



## **Net Insurance: Results as at 30 September 2022 approved**

- **Premium income up 20.2%**
- **Pre-tax profit of Euro 14.2 million (Euro 9.5 million in September 2021) and normalised net profit of Euro 11.1 million (Euro 9.6 million in Q3 2021)**
  - **Combined Ratio (net reins.) at 68% (73% in 2021)**
- **Resilient capital position: Group Solvency Ratio of 166.4% (177.5% as at 30 September 2021)**

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**Rome, 9 November 2022** – The Net Insurance S.p.A. Board of Directors, which met today under the Chairmanship of Ms. Luisa Todini, has approved the Consolidated Interim Management Report at 30 September 2022.

In the first nine months of the year, **gross premiums written** of the Net Insurance Group amounted to **Euro 136.9 million**, a **20.2%** increase compared to the figure in the previous year. Premiums related to Salary-backed loan amounted to Euro 74.5 million (+6.3% compared to 30 September 2021), those of Bancassurance and Brokers amounted to Euro 32.8 million (+53.5%), while those reported in the Agro segment amounted to Euro 29.6 million (up 32%).

The **Bancassurance** channel significantly drives growth in both Non-Life and Life Protection compared to Q3 2021.

In the **Non-Life** segment premiums amounted to **Euro 69.9 million (+20%)**. In particular, for the Salary-backed loan, allocated to the Credit class, there was stability in premiums compared to the first nine months of 2021, while there was significant *double-digit* growth in the other Non-Life segments.

In the **Life** insurance segment, premiums amounted to **Euro 67 million (+20.4%)**; 75% related to Salary-backed loan and the remainder to "temporary covers in the

event of death" underlying products distributed by the bancassurance and broker channel.

The "turnover" data is therefore fully in line with end-of-2022 targets. A breakdown of premiums, as at 30 September 2022, by insurance segment, is shown in the attached Table 1, compared with the same period of the previous year.

**Net expenses from claims<sup>1</sup>** amounted to Euro 19 million (Euro 17.6 million as at 30 September 2021), which is attributable to the increase in the portfolio.

Thus, overall, the claims figures are also **consistent with the year-end targets**.

**Ordinary expenses** amounted to **Euro 16.9 million** (as at 30 September 2021 they stood at Euro 15.4 million) and were fully in line with year-end expectations<sup>2</sup>.

The **operational margin** (net technical result)<sup>3</sup> amounted to Euro **14.2 million**, compared to Euro 10 million in Q3 2021.

Consequently, in terms of **technical business performance**, the **combined ratio ("CoR")** stood at 68% net of reinsurance (73% in September 2021) and 93% gross of reinsurance (in 2021 it was 92%).

The **investments** of the Group amounted to **Euro 216.2 million** (+7.3% compared to 31 December 2021). The **financial management** result amounted to **Euro 1.5 million** (Euro 2.2 million as at 30 September 2021) and the decrease was mainly due to the impairment on the Gazprom bond for Euro 216 thousand (the only direct position in Russian issuers in the Companies' portfolio).

However, the result is in line with the figure expected for the end of the year.

**Profit for the period before tax** amounted to **Euro 14.2 million** (compared to Euro **9.5 million** approximately, at 30 September 2021).

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<sup>1</sup> The expense item is the portfolio's claims ratio, as per the Company's reclassified income statement. This differs from the item "net expenses from claims" in the consolidated balance sheets because it does not include the change in Life reserves (amounting to Euro 24.6 million as at 30 September 2022 compared to Euro 12.6 million as at 30 September 2021), which are included for reclassification purposes in earned premiums. The increase in the change in Life reserves is related to the growth in the portfolio.

<sup>2</sup> The figure for Ordinary Expenses is estimated at Euro 23.1 million as at the end of the year.

<sup>3</sup> The net technical result derives from the sum of premiums, claim expenses, commissions to distribution networks, reinsurance technical result and operating expenses. This indicator does not include the effect of the extraordinary assignment of an irrecoverable loan portfolio arising from Salary-backed loan contracts.

**Normalised net profit**<sup>4</sup> amounted to **Euro 11.1 million** (Euro 9.6 million in Q3 2021), compared to the Euro 13.6 million forecast in the Plan for the full year 2022.

Finally, **the Group's net profit** for the period amounted to **Euro 10.5 million** (in Q3 2021 it amounted to Euro 8.6 million). The **tax rate** amounted therefore to **26.3%** of the pre-tax profit for the period; in the third quarter of the previous year, the tax rate was just over 9% where it was affected by the recognition of deferred taxes related to the brand revaluation process.

During the period under review, the Group's **consolidated shareholders' equity** amounted to Euro **79 million**, a decrease of 11% compared to 31 December 2021 (equity amounted to Euro 88.8 million). The decrease is attributable to the recognition in the reserve " Profit or losses on available-for-sale financial assets" of the depreciation of financial instruments in the portfolio.

In terms of **solvency**, the Group's Solvency II Ratio as at 30 September was **166.4%** (as at Q3 2021 it was 177.5%), due to market tensions.

The solvency indicator, taking into account the strong financial volatility observed, showed its resilience and is to be considered particularly positive.

### **Foreseeable Management Evolution**

In the fourth quarter of the year, the Company will remain focused on continuing the strategic objectives outlined in the 2022-2025 Business Plan in all business segments. In particular, further efforts will be made to strengthen the Group's presence in the Salary-backed loan "core" business through:

- the digital approach and a progressive integration with the systems of the various banking partners so as to allow the simplification of management and a greater speed in the feedback;
- the automation of document checks in the area of underwriting with the help of artificial intelligence tools;
- the use of further-developed risk assessment procedures to allow a comprehensive analysis of each position also with the help of new indicators and scores. This will, among other things, offer lending institutions support in setting up targeted marketing campaigns.

Lastly, still on the subject of Salary-backed loans, periodic portfolio checks and assessments should be noted, also in the light of contingent economic and macroeconomic scenarios.

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<sup>4</sup> This figure is net of non recurrent charges and revenues, therefore linked to events of an extraordinary nature.

In the bancassurance and broker sector, the following are planned for the fourth quarter of 2022:

- the operational launch of the distribution agreement with Banca di Credito Popolare S.c.p.A., through the marketing of CPI (Credit Protection) Mortgage, CPI Business and Term Insurance products;
- the enabling of Banca Popolare del Lazio S.c.p.A. and Blu Banca S.p.A. to offer CPI Mortgage products;
- the enabling of Cassa di Volterra S.p.A. to offer the CPI Business product;
- the launch of the marketing by the broker YOLO S.r.l. of both multi-risk Non-Life products for the trade and craft segment and a specific "instant" product for the ski segment;
- the consolidation of the placement of multi-risk Non-Life covers in the school segment.

"These results reveal the intense planning of the current financial year and confirm that management performance continues to be substantially in line with expectations, despite the marked scenario volatility and in the context of the launch of the extraordinary operation by Poste Vita," stated **Andrea Battista**, CEO of Net Insurance.

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### **Declaration of the Manager in charge of financial reporting**

The manager in charge of financial reporting, Luigi Di Capua, declares, in accordance with the provisions of Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

The Consolidated Interim Management Report as at 30 September 2022 will be made available on the Company's website<sup>5</sup> in accordance with the law.

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<sup>5</sup>See link <https://www.netinsurance.it/investor-relations/budgets-and-reports/>

Table 1

	<b>euro.000</b>		
<b>Gross Premiums Written</b>	<b>09-2022</b>	<b>09-2021</b>	<b>Change</b>
Accident and injury	7,720	5,346	2,374
Illness	1,782	973	809
Fire	1,871	1,386	485
Other damage to property	29,607	22,422	7,184
General Civil Liability	1,276	877	399
Credit	24,242	25,024	(782)
Suretyship	1,188	884	304
Financial losses	1,511	936	575
Legal Protection	395	233	163
Assistance	320	161	159
<b>Total Non-life segment</b>	<b>69,912</b>	<b>58,242</b>	<b>11,670</b>
Insurance on Life length - Class I	66,680	55,670	11,010
Insurance on Life length - Class IV	347	0	347
<b>Total Life segment</b>	<b>67,028</b>	<b>55,670</b>	<b>11,358</b>
<b>Total</b>	<b>136,940</b>	<b>113,912</b>	<b>23,028</b>

## Consolidated Shareholders' Equity as at 30 September 2022 - Assets

(amounts in euro)

	30/09/22	31/12/21
<b>1 INTANGIBLE ASSETS</b>	<b>7,916,488</b>	<b>6,147,105</b>
1.1 Goodwill	0	0
1.2 Other intangible assets	7,916,488	6,147,105
<b>2 TANGIBLE ASSETS</b>	<b>15,234,350</b>	<b>15,306,183</b>
2.1 Properties	14,465,282	14,645,000
2.2 Other tangible assets	769,068	661,183
<b>3 TECHNICAL RESERVES ATTRIBUTABLE TO REINSURERS</b>	<b>249,627,292</b>	<b>213,648,941</b>
<b>4 INVESTMENTS</b>	<b>216,169,902</b>	<b>201,460,185</b>
4.1 Investment property	0	0
4.2 Investments in subsidiaries, associates and joint ventures	0	0
4.3 Held-to-maturity investments	0	0
4.4 Loans and receivables	500,000	0
4.5 Financial assets available for sale	215,669,902	201,460,185
4.6 Financial assets at fair value through income statement	0	0
<b>5 OTHER RECEIVABLES</b>	<b>79,393,103</b>	<b>63,401,433</b>
5.1 Receivables arising out of direct insurance transactions	63,991,452	45,351,755
5.2 Receivables arising out of reinsurance transactions	12,215,227	12,573,942
5.3 Other receivables	3,186,424	5,475,736
<b>6 OTHER ASSET ITEMS</b>	<b>29,056,676</b>	<b>24,046,061</b>
6.1 Non-current assets or assets of a disposal group held for sale	0	0
6.2 Deferred acquisition costs	4,955,581	4,957,971
6.3 Deferred tax assets	15,505,156	9,161,418
6.4 Current tax assets	1,227,598	1,320,054
6.5 Other assets	7,368,340	8,606,618
<b>7 CASH AND CASH EQUIVALENTS</b>	<b>4,982,114</b>	<b>9,656,818</b>
<b>TOTAL ASSETS</b>	<b>602,379,925</b>	<b>533,666,726</b>

## Consolidated Shareholders' Equity as at 30 September 2022 - Equity and Liabilities

(amounts in euro)

	30/09/22	31/12/21
<b>1 EQUITY</b>	<b>79,016,179</b>	<b>88,776,323</b>
1.1 pertaining to the Group	79,016,179	88,776,323
1.1.1 Share capital	17,616,480	17,615,050
1.1.2 Other equity instruments	0	0
1.1.3 Capital reserves	63,720,820	63,715,543
1.1.4 Profit reserves and other equity reserves	15,007,044	6,530,299
1.1.5 (Own shares)	(9,775,130)	(9,775,130)
1.1.6 Net foreign exchange differences reserve	0	0
1.1.7 Profit or losses on financial assets available-for-sale	(17,801,623)	(394,558)
1.1.8 Other profit and losses recognised in equity	(255,618)	(218,223)
1.1.9 Profit (losses) for the period pertaining to the Group	10,504,206	11,303,342
<b>1.2 attributable to minority interest</b>	<b>0</b>	<b>0</b>
1.2.1 Share capital and minority interest	0	0
1.2.2 Profit and losses recognised directly in equity	0	0
1.2.3 Profit (losses) for the period attributable to minority interest	0	0
<b>2 PROVISIONS</b>	<b>285,209</b>	<b>476,431</b>
<b>3 TECHNICAL RESERVES</b>	<b>419,627,866</b>	<b>362,106,318</b>
<b>4 FINANCIAL LIABILITIES</b>	<b>17,150,506</b>	<b>17,018,790</b>
4.1 Financial liabilities at fair value through income statement	478,563	374,214
4.2 Other financial liabilities	16,671,942	16,644,576
<b>5 DEBTS</b>	<b>78,656,486</b>	<b>59,492,083</b>
5.1 Payables arising out of direct insurance transactions	2,687,132	5,646,794
5.2 Payables arising out of reinsurance transactions	58,133,088	37,321,953
5.3 Other payables	17,836,266	16,523,336
<b>6 OTHER LIABILITY ITEMS</b>	<b>7,643,680</b>	<b>5,796,781</b>
6.1 Liabilities of a group available-for-sale	0	0
6.2 Deferred tax liabilities	5,387,561	4,081,646
6.3 Current tax liabilities	0	0
6.4 Other liabilities	2,256,120	1,715,135
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>602,379,925</b>	<b>533,666,726</b>

## Consolidated Income Statement as at 30 September 2022

(amounts in euro)

	30/09/22	30/09/21
<b>1.1 Net premiums</b>	<b>53,071,180</b>	<b>45,724,900</b>
1.1.1 Gross premiums earned	124,323,049	102,211,651
1.1.2 Premiums ceded to relevant reinsurance	(71,251,869)	(56,486,751)
<b>1.2 Commission income</b>	<b>0</b>	<b>0</b>
<b>1.3 Financial income and charges from financial instruments designated at fair value through income statement</b>	<b>0</b>	<b>0</b>
<b>1.4 Income from investments in subsidiaries, associates and joint ventures</b>	<b>0</b>	<b>0</b>
<b>1.5 Income from other financial instruments and investment properties</b>	<b>2,958,254</b>	<b>3,424,703</b>
1.5.1 Interest income	1,536,587	1,365,160
1.5.2 Other income	1,294,178	1,319,482
1.5.3 Realised profit	127,489	740,061
1.5.4 Valuation income	0	0
<b>1.6 Other revenues</b>	<b>1,819,985</b>	<b>1,693,978</b>
<b>1 TOTAL REVENUES AND INCOME</b>	<b>57,849,419</b>	<b>50,843,582</b>
<b>2.1 Net expenses from claims</b>	<b>27,855,242</b>	<b>28,124,972</b>
2.1.1 Amounts paid and changes in technical reserves	81,814,616	67,991,527
2.1.2 Reinsurers' shares	(53,959,374)	(39,866,555)
<b>2.2 Commission expenses</b>	<b>0</b>	<b>0</b>
<b>2.3 Charges from investments in subsidiaries, associates and joint ventures</b>	<b>0</b>	<b>0</b>
<b>2.4 Charges from other financial instruments and investment properties</b>	<b>1,532,091</b>	<b>1,339,252</b>
2.4.1 Interest expenses	415,351	570,883
2.4.2 Other charges	715,559	647,076
2.4.3 Realised losses	53,356	95,185
2.4.4 Valuation losses	347,825	26,107
<b>2.5 Operating expenses</b>	<b>11,515,916</b>	<b>8,017,916</b>
2.5.1 Commissions and other acquisition expenses	6,359,698	3,500,605
2.5.2 Investment operating expenses	878,250	716,260
2.5.3 Other administrative expenses	4,277,967	3,801,051
<b>2.6 Other costs</b>	<b>2,693,156</b>	<b>3,882,335</b>
<b>2 TOTAL CHARGES AND EXPENSES</b>	<b>43,596,406</b>	<b>41,364,474</b>
<b>PROFIT (LOSS) FOR THE YEAR BEFORE TAXES</b>	<b>14,253,013</b>	<b>9,479,107</b>
<b>3 Taxes</b>	<b>3,748,807</b>	<b>874,259</b>
<b>PROFIT (LOSS) FOR THE YEAR NET OF TAXES</b>	<b>10,504,206</b>	<b>8,604,848</b>
<b>4 PROFIT (LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>0</b>
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>10,504,206</b>	<b>8,604,848</b>
of which pertaining to the Group	10,504,206	8,604,848
<b>of which pertaining to minority interest</b>	<b>0</b>	<b>0</b>



## Consolidated cash flow statement as at 30 September 2022

(amounts in euro)

	30/09/22	30/09/21
<b>Profit (loss) for the year before taxes</b>	<b>14,253,013</b>	<b>9,479,107</b>
<b>Changes in non-monetary items</b>	<b>14,439,451</b>	<b>22,537,092</b>
Changes in non-life premium reserve	6,966,330	7,806,242
Changes in claims provision and other non-life technical reserves	5,842,953	6,052,301
Changes in mathematical reserves and other Life technical reserves	8,733,912	10,233,329
Changes in deferred acquisition costs	(2,390)	(685,827)
Changes in provisions	(191,222)	(143,811)
Non-monetary income and charges from financial instruments, investment property and equity investments	0	0
Other changes	(6,910,133)	(725,140)
<b>Changes in receivables and payables generated by operating activities</b>	<b>3,172,733</b>	<b>8,594,442</b>
Changes in receivables and payables from direct insurance and reinsurance transactions	(429,509)	3,468,172
Changes in other receivables and payables	3,602,242	5,126,269
<b>Income tax paid</b>	<b>0</b>	<b>0</b>
<b>Net liquidity generated/absorbed from monetary items related to investment and financial activities</b>	<b>0</b>	<b>0</b>
Liabilities from financial contracts issued by insurance companies	0	0
Amounts owed to banking and interbank customers		
Loans and receivables from banking and interbank customers	0	0
Other financial instruments designated at fair value through income statement	0	0
<b>TOTAL NET LIQUIDITY FROM OPERATING ACTIVITIES</b>	<b>31,865,197</b>	<b>40,610,641</b>
Net liquidity generated/absorbed from investment property	0	0
Net liquidity generated/absorbed from investments in subsidiaries, associates and joint ventures	0	0
Net liquidity generated/absorbed from loans and receivables	(500,000)	6
Net liquidity generated/absorbed from held-to-maturity investments	0	0
Net liquidity generated/absorbed from financial assets available for sale	(14,209,717)	(28,812,694)
Net liquidity generated/absorbed from tangible and intangible assets	(1,697,550)	(469,719)
Liquidity generated/absorbed from investment activities	0	0
<b>TOTAL NET LIQUIDITY FROM INVESTMENT ACTIVITIES</b>	<b>(16,407,267)</b>	<b>(29,282,407)</b>
Net liquidity generated/absorbed from capital instruments pertaining to the Group	(17,444,460)	(1,100,357)
Net liquidity generated/absorbed from own shares	0	0
Distribution of dividends pertaining to the Group	(2,819,889)	(648,119)
Net liquidity generated/absorbed from share capital and reserves pertaining to minority interests		
Net liquidity generated/absorbed from subordinated liabilities and investment financial instruments	131,716	(2,837,499)
Net liquidity generated/absorbed from other financial liabilities		
<b>TOTAL NET LIQUIDITY FROM FINANCING ACTIVITIES</b>	<b>(20,132,634)</b>	<b>(4,585,975)</b>
<b>Effect from foreign exchange differences on cash and cash equivalents</b>	<b>0</b>	<b>0</b>
CASH AND CASH EQUIVALENTS AT THE OPENING OF THE YEAR	<b>9,656,818</b>	<b>9,357,551</b>
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	(4,674,704)	6,742,260
CASH AND CASH EQUIVALENTS AT THE CLOSING OF THE YEAR	<b>4,982,114</b>	<b>16,099,811</b>

**Net Insurance** is an insurance company that aims to offer protection solutions for Individuals, Families and small- and medium-sized enterprises. **Net Insurance's** history, financial strength, agility and offering of innovative products and approaches make it a unique player within the Italian insurance industry. An evolving and future-oriented company.

## CONTACT INFORMATION

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