



ANNUAL MEETING 2022: COMMENTS FROM OUR BOARD CHAIR

I'd like to start by thanking you for joining us at our first Annual Meeting as a public company. I have spent the last number of years using this forum to share a vision for our path to achieving this status, and I am immensely proud to be here today on the other side of that momentous change.

There's no question that 2021 was a milestone year for our company. In addition to celebrating the 150th anniversary of Economical Insurance, our newly branded parent holding company, Definity Financial Corporation, made its public debut. As Definity, we launched the largest Initial Public Offering on the TSX in 2021 – in fact, it was one of the largest IPOs in Canadian history. This achievement was made possible by years of strategic planning, focused determination, and careful execution.

As I said, I have provided updates about that journey annually, always with a lens on how that process was progressing alongside our business transformation – together making us prepared for the transition to, and now life as, a public company.

After a long road to reach this goal, I am incredibly proud of the success we achieved. As you know, in December of last year, proceeds from our demutualization were distributed to 630,000 Canadians, totaling nearly two billion dollars – one of the largest wealth creation events in our country's history. That success would not have been possible without transforming our business to accelerate our growth and improve our profitability – both of which Rowan will share more about in a few moments. To see Definity emerge as a leader in our industry, deliver on its financial targets, and complete such a successful IPO against the backdrop of a global pandemic shows that we are a company well-prepared to navigate change.

That resiliency is a key part of who we are, as Definity. When we introduced this new brand, we also shared a renewed purpose, a new way of demonstrating what we stand for. At Definity, we are building a better world by helping our clients and communities adapt and thrive. I'd like to share some examples of how I've seen our company bring this to life over the last year.

- The first is our ongoing response to COVID-19:
 - We continued to support our customers facing financial hardship because of the pandemic in 2021, by extending our offer of flexible payment options and underwriting solutions.
 - Our employees continued to be able to work remotely and effectively,
 - and we have a dedicated team advancing an innovative future of work strategy called Creating the New Normal.
- The second area is our longstanding commitment to responsible environmental stewardship, social empowerment, and sound governance. We have always actively supported the communities where we live and work, and those commitments have been both inspiring and impactful. We deepened and extended that commitment in 2021 in a more formalized ESG strategy. In fact, earlier this week we issued our inaugural ESG Report which shares more detail on these activities – including our commitment to achieve net-zero operations and investments by 2040.
- We are also fulfilling our purpose by fostering a culture of inclusion, diversity, equity, and accessibility. We have adopted several measures to promote inclusion among employees, including publicly announced targets for equity-deserving groups in leadership roles.

- Lastly, but certainly not least, I would like to highlight the creation of the Definity Insurance Foundation as part of our landmark demutualization. Thanks to our eligible policyholders, \$100 million in demutualization benefits was given to the Foundation, a new Canadian registered charity that will operate at arm's length from Definity. The Foundation is dedicated to making a difference in the lives of Canadians, particularly in marginalized and underserved areas. I'm also very proud to be a member of the Foundation's board of directors and even prouder that Definity will continue to support the Foundation by contributing 1% of our net profit before taxes each year.

Our demonstrated commitment to our purpose feeds into our parallel commitment to achieving our ambition to be one of Canada's leading and most innovative P&C insurers. To help us reach this goal, we recently added several new directors, on the list you just approved, whose experience will continue to strengthen the expertise of our Board.

- Sabrina Geremia brings us more than 25 years of international marketing, technology, and general management experience.
- Adrian Mitchell's expertise in public equity investment strategies and valuation work is incredibly beneficial for our team.
- Lastly, Edi Schmid, whose deep insurance knowledge from a career at one of the world's leading reinsurance providers will provide valuable insight to our company.

Across the company, we have exceptional talent focused on making insurance better. Our achievements in the last year are a testament to our people: both the executive leadership team which continues to drive strategic and operational success, and the broader group of employees who work together every day to inspire customer confidence. On behalf of the entire Board, I thank you.



JOHN BOWEY
Board Chair



ANNUAL MEETING 2022: COMMENTS FROM OUR CEO

I'd like to echo John's enthusiasm for the successes we achieved in 2021. Our debut as a public company was certainly a moment of reflection for me, and I'd like to share a bit of my own perspective on this achievement, in addition to more detail on our financial performance last year.

When I joined the organization almost six years ago, I had very specific objectives in mind to transform Economical into an organization ready to be public. These initiatives came with challenges, difficult decisions, and a fair amount of change, but they were also the foundation necessary for our success now and in the future.

The strategic vision that's been put in place over the last number of years is a guiding part of how our business has transformed, and why investors have demonstrated a tremendous amount of confidence in Definity both during and since our IPO.

I have spoken about this transformation journey in previous Annual Meetings, but would like to use a few key examples to demonstrate how this has come to life:

- We reshaped and reinvigorated our commercial insurance business, which is now delivering excellent results. Based on a thoughtful redesign of the portfolio, investment in new talent, and expansion into mid-market and specialty segments, we saw a 23-point improvement in combined ratio and \$159 million improvement in annual underwriting income between 2018 and 2021. More recently, we increased our appetite for growth in this area of the business, resulting in premium growth of 25% for the year. In addition to the financial turnaround for this line of business, I am encouraged by the partnerships we've been able to develop in this space. Economical has established itself as a premier insurer for the sharing economy in Canada, providing insurance for Uber, Turo, and Cornershop.
- Over the last number of years, we have pursued investments in the personal insurance side of our business through Vyne, our digital broker offering. We continue to receive positive feedback from broker partners who use the Vyne platform, telling us it stands out in the marketplace as a game changer for making their jobs easier. For us, Vyne has been a growth engine for our business that uses advanced analytics to improve our underwriting results. Since it was introduced in 2018, we have seen a 17% compound annual growth rate in personal property, and an impressive 17-point reduction in the overall personal insurance combined ratio.
- I'd also like to call out the continued success of Sonnet, our digital direct business. In an era where start-ups come and go, Sonnet is now over \$300 million in annual premiums and showing consistent improvement in its underwriting performance. In 2021, Sonnet grew robustly with premiums up 22% during the year, reflecting a 32% compound annual growth rate since 2018.

These transformations were merely ideas six years ago. Seeing them executed so successfully shows me how capable we are at navigating change, implementing new ideas and solutions, and striving to achieve our goals.

In addition to the success in these areas of the business, I'd also like to share some of the overall financial results from 2021:

- We reported a combined ratio of 93.1% for the year, which was 1.5 percentage points better than 2020, and this was despite elevated fourth quarter weather-related catastrophe losses.
- We had strong top-line growth of almost 15% for the full year, reflecting strategic investments in digital platforms, expansion in personal property and commercial insurance, and overall firm market conditions
- We grew equity by 31.8% or \$578 million

As we look ahead, we plan to evolve our balance sheet over time with a capital structure more in line with our publicly-listed peers, which would ultimately enable us to target an operating ROE in the low teens. In addition, we intend to remain focused and disciplined when it comes to deploying our capital, particularly in the pursuit of strategic inorganic growth initiatives which is a key focus area for us. We expect to prioritize reinvestment in our business over the near term and to sustainably increase our dividend to common shareholders on a regular basis.

Just last week we shared our financial results for the first quarter of 2022, which demonstrate our continued success through these initiatives.

- Our combined ratio was 92.2%, bolstered by strength in commercial insurance and personal property. This reflects higher claims frequency and severity in personal auto than the first quarter of last year.
- We had premium growth of 12.7%, which was driven by strong growth in Sonnet, commercial lines, personal property, and ongoing firm market conditions
- We now have significant financial flexibility with over \$1 billion of financial capacity, under our corporate structure to advance our strategic priorities

The first quarter of this year also brought significant announcements that bolstered our continued commitment to being a digital leader in the Canadian insurance industry:

- In March, we announced a strategic partnership with APOLLO Insurance Solutions, a leading Canadian digital insurance broker specializing in commercial insurance. APOLLO allows its broker partners and customers to purchase insurance online through its proprietary platform, furthering Definity's established digital insurance expertise.
- In April, we shared a new relationship with Google Cloud that will allow Definity to collaborate with the company and leverage Google's advanced data, analytics, artificial intelligence, and machine learning technology.

I am incredibly proud of the way our company has navigated change in the last few years, to successfully emerge as a strong, Canadian public company. With the objectives I set out at the beginning of my time here all coming to fruition, there are new ways for us to build upon that foundation to support our goal of becoming one of the five largest P&C insurers in Canada. To do this, we intend to maintain our digital leadership, consistently demonstrate disciplined financial management, and position Definity as a purpose-driven sustainability leader.

We wouldn't have come this far – or be able to go farther still – without our seasoned and ambitious leadership team, the incredible talent of our engaged workforce, the commitment of our valued broker partners, and the trust of our customers who rely on us to be there for them when they need it most. I would also like to thank our Board of Directors and our shareholders for their support.

Definity has built unique capabilities, is positioned well for future success, and with our strong momentum will continue its commitment to excellence and innovation as we forge ahead.

Thank you very much.

A handwritten signature in black ink, appearing to read "R. Saunders".

ROWAN SAUNDERS
President and CEO