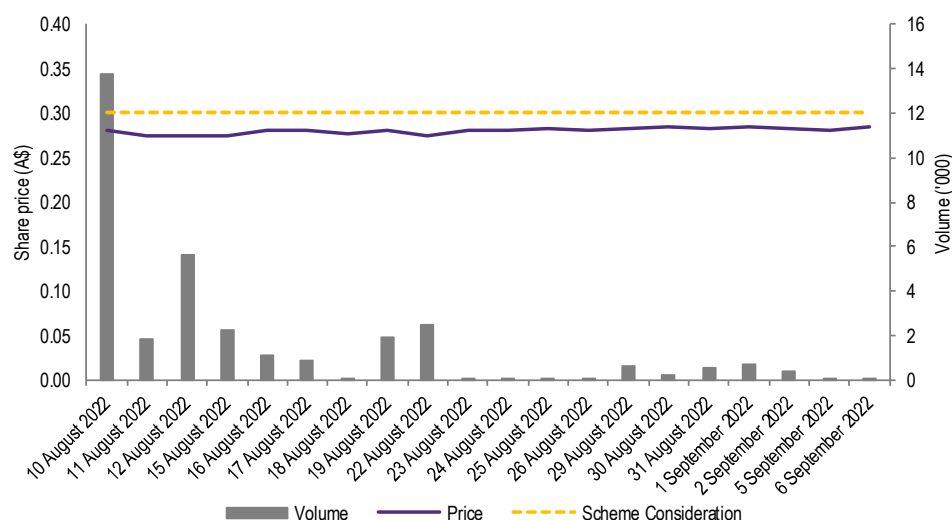
It is expected that over the medium-term these regulatory headwinds may reduce and result in an uplift in iSelect's performance. Further, positive regulatory tailwinds in the form of the Consumer Data Right ("CDR") legislation, passed in August 2019, which has been rolled out to the banking industry with energy and telecommunications sectors expected to follow. Open Energy (which represents the implementation of CDR in the energy sector) is expected to improve a consumer's ability to compare and switch between products and services, and will encourage competition between service providers, leading not only to better prices for customers but also more innovative products and services from suppliers. Importantly for iSelect, the CDR is likely to lead to greater automation of the comparison experience for consumers, enabling improved conversion for iSelect.

Other factors

Share price after the announcement of the Scheme

As set out below, following the announcement of the Scheme on 10 August 2022, the share price of an ISU Share has traded substantially in line with, or slightly below, the Scheme Consideration which seems to indicate good support from investors, a perceived low risk of the Scheme not being implemented and limited expectations for a superior proposal.

Trading price after the announcement of the Scheme



Sources: S&P Global, GTCF analysis.

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Value of ISU for IHA

IHA owns Compare the Market which provides services similar to iSelect. IHA also owns Auto & General which provides insurance products. The acquisition of ISU will provide IHA access to an additional platform and ISU's customers.

In our opinion, the ability to acquire a platform such as iSelect, with its strong presence across key verticals such as Health, Insurance, Energy & Telco has significant strategic value for IHA. The cost and risk involved in trying to replicate iSelect's market position is likely to be greater, less certain and may take considerably longer than achieving the market position that would result from the iSelect acquisition. Given the CIMET Acquisition and IHA's interest in Compare the Market, the acquisition of the remaining 74% of the ISU shares may permit IHA to create an integrated platform that has scale, a differentiated service offering and extract synergies. It must be noted that some of these benefits may be unique to IHA (special value) and not available to a pool of potential purchasers (fair value).

Further, iSelect currently incurs certain overhead costs for being a listed entity including, but not limited to, audit fees, directors' fees, insurance, accounting, share registry and stock exchange listing fees. Upon a 100% acquisition of ISU, these costs are expected to be rationalised.

Prospects of a superior offer

Whilst ISU has agreed not to solicit any competing proposals or, subject to a fiduciary exception, to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for other interested parties and it will provide significant additional information in the Scheme Booklet and Independent Expert's Report to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges before ISU Shareholders cast their vote on the Scheme, the Scheme meeting may be adjourned or ISU Shareholders may vote against it.

IHA's current 26.0% interest in ISU is, in our opinion, likely to deter any potential competing offers for ISU. We note that in the event that a competing superior proposal is announced and completed or the Directors withdraw their recommendation of the Scheme, ISU will pay IHA a break fee of up to A\$720,000 subject to certain exceptions. The break fee may also become payable under other circumstances as set out in the Scheme Booklet.

Share price in the absence of the Scheme

In the absence of the Scheme or an alternative transaction, all other things being equal, it is likely that ISU Shares will trade at a price below the Scheme Consideration, at least in the short-term. In our opinion, the prospect of ISU shares trading above the Scheme Consideration in the short term is limited.

Implications if the Scheme is not implemented

If the Scheme is not implemented, it would be the current Directors' intention to continue operating ISU as a stand-alone entity in line with its stated strategy and objectives. Accordingly, the Company would continue to integrate CIMET into the ISU business and actively look to continue improving the financial performance of the business.

Tax implications

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Implementation of the Scheme may crystallise a capital gains tax liability for ISU Shareholders, however the taxation consequences for ISU Shareholders will vary according to their individual circumstances and will be impacted by various factors. ISU Shareholders should read the overview of tax implications of the Scheme set out in the Scheme Booklet and also seek independent financial and tax advice.

Conclusion on the reasonableness

Based on the qualitative factors identified above, it is our opinion that the Scheme is REASONABLE.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR and REASONABLE and therefore in the BEST INTERESTS** of ISU Shareholders in the absence of a superior alternative proposal emerging.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

In preparing this report we have considered the interests of ISU Shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

A handwritten signature in black ink, appearing to read 'Andrea'.

ANDREA DE CIAN
Director

A handwritten signature in black ink, appearing to read 'Jannaya James'.

JANNAYA JAMES
Authorised Representative



3 November 2022

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

ISU appointed Grant Thornton Corporate Finance Pty Ltd to provide general financial product advice in the form of an independent expert's report in relation to the Scheme.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from ISU a fixed fee of A\$142,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.



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5 Independence

Grant Thornton Corporate Finance is required to be independent of ISU in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with ISU (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Scheme.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Compliance Authority (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Compliance Authority who can be contacted at:

Australian Financial Compliance Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the Scheme Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.



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1 Outline of the Proposed Transaction

1.1 Other key terms of the Proposed Transaction

We have set out below some of the key terms of the SIA:

- *Conditions precedent* – the SIA includes the following conditions precedent:
 - Approval from ACCC stating that it does not propose to oppose, seek to prevent or otherwise intervene in relation to the implementation of the Scheme.
 - Approval of the Scheme by ISU Shareholders (excluding IHA) by the requisite majorities and by the Court in accordance with Section 411(4) (b) of the Corporations Act. Further, no court of competent jurisdiction or other regulatory authority takes any action to delay, restrain, prohibit or impede the implementation of the Scheme or any part of it.
 - The Independent Expert issues a report which concludes that the Scheme is in the best interests of ISU Shareholders and the Independent Expert does not withdraw or change that conclusion before the Second Court Date²⁵.
 - No iSelect Regulated Event (as defined in the Scheme Booklet) occurs between (and including) 10 August 2022 and 8AM on the Second Court Date.
 - Representation and warranties given by ISU and IHA under the SIA are true and accurate as at the times given.
 - Each of CIMET and VCONNEX have completed their audit processes and obtained an auditor's report in relation to their financial statements for their financial year ended 30 June 2022.
- *Shares & ISU Performance Rights* – ISU has 240,086,753 fully paid ordinary shares on issue and also 11,146,311 Performance Rights ("ISU Performance Rights") on issue which are unvested. On the Scheme becoming effective, it is intended that the ISU Performance Rights will be cancelled and certain senior executives and employees who held those ISU Performance Rights will be eligible to participate in a new iSelect Retention and Performance Incentive Scheme ("RPI Scheme"). Such eligible participants will be entitled to receive cash incentives, subject to the terms of the RPI Scheme. If the Scheme does not become effective, the ISU Performance Rights will not be cancelled, and those participants will retain their existing ISU Performance Rights in accordance with their terms and may also be entitled to receive certain cash incentives under the new retention component of the RPI Scheme. Certain aspects of the RPI Scheme are subject to approval by ISU Shareholders at iSelect's 2022 annual general meeting. Further details in relation to the RPI Scheme and the entitlements of the senior executives and employees (including Brodie Arnhold, a director of iSelect) are set out in section 8.12 of the Scheme Booklet.
- *Break Fee* – A break fee of up to A\$720,000 is payable by ISU to IHA in the circumstances set out in the Scheme Booklet.

²⁵ As defined in the SIA.



- *Reverse Break fee* – a break fee of up to A\$720,000 is payable by IHA to ISU in the circumstances set out in the Scheme Booklet.
- *Others* – The SIA contains customary exclusivity provisions including no shop and no talk restrictions, due diligence investigation and information exclusivity, and a matching counterproposal right for IHA in the event the Directors receive a superior proposal.



2 Purpose and scope of the report

Grant Thornton has read and reviewed the Expert Witness Code of Conduct and agrees to be bound by it.

Grant Thornton confirms that over the course of the engagement, it has made all the inquiries considered desirable and appropriate by an independent expert (save for any matter identified explicitly in the report), and that no matters of significance which the expert regards as relevant have, to the knowledge of the expert, been withheld from the court.

2.1 Purpose

Section 411 of the Corporations Act

Section 411 of the Corporations Act 2001 regulates scheme of arrangements between companies and their members. Part 3 of Schedule 8 of the Corporations Regulations 2001 prescribes information to be sent to shareholders and creditors in relation to members' and creditors' scheme of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

While there is no legal requirement for an independent expert's report to be prepared in respect of the Scheme, the Directors of ISU have requested Grant Thornton Corporate Finance to prepare an independent expert's report to express an opinion as to whether the Scheme is in the best interests of ISU Shareholders.

2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company's members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement ("RG60") and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members".

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is "in the best interests of the members of the company". If an expert were to conclude that a proposal was "fair and reasonable" if it was in the form of a takeover bid, it will also conclude that the proposed scheme is "in the best interests of the members of the company".



Pursuant to RG111, an offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG111 considers an offer to be “reasonable” if it is fair. An offer may also be reasonable if, despite not being “fair” but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of ISU Shares on a control basis with the Scheme Consideration.

In considering whether the Scheme is in the best interests of ISU shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair.
- The implications to ISU Shareholders if the Scheme is not implemented.
- Other likely advantages and disadvantages associated with the Scheme.
- costs and risks associated with Scheme that could potentially affect ISU Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Proposed Transaction with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success implementation of the Proposed Transaction.

In our opinion, Grant Thornton Corporate Finance is independent of ISU and its Directors and all other relevant parties of the Proposed Transaction.

Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services (“APES 225”) as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

“An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a



reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.”



3 Industry overview

iSelect operates in the online product comparison sector offering a service which seeks to simplify the purchase of typical household products where complexity in product features and/or pricing would otherwise make product analysis and purchasing difficult and time-consuming for consumers.

Industry players generally operate either a lead generation business model or an end-to-end ("E2E") business model. Set out below is a table comparing the main features of the two models.

Comparison of business models

	Lead generation	E2E
Service to product provider	Operators use their platform to generate: <ul style="list-style-type: none"> • Click-throughs to the product provider's own website from display advertising on its website; and/or • Leads, either through encouraging the consumer to contact the product provider directly or by collecting the consumer's details for the product provider to contact consumers directly. 	Operators use their platforms to generate leads and complete product sales on behalf of product providers.
Specific offering	Display advertising and lead referrals	Full service
Revenue model	<ul style="list-style-type: none"> • Fee per thousand page impressions • Fee per lead • Fee per call 	<ul style="list-style-type: none"> • Fee per sale of product
Investment required	Low - the model operates with a simple website that either links to the product provider's website or has the product provider's contact details.	Significant - this model requires operators to invest in technology to support online transacting and integration to the product providers' back-office systems for sale processing. Operators will also be required to invest in call centre capacity and capability to provide personalised advice and improve sales results.

Source: ISU Prospectus dated 31 May 2013

Across the majority of its businesses, iSelect operates an E2E business model where it generates the leads and completes the product sales on behalf of the product providers. The lead generation model, where the consumer is directed to the product providers website via the iSelect platform, is only used for some minor verticals, such as credit cards, primarily for the purposes of drawing in consumers.

The online comparison sector is influenced by a range of factors including trends in internet usage, online commerce trends and the supply and demand dynamics of the underlying markets for the products that are compared and purchased through online comparison services. For iSelect, these markets are primarily for the Insurance, Electricity Retailing and the Telecommunication industries.

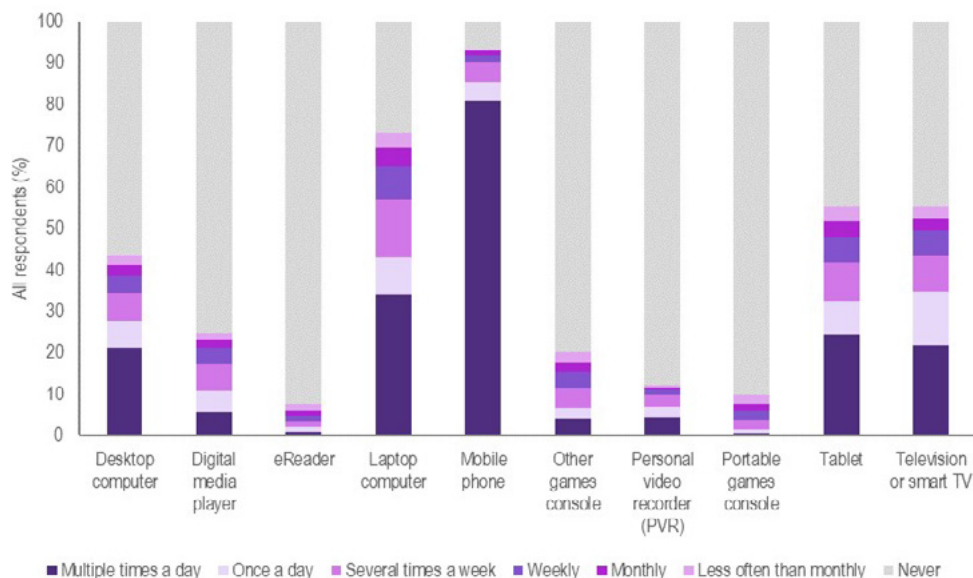
3.1 Internet usage trends

Internet usage drives the extent to which online comparison websites, such as iSelect.com.au, are accessible to consumers. As at December 2021, 99% of Australian adults had access to the internet. In the first half of 2021, given the impacts of COVID-19, 98% of older Australians (55+) used the internet, up from 76% in 2019. In the six months to June 2021, mobile phones were the most common device to connect to the internet followed by laptop computers, TVs or smart TVs and tablets as shown in the graph below.

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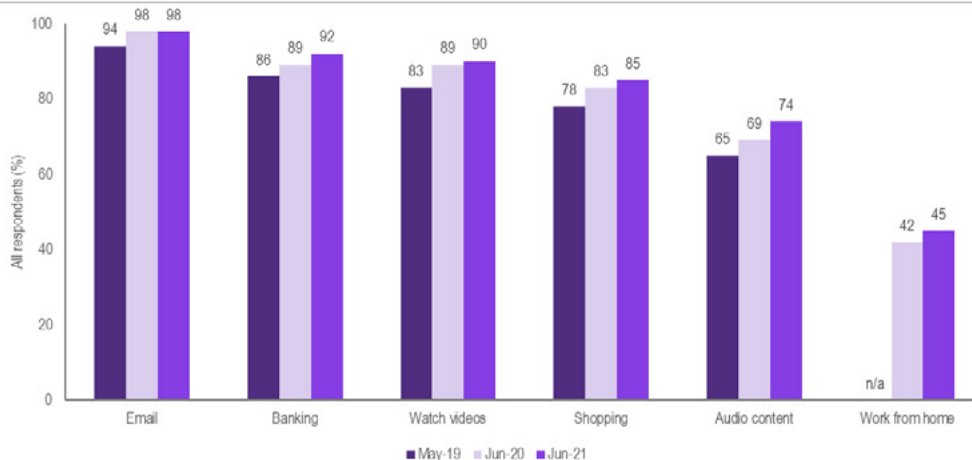
Frequency of internet use



Source: Australian Communications and Media Authority, Communications and media in Australia: How we use the internet dated December 2021

Since the beginning of the COVID-19 pandemic, a range of services have moved online and reliance on the internet has continued to increase. As the normalisation of digital behaviour across all aspects of life (e.g. for work, study, shopping and leisure) continues at a rapid pace, an increasing proportion of the population are going online for banking, paying bills, accessing telehealth, legal, financial and other professional services, as well as entertainment and gambling. A summary of the activities performed online over the past two years is summarised below:

Activities performed online



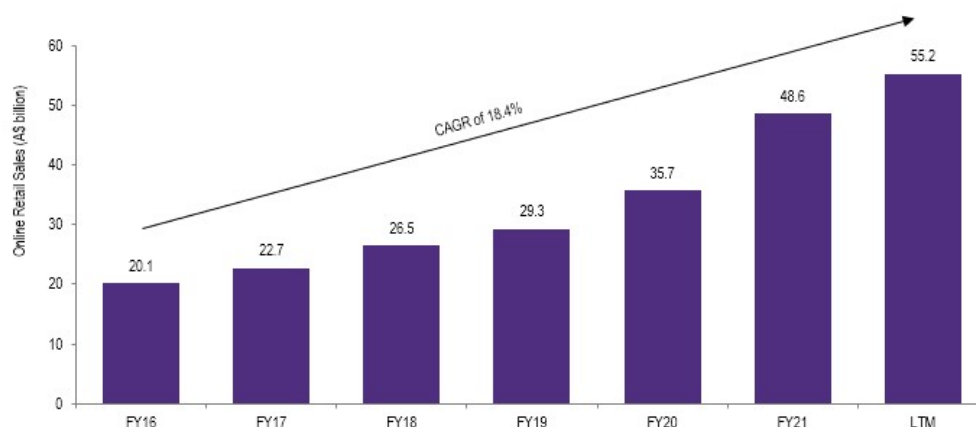
Source: Australian Communications and Media Authority, Trend and developments in telecommunications 2020-21

As shown above, there is an evident increase in the use of the internet for most activities. More specifically, 85% of respondents have used the internet for online shopping in the six months to June 2021 (up 7% from May 2019).



The popularity of e-commerce has substantially increased during FY21 with more consumers and business engaged with online shopping services than ever before. According to the NAB Online Retail Sales Index ("NAB Index")²⁶, online sales have increased by c. 36.3% between FY20 and FY21. In the 12-month period to March 2022, NAB estimates that Australians spent A\$55.24 billion on online retail, which represents a c. 14.8% share of total retail sales and about 16.6% higher market share than in March 2021.

Online retail sales in Australia



Source: NAB Online Sales Index, March 2022

The increased internet penetration is expected to continue to represent a favourable environment for iSelect to grow the business.

3.2 Insurance industry

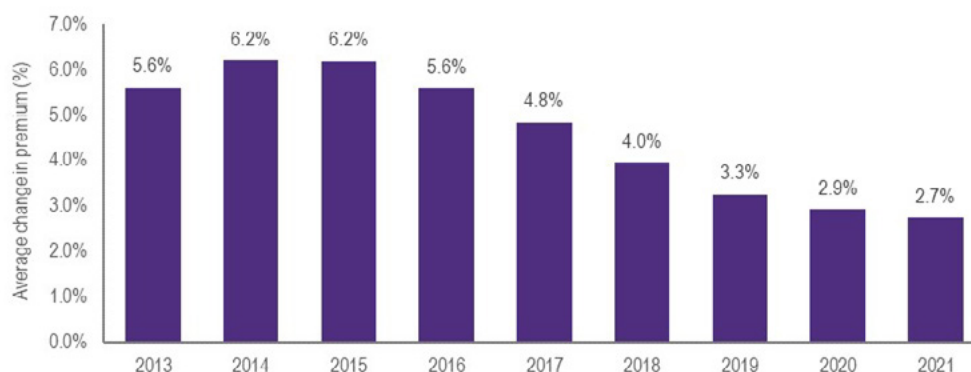
3.2.1 Private Health Insurance

The health insurance industry is an integral part of the Australian health system and provides coverage for c. 43.8% of the population. Over the past five years, higher private health insurance premiums have bolstered industry revenue, however the COVID-19 pandemic has prompted many major health insurers to defer the annual premium increase. The latest premium increase in 2021 has been the lowest in 17 years, at 2.74% as shown in the graph below.

²⁶ NAB Online Retail Sales Index, March 2022, NAB Group Economics.



Average annual price changes in private health insurance premiums



Source: Australian Government, Department of Health and Aged Care, Average annual price changes in private health insurance premiums updated on 23 December 2021

In FY22, many health funds elected to defer their annual premium rate rise from April 2022 to 1HFY23 which has ultimately impacted customer leads, conversion rates and EBITDA in the health segment for iSelect in FY22. Notwithstanding this, premiums are forecast to rise over the next five years driving industry growth.

With the aim of making health insurance simpler and more affordable for consumers, the Federal Government has also introduced a series of reforms. These changes, such as providing age-based discounts, standardising and classifying products into classes to make policies more comparable and raising the maximum excess on policies for consumers, have promoted the uptake of health insurance among younger demographics.

The demand for health insurance is influenced by a number of factors as summarised below:

- **Medicare coverage** – Changes in government regulation regarding the level of benefits and types of services provided by Medicare can affect out-of-pocket fees for obtaining certain health care services which ultimately affects demand for private health insurance.
- **Cost** – In addition to health insurance premiums, the total cost of health care includes out-of-pocket costs for medical services that are not covered under the policy. As a result, an increase in these out-of-pocket costs may prompt more people to take up or improve their health insurance coverage.
- **Regulation** – Regulation relating to private health insurance affects industry demand. The government offers incentives, such as the private health insurance rebate, lifetime health cover loading and the Medicare Levy Surcharge, which improves the industry's viability.
- **Population trends** – Demand for insurance typically increases as the population ages. Those aged 45 to 49 are the age group with the highest number of people covered by private health insurance policies. However, the proportion of people covered by private health insurance policies falls significantly after the age of 60 as people in this age group are reaching retirement or have reduced income and no longer incur the Medicare Levy Surcharge.
- **Household income** – The cost of private health insurance is a significant deterrent for many people but if household income rises, people are more likely to purchase or renew health insurance policies.



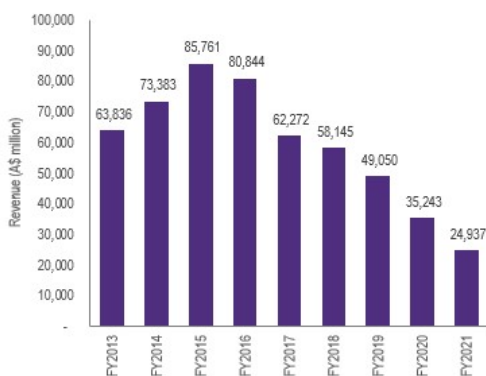
- **Taxation incentives** – Taxation incentives such as the private health insurance rebate reduces the after-tax cost of insurance encouraging the purchase health insurance.

3.2.2 Life and General Insurance

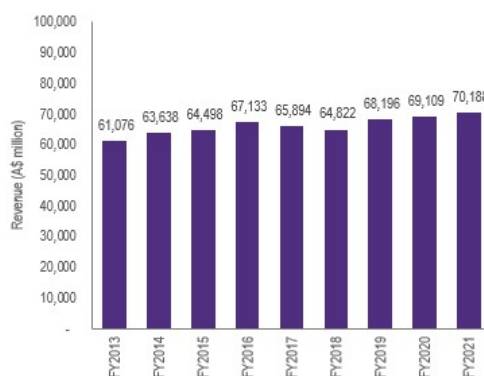
The life insurance industry has experienced significant revenue volatility over the past five years due to higher cancellation and lapse rates and fluctuations in investment returns. As a result of the COVID-19 pandemic, rising unemployment cause some customers to experience financial duress resulting in cancellation of policies.

On the other hand, the general insurance industry has grown over the past five years. Over the period, general insurers have faced a rising number of claims and in response to the difficult operating environment (mainly on account of COVID-19), general insurers have increased their prices.

Industry revenue – Life Insurance



Industry revenue – General Insurance



Source: IBISWorld Report for Life Insurance in Australia dated February 2022 and General Insurance in Australia dated June 2021

A range of factors influence demand for industry products as summarised below:

- **Economic factors** – Factors such as employment, discretionary income, interest rates and taxes, alter the ability of individuals and families to maintain their standard of living or cover expenses in the event of death or disablement. This ultimately has a significant effect on demand for life insurance products.
- **Demographic factors** – Demographic factors influence demand for life insurance products as costs are closely linked to the age of the individual.
- **Lifestyle factors** – Lifestyle choices such as smoking, drinking or participation in high-risk work or activities can increase an individual's chance of death and therefore may increase the appeal of life insurance products to some individuals.
- **Consumer wealth** – A strong economy and labour market can contribute to an increase in disposable income which drives increases in household consumption and wealth. An increase in consumer wealth can boost consumer spending on expenses such as housing, cars or travel which boosts demand for industry products.



- **Premiums** – Premiums affect coverage levels and the volume of policies offered. Higher premiums can lead to consumers self-insuring as insurance costs may outweigh the potential payout gains.

The insurance industry, particularly in relation to life insurance, is heavily regulated and regulations can affect demand. Over the past five years, several Australian-owned life insurers have exited the industry partially as a result of tighter regulations resulting from the findings of the Royal Commission into misconduct in the banking, superannuation and financial services Industry. A summary of regulatory changes with respect to life insurance is set out below:

Key legislation impacting insurance	
Date	Event
6-Nov-15	On 6 November 2015, the Government announced a reform package for the life insurance advice industry, intended to better align the interests of advisers and consumers.
9-Feb-17	<p>On 9 February 2017, the Corporations Amendment (Life Insurance Remuneration Arrangements) Act 2017 was passed and ASIC released the Life Insurance Commissions Instrument. The Life Insurance Commissions Instrument</p> <ul style="list-style-type: none"> • sets commission caps at 60% of the premium in the first year of the policy from 1 January 2020, with a maximum trailing commission of 20% of the premium in all subsequent years • provides for a transition period, with the commission cap set at 80% from 1 January 2018 and 70% from 1 January 2019 • requires clawback of 100% of the commission if the policy lapses (i.e. the policy is cancelled or not continued, or the policy cost is reduced) in the first year, and 60% clawback in the event of a lapse in the second year • provides formulae for working out the commissions in different circumstances that have been contemplated, such as if there is a commission given because the policyholder has initiated an increase in the policy, resulting in a commission part way through the year • provides formulae for working out clawback amounts depending on when the lapse occurs. <p>Setting commission caps and clawback amounts is intended to reduce the incentives for advisers to provide inappropriate advice to clients.</p>
1-Feb-19	<p>On Friday 1 February 2019, Commissioner Hayne submitted the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.</p> <p>Through this report, life insurance commissions are flagged for further reduction or elimination. If the restrictions have not led to significant underinsurance then ASIC will be urged to reduce them (ultimately to nil). The Commissioner is confident that relying more heavily on life insurance provided through superannuation will not leave 'large numbers of Australians without an appropriate level of life insurance'.</p> <p>Further, the report notes that insurers will be prohibited from cross-selling other types of insurance products:</p> <p><i>"It should be made plain that a solicited meeting, call or contact to discuss one type of product may not be used for the unsolicited offering of some other type of product."</i></p>
5-Oct-21	<p>ASIC released its final guidance on the new hawking regime. Key features of the reforms include:</p> <ul style="list-style-type: none"> • application to all financial products (as defined in the Corporations Act 2001); • a definition of 'unsolicited contact' that extends the prohibition from in-person meetings and telephone calls, to any 'real-time interaction in the nature of a conversation or discussion' without consumer consent; • that consumer consent to contact must be positive, voluntary, clear and capable of being reasonably understood; • that consent only be valid for six weeks from the date it is given and may be withdrawn by the consumer at any time; and • a statutory right of return for consumers where the hawking prohibition has been breached.

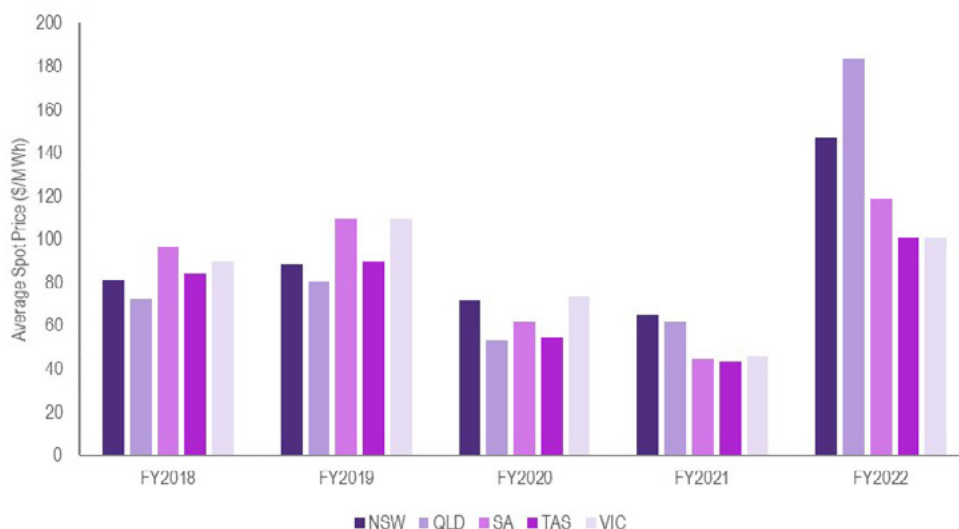
Source: 17-168MR ASIC Release dated 5 June 2017, 21-257MR ASIC Release dated 23 September 2021, The Final Report of the Financial Services Royal Commission published on 4 February 2019



3.3 Energy industry

Wholesale and retail electricity prices have fluctuated significantly over the past five years. A decreasing trend occurred in the three years leading up to FY21, before spiking in FY22, as illustrated in the graph below:

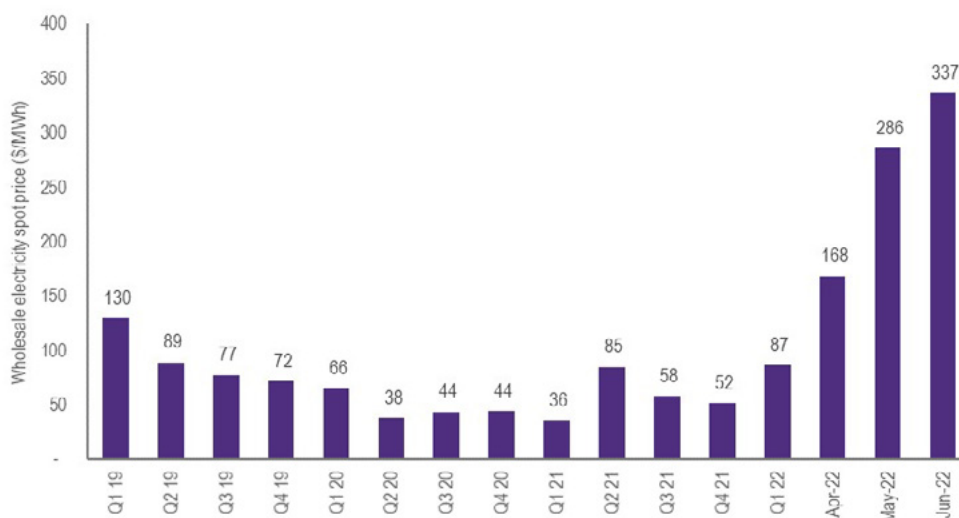
Average Electricity Prices in Australia for FY18 to FY22



Source: Aemo National Electricity Market Data, Annual Prices

Wholesale spot prices in the national electricity market ("NEM") and eastern Australian gas markets rose to unprecedented average levels in the second quarter of 2022 as set out in further detail in the graph below.

Average Electricity Prices in Australia by quarter 2019-2022



Source: Aemo National Electricity Market Data, Quarterly Energy Dynamics Q2 2022



We make the following comments in relation to the above graph:

- Despite unprecedented rainfall events in the first quarter of 2022, average temperatures across much of Australia were well above the first quarter of 2021, increasing average electricity demand in all NEM regions. With reduced availability of thermal generators and higher prices for key generation fuels, wholesale prices in the first quarter of 2022 increased to an average of A\$87 per megawatt-hour ("MWh"), up 67% on the preceding quarter and 141% on the first quarter of 2021.
- The quarterly average NEM spot price for the second quarter of 2022 was \$264/MWh which was more than double the previous high of \$130/MWh recorded in the first quarter of 2019, and more than triple the average spot price in the second quarter of 2021 of \$85/MWh. This was driven by the following factors:
 - The impacts in local fuel markets of extremely high international prices for traded gas and thermal coal which has been greatly influenced by the war in Ukraine and sanctions against Russia.
 - Reduced availability of coal-fired generation, due to scheduled maintenance as well as forced outages, driving high levels of gas-fired generation, which both raised electricity prices and put pressure on local gas markets.
 - Physical fuel supply and hydrological constraints at a number of thermal and hydro generators which further limited their operational flexibility.
 - Expansions in renewable electricity generation capacities.

The relationship between electricity demand growth and long-term lead indicators, such as population growth and business activity, has also shifted over the past five years. Growing widespread environmental concern about the Australian economy's reliance on fossil fuel electricity generation has affected household demand for electricity and consequently, non-peak demand has declined.

Since the early 1990s, the Electricity Retailing industry has been deregulated to allow more price-based competition among private sector retailers. As the Australian Energy Market Commission deemed that Victoria, South Australia and New South Wales already had competitive markets, these states removed price regulation in 2009, 2013 and 2014 respectively. Tasmania, the ACT, Western Australia and parts of Queensland are the only regions where the government regulates prices.

Notwithstanding the above, in July 2019, the DMO and VDO were introduced in response to the Essential Services Commission's recommendations. The DMO is a maximum price that retailers can charge electricity customers on default contracts known as standing offer contracts. The DMO applies to small business and residential customers in areas where there is no other retail price regulation being South Australia, New South Wales and south-east Queensland. The DMO price for each area also acts as a 'reference price' for residential and small business offers in that area. When advertising or promoting offer pricing, retailers must show the price of their offer in comparison to the DMO price. The VDO performs the same function for Victorian consumers. This change has ultimately created an environment where price dispersion is minimised. Following the introduction of the DMO and VDO, iSelect saw conversion levels halve in July 2019 and not recover to historical levels until the end of 2020.

Due to wholesale prices increasing significantly, there has also been increasing pressure on Energy Retailer margins. Energy Retailers have withdrawn competitive products from the market, causing 'price



parity' at the reference price. This has impacted conversion levels within the energy comparison business for iSelect.

In August 2019, the CDR legislation was passed and was introduced to give consumers greater control over their consumer data and will improve consumers' ability to compare and switch between products and services. It is designed to encourage competition between service providers, resulting in better prices for consumers as well as more innovative products and services. The CDR has already been rolled out to the banking sector with the energy sector to follow next (in October 2022) and telecommunications to follow as the third sector.

The CDR for energy ("Open Energy") will enable consumers to authorise third parties to access their energy data, allowing consumers to more easily share their data to get a better deal on a range of energy products and services. This will ultimately allow comparators to deliver a better experience for consumers. Set out below is an illustration of how energy comparison will change for iSelect following the introduction of Open Energy.

Current and proposed customer journey after implementation of Open Energy	
iSelect's current journey	Open Energy vision
Step 1. Start a comparison	Step 1. Start a comparison
Step 2. Answer up to 14 questions	Step 2. Connect securely with Open Energy
Step 3. Provide contact details	Step 3. Access personalised content and recommendations
Step 4. Review the comparison set matching your needs	Step 4. Switch with a minimal number of clicks
Step 5. Complete online or via phone call	

Source: iSelect FY21 Results Investor Briefing dated 24 August 2021

iSelect's current journey is heavily reliant on manual customer data entry and the call centre sales channel. On the other hand, the Open Energy vision will allow iSelect to provide immediate value by offering a personalised recommendation based on the consumer's actual usage data and is expected to reduce the number of clicks for a more seamless switching experience.

Further, with iSelect's current journey, the consumers' needs are only considered at 'a point in time' whereas Open Energy will allow iSelect to continuously run comparisons on behalf of the consumer and provide this content alongside personalised recommendations to consumers on an ongoing basis.

The introduction of Open Energy is expected to transform the market and may create opportunities for new players to enter the market.

3.4 Macro-economic Environment

Presented below is a summary of the Australian macro-economic factors that may impact the performance of the industry going forward.

- **Interest Rate** – Interest rates are one of the key macro-economic variables that indirectly impact disposable income, all other things being the same. As mentioned above, an increase in disposable income can ultimately increase demand for insurance products, positively impacting the operations of iSelect. The following graph shows the fluctuations in the yield on the 10-year Australian government bond since January 2021.



Australia 10-year Government Bond Yield



Source: S&P Global

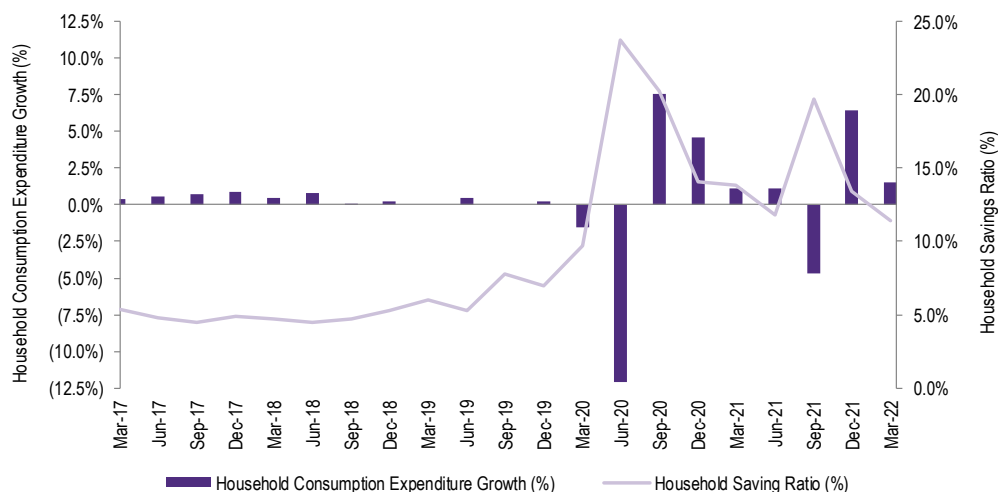
To support the recovery of businesses following the impact of COVID-19, the RBA reduced the cash rate to a historic low of 0.10% in November 2020. However, the large fiscal and monetary expenditure over the last two years has driven expectations for an increase in inflation and the yield curve for government bonds has recently steepened. Notably, the RBA has delivered five consecutive cash rate hikes between May 2022 and September 2022, raising interest rates by a total of 225 bps to the current rate of 2.35%²⁷.

- **Inflation** – Increasing levels of inflation erodes an individual's purchasing power and devalues the currency in which they purchase their goods, which may trigger greater demand for comparator services. Annual inflation increased to 6.1% in the June 2022 quarter and it is expected to continue to increase in the short term.
- **Household disposable income and the saving ratio** – These are key drivers affecting the online commerce industry. The following graphs set out the historical household final consumption ratio and household saving ratio.

²⁷ Cash rate as at 7 September 2022



Household saving ratio & household consumption quarterly growth (%)



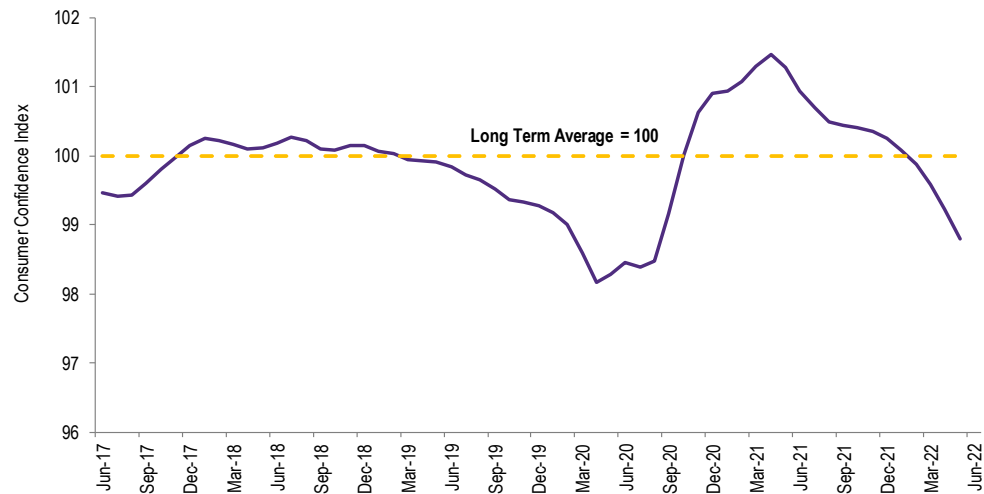
Source: ABS, Australian National Accounts: National Income, Expenditure and Product March 2022

In the first half of 2020, the pandemic caused a contraction of consumption which boosted household savings. Whilst most of Australia exited from COVID-19 imposed lockdowns in the second half of 2020, broader restrictions on movements remained and prolonged lockdowns became the norm throughout 2021. During this period, the Australian Government provided stimulus through payments such as JobKeeper and Jobseeker in a bid to preserve employment levels and support the economy. This had a flow on effect into household income and consumption, with the latter experiencing significant growth relative to prior years. Household consumption has decreased following the end of the lockdowns but it is still higher than historical levels.

- Consumer confidence** – This is a measure of optimism amongst households regarding their financial situation, the current economic conditions, employment, and savings. Negative consumer confidence is correlated with a scale back in individual expenditure on discretionary items, which may include more comprehensive insurance covers. The following graph illustrates the Consumer Confidence Index (“CCI”) within Australia since June 2017 to June 2022.



Consumer Confidence Index – Australia



Source: OECD Data: 60 years, GTCF analysis.
Note (1): A value greater than 100 is indicative of a boost of the consumer's confidence towards the future economic circumstances and vice versa.

As illustrated above, the CCI reached lows close to March 2020 at the time of the outbreak of the COVID-19 pandemic, and it has again reduced materially in recent months following the deterioration in the macro-economic environment.



4 Profile of ISU

4.1 Introduction

iSelect was founded in 2000, becoming the first to market online health insurance comparison service in Australia. It listed on the ASX in June 2013. iSelect initially offered an end-to-end service that allowed customers to comprehensively compare and purchase insurance products from a range of providers but has since expanded its comparative product offering across various segments with the main segments outlined below:

- *Health* – The largest business segment within iSelect, it allows consumers to search for, compare and purchase private health insurance products from product providers²⁸. The products include hospital cover, extras, combined and overseas visitor cover.
- *Energy and Telco* – The energy and telecommunications segment offers comparison, purchase and referral services across a range of household utilities including electricity, gas and broadband products from several product providers²⁹. In the energy segment, iSelect maintains two brands, iSelect and Energy Watch. Energy Watch is an energy comparison service and was acquired by iSelect in 2014 to consolidate ISU's presence in the energy market. In FY22, Energy Watch was re-platformed from the iSelect technology to the platform of the recently acquired CIMET to offer a fully digitised end-to-end free comparison to its customers.
- *Life and General Insurance* – The life and general insurance segment offers comparison, purchase and referral services across a range of life insurance, car insurance and other general insurance products from product providers³⁰.

On 15 March 2022, the Company acquired a 49% interest in CIMET Holdings Pty Ltd ("CIMET") and Vconnex Private Limited ("Vconnex"). CIMET provides white label energy, broadband and mobile comparison services through their internally developed and fully digitised end-to-end platform.

The following graphs sets out iSelect's revenue and EBITDA breakdown by segment over the last three years which excludes the contribution of CIMET given that this investment was equity accounted in the FY22 financial statements (refer to section 4.5 for details).

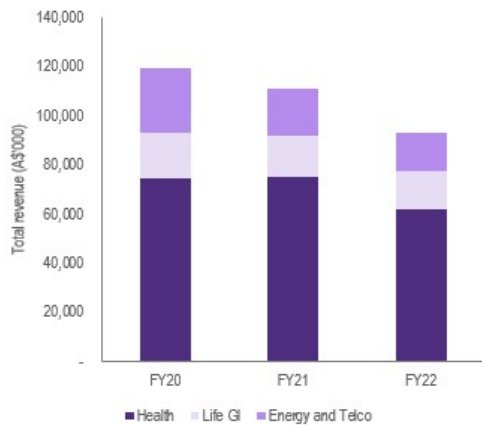
²⁸ Providers include: ahm by Medibank, AIA Health, Australian Unity, Bupa, Frank Health Insurance, GMHBA, HCF, Latrobe, Nib and TUH Health Fund.

²⁹ Providers include: AGL, Origin, EnergyAustralia and ActewAGL.

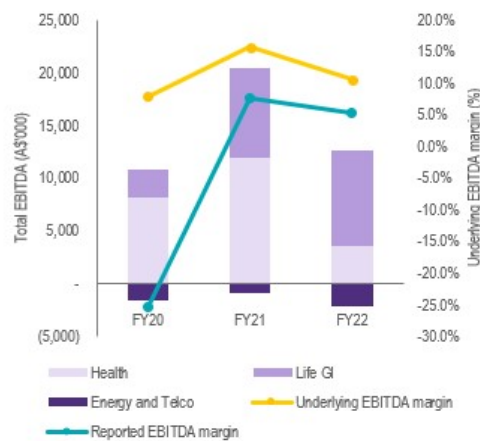
³⁰ Providers include: Lifebroker, BudgetDirect, Virgin Money, Woolworths, ING, 1st for Women, pd.com.au, Retirease, Carpeesh, Fast Cover, Tick Travel Insurance, Insure And Go and Travel Insurance Saver.



Historical revenue by segment



Historical underlying EBITDA by segment



Source: ISU Annual Reports

We make the following comments in relation to the above:

- Revenue has consistently declined over the past three years due to the following factors:
 - Prolonged effects of the COVID-19 pandemic which has impacted consumer sentiment and behaviour around discretionary expenditure. This has resulted in the cancellation of non-essential insurance policies and a scale back in levels of insurance coverage.
 - Increased regulations and scrutiny in the insurance industry, particularly with respect to anti-hawking provisions and caps on commissions, has limited ISU's ability to cross-sell across segments.
 - The deferral of annual premium increases by health insurance providers from 1 April (each year) to October 2022 has directly contributed to the decline in revenue in FY22. Annual health premium rate increases have continued to decline year-on-year, and are significantly lower than in years prior to FY20. This has impacted consumer demand levels during rate rise peak periods of Feb-March.
 - The introduction of DMO and VDO has led to greater price parity in the energy market, reducing the need for comparison and switch demand.
- As shown in the graph above, the Company has historically shown a significant difference between reported and underlying EBITDA. This reduces the quality of earnings and makes it difficult for investors and market participants to understand the true performance of the business (a reconciliation between reported and underlying EBITDA is set out in section 6). The underlying EBITDA margin (exclusive of JobKeeper) over the past three years fluctuated from 8.0% in FY20 to 15.7% in FY21 to 10.6% in FY22. Following the outbreak of COVID-19, in Q4FY20 ISU's Board strategically realigned their focus towards improving operational efficiency in FY21. In response, ISU implemented fixed base cost reductions and the scaling back of their call centre to better align with expected demand. This leaner model placed greater emphasis on marketing ROI, profitability and cash flow in the short to medium term. As a result, the underlying EBITDA in FY21 saw a 6%



reduction in overhead costs³¹. The underlying EBITDA in FY22 was impacted by the deferral of annual premium increases in the health segment (as mentioned above) and energy prices reaching an 8-year low in 2021 before rapidly increasing in Q4FY22. The underlying EBITDA in FY22 also saw a further 15% reduction in overhead costs.

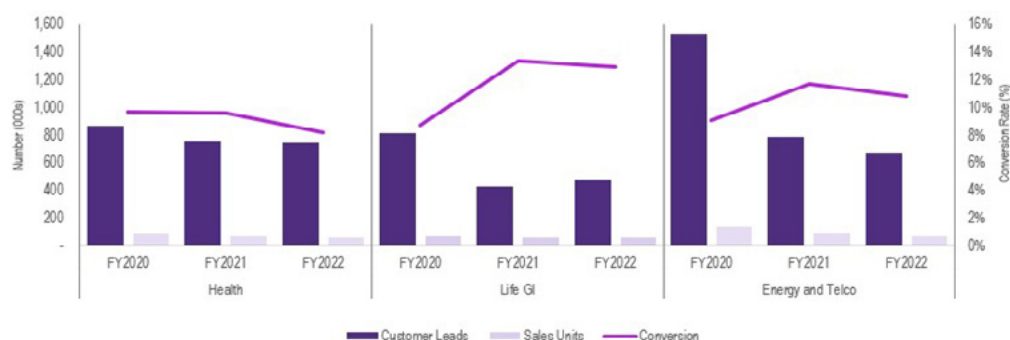
On 12 April 2019, ACCC commenced proceedings against iSelect in relation to commercial disclosures and statements displayed on its energy comparison site. ISU and the ACCC settled the matter in October 2020. Whilst the Federal Court acknowledged that there was no evidence that iSelect intended to mislead consumers and acknowledged the corrective action taken by ISU after it was notified by the ACCC, it ordered iSelect to pay a penalty of A\$8.5 million to be paid in instalments. The first two instalments have been paid, A\$2 million in FY21 and A\$2 million in FY22. The third instalment of A\$2 million is due in November 2022 with the final payment of A\$2.6 million due in November 2023.

4.2 Business model

iSelect predominantly operates an E2E business model, whereby they generate leads and complete sales on behalf of the product providers via their call centre or website. However, in some minor verticals, ISU operates a lead generation model for product providers, whereby they generate leads and the product providers complete the sale.

iSelect's online comparison tool is free for consumers to use, although, requires the consent of consumers to provide iSelect with their personal data. This data is used as leads for the call centre. To assess the efficiency of the call centre converting leads into sales, the conversion rates for each segment is measured by the Company and as set out in the graph below.

Conversion rate for FY20 to FY22



Source: ISU Annual Reports and Investor Presentations

Over the past years, customer leads have been reducing across segments due to macro-economic trends and regulatory changes. At the same time, all segments have experienced declining conversion rates in FY22 which has adversely impacted revenue.

iSelect's business model is established on the following key pillars:

³¹ FY21 Annual Results Presentation



- *Lead generation* – iSelect generates traffic to its website via paid marketing channels and its brand awareness among consumers. However, due to increased competition and adverse changes in the regulatory environment, total customer leads have been declining year on year.
- *Conversion* – The call centre is responsible for converting leads into sales with these call centre sales accounting for c. 88% of ISU's revenue in FY22. Given ISU's business model is heavily reliant on its call centre, the digitalisation of the economy and changing consumer sentiment, accelerated by the outbreak of COVID-19 pandemic, have placed ISU at a disadvantage when compared with some of its competitors.
- *Product providers* – iSelect seeks to deliver value to its product providers by offering increased exposure to consumers. However, the changing market environment has led to product providers investing heavily in technology to improve and digitalise their customer experience. This has resulted in product providers becoming ISU's major competitors.
- *Brand* – iSelect has achieved strong brand awareness in Australian online product comparison through media partnerships and being first to market.

4.3 Revenue Streams

iSelect has two primary sources of revenue paid by product providers as outlined below.

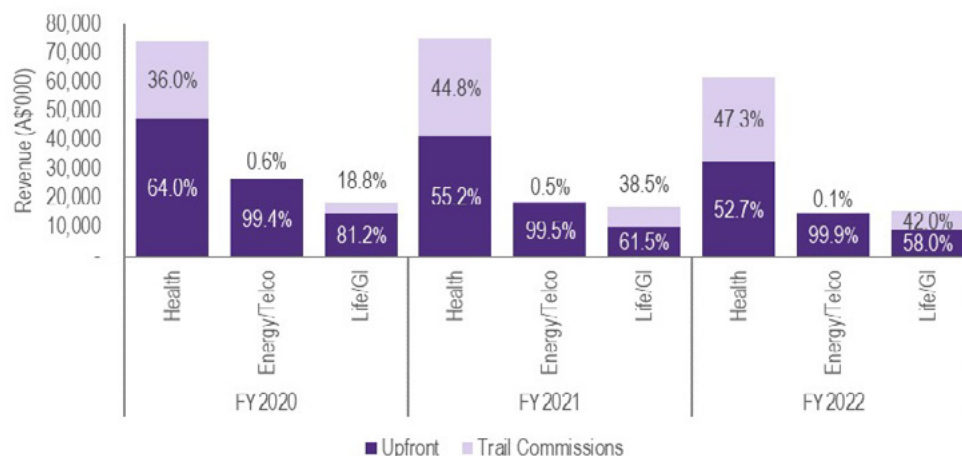
- *Upfront commission* – Upfront commission is received at the time of settlement when a customer purchases a provider's product, referred by iSelect. This is usually a percentage of the referred product price/premium or fixed fee per sale. Upfront fee revenue is recognised on a net basis of the historical percentage of 'referred' sales expected to become 'financial' and that do not trigger a 'clawback'. These estimates are adjusted to actual percentages at each reporting date.
- *Trailing commission* – Trailing commission are on-going fees received from certain providers within ISU business segments, arising over the product life. The terms of the trail commission vary across each product provider and segment.

The upfront commission typically represents a larger share of ISU revenue than trailing commission, given that trailing commissions are not generated from all business segments. The Health and Life and General Insurance segments are the predominant earners³² of trailing commission. Hence, total revenue is closely linked to the volume of new settlements generating upfront commission which flow into future trailing commission revenue. We have illustrated below the breakdown of segment revenue by revenue stream.

³² Due to a change in business model in FY21, iSelect no longer earns trailing commissions in connection with the sale of life insurance and home loan products. We note that iSelect now only accrues new trailing commissions in relation to the sale of health insurance products.



FY20-FY22 Segment Revenue Breakdown by Revenue Stream

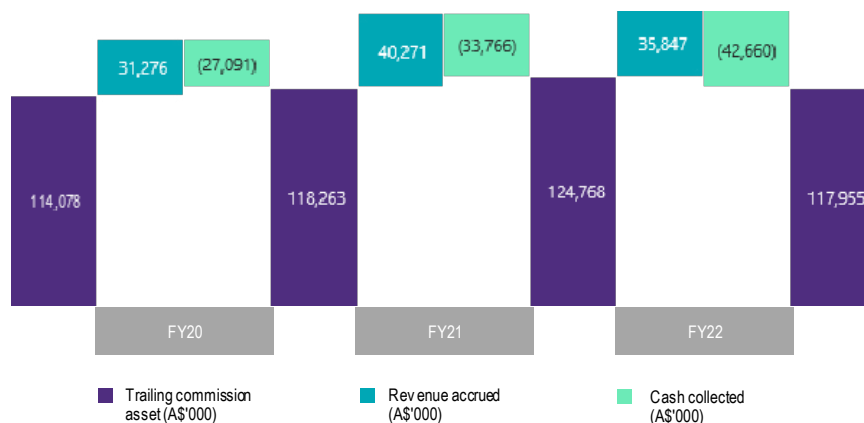


Source: ISU Annual Reports

Except for the Energy/Telco segment, total revenue attributable to trailing commissions has increased over the past few years which has adversely impacted the cash flow generation of the business.

See below the movement in the trailing commission revenue and asset from FY20 to FY22.

FY20-FY22 Trailing Commission Cash Flow



Source: ISU Annual Reports

The accrued trailing commission revenue represents the trailing commission sales generated in the relevant year, whilst the cash collected represents the amount of accrued revenue that has been collected in the current period.

In FY22, the cash collected exceeded the trailing commission revenue accrued by c. A\$6.8 million leading to the trailing commission asset producing a positive cash 'inflow' but with the balance reducing. The partial sale of the health trail book to the Hospitals Contribution Fund of Australia Ltd ("HCF") for A\$4.6 million also contributed to this outcome. This sale relates to a 'closed trail book' stemming from legacy commercial agreements for health insurance sales, some of which dated back to 2000. Further, the inflow is indicative of the underperformance of ISU core operations, with contractions of new sales.



4.4 Technology Platform

iSelect's core technology platform is built in-house and was originally designed for the single health insurance vertical. The architecture of the platform is not consistent across all verticals, rather each segment is built as silos and integrated vertically rather than at an enterprise level. This underpins the core reasoning as to why iSelect have experienced technological inefficiencies and scalability constraints across new verticals. From an integration perspective, iSelect's technology is coded across multiple languages making it a complex process to integrate with product providers.

In its current form, iSelect runs three technological models as outlined below:

- *Call centre based model* – The call centre based model does not offer a digitised end-to-end customer journey. The ISU technology stack requires consumers to manually complete online data fields and an algorithm developed by iSelect is run to provide a free online comparison. In the process of providing the comparison, ISU collects consumers' data and generates leads for the call centre to ultimately convert into a sale. This model has a large cost-base associated with marketing and staffing costs to operate the call centre. This model accounted for c. 88% of the sales in FY22.
- *Digitised model* – This model offers a full end-to-end online customer journey, whereby consumers are able to utilise iSelect's free comparison tool and switch providers digitally and directly through iSelect's website. In late FY22, the volatility in the energy market led to an unanticipated and rapid increase in consumer demand which placed significant pressure on ISU's ability to service all consumers. In response, ISU re-platformed Energy Watch from iSelect's technology to the CIMET platform to digitise the consumer journey.
- *Click through model* – This model has been used by iSelect in the credit card vertical, whereby iSelect offers a free comparison tool for consumers, who then click through to the product provider's website. The product providers pay an affiliate fee which varies from cost per acquisition to cost per lead. This model has been used to draw customers to iSelect website rather than to generate revenue. The revenue per sale from this model is lower than the E2E model and the market is highly saturated and competitive. Where adopting a 'click through' model for any vertical, iSelect partners with a third-party comparison provider to reduce technical integration with providers. It therefore has a significantly lower cost base than the call centre based model.

In the last few years, ISU has reduced its overall spend on technology due to the prioritisation of working capital needs and the significant investment needed to improve the call centre based model at an enterprise level. These factors ultimately lead to iSelect's decision to invest in CIMET to utilise the CIMET platforms technological capabilities with its pre-existing brand in the market.

4.5 CIMET Investment

4.5.1 Overview of CIMET

CIMET Holdings and its controlled entities are an Australian based group that provide a white label energy, broadband and mobile comparison service through their internally developed and fully digitised end-to-end platform.



The CIMET platform is targeted at business-to-business ("B2B") built on contemporary architecture hosting a system whereby any business, regardless of size or industry can integrate the CIMET white label API³³ on its website to offer comparison services for energy and telco as a value add to their customers. These businesses sign contracts with CIMET as affiliates or distributors. Consumers are then able to directly access the CIMET platform through the website of an affiliate or distributor. The model operates as follows:

- CIMET receives a commission from the retailer for every customer retained or acquired through the platform. The commission is based on contractually agreed rates.
- CIMET pays a commission to its affiliate and distribution partners for each customer that successfully signs up to a retailer by accessing the platform through their website. The commission payable to each affiliate is based on contractually agreed rates and is independent of the retailer.

CIMET also has a service agreement in place with Vconnex, an Indian based service entity comprising mostly of customer support and quality assurance staff, to provide technology and other services on an exclusive basis.

CIMET has been in operation for approximately four years, achieving significant growth over the past few years with revenue of A\$11.4 million in FY22, up 124% from FY21. As at February 2022, CIMET had over 30 B2B partners using their integrated white-label service for energy comparison. ISU's decision to acquire 49% of CIMET was primarily driven by the ability to leverage off CIMET's platforms and technological capabilities that are seemingly more efficient and scalable as compared to their current technological stack. Further, the investment in CIMET and the associated commercial arrangements allow the Company access to a new revenue model and to diversify into the B2B market. However, we note that CIMET's business is highly concentrated, with the top five distributors as at June 2021 accounting for c. 88% of total volume.

4.5.2 Financial performance of CIMET

The table below illustrates CIMET's consolidated statements of profit and loss for FY21 and FY22.

CIMET consolidated statements of financial performance	FY21	FY22
AS '000	Actual	Actual
Revenue	5,100	11,400
Cost of sales	(3,600)	(9,500)
Gross profit	1,500	1,900
Gross margin	29.4%	16.7%
Operating expenses	(1,400)	(3,100)
EBITDA	100	(1,200)
EBITDA margin (%)	2.0%	(10.5%)
Depreciation and amortisation	-	-
EBIT	100	(1,200)
EBIT margin (%)	2.0%	(10.5%)
Net profit / (loss) before tax	100	(1,200)
Tax expense	-	300
Net profit / (loss)	100	(900)
Net profit margin	2.0%	(7.9%)

Source: iSelect FY22 Investor Presentation

³³ Application Programming Interface



In relation to the above, we note the following:

- Revenue increased significantly from \$5.1 million in FY21 to \$11.4 million in FY22, representing a growth of 124% due to expansion of CIMET B2B partner-network, improvement of commercial terms, and expansion of product range. This is indicative of the scalability and potential of the B2B model.
- Notwithstanding the growth in revenue, gross margin has declined from 29.4% in FY21 to 16.7% in FY22. Further, the decrease in gross margin relates to the agreements CIMET have signed with distribution partners in FY21 and FY22. The agreements have been deliberately entered into at lower margins to encourage sales growth from the distribution partner and ultimately market share growth for CIMET.
- Net profit margin decreased from 2% in FY21 to negative 7.9% in FY22.

4.5.3 Key terms of the investment

The investment consists of up to A\$26.6 million for a 49% shareholding in CIMET which comprises the following:

- Upfront consideration of A\$20.7 million of which A\$14 million paid in cash for the subscription of new shares in CIMET (i.e. cash in the business) and the balance satisfied via the issue of 20,576,629 shares in ISU to the vendors at an issue price of A\$0.327 per share. These shares are subject to escrow for 24 months from completion. The cash payment for the subscription of new shares in CIMET was funded via two loan facilities from ANZ.
- Up to an A\$3.6 million performance based earn-out which is payable on the condition that CIMET achieves defined volume and margin targets in the first six months of 2022, with the option of a pro-rata payment if performance targets are partially achieved. CIMET's performance against these targets remains subject to a final assessment.
- A deferred consideration of A\$2.2 million due 12 months post completion.

In addition, iSelect also acquired a 49% share in Vconnex, which exclusively provides technology and other services to the CIMET group of companies, for A\$12,599 in cash.

ISU can elect to satisfy the deferred consideration and the earn-out payment via cash or iSelect scrip. If iSelect decides to utilise scrip, the issue price will be the volume weighted average price at which iSelect ordinary shares are traded on the ASX, during the 90 day period ending 27th February 2022.

iSelect and CIMET have also entered into put/call options which provides iSelect a pathway to 100% ownership of CIMET. The terms of the put/call options are as follows:

- The first put/call option is for an additional 26% shareholding and is exercisable 24 months after completion, for an exercise period of two months. If the option is not exercised by either party within that period, the first put/call option is again exercisable annually each year thereafter.



- The second put/call option is for the final 25% shareholding and is available 36 months after completion. Similarly, if the option is not exercised by either party within that period, the second put/call option is again exercisable annually each year.
- The price of the put/call options, should they be exercised, will be based on a valuation assessment by an independent valuation expert.
- Both options will be satisfied via cash or iSelect script at the election of iSelect.

iSelect and pre-existing shareholders of CIMET each have the right to appoint two directors on CIMET's Board (which has occurred) with an independent chairperson to be appointed as the fifth director.

Noting the 49% interest, iSelect has accounted for its investment in CIMET using the equity method. As at 30 June 2022, iSelect recognised an investment in CIMET of A\$22.6 million. The difference between the consideration of A\$26.6 million discussed above and the recognised investment in CIMET of A\$22.6 million in the audited accounts is a result of the following:

- The scrip component of the consideration, being the issue of 20,576,629 ISU shares, is recognised in the annual report based on the closing share price of ISU on completion in accordance with accounting standards, being A\$0.20 per share as at 15 March 2022. This is significantly lower than the VWAP during the 90-day period ending on 27 February 2022 of A\$0.33 per share used to assess the investment of A\$26.5 million.
- Only A\$2.2 million of the earn-out payment has been recognised as part of the initial cost of the investment in the balance sheet of iSelect as at 30 June 2022.

4.6 Financial performance

Trailing commission revenue is required to be recognised under the Australian Accounting Standards Board 15 *Revenue from Contracts with Customers* ("AASB 15") in accordance with International Financial Reporting Standards ("IFRS"). AASB 15 requires the Company to recognise a contract representing the expected future payments associated with trailing commissions. The value of the contract asset is assessed at every reporting period through a discounted cash flow method and any difference in the net present value is reported in the profit and loss statement. As a result, ISU's financial performance reported under IFRS is different to its financial performance measured on a cash basis. The magnitude of this difference can vary based on the volatility of economic conditions and settlement volumes impacting the valuation of the contract assets.

The table below illustrates the Company's audited consolidated statements of comprehensive income for FY20, FY21, FY22.



Consolidated statements of financial performance	FY20	FY21	FY22
A\$ '000	Audited	Audited	Audited
Upfront revenue			
Health Insurance	47,425	41,405	32,611
Life and General Insurance	15,005	10,359	9,100
Energy and Telecommunications	26,525	18,539	15,033
Other	196	396	515
Total upfront revenue	89,151	70,699	57,259
Trail commission revenue			
Health Insurance	26,675	33,667	29,216
Life and General Insurance	3,470	6,488	6,595
Energy and Telecommunications	164	86	12
Other	965	30	25
Total Trail commission revenue	31,274	40,271	35,848
Total revenue	120,425	110,970	93,107
Cost of sales	(85,903)	(67,428)	(61,082)
Gross profit	34,522	43,542	32,025
<i>Gross margin</i>	28.7%	39.2%	34.4%
Other income	4,220	3,600	475
Administrative expenses	(30,251)	(34,706)	(25,319)
Impairment loss	(18,835)	-	-
Loss on disposal of property, plant and equipment	(669)	(139)	(1,568)
Share-based payments expense	(909)	(847)	(579)
Share of loss in associates	-	-	(119)
EBITDA	(11,922)	11,450	4,915
<i>EBITDA margin</i>	(9.9%)	10.3%	5.3%
Depreciation & Amortisation	(8,609)	(10,474)	(20,605)
EBIT	(20,531)	976	(15,690)
<i>EBIT margin</i>	(17.0%)	0.9%	(16.9%)
Net interest (expense) / revenue	(353)	(400)	(460)
Net profit before tax	(20,884)	576	(16,150)
Tax expense	422	(2,635)	4,331
Net profit / (loss) from continuing operations	(20,462)	(2,059)	(11,819)
Loss before tax for the period from discontinued operations	(20,832)	(3,013)	-
Tax expense from discontinued operations	(2,255)	-	-
Net profit / (loss)	(43,549)	(5,072)	(11,819)
<i>Net profit margin</i>	(36.2%)	(4.6%)	(12.7%)

Source: iSelect Annual Reports

In relation to the above, we make the following comments:

- Total revenue, comprising of upfront revenue and trailing commission revenue, has decreased year on year, with a 13% decline recorded in FY21 and a 21% decline in FY22. Whilst trailing commissions have increased from FY20, upfront revenue has continuously declined over the past three years. A summary of revenue by each segment is set out below:
 - Health: Upfront revenue has decreased year on year as a result of diminishing consumer demand and the deferral of premium rate increases. Trailing commission from this segment is significant and accounts for over 80% of total trail commission revenue.



- Life and General Insurance: This segment was impacted by increased regulations, particularly with respect to anti-hawking provisions and mandated commissions, which limited ISU's ability to cross-sell across segments. As a result, although trailing commission revenue has continued to increase over the past three years, upfront revenue has declined significantly with a 31% decline in FY21 and a 12% decline in FY22.
- Energy and telecommunications: This segment was impacted by volatility in the energy market which saw upfront revenue decline by 30% in FY21 and 19% in FY22. Given the nature of the products in this segment, ISU does not generate material amounts of trailing commission revenue.
- Despite falling revenues, gross margin has improved from 28.7% in FY20 to 34.4% in FY22, as a result of iSelect's strategic decision to target efficient cost centres in direct costs and overheads. However, gross margin between FY21 and FY22 has worsened as a result of operational inefficiencies. The slight reductions in cost of sales have been outweighed by variances in total sale units and increasing the customer acquisition cost. This is largely a result of the call centre model being highly dependent on paid marketing channels, whereby it is associated with a large cost base to continue operating.
- Other income includes JobKeeper payments in FY20 totalling A\$3.4 million and FY21 totalling \$3.7 million. iSelect did not receive any JobKeeper payments in FY22.
- The impairment loss in FY20 relates to the goodwill and brand names of ISU business segments. Due to COVID-19, the Company decided to adjust their estimates of the carrying amount of intangible assets, reflecting reduced estimated cash flows and increased discount rates. This resulted in the recognition of a significant impairment loss to the goodwill and brand names of the Health and Energy segments. The Company has not experienced any impairment to goodwill and brand names since FY20.
- The loss from continuing operations in FY20 and FY21 relates to the sale of iSelect's 88.8% interest in iMoney Group on 14 August 2020.
- The loss on disposal of non-current assets in FY22 predominantly relates to a partial sale of trailing commission assets. This sale relates to a 'closed trail book' stemming from legacy commercial agreements relating to health insurance sales, some of which date back to 2000.
- Noting that iSelect holds a 49% interest in CIMET and Vconnex, iSelect has accounted for its investment in these entities under the equity method. The share of loss in associates relates to losses from CIMET and Vconnex in FY22.
- The significant increase in depreciation and amortisation between FY21 and FY22 is in relation to the investment into CIMET. Upon completion of the acquisition, ISU began migrating its existing business onto CIMET's platform. Consequently, the expected useful life of ISU existing capitalised software development costs were no longer appropriate resulting in the acceleration of amortisation expense to the extent that they are fully amortised in FY22.



4.7 Financial position

The consolidated statement of the Company's financial position as at 30 June 2020, 30 June 2021, and 30 June 2022 is summarised in the table below.

Consolidated statements of financial position A\$ '000	30-Jun-20 Audited	30-Jun-21 Audited	30-Jun-22 Audited
Assets			
Cash and cash equivalents	10,522	9,433	11,320
Trade and other receivables	15,826	14,864	10,812
Trail commission asset	29,850	33,407	31,518
Assets held for sale	1,682	-	-
Other current assets	3,328	3,907	4,442
Total current assets	61,208	61,611	58,092
Trail commission asset	88,413	91,361	86,437
Property, plant and equipment	6,939	4,538	2,069
Investment in associates	-	-	22,459
Intangible assets	17,606	14,772	370
Other non-current assets	25	25	25
Total non-current assets	112,983	110,696	111,360
Total assets	174,191	172,307	169,452
Liabilities			
Trade and other payables	18,102	17,162	17,894
Borrowings	-	-	2,374
Lease liabilities	2,544	2,747	1,443
Provisions	5,430	6,058	4,966
Liabilities directly associated with the assets held for sale	1,934	-	-
Other current liabilities	325	-	-
Total current liabilities	28,335	25,967	26,677
Trade and other payables	-	4,600	2,600
Borrowings	-	-	11,033
Lease liabilities	4,157	1,443	-
Deferred tax liability	26,560	29,195	24,863
Provisions	422	395	256
Total non-current liabilities	31,139	35,633	38,752
Total liabilities	59,474	61,600	65,429
Net assets	114,717	110,707	104,023

Sources: ISU annual reports

We note the following in relation to ISU's financial position:

- Trade and other receivables comprise trade receivables and contract assets. Contract assets are initially recognised as revenue earned on receipt of consideration, but are conditional on the successful completion of a purchase between the customers and the product providers. Upon completion of a sale and acceptance by the customer and provider, the full contract asset is reclassified as a trade receivable. There was minimal change to contract assets from 30 June 2020 to 30 June 2021. However, contract assets decreased c. A\$4 million in FY22. Trade receivables reduced



between FY20 and FY21 but have remained relatively static in FY22. These changes reflect reductions in transaction volumes.

- Noting that iSelect holds a 49% interest in CIMET and Vconnex, iSelect has accounted for its investment in CIMET and Vconnex under the equity method. As at 30 June 2022, iSelect recognised an investment in CIMET of A\$22.6 million and an investment in Vconnex of A\$0.01 million.
- Property, plant and equipment reduced from c. A\$6.9 million as at 30 June 2020 to c. A\$2 million as at 30 June 2022 due to the reduction in value of right of use assets.
- Intangible assets decreased from c. A\$17.6 million as at 30 June 2020 to c. A\$0.37 million as at 30 June 2022. This is due to the full amortisation of previously capitalised development costs in line with the CIMET acquisition, as mentioned previously. The balance of intangible assets at FY22 includes trademarks and domain names.
- The trailing commission asset balance is intrinsically linked to the Company's ability to generate revenue. The reduction in the book value of the trailing commission asset in FY22 is largely due to the partial sale of the health trail book to HCF for A\$4.6 million. However, noting that there has been a decline in trailing commission revenue accrued in FY22, if this trend persists, the book value of the trailing commission asset will continue to reduce.
- Trade and other payables have fluctuated over the last three years and comprises trade payable, accrued expenses, settlement payable and other payables. The settlement payable of A\$4.6 million relates to the settlement with ACCC, being the balance of the A\$8.5 million fine.
- Borrowings totalled A\$13.4 million as at 30 June 2022. ISU currently have two secured loan facilities with ANZ totalling A\$16.2 million, with c. A\$14 million having been drawn down to pay the cash consideration for the investment in CIMET. The first facility was A\$11.2 million, repayable over 6 years, and the second facility was A\$5 million, repayable over 5 years. These facilities are secured by the Company's assets with financial covenants tested quarterly. The Company has continued to comply with these covenants and currently have an undrawn debt facility of \$2.2 million.
- Provisions comprise of employee benefits and clawbacks. Clawback provisions relate to the consumer's ability to terminate transactions early within a pre-determined period. This cancellation period is referred to as the claw back period, ranging from 0 to 24 months depending on the provider. Between 30 June 2021 and 30 June 2022, claw backs reduced by c. \$1.5 million as a result of reduced sales volume.
- The deferred tax liability predominantly relates to taxable temporary difference of the trailing commission asset.

4.8 Cash flow statement

The table below illustrates the Company's audited consolidated statements of cash flows in FY19, FY20 and FY22.



Consolidated statements of cash flow	FY20	FY21	FY22
A\$ '000	Audited	Audited	Audited
Cash flows from operating activities			
Receipts from customers	143,991	109,504	106,204
Payments to suppliers and employees	(142,809)	(99,648)	(101,371)
Income taxes refunded	619	-	-
Interest received	49	3	3
Net cash inflow from operating activities	1,850	9,859	4,836
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets	(9,565)	(5,325)	(3,763)
Cash disposed of as part of discontinued operations	-	(1,576)	-
Payment for investment in CIMET	-	-	(14,012)
Proceeds from sale of non-current assets	-	-	4,617
Net cash outflow from investing activities	(9,565)	(6,901)	(13,158)
Cash flow from financing activities			
Net proceeds from bank facilities	-	-	13,407
Repayment of lease liabilities	(2,562)	(2,595)	(2,747)
Interest paid	(724)	(437)	(451)
Dividends paid to shareholders	-	(2,185)	-
Net cash (outflow)/inflow from financing activities	(3,286)	(5,217)	10,209
Net increase / (decrease) in cash and cash equivalents	(11,001)	(2,259)	1,887
Cash and cash equivalents at the beginning of the financial year	21,956	11,256	9,433
Effects of exchange rate changes on cash and cash equivalents	301	436	-
Cash and cash equivalents at year end	11,256	9,433	11,320

Sources: ISU Annual Reports

We note the following in relation to ISU's cash flow:

- The net cash inflow from operating activities increased significantly from c. A\$1.85 million in FY20 to c. A\$9.86 million in FY21 due to the adjustment of strategic objectives focusing on cost centre controls. The c. A\$5 million decrease in net operating activities between FY21 and FY22 is predominantly due to fixed costs remaining stable but customer conversion rates falling.
- ISU reduced capitalised development expenditure from c. A\$8 million in FY20 to c. A\$3.7 million FY22 in line with the strategic focus of improving cash flows and profitability. This resulted in the decision to purchase CIMET for its technological capabilities rather than incur the significant investment to develop the technology in-house. We note that c. A\$2.8 million of payments for property, plant and equipment relate to discontinued operations in FY20. In FY22, the net outflow increased substantially due to the cash paid for the acquisition of CIMET which has been slightly offset by the proceeds from the partial sale of the Health trail book.

Over the last few years, ISU has been relying on the cash inflows from the trail book to fund the operating business. As set out in the table below, the free cash flows of the business have been negative over the last five years if net impact of the movement in the trail book is excluded. In our opinion, this indicates a core business which will continue to face difficulties as it has not kept pace with technological advancement.



Adjusted free cash flow excluding net impact of movement in trail book						
A\$'000 unless stated otherwise	FY17	FY18	FY19	FY20	FY21	FY22
Net operating cash flow	30,636	8,790	4,709	1,850	9,859	4,836
Net investing cash flow	(10,116)	(20,092)	(12,337)	(9,565)	(6,901)	854
Net cash flow	20,520	(11,302)	(7,628)	(7,715)	2,958	5,690
Trail commission revenue	(33,241)	(33,007)	(34,732)	(31,276)	(40,271)	(35,847)
Trail cash receipts	24,129	23,651	23,574	27,091	33,766	42,660
Adjusted free cash flow	11,408	(20,658)	(18,786)	(11,900)	(3,547)	12,503

Sources: ISU Annual Reports

Note (1): the FY22 free cash flow excludes the CIMET Investment and the associated financing of the CIMET Acquisition.

The Company declared a special dividend and dividend program of A\$0.01 per share on 27 April 2021. ISU paid the special dividend on 22 June 2021. The proposed continued dividend program was cancelled due to the investment in CIMET. We have set out below the historical dividends paid by the Company and the dividend yield.

iSelect Historical Dividends						
A\$/Share unless stated otherwise	FY16	FY17	FY18	FY19	FY20	FY21
Dividend on ordinary shares	0.03	0.06	0.02			0.01
Share Price	1.25	2.01	0.82			0.41
Dividend yield	2.0%	2.7%	1.8%			2.4%

Sources: S&P Global, GTCF analysis.

Note: Dividend yield calculated by dividing total dividends paid in financial year and the closing share price as at 30 June for each respective period.

4.9 Share capital structure

As at the date of this report, ISU's capital structure comprised the following securities

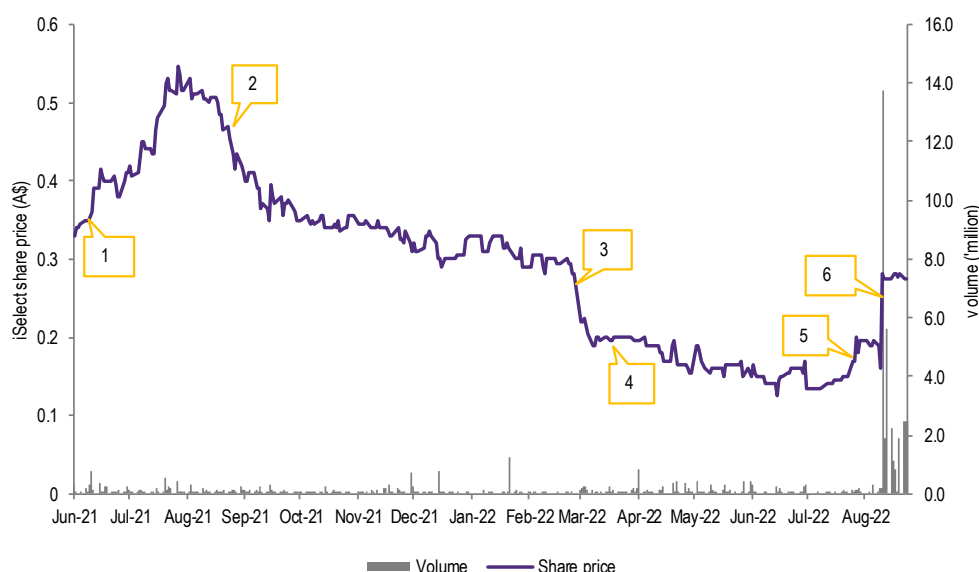
- 240,086,753 fully paid ordinary shares.
- 11,146,311 performance rights. Refer to section 1 for details on the proposed treatment of the performance rights in connection with the Scheme.



4.9.1 Share price movements

Our analysis of the daily movements in ISU's share price and volumes in the past 15 months is set out below.

ISU – Historical share trading price and volumes



Sources: S&P Global and GTCF Analysis

The following table illustrates the key events from June 2021 to 10 August 2022, which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	11-Jun-2021	The Company's subsidiary, iSelect Health Pty Ltd entered into a distribution agreement with Bupa Hi Pty Ltd. Commencing 16 June 2022, the Company will receive commission payments from Bupa for health insurance policies under the terms of the agreement, which is for a minimum term of 12 months.
2	24-Aug-2021	<p>The Company announced its FY21 results:</p> <ul style="list-style-type: none"> Underlying revenue decreased by c. 10%, compared to FY20, although overheads reduced by c. 6% resulting in improvements to gross profit and underlying EBITDA increasing by 52%. Underlying NPAT improved to A\$7.1 million. Customer leads and sales volume decreased across all segments underpinned by fluctuating consumer demand, changes to the operating model and regulatory changes. Conversions improved across segments in line with cost controls and a strategic focus on operational efficiency. The balance sheet and operating cash flows have remained relatively strong due to trail cash collections performing above expectations. Special dividend of A\$0.01 per share was paid in June 2021.
3	28-Feb-2022	<p>The Company announced its H1FY22 results:</p> <ul style="list-style-type: none"> Underlying revenue, gross profit and EBITDA decreased in comparison to H1FY21 resulting in a 76% decline in underlying NPAT due to challenges in the market. Customer leads and conversions slightly reduced across segments. In particular, the energy segment suffered due to increased competition and lower electricity prices in the first half of the year. The balance sheet and operating cash flows have remained relatively strong in comparison to H1FY21 due to trail cash collections continuing to perform well. H2FY22 marks the cancellation of JobKeeper payments. <p>The Company also announced:</p>

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Event	Date	Comment
		<ul style="list-style-type: none"> An agreement to acquire a 49% share in CIMET Holdings. The dividend program of A\$0.01 per share cancellation. The partial sale of the Health trail book to The Hospitals Contribution Fund of Australia Ltd for A\$4.6 million.
4	15-Mar-2022	The Company announced that it has completed the acquisition of a 49% share in CIMET Holdings Pty Ltd and Vconnex Private Limited (collectively CIMET). The Company has issued 20,576,629 ordinary shares at of A\$0.327 per share and cash payment of A\$14 million as consideration for the acquisition.
5	28-Jul-2022	The Company announced that it has mutually agreed with Seven Affiliate Sales Pty Limited to conclude the affiliate marketing services agreement entered into in June 2021.
6	10-Aug-2022	The Company announced that it has entered into a Scheme Implementation Agreement with Innovation Holdings Australia to acquire 100% of the outstanding shares for A\$0.30 cash per share.

Source: ASX announcements; GTCF research

The monthly share price performance of ISU since July 2021 and the weekly share price performance of ISU over the last 16 weeks are summarised below.

iSelect Limited	Share Price			Average weekly volume '000'
	High \$	Low \$	Close \$	
Month ended				
Jul 2021	0.550	0.405	0.515	596
Aug 2021	0.530	0.400	0.410	542
Sep 2021	0.410	0.340	0.350	426
Oct 2021	0.355	0.330	0.355	240
Nov 2021	0.355	0.295	0.310	567
Dec 2021	0.345	0.290	0.330	231
Jan 2022	0.330	0.290	0.290	425
Feb 2022	0.310	0.220	0.235	120
Mar 2022	0.240	0.190	0.195	510
Apr 2022	0.200	0.155	0.155	765
May 2022	0.190	0.140	0.150	580
Jun 2022	0.175	0.110	0.135	398
Jul 2022	0.200	0.135	0.195	208
Week ended				
6 May 2022	0.190	0.155	0.160	556
13 May 2022	0.165	0.155	0.160	475
20 May 2022	0.165	0.145	0.165	632
27 May 2022	0.170	0.150	0.150	451
3 Jun 2022	0.170	0.140	0.150	856
10 Jun 2022	0.150	0.140	0.140	49
17 Jun 2022	0.170	0.110	0.150	486
24 Jun 2022	0.165	0.152	0.160	188
1 Jul 2022	0.175	0.130	0.135	610
8 Jul 2022	0.140	0.135	0.135	27
15 Jul 2022	0.160	0.140	0.145	43
22 Jul 2022	0.150	0.145	0.150	263
29 Jul 2022	0.200	0.160	0.195	539
5 Aug 2022	0.200	0.175	0.195	357
12 Aug 2022	0.280	0.160	0.275	21,521
19 Aug 2022	0.280	0.275	0.280	6,180

Source: GTCF analysis, S&P Global

4.9.2 Top shareholders

We have set out below the top five shareholders of ISU as at 28 September 2022.



iSelect Limited Top 5 Shareholders as at 28 September 2022

	No. of shares	% Interest
Innovation Holdings Australia Pty Ltd	62,430,788	26.0%
Thorney Investment Group	31,920,079	13.3%
Microequities Asset Management	23,598,894	9.8%
Ankit Jain	18,518,966	7.7%
Renaissance Asset Management	14,511,256	6.0%
Top 5 shareholders	150,979,983	62.9%
Remaining shareholders	89,106,770	37.1%
Total equity shares outstanding	240,086,753	100.0%

Source: ISU 2022 Annual Report



5 Valuation methodologies

5.1 Introduction

As discussed in Section 2, our fairness assessment involves comparing the Scheme Consideration with the fair market value of ISU Shares on a control basis.

Grant Thornton Corporate Finance has assessed the value of ISU using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, scheme of arrangements, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders in an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



5.3 Selected valuation methods

5.3.1 ISU

In our assessment of the fair value of ISU we have considered and relied on the following valuation methodologies:

- *EBITDA Multiple* – Grant Thornton Corporate Finance has selected the EBITDA capitalisation approach to assess the fair market value of ISU Shares on a control basis. We have adopted the EBITDA Multiple Method due to the following key considerations:
 - EBITDA is a frequently used valuation metric to assess the value of a company irrespective of the differences in earnings caused by varying capital structures and depreciation and amortisation policies.
 - Availability of transactional evidence and listed comparable companies for the calculation and analysis of implied EBITDA multiples.
- *Quoted Security Price Method* – The Quoted Security Price Method is based on the Efficient Market Hypothesis, which assumes that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. Prior to adopting the trading price, we have considered the liquidity based on traded volumes and bid-ask spreads of ISU Shares. Nonetheless, in accordance with the requirements of RG 111, whilst we have not utilised the Quoted Security Price Method, we have provided some commercial considerations to support our valuation assessment.



6 Valuation assessment of ISU

6.1 EBITDA Multiple Method

We have assessed the fair market value of ISU Shares on a control basis having regard to the EBITDA Multiple Method, which is set out in the table below.

EBITDA Multiple Method - Valuation summary	Section		
A\$ '000 (except where stated otherwise)	Reference	Low	High
Normalised FY23 EBITDA	Section 6.1.1	5,000	7,000
Assessed FY23 EBITDA Multiple	Section 6.1.2	8.0x	9.0x
Enterprise value of ISU on a 100% basis		40,000	63,000
Less: Net debt as at 30 June 2022	Section 6.1.3	(3,530)	(3,530)
Less: Remaining consideration payable on CIMET Acquisition	Section 6.1.5	(5,840)	(5,840)
Add: Fair market value of CIMET (on a 49% basis)	Section 6.1.4	23,969	23,969
Less: Balance amount payable in respect of ACCC settlement	Note 1	(4,600)	(4,600)
Equity value of ISU on a 100% basis		49,999	72,999
Number of outstanding shares ('000s) (fully diluted)	Section 6.1.8	240,087	240,087
Value per share (A\$ per ISU Share)		0.21	0.30

Source: GTCF Analysis

Note (1): We have considered the remainder of the ACCC fees which is expected to be paid as follows – November 2023 – A\$2 million; November 2024 – A\$2.6 million.

Note (2): Our valuation assessment includes the value of the trail book and therefore the value of the trail book has not been added separately in our valuation assessment.

Note (3): Normalised FY23 EBITDA represents Grant Thornton's assessment of FY23 EBITDA, based on Grant Thornton's review of the FY23 budget, transitory items and other information provided by ISU. To avoid confusion with ISU disclosures, Grant Thornton's assessed EBITDA has been referred to as normalised FY23 EBITDA.

Based on the above analysis, we have assessed the fair market value of ISU Shares on a control basis to be in the range of A\$0.21 / ISU Share to A\$0.30 / ISU Share.

6.1.1 EBITDA adopted for valuation purposes

We have set out below the historical revenue, reported EBITDA and underlying EBITDA achieved by the Company.

Grant Thornton adopted normalised FY23 EBITDA range				
A\$ '000 (except where stated otherwise)	FY19	FY20	FY21	FY22
Revenue	154,159	125,270	111,059	93,107
Revenue growth	(12.9%)	(18.7%)	(11.3%)	(16.2%)
Reported EBITDA	6,062	(31,682)	8,471	5,034
Reported EBITDA margin (%)	3.9%	NM	7.6%	5.4%
Underlying EBITDA	22,866	9,966	17,399	9,874
Underlying EBITDA margin	14.8%	8.0%	15.7%	10.6%
Grant Thornton adopted normalised FY23 EBITDA range		5,000	to	7,000

Source: ISU Annual Reports, ISU Investor Presentation, GTCF analysis

Note (1): In some instances, numbers have been approximated to the nearest thousands

In the selection of an appropriate normalised FY23 EBITDA for valuation purposes, we have considered the following:



Historical normalisation adjustments

We have set out below a reconciliation between underlying and EBITDA reported in ISU's financial statements over the same period.

Reconciliation of Underlying EBITDA	FY19	FY20	FY21	FY22
A\$ '000	Audited	Audited	Audited	Audited
EBITDA reported in ISU financial statements	6,062	(31,682)	8,471	5,034
Company restructure	1,666	1,925		
ACCC	910	2,292	9,353	
iMoney Performance and Impairment	3,390	19,760	2,979	
Goodwill Impairment		18,835		
Health Rate Rise Deferral		2,535		
JobKeeper		(3,699)	(3,404)	
Acquisition Due diligence				2,100
Legacy Trail Sale				1,556
Amount of capitalised development cost				1,185
Impairment - Home Loans	4,450			
Impairment - InfoChoice	453			
Capital write-offs	3,214			
Changes to accounting standards	1,205			
Kiosk results	1,516			
Total non-recurring items	16,804	41,648	8,928	4,841
Underlying EBITDA	22,866	9,966	17,399	9,874
<i>Underlying EBITDA margin</i>	<i>14.8%</i>	<i>8.0%</i>	<i>15.7%</i>	<i>10.6%</i>

Source: ISU Investor Presentations

We have discussed the key normalisations undertaken by the Company:

- **Impairment – Home Loans:** During FY19, the Company undertook a strategic review of the Home Loans CGU (now discontinued) and re-assessed the value-in-use which resulted in an impairment charge of A\$4.45 million against goodwill and capitalised software development costs.
- **ACCC:** This refers to the penalty of A\$8.5 million plus legal expenses, which was recognised in full for accounting purposes in FY21.
- **iMoney³⁴ performance and impairment:** In May 2020, ISU commenced negotiation with an independent third party to sell ISU's 88.8% interest in iMoney. Whilst the sale was not completed until August 2020, given iMoney's earnings were not expected to be part of the business going forward, Management had included the losses from iMoney as a normalisation to the underlying FY20 profit. Given the decision to sell the business, the Company impaired the goodwill (A\$9.1 million), brand names (A\$4.9 million), domain names (A\$0.1 million) and development costs (A\$1.7 million) totalling A\$15.8 million which were not expected to be recovered from the sale. iMoney was sold for a nominal amount in August 2020.

³⁴ iMoney was comparison portal headquartered in Kuala Lumpur and with operations in Malaysia, Singapore, Indonesia and Philippines. It was founded in 2012 and provided comparison across credit cards, loans, broadband and insurance using online comparison and telephone-based advice.



- **Goodwill impairment:** As part of its annual reporting requirements, the Company tested and impaired the following intangibles – InfoChoice³⁵ Acquisition (Goodwill – A\$9.1 million) and the Energy Watch Acquisition (Goodwill – A\$7.9 million, Brand names – A\$1.7 million).
- **FY22 normalisations** – These include the acquisition cost for CIMET, the sale of the legacy Health trailing commission asset³⁶ at a discount to the fair value recognised on the balance sheet and the accelerated depreciation of capitalised software development cost.

As outlined above, historically, the Company has reported a large number of normalisations which, in our opinion, affects the quality of the earnings.

Historical financial performance and year to date performance

- **FY20** – The decline in revenue was mainly driven by the introduction of the DMO and VDO in the electricity vertical, regulatory changes introduced in the life insurance market and soft demand for health products. EBITDA was impacted by increased direct costs per sale due to reduction in cross sell (in part driven by regulatory changes) and increased investment in the brand. The Company reported an increase in marketing costs as a percentage of revenue from 29.8% in FY19 to 32.2% in FY20 and a higher marketing cost per acquisition (FY19 – A\$117.8 million; FY20 – A\$134.3 million). The decline in EBITDA was partly mitigated by a greater focus on cost reduction in response to COVID-19 (primarily employee benefits expenses and other direct costs).
- **FY21** – Underlying revenue further declined due to fluctuating consumer demand, changes in the operating model implemented in Q4FY20, and higher levels of competition. However, the underlying EBITDA increased from A\$13.7 million in FY20 to A\$20.8 million in FY21 due to cost reduction initiatives and improvements in key operational metrics such as conversion, cross-serve and marketing return on investment.
- **FY22** – Underlying revenue declined from A\$111 million in FY21 to A\$93.1 million in FY22. Health premium increases expected in April 2022 were deferred to October 2022 which resulted in a decrease in demand as users did not opt to change their health insurance providers. Further, energy retailers opted to withdraw their most competitive plans and offer plans at, or close to, the DMO price which decreased consumers' requirement for comparison. In response to challenges in growing revenue, the Company managed to reduce direct costs from A\$67.5 million in FY21 to A\$61.1 million in FY22. This decrease in direct costs was not enough to prevent a decline in the gross margin (FY21 – 39%; FY22 – 34%).

³⁵ InfoChoice is a comparison service that enables customers to compare financial products. Its offerings include comparison of car loans, term deposit, savings account, home loan or mortgage, personal loan and credit card. The service also offers a full range of financial calculators to assist customers with various financial decisions.

³⁶ This sale relates to a 'closed trail book' stemming from legacy commercial agreements relating to health insurance sales, some of which date back to 2000.



YTD³⁷ Performance and FY23 Budget

YTD Revenue at August 2022 was 17% lower compared to the previous corresponding period ("pcp") which is primarily driven by a 40% decline in the Energy and Telco segment. Considering ongoing changes occurring in the energy market, outlook for the Energy & Telco segment remains uncertain. Further, as discussed earlier, health premium rate rises were deferred from FY22 to FY23. Given the 'out of cycle' nature of upcoming Health rate rises, there is uncertainty around the level of consumer demand expected for the Health segment in FY23.

According to the FY23 budget, the Company expects overall financial performance in FY23 to be significantly impacted compared to FY22. Considering the regulatory changes, outlook for revenue in Energy and Telco segment is expected to decline.

Given further direct cost reductions cannot be achieved based on the current level of operations, the Company continues to prioritise possible reduction in the overheads of the business. Some of this is expected to be achieved by migrating verticals onto CIMET's platform and leveraging CDR where possible. Marketing costs are expected to remain broadly in line with FY22 as investment in the brand is a priority given increased competition.

According to the ISU FY22 Investor Presentation, FY23 financial performance is expected to be significantly impacted when compared to FY22. Based on a review of the FY23 Budget, Grant Thornton is of the opinion that the FY23 EBITDA is expected to be lower than FY22 reported EBITDA of A\$5 million. However, given the external market headwinds, according to the Company, some of the decline in the financial performance is expected to be transitory. The transitory items impacting on performance are expected to be the return of demand for comparator services in the energy vertical to FY21 levels and the annual health premium increases returning to normal timing and cycle in the future.

Conclusion on EBITDA

In assessing the normalised FY23 EBITDA for the purpose of our valuation assessment, we have considered the following:

- ISU has consistently reported declining revenue and declining profitability over the last four years notwithstanding flat or slight growth in key markets where the Company operates. Further, KPIs for the business such as leads, conversion rate and marketing ROI have either reported modest improvements or prominent declines as outlined below.

ISU Key metrics				
Key metric	FY19	FY20	FY21	FY22
Sales units ('000's)	381	294	208	196
Leads (millions)	3.9	3.3	2.1	2.0
Conversion (%)	9.6%	8.9%	10.4%	9.6%
Marketing ROI (times)	3.4x	3.1x	3.3x	2.9x

Source: ISU Investor Presentations, ISU Annual Reports

Note (1): For FY19, Sales units and conversion represent ISU only. Leads and Marketing ROI include the performance of iMoney.

The Company incurred higher marketing costs (which together with a decline in revenue) decreased the marketing ROI from 3.4x in FY19 to 2.9x in FY22. In our opinion, this trend is driven by ISU's

³⁷ Unless stated otherwise, the year-to-date period represents the period from 1 July 2022 to 31 July 2022.



business model which is heavily reliant on call centre services to conclude sales and it does not benefit from the automation and digitisation to the same degree as its competitors. This, together with increased competition in the industry, is likely to prevent the Company from returning to historical EBITDA profitability on a sustainable basis.

- Historically, the Company has reported a large number of normalisations which, in our opinion, affects the quality of the earnings.
- The regulatory environment remains challenging for the Company as outlined below:
 - With regard to the insurance market, the deferred sales model for add-on insurance introduced a four-day interval between the sale of a primary product and the sale of an add-on insurance product to assist individual customers to make informed decisions when purchasing insurance. Anti-hawking restrictions were introduced prohibiting insurers from offering products to consumers while selling other products. ASIC also proposed a ban in relation to unsolicited telephone sales on consumer credit insurance.
 - The introduction of the DMO and the VDO have mitigated price differentials and have had a flow on effect on iSelect's ability to convert customer leads into sales.
 - Positive regulatory tailwinds in the form of CDR legislation, passed in August 2019, have been rolled out to the banking industry with energy and telecommunications expected to follow. Open Energy (which represents the implementation of CDR in the energy sector) is expected to improve a consumer's ability to compare and switch between products and services, and will encourage competition between service providers, leading not only to better prices for customers but also more innovative products and services from suppliers. However, the ability of iSelect to take advantage of this opportunity, without further significant investment in technology, remains unknown given its legacy technology and business model.
- We have placed limited reliance on the underlying FY19 to underlying FY21 EBITDA as in our opinion, the Company is unlikely to achieve a similar EBITDA over the medium term on a sustainable basis.
- ISU is not covered by any analysts and as such the market is not informed of forward looking EBITDA estimates. We have therefore considered FY23 EBITDA which, in Grant Thornton's opinion will be significantly lower than the underlying FY22 EBITDA.
- Whilst Grant Thornton have assessed FY23 EBITDA to be lower than underlying FY22 EBITDA, according to the Company, some of the external market headwinds are expected to be transitory. Taking into account transitory items, FY23 EBITDA as set out in the Company's budget provides support for the top-end of our assessed EBITDA range.

Based on the above, we have assessed a normalised FY23 EBITDA between A\$5 million and A\$7 million. Normalised FY23 EBITDA represents Grant Thornton's assessment of FY23 EBITDA, based on Grant Thornton's review of the FY23 budget, transitory items and other information provided by ISU. To avoid confusion with ISU disclosures, Grant Thornton's assessed EBITDA has been referred to as normalised FY23 EBITDA.



6.1.2 Assessment of EBITDA multiple

For the purpose of assessing an appropriate EBITDA multiple range to value ISU, we have had regard to the current trading multiples of broadly comparable companies ("Trading Multiples") and acquisitions of companies with broadly similar operations ("Transaction Multiples").

6.1.2.1 Trading multiples

There is no publicly listed product comparator company in Australia that can be considered highly comparable to iSelect. Accordingly, for the purpose of our analysis, we have considered a wide range of companies belonging to the following categories – Australian insurance and mortgage brokers, ecommerce businesses, online marketplaces and classifieds. Refer to the appendices for the companies considered in each category.

To determine the most appropriate and comparable categories, we have considered the target market of these companies, their product offering, their business model (technology or call centre based) and other KPIs.

Based on the above, for the purpose of our valuation assessment, we have primarily relied on selected listed peers from the Australian insurance and mortgage broking peer group. The insurance brokers are part of the same wider industry of ISU and are therefore exposed to similar trends. With respect to mortgage brokers, their income streams with trail and upfront components is similar to iSelect.

Whilst we have considered the following categories for the purpose of our analysis we have not relied upon them for the following reasons:

- Classifieds listed companies are considered comparable due to their performance-based³⁸ business model, however they are significantly larger than ISU.
- Ecommerce businesses are quite different from ISU as they usually sell products on their platform, stock inventory, and have the ability to determine the ultimate price whereas ISU is a marketing platform with a large call centre operation.
- Marketplace companies are mostly loss-making and accordingly EBITDA multiples cannot be calculated. Further, they offer a broad and diverse range of products and have a superior technology stack. Some of the participants in the industry are also pivoting towards offering private label products³⁹, which further reduces comparability.

Summarised below are the EV/EBITDA trading multiples of the selected companies. We have only provided details for the most comparable peer groups. The remaining companies and their relevant details are set out in the appendices.

³⁸ Performance-based models are those where a revenue is earned only when a transaction is completed through the platform. An alternative business model is a fixed-fee model wherein the fees are fixed in advance prior to agreeing a certain level of performance. Regardless of the actual performance, the fees will be required to be paid. SaaS businesses are an example of fixed fee model i.e. regardless of whether the software is used, fees will be required to be paid at the beginning of the year.

³⁹ Private label products are manufactured by a third-party and then sold on the marketplace. However, the brand is owned and registered by the marketplace. All else equal, private label products tend to have a higher margin (for the marketplace provider) than other products transacted on the marketplace.



Comparable company analysis - Multiples		Market cap	EBITDA margin			EV/EBITDA multiple	
A\$000 unless stated otherwise	Country	A\$millions	FY20 Actual	FY21 Actual	FY22 Actual	FY22 Actual	FY23 Forecast
AUB Group Limited	Australia	1,999	34.1%	35.2%	37.0%	7.7x	6.7x
Steadfast Group Limited	Australia	4,912	29.2%	31.3%	31.9%	15.7x	14.0x
Australian Finance Group Limited	Australia	474	NA	NA	NA	NA	NA
COG Financial Services Limited	Australia	300	14.0%	1.4%	15.9%	9.9x	11.1x
Yellow Brick Road Holdings Limited	Australia	29	1.8%	4.1%	0.9%	9.6x	NA
Average			19.8%	18.0%	21.4%	10.7x	10.6x
Median			21.6%	17.7%	23.9%	9.7x	11.1x

Comparable company analysis - KPI		Market cap	Impact of regulation on earnings	Revenue mix Upfront / Trail	Marketing costs as a proportion of revenue (%)	Employee costs as a proportion of revenue (%)
A\$000 unless stated otherwise	Country	A\$millions				
AUB Group Limited	Australia	1,999	High	NA	2.4%	48.8%
Steadfast Group Limited	Australia	4,912	High	NA	5.5%	47.6%
Australian Finance Group Limited	Australia	474	High	NA	NA	NA
COG Financial Services Limited	Australia	300	High	NA	NA	42.1%
Yellow Brick Road Holdings Limited	Australia	29	High	55% / 45%	NA	31.7%
Average - Tier 1						
Median - Tier 1						

Sources: S&P Global, GTCF Analysis, Management

Note (1): Market capitalisation as at 5 October 2022; (2): The above multiples have been assessed on a minority basis; (3): For AUB Group, FY21 and FY22 EBITDA is calculated as Underlying EBIT plus reported depreciation and amortisation. Underlying EBIT represents the profitability of the entire broker network as if all brokers within the network are fully-owned by AUB Group; (4) For Steadfast Group, FY21 and FY22 EBITDA is calculated as underlying EBITA plus reported depreciation. Underlying EBITA represents the profitability of the entire broker network as if all brokers within the network are fully-owned by AUB Group;

We have set out below a brief discussion on the selected listed peers.

Australian Insurance and Mortgage Brokers

- AUB Group ("AUB") is a network comprising insurance brokers and underwriting agencies operating more than 500 locations across Australia and New Zealand. Whilst their business model is different from iSelect, revenue is largely performance based and derived from arranging insurance policies and other related products and services, which has commonalities with ISU. Further, similar to iSelect, AUB's financial performance is influenced by trends and changes in the regulatory environment in the health insurance and general insurance industries.
- Steadfast Group ("Steadfast") is a network of general insurance brokers and underwriting agencies in Australasia and with growing operations in Asia and Europe. The company has three business units that are primarily focused on the intermediated general insurance market. The company's network has access to 160 products and services. In FY22, Steadfast's network had a gross written premium of c. A\$11 billion, a broader geographic reach and is operating in the fast-growing market of Asia. Based on the above, we have placed limited reliance on it.
- COG Financial Services ("COG") is an equipment and asset finance broking company. The company primarily provides asset finance broking/aggregation but is also a provider of non-prime commercial equipment leasing, originating and distributing operating leases through brokers. COG's remuneration structure is largely commission based which we consider relevant to ISU. However, the company also has a funds management and lending business (c. 40% of NPATA⁴⁰) which reduces

⁴⁰ NPATA is net profit after tax adjusted for amortisation of identified intangibles on acquisition of controlled entities (after tax).



the level of comparability. All else being equal, funds management businesses would ordinarily trade at materially higher multiples due to recurring revenue streams.

- Australian Finance Group (“AFG”) is an aggregation of mortgage brokers. In addition, the Company also undertakes lending using its own balance sheet, which affects the level of comparability.
- Yellow Brick Road Holdings Limited (“YBR”) is a multi-faceted franchise-model mortgage broker as its business involves branded franchise origination, aggregation, broking and wholesale management of mortgage products. It also acts as mortgage manager which possesses rights to approve loans by itself. We note that YBR has been loss-making historically, does not have forecast consensus estimate, and liquidity in trading prices is low. Accordingly, we have not relied upon it.

6.1.2.2 Transaction multiples

The table below summarises the EV/EBITDA multiples of comparable transactions.

Comparable transaction analysis									Implied EV/EBITDA multiple (Reported)	
Date	Target Company	Country	Bidder Company	Reference	Stake (%)	Trail / Upfront	EBITDA (%)	Value A\$m	Historical	Forecast
Oct-22	Compare Club	Australia	Next Capital		100%	NA	NA	NA	NA	NA
Tier 1: Insurance brokers and underwriting agencies										
Aug-22	Insurance Brands Australia	Australia	Steadfast Group Ltd	Note 1	100.0%	NA	22.0%	301	14.2x	NA
Aug-22	Tysers	United Kingdom	AUB Group		100.0%	NA	19.8%	880	13.7x	12.0x
Aug-21	Coverforce Holdings Pty Ltd	Australia	Steadfast Group Ltd	Note 1	100.0%	NA	22.0%	412	NA	12.5x
Aug-19	IBNA Ltd	Australia	Steadfast Group Ltd	Note 1	100.0%	NA	NA	70	NA	8.8x
Oct-18	Community Broker Network	Australia	Steadfast Group Ltd		100.0%	NA	NA	63	7.9x	NA
Dec-17	Whitbread Insurance Group	Australia	Steadfast Group Ltd		100.0%	NA	NA	NA	9.0x	NA
Aug-14	Callden Group Limited	Australia	Steadfast Group Ltd		100.0%	NA	NA	105	NA	NA
Apr-12	Coverforce Holdings Pty Ltd	Australia	RMB Australia Holdings Ltd		49.0%	NA	NA	30	NA	6.4x
Average - Insurance brokers and underwriting agencies									11.2x	9.9x
Median - Insurance brokers and underwriting agencies									11.4x	10.4x
Tier 2: Mortgage brokers / aggregators										
May-21	Mortgage Choice	Australia	REA Group		100%	66% / 34%	12.5%	246	12.2x	NA
Jul-19	Smartline Home Loans Pty Ltd	Australia	Realestate.com.au Pty Ltd		19.7%	NA	NA	16	NA	NA
Aug-19	Connective Group Pty Ltd	Australia	Australian Financial Group		100.0%	NA	NA	120	NA	NA
Aug-18	Centrepont Finance Pty Ltd	Australia	Consolidated Operations Group Ltd		100.0%	NA	NA	10	NA	6.0x
Nov-17	Finsure Holding Pty Ltd	Australia	Cgoldfields Money Ltd		100.0%	40% / 60%	NA	61	7.6x	5.8x
Jun-17	Smartline Home Loans Pty Ltd	Australia	Realestate.com.au Pty Ltd		80.3%	NA	NA	67	8.3x	NA
May-16	Consolidated Finance Group	Australia	Consolidated Operations Group Ltd		80.0%	NA	NA	13	8.3x	NA
Nov-15	Platform Finance and Leasing Group	Australia	Consolidated Operations Group Ltd		60.0%	NA	NA	23	7.7x	NA
May-14	Vow Financial Holdings Pty Ltd	Australia	Yellow Brick Road Holdings Ltd		100.0%	58% / 42%	NA	16	6.1x	NA
Average - Mortgage brokers / aggregators									8.4x	5.9x
Median - Mortgage brokers / aggregators									8.0x	5.9x

Source: S&P Global, GTCF analysis

Note (1): The transaction multiples are EBITA multiples as there is only publicly available information for EBITA. We have assumed that depreciation is not material for these businesses and as such the likely EBITDA multiple will not be materially different from the EBITA multiples for these transactions; (2) NA = Information not available.

In relation to the transactions, we note that:

- The implied transaction multiples may incorporate various levels of control premium and special value paid for by the acquirers. In particular, the multiples may reflect synergies paid which are unique to the acquirers.
- The transactions observed took place during the period between May 2014 and August 2022. Economic and market factors, including competition dynamics and commodity prices may be materially different from those current as at the valuation date. These factors may influence the amounts paid by the acquirers for these businesses.



- Unless stated otherwise, the transaction multiples are calculated based on the EBITDA of the acquired companies before the introduction of the AASB16 accounting standard.

Given iSelect's size, we have placed greater reliance on the transactions in Tier 2, with the key ones summarised below.

Mortgage Choice Limited ("Mortgage Choice")

On 29 March 2021, Mortgage Choice announced that it had entered into a Scheme Implementation Agreement with REA Group Ltd to acquire 100% interest in Mortgage Choice. The company had two reporting segments – Mortgage Broking (95% of revenue) and Financial Planning. As at 31 December 2020, the company had a loan book of A\$54.1 billion, 386 mortgage broking franchises and a network of 516 mortgage brokers. In FY20, the company had total revenue of A\$175.4 million and a Cash EBITDA of A\$20.1 million. Trailing commission comprised c. 66%⁴¹ of total income, whilst the balance of 34% related to upfront commission. This is not too dissimilar to ISU.

Finsure Holding Pty Limited ("Finsure")

In November 2017, Goldfields Money Limited ("Goldfields") announced the acquisition of 100% of Finsure, a privately-owned mortgage aggregation business. Through the wholesale mortgage management division, Finsure also provides white label home loans product under the Better Choice and MyLoan brands which were funded by third parties. The company had a broker network of approximately 1,435 loan writers, a total loan book value of A\$33.2 billion, and annual settlements of A\$12.3 billion as at 30 June 2018. Finsure's revenue is largely commission based with a significant portion derived from trailing commissions (57% of the total income).

Smartline Home Loans Pty Ltd ("Smartline")

In June 2017, REA Group Limited announced that it entered into an agreement to acquire an 80.3% stake in Smartline Home Loans Pty Ltd for cash consideration of c. A\$67 million with the remaining minority stake acquired by REA in July 2019. Smartline was a privately owned mortgage broking franchise business with over 300 advisers nationally, settling more than A\$6 billion in loans annually with a total loan book of c. A\$25 billion⁴² at the time of this transaction.

Vow Financial Holdings Pty Limited ("Vow")

In May 2014, YBR announced the acquisition of 100% of the shares in Vow for consideration of A\$16 million. Vow was a mortgage aggregator with approximately 776 independent broker groups and an aggregated loan book of approximately A\$19 billion. Vow generated income through a share of upfront commissions, trailing commissions, and additional fees charged to brokers for IT, insurance and regulatory compliance assistance. Approximately 42% of the FY13 commission income was derived from upfront commission with the remainder derived from trailing commissions.

⁴¹ Calculated as Trailing commission received – trailing commission paid / net core commission.

⁴² REA Group's announcement dated 27 June 2017.



Transactions undertaken by Consolidated Operations Group Limited ("COG")

COG has historically paid around 8x maintainable EBITDA for its acquisitions as outlined below:

- In November 2015, COG announced the acquisition of 60% of the shares in the asset finance aggregator Platform Finance and Leasing Group ("PFG") for an enterprise value of A\$40 million and an implied historical FY15 EBITDA multiple of 7.7x⁴³. We note that both the vendors and COG had a put and call option to buy/sell the remaining 40% at a value equivalent to 8x the maintainable EBITDA at the time of exercise of the options⁴⁴. PFG is an asset finance aggregator operating across Australia with offices in Mildura, Melbourne and St. Leonards. The company is primarily focused on motor vehicle finance and general business equipment finance and does not have mortgage broking operations.
- In August 2016, COG announced the acquisition of 80% of the shares in privately-owned asset finance aggregator CFG at a historical EBITDA multiple of 8.3x. CFG was considered one of the largest independent specialised equipment asset finance aggregators in Australia with circa A\$1.8 billion of annual NAF as at June 2016. CFG's members are independent asset finance brokers, with CFG providing access to finance sources, enhanced commissions and other income and operational and finance support for its member brokers.

Conclusion on the EBITDA Multiples

Refer to the Executive Summary for details.

6.1.3 Net debt

The following table sets out the net debt calculations. Given the multiples adopted in our valuation assessment are on a post-AASB 16 basis, we have included in the reported lease liabilities as at 30 June 2022 in our calculation of net debt for ISU.

Reported Net debt as at 30 June 2022 A\$ '000	Section Reference	
Borrowings	Section 4	(13,407)
Lease liabilities	Section 4	(1,443)
Less: Cash balance	Section 4	11,320
Net Debt of ISU as at 30 June 2022		(3,530)

Source: ISU FY22 Financial Statements

6.1.4 Fair market value of CIMET

In our valuation assessment of ISU's 49% interest in CIMET, we have assessed the fair value as follows:

⁴³ Based on twelve months of trailing EBITDA as of November 2015.

⁴⁴ COG exercised the option and it now owns 100% of PFG.



Valuation summary - CIMET Acquisition		
A\$'000 unless stated otherwise		
Cash consideration	[A]	14,000
Deferred consideration	[B]	2,240
Earn-out	[C]	3,600
Scrip consideration	[D] = [E] x [F]	4,115
Number of shares issued (in 000s)	[E]	20,577
Value per share (A\$/ISU Share)	[F]	0.20
Fair value of Vconnex	[G]	13
Total	[A] + [B] + [C] + [D] + [G]	23,969

Source: GTCF Calculations, ISU Annual Report

Note (1): Numbers may not add up due to rounding.

The acquisition price for CIMET was the outcome of a competitive process. The cash consideration and deferred consideration are consistent with the information disclosed in the ASX announcement dated 28 February 2022 and 15 March 2022 (collectively, "CIMET Acquisition ASX Announcements").

The performance conditions attached to the earn out remain subject to a final assessment. To comply with the accounting standards, Management have recorded the value of the earn-out at A\$2.2 million in the financial statements. However, when determining the balance payable (in section 6.1.5 below) we have deducted the total earn-out of A\$3.6 million given CIMET's growth trajectory in FY22 (CIMET FY22 revenue of \$11.4m, up 124% on FY21).

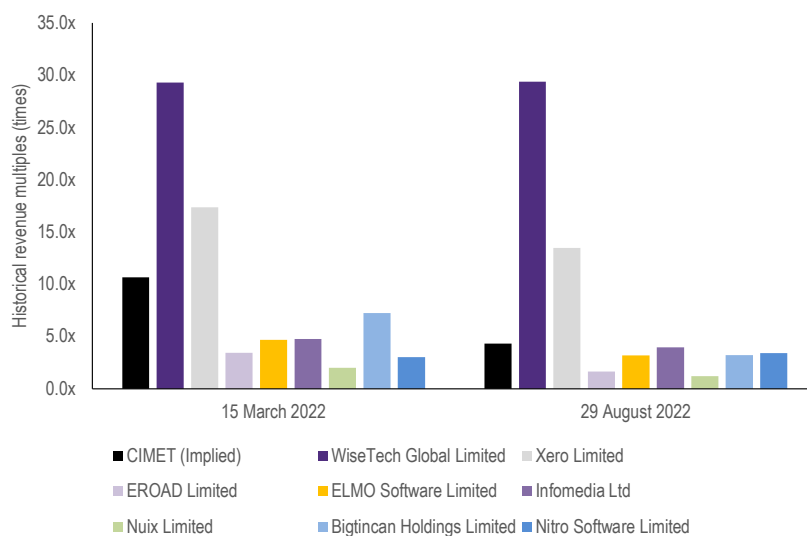
With regard to the scrip consideration, for the purpose of recording the consideration in the financial statements, the closing price (A\$0.20) on the date on which the shares were issued has been adopted in our valuation.

As a result of the above, in our valuation assessment, we have considered the fair value of CIMET to be c. A\$24 million. Prior to adopting this, we have also considered the following:

- CIMET's financial performance:** According to the FY22 Investor Presentation, CIMET's revenue grew by 124% from A\$5.1 million in FY21 to A\$11.4 million in FY22. This growth has been realised through expansion of the B2B-partner network, improving commercial terms and broadening of the product range. Key wins during FY22 include Priceline Pharmacy and Shopback. Whilst gross profit increased, gross margin declined and EBITDA margin worsened when compared to FY21. The FY22 financial performance is broadly in line with the investment case as CIMET and iSelect remains focused on growing the platform.
- Movement in the trading multiples:** In assessing the carrying value at 30 June 2022, Management considered several Australian listed SaaS businesses. We have set out below the historical multiples of the listed peers between the acquisition date and the current valuation date compared with the acquisition multiple of CIMET and the FY22 revenue multiple implied in our valuation assessment.



FY21 and FY22 revenue multiples of the comparable companies included in the analysis



Source: S&P Global

Note (1): The revenue multiples set out above are on a minority basis; (2) CIMET's FY21 multiple is calculated based on the transaction metrics reported in CIMET Acquisition ASX Announcements and the FY22 multiple is calculated based on the valuation (c. A\$24 million for the 49% interest) adopted in fair market value assessment of ISU.

Based on the above, the revenue multiple implied in our valuation assessment is reduced in line with the broader market and is aligned with other listed SaaS peers. Xero and Wisetech global are outliers in the graph above due to their strong market positions, growth and profitability.

Based on the above, we have assessed the fair value of CIMET in our valuation assessment at c. A\$24 million.

6.1.5 Balance consideration payable on CIMET acquisition

The balance of the consideration payable on the CIMET acquisition comprises a time-based deferred consideration and an earn-out which has been set out in the table.

Balance consideration payable on CIMET acquisition A\$ '000	Section Reference	
Deferred Consideration	Note 1	2,240
Earn-out Component	Note 2	3,600
Balance consideration payable on CIMET acquisition		5,840

Source: ISU ASX announcements, ISU Information

- Note 1 Deferred Consideration:** This comprises an amount of A\$2.24 million which is expected to be paid 12 months post completion in one tranche. There are no performance conditions attached to this payment other than the expiry of the stipulated 12-month period.
- Note 2 Earn-out Component:** This comprises an amount of A\$3.6 million expected to be paid within nine months post completion provided CIMET can achieve net sales volume, gross margin targets and other conditions as included in the transaction documents. CIMET's performance against these targets remains subject to a final assessment. We have adopted A\$3.6 million in our valuation consistent with our assessment of the fair market value of CIMET at section 6.1.4.



Given the full earn-out has been deducted in determining the value per iSelect Share, when assessing the fair value of iSelect's 49% interest in CIMET, we have considered the full earn-out of A\$3.6 million. Refer to section 6.1.4 for details.

6.1.6 Fair value of the Performance Rights

As at 30 June 2022, ISU had the following rights on issue:

Performance rights on issue as at 30 June 2022 In 000s unless stated otherwise	Section Reference	
FY19 Plan		732
FY20 Plan		3,413
FY21 Plan		2,189
FY22 Plan		4,813
Performance rights on issue as at 30 June 2022		11,146

Source: ISU FY22 Annual Report

We have not included the dilution from the ISU Performance Rights in our valuation assessment as it is already reflected in the multiples of listed peers and transactions, which would have similar incentive schemes in place.

6.1.7 Number of shares outstanding

We have set out below the total number of shares outstanding as at 29 August 2022.

Number of ordinary shares as at 29 August 2022 '000	Section Reference	Number of shares
Total number of ordinary outstanding shares	Section 4	240,087

Source: ISU FY22 Annual Report

6.2 Quoted Security Pricing Method

In our assessment of the fair market value of ISU Shares on a control basis, we have also had regard to the trading price of ISU Shares on the ASX in the period prior to 10 August 2022, when the Company announced the Scheme to the market.

Any assessment of a value per share based on the trading price is an exercise in professional judgement that takes into consideration the depth of the market for listed securities, the volatility of the trading price, and whether or not the trading price is likely to represent the underlying value of ISU. The following sections detail the analysis undertaken.

6.2.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of ISU Shares before relying on them for the purpose of our valuation assessment. We have set out below the trading volume from July 2021 to July 2022 as a percentage of the total shares outstanding as well as free float shares outstanding.



Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Cumulative Volume traded as % of total shares	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares
Jul 2021	2,622	0.4901	1,285	1.2%	1.2%	2.3%	2.3%
Aug 2021	2,384	0.4799	1,144	1.1%	2.3%	2.1%	4.5%
Sep 2021	1,874	0.3721	697	0.9%	3.1%	1.7%	6.1%
Oct 2021	1,008	0.3431	346	0.5%	3.6%	0.9%	7.0%
Nov 2021	2,494	0.3298	823	1.1%	4.7%	2.2%	9.2%
Dec 2021	1,014	0.3154	320	0.5%	5.2%	0.9%	10.1%
Jan 2022	1,785	0.3126	558	0.8%	6.0%	1.6%	11.7%
Feb 2022	481	0.2787	134	0.2%	6.2%	0.4%	12.2%
Mar 2022	2,347	0.2092	491	1.1%	7.3%	2.1%	14.2%
Apr 2022	3,214	0.1795	577	1.3%	8.7%	2.6%	16.8%
May 2022	2,552	0.1600	408	1.1%	9.7%	2.1%	18.9%
Jun 2022	1,752	0.1519	266	0.7%	10.4%	1.4%	20.3%
Jul 2022	873	0.1703	149	0.4%	10.8%	0.7%	21.0%
Min				0.22%		0.43%	
Average				0.80%		1.56%	
Median				0.84%		1.63%	
Max				1.34%		2.61%	

Sources: S&P Global and GTCF Analysis

With regard to the above analysis, we note that:

- The level of free float for ISU is at circa 51.4%⁴⁵. During the last twelve months, circa 21.0% of the free float shares were traded with an average monthly volume of c. 1.56% of the total free float shares.
- Below we have benchmarked the liquidity of ISU with the listed companies operating in the industry. ISU's cumulative volume traded as percentage of free float is at the low end of the listed peers.

⁴⁵ The free float is calculated based on total shares outstanding less shares held by Management and strategic investors sourced from CapitalIQ.

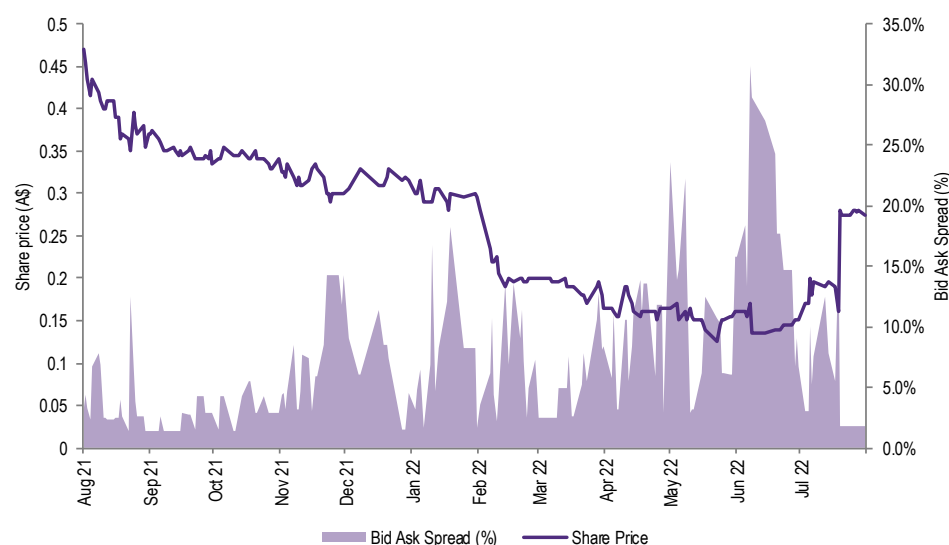


Liquidity analysis		Free float	Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Company	Country	(%)				
iSelect Limited	Australia	51.4%	0.8%	1.6%	10.8%	21.0%
AUB Group Limited	Australia	98.3%	7.0%	7.1%	90.2%	91.8%
Steadfast Group Limited	Australia	94.9%	6.0%	6.3%	75.9%	80.0%
COG Financial Services Limited	Australia	71.3%	1.2%	1.7%	15.0%	21.0%
Australian Finance Group Limited	Australia	74.1%	4.5%	6.1%	59.7%	80.6%
Low		51.4%	0.8%	1.6%	10.8%	21.0%
Average		78.0%	3.9%	4.6%	50.3%	58.9%
Median		74.1%	4.5%	6.1%	59.7%	80.0%
High		98.3%	7.0%	7.1%	90.2%	91.8%

Source: S&P Global; GTCF analysis

- In the absence of a takeover or alternative transactions, the trading prices represent the value at which minority shareholders could realise their investment.
- ISU complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of ISU. ISU provides updates to the market on a regular basis with information regarding the investment strategy and performance. We note that iSelect is not currently covered by any investment analysts.
- Where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. As set out in the graph below, the historical difference between the bid and ask price has been high over the last twelve months.

ISU – Bid/Ask Spread March 2020 to March 2021



Sources: S&P Global and GTCF Analysis



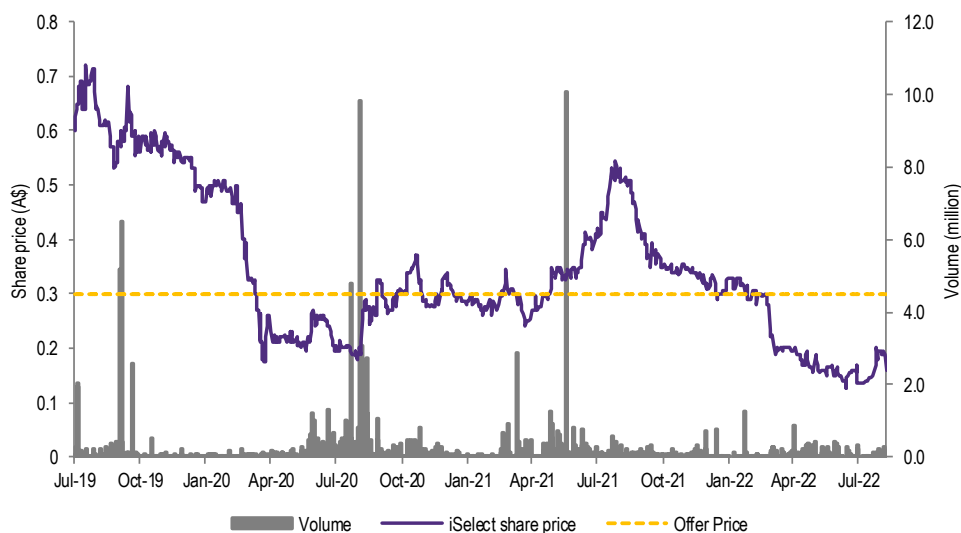
As set out in the graph above, we note that the historical average and median bid-ask spread have been 6.9% since August 2021. The bid-ask spread has increased materially since September 2019 due to an increase in volatility, uncertainty brought by regulatory changes, and investments' analysts terminating their coverage of iSelect. The historical average and median bid-ask spread from January 2017 to 4 September 2019⁴⁶ was significantly lower at 1.3% and 0.8% respectively.

Based on the analysis above, we conclude that there is limited liquidity in iSelect's trading price and accordingly we have provided in the sections below some commercial observations in relation to the performance, rather than rely on the trading prices for the purpose of our valuation assessment.

6.2.2 Analysis of trading price

We have analysed below ISU's share price from 1 July 2019 to 9 August 2022.

ISU – Historical share trading price and volume



Sources: S&P Global and GTCF Analysis

As set out in the graph above, from 1 July 2019 to March 2020, an ISU Share has traded between a maximum of A\$0.72 on 18 July 2019 and a minimum of A\$0.40 on 24 February 2020, both significantly above the offer price.

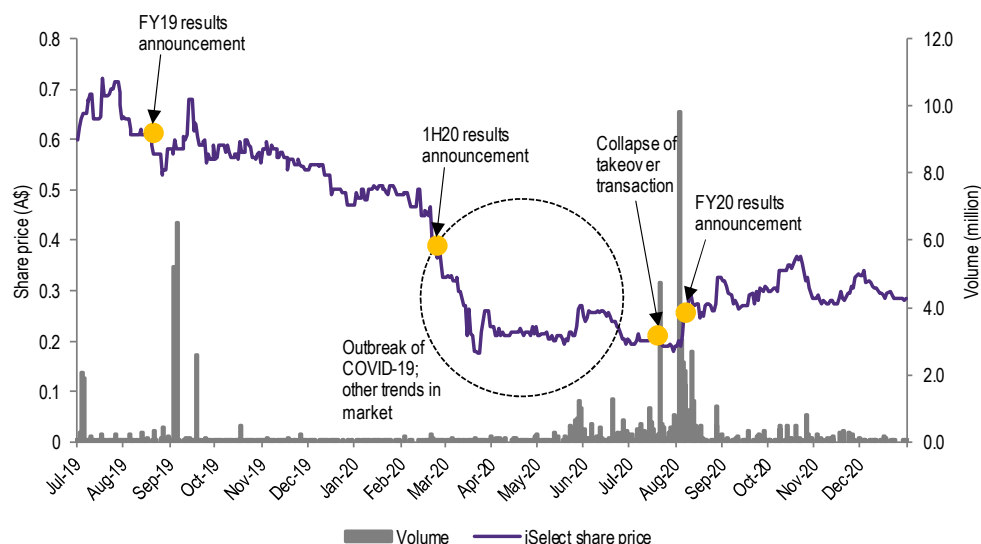
As part of our analysis, we have divided the trading price into two distinct periods: from 1 July 2019 to 31 December 2020 and from 1 January 2021 to the announcement of the Scheme on 10 August 2022.

1 July 2019 to 31 December 2020

⁴⁶ Being the date the last broker ceased the coverage of iSelect.



iSelect trading price and key events



Sources: S&P Global and GTCF Analysis

On 20 August 2019, iSelect announced its FY19 results as well as the outlook for FY20. The Company achieved improved profitability with a 45% increase in underlying EBITDA and 77% increase in underlying EBIT. Despite the improvements in profitability, total revenue declined by 15.6%, driven by the decrease in both customer leads and sales units. The Company also released FY20 guidance expecting a subdued 1H20 with a recovery in 2H20. This was due to the accounting effects of AASB15, as well as reforms in the energy sector with the introduction of the DMO and VDO which minimise pricing differences in the energy market. As a result, companies providing energy plan comparison services, such as iSelect, were expected to be adversely impacted. The announcement initiated a declining trend in the share price.

On 24 October 2019, the Company announced at its Annual General Meeting its intention to sell iMoney. However, no timeline or further details were disclosed. Between end of February 2020 and August 2020, we note the share price was impacted by market wide fluctuations in relation to the following:

- **Outbreak of COVID-19:** A significant sell-off in shares, as a result of COVID-19 being declared a pandemic and the large community transmission around the globe, began around 24 February 2020 and continued until mid-March 2020. During this time, all stocks were similarly negatively affected.
- **General market uplift in the Australian finance and insurance sector:** On 27 May 2020, there was a general uplift in the finance sector led by the Big Four Banks which also resulted in a positive impact on other participants in the finance sector, including finance brokers and insurance comparison intermediaries. iSelect's share price increased by 15.2% on the day.

On 3 August 2020, the Company announced that it had been in confidential discussions with IHA in relation to a potential off-market takeover at A\$0.40 cash per share, however discussions had ceased as the parties could not agree terms. On the same day, iSelect announced the sale of iMoney to one of the original founders for a nominal value.

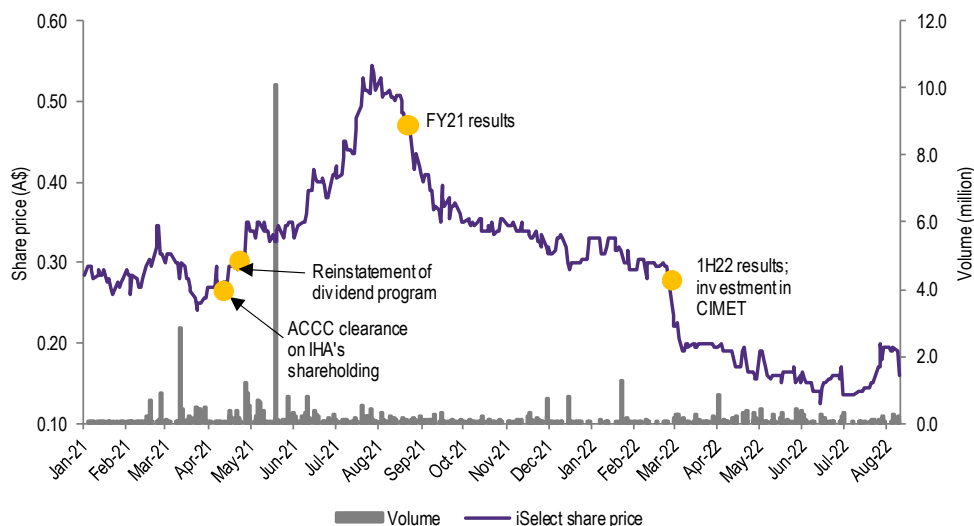
On 27 August 2020, iSelect released FY20 annual results, indicating a recovery in the second half of FY20 despite the volatile market environment caused by COVID-19. The overall revenue for FY20 declined 18% and EBITDA declined 40% compared to FY19.



1 January 2021 to 9 August 2022

The following graph sets out the trading price between 1 January 2021 and 9 August 2022.

Historical trading price and volume



Sources: S&P Global and GTCF Analysis

As set out above, the trading price increased from A\$0.27 on 16 April 2021 to A\$0.51 on 16 August 2021 an increase of 88%. We note the following events during this period:

- On 15 April 2021, ACCC deliberated that it would not oppose IHA, owner of Compare the Market, from purchasing a further stake in iSelect. Prior to ACCC's decision, IHA held a 28.7% shareholding in iSelect and intended to increase its stake to 35%. We note IHA's intention to acquire more shares in the Company and ACCC's clearance may have encouraged market speculation in relation to a potential acquisition of iSelect.
- On 27 April 2021, iSelect announced a special dividend of 1 cent per share and that a regular dividend program would resume in FY22 after two years of suspension.

After the peak in August 2021, the trading price declined which may have been due to the following:

- In late August 2021, iSelect announced its FY21 results. The Company's customer leads and sales units further decreased from FY20, which also caused revenue to reduce. Notwithstanding this, underlying EBITDA margin improved from 11.1% in FY20 to 18.7% and underlying NPAT margin increased from 2.5% to 6.4%. Though the profitability indicators appeared favourable, the share price dropped 4.4% on the day of result announcement.
- In July 2021, Compare Club, one of iSelect's direct competitors, had revealed its intention to IPO later in 2021. However, in November 2021, the IPO was aborted as Compare Club's management re-assessed market conditions. In our opinion, the withdrawal of the Compare Club IPO might have signalled unfavourable market conditions to the investors of iSelect.



- On 28 February 2022, the Company released a series of business updates including first half of FY22 results with underlying EBITDA, underlying NPAT, customer leads and sales units in the first half of FY22 all materially decreasing. On the same day, the Company suspended the previously planned reinstatement of the dividend program due to difficult market conditions and announced the CIMET acquisition.

6.2.3 Conclusion on the share price

Refer to the executive summary for details.



7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Annual reports/ consolidated accounts of ISU.
- FY23 Budget from Management
- Management accounts in FY20 to FY22.
- Management presentations and Monthly CFO reports during FY22.
- Minutes of Board meetings.
- Access to other relevant documents in the Data Room.
- Transaction databases such as S&P Global Capital IQ and Mergermarket
- IBISWorld
- Other industry reports provided by the Company.
- Various broker reports for the Company and for the listed peers.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of ISU and its advisers.

7.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This Report has been prepared to assist the Directors of ISU in advising the Company's shareholders in relation to the Scheme. This Report should not be used for any other purpose. In particular, it is not intended that this Report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Scheme is in the best interest of the Company's shareholders.

ISU has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services



contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

7.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to ISU shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.



Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.



Appendix B – Trading multiples of the remaining comparable companies

Comparable company analysis		Market cap	EV/EBITDA Multiple	
A\$000 unless stated otherwise	Country	A\$millions	FY22 Actual	FY23 Projected
Tier: Ecommerce businesses				
Kogan.com Ltd	Australia	351	18.1x	11.4x
Temple & Webster Group Ltd	Australia	698	31.7x	36.2x
Adore Beauty Group Limited	Australia	130	19.2x	32.3x
Booktopia Group Limited	Australia	34	9.0x	9.5x
Average - Ecommerce businesses			19.5x	22.4x
Median - Ecommerce businesses			18.7x	21.9x
Tier: Marketplaces				
Redbubble Limited	Australia	191	NM	NM
Cettire Limited	Australia	345	NM	NA
Airtasker Limited	Australia	151	NM	NM
Hipages Group Holdings Limited	Australia	179	17.0x	13.8x
Freelancer Limited	Australia	122	NA	NA
Average - Marketplaces			17.0x	13.8x
Median - Marketplaces			17.0x	13.8x
Tier: Classifieds				
REA Group Limited	Australia	17,124	25.8x	24.0x
SEEK Limited	Australia	7,575	17.5x	15.6x
carsales.com Ltd	Australia	6,916	27.7x	17.9x
Domain Holdings Australia Limited	Australia	2,255	18.6x	16.0x
Average - Classifieds			22.4x	18.4x
Median - Classifieds			22.2x	17.0x



Appendix C – Comparable companies' descriptions

Company	Description
iSelect Limited	iSelect Limited provides online comparison and purchase services for insurance, utilities, and personal finance products in Australia. The company operates through four segments: Health, Life and General Insurance, Energy and Telecommunications, and Other. It offers comparison services for private health, life, car, pet, travel, business, and home and contents insurances, as well as overseas visitors cover products; and provides home, car, personal, and business loans, as well as income protection products and credit cards. The company also provides comparison, purchase, and referral services for broadband, electricity and gas, and mobile phones and plans, as well as moving house services. It provides its services under the iSelect and Energy Watch brands. The company was founded in 2000 and is headquartered in Cheltenham, Australia.
AUB Group Limited	AUB Group Limited engages in the insurance broking and underwriting businesses in Australia and New Zealand. The company provides insurance broking and advisory services primarily to SME clients; distributes ancillary products; and designs, distributes, and manages insurance products on behalf of licensed insurance companies. It also offers support services, such as loss adjustment, investigations, claims management, and claim legal support services; and automated quoting and binding, white-labelling, and technological support services, as well as ExpressCover; and BizCover, a digital SME insurance platform with multi-channel presence and insurance offerings. The company was formerly known as Austbrokers Holdings Limited and changed its name to AUB Group Limited in November 2015. AUB Group Limited was incorporated in 1885 and is headquartered in North Sydney, Australia.
Steadfast Group Limited	Steadfast Group Limited provides general insurance brokerage services Australasia, Asia, and Europe. It also provides insurance underwriting services and related services. The company offers business insurance products, such as aviation, business pack, business interruption, contract works, corporate travel, cyber, events, farm, marine, management liability, product liability, professional indemnity, public liability, trade credit, and workers' compensation insurance. It also provides personal insurance products, including home and contents, landlord, life, motor, and strata insurance. The company operates a network of 427 general insurance brokers and 28 underwriting agencies. Steadfast Group Limited was incorporated in 1996 and is based in Sydney, Australia.
Kogan.com Ltd	Kogan.com Ltd operates as an online retailer in Australia. The company offers various brands across a range of categories, including electronics, appliances, homewares, hardware, toys, and others; and owns and operates 20 private label brands. It also provides pre-paid mobile phone plans online; and directly sourced holiday packages and travel bookings. In addition, the company offers general insurances, including home, contents, landlord, car, and travel insurances, as well as pet and life insurance; NBN internet plans; and home loans. Further, it provides superannuation funds, credit cards, telecommunications services, and power and gas services, as well as trades in cars. The company provides its products under the company's brands, such as Kogan, Ovela, Fortis, Vostok, and Komodo, as well as products sourced from imported and domestic third party brands comprising Apple, Canon, Swann, and Samsung. The company was founded in 2006 and is based in Melbourne, Australia.
Temple & Webster Group Ltd	Temple & Webster Group Ltd engages in the online retail of furniture, homewares, and home improvement products in Australia. It offers sofas, living room and outdoor furniture, lighting, rugs, baby and kids, cookware, and Christmas décor products. The company operates the Temple & Webster online platform, which offers approximately 200,000 products. Temple & Webster Group Ltd was founded in 2011 and is headquartered in Sydney, Australia.
Adore Beauty Group Limited	Adore Beauty Group Limited operates an integrated content, marketing, and e-commerce retail platform in Australia and New Zealand. The company retails beauty and personal care products, including skincare, make-up, haircare, fragrance, and wellness products under various brands. It also offers editorial content platform that offers beauty news, reviews, tips, and expert how-to articles to educate the customers on purchasing decisions. Adore Beauty Group Limited was founded in 2000 and is based in Northcote, Australia.
Booktopia Group Limited	Booktopia Group Limited operates as an online book retailer in Australia. It also sells eBooks, audiobooks, magazines, games and puzzles, stationery, and gift cards. In addition, the company offers books that cover various subjects, such as animals and nature; art and entertainment; biographies and true stories; business and management; comedy and humor; computing and IT; cooking, food, and drink; crafts and handiwork; family and health; fashion and style guides; fitness and diet; gardening, green lifestyle, and self-sufficiency; history; house and home; languages and linguistics; mind, body, and spirit; politics and government; and psychology, religion, and belief, as well as science; self help and personal development; society and culture; sports and recreation; and transportation, travel, and holidays. Further, it provides books based on Australian stories, children's fiction, and education and academies. The company was founded in 2004 and is headquartered in Lidcombe, Australia.
Redbubble Limited	Redbubble Limited operates as an online marketplace that facilitates the sale of art and design products. It offers clothing, stickers, face masks, phone cases, home and living products, wall arts, kids and baby clothing, pet products, accessories, stationery and office products, and gifts. The company provides its services through its website Redbubble.com, TeePublic.com in Australia, the United States, the United Kingdom, and internationally. Redbubble Limited was incorporated in 2006 and is based in Docklands, Australia.
Cettire Limited	Cettire Limited engages in the online luxury goods retailing business in Australia and internationally. It offers clothing, shoes, bags, and accessories for men, women, and kids. The company was incorporated in 2020 and is based in Melbourne, Australia.
Airtasker Limited	Airtasker Limited operates technology-enabled online marketplaces for local services in Australia. Its platform provides a range of services, such as handyman services, including home maintenance, installations and assembly, repairs, art/mirror hanging, general labor, and other services. The company also offers house, window, gutter, carpet, and commercial cleaning services. In addition, the company provides delivery services comprising of furniture, food, flyer, grocery, and alcohol delivery services. Further, the company offers garden landscapers, mowing and gardening, garden maintenance, and local gardening services. Additionally, the company provides alternator replacement, headlight bulb replacement, car speaker and LED lights installation, and mobile auto electrician services, as well as offers assembly services for furniture, gym and exercise equipment, and toys. Airtasker Limited was incorporated in 2011 and is based in Haymarket, Australia.



Company	Description
Hipages Group Holdings Limited	Hipages Group Holdings Limited, together with its subsidiaries, operates as an online tradie marketplace and software as a service provider in Australia and New Zealand. The company offers hipages, an online tradie marketplace that provides job leads from homeowners and organizations looking for qualified professionals; and Builderscrack, an online tradie platform that enables consumers to connect with trade service providers. It also provides Tradiecore, a workflow management software that eases the burden of everyday admin for tradie businesses; and Bricks and Agent, a property maintenance platform. The company was founded in 2004 and is based in Sydney, Australia.
Freelancer Limited	Freelancer Limited operates a freelancing and crowdsourcing marketplace in Australia. The company operates in two segments, Online Marketplace and Online Payment Services. Its marketplace allows employers to hire freelancers in areas, such as software development, writing, data entry and design, engineering, sciences, sales and marketing, and accounting and legal services. The company connects employers and freelancers from approximately 247 countries, regions, and territories. It also provides escrow payment services; global fleet field services; and Freightlancer, a technology platform that offers access to transport freight. In addition, the company develops MyGigs platform, which connect the internal platform to the external freelancer marketplace; and InSource, a cloud workforce platform. The company was founded in 2009 and is based in Sydney, Australia.
REA Group Limited	REA Group Limited engages in online property advertising business in Australia, India, and internationally. It provides property and property-related services on websites and mobile applications. The company operates residential, commercial, and share property sites, such as realestate.com.au, realcommercial.com.au, smartline.com.au, makaan.com, housing.com, PropTiger.com, realtor.com, Flatmates.com.au, property.com.au, simpology.com.au, campaignagent.com.au, proptrack.com.au, myfun.com, housing.com, propertygurugroup.com, realtor.com, spacely.com.au, rumah123.com, iproperty.com.sg, 99.co, and 1form.com.au. It also provides mortgage brokerage and home financing solutions under the Mortgage Choice brand. The company was formerly known as realestate.com.au Ltd. and changed its name to REA Group Limited in December 2008. REA Group Limited was incorporated in 1995 and is headquartered in Richmond, Australia. REA Group Limited operates as a subsidiary of news corporation.
SEEK Limited	SEEK Limited, together with its subsidiaries, provides online employment marketplace services in Australia, South East Asia, Brazil, New Zealand, Mexico, the United Kingdom, Europe, and internationally. It operates through ANZ, SEEK Asia, Brazil Online, OCC, Platform support, Portfolio investments, and SEEK Growth Fund segments. The company offers Jora, an online employment marketplace; JobAdder, a talent acquisition suite that simplifies the hiring process for recruiter and corporate talent acquisition teams; and Certsy, a platform to securely verify and share work credentials, and to complete compliance checks. The company was incorporated in 1997 and is headquartered in Melbourne, Australia.
carsales.com Ltd	carsales.com Ltd operates online automotive, motorcycle, and marine classifieds business in Australia, Brazil, South Korea, Malaysia, Indonesia, Thailand, Chile, China, the United States, and Mexico. The company operates through Online Advertising Services; Data, Research and Services; Carsales Investments; Americas; and Asia segments. The Online Advertising Services segment offers classified advertising that allows private and dealer customers to advertise automotive and non-automotive goods and services for sale across the carsales network; products, including subscriptions, lead fees, listing fees, and priority placement services; and display advertising services, such as placing advertisements on carsales network websites for corporate customers comprising automotive manufacturers and finance companies. The Data, Research and Services segment offers software as a service, research and reporting, valuation, appraisals, and website development and hosting services, as well as photography services. The Carsales Investments segment holds investment in consumer and wholesale tyre markets, as well as provides mobility and vehicle inspection services. The Americas segment operates digital non-automotive marketplaces. The Asia segment is involved in digital automotive classified business, as well as provides automotive data and advertising services. carsales.com Ltd was incorporated in 1996 and is headquartered in Melbourne, Australia.
Domain Holdings Australia Limited	Domain Holdings Australia Limited engages in the real estate media and technology services business in Australia. The company operates through Core Digital, Consumer Solutions, and Print segments. It offers residential, commercial, and rural property marketing services through desktop, mobile, and social platforms, as well as print magazines; and search and valuation tools and insights to buyers, sellers, investors, renters, governments, and agents. The company also provides a digital display platform for brands to advertise for consumer audiences; and commercial real estate services, including digital subscription, depth listings, and display advertising for a range of sectors, such as industrial, office, retail, and developers. In addition, it offers agent solutions that provides a platform of property data, real time agent supplies digital agency agreements, auction solutions and contracts, and Homepass that delivers a registration tool and database for property open-for-inspections. Further, the company provides a property data solution to agents, consumers, government, financial institutions, and corporates. Additionally, it publishes real estate newspapers and magazines; and provides property lifecycle services, including home loans, insurance, trade services, and residential utilities connections. The company was incorporated in 2000 and is headquartered in Pymont, Australia. Domain Holdings Australia Limited is a subsidiary of Nine Entertainment Co. Holdings Limited.
Australian Finance Group Limited	Australian Finance Group Limited, together with its subsidiaries, engages in the mortgage broking business in Australia. It operates in two segments, Aggregation and AFG Home Loans. The company is involved in the mortgage origination and management of home and commercial loans, and consumer asset finance; and distribution of own branded home loan products. It offers business loans, such as equipment finance, inventory finance, franchisee loans, debtor finance, commercial property finance, and working capital finance. The company also offers Suite360 platform, commercial and business broking, smart marketing platform, and analytics and business data solutions. The company was formerly known as Australian Finance Group Pty Ltd. Australian Finance Group Limited was incorporated in 1994 and is headquartered in West Perth, Australia.
COG Financial Services Limited	COG Financial Services Limited, together with its subsidiaries, engages in equipment financing and broking, aggregation, insurance broking, and novated leasing activities in Australia. The company operates through three segments: Finance Broking and Aggregation; Funds Management and Lending; and All Other/Intersegment. It also provides management of investment funds; provides financing arrangements to commercial customers for essential



Company	Description
	business assets; and managed IT services. The company was formerly known as Consolidated Operations Group Limited and changed its name to COG Financial Services Limited in November 2020. COG Financial Services Limited was incorporated in 2002 and is based in Chatswood, Australia.
Yellow Brick Road Holdings Limited	Yellow Brick Road Holdings Limited provides financial services in Australia. It offers mortgage broking, aggregation, and management services; investment and wealth management services; and general insurance services. The company was formerly known as ITS Capital Investments Limited and changed its name to Yellow Brick Road Holdings Limited in May 2011. Yellow Brick Road Holdings Limited was incorporated in 2006 and is based in Sydney, Australia.
N1 Holdings Limited	N1 Holdings Limited provides mortgage broking services to customers in Australia. It offers home loans, including purchase and refinance; short term business loans for SME's; commercial lending products and services; car loan and equipment finance services; business lending services; and commercial and residential property loans, as well as off-market lending services. The company also provides trustee services, such as information memorandum production, offer documents production, custody services, and fund administration and accounting services. In addition, it offers migration and education consultation services under the N1 Migration name; and fund management services under the N1 Venture name; and financial advisory services; and rental property management and property sales agent services. The company was founded in 2011 and is headquartered in Sydney, Australia.

Source: S&P Global



Appendix D – Comparable transaction targets descriptions

Target Company	Description
Insurance Brands Australia Pty Limited	Insurance Brands Australia Pty Limited is an insurance brokerage company. It provides insurance broking, underwriting agency, authorized representative, and digital and life insurance services. The company was formerly known as INSURANCE HOUSE HOLDINGS PTY LTD. Insurance Brands Australia Pty Limited was founded in 1983 and is based in East Melbourne, Australia. As of August 23, 2022, Insurance Brands Australia Pty Limited operates as a subsidiary of Steadfast Group Limited.
Tysers Insurance Brokers Limited	Tysers Insurance Brokers Limited, an insurance broker, provides insurance and risk management solutions for customers worldwide. The company offers credit and political risks, international property and casualty insurance, management risk, marine and aviation, specialty, and North American property and casualty insurance solutions; and music and live events, theatre, contingency, advertising and commercials, and general sport insurance solutions, as well as media, film, and TV insurance solutions. It offers insurance solutions for corporate and mid-sized commercial businesses, small businesses and tradespeople, financial institutions, solicitors, professions, mergers and acquisitions, property owners, construction and plant hire, English language schools, motor traders, case managers and rehabilitation specialists, international motoring rallies and adventures, and more, as well as serves private clients, including homes and property, prestige motor vehicles, yacht and pleasure craft, fine art and valuables, collections, travel, private aviation, estate managers and family offices, and entertainment and sports private clients. Tysers Insurance Brokers Limited was formerly known as Integro Insurance Brokers Limited and changed its name to Tysers Insurance Brokers Limited in July 2020. The company was founded in 1820 and is based in London, United Kingdom with additional offices in Diegem, Belgium; Hamilton, Bermuda; Dhaka, Bangladesh; Miami, Florida; and Singapore. Tysers Insurance Brokers Limited operates as a subsidiary of Integro Insurance Brokers Holdings Limited.
Coverforce Holdings Pty Ltd	Coverforce Holdco Pty Ltd operates as an insurance broker in Australia. The company was incorporated in 2020 and is based in Barangaroo, Australia. As of August 20, 2021, Coverforce Holdco Pty Ltd operates as a subsidiary of Steadfast Group Limited.
IBNA Limited	IBNA Limited operates as an insurance broker. The company was formerly known as Insurance Brokers Network Australia Ltd. The company was founded in 1994 and is based in North Sydney, Australia. IBNA Limited operates as a subsidiary of Steadfast Group Limited.
Community Broker Network	Community Broker Network Pty Ltd provides insurance brokerage services. It was formerly known as National Adviser Services Pty Ltd. The company was founded in 2001 and is based in West Perth, Australia. As of October 9, 2018, Community Broker Network Pty Ltd operates as a subsidiary of Steadfast Group Limited.
Whitbread Insurance Group	Whitbread Insurance Group provides insurance services through its business units. The company was founded in 1978 and is based in Melbourne, Australia. As of December 8, 2017, Whitbread Insurance Group operates as a subsidiary of Steadfast Group Limited.
Calliden Group Limited	Calliden Group Limited operates as a pharmaceuticals company. It was formerly known as Reinsurance Australia Corporation Limited and changed its name to Calliden Group Limited in February 2005. The company was founded in 2005 and is based in North Sydney, Australia.
Mortgage Choice	Mortgage Choice Limited provides mortgage broking services in Australia. It operates through two segments, Mortgage Choice Franchised Mortgage Broking and Mortgage Choice's Financial Planning Arm. The company offers assistance in determining the borrowing capacities of residential mortgage borrowers; and assessment of a range of home loans products, as well as submits loan applications on behalf of borrowers. It also provides assistance with car loans, equipment finance, general insurance, and personal loans to support personal and home pursuits and/or consolidate debts; and financial planning services. In addition, the company offers life, mortgage and income protection, car, home building and contents, lenders mortgage, and landlord insurance products. It provides loan origination services through its franchise network. The company was founded in 1992 and is headquartered in North Sydney, Australia. As of July 1, 2021, Mortgage Choice Limited operates as a subsidiary of REA Group Limited.
Smartline Home Loans Pty Ltd	Smartline Home Loans Pty Ltd provides mortgage brokerage services. It offers mortgage broking, home loans, home insurance, car finance, and commercial and other loans. The company was founded in 1998 and is based in North Ryde, Australia. As of July 31, 2017, Smartline Home Loans Pty Ltd operates as a subsidiary of Realestate.com.au Pty Ltd.
Connective Group Pty Ltd	Connective Group Pty Ltd operates as broker aggregator.
Centrepoint Finance Pty Ltd	Centrepoint Finance Pty Ltd. operates as a finance and insurance premium finance intermediary in Australia. It offers equipment finance, such as mortgage, hire purchase and leasing, operating lease, rental, and equipment finance calculator; commercial finance; mortgage finance; and insurance finance, such as work cover finance and insurance premium finance. Centrepoint Finance Pty Ltd. was founded in 1982 and is based in Coopers Plains, Australia. Centrepoint Finance Pty Ltd. formerly operated as a subsidiary of Centrepoint Alliance Ltd., Prior to reverse merger with Professional Investment Holdings, Ltd.
Finsure Holding Pty Ltd	The Finsure Group Pty Limited offers loan brokerage services. The company was incorporated in 1998 and is based in Gladstone, Australia.
Smartline Home Loans Pty Ltd	Smartline Home Loans Pty Ltd provides mortgage brokerage services. It offers mortgage broking, home loans, home insurance, car finance, and commercial and other loans. The company was founded in 1998



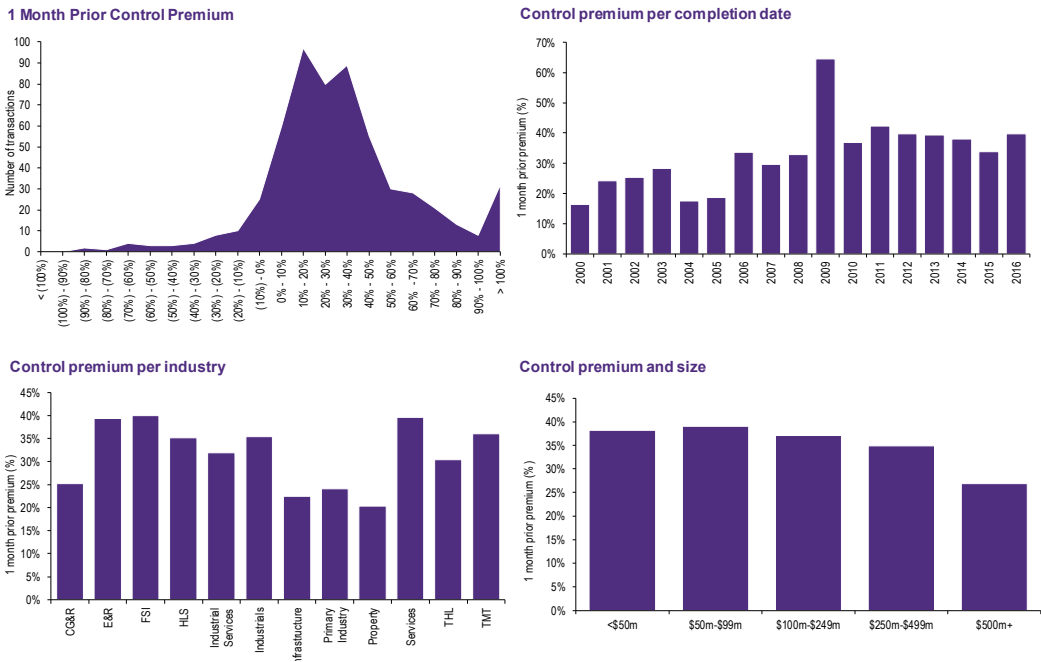
Target Company	Description
	and is based in North Ryde, Australia. As of July 31, 2017, Smartline Home Loans Pty Ltd operates as a subsidiary of Realestate.com.au Pty Ltd.
Consolidated Finance Group	Consolidated Finance Group Pty Ltd. provides equipment and motor vehicle finance services in Australia. It offers a suite of services to its brokers. The company was founded in 2004 and is based in Balwyn North, Australia.
Group Platinum Finance Pty Ltd	Platform Finance & Leasing Pty Limited operates as an asset-finance aggregator in Australia. The company provides commercial finance, such as business loans, chattel mortgage, finance lease, operating lease, rental, and commercial hire purchase; and consumer finance, consumer lease, and property loans, as well as recreational product finance for boats, jet skis, caravans, motorcycles, and camper trailers. It also offers novated, novated operating, and fully maintained novated leases; and insurance premium funding and insurance products. The company was formerly known as Group Platform Finance & Leasing. Platform Finance & Leasing Pty Limited was incorporated in 2015 and is based in North Sydney, Australia.
Vow Financial Holdings Pty Ltd	Vow Financial Pty Ltd operates as an aggregator for professional mortgage and home loan brokers and groups. It offers services in the areas of commercial lending, mentoring, leasing, legal, mortgage kit, and wealth management aspects; and provides a software platform. Vow Financial Pty Ltd was formerly known as National Brokers Group Pty Limited and changed its name to Vow Financial Pty Ltd in February 2010. The company was founded in 1995 and is based in Sydney, Australia. As of August 29, 2014, Vow Financial Pty Ltd operates as a subsidiary of Yellow Brick Road Holdings Limited.

Source: S&P Global



Appendix E – Control Premium study

Evidence from studies indicates that premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium vary significantly for each transaction.



Control premium	
Average	34.33%
Median	29.34%

Source: GTCF Analysis



Appendix F – Glossary

\$ or A\$	Australian Dollar
1HFYxx	6-month financial period ended 31 December 20xx
AASB 117	Australian Accountings Standards Board 117 – Leases ("AASB117"), the precursor to AASB16.
AASB 15	Australian Accountings Standards Board 15 – Revenue from Contracts with Customers
AASB 16	Australian Accountings Standards Board 16 – Leases
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACL	Australian Credit License
ADI	Authorised Deposit-taking Institution
AFG	Australian Finance Group
AFGHL	Australian Finance Group Home Loans
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 "Valuation Services"
API	Application programming interface
APRA	Australian Prudential and Regulatory Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Tax Office
AUB	AUB Group
AWPL	Alliance Wealth Pty Limited
B2B	Business to business
B2C	Business to consumer
Banking Royal Commission	Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
Best Interest Duty	Mortgage Brokers: Best Interests Duty, ASIC Regulatory Guide 273, released June 2020.
Big Four Banks	Big Four Banks in Australia (Commonwealth Bank, Westpac, ANZ, and NAB)
BNPL	Buy now pay later
BUPA	Bupa Hi Pty Ltd
c.	Circa
CAGR	Compound annual growth rate
CCI	Consumer Confidence Index
CDR	Consumer Data Right
CFG	Consolidated Finance Group
CIMET	CIMET Holdings Pty Limited
CIMET Acquisition	ISU 49% purchase of CIMET Holdings and Vconnex for A\$26.6 million on 15 March 2022
COG	COG Financial Services
Connective	Connective Group
CoreLogic	CoreLogic, Inc.
Corporations Act	Corporations Act 2001
COVID-19	Coronavirus pandemic
DCF Method	Discounted cash flow and the estimated realisable value of any surplus assets
DDM	Dividend Discount Model
DDM Method	Dividend Discount Model and the estimated realisable value of any surplus assets
DMO	Default Market Offer
DPS	Dividend paid out per share



E2E	As defined in the Scheme Booklet
EBITDA	Earnings before interest, tax expenses, depreciation and amortisation
Excluded Shareholders	Refer to definition included in the Scheme Booklet
Federal Government	Australian Federal Government
FinChoice	Financial planning segment of ISU
Finsure	Finsure Holdings Pty Limited
Fintech	Financial technology companies. The companies that seek to improve and automate the delivery and use of financial services.
FIRB	Foreign Investment Review Board
FME Method	Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
FSG	Financial Service Guide
FW	Forward trading multiples
FYxx	12-month financial year ended 30 June 20xx
Goldfields	Goldfields Money Limited
Greenfield	ISU's recruitment of new franchises
GT Model	Financial model prepared by GTCF, projecting the post-tax free cash flows of ISU Limited
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
HCF	Hospitals Contribution Fund of Australia Ltd
IER or Report	Independent Expert's Report
IHA	Innovation Holdings Australia Pty Ltd
iMoney	Former 100% subsidiary of iSelect
IPO	Initial Public Offering
iSelect Regulated Event	Refer to the Scheme Booklet for the definition
ISU Performance Rights	The Company has 11,146,311 performance share rights issued to ISU employees or other participants to subscribe for fully paid ordinary shares.
ISU Shares	The issued shares of iSelect
ISU, iSelect, or the Company	iSelect Limited
KPI	Key performance index
LTM	Last twelve months
Management Projection Scenarios	The scenarios prepared by Management up to 30 June 2024
MFAA	Mortgage & Finance Association of Australia
Mortgage Choice	Mortgage Choice Limited
MWh	Mega-watt per hour
N1H	N1 Holdings Limited
NAB	National Australia Bank
NAB Index	NAB online retail sales index
NAV Method	Amount available for distribution to security holders in an orderly realisation of assets
NEM	National electricity market
NIM	Net interest margins
NPAT	Net profit after tax
P/B	Price to net assets
PFG	Platform Finance and Leasing Group
Quoted Security Price Method	Quoted price for listed securities when there is a liquid and active market
R&D	Research and development



RBA	Reserve Bank of Australia
REA	REA Group Ltd
Reef	Reef Investment Consortium
Requisite Majorities	More than 50% in number of iSelect Shareholders (other than Excluded Shareholders) and at least 75% of the total votes cast at the Scheme Meeting
RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of arrangement"
RMBS	Residential mortgage-backed securities
S&P 500	A stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States.
Scheme	The proposed Scheme of Arrangement whereby IHA will acquire all shares of ISU that it does not currently own
Scheme Booklet	The Scheme Booklet, including each attachment distributed to ISU shareholders in connection with the Scheme
Scheme Consideration	The consideration of A\$0.30 per ISU Share that IHA agrees to pay
Scheme Implementation Agreement or SIA	The Scheme Implementation Agreement entered into between ISU and IHA
Scheme Meeting	The meeting of iSelect Shareholders (other than Excluded Shareholders) in relation to the Scheme and includes any adjournment of such meeting.
Smartline	Smartline Home Loans Pty Ltd
SME	Small to medium-sized enterprises
Steadfast	Steadfast Group
VConnex	Vconnex Private Limited
VDO	Victoria Default Offer
Vow	Vow Financial Holdings Pty Limited
VWAP	Volume Weighted Average Price
WACC	Weighted average cost of capital
YBR	Yellow Brick Road Holdings Limited

B

Notice of Scheme Meeting

ANNEXURE B - NOTICE OF SCHEME MEETING

iSelect Limited ABN 48 124 302 939

Notice of Meeting

Notice is hereby given that, by an order of the Court made on Wednesday, 2 November 2022 pursuant to section 411(1) of the Corporations Act, a meeting of iSelect Shareholders will be held in person at Assembly II - The Events Centre, Collins Square, Tower Two, 727 Collins Street, Melbourne VIC 3008 at 10:00am on Friday, 9 December and online (virtually) via the online meeting platform at <https://meetnow.global/MZMAQ75> (**Scheme Meeting**).

Further details on how to participate in the Scheme Meeting (including via the online platform) are set out in the explanatory notes that accompany and form part of this Notice of Meeting and in the iSelect online meeting platform guide available at www.computershare.com.au/virtualmeetingguide.

Capitalised terms used in this Notice of Scheme Meeting but not defined in it have the same meaning as set out in the Glossary in Section 14 of the Scheme Booklet.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without any alterations or conditions required by the Court to which iSelect and IHA agree) proposed to be made between iSelect and iSelect Shareholders (other than Excluded Shareholders).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Additional information about the Scheme Meeting is set out in the explanatory notes that accompany and form part of this notice.

Scheme Resolution

The Scheme Meeting will be asked to consider and, if thought fit, pass the following resolution (**Scheme Resolution**):

'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between iSelect and the holders of its ordinary shares (the terms of which are contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part), is agreed to, with or without alterations or conditions as required by the Federal Court of Australia to which iSelect and IHA agree.'

By order of the Board



Mark Licciardo
Company Secretary

Dated: 3 November 2022

Explanatory Notes to the Notice of Scheme Meeting

1. General

This Notice of Scheme Meeting relates to the Scheme and should be read in conjunction with the Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure C of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in Section 14 of the Scheme Booklet, unless the context otherwise requires.

2. Chairman

The Court has directed that Mr Brodie Arnhold is to act as Chairman of the Scheme Meeting (and that if Mr Arnhold is unable or unwilling to attend, Mr Geoffrey Stalley is to act as Chairman of the Scheme Meeting).

3. Shareholder approval

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- (a) more than 50% in number (unless the Court orders otherwise) of iSelect Shareholders (other than Excluded Shareholders) present and voting either in person, or by proxy, by attorney or, in the case of a body corporate, its duly appointed corporate representative; and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by iSelect Shareholders (other than Excluded Shareholders) present and voting either in person, or by proxy, by attorney or, in the case of a body corporate, its duly appointed corporate representative,

(each being a **Requisite Majority**).

4. Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without any alterations or conditions required by the Court) is subject to the approval of the Court. If the Scheme Resolution set out in this notice is passed by the Requisite Majorities (see Section 3 above) and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, iSelect intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

5. Entitlement to vote

The time for the purposes of determining voting entitlements will be 10:00am on Wednesday, 7 December 2022. Only those iSelect Shareholders that are entitled to vote at the Scheme Meeting and entered on the Share Register at that time will be entitled to vote at the Scheme Meeting, either in person, by proxy or attorney, or in the case of a corporate iSelect Shareholder, by a body corporate representative.

Accordingly, transfers of iSelect Shares registered after that time will be disregarded in determining entitlements to attend and vote at the Scheme Meeting.

The remaining comments in these explanatory notes are addressed to iSelect Shareholders entitled to attend and vote at the Scheme Meeting.

6. Participation

The Scheme Meeting will be conducted as a hybrid meeting. Participants can attend the Scheme Meeting in person at Assembly II - The Events Centre, Collins Square, Tower Two, 727 Collins Street, Melbourne VIC 3008, or online on a computer, tablet or smartphone via the online meeting platform at <https://meetnow.global/MZMAQ75>. If attending in person, please bring a suitable form of personal identification (such as a driver's licence).

The online meeting platform will allow iSelect Shareholders to view the live Scheme Meeting, ask questions (verbally or via a live text facility) and vote at the appropriate time.

To attend the Scheme Meeting virtually, please pre-register in advance. Online registration will open one hour before the commencement of the Scheme Meeting. To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready.

To participate in the Scheme Meeting online follow the instructions below.

1. Access the online meeting platform via <https://meetnow.global/MZMAQ75>
2. Click on 'Join Meeting Now'.
3. Enter your SRN/HIN. Proxyholders will need to contact the Registry on +61 3 9415 4024 one hour prior to the Scheme Meeting to obtain their unique email invitation link.
4. Enter your postcode registered to your holding if you are an Australian resident. If you are an overseas resident, select the country of your registered holding from the drop-down list.
5. Accept the Terms and Conditions and 'Click Continue'.

For further information on how to participate in the Scheme Meeting online, please refer to the iSelect online meeting platform guide available at www.computershare.com.au/virtualmeetingguide.

7. How to Vote

If you are an iSelect Shareholder and are entitled to vote at the Scheme Meeting, you can vote by:

- (a) attending the Scheme Meeting in person or attend virtually and vote online;
- (b) appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by completing and returning the Proxy Form by post, hand delivery or fax to the Registry, or by lodging your proxy form online at www.investorvote.com.au using your secure access information, or online at www.intermediaryonline.com for intermediary online subscribers (custodians);
- (c) appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney; or
- (d) in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a notice of appointment of body corporate representative.

Voting will be conducted by poll.

8. Voting

8.1 Voting in person

To vote in person, you must attend the Scheme Meeting in person at Assembly II - The Events Centre, Collins Square, Tower Two, 727 Collins Street, Melbourne VIC 3008, or online at <https://meetnow.global/MZMAQ75>

8.2 Voting by proxy

If you are unable to attend the Scheme Meeting, you are encouraged to appoint a proxy to attend and vote on your behalf.

An iSelect Shareholder entitled to attend and vote at the Scheme Meeting has a right to appoint not more than two proxies. Each proxy will have the right to vote on a poll and to speak at the Scheme Meeting. A proxy need not be an iSelect Shareholder and can be either an individual or a body corporate.

To be effective, proxies must be lodged by 10:00am on 7 December 2022. Proxies lodged after this time will be invalid.

Proxy Forms may be lodged using any of the following methods:

- Mail (post):** by returning your completed Proxy Form by post to the Registry's postal address at GPO Box 242, Melbourne Victoria 3001;
- Hand Delivery:** by hand delivering your completed Proxy Form during normal business hours to the Registry's office address at Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067;
- Facsimile:** by faxing your completed Proxy Form to 1800 783 447 (within Australia) or +613 9473 2555 (outside Australia);
- Online:** by visiting www.investorvote.com.au and following the prompts. To use this facility, you will need your holder number (SRN or HIN), postcode and control number 131968 as shown on the Proxy Form, or use your mobile device to scan the personalised QR code on the Proxy Form; or
- Custodians:** for Intermediary Online subscribers only (Custodians), please submit your voting intentions online via www.intermediaryonline.com.

An iSelect Shareholder appointing two proxies may specify the proportion or the number of votes that each proxy may exercise. Where two proxies are appointed and the appointment does not specify the proportion or number of the iSelect Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. each proxy may exercise half of the votes).

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the iSelect Shareholder's behalf on the poll and the iSelect Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

iSelect Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chairman of the Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Scheme Meeting, the Chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions on your Proxy Form.

Subject to any voting restrictions and exclusions, the Chairman of the Scheme Meeting intends to vote all valid undirected proxies which nominate the Chairman in favour of the Scheme Resolution, in the absence of a Superior Proposal and the Independent Expert continuing to conclude that the Scheme is in the best interests of iSelect Shareholders (other than Excluded Shareholders).

Any directed proxies that are not voted on a poll at the Scheme Meeting will automatically default to the Chairman of the Scheme Meeting, who is required to vote proxies as directed.

The Proxy Form must be signed by the iSelect Shareholder or the iSelect Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the

appointment of a proxy is signed by the appointer's attorney, the power of attorney or a certified copy of the power of attorney must be received by the Registry at the address outlined above, or by facsimile by 10:00am on 7 December 2022. If facsimile transmission is used, the power of attorney must be certified.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless:

- (a) notice in writing of the revocation has been received by the Share Registry before the start of the Scheme Meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways described above; or
- (b) notice of revocation is given by the iSelect Shareholder on registering their attendance at the Scheme Meeting at the registration desk located at the Scheme Meeting on Friday, 9 December 2022.

8.3 Voting by attorney

You may appoint an attorney to attend and vote at the Scheme Meeting on your behalf. Your attorney need not be another iSelect Shareholder. Each attorney will have the right to vote on the poll and also to speak at the Scheme Meeting.

The power of attorney appointing your attorney to attend and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (that is, iSelect), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the Registry by 10:00am on 7 December 2022 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways specified for Proxy Forms in section 8.2 above. The power of attorney or a certified copy of the power of attorney cannot be lodged online or by mobile device.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing iSelect Shareholder's access details in order to access the online platform.

Your appointment of an attorney does not preclude you from attending in person and voting at the Scheme Meeting.

8.4 Voting by corporate representative

An iSelect Shareholder that is a corporation may appoint an individual to act as its representative and vote at the Scheme Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative must provide the Registry with a formal notice of appointment, including any authority under which it is signed to web.queries@computershare.com.au. A form of notice of appointment can be obtained from the Registry or downloaded from www.investorcentre.com.au.

The notice of appointment must be received by the Registry prior to the Scheme Meeting, unless it has previously been given to iSelect. The notice of appointment and any power of attorney under which it is signed (or a certified copy of that power of attorney) must be submitted in any of the ways specified for Proxy Forms in section 8.2 above. The notice and any powers of attorney cannot be lodged online or by mobile device.

8.5 Joint holders

In the case of iSelect Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one iSelect Shareholder votes in respect of a jointly held iSelect Share, only the vote of the iSelect Shareholder whose name appears first in the Share Register will be counted.

9. Technical difficulties

Technical difficulties may arise during the course of the Scheme Meeting. The Chairman has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chairman will have regard to the number of iSelect Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. Where the Chairman considers it appropriate, the Chairman may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, iSelect Shareholders are encouraged to lodge a proxy by 10:00am on 7 December 2022 even if they plan to attend online.

10. Advertisements

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from the ASX website (<https://www2.asx.com.au>), from iSelect's website (www.iselect.com.au) or from the Registry.





Scheme of Arrangement

Scheme of Arrangement

Dated

iSelect Limited (ABN 48 124 302 932) (“iSelect”)

Scheme Participants

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

3450-7442-9212, v. 1

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Details

Parties

iSelect	Name	iSelect Limited
	ABN/ACN/ARBN	48 124 302 932
	Formed in	Australia
	Address	294 Bay Road CHELTENHAM VIC 3192
	Email	Warren.Hebard@iselect.com.au, with a copy to (which will not constitute notice) Katherine.Briggs@iselect.com.au, bsheehan@millsoakley.com.au and dbryant@millsoakley.com.au
	Attention	Chief Executive Officer

Scheme Participants	Each person registered as a holder of fully paid ordinary shares in iSelect on the Record Date, other than any Excluded Shareholder.
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Governing law	Victoria, Australia
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General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ACCC means the Australian Competition and Consumer Commission.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Settlement Rules means operating rules of the settlement facility provided by ASX Settlement Pty Ltd (ACN 008 504 532).

Business Day means:

- (a) when used in relation to the Implementation Date and Record Date, a business day as defined in the ASX Listing Rules; and
- (b) in all other cases, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne, Victoria.

CHESS means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

CHESS Holding has the meaning given in the ASX Settlement Rules.

Commissioner means the Commissioner of Taxation of the Commonwealth of Australia.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by IHA and iSelect.

Deed Poll means the deed poll executed by IHA substantially in the form of Annexure B of the Scheme Implementation Agreement or as otherwise agreed by IHA and iSelect, under which IHA covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Details means the section of this document headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or (2) of the PPSA, or any agreement to create any of them or allow them to exist.

End Date has the meaning given to that term in the Scheme Implementation Agreement.

Excluded Shareholder means any iSelect Shareholder who is an IHA Group Member or any iSelect Shareholder who holds any iSelect Shares on behalf of, or for the benefit of, any IHA Group Member and does not hold iSelect Shares on behalf of, or for the benefit of, any other person as at the Record Date.

First Court Date means the first day on which an application is made to the Court for an order under section 411(1) of the Corporations Act, to convene the Scheme Meeting.

IHA means Innovation Holdings Australia Pty Ltd (ABN 30 617 998 866).

IHA Group means IHA, Financial Holdings Australia Pty Ltd (ACN 112 971 132), Auto & General Insurance Company Ltd (ACN 111 586 353), Auto & General Holdings Pty Ltd (ACN 086 321 459) and their respective Subsidiaries, any IHA Controlled Entity and any person (other than iSelect) listed in the Form 604 (Notice of change of interests of substantial holder) dated 20 March 2020 and **IHA Group Member** means any of them.

IHA Nominee has the meaning given in clause 2.3.

Immediately Available Funds means a bank cheque or direct deposit of cleared funds or such other form of cleared funds acceptable to iSelect.

Implementation Date means the fifth Business Day following the Record Date or such other date as is agreed by IHA and iSelect.

iSelect Share means a fully paid ordinary share in the capital of iSelect.

iSelect Shareholder means each person registered in the Register as a holder of iSelect Shares.

Issuer Sponsored Holding has the meaning given in the ASX Settlement Rules.

Record Date means 5.00pm on the 2nd Business Day following the Effective Date or such other date (after the Effective Date) as iSelect and IHA agree in writing.

Register means the register of members of iSelect maintained by or on behalf of iSelect in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to a Scheme Participant, the address shown in the Register as at the Record Date.

Regulatory Authority includes:

- (a) ASX, ACCC, ASIC and the Takeovers Panel;
- (b) the Competition Commission of India and the Ministry of Corporate Affairs, Government of India;
- (c) a government or governmental, semi-governmental or judicial entity or authority;

- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory organisation established under statute.

Scheme means this scheme of arrangement between iSelect and Scheme Participants under which all of the Scheme Shares will be transferred to IHA (or, if applicable, the IHA Nominee) under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by iSelect and IHA in accordance with clause 8 of this Scheme.

Scheme Consideration means the consideration payable by IHA to each Scheme Participant for the transfer of iSelect Shares held by a Scheme Participant as at the Record Date to IHA, being, \$0.30 per iSelect Share.

Scheme Implementation Agreement means the scheme implementation agreement dated [10] August 2022 between iSelect and IHA under which, amongst other things, iSelect has agreed to propose this Scheme to iSelect Shareholders, and each of IHA and iSelect has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of iSelect Shareholders, as ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act, to consider the Scheme, and includes any adjournment or postponement of that meeting.

Scheme Participant means each person who is an iSelect Shareholder at the Record Date other than any Excluded Shareholder.

Scheme Share means an iSelect Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any iSelect Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Subsidiary has the meaning given to it in the Corporations Act.

Total Withholding Amount means the aggregate Withholding Amounts in respect of all Withholding Amount Scheme Participants.

Trust Account means the trust account operated by or on behalf of iSelect to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.3 of this Scheme.

Withholding Amount means the amount that IHA is required to pay to the Commissioner under Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) in relation to the acquisition of any iSelect Shares from a relevant Scheme Participant.

Withholding Amount Scheme Participants means a Scheme Participant in relation to whom IHA determines (acting reasonably) that a Withholding Amount

must be paid to the Commissioner in relation to the acquisition of iSelect Shares from such Scheme Participant.

1.2 General interpretation

Headings and labels used for definition are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;
- (e) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Melbourne, Victoria, Australia time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to “**law**” includes common law, principles of equity and legislation (including regulations);
- (j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (k) a reference to “**regulations**” includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (l) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (m) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (n) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (o) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day; and
- (p) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

2 Preliminary

2.1 iSelect

iSelect is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Victoria; and
- (c) admitted to the official list of the ASX and iSelect Shares are officially quoted on the stock market conducted by ASX.

As at the date of the Scheme Implementation Agreement, iSelect's issued securities are:

- (a) iSelect Shares: 240,086,753; and
- (b) performance rights: 11,146,311.

2.2 IHA

IHA is:

- (a) a proprietary company limited by shares; and
- (b) incorporated in Australia and registered in Queensland.

2.3 Nomination of acquirer Subsidiary

At any time prior to the Business Day before the First Court Date, IHA may nominate any wholly-owned subsidiary of IHA ("**IHA Nominee**") to acquire the relevant iSelect Shares under the Scheme by providing a notice which sets out the details of the IHA Nominee to iSelect. If IHA decides to nominate an IHA Nominee to acquire the relevant iSelect Shares under the Scheme:

- (a) the parties must procure that the iSelect Shares transferred under the Scheme are transferred to the IHA Nominee (rather than IHA);
- (b) IHA must procure that the IHA Nominee complies with all of the relevant obligations of IHA under this document and the Scheme Implementation Agreement; and
- (c) any such nomination will not relieve IHA of its obligations under this document, provided that IHA will not be in breach of this document for failing to perform an obligation of IHA if that obligation is fully discharged by the IHA Nominee in accordance with the terms of this Scheme and the Deed Poll.

2.4 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share in accordance with clause 2.4(b), IHA must provide or procure the provision of the aggregate amount of the Scheme Consideration (less the Total Withholding Amount) to iSelect on behalf of the Scheme Participants in accordance with the terms of this Scheme and the Deed Poll;

- (b) subject to clause 2.3, all of the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to IHA (or, if applicable, the IHA Nominee); and
- (c) iSelect will enter the name of IHA (or, if applicable, the IHA Nominee) in the Register in respect of all Scheme Shares transferred to IHA (or, if applicable, the IHA Nominee) in accordance with the terms of this Scheme.

2.5 Scheme Implementation Agreement

iSelect and IHA have agreed by executing the Scheme Implementation Agreement to implement this Scheme.

2.6 Deed Poll

This Scheme attributes actions to IHA but does not itself impose an obligation on it to perform those actions. IHA has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide or procure the provision of the Scheme Consideration in accordance with the terms of the Deed Poll and this Scheme.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll have been terminated;
- (b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Agreement have been satisfied or waived (other than the condition precedent in clause 3.1(c) of the Scheme Implementation Agreement relating to Court approval of this Scheme) in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, iSelect and IHA having agreed and accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed by IHA and iSelect having been satisfied or waived; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme on or before the End Date.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

- (a) Before 8.00am on the Second Court Date, each of iSelect and IHA must provide to the Court a certificate signed by a duly authorised representative (or such other evidence as the Court requests) confirming (in respect of matters within their knowledge) whether or not the conditions precedent set out in clause 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived.
- (b) The certificate referred to in this clause 3.3 will constitute conclusive evidence (in the absence of manifest error) of whether the conditions precedent referred to in clause 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2 this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 Termination

- (a) This Scheme will lapse and be of no further force or effect if:
 - (i) the Effective Date does not occur on or before the End Date; or
 - (ii) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with their terms,
 unless iSelect and IHA otherwise agree in writing.
- (b) Without limiting any rights under the Scheme Implementation Agreement, in the event that the Scheme Implementation Agreement is terminated in accordance with its terms before 8.00am on the Second Court Date, iSelect and IHA are each released from:
 - (i) any further obligation to take steps to implement the Scheme; and
 - (ii) any liability with respect to this Scheme.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clauses 3.1(d) and 3.1(e) of this Scheme) are satisfied, iSelect must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as agreed in writing by IHA.

5.2 Transfer and registration of iSelect Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.3 of

this Scheme and IHA having provided iSelect with written confirmation of the provision of those funds:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to IHA (or, if applicable, the IHA Nominee) without the need for any further act by any Scheme Participant (other than acts performed by iSelect as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:
 - (i) iSelect delivering to IHA (or, if applicable, the IHA Nominee) a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) IHA (or, if applicable, the IHA Nominee) duly executing the Share Scheme Transfer and delivering it to iSelect for registration; and
- (b) immediately following receipt of the duly executed Share Scheme Transfer, but subject to the stamping of the Share Scheme Transfer (if required), iSelect must enter the name of IHA (or, if applicable, the IHA Nominee) in the Register in respect of all of the Scheme Shares transferred to IHA (or, if applicable, the IHA Nominee) in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to IHA (or, if applicable, the IHA Nominee) of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in iSelect Shares

- (a) Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, IHA (or, if applicable, the IHA Nominee) will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by iSelect of IHA (or, if applicable, the IHA Nominee) in the Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to IHA (or, if applicable, the IHA Nominee) will, at the time of transfer, vest in IHA (or, if applicable, the IHA Nominee) free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to IHA (or, if applicable, the IHA Nominee) in accordance with the terms of this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to its iSelect Shares constituted by or resulting from this Scheme;

- (c) agrees to, on the direction of IHA, destroy any statements of holding or share certificates relating to its iSelect Shares;
- (d) who holds its iSelect Shares in a CHESS Holding agrees to the conversion of those iSelect Shares to an Issuer Sponsored Holding and irrevocably authorises IHA to do anything necessary, expedient or incidental (whether required by the ASX Settlement Rules or otherwise) to effect or facilitate such conversion; and
- (e) acknowledges and agrees that this Scheme binds iSelect and all Scheme Participants (including those who did not attend the Scheme Meeting, do not vote at that meeting or vote against this Scheme).

5.6 Warranty by Scheme Participants

- (a) Each Scheme Participant warrants to IHA and is deemed to have authorised iSelect to warrant to IHA as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to IHA (or, if applicable, the IHA Nominee) under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to IHA (or, if applicable, the IHA Nominee) under the Scheme.
- (b) iSelect undertakes that it will provide such warranty in clause 5.6(a) to IHA as agent and attorney of each Scheme Participant.

5.7 Transfer free of encumbrances

To the extent permitted by law, all iSelect Shares (including any rights and entitlements attaching to those shares) which are transferred to IHA (or, if applicable, the IHA Nominee) under this Scheme will, at the date of the transfer, vest in IHA (or, if applicable, the IHA Nominee) free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Appointment of IHA as sole proxy

- (a) Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 6.2 and 6.3 of this Scheme, on and from the Implementation Date until iSelect registers IHA as the holder of all of the iSelect Shares in the Register, each Scheme Participant:
 - (i) irrevocably appoints iSelect as attorney and agent (and directs iSelect in such capacity) to appoint IHA and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to iSelect Shares registered in its name and sign any shareholders' resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)(i)); and
 - (ii) must take all other actions in the capacity of the registered holder of iSelect Shares as IHA reasonably directs.

- (b) iSelect undertakes in favour of each Scheme Participant that it will appoint IHA and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8 of this Scheme.

6 Scheme Consideration

6.1 Consideration under the Scheme

On the Implementation Date, subject to IHA having deposited sufficient funds in accordance with clause 6.2(a), iSelect must pay (or procure the payment of) the Scheme Consideration to the Scheme Participants in accordance with clauses 6.3 and 6.4 of this Scheme.

6.2 Satisfaction of obligations

- (a) IHA must deposit (or procure the deposit) no later than 2 Business Days before the Implementation Date in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants (less the Total Withholding Amount) into the Trust Account (except that the amount of any interest on the amount deposited will be to IHA's account).
- (b) iSelect must provide written confirmation to IHA of that deposit.

6.3 Payment of Scheme Consideration

- (a) On the Implementation Date, subject to receipt of funds from IHA in accordance with clause 6.2 of this Scheme, iSelect must pay to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to IHA (less any applicable Withholding Amount) on the Implementation Date by that Scheme Participant from the Trust Account.
- (b) Unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.3 of this Scheme must be paid by direct credit to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to IHA or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 5.00pm on the Record Date.
- (c) To the extent that, following satisfaction of iSelect's obligations under this clause 6.3, there is a surplus in the amount held by iSelect as trustee for the Scheme Participants in the Trust Account, that surplus must be paid by iSelect to IHA.
- (d) IHA will remit the Total Withholding Amount to the Commissioner.

6.4 Unclaimed monies

- (a) iSelect may cancel a cheque issued under clause 6.3 of this Scheme if the cheque:
 - (i) is returned to iSelect; or

- (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of 1 year commencing on the Implementation Date, on request from a Scheme Participant, iSelect must reissue a cheque that was previously cancelled under this clause 6.4.
- (c) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)). Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of IHA.
- (d) Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of IHA.

6.5 Orders of a court or Regulatory Authority

In the case of written notice having been given to iSelect (or the Registry) of an order made by a court of competent jurisdiction or by another Regulatory Authority:

- (a) which requires payment to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.3 of this Scheme, then iSelect must procure that payment is made in accordance with that order; or
- (b) which would prevent iSelect from dispatching payment to any particular Scheme Participant in accordance with clause 6.3 of this Scheme, iSelect will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration (less any applicable Withholding Amount) until such time as payment in accordance with clause 6.3 of this Scheme is permitted by law,

and the payment or retention by iSelect (or the Registry) will constitute the full discharge of iSelect's obligations under this clause 6 with respect to the amount so paid or retained (in the case of clause 6.5(b), until it is no longer required to be retained).

6.6 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any bank cheque required to be paid to Scheme Participants by IHA must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 5.00pm on the Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of iSelect, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

6.7 Fractional entitlements

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Participant would result in the Scheme Participant becoming entitled to

a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by iSelect if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

7.2 Register

iSelect must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Record Date, provided that, for the avoidance of doubt, nothing in this clause 7.2 requires iSelect to register a transfer that would result in a Scheme Participant holding a parcel of Scheme Shares that is less than a 'marketable parcel' (as defined in the ASX Operating Rules).

7.3 No disposals after Effective Date

- (a) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.
- (b) iSelect will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to IHA pursuant to this Scheme and any subsequent transfer by IHA or its successors in title), or received prior to such time but not in registrable or actionable form, as appropriate.

7.4 Maintenance of iSelect Register

For the purpose of determining entitlements to the Scheme Consideration, iSelect will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been paid to the Scheme Participants and IHA has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to IHA contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares (other than statements of holding in favour of IHA and its successors in title). After the Record Date, each entry current on the Register as on the Record Date (other than entries in respect

of IHA or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

As soon as practicable after the Record Date, and in any event by 5.00pm on the first Business Day after the Record Date, iSelect will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register on the Record Date are available to IHA in such form as IHA reasonably requires.

7.7 Quotation of iSelect Shares

iSelect must apply to ASX to suspend trading on ASX in iSelect Shares with effect from the close of trading on ASX on the Effective Date.

7.8 Termination of quotation of iSelect Shares

On a date after the Implementation Date to be determined by IHA, iSelect must apply:

- (a) for termination of the official quotation of iSelect Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

8 Appointment of iSelect as attorney for implementation of Scheme

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints iSelect and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary, expedient or incidental to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing and delivering any Share Scheme Transfer;
- (b) enforcing the Deed Poll against IHA (and iSelect undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against IHA on behalf of and as agent and attorney of each Scheme Participant),

and iSelect accepts such appointment. iSelect may as agent and attorney of each Scheme Participant sub-delegate any of its functions, authorities or powers under this clause 8 to all or any of its directors and officers (jointly, severally, or jointly and severally).

9 Appointment of IHA as attorney in respect of Scheme Shares

Immediately upon the provision of the Scheme Consideration to each Scheme Participant in the manner contemplated by clauses 6.2 and 6.3, until IHA is registered as the holder of all Scheme Shares, each Scheme Participant:

- (a) irrevocably appoints IHA as its agent and attorney (and irrevocably appoints IHA as its agent and attorney to appoint any of the directors and officers nominated by IHA as its agent and attorney) to:

- (i) appoint the chair of the board of directors of iSelect and, where applicable, corporate representative to attend iSelect Shareholders' meetings;
- (ii) exercise the votes attaching to the iSelect Shares registered in the name of the Scheme Participant; and
- (iii) sign any iSelect Shareholders' resolution;
- (b) must not attend or vote at any iSelect Shareholders' meetings or sign any iSelect Shareholders' resolution (whether in person, by proxy or by corporate representative) other than pursuant to clause 9(a)(ii); and
- (c) must take all other action in the capacity of a registered holder of Scheme Shares as IHA reasonably directs.

10 Notices

10.1 Delivery

Communications must be:

- (a) left at the address referred to in the Details;
- (b) sent by post (airmail if appropriate) to the address referred to in the Details; or
- (c) sent by email to the address referred to in the Details.

If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

10.2 When effective

Communications take effect from the time they are received or taken to be received under clause 10.1 (whichever happens first) unless a later time is specified in the communication.

10.3 When taken to be received

Communications are taken to be received:

- (a) if sent by post, 6 Business Days after posting (or 10 days after posting if sent from one country to another); or
- (b) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

10.4 Receipt outside business hours

Despite anything else in this clause 10, if communications are received or taken to be received under clause 10.3 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause, the place in the definition of Business Day is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

10.5 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any iSelect Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

11 General**11.1 Variations, alterations and conditions**

- (a) iSelect may, with the prior consent of IHA (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.
- (b) Each Scheme Participant agrees to any such alterations or conditions which iSelect has consented to.

11.2 Binding effect of Scheme

This Scheme binds iSelect and all iSelect Shareholders from time to time, including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme (and, to the extent of any inconsistency, this Scheme overrides iSelect's constituent documents).

11.3 Further action by iSelect

iSelect will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme. Without limiting iSelect's power under this Scheme, iSelect has power to do all things that it consider necessary to give effect to this Scheme and the Scheme Implementation Deed.

11.4 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to iSelect and IHA doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds iSelect and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of iSelect.

11.5 No liability when acting in good faith

Each Scheme Participant agrees that neither iSelect nor IHA, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

11.6 Enforcement of Deed Poll

iSelect undertakes in favour of each Scheme Participant to enforce the Deed Poll against IHA on behalf of and as agent and attorney for the Scheme Participants.

11.7 Stamp duty

IHA will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

12 Governing law

12.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

12.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.



D

IHA Deed Poll

Deed Poll

Dated 28 October 2022

Given by Innovation Holdings Australia Pty Ltd (ABN 30 617 998 866)
("IHA")

In favour of each registered holder of fully paid ordinary shares in iSelect Limited (ABN 48 124 302 932) ("iSelect") on the Record Date, other than an "Excluded Shareholder" (as defined in this document) ("**Scheme Participants**")

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

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Details

Parties

IHA	Name	Innovation Holdings Australia Pty Ltd
	ACN/ABN/ARBN	30 617 998 866
	Formed in	Queensland, Australia
	Address	Level 13, Toowong Tower 9 Sherwood Road TOOWONG QLD 4066
	Email	company.secretary@innovationholdings.com.au , with a copy to (which will not constitute notice) Meredith.Paynter@au.kwm.com and Mark.Vanderneut@au.kwm.com
	Attention	Company Secretary

In favour of	Each registered holder of fully paid ordinary shares in iSelect on the Record Date other than any Excluded Shareholder.
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Governing law	Victoria
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- | | | |
|-----------------|----------|--|
| Recitals | A | iSelect and IHA have entered into the Scheme Implementation Agreement. |
| | B | iSelect has agreed in the Scheme Implementation Agreement to propose the Scheme, pursuant to which, subject to the satisfaction of certain conditions, all Scheme Shares will be transferred to IHA (or, if applicable, the IHA Nominee). |
| | C | In the Scheme Implementation Agreement, IHA agreed (amongst other things) to provide the Scheme Consideration to iSelect on behalf of the Scheme Participants, subject to the satisfaction of certain conditions and the terms of the Scheme Implementation Agreement. |
| | D | IHA is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to observe and perform its obligations in relation to the Scheme. |

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

Controller has the meaning given in the Corporations Act.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property;
- (c) it is subject to any arrangement (including a deed of company arrangement or scheme of arrangement), assignment, moratorium, compromise or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other party to this document);
- (d) an application or order has been made (and in the case of an application which is disputed by the person, it is not stayed, withdrawn or dismissed within 14 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in any of the above paragraphs;
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which the other party to this document reasonably deduces it is so subject);
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to any of the things described in the above paragraphs happens in connection with that person under the law of any jurisdiction.

Scheme means the proposed scheme of arrangement between iSelect and Scheme Participants under which all the Scheme Shares will be transferred to IHA (or, if applicable, the IHA Nominee) under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by IHA and iSelect, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent

they are approved in writing by iSelect and IHA in accordance with clause 8 of the Scheme.

Scheme Implementation Agreement means the scheme implementation agreement dated 10 August 2022 between iSelect and IHA under which, amongst other things, iSelect has agreed to propose the Scheme to iSelect Shareholders, and each of IHA and iSelect has agreed to take certain steps to give effect to the Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this document.

1.3 Nature of deed poll

IHA:

- (a) acknowledges that this document may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints iSelect and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this document against IHA.

2 Conditions precedent and termination

2.1 Conditions precedent

This document and IHA's obligations under this document are subject to the Scheme becoming Effective.

2.2 Termination

IHA's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Agreement is terminated in accordance with its terms before the Scheme becomes Effective,

unless IHA and iSelect otherwise agree in writing.

2.3 Consequences of termination

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) IHA is released from its obligations to further perform this document except those obligations contained in clause 7.2 and any other obligations which by their nature survive termination; and

- (b) each Scheme Participant retains the rights, powers or remedies they have against IHA in respect of any breach of this document which occurs before it is terminated.

3 Performance of obligations generally

IHA must comply with its obligations under the Scheme Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme, subject to and in accordance with the terms of the Scheme Implementation Agreement and the Scheme.

4 Scheme Consideration

4.1 Scheme Consideration

Subject to clause 2, IHA covenants in favour of each Scheme Participant to observe and perform all obligations contemplated of IHA under the Scheme, including to pay the Scheme Consideration into the Trust Account, on behalf of each Scheme Participant, in accordance with the Scheme.

4.2 Manner of payment

IHA's obligation to provide the Scheme Consideration to iSelect on behalf of each Scheme Participant is satisfied by IHA, no later than 2 Business Days before the Implementation Date, depositing (or procuring the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants (less the Total Withholding Amount) into the Trust Account (except that the amount of any interest on the amount deposited will be to IHA's account).

5 Representations and warranties

IHA represents and warrants that:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) **(power)** it has full legal capacity and power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;
 - (ii) any law binding on or applicable to it or its assets; or
 - (iii) any Encumbrance or document binding on or applicable to it;
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;

- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and
- (f) **(solvency)** it is not Insolvent.

6 Continuing obligations

This document is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) IHA has fully performed its obligations under this document; or
- (b) the earlier termination of this document under clause 2.2.

7 Costs

7.1 Costs

IHA agrees to pay its own Costs incurred in connection with the preparation, negotiation, execution and completion of the Scheme.

7.2 Stamp duty and registration fees

IHA:

- (a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any transaction effected by or made under this document or the Scheme (including any related fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnifies each Scheme Participant against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.2(a).

8 Notices

8.1 Delivery

Communications must be:

- (a) left at the address referred to in the Details;
- (b) sent by post (airmail if appropriate) to the address referred to in the Details; or
- (c) sent by email to the address referred to in the Details.

If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

8.2 When effective

Communications take effect from the time they are received or taken to be received under clause 8.1 (whichever happens first) unless a later time is specified in the communication.

8.3 When taken to be received

Communications are taken to be received:

- (a) if sent by post, 6 Business Days after posting (or 10 days after posting if sent from one country to another); or
- (b) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

8.4 Receipt outside business hours

Despite anything else in this clause 8, if communications are received or taken to be received under clause 8.3 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause, the place in the definition of Business Day is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

9 General

9.1 Variation

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by iSelect and IHA in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event IHA must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

9.2 Partial exercising of rights

No failure to exercise nor any delay in exercising any right, power or remedy by IHA or by any Scheme Participant operates as a waiver. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

9.3 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

9.4 Assignment or other dealings

IHA and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the prior written consent of IHA and iSelect. Any purported dealing in contravention of this clause 9.4 is invalid.

9.5 Operation of this document

Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

9.6 Further steps

IHA agrees to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme Participant) as may be necessary or desirable to give full effect to this document and the transactions contemplated by it.

10 Governing law and jurisdiction
10.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. IHA submits to the non-exclusive jurisdiction of the courts of that place.

10.2 Serving documents

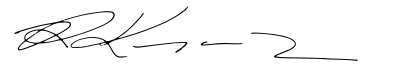
Without preventing any other method of service, any document in an action in connection with this document may be served on IHA by being delivered or left at IHA's address set out in the Details.

EXECUTED as a deed poll

Signing page

DATED: 28 October 2022

EXECUTED by INNOVATION
HOLDINGS AUSTRALIA PTY LTD
(ABN 30 617 998 866) in accordance
with section 127(1) of the Corporations
Act 2001 (Cth) by authority of its
directors:



Signature of director

Ram Kangatharan

Name of director (block letters)



Signature of director/company secretary

Trevor Jeffords

Name of director/~~company secretary~~
(block letters)

Annexure A - Scheme

Scheme of Arrangement

Dated

iSelect Limited (ABN 48 124 302 932) (“iSelect”)

Scheme Participants

King & Wood Mallesons
Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

3450-7442-9212, v. 1

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Details

Parties

iSelect	Name	iSelect Limited
	ABN/ACN/ARBN	48 124 302 932
	Formed in	Australia
	Address	294 Bay Road CHELTENHAM VIC 3192
	Email	Warren.Hebard@iselect.com.au, with a copy to (which will not constitute notice) Katherine.Briggs@iselect.com.au, bsheehan@millsoakley.com.au and dbryant@millsoakley.com.au
	Attention	Chief Executive Officer

Scheme Participants	Each person registered as a holder of fully paid ordinary shares in iSelect on the Record Date, other than any Excluded Shareholder.
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Governing law	Victoria, Australia
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General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ACCC means the Australian Competition and Consumer Commission.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Settlement Rules means operating rules of the settlement facility provided by ASX Settlement Pty Ltd (ACN 008 504 532).

Business Day means:

- (a) when used in relation to the Implementation Date and Record Date, a business day as defined in the ASX Listing Rules; and
- (b) in all other cases, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne, Victoria.

CHES means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

CHES Holding has the meaning given in the ASX Settlement Rules.

Commissioner means the Commissioner of Taxation of the Commonwealth of Australia.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by IHA and iSelect.

Deed Poll means the deed poll executed by IHA substantially in the form of Annexure B of the Scheme Implementation Agreement or as otherwise agreed by IHA and iSelect, under which IHA covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Details means the section of this document headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the PPSA, or any agreement to create any of them or allow them to exist.

End Date has the meaning given to that term in the Scheme Implementation Agreement.

Excluded Shareholder means any iSelect Shareholder who is an IHA Group Member or any iSelect Shareholder who holds any iSelect Shares on behalf of, or for the benefit of, any IHA Group Member and does not hold iSelect Shares on behalf of, or for the benefit of, any other person as at the Record Date.

First Court Date means the first day on which an application is made to the Court for an order under section 411(1) of the Corporations Act, to convene the Scheme Meeting.

IHA means Innovation Holdings Australia Pty Ltd (ABN 30 617 998 866).

IHA Group means IHA, Financial Holdings Australia Pty Ltd (ACN 112 971 132), Auto & General Insurance Company Ltd (ACN 111 586 353), Auto & General Holdings Pty Ltd (ACN 086 321 459) and their respective Subsidiaries, any IHA Controlled Entity and any person (other than iSelect) listed in the Form 604 (Notice of change of interests of substantial holder) dated 20 March 2020 and **IHA Group Member** means any of them.

IHA Nominee has the meaning given in clause 2.3.

Immediately Available Funds means a bank cheque or direct deposit of cleared funds or such other form of cleared funds acceptable to iSelect.

Implementation Date means the fifth Business Day following the Record Date or such other date as is agreed by IHA and iSelect.

iSelect Share means a fully paid ordinary share in the capital of iSelect.

iSelect Shareholder means each person registered in the Register as a holder of iSelect Shares.

Issuer Sponsored Holding has the meaning given in the ASX Settlement Rules.

Record Date means 5.00pm on the 2nd Business Day following the Effective Date or such other date (after the Effective Date) as iSelect and IHA agree in writing.

Register means the register of members of iSelect maintained by or on behalf of iSelect in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to a Scheme Participant, the address shown in the Register as at the Record Date.

Regulatory Authority includes:

- (a) ASX, ACCC, ASIC and the Takeovers Panel;
- (b) the Competition Commission of India and the Ministry of Corporate Affairs, Government of India;
- (c) a government or governmental, semi-governmental or judicial entity or authority;

- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory organisation established under statute.

Scheme means this scheme of arrangement between iSelect and Scheme Participants under which all of the Scheme Shares will be transferred to IHA (or, if applicable, the IHA Nominee) under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by iSelect and IHA in accordance with clause 8 of this Scheme.

Scheme Consideration means the consideration payable by IHA to each Scheme Participant for the transfer of iSelect Shares held by a Scheme Participant as at the Record Date to IHA, being, \$0.30 per iSelect Share.

Scheme Implementation Agreement means the scheme implementation agreement dated [10] August 2022 between iSelect and IHA under which, amongst other things, iSelect has agreed to propose this Scheme to iSelect Shareholders, and each of IHA and iSelect has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of iSelect Shareholders, as ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act, to consider the Scheme, and includes any adjournment or postponement of that meeting.

Scheme Participant means each person who is an iSelect Shareholder at the Record Date other than any Excluded Shareholder.

Scheme Share means an iSelect Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any iSelect Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Subsidiary has the meaning given to it in the Corporations Act.

Total Withholding Amount means the aggregate Withholding Amounts in respect of all Withholding Amount Scheme Participants.

Trust Account means the trust account operated by or on behalf of iSelect to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.3 of this Scheme.

Withholding Amount means the amount that IHA is required to pay to the Commissioner under Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) in relation to the acquisition of any iSelect Shares from a relevant Scheme Participant.

Withholding Amount Scheme Participants means a Scheme Participant in relation to whom IHA determines (acting reasonably) that a Withholding Amount

must be paid to the Commissioner in relation to the acquisition of iSelect Shares from such Scheme Participant.

1.2 General interpretation

Headings and labels used for definition are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (e) a reference to "**person**" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Melbourne, Victoria, Australia time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to "**law**" includes common law, principles of equity and legislation (including regulations);
- (j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (k) a reference to "**regulations**" includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (l) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (m) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (n) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (o) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day; and
- (p) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

2 Preliminary

2.1 iSelect

iSelect is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Victoria; and
- (c) admitted to the official list of the ASX and iSelect Shares are officially quoted on the stock market conducted by ASX.

As at the date of the Scheme Implementation Agreement, iSelect's issued securities are:

- (a) iSelect Shares: 240,086,753; and
- (b) performance rights: 11,146,311.

2.2 IHA

IHA is:

- (a) a proprietary company limited by shares; and
- (b) incorporated in Australia and registered in Queensland.

2.3 Nomination of acquirer Subsidiary

At any time prior to the Business Day before the First Court Date, IHA may nominate any wholly-owned subsidiary of IHA ("**IHA Nominee**") to acquire the relevant iSelect Shares under the Scheme by providing a notice which sets out the details of the IHA Nominee to iSelect. If IHA decides to nominate an IHA Nominee to acquire the relevant iSelect Shares under the Scheme:

- (a) the parties must procure that the iSelect Shares transferred under the Scheme are transferred to the IHA Nominee (rather than IHA);
- (b) IHA must procure that the IHA Nominee complies with all of the relevant obligations of IHA under this document and the Scheme Implementation Agreement; and
- (c) any such nomination will not relieve IHA of its obligations under this document, provided that IHA will not be in breach of this document for failing to perform an obligation of IHA if that obligation is fully discharged by the IHA Nominee in accordance with the terms of this Scheme and the Deed Poll.

2.4 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share in accordance with clause 2.4(b), IHA must provide or procure the provision of the aggregate amount of the Scheme Consideration (less the Total Withholding Amount) to iSelect on behalf of the Scheme Participants in accordance with the terms of this Scheme and the Deed Poll;

- (b) subject to clause 2.3, all of the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to IHA (or, if applicable, the IHA Nominee); and
- (c) iSelect will enter the name of IHA (or, if applicable, the IHA Nominee) in the Register in respect of all Scheme Shares transferred to IHA (or, if applicable, the IHA Nominee) in accordance with the terms of this Scheme.

2.5 Scheme Implementation Agreement

iSelect and IHA have agreed by executing the Scheme Implementation Agreement to implement this Scheme.

2.6 Deed Poll

This Scheme attributes actions to IHA but does not itself impose an obligation on it to perform those actions. IHA has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide or procure the provision of the Scheme Consideration in accordance with the terms of the Deed Poll and this Scheme.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll have been terminated;
- (b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Agreement have been satisfied or waived (other than the condition precedent in clause 3.1(c) of the Scheme Implementation Agreement relating to Court approval of this Scheme) in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, iSelect and IHA having agreed and accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed by IHA and iSelect having been satisfied or waived; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme on or before the End Date.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

- (a) Before 8.00am on the Second Court Date, each of iSelect and IHA must provide to the Court a certificate signed by a duly authorised representative (or such other evidence as the Court requests) confirming (in respect of matters within their knowledge) whether or not the conditions precedent set out in clause 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived.
- (b) The certificate referred to in this clause 3.3 will constitute conclusive evidence (in the absence of manifest error) of whether the conditions precedent referred to in clause 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2 this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 Termination

- (a) This Scheme will lapse and be of no further force or effect if:
 - (i) the Effective Date does not occur on or before the End Date; or
 - (ii) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with their terms,
 unless iSelect and IHA otherwise agree in writing.
- (b) Without limiting any rights under the Scheme Implementation Agreement, in the event that the Scheme Implementation Agreement is terminated in accordance with its terms before 8.00am on the Second Court Date, iSelect and IHA are each released from:
 - (i) any further obligation to take steps to implement the Scheme; and
 - (ii) any liability with respect to this Scheme.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clauses 3.1(d) and 3.1(e) of this Scheme) are satisfied, iSelect must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as agreed in writing by IHA.

5.2 Transfer and registration of iSelect Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.3 of

this Scheme and IHA having provided iSelect with written confirmation of the provision of those funds:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to IHA (or, if applicable, the IHA Nominee) without the need for any further act by any Scheme Participant (other than acts performed by iSelect as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:
 - (i) iSelect delivering to IHA (or, if applicable, the IHA Nominee) a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) IHA (or, if applicable, the IHA Nominee) duly executing the Share Scheme Transfer and delivering it to iSelect for registration; and
- (b) immediately following receipt of the duly executed Share Scheme Transfer, but subject to the stamping of the Share Scheme Transfer (if required), iSelect must enter the name of IHA (or, if applicable, the IHA Nominee) in the Register in respect of all of the Scheme Shares transferred to IHA (or, if applicable, the IHA Nominee) in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to IHA (or, if applicable, the IHA Nominee) of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in iSelect Shares

- (a) Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, IHA (or, if applicable, the IHA Nominee) will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by iSelect of IHA (or, if applicable, the IHA Nominee) in the Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to IHA (or, if applicable, the IHA Nominee) will, at the time of transfer, vest in IHA (or, if applicable, the IHA Nominee) free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to IHA (or, if applicable, the IHA Nominee) in accordance with the terms of this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to its iSelect Shares constituted by or resulting from this Scheme;

- (c) agrees to, on the direction of IHA, destroy any statements of holding or share certificates relating to its iSelect Shares;
- (d) who holds its iSelect Shares in a CHESS Holding agrees to the conversion of those iSelect Shares to an Issuer Sponsored Holding and irrevocably authorises IHA to do anything necessary, expedient or incidental (whether required by the ASX Settlement Rules or otherwise) to effect or facilitate such conversion; and
- (e) acknowledges and agrees that this Scheme binds iSelect and all Scheme Participants (including those who did not attend the Scheme Meeting, do not vote at that meeting or vote against this Scheme).

5.6 Warranty by Scheme Participants

- (a) Each Scheme Participant warrants to IHA and is deemed to have authorised iSelect to warrant to IHA as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to IHA (or, if applicable, the IHA Nominee) under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to IHA (or, if applicable, the IHA Nominee) under the Scheme.
- (b) iSelect undertakes that it will provide such warranty in clause 5.6(a) to IHA as agent and attorney of each Scheme Participant.

5.7 Transfer free of encumbrances

To the extent permitted by law, all iSelect Shares (including any rights and entitlements attaching to those shares) which are transferred to IHA (or, if applicable, the IHA Nominee) under this Scheme will, at the date of the transfer, vest in IHA (or, if applicable, the IHA Nominee) free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Appointment of IHA as sole proxy

- (a) Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 6.2 and 6.3 of this Scheme, on and from the Implementation Date until iSelect registers IHA as the holder of all of the iSelect Shares in the Register, each Scheme Participant:
 - (i) irrevocably appoints iSelect as attorney and agent (and directs iSelect in such capacity) to appoint IHA and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to iSelect Shares registered in its name and sign any shareholders' resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)(i); and
 - (ii) must take all other actions in the capacity of the registered holder of iSelect Shares as IHA reasonably directs.

- (b) iSelect undertakes in favour of each Scheme Participant that it will appoint IHA and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8 of this Scheme.

6 Scheme Consideration

6.1 Consideration under the Scheme

On the Implementation Date, subject to IHA having deposited sufficient funds in accordance with clause 6.2(a), iSelect must pay (or procure the payment of) the Scheme Consideration to the Scheme Participants in accordance with clauses 6.3 and 6.4 of this Scheme.

6.2 Satisfaction of obligations

- (a) IHA must deposit (or procure the deposit) no later than 2 Business Days before the Implementation Date in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants (less the Total Withholding Amount) into the Trust Account (except that the amount of any interest on the amount deposited will be to IHA's account).
- (b) iSelect must provide written confirmation to IHA of that deposit.

6.3 Payment of Scheme Consideration

- (a) On the Implementation Date, subject to receipt of funds from IHA in accordance with clause 6.2 of this Scheme, iSelect must pay to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to IHA (less any applicable Withholding Amount) on the Implementation Date by that Scheme Participant from the Trust Account.
- (b) Unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.3 of this Scheme must be paid by direct credit to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to IHA or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 5.00pm on the Record Date.
- (c) To the extent that, following satisfaction of iSelect's obligations under this clause 6.3, there is a surplus in the amount held by iSelect as trustee for the Scheme Participants in the Trust Account, that surplus must be paid by iSelect to IHA.
- (d) IHA will remit the Total Withholding Amount to the Commissioner.

6.4 Unclaimed monies

- (a) iSelect may cancel a cheque issued under clause 6.3 of this Scheme if the cheque:
 - (i) is returned to iSelect; or

- (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of 1 year commencing on the Implementation Date, on request from a Scheme Participant, iSelect must reissue a cheque that was previously cancelled under this clause 6.4.
- (c) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)). Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of IHA.
- (d) Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of IHA.

6.5 Orders of a court or Regulatory Authority

In the case of written notice having been given to iSelect (or the Registry) of an order made by a court of competent jurisdiction or by another Regulatory Authority:

- (a) which requires payment to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.3 of this Scheme, then iSelect must procure that payment is made in accordance with that order; or
- (b) which would prevent iSelect from dispatching payment to any particular Scheme Participant in accordance with clause 6.3 of this Scheme, iSelect will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration (less any applicable Withholding Amount) until such time as payment in accordance with clause 6.3 of this Scheme is permitted by law,

and the payment or retention by iSelect (or the Registry) will constitute the full discharge of iSelect's obligations under this clause 6 with respect to the amount so paid or retained (in the case of clause 6.5(b), until it is no longer required to be retained).

6.6 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any bank cheque required to be paid to Scheme Participants by IHA must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 5.00pm on the Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of iSelect, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

6.7 Fractional entitlements

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Participant would result in the Scheme Participant becoming entitled to

a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by iSelect if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

7.2 Register

iSelect must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Record Date, provided that, for the avoidance of doubt, nothing in this clause 7.2 requires iSelect to register a transfer that would result in a Scheme Participant holding a parcel of Scheme Shares that is less than a 'marketable parcel' (as defined in the ASX Operating Rules).

7.3 No disposals after Effective Date

- (a) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.
- (b) iSelect will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to IHA pursuant to this Scheme and any subsequent transfer by IHA or its successors in title), or received prior to such time but not in registrable or actionable form, as appropriate.

7.4 Maintenance of iSelect Register

For the purpose of determining entitlements to the Scheme Consideration, iSelect will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been paid to the Scheme Participants and IHA has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to IHA contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares (other than statements of holding in favour of IHA and its successors in title). After the Record Date, each entry current on the Register as on the Record Date (other than entries in respect

of IHA or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

As soon as practicable after the Record Date, and in any event by 5.00pm on the first Business Day after the Record Date, iSelect will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register on the Record Date are available to IHA in such form as IHA reasonably requires.

7.7 Quotation of iSelect Shares

iSelect must apply to ASX to suspend trading on ASX in iSelect Shares with effect from the close of trading on ASX on the Effective Date.

7.8 Termination of quotation of iSelect Shares

On a date after the Implementation Date to be determined by IHA, iSelect must apply:

- (a) for termination of the official quotation of iSelect Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

8 Appointment of iSelect as attorney for implementation of Scheme

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints iSelect and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary, expedient or incidental to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing and delivering any Share Scheme Transfer;
- (b) enforcing the Deed Poll against IHA (and iSelect undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against IHA on behalf of and as agent and attorney of each Scheme Participant),

and iSelect accepts such appointment. iSelect may as agent and attorney of each Scheme Participant sub-delegate any of its functions, authorities or powers under this clause 8 to all or any of its directors and officers (jointly, severally, or jointly and severally).

9 Appointment of IHA as attorney in respect of Scheme Shares

Immediately upon the provision of the Scheme Consideration to each Scheme Participant in the manner contemplated by clauses 6.2 and 6.3, until IHA is registered as the holder of all Scheme Shares, each Scheme Participant:

- (a) irrevocably appoints IHA as its agent and attorney (and irrevocably appoints IHA as its agent and attorney to appoint any of the directors and officers nominated by IHA as its agent and attorney) to:

- (i) appoint the chair of the board of directors of iSelect and, where applicable, corporate representative to attend iSelect Shareholders' meetings;
- (ii) exercise the votes attaching to the iSelect Shares registered in the name of the Scheme Participant; and
- (iii) sign any iSelect Shareholders' resolution;
- (b) must not attend or vote at any iSelect Shareholders' meetings or sign any iSelect Shareholders' resolution (whether in person, by proxy or by corporate representative) other than pursuant to clause 9(a)(ii); and
- (c) must take all other action in the capacity of a registered holder of Scheme Shares as IHA reasonably directs.

10 Notices

10.1 Delivery

Communications must be:

- (a) left at the address referred to in the Details;
- (b) sent by post (airmail if appropriate) to the address referred to in the Details; or
- (c) sent by email to the address referred to in the Details.

If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

10.2 When effective

Communications take effect from the time they are received or taken to be received under clause 10.1 (whichever happens first) unless a later time is specified in the communication.

10.3 When taken to be received

Communications are taken to be received:

- (a) if sent by post, 6 Business Days after posting (or 10 days after posting if sent from one country to another); or
- (b) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

10.4 Receipt outside business hours

Despite anything else in this clause 10, if communications are received or taken to be received under clause 10.3 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause, the place in the definition of Business Day is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

10.5 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any iSelect Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

11 General**11.1 Variations, alterations and conditions**

- (a) iSelect may, with the prior consent of IHA (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.
- (b) Each Scheme Participant agrees to any such alterations or conditions which iSelect has consented to.

11.2 Binding effect of Scheme

This Scheme binds iSelect and all iSelect Shareholders from time to time, including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme (and, to the extent of any inconsistency, this Scheme overrides iSelect's constituent documents).

11.3 Further action by iSelect

iSelect will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme. Without limiting iSelect's power under this Scheme, iSelect has power to do all things that it consider necessary to give effect to this Scheme and the Scheme Implementation Deed.

11.4 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to iSelect and IHA doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds iSelect and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of iSelect.

11.5 No liability when acting in good faith

Each Scheme Participant agrees that neither iSelect nor IHA, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

11.6 Enforcement of Deed Poll

iSelect undertakes in favour of each Scheme Participant to enforce the Deed Poll against IHA on behalf of and as agent and attorney for the Scheme Participants.

11.7 Stamp duty

IHA will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

12 Governing law**12.1 Governing law and jurisdiction**

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

12.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.

Corporate Directory

iSelect Limited

294 Bay Road
Cheltenham VIC 3192

Legal Adviser

Mills Oakley

Level 6, 530 Collins St
Melbourne VIC 3000

Financial Adviser

Canterbury Partners

Level 16, 90 Collins St
Melbourne, VIC 3000

Tax Adviser

KPMG

Level 36, Tower Two
Collins Square
727 Collins Street
Melbourne VIC 3008

Independent Expert

Grant Thornton Corporate Finance Pty Ltd

Level 17, 383 Kent Street
Sydney NSW 2000

Registry

Computershare Investor Services Pty Limited

Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067 Australia

Stock exchange listing

iSelect shares are listed on the Australian Securities Exchange (ASX code: ISU)

Company Website:

<https://www.iselect.com.au/>

Investor Website:

<https://www.iselect.com.au/corporate/investor-centre/>



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