



Net Insurance: development and change based on digital innovation

SmallCap Event – 14th April 2021

Investor Presentation

AGENDA

1. Overview and business model
2. Financial Results 2020
3. Main activities in 2020
4. Wrap Up and Outlook 2021
5. Annex

Our identity - preliminary points

Pure protection insurance player
4 business lines

> 459,000

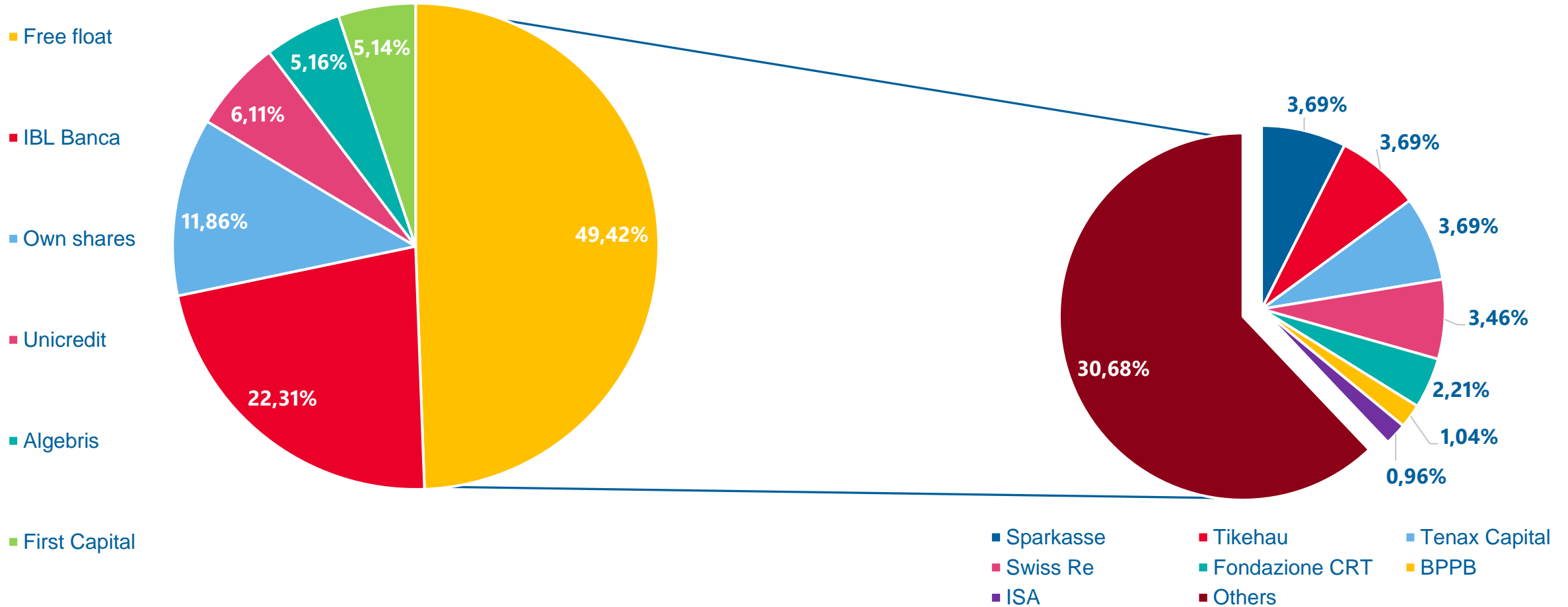
Total positions in portfolio
(o/w 89,000 new customers in 2020)

> 117,7

€/ Mln (GWP)

- *An offer of Protection solutions, dedicated to Individuals, to Households and SMEs*
- *Digital-oriented approach along the entire value chain*
- *High standards services's quality and specialization, recognized by our Partners*
- *High speed of settlement of new claims (86% in CQ business and 83% in the other classes)*

Shareholding structure



A shareholding structure composed by primary standing investors

Business Model

Mission

Building an open and independent B2B2C platform specialising in people and property protection business, by capitalising on every opportunity provided by digital technologies

Strategic Pillars



Salary-backed loan («*Cessione del Quinto*») business development



Non-life bancassurance development



Non-life retail brokers development



Digital platforms and Insurtech

Business Model

A business model based on a multi-specialist approach, where *protection* and *digital* add up to make NET a reference player in the insurance market

Financial Results 2020

In line with Plan's targets?

	Actual 2019	Target 2020	Actual 2020
Gross written Premiums <i>(€/mln)</i>	84,4	112,9	117,7
General expenses(*) <i>(€/mln)</i>	18	20,2	20,3
Net technical result <i>(€/mln)</i>	7,8	6,6	10,1
Net income <i>(€/mln)</i>	12,5	6,2	6,5
Normalised net income <i>(€/mln)</i>	7	6,3	7,6
Shareholders' equity <i>(€/mln)</i>	71,8	63,3	79,7
ROE <i>(ROE adj.) (%)</i>	9,7	10	9,5
Combined Ratio <i>(net of Reins.) (%)</i>	77	80	70
Combined Ratio <i>(gross of Reins.) (%)</i>	86	87,9	89
Solvency Ratio <i>(%)</i>	165,6	~ 165-175	177,2

(*) General expenses normalized. The amount of general expenses in FY2020 is equal to 21,6, including also the extraordinary expenses incurred in relation to the event of the fraud (stolen financial assets)

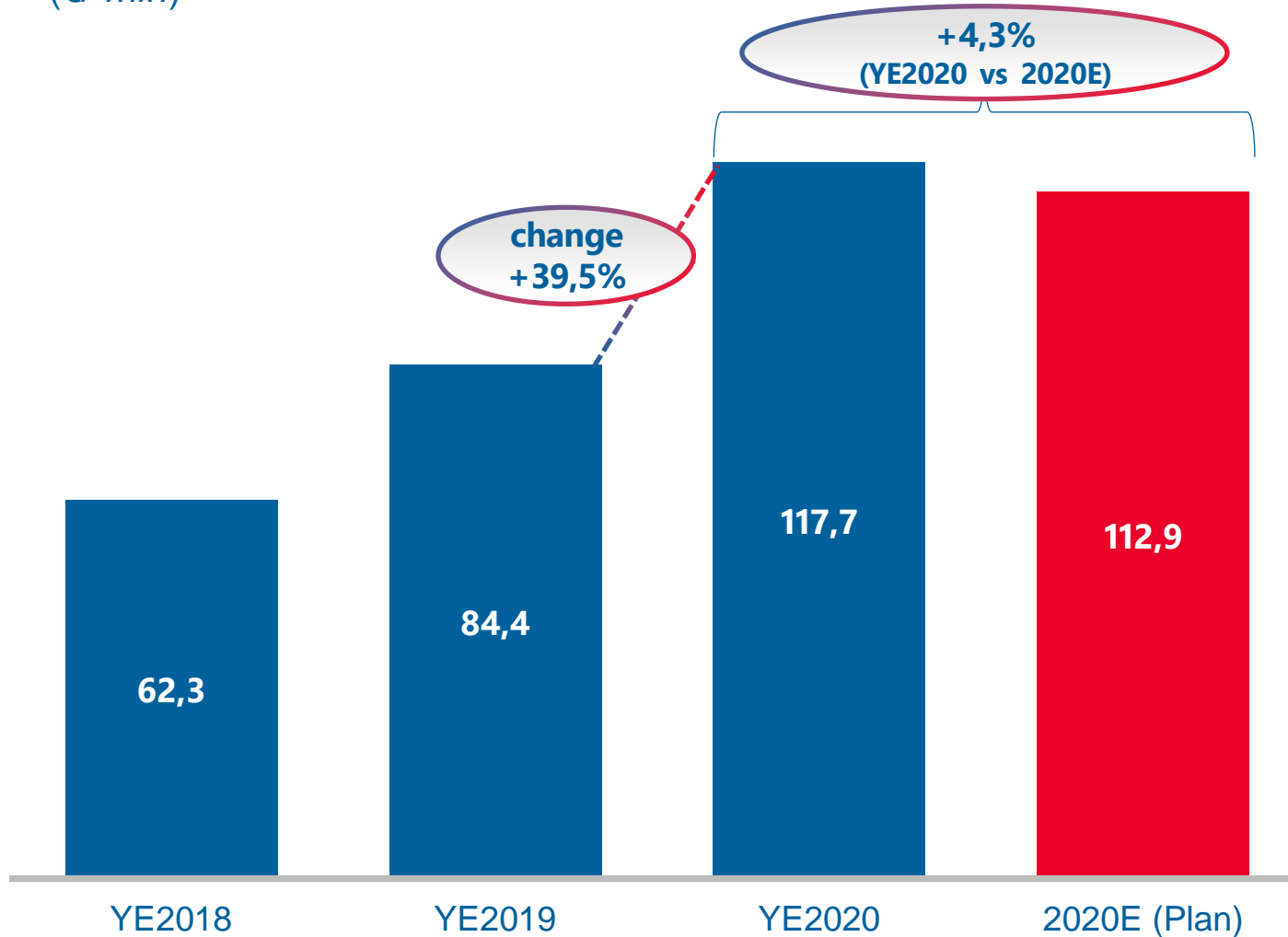
In line with Plan's targets!

		Actual 2019	Target 2020	Actual 2020	
Gross written Premiums	(€/mln)	84,4	112,9	117,7	✓
General expenses(*)	(€/mln)	18	20,2	20,3	✓
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Gross written Premiums

(€/ mln)



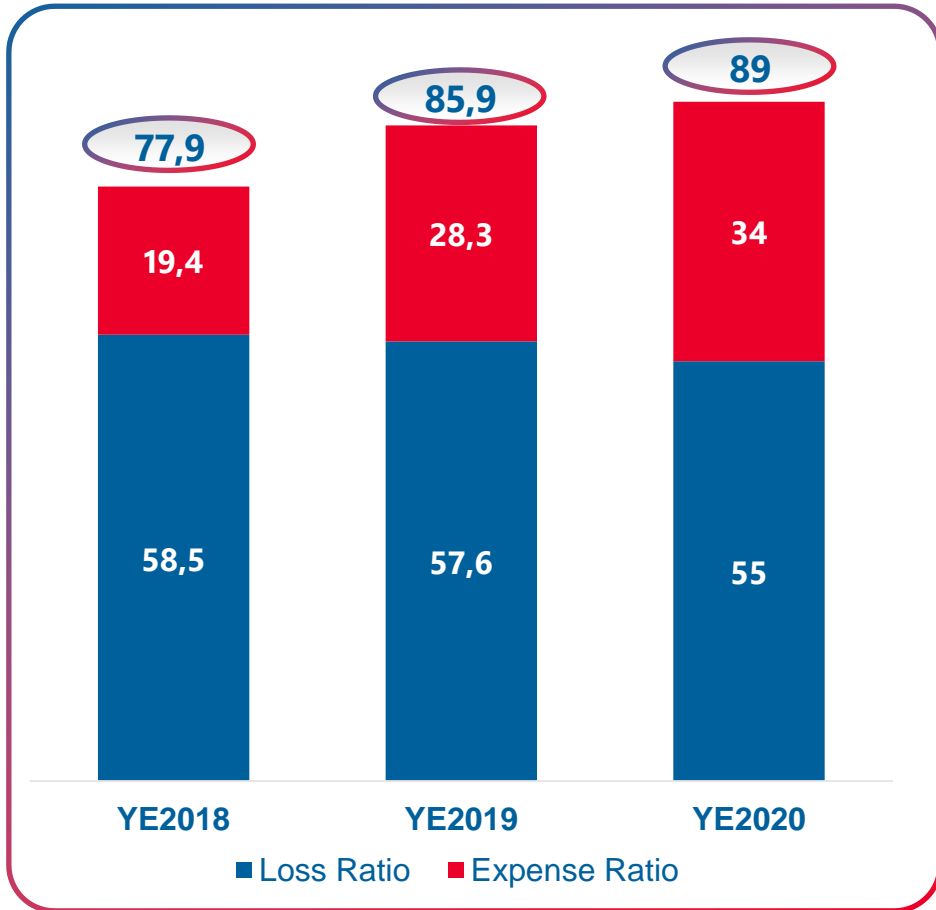
- GWP increase (c. +40%) compared to FY2019 (+4 p.p. above the Plan)
- GWP conditioned during April-May by the lockdown, at the end of which were recorded excellent results at technical-productive level
- CQ is still the first business of the Group (70% GWP), the remaining 30% is attributable to other lines of business (growth in bancassurance)

Combined ratio

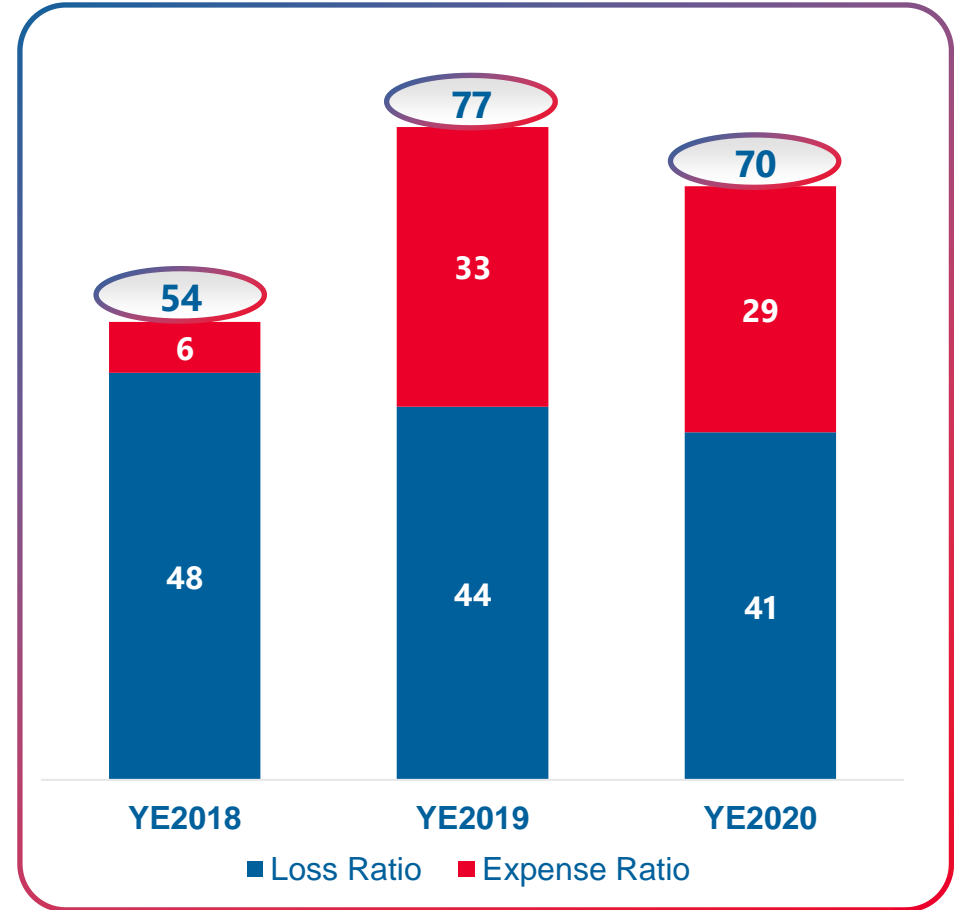
(%)

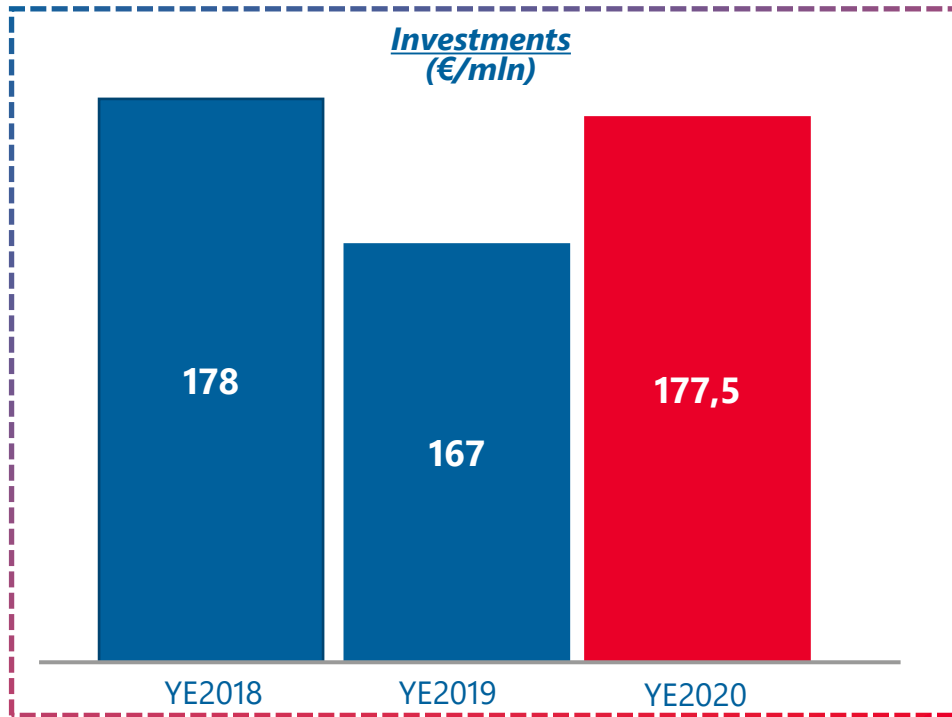
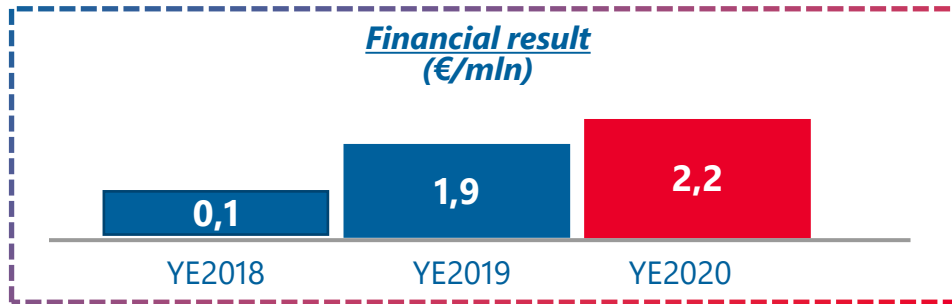
The Group achieves excellent profitability indicators

Gross of Reinsurance



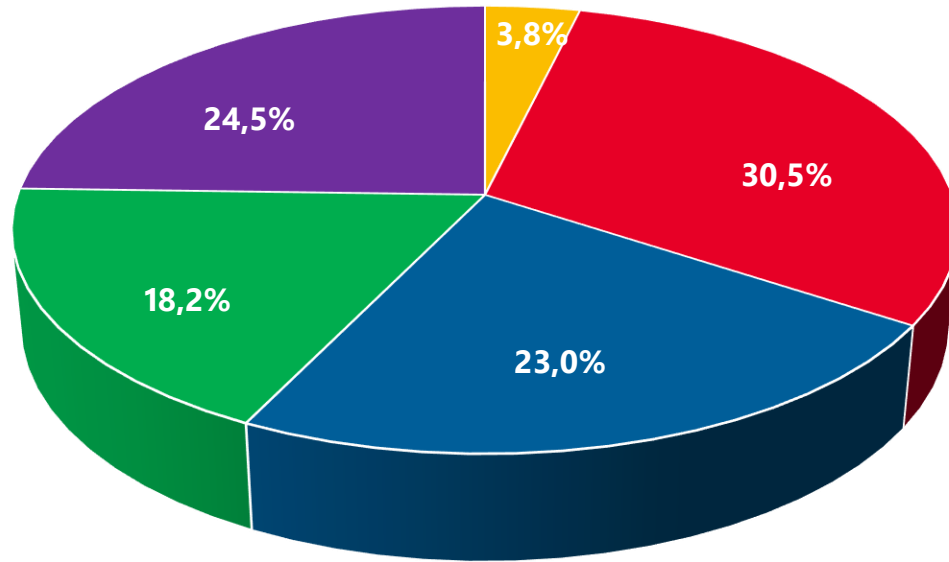
Net of Reinsurance





- Financial result equal to 2,2 mln euro
- Decline between YE2018 and YE2019, due to the repayment of reinsurance deposits paid with high rates level
- Increase between 2019 and 2020 mainly attributable to investment of premiums, as well as to an appreciation of the portfolio

Asset allocation %

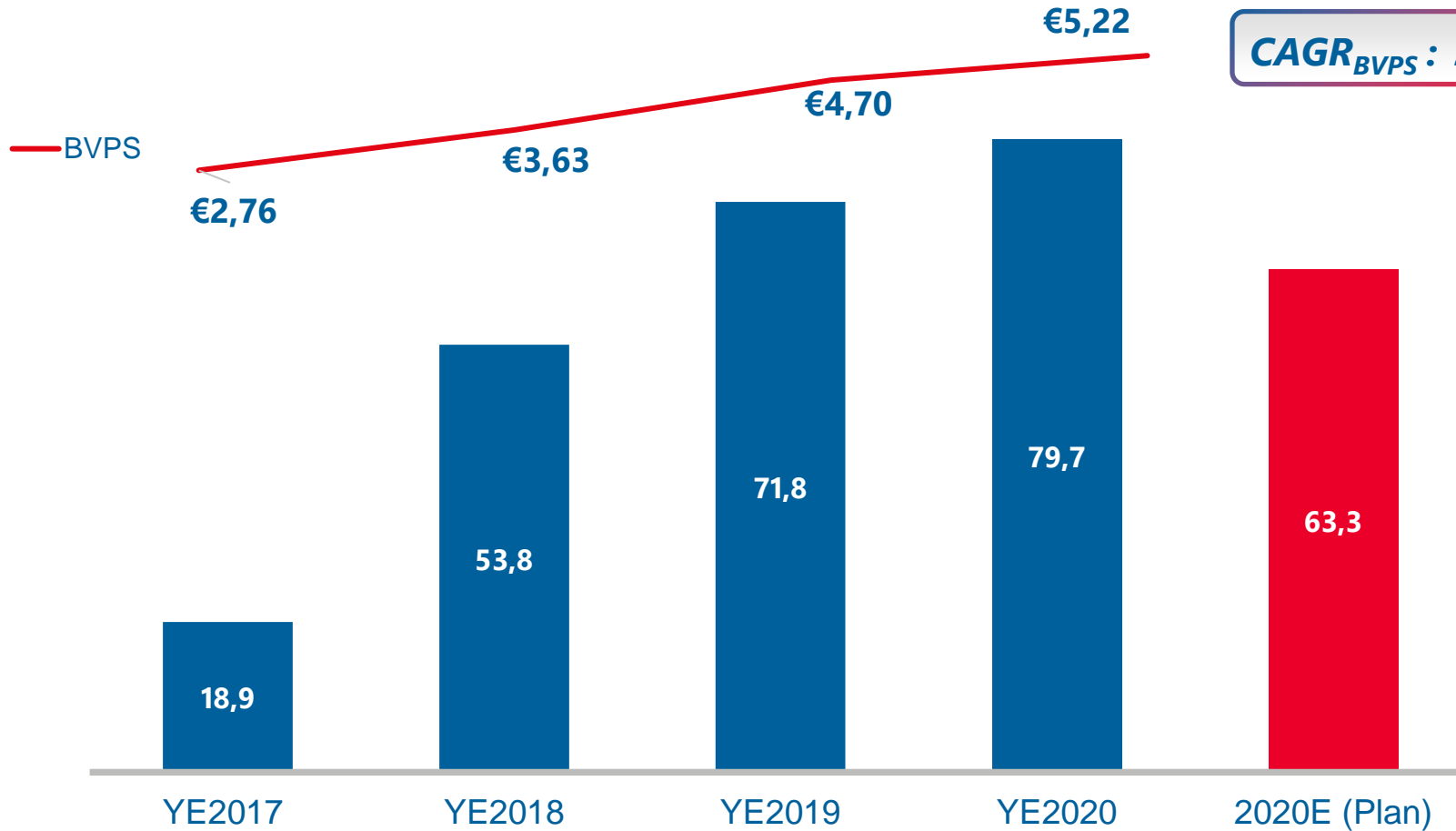


- Equity
- Funds
- Govies ITA
- Govies not ITA
- Corporate bond

- *Very diversified asset allocation (over no. 750 different issuers, using also look-through approach)*
- *moderate risk profile approach*
- *Over 80% bond portfolio made up of investment grade*

Shareholders' Equity

(€/ mln)

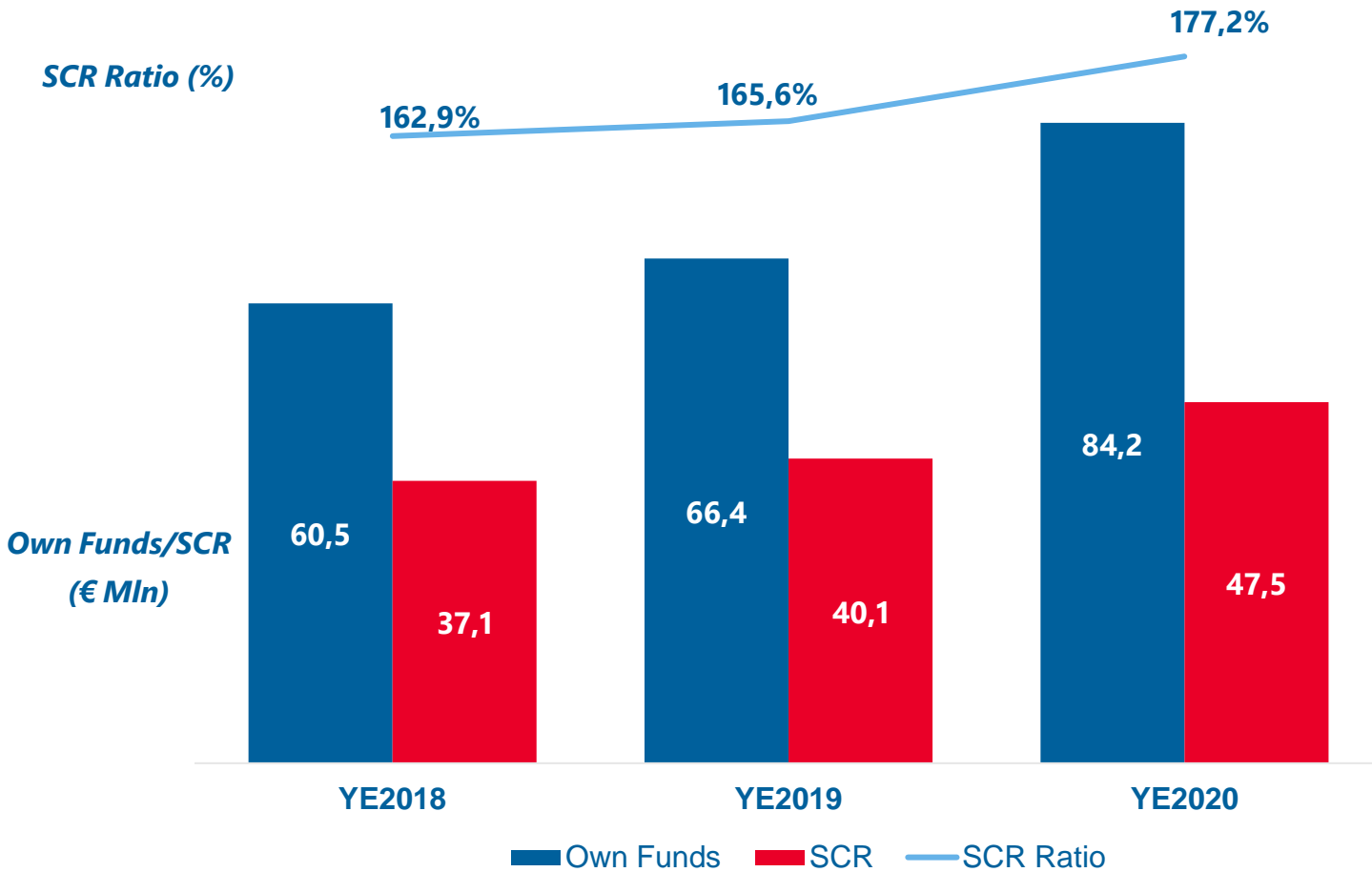


Total equity benefits from net result and is widely already above business plan expectation

+11,1% (Y/Y)

+ 26% (above business plan)

SCR Ratio – Net Insurance Group



- Solvency position largely above regulatory minimum;
- Capital structure showed strong resilience by withstanding the impact of market volatility;
- SCR Ratio has never fallen below 150% including period with high tension level on financial markets

(*) SII Ratio 2020 data based on solvency reporting (4Q 2020)

Dividend

Dividend policy

FY	Pay-out	Payable term
2020	20%	2021
2021	25%	2022
2022	30%	2023
2023	40%	2024

Subject to SCR Ratio \geq 150%

- Shareholders remunerated with **first dividend** basis on FY2020
- dividend per share (**DPS**) equal to € **0,083** and dividend distribution of €1,3 million (20% of Consolidated net income)
- **Dividend yield** (*) equal to 1,5%

(*) Dividend yield basis of Reference close price of ordinary share NET, as at 23rd March 2021 (date of Board's resolution Consolidated FY2020)

Salary-backed loan (*CQ business*)

- NET has a stable **market share* above 25%** (more or less 30%), maintaining a service's offer with **high standards quality and specialization**
- **Underwriting and repricing** activities, with the scope to strengthen equilibrium and prospective industrial profitability of this line of business
- **Diversified portfolio** by employers sector (private/public/parapublic) and built **using accurate underwriting criteria and scoring systems**
- **Business subject to «hedging»** through severance indemnity (“TFR”) and reinsurance program (2/3 of the business ceded to Reinsurer)
- **Very low level of exposure in sectors most affected by pandemic**

(*) Source: Assofin data report, based on loans contract's number

Partnership with regional importance

Distribution agreements



No. 650 branches where NET products are located... and other agreements in pipeline

Bancassurance

Distribution area



Protection solutions

The figure displays three protection solutions with corresponding icons:

- Protection Households** (Icon: House with family):
(Multirisk, Home, Health, Accident, PET)
- CPI** (Icon: Euro coins):
(Mortgages, Loans, business)
- Protection Business** (Icon: Office building with exclamation mark):
(Enterprise multirisk, Agricultural risk)

Protection solutions dedicated to Person, Households and SMEs cover the entire national territory

Broker retail channel

- It's a **complementary channel to bancassurance** in the insurance offer
- signed **new agreements with brokers** in a very targeted way (e.g. Marsh, MAG JLT, Wide Group and others) and as to products to be distributed
- **New insurance solutions** («TCM», Health product, Dentail solution, PET and multi-guarantee policies in connection with leasing/rental vehicle contracts
- business in **niche markets (agricultural risks, suretyship)**

Digital channel

- **consolidation of partnership with Yolo**, also through distribution in whitelabel on the Intesa Sanpaolo network
- Signed the agreement with **Nexi** which is a fundamental milestone of the project to make NET a digital player of reference
- **In pipeline agreements with utilities**
- Important **partnerships with Fabrick** ("Payment & Collection Engine"), **Paydo** ("Digital system payment" via Plick) and **Motionscloud** (for claims management)
- **NET** enabled to operate in freedom of service **in Spain** in Class 1 (Accident) – Class 2 (Sickness) – Class 9 (Other damage to Property) – Class 13 (General liability) – Class 16 (Miscellaneous financial losses) – Class 17 (Legal expenses) – Class 18 (Assistance)

Digital is simultaneously a sales channel, an insurance product and a tool to build processes for the entire value chain

Rating (AM Best)

➤ Adequate **balance sheet strength** of Net Insurance

➤ Appropriate level in the **order of ERM**

➤ Capitalisation **strengthened** and **good performance** in the last two years



bbb-
(*long-term issuer credit rating*)



B+
(*Financial Strength Rating*)

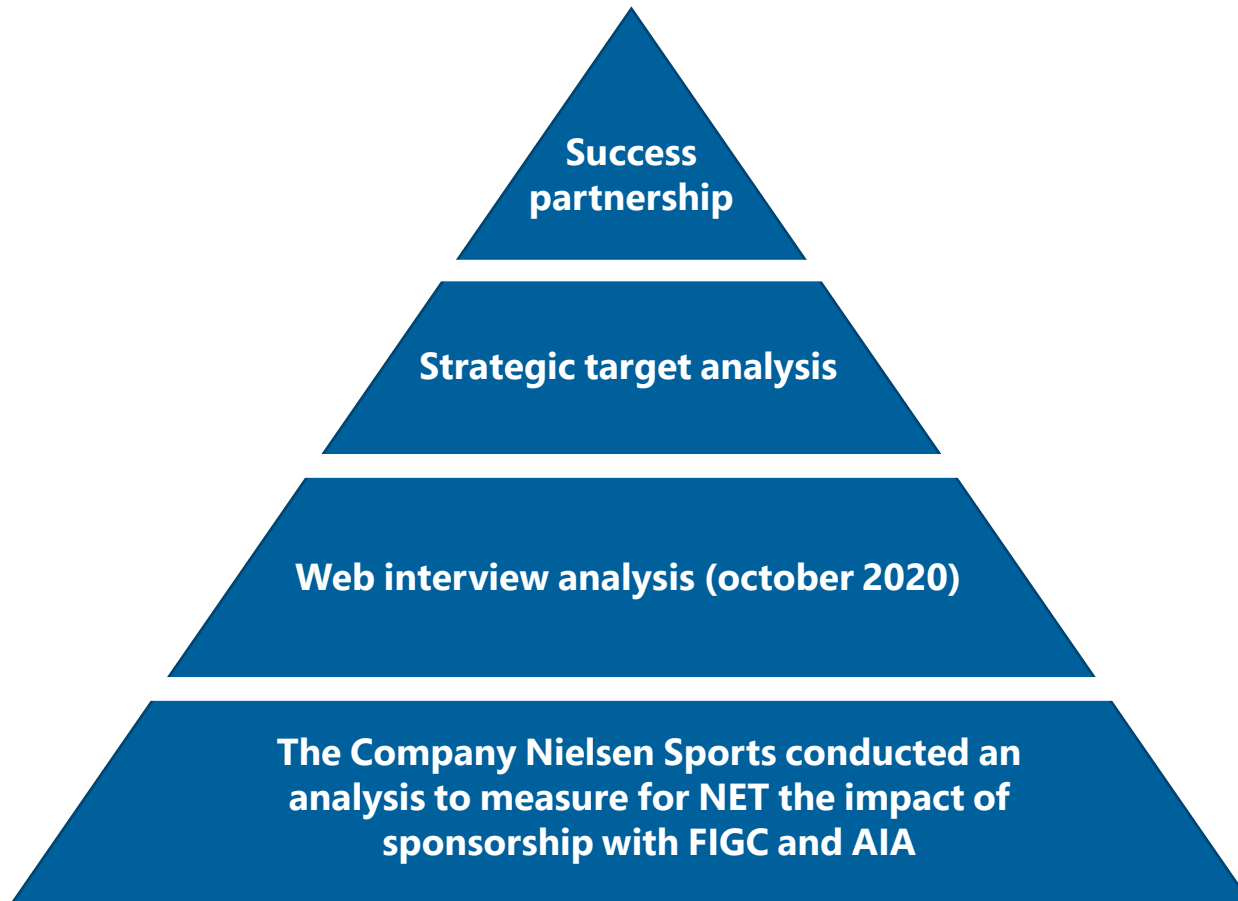
➤ Recognised good results in terms of **UW performance**

➤ **Management team** experience and strong reputation in the insurance market

➤ A **2019 business, concentrated in the CQ**. Excellent credit quality of selected Reinsurers

The rating issued by AM Best is functional to the implementation of the business model.
It's an enabling factor to achieve Plan's targets

Brand awareness



The notoriety of the brand
NET reaches **19%** of the population

Brand enhancement is one of the pillars of the NET's Business Plan

Wrap Up and Outlook 2021

Wrap up...

Business development and planning underlying achievement of the targets' Plan were regularly carried forward, despite the pandemic context.

Plan targets achieved (and exceeded!) even if conditioned during lockdown period

In CQ business: positive technical developments, thanks to accurate underwriting criteria and a targeted reinsurance strategy. A widely diversified business (with marginal exposures in the sectors most affected by the pandemic) and moderately exposed to unemployment risk (block of redundancies, hedging by TFR and Reinsurance)

Excellent capital and financial resilience shown in situations of shock (tensions in the financial markets due to the pandemic from Covid-19, still ongoing).

SCR ratio level never dropped below 150% in any interim solvency reporting

134
Mln euro (GWP)

11,3
Mln euro (net result adj.)

71,5
Mln euro (total equity)

16,4%
(ROE)

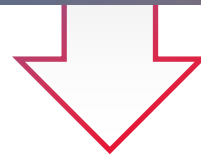
~ 165-175%
(SCR Ratio)

71,5%
(CoR net of Reins.)

Continuing all projects in this 3rd year of Business Plan

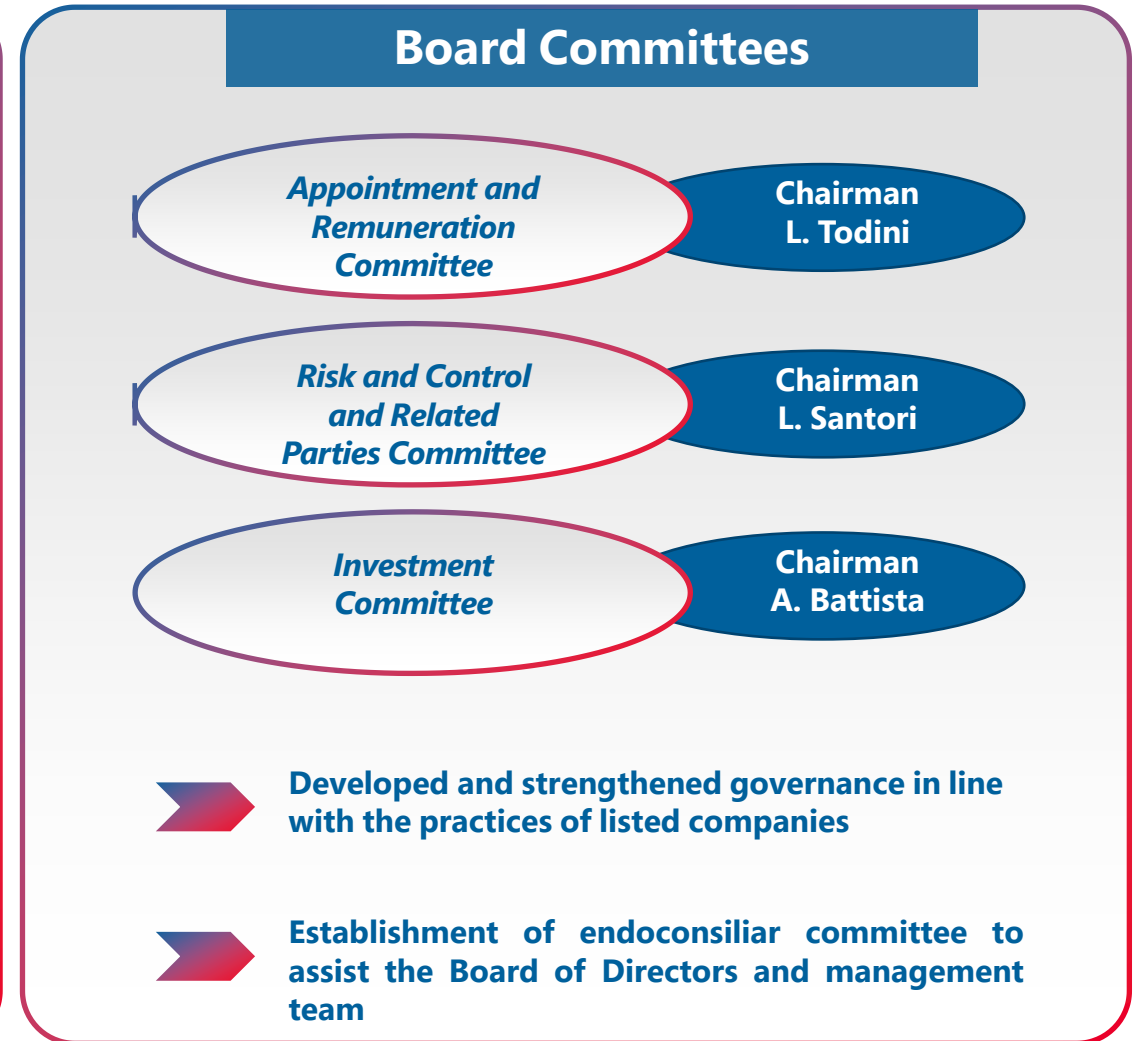
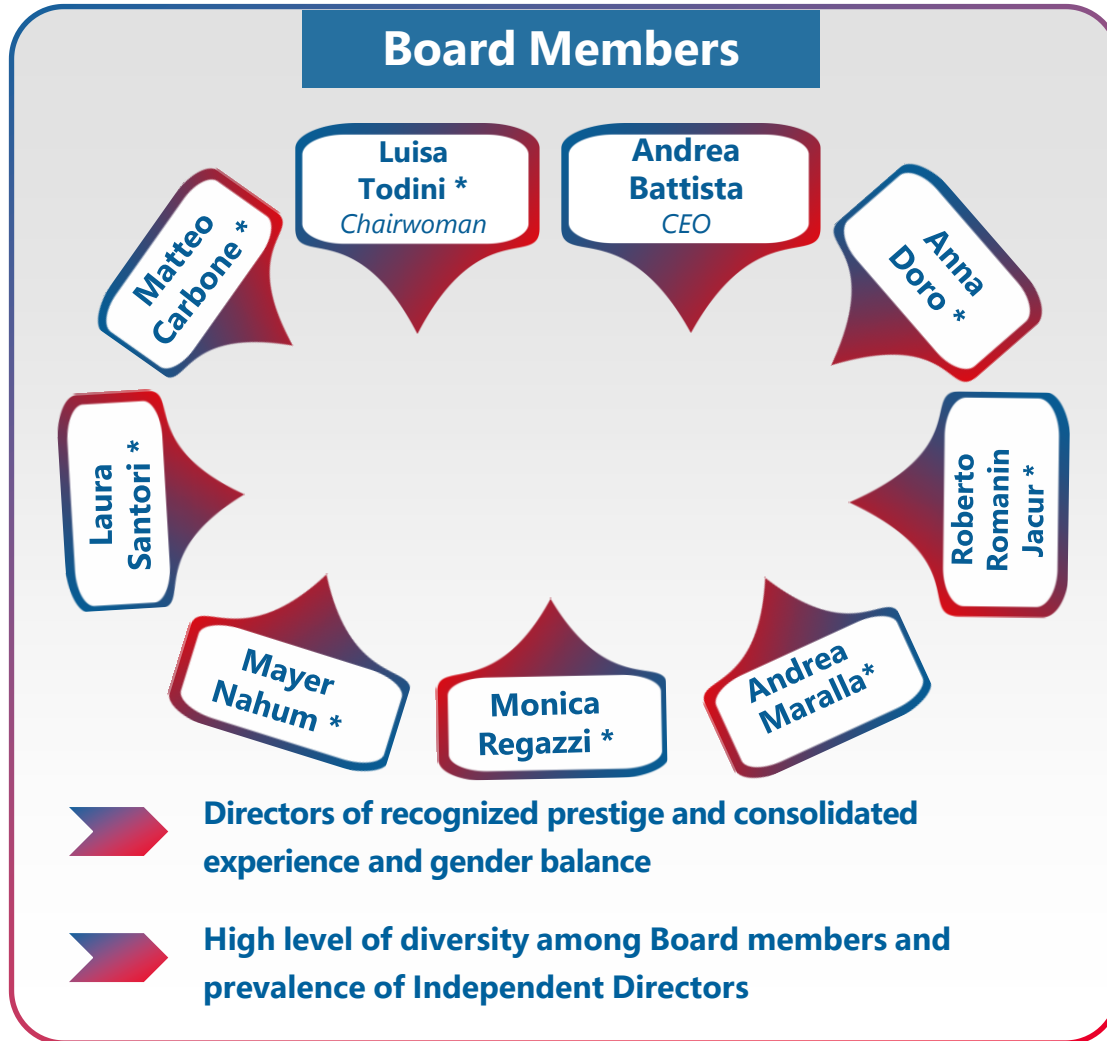
On **CQ business** it is conceivable the increase of loans' demands (and therefore of insurance coverage), due its countercyclical mechanism and due to the entry in force of new parameters for risk capital metrics on CQ loans (35%)

Increase of **bancassurance** and exploitation of every innovation opportunity offered by digital technologies (already closed and announced agreement with Banca Pop. Valconca in bancassicurazione and Trendevice in **digital**)



We face 2021 with great confidence, aware of the goodness of the business model and need for protection in all areas of the individual dimension, cause of pandemic scenario

Governance and management structure



* Independent Directors, including the Chairwoman

Governance and management structure

Strong governance
scheme model

Innovation Advisory Board

*Innovation Advisory
Board
(IAB)*

**Chairman
M. Carbone**

- Independent professionals, experts in fintech and innovation
- Strengthening the «Insurtech Inside» philosophy of NET
- Support for the Company's innovation activities and strategies
- Signal startups of the galaxy insurtech more interesting according to an «affinity» logic of Group

Top Management



Andrea Battista
Chief Executive Officer



Luigi Di Capua
CFO



Stefano Longo
CBO



Fabio Pittana
COO



Rossella Vignoletti
CMO

- A consolidated experience and know-how on insurance market of all executive team
- A team completely defined and in action since January 2019

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*... it will be difficult to go on in
considering insurance a boring topic ...*

Contatti IR



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