



The New Business Plan

23 June 2022

Palazzo Mezzanotte – Milan

Agenda

1. Where we come from
2. Relevant scenarios
3. Net's positioning and the competitive environment
4. Strategic Guidelines
5. Financials
6. Conclusions

In a complex context ('black swans', covid, Russia-Ukraine war):

- Launching new business lines (multi-specialist model)
- Achieving all the Plan targets
- Positive share price performance

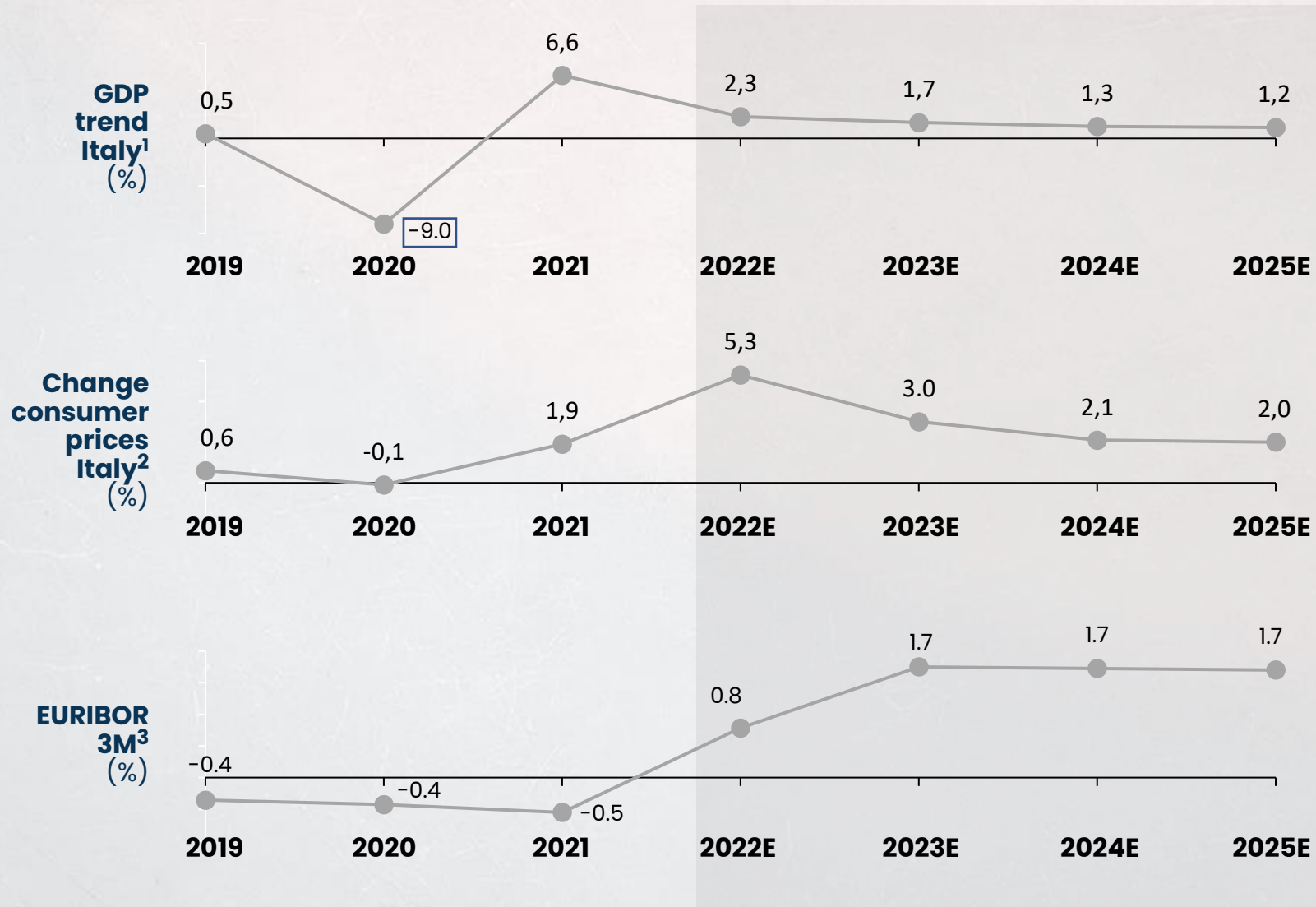


Demonstrate resilience and credibility

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The macroeconomic context



Main macroeconomic trends

- Overcoming the recessionary scenario and stabilising the main indicators, in particular:
- **Recovery for Italian GDP** after the 2020 fall. Expected realignment to historical levels
 - Progressive **reduction in inflation** from the 2022 peak
 - **Interest rates** (Euribor 3M) expected **to rise** due to central bank interventions

Source: 1. ISTAT; 2. IMF; 3. Bloomberg FWCV

Between moderation and catastrophism

The external situation contains quite a few **risk factors**, but the systematic prediction of impending catastrophes **is neither well-founded nor useful**

After the fall of 2020, **Italy's GDP** showed **resilience** and despite unforeseen difficulties (war, energy crisis and potential *mild recession*) remains in **positive territory**

The system **today is certainly different from 2008**: banks with **stronger** assets, savings stocks, companies reporting **excellent results and** new institutions (e.g. Unione Bancaria, MES, etc.)

Don't ignore the factors of positivity and resilience

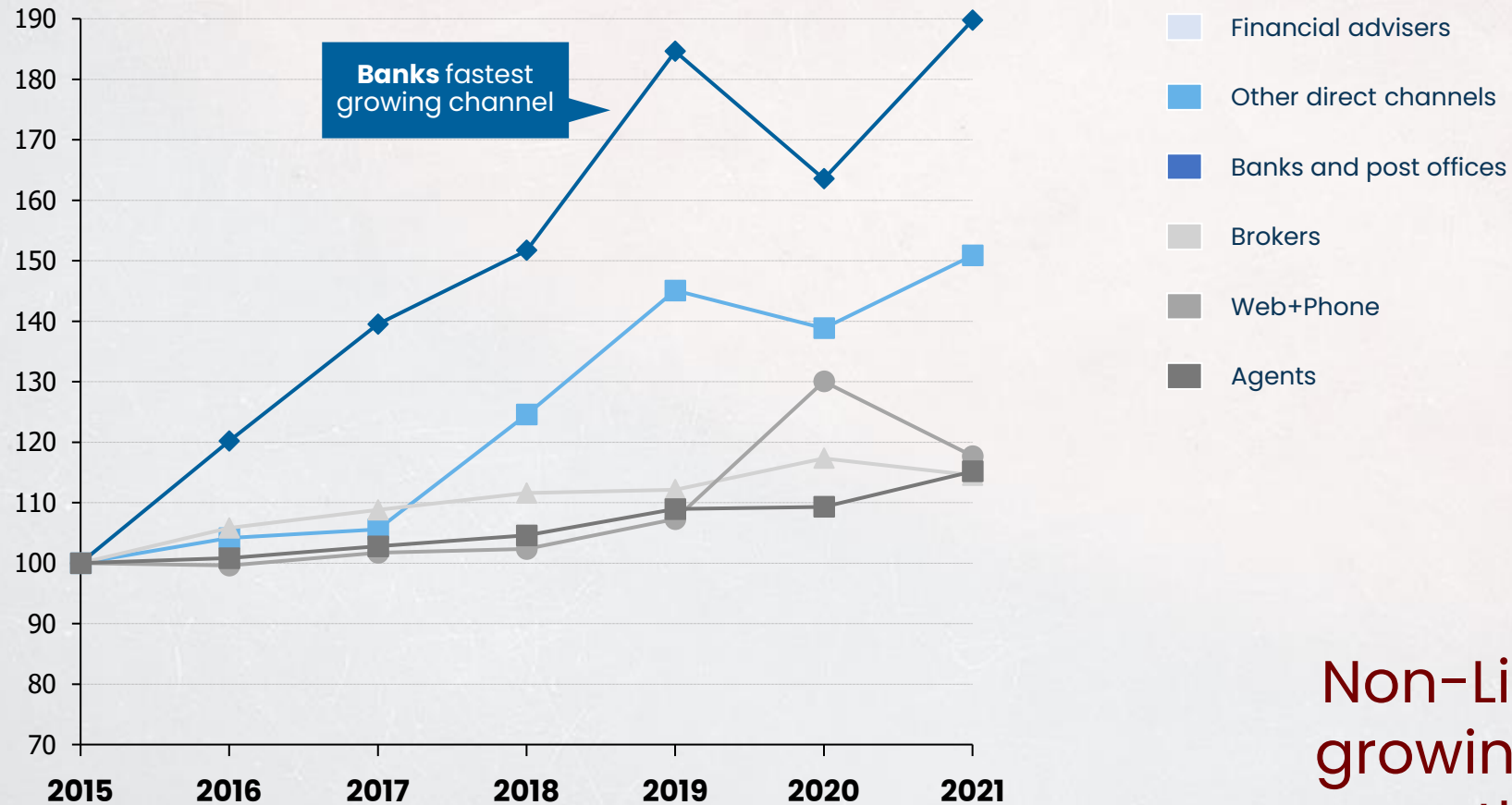
The **non-vehicle damage market** in Italy is quite stable but resilient
(CAGR 2016-2021 +0.9%)

Within this market, the **Bancassurance** channel is 'the only one' expanding strongly

The **Salary-Backed Loan** sector has grown and is expected to continue

Non-life bancassurance and the main channels

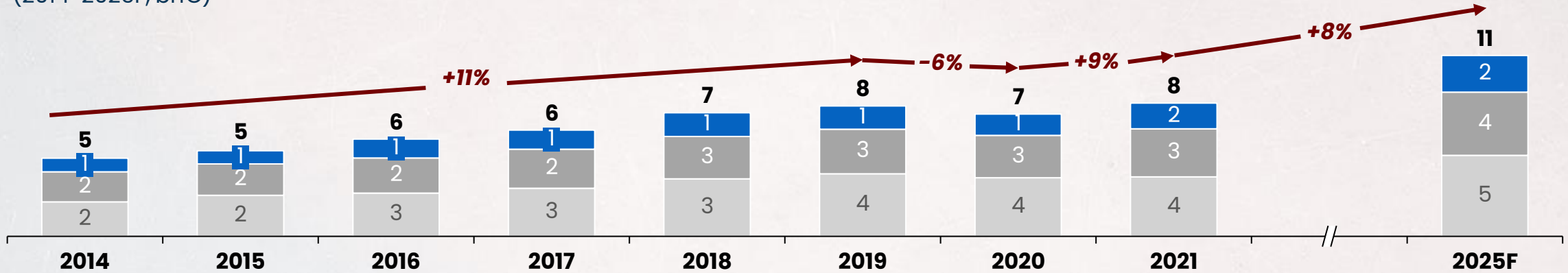
Premium income trends - Non-Vehicle Insurance
(Index 100, 2015-2021)



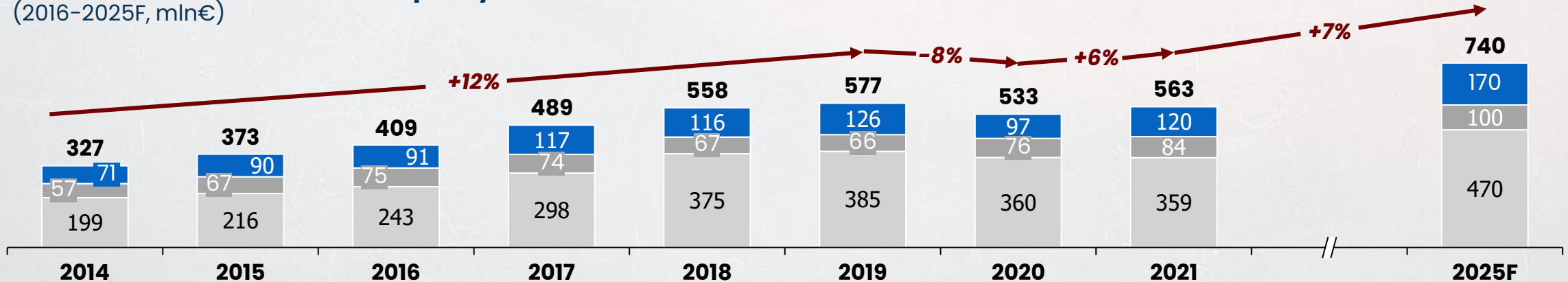
Non-Life Bancassurance is growing significantly faster than the market

The Salary-Backed Loan Market

SBL Retail Financing Volume - Italian Market
(2014-2025F, bn€)



Premium collection insurance policy SBL market
(2016-2025F, mln€)

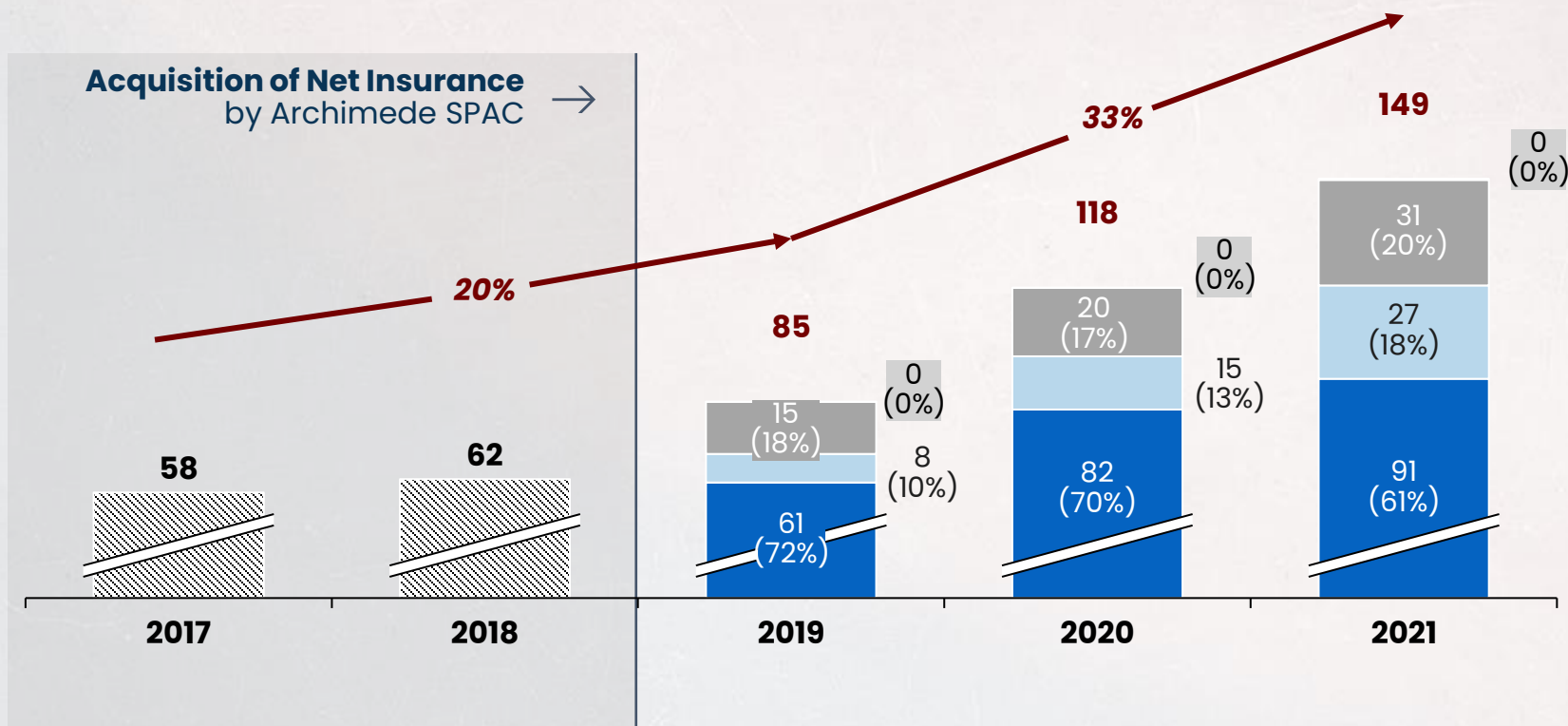


Source: Kearney analysis on BIC Report data and market players

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Evolution of Main Indicators



Combined Ratio
(gross reinsurance)

86%

91%

91%

Net Profit
(Mln €)

7.0

7.6

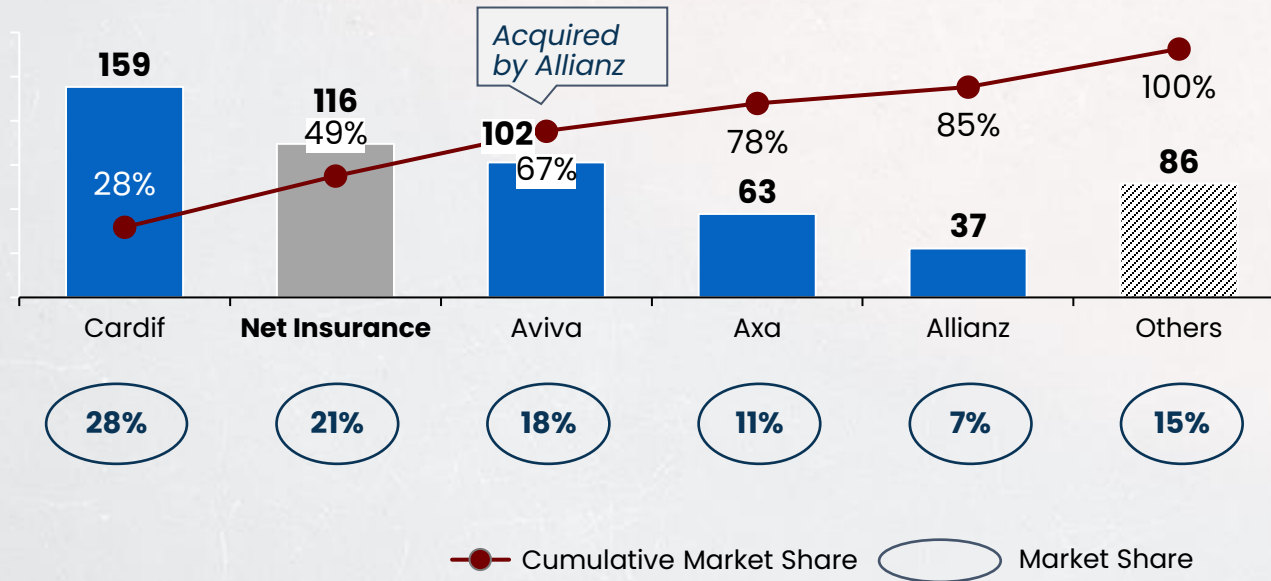
11.5

■ SBL ■ Bancassurance ■ Brokers ■ Digital

- Focusing on **SBL business** regaining market leadership
- Constructing an **open, independent and specialised B2B2C platform** in the Protection business to serve the Bancassurance channel
- Expanding the **broker** business and launch of **Digital business** through targeted partnerships

Leadership in Salary-Backed Loans

SBLI insurance premium income - Non-life Branch 14; Life Branch I
(2021, mln€)

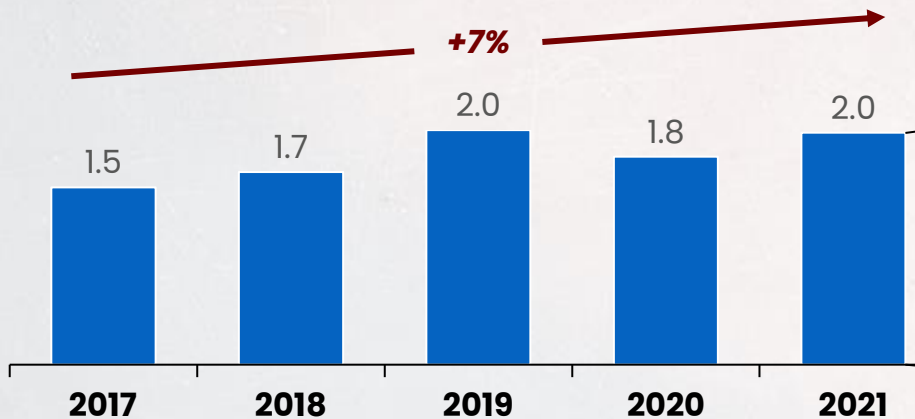


- **SBL market leadership** with high share of wallet (+25%) on top players, leveraging:
 - **Quality of service**
 - **Speed of response and flexibility** in customisation
- **High barriers to entry** – stable competitive market structure
- **Significant and recurring investments** to maintain and improve **digitisation of processes** (e.g. Teleunderwriting)
- **High quality of risks** taken with application of best practices in **pricing and underwriting**

Emerging player in Bancassurance

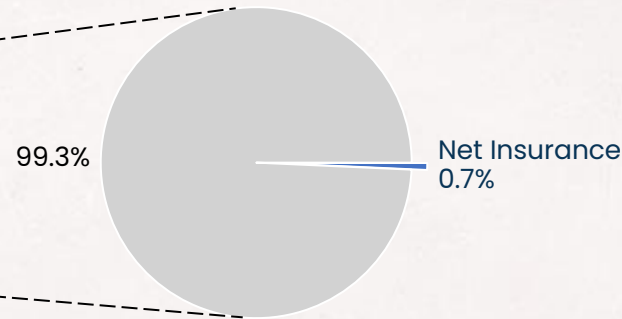
Non-Vehicle Premium Collection - Bancassurance

(2017-21, Bn€, Italian Portfolio)



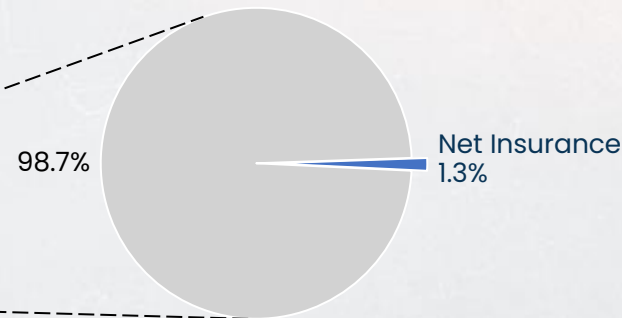
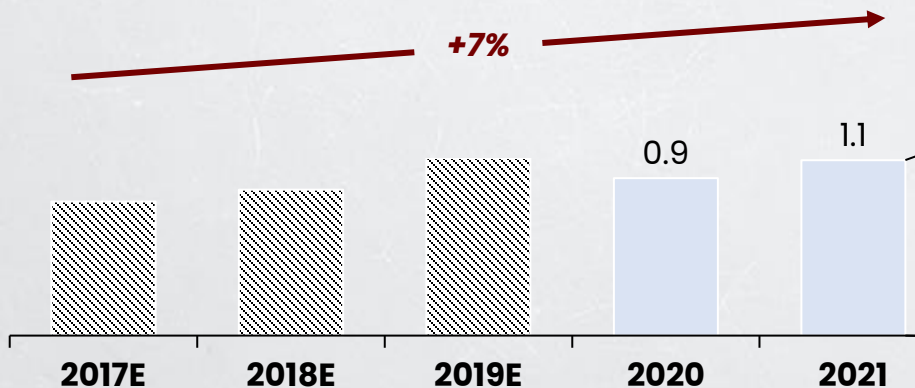
Net Insurance market share

(% collected, 2021)



Premium income Life ProtectionI - Bancassurance

(2017-21, Bn€, Italian Portfolio)

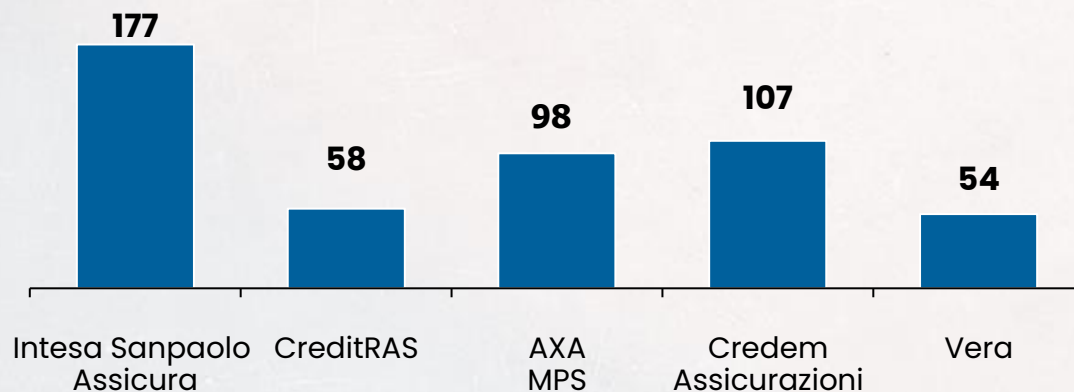


Net Insurance is the new player in bancassurance distribution and is well positioned for:

- 'Riding' the expected growth of **Non-life bancassurance** in medium and medium-small banks, which do not have an internal company and are estimated to be approx. 15-20% of the market
- Strengthening of **agreements with local bancassurance players**
- Leveraging the **distinctive service machine for Bancassurance partners** (liquidation through digital channels, Academy Net for training, technology to support sales, etc.)

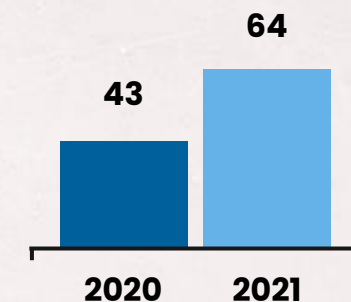
Performance of the main Bancassurance Non-Vehicle Insurance providers

2020 (premiums per branch; k€)

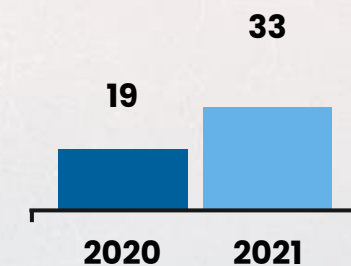


Performance of the main Bancassurance partners of Net Non-Vehicle Insurance

(premiums per branch; k€)



Partner A



Partner B

High potential through convergence of commercial productivity

- Agreements signed with **Specialist brokers** for the distribution of targeted products
- Business in **market niches** (Agro and Suretyship)
- Over 50 mandates outstanding

- Digital **business launched: 78k policies** issued in 2021
- **Extensive product catalogue** covering Home, Health, Leisure, Credit and Small and Medium Enterprises
- Products purchasable with **4 to 8 clicks**
- **Digitisation of after**-sales services especially in relation to claims settlement
- **Embedded Insurance** key international market trends over the medium and long term

Net Insurance Group – SWOT Analysis

Strength

- Leadership in SBL in terms of collection and positioning on leading industry players
- Business CPI in strong ramp-up (~67% CAGR19–22B)
- Agreements with Bancassurance partners that still have high potential on business (Other non life classes)
- Distinctive service machine for Bancassurance partners (liquidation through digital channels, Academy Net for distribution network training, sales support technologies, etc.)
- Developed a culture of 'Digital Insurance' also leveraging level partnerships

Opportunities

- Opportunity to track the growth of the other non-life classes and credit protection market
- 'Riding' the expected growth of Non-life Bancassurance, also in medium and small banks
- Enhancing digital skills
- Opportunity to leverage positioning in Securities and Agro
- Increase in interest rates
- Selective evaluation of specialised and highly synergetic M&A opportunities

Weakness

- Overall business heavily exposed to credit protection (SBL and CPI 80% overall funding 2021)
- Positioning on non-life classes on non-exclusive banking partnerships which could limit business development potential
- Broker channel still fragmented and with low production levels
- Efficiency levels of the operational structure from start-up potentially under pressure in scale-up

Threats

- Increased instability in the macroeconomic (increased spread levels) and geopolitical environment
- Increased supplier differentiation policies in the SLB market (where Net Insurance is incumbent)
- Revamp of direct competitors on local bancassurance partners
- Further consolidation of the local bank system

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Pillar of the business plan



Dynamic balance between **growth, capital strength and shareholder remuneration**



Consolidation of Net Insurance's position as **Leader in Salary-Backed Loans**



From Start-up to Scale-up of the **Bancassurance** business to become **leader of the local banking market**



Ramp-up the **Broker channel** with a strong **digital** and **Speciality business-oriented approach**



Efficient and digital organisation at scale ensuring progressive innovation and high **customisation of service** to partners



Evolution of the operational business model towards **ESG 'Good practice'**



Dynamic balance between **growth, solidity and shareholder remuneration**

- **Self-financing** of the plan with **operating capital generated by growth with increasing profitability**
- Maintaining **high levels of capital strength (SCR) and rating levels**
- **Maintaining attractive dividend payout levels (30%)** for a 'growth company'
- Continuing drive to improve **brand awareness and positioning** in target markets
- Assessing any **external growth opportunities** consistent with the **business model**



Consolidation as **Leader in Salary-Backed Loans**

- Defending **competitive advantage and leadership position (30% share)** in the top SBL players
- **Increasing presence among the top players** with still limited share of wallet and **development of medium-sized players**
- **Maintaining a high quality of risk-taking** against moderately increasing volumes, thanks to **service quality** and **advanced analytics** applied to best practices in **pricing and underwriting**



From Start-up to
Scale-up of the
Bancassurance
business

- **Bring distribution potential** with primary Bancassurance partners (agreements with upfront investments) **on CPI, Non-life** (Family, Health and Home) and **Life Protection**
- Enhancement of the **service model** differential **to increase** share of wallet in **still underdeveloped partners**
- **Selective development of new distribution agreements** with local banks



**Ramp-up of the
Broker channel**
with digital and
Speciality
approach

- **Broker business development** with a **dedicated** digital platform (Digital Attacker) and focus on **business Affinity**
- **Development of Specialities** (Suretyship and Agro) with a **prudent underwriting and reinsurance policy**
- **Gradual growth of digital insurance partnerships** in place and **specific product proposition** for **digital channels**



Efficient and digital operating machine

- **Strengthening the organisation** to support growth and **increase attractiveness for talent and specialised profiles**
- **IT machine efficiency**, completing the transition to greater **digitisation and process automation**
- Maintaining current levels of **investment in cyber security** and a strong focus on **protecting the information assets** of companies and customers



Business and operating model evolution towards ESG 'Good Practice'

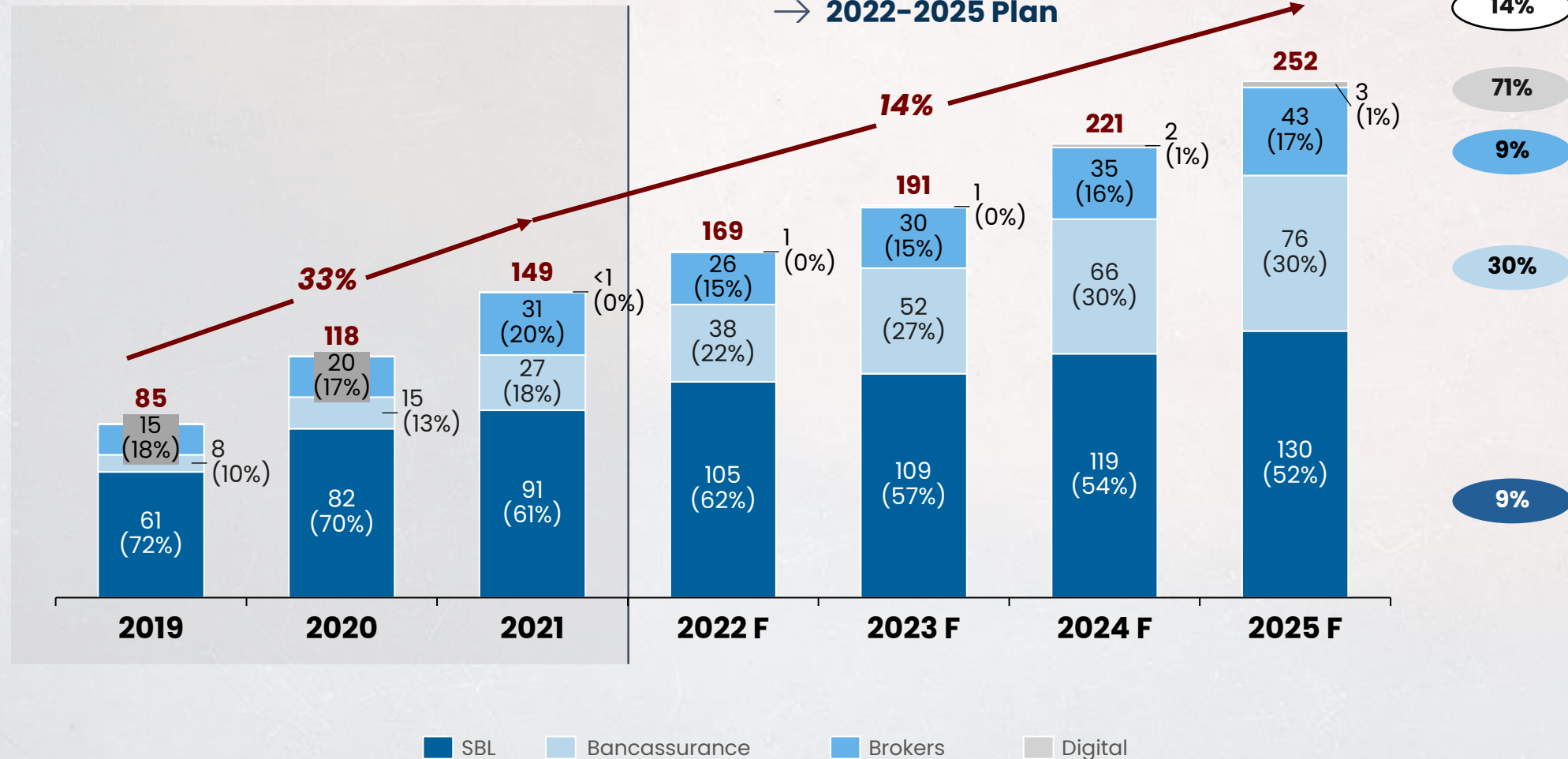
- Continued promotion of a **sustainable business model** by **reducing environmental impact** (target of a 15% reduction in CO2 emissions by 2025) and increasing **investment in sustainable assets**
- **Consolidation of the commitment** to **inclusion and well-being of employees** to maintain **Great Place to Work** status (Trust Index $\geq 60\%$)
- **Internal ESG controls** and alignment of **management targets to sustainability results**

Agenda

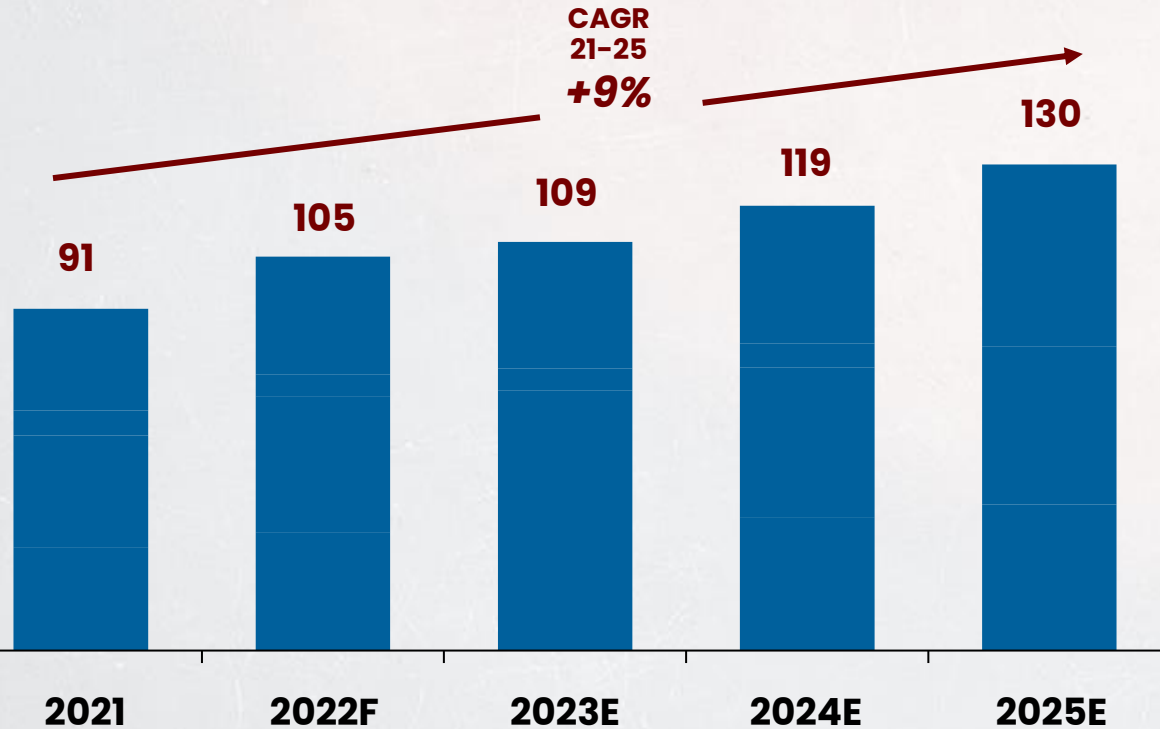
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Premium income

Gross premiums written (Mln€)



Gross premiums written – SBL Business (Mln€)

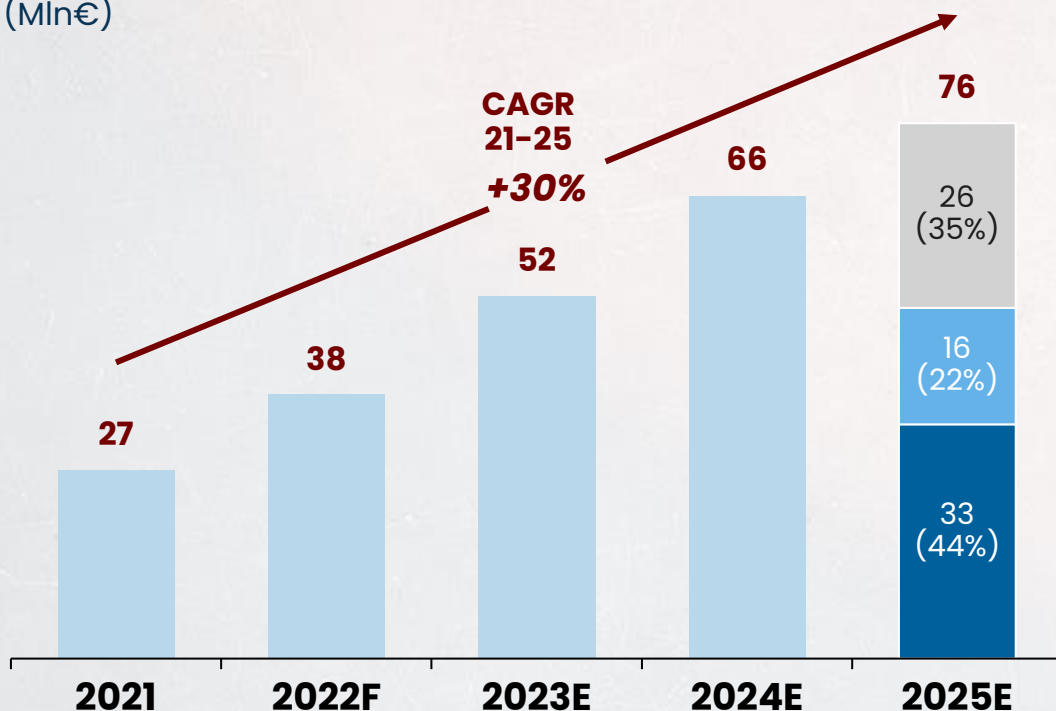


Guidelines and main assumptions

- Maintaining the **leadership position in a market** that aligns with the lending market and **expects growth** in line with the general consensus among operators
- Growth in the market for **credit disbursed** (CAGR 2021-2025 ~8%) and the underlying SBL insurance market (CAGR 2021-2025 ~7%) driven by:
 - **Maintaining** Net Insurance's **share of wallet** on major players, **increasing it** on some **high-potential (private) partners and segments**
 - **Investments** to improve the level of **digitisation of processes**
 - **Focusing on business partners** by offering **distinctive business services and support** (e.g. training, call centres)

Bancassurance: from Start-up to Scale-up

Gross premiums written – Bancassurance Business (Mln€)



Agreements in place – Average output per window (K€)

	2021	2022F	2023E	2024E	2025E
CPI	25.8	30.6	29.9	32.7	35.7
RE and Life Protection	10.2	12.4	17.5	21.9	26.2

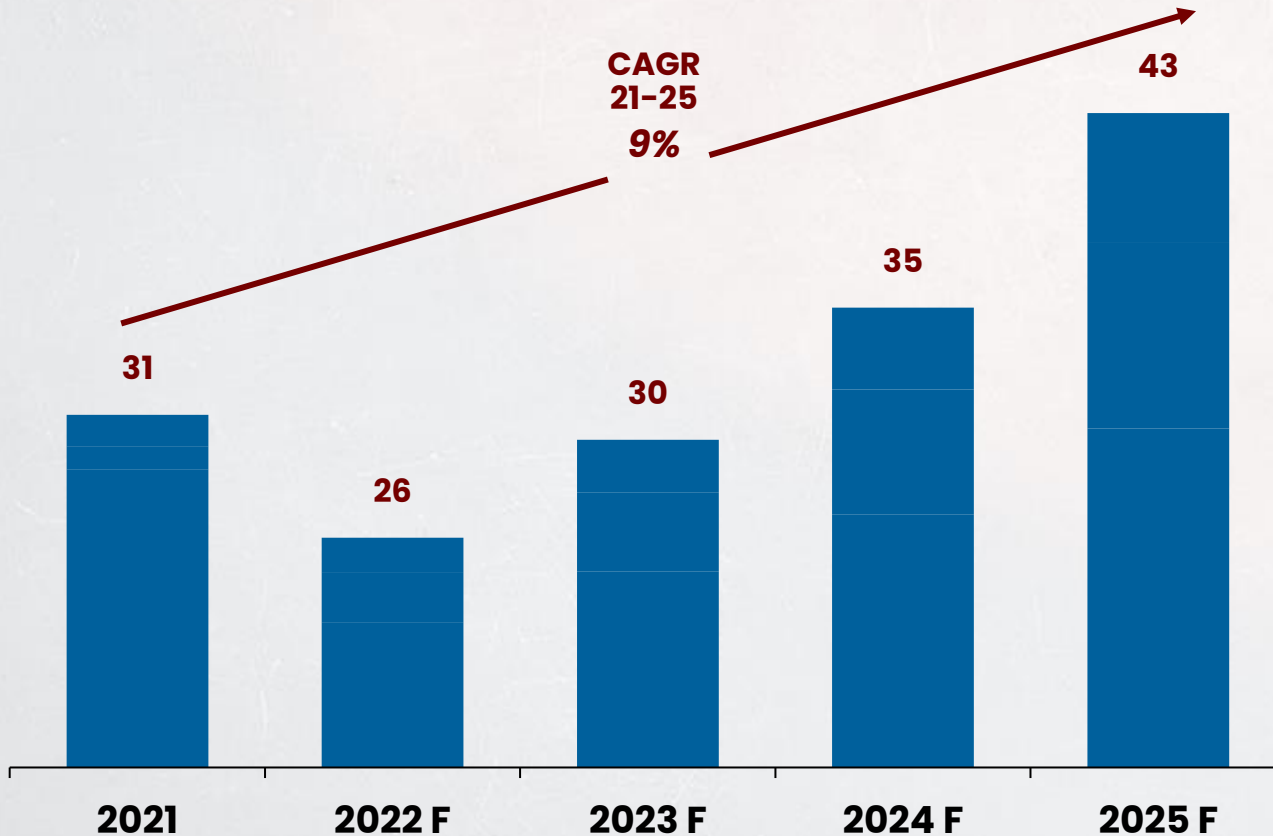
Guidelines and main assumptions

- For existing **Bancassurance partnerships** assumed collection target based on **contracted targets** for upfront agreements
- **Internal distribution best practices** for agreements without upfront
- **Commercial support** (e.g.. Next to you in the pre-sales phase) and sales network animation initiatives
- **Technical and commercial training plans** and enhancement of NIBA
- **Co-marketing** initiatives with partners
- Continuous evolution of **technological tools** for partners

■ Agreements in place - CPI ■ New Bancassurance - CPI Agreements ■ Agreements in place - RE and Life Protection

Broker area expected to grow

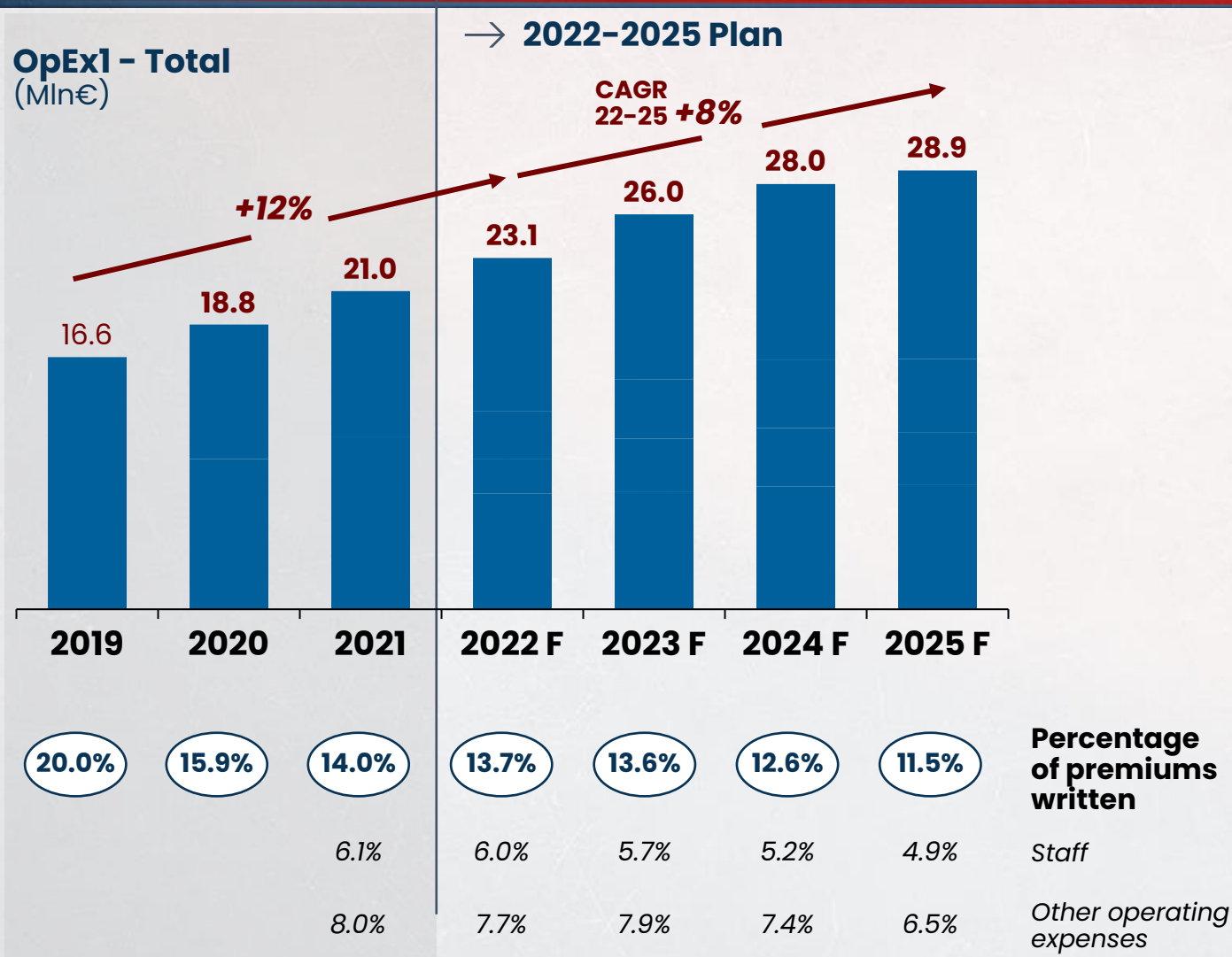
Gross premiums written – SBL Business (Mln€)



Guidelines and main assumptions

- Consolidating the **Agro business**, aiming to **exceed 2021** plan target levels
- **Developing Securities business** while maintaining use the use of reinsurance
- **Ramp up** of business **Other non-life classes**, focus **retail products**:
 - Evolving the **technology platform** made available to brokers from a **Digital Attacker** perspective with a set of business management tools (e.g. recruitment process, remote contact, ...).
 - Strengthening the **commercial** channel structure
 - Completing the **product range**
 - Exploring the **Affinity** market to leverage brokers' **corporate** customer portfolio

Ordinary Expenses



Guidelines and main assumptions

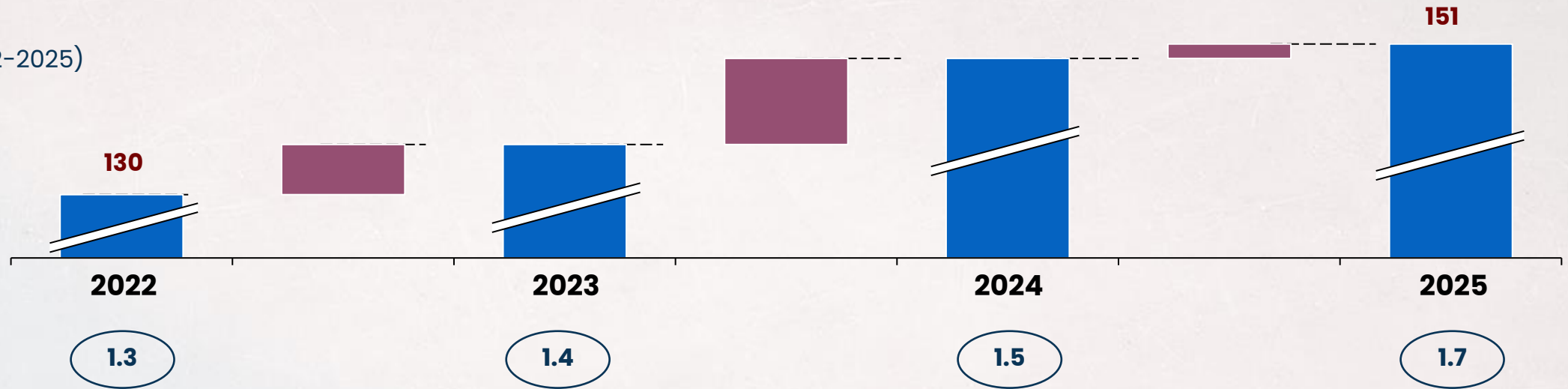
- **Rising personnel expenses** (+2.3 Mln€ 2022B vs 2025)
- **Costs directly allocable to growing business lines** (+1.7 Mln€ 2022 vs. 2025), in particular:
 - **New credit assessment services (SBL)**
 - Increased services related to **training and support** to partner banks (Bancass)
 - **Growth Depreciation and Amortisation** (+1.2 Mln€ 2022 vs 2025) for higher investments also in 2023

1. Excluding investment management costs, claims-related costs, depreciation of extraordinary investments (e.g. Quotation) | Source: Net Insurance

Strengthening the operational structure

Total resources

(# Resources; 2022-2025)



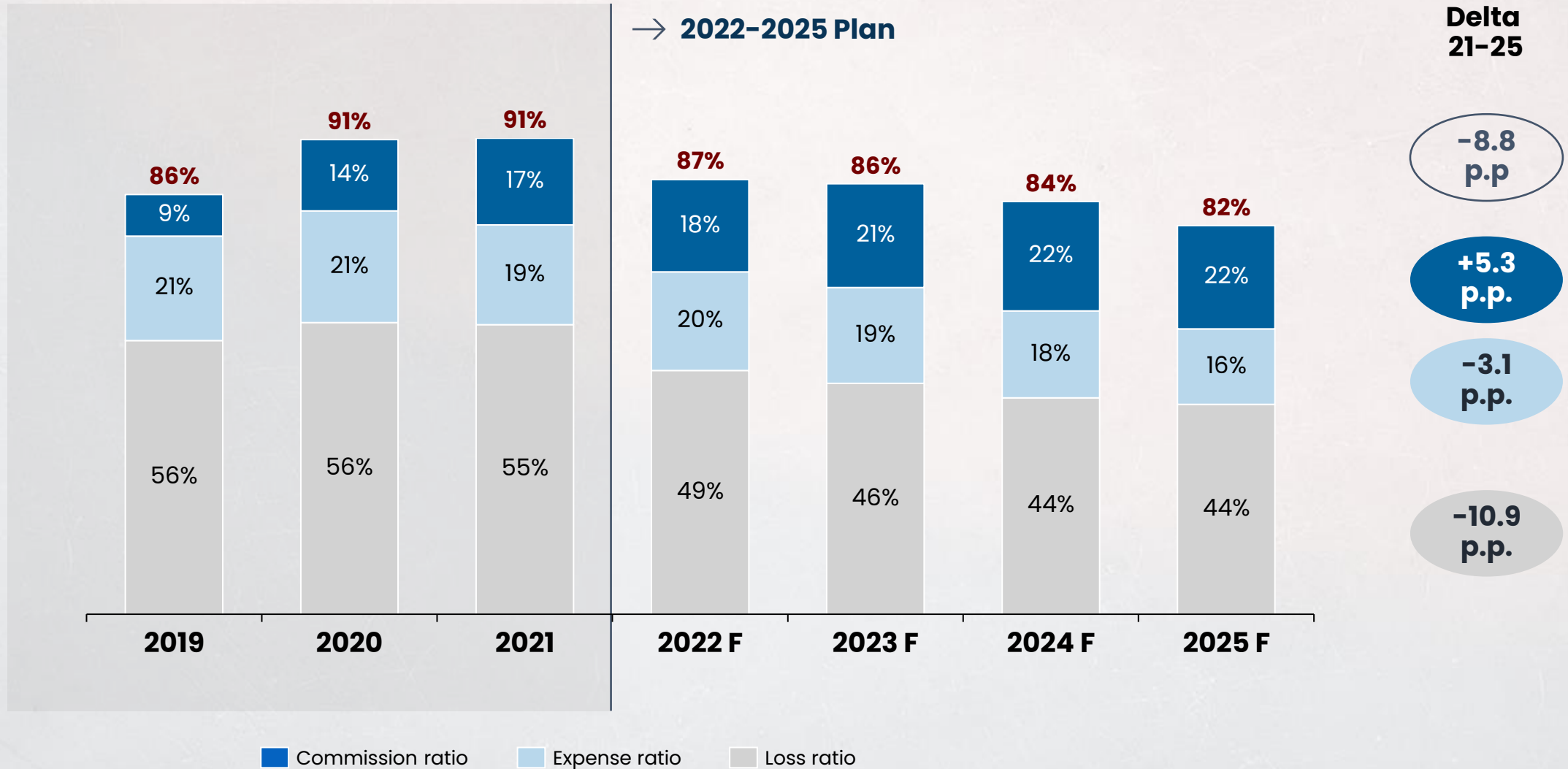
Premiums per resource (Mln €)

Guidelines and main assumptions

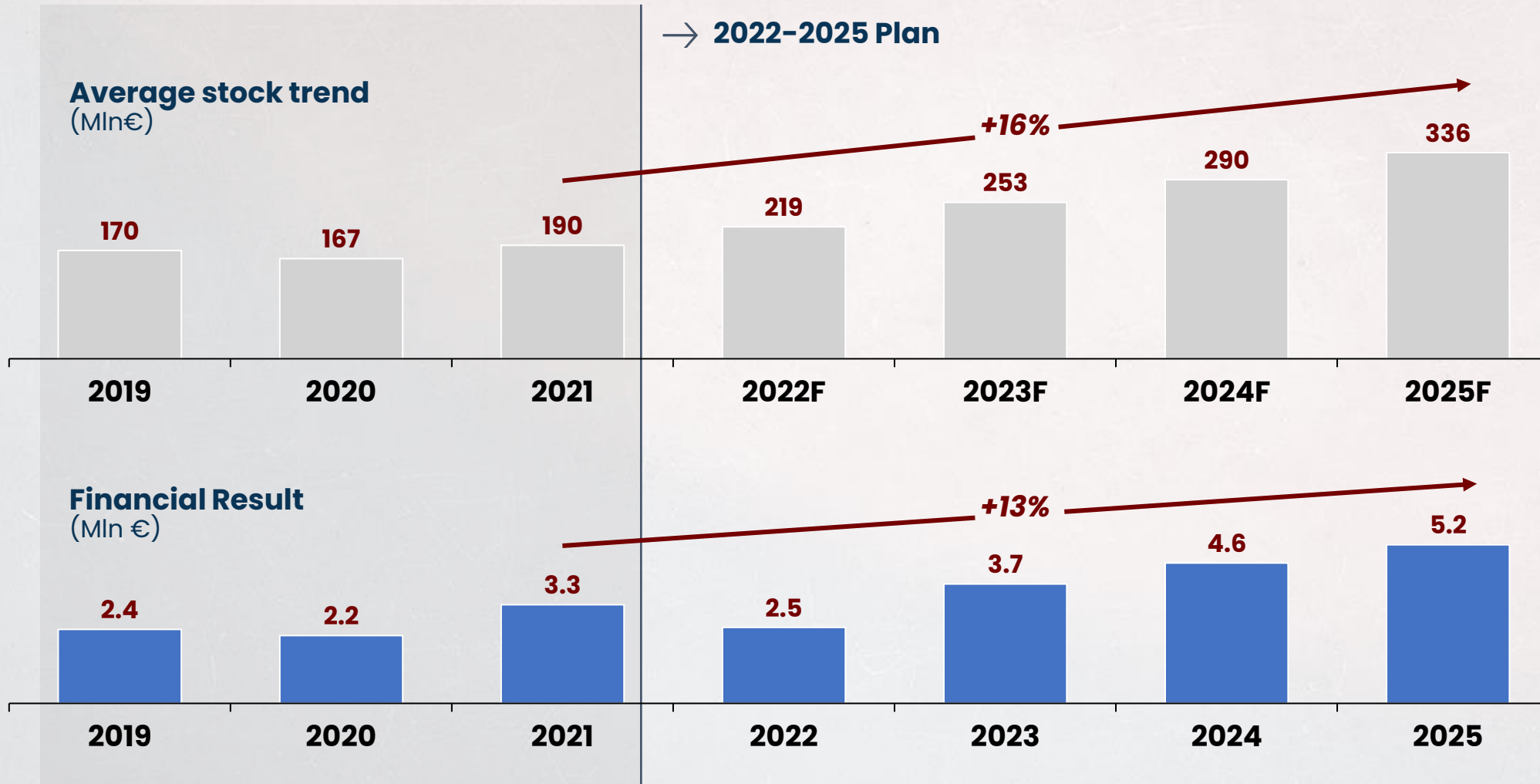
- Inflow of **new resources to strengthen the organisation** (+21 FTE in the plan period)
- **Value pool** dedicated to incentivising virtuous resources and talent retention
- New **stock option plan 'extended'**

Combined ratio

Combined Ratio (gross summary) (%)



Result of financial management



[Investments](#)
[Portfolio](#)
[Management](#)

Net return on expenses

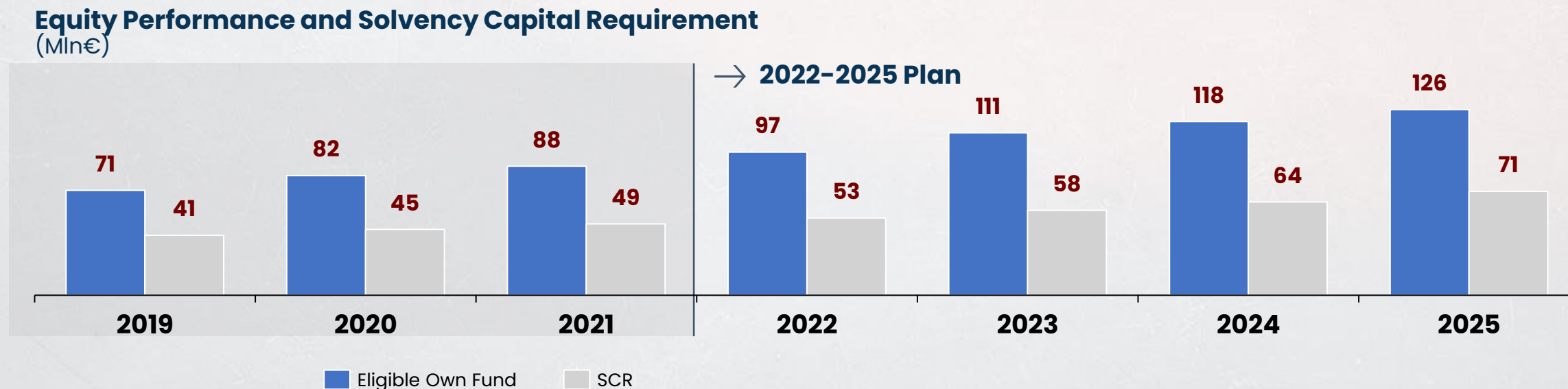
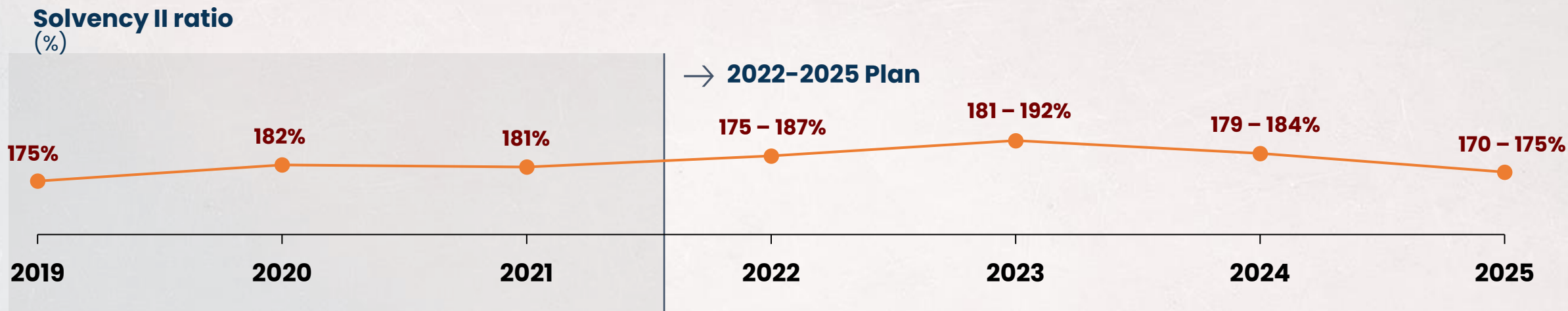


Targets 2022-2025

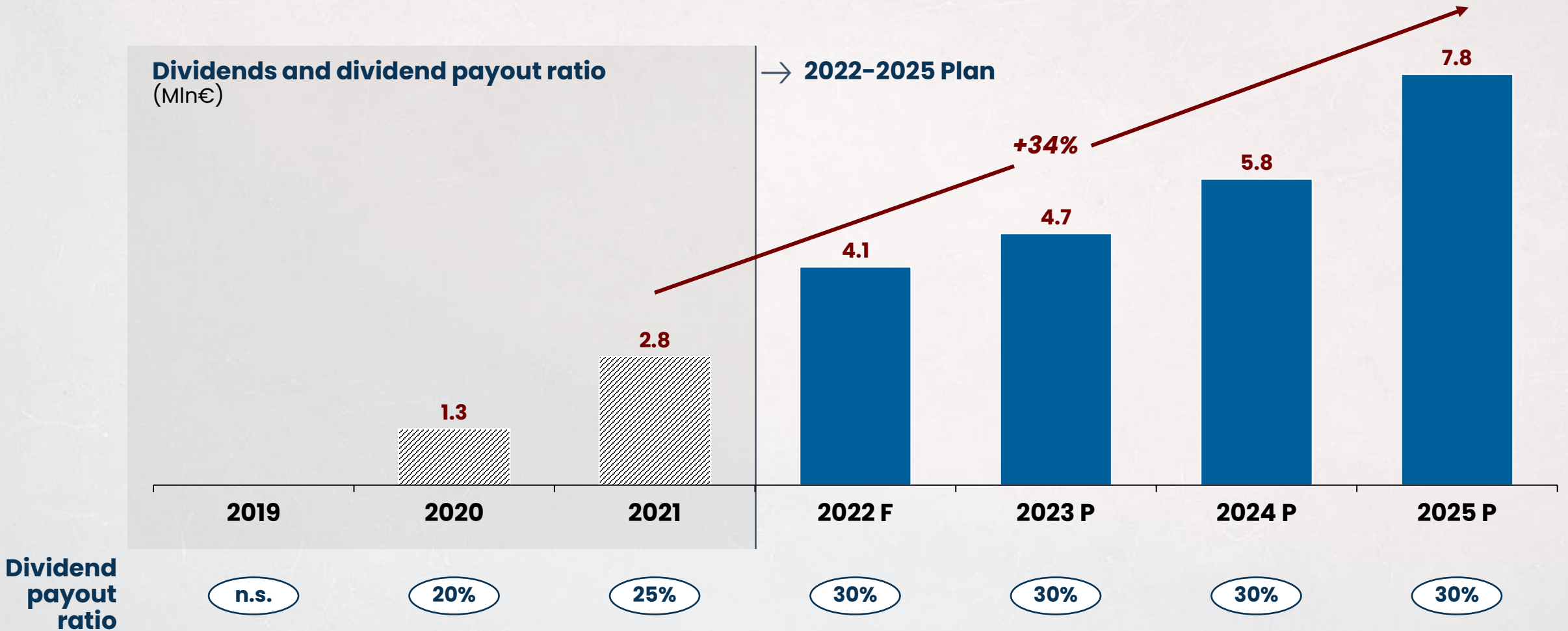
	2021	2022 F	2023 P	2024 P	2025 P
Gross premiums written <small>€ Min</small>	149.3	169.2	191.3	221.4	252.1
Ordinary Expenses <small>€ Min</small>	21.0	23.1	26.0	28.0	28.9
Net Tech. Result <small>€ Min</small>	10.6	17.0	19.0	23.2	31.7
Financial Result <small>€ Min</small>	3.3	2.5	3.7	4.5	5.2
Net Profit <small>€ Min</small>	11.3	14.9	20.2	19.3	25.9
Normalised Net Profit <small>€ Min</small>	11.5	13.6	15.8	19.3	25.9
ROE	13.4%	16.2%	19%	15.7%	18.8%

* Normalised net profit includes non-recurring expenses and income linked to extraordinary events

Solvency Ratio

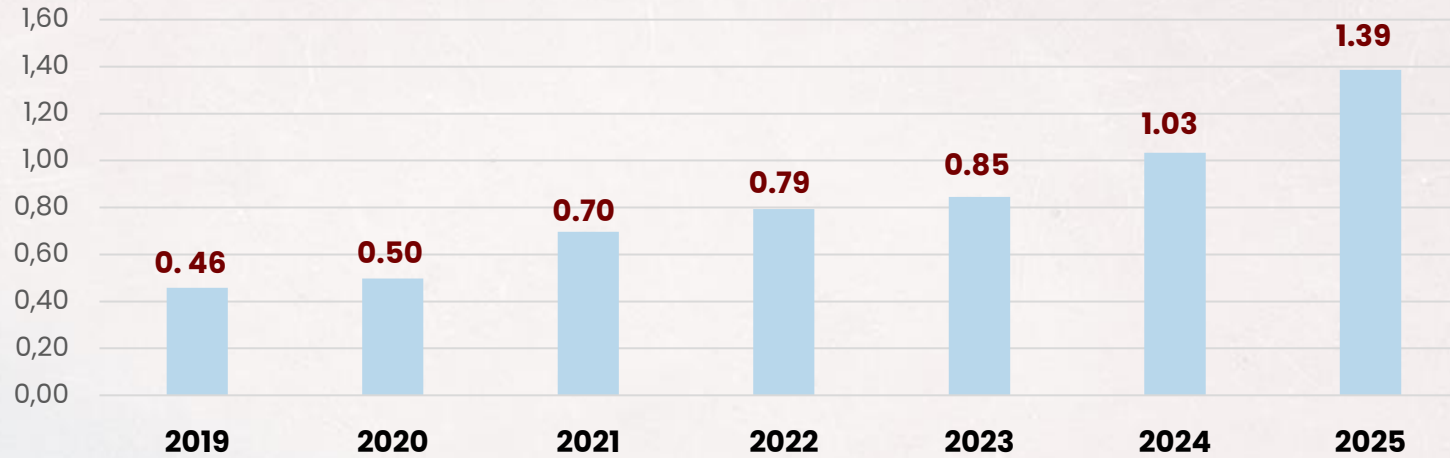


Dividend payout



Earning & Book value per azione

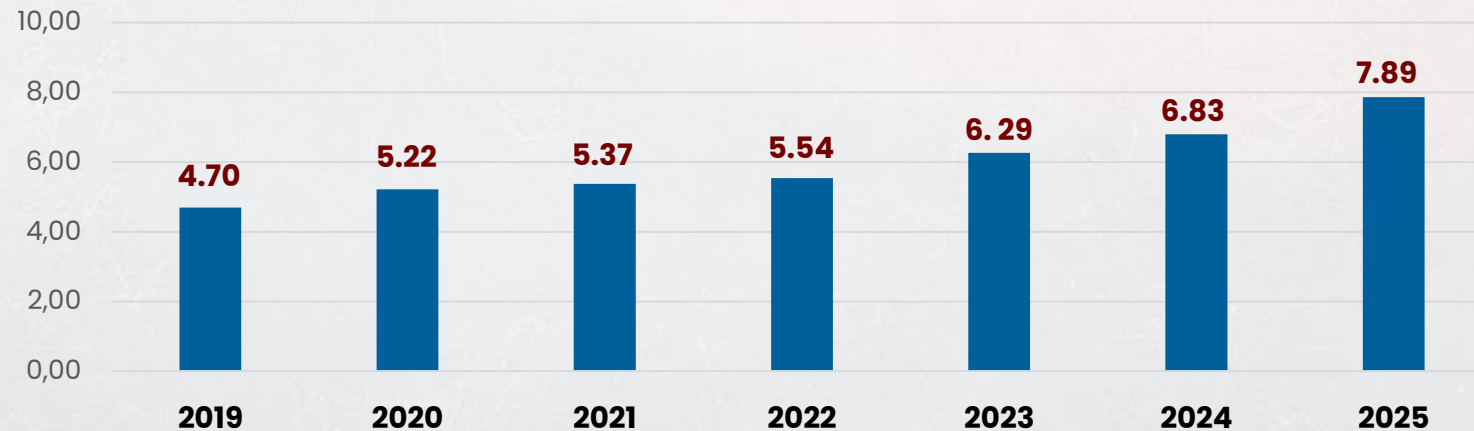
EPS (Earning per share) normalized



**CAGR
21-25**

19.3%

BVPS (Book value per share)



10.6%

The financial statements presented in this presentation are all expressed in accordance with current accounting policies and do not take into account to any extent the effects of the introduction of **IFRS17** and **IFRS9**

However, it should be noted that:

- the situation **is still evolving** and the conversions of values according to the new principles **cannot be considered stabilized yet**
- is expected to communicate the data of this plan "translated" into the new principles before the publication of the first information to be drawn up on the basis of the principles IFRS 9 and 17 (as of 2023 half-year report)

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The business model's **credibility and resilience are proven**

Profitability is expected to reach **double digits** throughout the entire Plan period

No capital increases will be required to support the Plan's development

Moderate execution risk. We do what we know how to do, reinsurance protection, diversification and a proven management team

Crucial steps will be taken towards **full digitisation** of the value chain

The overall picture is positive to seize any **external growth opportunities**



Euronext Milan

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STAR
segment



Thank you

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Three strategic pillars

Portfolio Strategy

- Applying bond portfolio strategies to grasp the **opportunities** offered by the **yield curve**
- No investments planned in Equity, Real Estate and FX (hedging planned)
- Targeted investments in Insurtech players to be assessed on a case-by-case basis

Risk-return optimisation

- Overall portfolio management to **maximise returns while keeping capital requirements low**
- Limitation of duration gaps to <1.5 years and focus on **diversification** and **minimisation of** issuer and counterparty risks
- Maintaining an essentially zero liquidity risk

Selective operations

- **Selective pursuit of returns** through investments in alternative UCITS/FIA funds, with a focus on loan and private debt funds
- Compliance with the new **constraints introduced by IFRS9**, which will apply to the insurance industry from January 2023



BACK

Consolidation of ESG policies

Environment

Initiatives started/ in progress

- **Responsible use of natural resources** at company sites (e.g. recycled paper, waste separation, plastic reduction)
- Producing **renewable energy** by installing a **photovoltaic system**
- **Digitising** paper (e.g. insurance records)

Plan Guidelines

Reduction of environmental impact and responsible use of natural resources

Social

Initiatives started/ in progress

- Focus on **employees** and **work-life balance**
- Continued **investment** in employee **training** also through partnerships with external business schools
- Developing initiatives to **support the local community** and vulnerable groups (e.g. donation of unused holidays, Miguel's race)
- Achieving **gender parity** at all levels (in area 40% of the least represented gender)

Plan Guidelines

Commitment to inclusion, employee welfare and communities

Governance

Initiatives started/ in progress

- Creating a **an ESG committee**
- **Gender equality** on the Board of Directors

Plan Guidelines

Consolidating internal ESG safeguards and alignment of business objectives with ESG Good Practices



ESG Plan Macro Targets

Environment

- **Increasing** focus in selecting **investments** that meet **ESG criteria** and/or in **asset companies** that operate in **non-critical sectors**
- **Reducing CO2** emissions from offices and data centres by **15% in the plan period** and **increasing the share of renewable energy used**

Social

- Continuous improvement of working environment and **maintenance of Great Place to Work status** (score >60%)
- Commitment to **maintain** levels of gender representation (around 40% for the least represented gender) and substantial **absence of Gender Pay Gap** fully in line with meritocratic principles

Governance

- **Strengthening the internal ESG committee** in terms of **developing initiatives** for **disseminating the culture of sustainability** within the organisation
- Integration of **sustainability targets into management's variable remuneration** in the Plan period



BACK

SBL: maintaining a high quality of risk-taking

Optimising scoring systems and integration of new variables/risk indicators into scorecards

Multivariate pricing plan favouring the best risk profiles

Targeted campaigns on specific customer segments

Integration of performance and technical reporting



BACK

DIGITAL PRODUCTS

Proposing specific products (Pet, Ski and Home) for digital channels. Planned expansion to the Health sphere

IOT DEVICES

Integration of IoT devices into the digital product chain; also data driven

AREAS OF COVERAGE

Mobility

-  Accidents and rescue
-  Event cancellation
-  Civil Liability
-  Skiing

SMEs

-  Fire and theft
-  Disability and loss of employment
-  Legal Protection
-  Cyber assistance and prevention

Other Products

-  Home
-  Pets
-  Damage to Devices
-  Travel (assistance and reimbursement of medical expenses)

New Worlds (metaverse - NFT):
"watchful waiting"



BACK

Distinctive service machine for Bancassurance partners

Training

Full support even for advanced training needs of partners in the protection field through **NIBA (Net Insurance Business Academy)**, a special Net-created training facility. Creates, organises and manages IVASS (mandatory and discretionary) training for distributors.

Digital tool

- Digital front-end integrated with main service centres – fully paperless operation
- Clearance through digital channels
- Technologies to support sales

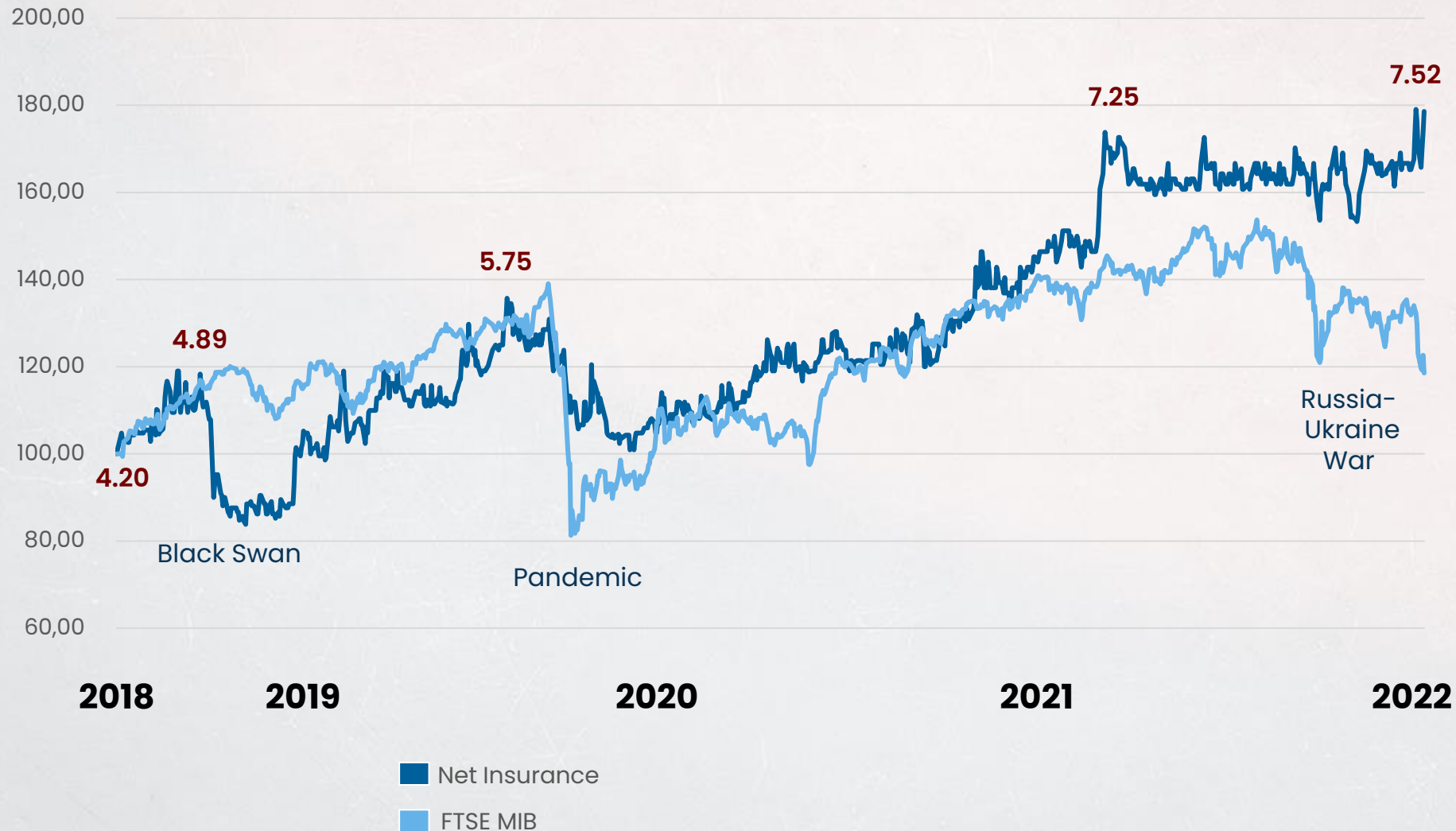
Assistance and support

Targeted commercial assistance service through Net Insurance's **advanced multichannel contact centre** which helps the bank operator to offer the company's products by providing support in all pre- and post-sales aspects.



BACK

Stock performance 2018-2022



Total Shareholder Return

65.3%*

Total shareholder return also takes into account dividends paid, starting from the reference price of the NET/Archimede business combination



BACK

Continuous and relentless drive **for the automation/digitalisation** of processes through the use of data and artificial intelligence

Progressive insourcing of applications for profitable business cases

Maintaining **Certification to the ISO27001:2013 Standard** – Information Security Management System (ISMS) and strong focus on all **Cyber Security** related issues



BACK