Business interruption judgment response and capital raising

This release has been authorised by the IAG CEO

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Disclaimer

This document (the *Presentation*) is dated 20 November 2020 and has been prepared and authorised by Insurance Australia Group Limited (ABN 60 090 739 923 18) (the *Company* or *IAG*) in connection with IAG's proposed capital raising (the *Capital Raising*), comprising:

- an institutional placement of new fully paid ordinary shares in the Company (*New Shares*) to certain professional and sophisticated investors (the *Placement*); and
- a share purchase plan to eligible shareholders in Australia and New Zealand (the *SPP*).

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Business interruption judgment response and capital raising

Adverse business interruption test case judgment	• Adverse test case judgment on Quarantine Act wording issues – intended exclusions found not to be effective • IAG is recognising an associated claims provision – ~$805m adverse impact on post-tax FY21 earnings • Prudent approach to cover policies with Quarantine Act wording issues and prevention of access extensions • This reduces IAG's CET1 ratio to a level approximately $140m below the lower end of its targeted benchmark range
Capital raising of up to $750m	• IAG is taking decisive action to maintain its balance sheet strength • $650m fully underwritten institutional Placement and a $100m non-underwritten Share Purchase Plan (SPP)[1]
Capital raising maintains strong pro-forma capital position	• Assuming a $750m capital raising is completed, IAG estimates its key regulatory capital pro forma metrics will be: o CET1 of ~1.15x – above the top end of targeted benchmark range of 0.9x to 1.1x o PCA of ~2.03x – above the top end of targeted benchmark range of 1.6x to 1.8x
Trading performance to 31 October 2020	• Low single digit GWP growth • Underlying margin similar to 14.1% in 2H20 (excluding underlying reserve release assumption of 1%) • Broadly neutral COVID-19-related impacts on underlying profitability (before test case judgment response)

[1] For further details refer to slide 10. Full details of the SPP will be contained in the SPP offer booklet, which will be sent to eligible shareholders in due course

Business interruption insurance

Test case on Quarantine Act wording issue has found that intended exclusion does not apply

IAG's position

- Policy wordings explicitly exclude business interruption coverage in pandemic situations
- Introduced post-SARS
- Common industry-wide approach to circumstances where there is the risk of all those insured claiming at once
- No specific catastrophe reinsurance cover
- Whole-of-account quota share (32.5%) arrangements respond

The issues

- Two overarching legal issues have arisen:
  - The effectiveness of insurance policy exclusions which still refer to the Quarantine Act which was replaced by the Biosecurity Act
  - The application of restriction / prevention of access extensions in the context of a pandemic, stemming from specific broker platform wordings
- The industry view on both is that related pandemic exclusions should apply

Test case

- Test case heard on Quarantine Act issue on 2 October 2020 in the Supreme Court of New South Wales Court of Appeal (NSWCA)
- Unanimous decision by the NSWCA on 18 November 2020 that pandemic exclusions which refer to the Quarantine Act are not effective
- Subject to special leave being sought and granted, the decision can be appealed to the High Court of Australia. If an appeal proceeds, decision expected in calendar year 2021
- The prevention of access issue is yet to be tested, however is expected to be a smaller issue for IAG

Provisioning for business interruption

Detailed bottom-up assessment of exposure and expected loss

Policies at-risk

- Approximately 76k policies with business interruption coverage

Insured risk

- Policy categories reviewed and potential losses estimated
- The insured risk is the operating margin and fixed costs of individual businesses, generally over a 12 month period
- In the event of complete loss of turnover for the insured period, then the potential loss would be the full insured risk

Expected loss

- Analysis of expected loss by industry, accounting for variance in turnover across sectors by leveraging industry data

COVID-19 waves

- Considered the two main lockdown periods in Australia
- Liability adjustment due to the overlap of exposure to the two lockdown periods
- No explicit allowance made for any potential future lockdowns

Provision stated after 32.5% quota share recovery and includes risk margin to derive a 90% level of confidence for the Group's total outstanding claim liabilities

Business interruption exposure

Estimated potential FY21 P&L impact of $805m at 31 October 2020

Estimated exposure	Quarantine Act (business interruption + prevention of access)	Biosecurity Act (prevention of access)	Total (pre-quota share)	Total (post 32.5% quota share)
Insured risk (~$bn)	13.0	2.0	15.0	
Net central estimate[1] ($m)	**1,123**	**234**	**1,357**	**916**
Risk margin net of diversification benefit ($m)				320
Total pre-tax provision ($m)				**1,236**
Post-tax provision ($m)				865
FY21 P&L impact[2]				**805**

[1] Net central estimate represents estimated potential loss reflecting exposure analysis effective 31 October 2020 based on:

- Detailed industry and geographical analysis with industries classified as either essential, restricted or non-essential and four grades of impact applied: low, medium, high and very high.
- For each category (12 in number) a default set of assumptions is applied for the proportion of policies impacted and turnover reduction, with adjustments made to specific industries where there is cause to believe the potential impact is materially better or worse than the default.
- Assumed lockdown periods are 3-4 months in duration, with an 8-9 months recovery period. Specific allowance has been made for the 'second lockdown' in Victoria.
- Significant judgment has been exercised to derive the provision estimate, which has been subject to independent peer review. Refer to the Key risks section of this Presentation for further information.

[2] Excludes business interruption element of the $106m pre-tax COVID-19 specific provision recognised in FY20 ($60m post-tax).

Trading update

1Q21 update provided at AGM, potential 1H21 pre-tax charge of $70-90m

Trading update to 31 October 2020

- Low single digit gross written premium growth, despite adverse foreign currency translation effect from New Zealand
- An underlying margin performance similar to 14.1% reported in 2H20 (excluding underlying reserve release assumption of 1%)
- Combined COVID-19-related effects broadly neutral: benefit from lower motor claims frequency offset by incremental expense and COVID-19 provisioning impacts (before test case judgment response)
- Inclusion of anticipated post-tax charge of less than $50m from Swann class action settlement – excluded from cash earnings definition
- Cost of three separate storm events in late October capped at $17m each post quota-share – perils costs tracking broadly in line with the related perils allowance
- Estimated Maximum Event Retention at 1 November 2020 had increased to $92m post-quota share (1 July 2020: $41m)

Other anticipated 1H21 earnings impacts

- Potential 1H21 pre-tax charge in range of $70-90m ($50-65m post-tax), including:
  - Increase to customer refunds provision established in FY20 (excluded from cash earnings)
    - Further multi-year pricing issues where discounts were not always applied in full to premiums
  - Net prior period reserve strengthening
    - Increase to Australian long tail class reserves reflecting higher large claim incidence and adverse development trends, including revised economic considerations
    - Some offset from releases from short tail claims settlement

Capital position

Capital raising maintains CET1 position above the upper end of benchmark range

Capital position	30 June 2020	4 months to 31 October 2020	31 October 2020	Additional business interruption reserving[1]	31 October 2020 post reserving pro forma	Proposed capital raising[2]	31 October 2020 pro forma
CET1 capital ($m)	2,567	284	2,851	(964)	1,887	735	2,622
Total regulatory capital ($m)	4,098	736[3]	4,834	(964)	3,870	735	4,605
CET1 multiple	1.23		1.34		0.84		1.15
PCA multiple	1.97		2.28		1.72		2.03

[1] Regulatory capital impact contains:
- FY21 earnings impact of $805m ($49m recognised in the 4 months to 31 October 2020)
- $208m from combined deferred tax, excess technical provision and premium liability effects

[2] Assumed $750m capital raising ($735m net of costs) comprises:
- $650m fully underwritten Placement
- Share Purchase Plan of up to $100m (not underwritten)

[3] Includes $450m Tier 2 subordinated debt issue completed in August 2020

IAG benchmark capital ranges

CET1 0.9-1.1 times PCA (regulatory minimum 0.6)

PCA 1.6-1.8 (regulatory minimum 1.0)

Key business interruption related risks

Quarantine Act exposure beyond 31 October 2020

Key risks beyond 31 October 2020
• IAG has presented an estimated exposure at 31 October 2020
• Assumptions include 8-9 months recovery period post-lockdown
• No allowance has been made for potential material future lockdown events
• IAG's insured risk exposure to Quarantine Act is progressively declining as renewals incorporate Biosecurity Act policy wordings

Details of the Offer

Placement size and structure	• Fully underwritten institutional Placement to raise approximately $650m • Approximately 128.7m New Shares to be issued, representing ~5.6% of IAG's existing ordinary shares on issue
Use of proceeds	• Maintain CET1 ratio above the upper end of targeted benchmark range following business interruption-related claim provisioning
Placement pricing and ranking	• Fixed issue price of $5.05 (Placement Price) per New Share • The Placement Price represents a discount of ~7.5% to the closing price of IAG's ordinary shares on 18 November 2020 • New Shares will rank equally with existing ordinary shares
Share Purchase Plan (SPP)	• Eligible shareholders in Australia and New Zealand[1] will have the opportunity to subscribe for up to $30,000 worth of New Shares per shareholder • Issue price equal to the lower of (i) the Placement Price and (ii) a 2% discount to the 5-day volume weighted average price of IAG ordinary shares traded on the ASX up to and including the closing date of the SPP • Record date of 7:00pm (AEDT) 19 November 2020 • New Shares issued under the SPP will rank equally with existing ordinary shares • Targeted SPP raising of up to $100m, with the ability to (i) scale back applications should demand exceed that target or (ii) issue a higher amount above that target, at IAG's absolute discretion • The SPP is not underwritten

[1] Being shareholders with registered addresses in Australia or New Zealand on IAG's share register at 7:00pm (AEDT) on 19 November 2020, and who are not in the United States or acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States).

Offer timetable

Event	Date
• Record date for SPP	Thursday, 19 November 2020 (7pm AEDT)
• Trading halt	Thursday, 19 November 2020
• Announcement of Placement and SPP	Friday, 20 November 2020
• Placement bookbuild	Friday, 20 November 2020
• Placement completion announcement	Monday, 23 November 2020
• Trading halt lifted	Monday, 23 November 2020
• Settlement of New Shares issued under Placement	Wednesday, 25 November 2020
• Allotment and normal trading of New Shares issued under Placement	Thursday, 26 November 2020
• SPP Offer opening and dispatch of SPP booklet	Monday, 30 November 2020
• SPP Offer closing date	Friday, 18 December 2020 (5pm AEDT)
• Issue date for SPP shares	Thursday, 31 December 2020
• New Shares issued under SPP commence trading on ASX	Monday, 4 January 2021
• Holding statements for SPP shares dispatched	Wednesday, 6 January 2021

Note: All dates are indicative only. All dates and times are AEDT time, unless otherwise specified. IAG reserves the right to vary the dates of the Placement and SPP, in general or in particular cases, including closing them early or terminating them altogether, without prior notice.

Appendix 1: Key risks

RISK FACTORS

You should be aware that there are risks involved with participating in the Placement or SPP and being issued ordinary shares (“New Shares”) in Insurance Australia Group Limited ("IAG"). Certain of these risks are specific to an investment in IAG and certain others are specific to investing in and holding IAG shares. As a primarily trans-Tasman insurance business, IAG is in the business of managing risk and is subject to a substantial variety of business risks. Some of the material business risks that IAG faces include capital, organisational conduct and customer, strategic, insurance, reinsurance, credit, market, liquidity, operational, and regulatory and compliance. Each of the risks highlighted below, being risks relating to IAG and its businesses, could have a material adverse effect on IAG’s business, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the value of its shares. Prospective investors should note that the risks described below are not the only risks faced by IAG or relating to the New Shares. Other risks may materially affect the future performance of IAG and the value of the New Shares. Additional risks and uncertainties not presently known to management or that management currently believe not to be material may also affect IAG’s business. Any of these risks could have the effects set forth above. In particular, investors should note that the unprecedented uncertainties and risks created by the COVID-19 pandemic could materially change IAG's risk profile at any point after the date of this document and adversely impact the financial position and prospects of IAG in the future. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by IAG or any other person.

RISKS RELATING TO IAG

Coronavirus (COVID-19)

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic. There continues to be considerable uncertainty as to the duration of and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions. The impact of some or all of these factors could cause significant direct disruption to IAG’s operations and financial performance and could produce claims in a variety of industries and geographies from many of IAG’s policyholders at the same time. Furthermore, as a primarily trans-Tasman business with multiple (geographic and jurisdictional) subsidiaries, the pandemic and associated impacts could necessitate further divisional capital requirements / support (either on a standalone basis or concurrently), which creates additional challenges and risks for the financial position of IAG. A continuation or escalation of the COVID-19 pandemic could also materially affect risk profiles and affect the ability of IAG to write new business and reinsure existing risk. Additionally, IAG’s investment portfolio (and, specifically, the valuations of investment assets held by IAG) has been, and may continue to be, adversely affected as a result of market developments from the COVID-19 pandemic and uncertainty regarding its outcome. Furthermore, IAG's financial position may be adversely impacted if certain of its suppliers (including its counterparties, suppliers of IT services, and other suppliers of goods and services) are unable to successfully implement business continuity plans in the current environment or if any such suppliers are unable to continue as going concerns as a result of the economic impact of COVID-19. The spread of COVID-19 has already resulted in governmental authorities in Australia, New Zealand, Asia and other countries around the world imposing a variety of measures restricting day-to-day life, including quarantines and travel restrictions of varying scope. This has resulted in significant disruptions in the global economy and the economies of particular countries, including travel, retail, tourism, health systems, food and manufacturing supply chains, consumption and overall economic output, which in turn has caused lower interest rates and significant volatility in global financial, commodity and other markets. However, the extent of the impact on IAG’s business, results of operations, financial condition, liquidity and cash flows is largely dependent on future developments, which are highly uncertain and not predictable, including the scale of COVID-19 and actions taken to address its impact.

Appendix 1: Key risks

Coronavirus (COVID-19) (continued)

Moreover, changes in interest rates, reduced liquidity or a continued slowdown in Australia, New Zealand, Asia or global economic conditions may also adversely affect IAG's business, financial condition, results of operations, liquidity or prospects. Further, extreme market volatility may leave IAG unable to react to market events in a prudent manner consistent with its historical practices in dealing with more orderly markets. As a result of the COVID-19 pandemic, IAG may also face increased costs associated with claims under its policies, an increased number of customers experiencing difficulty paying premiums or policies being designated as "no lapse" for periods of time. As a result, the cost to IAG of reinsurance could increase, and IAG may encounter decreased availability of reinsurance. To the extent the COVID-19 pandemic adversely affects IAG's business and results of operations, it may also have the effect of heightening the materiality of the other risks described in this "Key risks" section.

Uncertainty of exposure relating to business interruption claims

As set out below in this risks section, as an insurer, IAG is always subject to the uncertainty of future liabilities and makes actuarial and statistical projections based on the information available to it. In relation to business interruption claims (including those relating to the BI Test Case), IAG's actual exposure will depend on the number of claims that are ultimately made. For any given claim, a complex set of factors will determine whether cover extends and if so the quantum of settlement, including:

- the proper construction of the particular wording of the disease clause / prevention of access clause;
- the application of the clause, properly construed, to the particular insured business, which will be affected by, among other matters:
  - the geographic location of the insured premises;
  - the particulars of the business activity carried on at the premises; and
  - the specific impact of government / public health measures on that business activity; and
- the application of provisions in the policy dealing with quantification or assessment of loss ('basis of settlement') which varies depending on each business circumstance.

Separate to the BI Test Case, there are test cases that are likely to be heard in the future regarding the potential application of prevention of access clauses in policies to COVID-19 losses. Whilst IAG has provisioned for such claims, it is possible that an adverse judgement may negatively impact IAG's financial position or that the amount provisioned for is not sufficient in the circumstances to cover IAG's exposure.

Accordingly, given the multitude of factors that may dictate the actual financial impact on IAG of business interruption claims, including those that result from the judgment by the NSWCA, and the uncertainty in relation to these factors, it is possible that the exposure to IAG could be greater or less than the quantum it has estimated. If the overall quantum of exposure is greater than estimated, the proceeds raised from the Offer may be insufficient to restore IAG's CET1 capital to IAG's target range and it may require a further injection of capital, including by issuing new shares.

Strategic risk

There is a strategic risk associated with the competitive positioning of the business, and IAG's ability to respond in a timely manner to changes in its competitive landscape and protect the value of its brands. Examples of strategic risks include new and existing competitors, a change in distribution or business models, digital disruption, new technologies and changing customer needs and preferences. Customer preferences continue to change rapidly in the financial services environment, driven in particular by advances in technology and competitive dynamics. A failure by IAG to adapt its capabilities, operating model, products and services in order to remain relevant to customers and to compete effectively within a rapidly changing environment may impact levels of new business and retention of existing business, resulting in lower than anticipated revenues, profits and customer satisfaction. This may result in adverse consequences to IAG's prospects and financial position.

Appendix 1: Key risks

Global market and economic environment

There is a risk that the financial performance of IAG is significantly affected by changes in investment markets and economic conditions both globally and in the jurisdictions where it conducts business (i.e., Australia, New Zealand and Asia), in addition to the significant risks posed by the COVID-19 pandemic. Such changes, including, but not limited to, fluctuations in inflation, interest rates, exchange rates and availability of capital, may also adversely affect the operating margins of IAG and its businesses, the demand for IAG's products and services and the ability of IAG to raise capital and IAG's capital position. Changes in the economic environment may also impact customer demand for insurance products and services and may have an effect on premiums and pricing.

Climate change

IAG faces a number of risks as a result of climate change, including, broadly, physical, transition and liability risk. Physical risk refers to the tangible impacts of climate change and will typically include the increased frequency and cost of claims as a result of the severity and frequency of catastrophes, natural disasters and other similar events. IAG's operations and financial condition, performance and results could be significantly adversely impacted as a result of such events, and this may affect the value of IAG's shares. Transition risk is the risk associated with the transition to a low-carbon economy. This includes the risks associated with the inability to adequately implement changes to policy, technology and societal expectations to transition to a low-carbon economy and may result in reputational, operations and supply chain disruption as well as changes in demand for IAG's financial products and services. Liability risk refers to the litigation or legal risk resulting from both physical impacts of climate change and an inability to transition to a low carbon economy. This may impact IAG's financial performance, position and reputation through failure to manage physical and transition risk leading to losses arising from potential litigation. IAG considers the projected implications of climate change on the frequency, severity and potential locations of natural catastrophes on its business. IAG includes climate change in the aggregate exposures it monitors as a component of natural perils and catastrophes. IAG's reinsurance program is in place to manage aggregate exposures. The amount of reinsurance protection IAG buys depends upon the estimates of probable maximum loss. These estimates may prove to be incorrect and IAG's aggregate claims may exceed its estimates. A significant risk is the potential underestimation of the impact of catastrophic events related to changes in weather patterns on IAG and more broadly the insurance industry. This may lead to increased claims experience, losses and/or shortfalls in reinsurance cover, each of which is likely to have an adverse impact on IAG's financial performance. There is also the operational risk of increased claim costs due to the impact of climate change scenarios. Although IAG is actively shaping its strategy, policy and risk management frameworks and practices to manage risks associated with climate change, there is a risk that these activities may not sufficiently safeguard IAG's operations and therefore adversely impact IAG's financial performance, position, profitability and, therefore, the value of its shares.

Mergers, acquisitions and divestments

There is a risk IAG fails to adequately manage the risks associated with any mergers, acquisitions or divestments which could have a material adverse effect on its financial performance or position. IAG regularly examines its portfolio of businesses and a range of corporate and other opportunities with a view to pursuing merger, acquisition or divestment activities which are designed to improve its strategic and/or market position and performance over the medium to long term. Any merger, acquisition or divestment activities which are pursued could, for a variety of reasons, have a material impact on the financial performance and position of IAG, including diversion of management resources, dilution of focused effort or loss on divestment. Any acquisitions may require assimilation of new operations and personnel and organisational culture, and may cause dilution of IAG's management resources. Changes in ownership and management may result in impairment of relationships with employees, customers, suppliers and partners of the acquired businesses.

Appendix 1: Key risks

Mergers, acquisitions and divestments (continued)

Depending on the type of transaction, it could take a substantial period of time for IAG to realise the financial benefits of the transaction, if any. During the period following this type of transaction, IAG's operating results may be adversely affected. There may also be an impact on IAG's financial strength and credit ratings. As a result, the value of its shares may also be adversely impacted. Following divestment of any part of its business or its assets, IAG may be exposed to future warranty claims or suffer from claims made by customers during the relevant period of IAG's ownership. It is possible that such liabilities may not be excluded from any sale agreement or covered by any reinsurance arrangement. IAG continues to explore options for its remaining investments in Asia. The risks associated with foreign markets generally include, but are not limited to, complexity of foreign tax regimes, adverse currency movements and regulatory change. Where IAG decides to divest a business or asset, this may involve a loss against book value, particularly of any goodwill or intangible assets. As a result, the financial condition of IAG may be adversely affected, which in turn may impact the value of its shares.

Risks relating to catastrophes and latent exposures

There is a risk that IAG's financial performance and position is impacted by the frequency and severity of catastrophes and latent risks. As a general insurer, IAG is subject to the risk of large-scale claims arising out of catastrophic events. Catastrophes may include cyclones, earthquakes, tsunamis, wind, hail, floods, drought, fire or volcanic activity, which are inherently unpredictable with regard to frequency and severity. Claims arising out of catastrophes can be substantial, and can adversely affect IAG's financial performance, position and operations across either the short or longer term. IAG uses reinsurance extensively as a tool to mitigate these short-term financial impacts by laying off large individual risks or concentrations of risk to a suite of reinsurers.

There has been an increased frequency of natural disasters globally in recent years and it is expected that this trend will continue in the medium to long term. In particular, the Australian bushfire season in 2019-2020 has had a direct impact on IAG and its customers. The increase in frequency and severity of natural disasters could lead to an increase in claims from IAG's customers, an increase in premiums (which could result in a fall in business) and could substantially alter IAG's risk profile and ability to write business. Certain product classes offered by IAG may also be subject to the emergence of new types of latent claims. An historical example includes claims arising from asbestos. Claims arising out of latent claims can be substantial, and can adversely affect IAG's financial performance and position. The risks associated with latent claims are carefully considered by IAG when it determines the level of policy cover for those product classes and calculated provisions for future claims. Reinsurance is also used to reduce the financial impact of these claims.

Market position and risks relating to competition

IAG maintains a market leading position in the general insurance sector in Australia and New Zealand. There is a risk of deterioration in business performance in IAG's core markets. IAG primarily operates in Australia and New Zealand, which respectively accounted for 77% and 23% of IAG's reported gross written premium for the financial year ended 30 June 2020. IAG's performance is largely dependent on the financial performance of the insurance sector in these countries. There is a risk that competition could increase pressure on IAG's ability to maintain its market share and/or preserve its insurance margins. This may impact IAG's financial performance and position, profitability and return to investors.

Appendix 1: Key risks

Market position and risks relating to competition (continued)

The insurance industry is highly competitive with IAG facing competition from both established operators as well as non-traditional new market entrants. The emergence of new entrants into the industry (such as “insure-techs”) with the introduction of new business models and technology could potentially lead to the disruption of traditional market practices. IAG’s position as a leading general insurer in Australia and New Zealand is an important factor in it being able to achieve strong and sustainable insurance margins. However, as a consequence of competition from existing and new competitors (including the “insure-techs”), IAG could lose market share or be forced to reduce prices in order to compete effectively. This may occur, for example, if industry participants engage in aggressive growth strategies or price discounting. If IAG does not compete effectively (including to adapt its capabilities, operations, products and services and pricing thereof) there will be adverse consequences to its prospects and financial position.

Reinsurance risks

IAG uses reinsurance, including quota share, as a risk mitigation tool. There is a risk that IAG’s current reinsurance coverage is not adequate, that it does not match the underlying risks assumed, that it may not be available or available at acceptable premium rates or levels in the future or that increases in reinsurance costs will not be recovered through premium rates. There may be adverse consequences for IAG, including an increase in insurance risk (which would also increase the amount of capital IAG is required to hold), if existing contracts are not replaced on expiry, or there is otherwise inadequate reinsurance cover available in the future. In addition, reinsurance contracts are generally subject to change in control clauses which means there may be adverse consequences for IAG (such as termination) if the ownership of IAG changes during the term of the relevant reinsurance contract. IAG is exposed to the counterparty credit risk that its reinsurers may default on their obligation to pay claims. In addition, it may take a long time for IAG to collect reinsurance monies that are owed to it, and reinsurers may dispute their liability to pay, even if IAG has a valid claim. Notwithstanding the reinsurance arrangements IAG enters into, a failure by a reinsurer to make payment for any reason can adversely affect IAG’s financial performance and position and, therefore, the value of its shares.

Organisational conduct and customer risk

Organisational conduct and customer risks arise from behaviour or action taken by entities and employees associated with IAG and its controlled entities that may have negative outcomes for its customers, staff, communities and markets in which it operates. This includes the risk of failing to meet customer expectations as well as the risk that products are designed, priced and distributed in a way that does not meet the needs and expectations of customers. IAG is highly dependent on the conduct of its employees, contractors and external service providers. IAG could, for example, be adversely affected in the event that an employee, contractor or external service provider engages in unfair or inappropriate conduct or acts outside the ambit of their authorisation. This could include losses from a failure to meet a professional obligation to specific customers, including fiduciary and suitability requirements, or from the nature or design of a product. It is not always possible to deter or prevent misconduct on the part of IAG's employees, contractors and external service providers. While IAG has policies and processes to manage employee, contractor or external service provider misconduct, these policies and processes may not always be effective. Instances of fraud, illegal or unauthorised acts, errors, failures to comply with regulatory requirements and IAG's internal policies may result in losses and / or reputational damage to IAG's business.

Appendix 1: Key risks

Reputational risk

There are risks which may cause harm to the reputation of IAG or its group members among customers, investors and others, including those relating to legal and regulatory requirements, sales, claims handling, investment and advisory practices, potential conflicts of interest, money laundering laws, foreign exchange controls, trade sanctions laws, privacy laws, ethical issues and conduct by companies in which IAG holds strategic investments. This could lead to a range of adverse outcomes for IAG, including loss of market share and/or an inability to preserve insurance margins. This may impact IAG's financial performance and position, profitability and return to investors. In addition, failure to appropriately manage some of these risks could subject IAG to litigation, legal and regulatory enforcement actions, fines and penalties. Negative media coverage could also adversely affect IAG's financial performance.

Changes in customer preferences and market practices

The emergence of the 'internet of things' and rapid development of technology and web-connected devices may have implications on the traditional practices employed in general insurance. This includes the potential for changes in market practices such as the way products are developed in future with the emergence of concepts such as 'on-demand' protection. Further it is envisaged that customer preferences will evolve with the emergence of the 'gig / share economy' and the impact of this on core business segments such as home and motor insurance. Looking further ahead, concepts such as "driverless or autonomous vehicles" will also create an element of disruption to traditional practices. Investors should be aware of the risk that failure to adequately evolve IAG's business model to accommodate changes in customer preferences and needs and market practices could impact IAG's financial performance, position and market share.

Risks relating to performance of investments

There is a risk of adverse performance of IAG's investment assets impacting IAG's financial performance and position. IAG has substantial investment portfolios made up of funds set aside to meet future claim payments and the investment of capital provided to IAG. As a consequence, investment performance can significantly affect IAG's financial performance and position. IAG invests in a range of different funds and markets and so is exposed to risk and volatility in those markets generally, and in the securities and other assets in which it invests. Those risks include, but are not limited to: (i) counterparty default; (ii) fluctuations in market prices, interest rates and exchange rates; and (iii) investment instruments becoming illiquid. Such risks can be more extreme during periods of high volatility and financial market disruption.

Uncertainty of future liabilities

There is a risk that future unpaid claims exceed IAG's estimates which may adversely affect IAG's financial performance and position. IAG has a liability for future benefits payable to policyholders and for unpaid claims in its general insurance business. The assessment of these future policy liabilities depends on estimates of expected future revenue and expenses. These estimates are based on actuarial and statistical projections made on the basis of the facts and circumstances known at a given time, estimates of likely future trends, and assumptions about future investment returns, expenses and inflation rates. Although IAG maintains assets in excess of estimated future policy liabilities based on best estimate assumptions, actual results and conditions may be different from those assumed, due to deterioration in persistency of claims, natural disasters or worsening general economic conditions. As a result of uncertainty in assessing future policy liabilities, there can be no certainty that the actual group reserves for future unpaid claims will not materially exceed IAG's estimates. The uncertainty of future policy liabilities can expose IAG to losses and increased costs, and can adversely affect IAG's financial performance and position and may impact the value of its shares.

Appendix 1: Key risks

Adverse foreign exchange rate movements

There is a risk of IAG sustaining losses through adverse movements in foreign exchange rates. Such movements can impact IAG's financial position and performance and the level of capital supporting IAG's businesses. From an operational perspective, IAG faces exposure to foreign exchange risks through direct foreign income and expenses, the settlement of foreign currency denominated assets and liabilities and the translation of the net investment and earnings of certain subsidiaries. Foreign exchange losses can also impact IAG's investment portfolios, which in turn can affect IAG's reputation, asset values, financial performance and position.

Change in IAG's credit rating

There is a risk that a downgrade or potential downgrade to IAG's credit rating may reduce access to, and increase the cost of, capital and debt funding. It may also affect IAG's competitive position in commercial insurance markets and the willingness of customers, intermediaries or other counterparties to transact with it, which may negatively impact the level of IAG's premiums and its ability to obtain reinsurance at reasonable prices or at all. Credit ratings may be withdrawn, qualified, revised or suspended by credit rating agencies at any time. The methodologies by which they are determined may also be revised in response to legal or regulatory changes or market developments or for any other reason. IAG's credit rating may also be affected by a change in IAG's risk appetite.

Capital structure

As a regulated insurance group, it is essential that IAG maintains adequate group capital coverage over time in line with IAG's risk profile and regulatory capital requirements. Any failure of IAG to maintain adequate capital coverage could result in regulatory investigations and fines, erosion of trust from the group's customers leading to a fall in business, and a requirement to seek additional capital. There is no guarantee that IAG will be able to raise capital if it is required to do so. IAG has several regulated subsidiaries which are each required to maintain a minimum level of capital to meet obligations to policyholders. A failure of any one or more of these entities to maintain its minimum capital requirements may have an adverse impact on that entity as well as on the broader IAG group.

Ability for IAG to access funds from subsidiaries is limited

IAG is a non-operating insurance holding company and depends on dividends, distributions and other payments from subsidiaries to make the payments due on its obligations, including outstanding debt, and to pay dividends to shareholders. The majority of the group's investments are held by IAG's regulated subsidiaries. IAG's subsidiaries may be limited in their ability to make dividend payments or advance funds to IAG in the future because of the need to support their own capital requirements or because of regulatory limits (which may be imposed in times of economic distress or otherwise and may be beyond IAG's control). The inability of subsidiaries to make payments, dividends or distributions in an amount sufficient to enable IAG to meet its cash requirements could have an adverse effect on IAG's ability to meet its debt service obligations or dividends on shares.

Appendix 1: Key risks

Operational factors

There are operational risks that IAG is exposed to which may result in significant losses, increased costs and reputational damage. These may be due to inadequate or failed internal processes, people and systems or from external events. Operational risk types include, but are not limited to business disruption; cyber; data risk; project delivery and change risk; employment practices and workplace safety; financial crime, fraud and corruption; process execution; suppliers and service providers; and damage to physical assets.

Compliance Risk

IAG is at risk of legal or regulatory impacts or reputational loss arising from failure to manage compliance obligations, industry codes of practice, or failure to anticipate and prepare for changes in the regulatory environment. There are processes in place to manage these risks, noting however IAG operates in a complex environment subject to regular regulatory change. During the 2020 financial year, IAG raised a post-tax provision for customer refunds, interest attributable to those refunds and the cost of administering the associated remediation program. This relates to specific multi-year pricing issues identified by IAG where discounts were not always applied in full to premiums for all customers who may have been eligible. IAG continues to investigate historical pricing practices. There is a risk that these investigations may identify additional instances where customer refunds are required. As at 30 June 2020, IAG had a contingent liability relating to a retrospective compliance review across a number of its payroll-related procedures. The review was commenced by IAG proactively to satisfy itself of compliance, and is in keeping with a number of other large corporations. While the review is ongoing, there is a risk of IAG incurring costs relating to any remediation of that review, including back payments to impacted employees. There is also a risk of legal and regulatory proceedings, investigations or other compliance outcomes, as well as associated regulatory penalties and reputational impacts.

Litigation and regulatory proceedings

The insurance industry, including IAG, is highly regulated. Members of the insurance industry have been the subject of especially intense regulatory scrutiny since the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. IAG is subject to various regulatory regimes across the various jurisdictions in which it operates, provides services and raises funds. Ensuring compliance with all applicable laws, rules and regulations is complex and challenging. There is a risk that IAG does not implement and may historically not have implemented, the processes and controls required by the relevant laws and regulations applying to it in sufficient time to prevent contraventions, and that its controls and processes may have been inadequate or ineffective in ensuring compliance. There is a risk of complaints, investigations and regulatory action (including litigation) as a consequence of past failings or alleged failings in IAG's processes and controls, including any that have led to the disadvantaging of its policyholders and customers, and including the Swann Insurance case study in Part 8 of Volume 2 of the Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and matters that IAG has self-reported from time to time. Some regulatory investigations relating to self-reported matters are currently on foot. There is a risk that the outcome of legal and regulatory proceedings from time to time may have a material adverse effect on IAG. IAG, like all other entities in the insurance or finance sectors, is exposed to the risk of litigation and regulatory proceedings brought by or on behalf of policyholders, reinsurers, government agencies or other potential claimants. In addition, IAG, in the ordinary course of business, is regularly involved in legal proceedings relating to policies underwritten by entities within IAG or arising from operations generally.

Appendix 1: Key risks

Litigation and regulatory proceedings (continued)
On 6 October 2020, IAG agreed to a settlement of the class action brought against its subsidiaries, Swann Insurance (Aust) Pty Ltd (Swann) and Insurance Australia Limited. IAG exited these business areas with the sale of Swann's rights to distribute through motor vehicle dealers in August 2016 and the cessation of distribution through motorcycle dealers in the financial year ended 30 June 2018. The settlement involves a gross payment of $138 million and is subject to approval by the Federal Court of Australia. Inclusive of all related costs and after insurance recoveries, IAG anticipates a net after tax impact from this settlement of less than $50 million. This will be reflected in IAG's reported earnings for the six months ended 31 December 2020.

On 18 November 2020, the New South Wales Court of Appeal handed down its judgment in respect of the test case which focuses on the application of the Quarantine Act exclusion to infectious diseases cover in business interruption policies (BI Test Case). The BI Test Case decision will have an adverse impact on IAG's earnings and a reduction in regulatory capital. The proceeds from the Offer will be used to restore IAG's targeted Common Equity Tier 1 (CET1) capital to IAG's target range. There is a risk that the adverse impacts of the BI Test Case on IAG's earnings and regulatory capital could be greater than expected, including because underlying assumptions used to quantify the potential exposure may be incorrect. In this case, the proceeds raised from the Offer may not be enough to restore IAG's CET1 capital to IAG's target range, and IAG may be required to raise additional capital (including by issuing further shares). There is a corresponding risk that the adverse impacts of the BI Test Case on IAG may be less than expected. For example, if the decision in the BI Test Case were to be successfully appealed to the High Court of Australia. If such an appeal was successful, then the expected adverse impacts of the BI Test Case on IAG's earnings and regulatory capital may not materialise and IAG will have raised capital that it may not necessarily require at this point in time.

ASIC has referred the previously reported pricing issues to their Regulatory Enforcement unit. The results of ASIC's investigations remain unclear, however, there is the potential for ASIC to sanction IAG with actions including enforceable undertakings and/or financial penalties.

Impact of disruption to technology impacting IAG's operations
IAG's operations are highly reliant upon its information technology systems and infrastructure to deliver its products and services to customers and information across regulatory and stakeholder groups. There are a number of factors that could impact the stability of IAG's technology, including failure to maintain or upgrade legacy systems, physical attacks, cyber-attacks, the inability to recover or restore systems within satisfactory timeframes and an increasingly complex technology infrastructure and technology environment.

IAG is also reliant upon the integrity of the technology systems and environment adopted by its third parties and suppliers. Further, the rapid change observed in technology, mobile devices and applications has evolved customer expectations to access services on demand. Disruption to IAG's technology environment may result in reputational damage, loss of trust, theft or damage to private and confidential data (including customer data), regulatory intervention, litigation, loss of productivity, customer remediation and technology remediation programs. This could adversely impact IAG's financial performance and position as well as market share and customer satisfaction.

Appendix 1: Key risks

Information security, including cyber-attacks and data security breaches

Consumer data rights and protection continue to require greater investment in processes and systems to achieve compliance with current and proposed legislation. IAG processes and stores a large volume of private and confidential information on its technology systems and networks. IAG also uses third parties and external services to store private and confidential data through use of 'cloud' infrastructure. There is a risk that IAG could incur losses from cyber-attacks or other information security breaches. Threats to technology systems, including cyber-attacks and data security breaches continue to evolve in a rapid and more sophisticated manner. IAG uses new technologies, internet and telecommunications in its day-to-day operations and the growing sophistication and activities of organised crime have resulted in increased information security risks for financial institutions including IAG. While IAG has information technology security systems in place to detect cyber-attacks and implement measures to protect the security, integrity and confidentiality of its information, these systems and measures may not be successful in all circumstances. In the event of a breach of information security, it is likely that IAG will be impacted by reputational damage, regulatory intervention including fines, loss of customers and remediation programs.

Reliance on models and accounting judgments and estimates

IAG prepares its financial statements and disclosures in accordance with standards issued by the Australian Accounting Board and International Financial Reporting Standards (IFRS). IAG also relies on models employed across its value chain to help determine product pricing, risks in force, capital modelling, stress testing and its reinsurance program. The outputs of these models may also be included in disclosures in financial statements and they may also require judgment to be exercised. The introduction of IFRS 17 in 2023/24 will impact financial reporting by insurers through a more uniform measurement and presentation approach for all insurance contracts. Failure to either adequately implement IFRS 17, exercise appropriate judgment when determining accounting estimates or monitor and validate the performance of its internal models could result in loss to IAG. This includes reputational damage amongst stakeholders, customers and regulators, as well as financial penalties (including increased capital requirements) and remediation programs.

Failure of risk management strategy

There is a risk that IAG's risk management framework does not identify risks that may exist, or develop in the future, which IAG has not anticipated or identified. In addition, there is a risk that IAG's risk controls may not operate effectively and lead to losses or breaches of regulatory and legislative obligations. If any of IAG's risk management processes and procedures (including the performance of its controls) prove ineffective or inadequate or are otherwise not appropriately implemented, IAG could suffer unexpected losses and reputational damage which could adversely affect IAG's businesses, financial performance and position, capital resources, financial condition and prospects. IAG is committed to continuously improving how it manages risk, and has in progress a transformation program which will further uplift Risk and Compliance practices.

Transformation and change programs across IAG may not deliver some or all of their anticipated benefits

There is a risk that implementation of transformation and change programs across IAG may not realise some or all of the anticipated benefits which may adversely impact IAG's reputation and financial performance and position. IAG as part of its strategy has invested significantly in simplification and risk management improvement initiatives across the Group. IAG also continues to pursue business process improvement initiatives and invest in technology in order to achieve its strategic objectives, meet ongoing customer expectations and respond to competitive pressures. As these changes are being undertaken in an environment of economic uncertainty and increased regulatory activity and scrutiny, operational and compliance risks are increased.

Appendix 1: Key risks

Recruit and retain appropriate staff

The success of IAG is highly dependent on the quality of its workforce. The rapidly evolving technology and regulatory landscape impacting the insurance sector across the geographies in which IAG operates means that the recruitment and retention of skilled and capable staff is critical to IAG being successful in delivering its strategy. The risk remains that IAG is unable to attract or retain key resources due to increased competition for resources including through the structuring and outcomes of remuneration arrangements. This may adversely impact IAG's ability to deliver on its strategy, financial performance and customer outcomes. Changes in regulation and law may also impact IAG's ability to attract and retain quality staff. For example, the proposed Financial Accountability Regime under which directors and certain senior staff will be subject to statutory obligations in connection with their position.

Changes in government policy, regulation and / or legislation

There is a risk that changes in government policy, regulation or legislation could have an adverse effect on the financial performance and position of IAG. The general insurance industry is subject to extensive legislation, national and State-based regulation and supervision by regulators (including but not limited to, in Australia, the New South Wales State Insurance Regulatory Authority, the Australian Securities & Investment Commission (ASIC), the Australian Prudential Regulation Authority (APRA), the Office of the Australian Information Commissioner, Australian Transaction Reports and Analysis Centre and the Australian Competition and Consumer Commission, and in New Zealand the Financial Markets Authority, the Office of the Privacy Commissioner, and the Reserve Bank of New Zealand). Any future legislation and regulatory change in any jurisdiction where IAG carries on business may affect the insurance and finance sectors and adversely affect IAG. This could include changing the required levels of capital adequacy and / or changes to accounting standards, taxation laws and prudential regulatory requirements, and may affect the value of IAG's shares. Government and agency inquiries and reviews relating to general insurance occur from time to time, such as following certain natural peril and weather-related events, or a periodic review of the performance of insurance schemes where coverage and pricing are regulated by government. It is possible that industry changes arising from these inquiries and reviews may result in increased costs and have an adverse effect on the financial performance and position of IAG. Interventions including but not limited to moratoriums on cancellations for non-pay, non-renewal, conditional renewals, grace periods and extensions, changes to coverage (including but not limited to policy wording) either retrospectively or otherwise could significantly impact IAG. Any governmental or regulatory interventions that require us to limit or otherwise change our operations, or prohibiting us from engaging in certain activities, could materially adversely affect our business, financial condition and operating results.

Impacts of regulator led change and oversight posture

Regulatory risk consists of the failure to meet regulatory expectations, respond to changes in the regulatory environment or impair an institution's relationship with its regulators. Following the Global Financial Crisis there has been a significant increase in regulatory supervision and activity with respect to the financial sector in Australia and New Zealand. In recent years this activity has been driven in part as a response to perceived failures in conduct, compliance and operational risk by a range of Australian financial institutions, which have led to a perceived loss of trust in the financial sector and regulators. This and other factors have led to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and subsequent changes to the structure and powers of financial sector regulators within Australia. IAG should be well placed to monitor and implement regulatory change and changes to regulator posture. There is however a risk that given the extensive regulatory change proposed that these may not be consistently applied across IAG's operating jurisdictions and therefore lead to issues with regulators that require remediation activities. These could impact IAG's financial performance, position, reputation and standing with regulators.

Appendix 1: Key risks

Prudential regulation

There is a risk that the position of shareholders may be adversely affected due to IAG (and its related entities) being subject to prudential regulation. In Australia, as a prudentially regulated authorised non operating holding company, IAG is subject to the requirements of, among other things, the Insurance Act and prudential standards set by APRA. The Insurance Act includes certain powers that APRA may exercise in a manner that may be adverse to the interests of shareholders, including IAG to conduct its business in a particular way or not to pay a dividend in respect of any shares. APRA's prudential standards may also restrict the payment of dividends or other distributions in respect of IAG's shares in particular circumstances. In addition, Part 4 of the Financial Sector (Transfer and Restructure) Act 1999 of Australia authorises APRA to order the compulsory transfer of business of a general insurer to another entity, including to an entity not controlled by IAG in particular circumstances. This could include a compulsory transfer of business from one of IAG's subsidiaries which conduct substantially all of the insurance and other business of IAG. Broadly, APRA may make a determination to transfer the business of a general insurer:

(i) where the general insurer has contravened the Insurance Act, any regulations or other instruments made under that Act or conditions imposed under that Act;
(ii) where APRA has chosen to investigate the general insurer;
(iii) where a judicial manager recommends the transfer; or
(iv) if there is an Insurance Act statutory manager in control of the general insurer, and in each case where APRA considers the transfer appropriate having considered the interests of the policy owners of the transferring and transferee entity.

Any such determination may have a negative impact on IAG, its subsidiaries or IAG as a whole. Similar laws may exist in other jurisdictions in which IAG carries on business such as New Zealand. The general insurance industry is subject to extensive legislation, regulation and supervision by regulators (e.g. in Australia, ASIC, APRA and State-based regulators and in New Zealand, includes the Reserve Bank of New Zealand and the Financial Markets Authority). Any future legislation and regulatory change in any jurisdiction where IAG carries on business may affect the insurance and finance sectors and adversely affect IAG. This could include changing the required levels of capital adequacy and / or changes to accounting standards, taxation laws and prudential regulatory requirements. As a result of the exercise of the regulatory powers described above, shareholders may suffer loss or face increased or different risks in holding IAG's shares.

Organisational Changes

Over time IAG will make changes to its organisational design and senior leadership, to ensure that its operational structure appropriately supports its strategy. There is the potential that organisational changes, such as those recently announced, will take time to fully embed and mature. This may result in loss of staff, reduction in staff engagement and operational issues which could adversely impact on performance or result in risk issues that may take time to identify.

Appendix 1: Key risks

RISKS RELATING TO THE NEW SHARES

Market price of ordinary shares will fluctuate

There have been significant fluctuations and volatility in the prices of equity securities in recent months, which may have been caused by general rather than company-specific factors, including the general state of the economy, the response to the COVID-19 pandemic, investor uncertainty, geopolitical instability, and global hostilities and tensions. In particular, the COVID-19 pandemic has resulted in significant market falls and volatility both in Australia and overseas, including in the prices of equity securities. As detailed above, there continues to exist considerable uncertainty as to the further impact of COVID-19 on the Australian and global economy and share markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the economy and share markets. Any of these events and resulting fluctuations may materially adversely impact the market price of the New Shares. IAG's ordinary shares trade on the ASX. The market price of ordinary shares traded on the ASX can also fluctuate due to various other factors, including:

- Australian and international general economic conditions (including inflation rates, the level of economic activity, interest rates and currency exchange rates), changes in government policy, changes in regulatory policy, the expressed views of regulators, investor sentiment and general market movements, which may or may not have an impact on IAG's operating performance;
- operating results that vary from expectations of securities analysts and investors;
- changes in expectations as to IAG's future financial performance, including financial estimates by securities analysts and investors;
- changes in market valuations of other insurance competitors or equivalent industry institutions;
- changes in dividends paid to shareholders, IAG's dividend payout policy or IAG's ability to frank dividends;
- announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by IAG or its competitors;
- changes in the market price of ordinary shares and / or other capital securities or other equity securities issued by IAG or by other issuers, or changes in the supply of equity securities or capital securities issued by IAG or other issuers;
- changes in laws, regulations and regulatory policy;
- IAG's failure to comply with law, regulations or regulatory policy, which may result in regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings);
- other major Australian and international events such as hostilities and tensions, and acts of terrorism; and
- other events set out in this Key risks section.

It is possible that the price of the New Shares will trade at a market price below the Offer Price as a result of these and other factors.

Liquidity risk

Shareholders who wish to sell their New Shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for ordinary shares. IAG does not guarantee the market price or liquidity of New Shares and there is a risk that shareholders may lose some of the money invested.

Appendix 1: Key risks

Taxation

Any change to the current rate of company income tax in jurisdictions where IAG operates may impact on shareholder returns. Any changes to the current rates of income tax applying to shareholders, whether they are individuals, trusts or companies may similarly impact on shareholder returns.

Dividends may fluctuate or may not be paid

Dividends are payable at the absolute discretion of IAG and the amount of each dividend is also discretionary. The payment of dividends is also subject to a number of factors including (without limitation) sanctions laws, dividend withholding tax, other taxes and APRA's power to object to the payment of a dividend. Recent regulatory guidance has urged entities to exercise caution around capital distributions in the face of ongoing uncertainty and heightened economic risk.

Underwriting risk

IAG has entered into an agreement with the Underwriter ("**Underwriting Agreement**"), under which the Underwriter will subscribe for all New Shares offered under the Placement if they are not bought by investors. If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. If the Underwriting Agreement is terminated for any reason, then IAG may not receive the full amount of the Placement, its financial position may change, and it may need to take other steps to raise capital. Refer to Appendix 3 for a summary of the key terms of the Underwriting Agreement.

Organisational Changes

Over time IAG will make changes to its organisational design and senior leadership, to ensure that its operational structure appropriately supports its strategy. There is the potential that organisational changes, such as those recently announced, will take time to fully embed and mature. This may result in loss of staff, reduction in staff engagement and operational issues which could adversely impact on performance or result in risk issues that may take time to identify.

Accounting Standards

A change in accounting standards by either the International Accounting Standards Board or Australian Accounting Standards Board may affect the reported earnings and financial position of IAG in future financial periods. IAG is in the process of implementing financial reporting changes to be IFRS 17 compliant.

Appendix 2: International selling restrictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators. No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada. Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Appendix 2: International selling restrictions

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation"). In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

Appendix 2: International selling restrictions

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Appendix 2: International selling restrictions

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland. No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (“SCA”) or any other authority in the UAE. This document may be distributed in the UAE only to “qualified investors” (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Appendix 3: Underwriting Agreement key terms

The Underwriter will be the sole lead manager, bookrunner and underwriter of the Placement. IAG has entered into a Placement Agreement with the Underwriter in respect of the Placement ("Underwriting Agreement").

Key terms of Underwriting Agreement

The Underwriter's obligation to underwrite and manage the Placement is conditional on certain matters, including ASX granting a trading halt, IAG releasing to ASX an announcement that discloses the Placement and SPP, as well as the timely delivery of the due diligence questionnaire and certain other documents to the Underwriter.

Termination events

The Underwriter may, in certain circumstances, by notice to IAG, terminate its obligations under the Underwriting Agreement without cost or liability, at any time before 5:00pm on the Settlement Date if any one or more of the following occurs on or before that time or during the period referred to in the relevant subclauses, as applicable:

- there is an outbreak of hostilities not presently existing (in all cases whether war has been declared or not), or the escalation of existing hostilities, involving the Commonwealth of Australia, the United Kingdom, the United States of America, Hong Kong, a member of the European Union or a state of emergency is declared by the Commonwealth of Australia (other than as already declared or subsisting prior to the date of the Underwriting Agreement), there is a material escalation in relation to those matters or there is a major act of terrorism anywhere in the world, excluding any matters which relate to a pandemic or epidemic (such as novel coronavirus, Severe Acute Respiratory Syndrome, swine or avian influenza) that is in existence at, or arising after, the date of the Underwriting Agreement (*);
- a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries (*);
- trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least 1 day on which that exchange is open for trading ("Trading Day") (*);
- in the reasonable opinion of the Underwriter, any adverse change or disruption to the political conditions or financial markets of Australia, the United Kingdom, the United States of America, or Hong Kong (*);
- IAG is in breach of any term, condition, undertaking, representation or warranty of the Underwriting Agreement (*);
- there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new or materially revised law or any new regulation is made under any law, or a Government Agency adopts a policy, or there is any official public announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that such a law or regulation will be introduced or policy adopted (as the case may be) (*);
- a change in the board of directors of IAG is announced or occurs (*);
- the certificate which is required to be delivered by IAG to the Underwriter in accordance with the Underwriting Agreement ("Certificate") is not true or correct (*);

Appendix 3: Underwriting Agreement key terms

- a condition precedent to the Underwriting Agreement is not satisfied by IAG or waived by the Underwriter by its applicable deadline;
- any event specified in the Timetable is delayed for more than 1 business day without the prior written approval of the Underwriter;
- the Certificate is not delivered to the Underwriter in accordance with the Underwriting Agreement;
- The Chief Executive Officer or the Chief Financial Officer of IAG resigns or notifies IAG that they intend to resign;
- IAG withdraws the Placement or the SPP or indicates that it does not intend to or is unable to proceed with the Placement or the SPP; or
- there is an application to a Government Agency (including the Takeovers Panel but excluding ASIC) for an order, declaration (including in relation to the Takeovers Panel, a declaration of unacceptable circumstances) or other remedy, or a Government Agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Placement or the SPP (or any part of either) or any agreement entered into in respect of the Placement or the SPP (or any part of either);
- there is a material adverse change, or in the Underwriter's reasonable opinion, a development involving a potential material adverse change, in the condition, assets, liabilities, financial or trading position or performance, profits, losses, management or prospects of IAG or any of its related bodies corporate (in so far as the position in relation to related bodies corporate affects the overall position of IAG); or
- proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in Australia seeking an injunction or other order in relation to the Placement or the SPP;
- IAG breaches, or defaults under, any provision, undertaking covenant or ratio of a Material Financing Agreement which has a Material Adverse Effect, or a lender or financier fails to agree a waiver or amendment to a Material Financing Agreement in relation to any breach, default or review event under that a Material Financing Agreement and that failure to agree would, in the Underwriter' reasonable opinion, have a Material Adverse Effect;
- IAG commits a material breach of the Corporations Act, the Constitution, the ASX Listing Rules or other applicable laws or has failed to comply with its continuous disclosure obligations under the Corporations Act or ASX Listing Rules;
- except as contemplated by the Underwriting Agreement in connection with the Placement or clause 11.7 of the Underwriting Agreement, IAG alters its capital structure or a Constitution without the prior consent of the Underwriter;
- ASIC issues, or threatens to issue, proceedings in relation to the Placement or the SPP or commences or gives notice of its intention to commence, any inquiry or investigation in relation to the Placement or the SPP;
- ASX makes any official statement to any person, or indicates to IAG or the Underwriter (whether or not by way of an official statement) that:
  - a) approval is refused or not granted (other than subject to customary conditions) to the quotation of all the New Shares on the ASX before 9.30am on the Allotment Date, or if such approval is granted, the approval is withdrawn or qualified (other than by customary conditions); or;
  - b) any Shares will be suspended from quotation by ASX; or
  - c) IAG will be removed from the official list of the ASX;

  any of the matters specified in paragraphs (a) to (c) above actually occurs;
- any director or officer (as that term is defined in the Corporations Act) of IAG is charged with an indictable offence or disqualified from managing a corporation under Part 2D.6 of the Corporations Act, or any administrative, regulatory, self-regulating body, court or other judicial body commences any public action against any such person in their capacity as such in relation to any fraudulent conduct or activity whether or not in connection with the Placement or the SPP, or IAG engages in any fraudulent activity;

Appendix 3: Underwriting Agreement key terms

- any one of the following occurs in relation to IAG or any Material Subsidiary:
  a) an order is made, a resolution is passed or steps are taken, for its winding-up, dissolution, official management or administration;
  b) it institutes any proceedings or arrangements for its liquidation or for the appointment of a receiver;
  c) a receiver, receiver and manager, administrator or similar officer is appointed over, or a distress or execution is levied over, its assets:
  d) it suspends payment of its debts or is unable to pay its debts as and when they fall due; or
  e) it makes or offers to make an arrangement with its creditors or a class of them; or
  f) something having a substantially similar effect to any event or circumstance referred to in paragraphs (a) to (e) above happens in connection with that person under the law of any jurisdiction.

Clause 13.1 of the Underwriting Agreement provides that the Underwriter may not terminate the Underwriting Agreement in reliance on any of the above termination events denoted with an asterisk (*) unless in the reasonable opinion of the Underwriter the event:

- has, or is likely to have, a material adverse effect on the marketing, success or settlement of the Placement or the SPP, the willingness of persons to subscribe for the New Shares (or would in the absence of any contractual obligation have or be likely to have such a material adverse effect), the market price of Shares or the business, financial position or prospects of IAG and its related bodies corporate; or
- has given rise to or is likely to give rise to a contravention by the Underwriter or its affiliates of, or the Underwriter or its affiliates incurring a liability under or being involved in a contravention of the Constitution, the Corporations Act or ASX Listing Rules, as applicable, or any other applicable law.

If the Underwriter terminates its obligations under the Underwriting Agreement, the Underwriter will not be obliged to perform any of its obligations which remain to be performed.

For details of fees payable to the Underwriter, see the Appendix 3B released to ASX on 20 November 2020.

IAG also gives certain representations, warranties and undertakings to the Underwriter and an indemnity to the Underwriter and its affiliates subject to certain carve-outs.
In this summary:

- "**Government Agency**" means any government or any governmental, semi-governmental, administrative, fiscal, judicial, investigative, review or regulatory body, department, commission, authority, tribunal, agency, stock exchange or entity, or any self-regulating body or independent regulator, in any jurisdiction relevant to the Placement, the SPP, IAG and its related bodies corporate;
- "**Group**" means IAG and each subsidiary of IAG;
- "**Material Adverse Effect**" a material adverse effect on the financial position, earnings, or prospects of the Group or the Placement;
- "**Material Financing Agreement**" means any material debt or financing arrangement or any related documentation to which any member of the Group is a party; and
- "**Material Subsidiary**" means a subsidiary of IAG which, based on the latest audited annual consolidated financial statements of the Group, has unconsolidated assets and/or unconsolidated revenues representing 5% or more of the consolidated assets and/or consolidated revenues of the Group.

Disclaimer

Forward-looking statements

This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Capital Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of the Company and its subsidiaries (the **Group**), statements regarding the potential impact of the test case judgment, statements about the insurance industry and the markets in which the Group operates and statements about the future performance and financial condition of the Group. Indications of, and guidance or outlook on, future earnings, capital position or financial position or performance and distributions are also forward-looking statements.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the Group's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Company's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statements may have been prepared or otherwise. Refer to the investor risks set out in this Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Several important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in this Presentation. Other risks may materially affect the future performance of the Company and the price of the Company's shares. Additional risks and uncertainties not presently known to management or that management currently believe not to be material may also affect the Company’s business. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by the Company or any other person. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to the Company as at the date of this Presentation.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), the Company disclaims any obligation or undertaking to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

Disclaimer

Summary information

This Presentation contains summary information about the Group and its activities which are current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete, nor does it contain all information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus, product disclosure statement or other disclosure document prepared in accordance with the requirements of the Corporations Act 2001 (*Cth*) (the ***Corporations Act***). This Presentation must be read in conjunction with the Company's other periodic and continuous disclosure information lodged with the ASX, which are available at www.asx.com.au.

Market and industry data

Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of the Company, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer

This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (***ASIC***)). This Presentation is not and should not be considered an offer or an invitation to acquire New Shares or any other financial products. The SPP offer will be made on the basis of the information contained in the SPP offer booklet (the ***SPP Booklet***) to be prepared for eligible shareholders in Australia and New Zealand and made available following its lodgement with ASX. Any eligible shareholder in Australia or New Zealand who wishes to participate in the SPP should consider the SPP Booklet before deciding whether to apply for New Shares under the SPP. Anyone who wishes to apply for New Shares under the SPP will need to apply in accordance with the instructions contained in the SPP Booklet. This Presentation is not and should not be considered an offer or an invitation to acquire the New Shares or any other financial products and does not and will not form any part of any contract for the acquisition of the New Shares.

Not financial product advice

This Presentation does not constitute financial product or investment advice or any recommendation to acquire New Shares or accounting, legal or tax advice. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Group and the impact that different future outcomes might have on the Group. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. The Company is not licensed to provide financial product advice in respect of the New Shares. Cooling off rights do not apply to the acquisition of New Shares under the Capital Raising.

Investment risk

An investment in New Shares is subject to known and unknown risks, some of which are beyond the control of the Group. The Company does not guarantee any particular rate of return or the performance of the Group, nor does it guarantee any particular tax treatment. Persons should have regard to the investor risks set out in this this Presentation.

Disclaimer

Financial data

All currency amounts are in Australian dollars unless stated otherwise. Prevailing exchange rates have been used to convert local currency amounts into Australian dollars, where appropriate. This Presentation includes certain historical financial information extracted from the Company's audited consolidated financial statements for the year ended 30 June 2020 (collectively, the Historical Financial Information). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures , statements or comparative information as required by the Australian Accounting Standards (AAS), the International Financial Reporting Standards (including the interpretations of the International Financial Reporting Interpretations Committee) (IFRS) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the Company's views on its future financial condition and/or performance. This Presentation contains certain financial measures that are "non-IFRS financial information" and "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. Such non-IFRS financial information and non-GAAP financial measures do not have a standardised meaning prescribed by IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with IFRS. Although the Company believes these non-IFRS financial measures and non-GAAP financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information and non-GAAP financial measures included in this Presentation. Recipients of this Presentation should specifically note that this Presentation contains historical pro forma financial information. The pro forma historical financial information has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information is for illustrative purposes only, is not represented as being indicative of the Company's views on its future financial condition and or performance and does not purport to be in compliance with Article 11 of Regulation SX under the U.S. Securities Act and was not prepared with a view toward compliance with the rules and regulations of the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants for the preparation and presentation of pro forma financial information.

General disclaimers

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates have provided, and may in the future provide, financial advisory, financing services and other services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company, and/or persons and entities with relationships with the Company. The Underwriter and its affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. One or more entities within the Underwriter's group may act as a lender to the Company or its affiliates and may provide other financial services to the Company or its affiliates.

Disclaimer

In connection with the Placement, one or more investors may elect to acquire an economic interest in the New Shares (*Economic Interest*), instead of subscribing for or acquiring the legal or beneficial interest in those securities. The Underwriter (or its affiliates) may, for their own respective accounts, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire securities in the Company in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, the Underwriter (or its affiliates) may be allocated, subscribe for or acquire New Shares or securities of the Company in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in the Company acquired by the Underwriter or its affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Underwriter or its affiliates disclosing a substantial holding and earning fee.

The Underwriter (and/or its affiliates) may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in their capacity as an underwriter to the Offer. A summary of the key terms of the underwriting agreement between the Company and the Underwriter is provided in Appendix 3.

The Underwriter, together with its Beneficiaries (defined below) have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation and do not purport to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by a Beneficiary.

To the maximum extent permitted by law, the Company and the Underwriter and their respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees, agents, securityholders and advisers (Beneficiaries) disclaim all liability and responsibility: (i) in relation to the Presentation or through use or reliance on anything contained in or omitted from it; (ii) to release any updates or revision to the information in this Presentation to reflect any change in expectations or assumptions; (iii) in relation to the currency, accuracy, adequacy, reliability or completeness of any statements or information in this Presentation; (iv) in respect of any fiduciary relationship between them and the recipients of this Presentation; and (v) the exercise of any discretion, including as to determination of eligibility to participate, in connection with the Placement or SPP.

Statements made in this Presentation are made only as at the date of this Presentation and are subject to change without notice. The Company reserves the right to withdraw the Capital Raising or vary the timetable without notice. All references to time are to AEST, unless otherwise indicated. By attending or receiving this Presentation you acknowledge and agree (i) that you understand the contents of this notice and that you agree to abide by its terms and conditions; and (2) irrevocably and unconditionally, to submit to the non-exclusive jurisdiction of the courts of New South Wales, in respect of any disputes, actions, suits or proceedings arising out of, or relating to, this Presentation.

Australia

New Zealand