CONSOLIDATED FINANCIAL STATEMENTS
2022

NET INSURANCE GROUP

23TH financial year

Registered Office and Headquarters

Via Giuseppe Antonio Guattani, 4 00161 Roma

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Corporate Bodies

BOARD OF DIRECTORS [1]

Luisa TODINI	Chairperson and Independent Director
Andrea BATTISTA	Chief Executive Officer
Anna DORO	Independent Director of Net Insurance S.p.A.
Simonetta GIORDANI [2]	Independent Director of Net Insurance S.p.A.
Roberto ROMANIN JACUR	Independent Director
Mayer NAHUM	Independent Director
Matteo CARBONE[3]	Independent Director of Net Insurance S.p.A.
Andrea MARALLA	Independent Director
Monica REGAZZI	Independent Director
Nicoletta GAROLA	Independent Director
Pierpaolo GUZZO[4]	Independent Director of Net Insurance S.p.A.

BOARD OF STATUTORY AUDITORS[5]

Antonio BLANDINI	Chairperson
Marco GULOTTA	Statutory Auditor
Sabina IPPOLITONI	Statutory Auditor
Ettore GUARINI	Alternate Auditor
Carmen PADULA	Alternate Auditor

[1] The members of the Board of Directors (with the exception of Director Doro) were appointed by the Shareholders' Meeting held on 27 April for the three-year period 2022-2024 until the Shareholders' Meeting will be called to approve the financial statements as at 31 December 2024.

[2] With effect from 13 September 2022, the Director Giordani resigned from the Board of Directors of Net Insurance Life S.p.A., in order to implement the Company's commitment to IVASS to increase the number of Directors to 7

[3] With effect from 13 September 2022, the Director Carbone resigned from the Board of Directors of Net Insurance Life S.p.A., in order to implement the Company's commitment to IVASS to increase the number of Directors to 7

[4] With effect from 13 September 2022, the Director Guzzo resigned from the Board of Directors of Net Insurance Life S.p.A., in order to implement the Company's commitment to IVASS to increase the number of Directors to 7

[5] The members of the Board of Statutory Auditors were appointed by the Shareholders' Meeting held on 27 April for the three-year period 2022-2024 until the Shareholders' Meeting will be called to approve the financial statements as at 31 December 2024.

INTERNAL CONTROL, RISK AND RELATED PARTIES COMMITTEE

Andrea MARALLA	Chairperson and Independent Director
Mayer NAHUM	Independent Director
Pierpaolo GUZZO	Independent Director of Net Insurance S.p.A.

APPOINTMENT AND REMUNERATION COMMITTEE

Roberto ROMANIN JACUR	Chairperson and Independent Director
Anna DORO	Independent Director of Net Insurance S.p.A.
Nicoletta GAROLA	Independent Director

INVESTMENT COMMITTEE

Luisa TODINI	Chairperson and Independent Director
Andrea BATTISTA	Chief Executive Officer
Roberto ROMANIN JACUR	Independent Director

ESG COMMITTEE

Simonetta GIORDANI	Chairperson and Independent Director of Net Insurance S.p.A.
Monica REGAZZI	Independent Director
Anna DORO	Independent Director of Net Insurance S.p.A.

MANAGER IN CHARGE OF FINANCIAL REPORTING

Luigi DI CAPUA

AUDITING COMPANY

KPMG S.p.A.

Dear Shareholders,

The year we have left behind has been a very positive year for your Group, an extraordinary one even. A year of important challenges and achieved goals. Once again, we have successfully grown both in terms of results and technical margins. In a context, the year 2022, where we have left behind, perhaps definitively, the pandemic emergency, however where, after 80 years, the danger of war reappears at the borders of the Old Continent with obvious impacts on market stability.

We must therefore be very satisfied with what we have achieved and, in particular, with the process of creating value for the benefit of shareholders and all stakeholders.

The public tender offer launched by the Poste Group on 28 September 2022 (of which we give full account below) is probably the definitive proof of the process carried out in the last 4 years.

Analysing the most significant episodes that occurred in 2022, we must necessarily start from the 2021 Financial Statements, what was defined as a 'year to be framed' due to the excellent results obtained three years after the integration with SPAC Archimede was completed. After the approval of the results, the Group planned all the projects for the year 2022, starting with the drafting of the new 2022-2025 Business Plan, which although highly ambitious, we believe to be well within our reach. In fact, this is in perfect continuity with the previous 2019-2023 Business Plan, which will accompany us until 2025 on this new journey, which we hope will once again stand out for the greatness of the project and success for the stakeholders.

Subsequently, after the consolidated experience on the Euronext Growth Milan market, the 'jump' on the Euronext STAR Milan was launched. A step that we considered necessary due to the strong governance structure that distinguishes the Group, but above all to increase the liquidity and visibility of your Group on the capital market.

Lastly, in the summer of 2022, less than two months after the start of trading on the STAR market, the public tender offer was promoted by the Poste Group, in agreement with IBL Banca and the CEO Andrea Battista - which frames a year of undoubtedly historic corporate events for your Group.

Going over the most significant results we achieved during the year, let's start by recalling how the **Salary-backed loan** business was confirmed as the most significant in terms of premium income also for the year 2022, thanks to the high standard of service guaranteed to all Partners.

The year just ended was for **bancassurance** the year of its take-off, with gross premiums written reaching the threshold of 41.3 million Euros. In this business line, the Group is confirmed as the reference insurance Partner of Italian banks at local value and the insurance protection offer is guaranteed by a consolidated and complete training program provided by the **NIBA (Net Insurance Business Academy)** internal Academy and by a solid distribution force thanks to over a thousand 'points of sale' that place innovative Net branded products.

The **world of brokers**, to be considered complementary to the world of bancassurance, is starting to show strong growth in terms of results and insurance offers, demonstrating that this line of business must (and can) represent a lever of sustainable and additional revenues for your Group.

As for the other transversal 'intangible' assets functional to the achievement of the industrial objectives, we recall:

(i) confirmation of the **'bbb- rating'** by the AM Best Agency;

(ii) the reconfirmation of the '**Great Place to Work**' certification, which is an important lever in terms of sustainability for our insurance Group;

(iii) the extension of the sponsorship of football referees, which increases the visibility of the Net Insurance brand on a daily basis.

All of the above has undoubtedly been translated into numbers that we can summarise here.

Starting from the **Gross Premiums written**, which **reached 184.9** million Euros, yet another record turnover figure for the Net Insurance Group, thus exceeding the 2021 figure by **24%** and the Plan expectations by **9%**. The **Net Technical Result** was **18.2 million Euros (+ 72%** compared to 2021); **financial management** was also positive, despite the macroeconomic context, recording a result of **2.6 million Euros**.

Ordinary expenses, substantially in line with the plan estimates, amounted to a total of around **24 million Euros**, and reflect the continuous investment effort to support growth, the strengthening of the organisational structure and, to a lesser and limited extent, the strong inflationary trend that has pervaded the economic system in the last year.

At the level of the technical performance, the multi-specialist approach resulted in a positive **Combined Ratio** result, gross of Reinsurance, of **88%** and **73%,** net of Reinsurance.

The Solvency ratio was substantially stable and above 170%, despite the marked financial volatility and its impact on own funds.

Without the public tender offer launched by the Poste Group, the net result after taxes would have been 14,276 thousand euros.

The **normalised Net Profit (loss)**, the plan target therefore eliminated from the one-off components and therefore not having a recurring nature in the *business* dynamics, amounts to **13.8 million Euros**, against **13.6 million Euros** of the Business Plan (before taxes, the figure is equal to 18.7 million Euros)

Lastly, the **Total Profit** amounted to **8.4 million Euros**, thus making it possible to remunerate the Shareholders with a dividend of **2.5 million Euros**, based on the pay-out defined in the business plan.

This closed an extremely positive year for our Group. This is the starting point for a new story that, after the positive outcome of the public tender offer launched by Poste Vita, will set the Company on the path to new ambitious challenges.

Significant Events

The significant events that characterised the year just ended are commented on below.

Corporate Governance System

With regard to the corporate governance structure, it should be noted that on 27 April 2022, the Shareholders' Meeting resolved to appoint, in the ordinary session, the new Board of Directors and the new Board of Statutory Auditors of the companies of the Net Insurance Group for the 2022-2024 three-year period.

On 1 June 2022, the renewed Board of Directors resolved to adhere to the Corporate Governance Code with effect from the start date of trading on the Euronext STAR Milan market, which then took place on 1 August 2022. The act of accession is the final act of a progressive process of strengthening the corporate governance system implemented since the business combination with Archimede and then culminating with the decision to adopt a 'strengthened' system, pursuant to IVASS regulations.

Listing on Euronext STAR Milan

During the 2022 financial year, the Parent Company, in possession of the necessary requirements, undertook a translisting process on the main price list during the first half of 2022. The reasons underlying the process of transition from Euronext Growth Milan (formerly AIM Italia) to the main price list can be identified essentially as:

- the objective of a re-rating on the market of the Net Insurance share, with consequent effects in terms of visibility and liquidity;
- the involvement of new investors who, due to internal investment policies and strategies, do not invest in financial instruments issued by issuers listed on Euronext Growth Milan;
- the increase in the shareholding structure.

The translisting process was carried out in extremely short times, thanks to the collaboration of an accurate and selected team of advisors who made it possible to achieve the listing on the STAR market. The salient stages of the translisting process towards the main price list are reported below:

- on 6 April 2022, the Board of the Parent Company approved the launch of the Project for the admission to listing and trading of ordinary shares and warrants on Euronext STAR Milan, a regulated market organised and managed by Borsa Italiana S.p.A.;
- on 1 June 2022, the Board of Directors passed the preparatory resolutions for the project for the so-called translisting of the ordinary shares and warrants of the Parent Company from the Euronext Growth Milan market to the Euronext STAR Milan market;
- the listing project therefore continued to the point that the Shareholders' Meeting of Net Insurance S.p.A. on 21 June 2022 resolved to approve the project for the admission to listing and trading of the ordinary shares and warrants issued by the Parent Company on the main market and consequent revocation of the same from the negotiations on Euronext Growth Milan;
- on 30 June 2022, the Parent Company submitted an application for admission to listing of the ordinary shares and warrants on Euronext Milan on the Italian Stock Exchange. At the same time, the communication was filed with CONSOB pursuant to Article 42 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended, and Article 52 of CONSOB Regulation no. 11971, dated 14 May 1999, as amended (the 'Issuers' Regulation'), concerning the request for approval of the prospectus for the admission to trading on Euronext Milan of the Parent Company's ordinary shares and warrants;

- on 25 July 2022, Borsa Italiana issued the measure admitting to listing the Parent Company's ordinary shares and warrants on Euronext STAR Milan. On the same date, the Parent Company applied to Borsa Italiana for admission to trading of its ordinary shares and warrants on Euronext STAR Milan;
- on 27 July 2022, CONSOB approved the prospectus relating to the admission to listing of the Parent Company's ordinary shares and warrants on Euronext Milan.
- on 28 July 2022, the Parent Company filed with CONSOB and made available to the public at its registered office as well as on the website, the prospectus relating to the admission to listing of the Parent Company's ordinary shares and warrants on Euronext Milan.
- on 28 July 2022, as per notice no. 29887 Borsa Italiana ordered the start of trading of the ordinary shares and warrants of Net Insurance S.p.A. on Euronext STAR Milan on 1 August 2022 and their simultaneous withdrawal from trading on Euronext Growth Milan;
- 1 August 2022 was the first day of listing of Net Insurance shares and warrants on the Euronext STAR Milan market.

Public Tender Offer

On 28 September 2022, the company Poste Vita S.p.A. announced through a press release that on the same date it had taken the decision to promote, through a corporate vehicle then established under the name of Net Holding S.p.A. (hereinafter also referred to as the 'Offeror') directly controlled:

- voluntary, all-inclusive tender offer pursuant to Articles 102 et seq. of the Consolidated Law on Finance (TUF) and Article 37 of the Issuers' Regulation (hereinafter also the 'Share Offer'), aimed at:
  a) acquiring all the ordinary shares of Net Insurance S.p.A., less no. 400,000 shares subject to the Non-Acceptance Commitment and;
  b) obtaining delisting from Euronext Milan, STAR segment, organised and managed by Borsa Italiana S.p.A. ('Borsa Italiana') of the Shares and
- a voluntary, all-inclusive public tender offer, pursuant to Article 102 of the Consolidated Law on Finance (TUF), for all the warrants denominated 'Warrant Net Insurance S.p.A.' (the 'Warrants') in circulation (the 'Warrant Offer'), in order to obtain the delisting of the Warrants from Euronext Milan, STAR segment.

Evolution of the Share capital structure

With regard to the share capital structure, it should be noted that during the year 2022, the Parent Company's equity structure changed as a result of:

- conversion of 4,199 warrants of Net Insurance S.p.A. with the consequent issue of 4,199 new ordinary shares as well as a capital benefit of just over 19 thousand Euros;
- conversion of the convertible subordinated loan, carried out on 16 December 2022, for a nominal amount of 1,200,000 Euros with the consequent transfer of 199,992 own shares of the parent company.

As at 31 December 2022, the share capital amounted to 17,619,249 Euros and was divided into 18,514,269 ordinary shares with no par value.
The Parent Company holds 1,789,941 own shares in its portfolio as at 31 December 2022.

The "Black Swan" event

In relation to the well-known event already covered by the previous reports, it should be noted that in the 2022 financial year, the actions aimed at recovering the stolen sums continued, which led, in December 2022, to the collection of 3.8 million Euros provided for by the Conciliation Agreement signed with Augusto S.p.A. However, considering the serious delay in the fulfilment of the liquidators of Augusto, who did not respect the deadline for payment of the aforementioned sum (contractually envisaged for 30 September 2022), the Parent Company will take action in the appropriate offices to carry out the necessary activities aimed at the collection of amounts by way of interest and monetary revaluation for delayed payment of the amount due at maturity.
With regard to the case of the 'Net Life injunction' on 7 June, the Subsidiary Net Insurance Life S.p.A. received an Order issued by the Ordinary Court of Milan in which the Court decided not to grant the application for the concession of provisional enforceability of the injunction issued in favour of the subsidiary, considering it appropriate to evaluate all the evidence first.

In the year 2022, the lawsuit pending before the Court of London against Mr G. Torzi was also settled, again by way of a settlement. On the basis of this transaction, Mr Torzi undertook to unconditionally pay to the Companies of the Group an amount equal to 550 thousand Euros by 30 November 2022, without,

moreover, paying on the due date what had been settled under the court settlement - as indeed was widely expected.
For details, please refer to the paragraph 'Legal Affairs dispute'.

Strategic approach

In terms of strategy, the Group develops a business model according to a multi-specialist approach where digital is a pervasive enabling factor in support of the entire value chain, thus impacting all the processes underlying the individual business lines (i.e. Salary-backed loans, Bancassurance and Broker). This model was confirmed, in perfect strategic continuity with the original 2019-2023 Business Plan, also in the new 2022-2025 Business Plan.

Business performance

The year 2022 saw the Net Insurance Group, continue the industrial initiatives in all its business lines, starting with the signing of the new bancassurance distribution agreements with Cassa di Risparmio di Volterra and Banca di Credito Popolare who further increased the number of 'points of sale' (to date equal to more than one thousand units) where the Group's insurance solutions are distributed.
With these additional bancassurance agreements, the Group, is therefore gradually establishing itself as the reference insurance player for local banks in terms of protection, therefore in line with the objectives defined in the new 2022-2025 Business Plan.

In the 'historical' business of the Salary-backed loan (hereinafter also 'SB'), the Group, continued to consolidate its work as a leading operator in the market of insurance coverage on SB loans with a market share firmly in the 25% area[6].

With regard to the broker channel, 14 new brokerage agreements (or agencies) including Victor Insurance Italia S.r.l., Saluzzo, Italbroker, Assipiemonte, Cletus, GBSapri, AssicuraRE (belonging to the Gabetti real estate group) and agreements were also concluded with the players Galgano S.p.A. and Olimpia Managing General Agenti S.r.l. (Suretyships specialists).

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[6] Source: Company processing based on Assofin data.

With regard to the new products of the broker channel, please note the launch of:

- the 'School Environment Programme' with 'One Underwriting' relating to multi-risk policies for students and school staff;
- the 'Yobi Dental' product and the 'all Well' health product, both sold through digital platforms.

With regard to 'digital' platforms, the distribution network was expanded by signing new agreements with All Well S.r.l., Coverzen S.r.l., Yobi S.r.l. and Styla.

Rating

In September 2022, the international agency AM Best confirmed, during the annual review, the opinion of the long-term issuer credit rating 'bbb-' (with stable outlook) and the financial strength rating of 'B +' (good), already expressed for the first time in August 2020 and then reconfirmed in the following year. It should also be noted that, following the public tender offer promoted by Poste Vita on all Net Insurance shares and warrants, the Agency, with a press release dated 7 October 2022, placed the rating 'under review' with possible 'developing implications' until closure of the public tender offer transaction.

Brand awareness and Trademark

During the second half of 2022, Net Insurance and the Italian Football Federation, with the Italian Referees Association, signed the renewal of the official sponsorship agreement of the Italian football referees, signed for the first time during 2019, with the aim of further expanding the already strong visibility of its brand. The brand awareness figure, in fact in the last survey released in July 2022, showed to have grown by more than 75% compared to the first survey (October 2020), reaching 8.3% of the general public of football fans. As proof of the excellent results achieved, the recent edition of the research conducted by Nielsen Sports (a leading company for the measurement and professional analysis of the world of sport) showed a strong increase in the recognition of the Net Insurance brand, also on the total Italian population (+ 40% in May 2022 compared to the first survey in October 2020).

Covid-19 phenomenon and the Russian-Ukrainian conflict

On 31 March 2022, the Council of Ministers resolved to end the Covid-19 state of emergency. The past year was also characterised by the Russian-Ukrainian conflict, which led to the start of the war between the two nations at the end of February 2022. This conflict, which is still ongoing, has caused an increase in the cost of raw materials, the cost of money and strong pressures on inflation, with direct consequences, in turn, on the stability of the financial markets where, in fact, situations of strong turbulence have been witnessed. In this context, we managed volatility and contained losses thanks to consolidated and constant monitoring also with our internal functions.

The aforementioned events, albeit having an impact on the general economy, did not have negative effects on the business of the Net Insurance Group which, also for the year 2022, managed to close the year with positive technical-accounting results.

Structure of the Group

The Net Insurance Group, registered at No. 023 on the Register of Insurance Groups, operates exclusively in the insurance sector: through the Parent Company Net Insurance S.p.A. in the Non-Life business and through the subsidiary Net Insurance Life S.p.A. in the Life business.
The Parent Company is the sole shareholder of the subsidiary and therefore fully controls and manages the subsidiary.

2022-2025 Business Plan of the Net Insurance Group

The 2022-2025 Business Plan of the Net Insurance Group, approved by the Boards of Directors of the Group companies on 22 June 2022, was presented to the financial community at the headquarters of the Italian Stock Exchange on 23 June, reconfirming the strategy underlying the previous 2019-2023 Business Plan.
The new 2022-2025 Business Plan follows a line of continuity with the previous 2019-2023 Business Plan which, in turn, articulated the industrial mission and the business model developed by Archimede during the business combination.

The new Business Plan is in fact based on four strategic pillars:

(i) enhancement of the "historical" Salary-backed loan *segment* where the Net Insurance Group is strongly positioned;

(ii) development of the Non-Motor Non-Life Insurance *segment* and, in general, of the *Protection* segment dedicated to Individuals, Families and Small-Medium Enterprises (including agricultural risks);

(iii) development of the Non-Life broker retail segment; and

(iv) activation of digital platforms.

In view of the evolution of the positioning within the competitive environment, thanks to the achievement of the results expected for the three-year period 2019-2021, the Group deemed it appropriate to approve a new Business Plan, as a continuation of the previous one and with the will to embrace change and to focus - even more - on the needs of policyholders.
The Plan was drawn up with the aim of maintaining an increasing and sustainable level of profitability over time, leveraging on a multi-specialist business model, divided into the following strategic pillars:

(i) dynamic balance between growth, capital strength and shareholder remuneration, in order to maintain high levels of capital strength (*Solvency Capital Ratio* or '*SCR*'), and support current rating levels, ensuring an attractive dividend level;

(ii) consolidation of the Group's position as leader in the Salary-backed loan segment by maintaining the share of wallet acquired with its main partners and increasing its presence with the other players based on a smaller share;

(iii) transition from start-up to scale-up in the Bancassurance segment to become a market leader in local banks, through the consolidation of distribution agreements with major Bancassurance partners on CPI and protection as well as the development of new distribution agreements with local banks;

(iv) development of the Broker segment with a strongly digital-oriented approach and a strong focus on the Suretyship business and Agro products;

(v) consolidation of an efficient and digital operating scale organisation ensuring strong customisation of service to partners; and

(vi) evolution of the business and operating model towards ESG best practices, through the continuous promotion of a sustainable business model, aimed at meeting the needs of the present without compromising the ability of future generations to meet their own requirements.

The 2022-2025 Business Plan of the Group provides for the following:

- **gross premiums written** for 169 million Euros in 2022; 191 million Euros in 2023; 221 million Euros in 2024 and 252 million Euros in 2025;
- **ordinary expenses** of 23.1 million Euros in 2022, rising to 26 million Euros in 2023, to 28 million Euros in 2024 and landing at around 29 million Euros in 2025;
- **Combined Ratio** from 87% expected by the end of 2022 to 86% in 2023, to 84% in 2024 and 82% in 2025;
- a **financial operations** result that grows progressively until it reaches 5.2 million Euros in 2025; in fact, starting from 2.5 million Euros in 2022 it would increase to 3.7 million Euros in 2023 and to 4.5 million Euros in 2024;
- a **normalised profit**[7] that rises from an expected level of about 13.6 million Euros in 2022 to 15.8 million Euros in 2023, to 19.3 million Euros in 2024 and to 25.9 million Euros in 2025 with a RoE at full operation at approximately 19%.
- a **Solvency Ratio** around 175% in 2025, thanks to the generation of capital from business activities and the prudent dividend policy. There are no capital increases. The amount of **dividends** paid is expected to grow due to the increase in profit, with a constant payout ratio over the period of the Plan; dividends are expected to be paid out to shareholders in an amount equal to 30% of the lower of consolidated net profit and the Group's normalised net profit.

The Business Plan also provides for a significant and necessary strengthening of the operating organisation with the entry of new resources during the Plan period, the creation of a Value Pool dedicated to talent retention and a new 'extended' stock option plan.

For more detailed information on the Business Plan, please refer to its presentation, made available on the corporate website in the Investor Relations[8] section.

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[7] Normalised figure is net of non-recurrent charges and revenues, therefore linked to events of an extraordinary nature;

[8] See the link https://www.netinsurance.it/investor-relations/presentazioni/roadshow/

The Business Plan was prepared by the Group on the basis of accounting standards consistent with those used for the preparation of the consolidated financial statements for the year ended 31 December 2021, without, therefore, taking into account the effects of the introduction of IFRS 17 and IFRS 9 as of 1 January 2023. However, according to the company, the 2025 net profit under the new accounting standards should not deviate significantly from the net profit figure in the plan, assuming the same underlying assumptions.

Macroeconomic and Market Scenario

The year 2022 was a particularly turbulent year for the financial markets. The invasion of Ukraine by Russia triggered the biggest energy and inflationary crisis of the last 50 years. In this context, both the equity and bond segments jointly recorded significant losses, as demonstrated by the performance of the MSCI World index, which recorded a loss of around 15%, and the performance of the FTSE World Government Bond Index (WGBI) which fell by 13%.

With reference to GDP growth, the Eurozone recorded a growth rate of 3.5%, compared to 5% in 2021. The GDP of the United States increased in 2022 by 2.1%, with a contraction compared to the 5.9% of the post-pandemic rebound of 2021. In the fourth quarter, China recorded a GDP up by 2.9%, with growth of 3% over the whole 2022, at the lowest levels in over 40 years, due to the heavy manoeuvres for the management of the pandemic crisis. Finally, Italian GDP grew by around 3.2% in 2022, compared to an area of 6% growth in 2021.

The global economy was also affected by strong inflationary pressures, concentrated mainly in the energy and food sectors, and which have become increasingly structural: the harmonized inflation rate (HICP - Harmonized Index of Consumer Prices) in 2022 recorded, in the United States, an average annual growth of +8%, against an average growth of +4.7% in 2021. In the Eurozone, the same indicator grew on average by +8.4% compared to an average increase of +2.6% in 2021 and finally in Italy in 2022 the index recorded an average growth of +8.7%, an increase significant if compared with the +1.9% recorded in 2021.

The economic context was also affected by fears of recession, resulting from the restrictive monetary policy manoeuvres that the Central Banks were forced to enact. After a decade of expansionary interventions characterised by zero interest rates and quantitative easing policies, all the most important Central Banks (with the exception of the Japanese, Chinese, Russian and Turkish banks) launched progressive increases in their rates during the year: the US Federal Reserve raised rates by 425 bps (to a level never reached since December 2007), the Bank of England raised rates by 325 bps (to a level never reached since November 2008), the European Central Bank raised rates by 250 bps (to a level never

reached since March 2009), with an initial increase of 50 bps in July, followed by an increase of 75 bps in September and October respectively and by a last increase of 50 bps in December.
With specific reference to the manoeuvres implemented by the European Central Bank, in addition to interventions on rates, the bank also put an end to the asset purchase program (APP) starting from 1 July 2022. As regards the pandemic emergency purchase program (PEPP), the ECB stopped net purchases at the end of March 2022 with the intention of reinvesting only the capital at maturity and the proceeds until the end of 2024, managing the reduction of the portfolio intended for the PEPP program in order to avoid interference with the current monetary policy stance. In addition, at the July 2022 meeting, the Central Bank approved the Transmission Protection Instrument (TPI), in order to support the effective transmission of monetary policy and price stability in the Eurozone. In particular, the TPI will ensure that the monetary policy stance is transmitted in an orderly manner in all euro area countries. However, eligibility for the TPI is subject to four criteria that each country will be required to comply with, such as compliance with the EU budgetary framework (i.e. not being subjected to an excessive deficit procedure), the absence of significant macroeconomic imbalances and compliance with sustainable fiscal and macroeconomic policies.

The restrictive measures implemented inevitably influenced the performance of the financial markets.

On the stock market, the Nasdaq technology index recorded an annual loss of about 29%, the Chinese CSI 300 index of about 21%, the S&P 500 index of about 14%, while the Japanese Nikkei 225 index by around 15%. In the Eurozone, the Eurostoxx 50 index fell by around 11%, the German Dax index by around 12%, the Cac 40 index by around 9% and finally the Ibex 35 index by around 5%. From a sector point of view, the energy sector benefited from the sharp increases in the prices of oil products, while the sectors most exposed to rate increases such as the technology sector and telecommunications, discretionary consumption and real estate recorded heavy declines. In Italy, the FTSE MIB index closed with a loss of around 13% and with an aggregate capitalisation down to 628.6 billion Euro compared to 769.3 billion Euro at the end of 2021.

On the fixed-income market, the return of inflation (**from 2% to 8% on average in one year**) had a significant impact at global level. The increase in monetary policy rates and the prospects for a reduction in purchases of financial assets by Central Banks in the major advanced economies have led to an increase in long-term interest rates. This context generated an increase in bond yields at global level: the US ten-year yield went from around 1.5% at the end of 2021 to around 3.90% in December 2022; the German ten-year yield went from a negative return of around 0.19% at the end of 2021 to around 2.5% in December 2022; the Italian ten-year period went from around 1.17% at the end of 2021 to

around 4.70% in December 2022. The 10-year spread with respect to the German Bund recorded a value of approximately 212 basis points at 31 December 2022 compared to approximately 134 basis points at 31 December 2021.
Credit yields also recorded a rapid increase, both in the investment grade and high yield sectors.

Commodities were the main beneficiaries of the macroeconomic context that characterised 2022. The aggregate index of commodities, led by energy products such as diesel (+40% at ICE in London), heating oil (+42% at NYMEX) and natural gas (+18.3% at NYMEX), gained 21.2%. On the other hand, aluminium (-14.3%), steel (-17%) and copper (-13.4%) were penalised, the latter particularly sensitive to recession expectations.

Like commodities, the dollar also benefited from the economic context. In fact, on the currency markets the US currency gained up to 16% against the euro in 2022, closing at the end of the year with an appreciation of 5.5%. The exchange rate was affected not only by the more restrictive manoeuvres of the Fed compared to the ECB (US rates fluctuated between 0% and 4.5% against a much less aggressive policy by the ECB, which increased rates from 0% to 2.5%) but also the European sanctions against Russia which led to the elimination of gas imports from this country, the simultaneous search for new suppliers and therefore the need, by all European countries, previously importers of Russian gas (contractually also available in euros), to provide for a supply of US dollars (the predominant currency for 'foreign' purchases), strengthening the upward trend. Against the US currency, the yen lost 14.55% of its value, also due to the ultra-expansionary policy implemented by the Bank of Japan, which only started the first restrictive measures at the end of 2022. Against the Swiss Franc and the British Pound, the US currency appreciated by 1.18% and 12%, respectively, while against the Euro the Swiss currency appreciated by 4.4% and the yen depreciated by 8.2% and the British pound by 5.8%.

Insurance Market

In the Non-Life business, the most recent data available on the Italian direct business market (ANIA Trends 11.2022) indicate gross premiums written, as at 30 September 2022, of 29,037 million Euros, an increase compared to 30 September 2021 of 6.3% when the sector recorded a growth of 2.8%.

This is the seventh consecutive positive interim change that has brought premium income to come close to 30 billion for the first time at the end of the first nine months of the year.

The increase in total non-life premiums recorded at the end of September 2022 is attributable, in particular, to the development in the Non-Motor sector which recorded the highest positive change ever observed

(+11.6%); premiums in the Motor sector were still slightly down (-0.5%).

The increase on an annual basis recorded for the total non-life premiums in the first nine months of 2022 (compared to the same period of 2021) is the consequence of:

- a slight decrease of 0.5% in the Motor segment;

- a sustained growth in the other non-life classes, whose premiums marked a change of 11.6%, the highest value ever, almost 6 percentage points higher than in the first nine months of 2021 when the segment grew by 5.9%.

More specifically, in the Motor segment, at the end of September, there was a further decrease in premiums in the Motor liability segment (-2.0%), while the positive trend (+5.1%) of the Land Vehicle Hulls segment was confirmed. The contraction of the Motor liability segment is the combined effect of a further and progressive decline in average premiums, which according to association estimates decreased by 3.1% in the first nine months, and an increase in the fleet of insured vehicles of 1%.

The other non-life classes were positively affected by the recovery of production. The overall growth of this segment was 11.6%, the highest value ever recorded. All the main insurance classes contributed to the recovery: the Accident and Illness classes, with a premium volume of 2.7 billion Euros and 2.6 billion Euros respectively, grew by 5.4% and 14.5%, the Fire class with 2.0 billion Euros by 7.1%, the Other damage to property class with around 2.8 billion Euros by 10.6% and finally the general civil liability class with a growth of 12.1% and a volume (the highest among the other non-life classes) of just over 3.4 billion Euros. Although with a limited weight on the total of the non-motor non-life business, there was growth in the credit (+30%) and suretyship (+9.6%) sectors. In particular, the driving force that the NRRP

(National Recovery and Resilience Plan) gave to the tenders sector contributed to the development of suretyship class premiums, while for the credit class the growth in premiums is linked to the possibility of insurance companies to join a fund (worth 2 billion Euro), established in 2020 through an agreement signed with SACE, which allowed insurers to continue to provide insurance guarantees to companies in liquidity crisis due to the pandemic.

With regard to Italian and non-EU companies, the main form of intermediation in terms of market share is confirmed to be the agency distribution channel (73.0%), a slight decrease with what was recorded at the end of the third quarter of 2021 (73.4%). In particular, the classes in which the agency channel is more developed are Marine vehicles liability (94,0%), Motor vehicle liability (85.6%), Other damage to property (79.1%), General Civil Liability (78.6%), Suretyship (77.3%), Legal protection (76.0%), and Assistance (73.1%). Very low business volumes

for agents, on the other hand, are found in the Aircraft Hulls (18.0%), Marine Vehicle Hulls (25.2%) and Aircraft liability (32.7%) in which the presence of brokers is very strong with market shares of 80.4%, 74.0% and 65.4%, respectively. For the first time in the non-life sector, the banking channel achieved a market share higher than that of brokers and equal to 9.2%, becoming the second most used sales channel. The Financial Losses (39.0%), Credit (22.6%) and Accident and injury (20.3%) classes were mainly involved in the marketing of premiums through this channel. However, they also play an important (and growing) role in the Illness (17.8%), Fire (15.1%), Assistance (12.2%) and Legal Protection (12.3%). On the other hand, brokers represent the third channel for the distribution of non-life premiums with a share of 8.7%. In addition to those already mentioned previously in the agency channel analysis, the segments in which brokers' intermediation is very significant are Freight Transport (54.0%), Rail Vehicle Hulls (47.9%), Credit (26.9%), and Suretyship (21.1%).

Within the life business, in the first nine months of the year, the balance between inflows (premiums) and outflows (payments for surrenders, maturities, annuities and claims) of the life market in Italy (direct business carried out by Italian and non-EU companies) amounted to 14.0 billion Euros, down by 34.2% compared to the same period of 2021 and by 15.7% compared to the entire third quarter of 2020, the latter affected by the restrictions adopted for the health emergency (see Table 1 and Annex IV). This result was determined by the decrease in premiums volume (-11.0% compared to the first nine months of 2021), the lowest amount in the last eight years, against a total amount of outflows also down but more limited (-2.5%), determined by the lower amounts for maturities/annuities accrued and claims for death and other events relating to human life covered by life policies, which fully offset the increase in surrenders.

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In the first nine months of the current year, segment I recorded a net flow, positive, of 5.8 billion Euros (see Fig. 3), the lowest result compared to the same period since 2013 and, in detail, down by 36.2% compared to the first nine months of 2021, when there was in turn an annual decrease of 5.3%. This result was determined by premium income down by 6.0% compared to the entire third quarter of 2021, equal to 43.8 billion Euros (of which 80% single premium), against an amount of the total charges up by 1.4% compared to the previous year and equal to 38.0 billion Euros, of which 63% (57% in the entire third quarter of 2021) consisting of redemptions and other reimbursements (+11.6%).

Main performance highlights

The normalised net profit amounted to **13,796 thousand Euros**, fully in line with the targets of the new business plan

The pre-tax result was a positive **11,852 thousand Euros**; while the net result, including taxes, amounted to **8,374 thousand Euros.** This result was affected by the provision relating to the 'Performance Shares Plan (2019-2023)' allocated to the Chief Executive Officer and the key Senior Staff of the Management team for an amount of 7,550 thousand Euros.

Without this provision, the net result would have been 14,112 thousand Euros; moreover, without the costs incurred for the public tender offer, the net result would have been 14,276 thousand Euros.

Furthermore, if the execution of the public tender offer becomes effective, the negative effect on equity will be partially offset by the revaluation and sale of own shares at the time of the public tender offer, therefore significantly reducing the impacts on equity.

Gross premiums written showed a 24% increase last year compared with 2021 and a 'Return on equity' (ROE) standing at **15.6%** compared to the normalised profit (9.4% compared to the profit for the period).

Normalised net result, i.e. after stripping out all non-recurring items of an extraordinary nature as usual, amounted to 13,796 thousand Euros. The total equity increased from 88,776 thousand Euros at 31 December 2021, to 88,635 thousand Euros in 2022, marking a 0.16% decrease.

Investments amounting to 215,123 thousand Euros (7% compared to 2021) refers exclusively to investments with risk borne by the Group.

Business Organisation

As at 31 December 2022, the composition of the Group's sales network was as follows:

Table No. 1 – Business organisation

Type	no.
Insurance Intermediaries registered in the RUI Section A	10
Insurance Intermediaries registered in the RUI Section B	59
Insurance Intermediaries registered in the RUI Section D	20
Subjects registered in the List attached to the RUI (European Union Intermediaries) *(CBP Italia - enrolled with no. UE00006756)*	1

As it is known, the Companies belonging to the Group do not carry out, nor do intend to carry out, a direct distribution with an agency network under their brand.

Research and development activities - New products

During 2022, the Group continued the process for the innovation of its product catalogue, both through the introduction of new insurance solutions and through the revision of existing products; this was done with the aim of making the Group's insurance product offer - already distinctive and innovative - increasingly:

- consistent with the business model outlined in the Group's Business Plan,
- responsive to market dynamics,
- compliant with sector regulations.

The marketing of insurance products, carried out in 2022, generated new premium income made up of around 61% from covers linked to loans repayable by salary/pension assignment, around 17% from 'Agro' coverage (hail damage and other adverse weather events) and the remaining 22%, with now significant growth volumes from the bancassurance and broker retail segment.

As part of the Salary-backed loan segment, during 2022:

- new premium income consists of 61% of Life premiums and 39% of Credit premiums;
- pricing updates were carried out on some products. Effective as of 1 September 2022, these initiatives involved both the Credit and the Life segments and are aimed at strengthening the balance and industrial profitability of these segments;
- the improvement in profitability was also pursued through a well-balanced mix of risks between segments and between distribution partners, the strengthening of risk underwriting policies and the inclusion of new predictive variables in the current scoring systems of companies.

As regards the products distributed through the bank and broker channels, including digital ones, the following are the new products whose marketing began in 2022, broken down by distribution channel.

BANCASSURANCE

Banca Antonio Capasso S.p.A. (IBL Banca Group)

- AssiAgro: Non-Life multi-risk product for the farm, with coverage for: Fire, Other Damage to Property, General Civil Liability, Legal Protection, Accident and Injury;
- CasaSicura: Non-Life multi-risk product for the home, with coverage against: Fire, Other Damage to Property, General Civil Liability, Legal Protection. The product includes coverage for "CAT" events (earthquake and flood);
- AssiInfortuni: multi-risk product for the family, including Accident/Injury and Assistance coverage;
- AssiCapoFamiglia: Non-Life multi-risk product for the family with coverage for: General Civil Liability and Legal Protection.
- AssiSalute: medical expenses reimbursement product for the family;
- AssiMutuoIPO: Fire product combined with a mortgage loan;
- Futuro Sereno: Life product, bearing Long Term Care (class IV) and Term Life Insurance (class I) coverage;
- Flessibile/Flessibile per tutti (Flexible - Flexible for all): Life and Non-Life multi-risk credit protection product with recurrent premium combined with personal loan, including coverage for: Term Life Insurance, Total Permanent Disability due to Accident and Injury/Illness, Total Temporary Disability due to Accident and Injury/Illness, Loss of Employment.

Banca di Credito Popolare S.c.p.a.

- NET CPI Business: Life and Non-Life multi-risk Credit Protection product with single premium upfront or recurring combined with a mortgage, with coverage for: Term Life Insurance, Total Permanent Invalidity from Accident and Injury/Illness (the policyholder is the company key-man);
- NET CPI Mutui: Life and Non-Life multi-risk Credit Protection product combined with mortgages, bearing guarantees, including coverage for: Term Life Insurance, Total Permanent Disability due to Accident and Injury/Illness, Total Temporary Disability due to Accident and Injury/Illness, Admission from Major Interventions, Loss of Employment.

Banca di Piacenza S.c.p.A.

- NET K-Man: Life and Non-Life multi-risk product, with recurring premiums, with coverage for: Term Life Insurance, Total Permanent Invalidity from Accident and Injury/Illness, Assistance (the policyholder is the key-man of the company);
- NET LTC: Life product, bearing Long Term Care (class IV) and Term Life Insurance (class I) coverage.

Banca Popolare di Puglia e Basilicata S.c.p.A.

- Iot Assicuro Salute: personal/family protection product, containing Illness coverage.

Banca Popolare Pugliese S.c.p.A.

- NET CPI Prestiti: Life and Non-Life multi-risk Credit Protection product with a single upfront premium combined with a personal loan, including coverage for: Term Life Insurance, Total Permanent Disability due to Accident and Injury/Illness, Total Temporary Disability due to Accident and Injury/Illness, Loss of Employment.

Banca Popolare di Santangelo S.c.p.A.

- Net Artigianato: Non-Life multi-risk product for the SMEs, with coverage for: Fire, Other Damage to Property, General Civil Liability, Legal Protection;
- Net Commercio: Non-Life multi-risk product for traders with coverage for: Fire, Other Damage to Property, General Civil Liability, Legal Protection;

- Net Casa: Non-Life multi-risk product for the household, with coverage for: Fire, Other Damage to Property, General Civil Liability, Legal Protection. The product includes coverage for "CAT" events (earthquake and flood);
- Net K-Man: Life and Non-Life multi-risk product, with recurring premiums, with coverage for: Term Life Insurance, Total Permanent Invalidity from Accident and Injury/Illness, Assistance (the policyholder is the key-man of the company);
- NET RC e Tutela Legale: Non-life multi-risk product for the protection of family assets, with coverage for: General Civil Liability and Legal Protection;
- NET LTC: Life product, bearing Long Term Care (class IV) and Term Life Insurance (class I) coverage;
- NET CPI Business: Life and Non-Life multi-risk Credit Protection product with single premium upfront or recurring combined with a mortgage, with coverage for: Term Life Insurance, Total Permanent Invalidity from Accident and Injury/Illness (the policyholder is the company key-man).

Banca Popolare Valconca S.p.A.

- Net Protection LTC: Life multi-risk product, bearing Long Term Care (class IV) and TCM (class I) coverage;
- Net Infortuni: Non-Life product, with Accident and Injury and Assistance coverage.

Banco di Desio e della Brianza S.p.A.

- Protezione PPI Mutuo – a Life and Non-life multi-risk protection product with a single upfront or recurring premium combined with a mortgage including coverage for: Term Life Insurance, Total Permanent Disability due to Accident and Injury/Illness, Total Temporary Disability due to Accident and Injury/Illness, Loss of Employment.

Cassa di Risparmio di Bolzano S.p.A.

- Protection PET: product for the protection of dogs/cats, with guarantees: reimbursement of veterinary expenses;
- Protection (4.0): implementation of the Life and Non-Life multi-risk product (already in the catalogue) for the household, with coverage for: Term Life Insurance, Illness, Accident and Injury,

Assistance, Financial Losses, General Civil Liability, Legal Protection, Fire, Other Damage to Property.

Cassa di Volterra S.p.A.

- CPI Mutui Privati: Life and Non-Life multi-risk Credit Protection product with a single upfront or recurring premium combined with a mortgage, including coverage for: Term Life Insurance, Total Permanent Disability due to Accident and Injury/Illness, Total Temporary Disability due to Accident and Injury/Illness, Loss of Employment.

FIGENPA S.p.A.

- Segui il Sorriso: Illness product, with coverage for reimbursement of dental expenses;
- Segui il Tuo Amico: Non-life multi-risk product for the protection of dogs/cats, with coverage for: reimbursement of veterinary expenses, General Civil Liability, Legal Protection and Assistance;
- Segui la Serietà: Non-Life multi-risk product for the protection of family assets, with coverage for: General Civil Liability and Legal Protection;
- Segui la Tranquillità: Life and Non-Life multi-risk Credit Protection product with a single upfront premium combined with a loan, with coverage for: Term Life Insurance, Total Permanent Disability due to Accident and Injury/Illness, Total Temporary Disability due to Accident and Injury/Illness, Loss of Employment;
- Segui la Strada: Non-life product, with Accident and Injury coverage;
- Segui il Futuro: Life and Non-Life multi-risk product, with recurring premiums, with coverage for: Term Life Insurance, Total Permanent Invalidity from Accident and Injury/Illness, Assistance.

BROKER /AGENTS (Hail Risk)

Launch of the 2022 summer and winter campaign for the risks of adverse weather conditions for agricultural production.

BROKER /AGENTS (Retail products; including Digital/Insurtech segment)

ALL Well S.r.l.

- ALL WELL and ALL WELL EXECUTIVE: Illness products, with coverage for reimbursement of medical expenses.

COVERZEN S.r.l.

- Artigianato ZEN: Non-Life multi-risk product for the SMEs, with coverage for: Fire, Other Damage to Property, General Civil Liability, Legal Protection.;
- PMI Zen: Non-Life multi-risk product for traders with coverage for: Fire, Other Damage to Property, General Civil Liability, Legal Protection.

Neosurance S.r.l.

- OK4 PET: Non-life multi-risk product for the protection of dogs/cats, with coverage for: reimbursement of veterinary expenses, General Civil Liability, Legal Protection and Assistance.

One Underwriting S.r.l. (AON Group)

- Protezione SkiPass: Non-Life multi-risk product (third party liability, legal protection, accident, pecuniary loss) for winter sports;
- Ambiente Scuola: Non-Life multi-risk product (GCL, Accident and Injury, Financial Losses, Other Damage to Property) for school administrations.

Styla S.r.l.

- Net for Bike: Non-Life multi-risk product for bikers, with GCL and Accident and Injury coverage;
- Protezione SkiPass: Non-Life product, containing GCL coverage, for winter sports.
- Net for Padel: product for amateur sports, with Accident and Injury coverage.

TIM myBroker.

- TIM myPET: Non-life multi-risk product for the protection of dogs/cats, with coverage for: reimbursement of veterinary expenses, General Civil Liability, Legal Protection and Assistance.

VitaNuova S.r.l.

- VitaNuova Patrimonio: implementation of the Non-Life multi-risk product (already in the catalogue) with coverage: Assistance, General Liability, Legal Protection, Fire, 'Cat' Events, Other Damage to Property.

YOBI S.r.l.

- Yobi Dental: personal protection product, containing Illness coverage (reimbursement of dental expenses).

YOLO S.r.l.

- ENDU SAFE: Accident and Injury product referring to amateur sporting events;
- YOLO Artigianato: Non-Life multi-risk product for the SMEs, with coverage for: Fire, Other Damage to Property, General Civil Liability, Legal Protection;
- YOLO Commercio: Non-Life multi-risk product for traders with coverage for: Fire, Other Damage to Property, General Civil Liability, Legal Protection;
- YOLO for Ski: Non-Life multi-risk product (GCL, Legal protection, Accident and Injury, Financial losses) for winter sports.

Financial performance

The main trends of the year, compared with 2021, are summarised below:

Table no. 2 - Reclassified income statement

Thousands of Euro

Reclassified income statement	31/12/2022	31/12/2021	Change
Gross premiums written	184,854	149,299	35,555
Gross premiums earned	135,175	110,102	25,073
Expenses from claims	(66,553)	(60,753)	(5,801)
Commissions	(27,748)	(18,188)	(9,559)
Reinsurance + Other reserves	1,396	421	975
Operating expenses	(24,045)	(20,953)	(3,093)
Financial income and charges	2,640	3,257	(617)
Other income and charges	(9,013)	(928)	(8,085)
Interest expense in reinsurance deposits	0	(34)	(34)
Gross profit in Income Statement	**11,852**	**12,702**	**(850)**
Taxes	3,478	1,399	2,079
Net profit in Income Statement	**8,374**	**11,303**	**(2,929)**
Normalised net profit	**13,796**	**11,501**	**2,295**

Gross premiums written amounted to 184,584 thousand Euros at the end of the year, marking an increase of 35,555 thousand Euros compared to the result recorded at the end of the previous year (+24% roughly).

The increase in gross premiums earned, reclassified for the purposes of determination of normalised profit, is attributable for the life segment to the growth in the premium income concerning the core business related to financing repayable through the transfer of salary/pension shares and the marketing of term life insurance products combined with "Credit Protection Insurance" products.

For the non-life sector, the growth is linked to the "Credit Protection Insurance" products and to the so-called "Protection" products allocated to the Non-life classes and to the policies to cover the risks of Hail and other natural disasters, allocated to the Other Damage to Property Class.

Claims expenses increased by 5,801 thousand Euros and includes the positive effect of the assignment of a portfolio of irrecoverable loans, deriving from salary-backed loan contracts, for 977 thousand Euros

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(3.2% of the loan portfolio sold). A similar transaction was concluded in the first half of the previous year with a positive net effect of 1,087 thousand Euros (2.9% of the loan portfolio sold).

The ratio between gross expenses from claims and gross premiums earned - generally for all products - remained stable and equal to 58%.

Financial income and charges as indicated in the table amounted to 2,640 thousand Euros; being counted for the purpose of defining normalised profit, they do not include income amounting to 1,987 thousand Euros, due to the recovery of amounts misappropriated for the 'black swan' affair (reclassified under other income and charges). For more details, see the related section "The Black Swan".

Ordinary expenses, net of commissions received from reinsurers, amounted to 24,045 thousand Euros, with an increase of 3,093 thousand Euros. This increase is a consequence of the strengthening of the workforce and of the investments in support of the Business made during the year by the Companies of the Group.

The reinsurance result and the change in other reserves saw an increase of 975 thousand Euros compared to the result recorded in 2021.

Lastly, the increase in other charges and income, equal to 7,833 thousand Euros, is mainly due to:

- provision for the long-term incentive plan called 'Performance Shares Plan (2019-2023)', allocated to the Chief Executive Officer and the key Senior Staff of the Management team in the amount of 7,550 thousand Euros. In fact, it should be noted that, as envisaged in the plan itself, in light of the decision of the Poste Group to promote the voluntary and full public tender offer on the shares and warrants of the parent company, the conditions necessary for its early termination have been met.
- Interest expense accrued, for an amount of 890 thousand Euros, on subordinated loans issued by the group;
- Costs, amounting to 667 thousand Euros, supported by the parent company for the start and conclusion of the procedures necessary for the purposes of the translisting process on the Euronext STAR Milan main market;
- Income, for an amount of 1,987 thousand Euros, linked to the sums subtracted for the Augusto case.

Taxes for the period have a total negative impact of 3,478 thousand Euros on pre-tax profit, with an incidence rate of 29%.

The increase in the tax rate, compared to last year, is attributable to the extraordinary recognition in 2021 of deferred tax assets relating to the revaluation of the trademark as well as the non-deductibility, for IRAP purposes, of the provision relating to stock option costs.

Assets/Liabilities and Financial Position

The assets and liabilities and financial position of the year, against 2021, can be summarised as follows:

Table no. 3 - Reclassified Balance sheet

Thousands of Euro

Reclassified Balance sheet	31/12/2022	31/12/2021	Change
Intangible assets	8,679	6,147	2,532
Tangible assets	15,343	15,306	37
Investments	215,123	201,460	13,663
Other asset items	114,407	97,104	17,303
Reinsurance Technical Reserves	250,900	213,649	37,251
Technical Reserves	(412,886)	(362,106)	(50,780)
Financial Liabilities	(15,932)	(17,019)	1,087
Other liability items	(86,998)	(65,765)	(21,233)
Equity	**88,635**	**88,776**	**(140)**

Intangible assets consist primarily of investments in management software and in their customisation, as well as of rights and licenses. The increase in the item, mainly linked to the value of the licences, is a consequence of the important investments in support of the operational mechanism incurred during the year, as well as the significant and costly implementations required by regulations for the entry into force of the new IFRS 17/IFRS 9 standards.

Financial instruments reached, at 31 December 2022, a total amount of 215,123 thousand Euros, recording an overall increase of 6.8%, attributable to the increase in assets available for sale, as a consequence of the investment of funds from deposits.

Technical commitments, represented by gross technical provisions, increased from 362,106 thousand Euros in 2021 to 412,886 thousand Euros in the current year, while the technical reserves attributable to reinsurers increased by 37,251 thousand Euros, rising from 213,649 to 250,900 thousand Euros.

The other assets, which also include the items Sundry receivables and Cash and cash equivalents, equal to 114,407 thousand Euros, increased by 18% compared to the previous year, mainly due to the increase in receivables arising out of direct insurance transactions in turn linked to the growing trend of production.

Other liabilities, also including Payables items, amounted to 86,998 thousand Euros and showed a 32% increase compared to the previous year, primarily following an increase in payables arising out of direct insurance transactions and payables arising from reinsurance operations.

INSURANCE MANAGEMENT

Evolution of Life and Non-Life Portfolios and Premium income

The production acceleration and the expansion in the range of products offered is reflected in the premium income in 2022. The table below highlights the evolution of premiums broken down by individual classes.

Table no. 4 - Gross premiums written

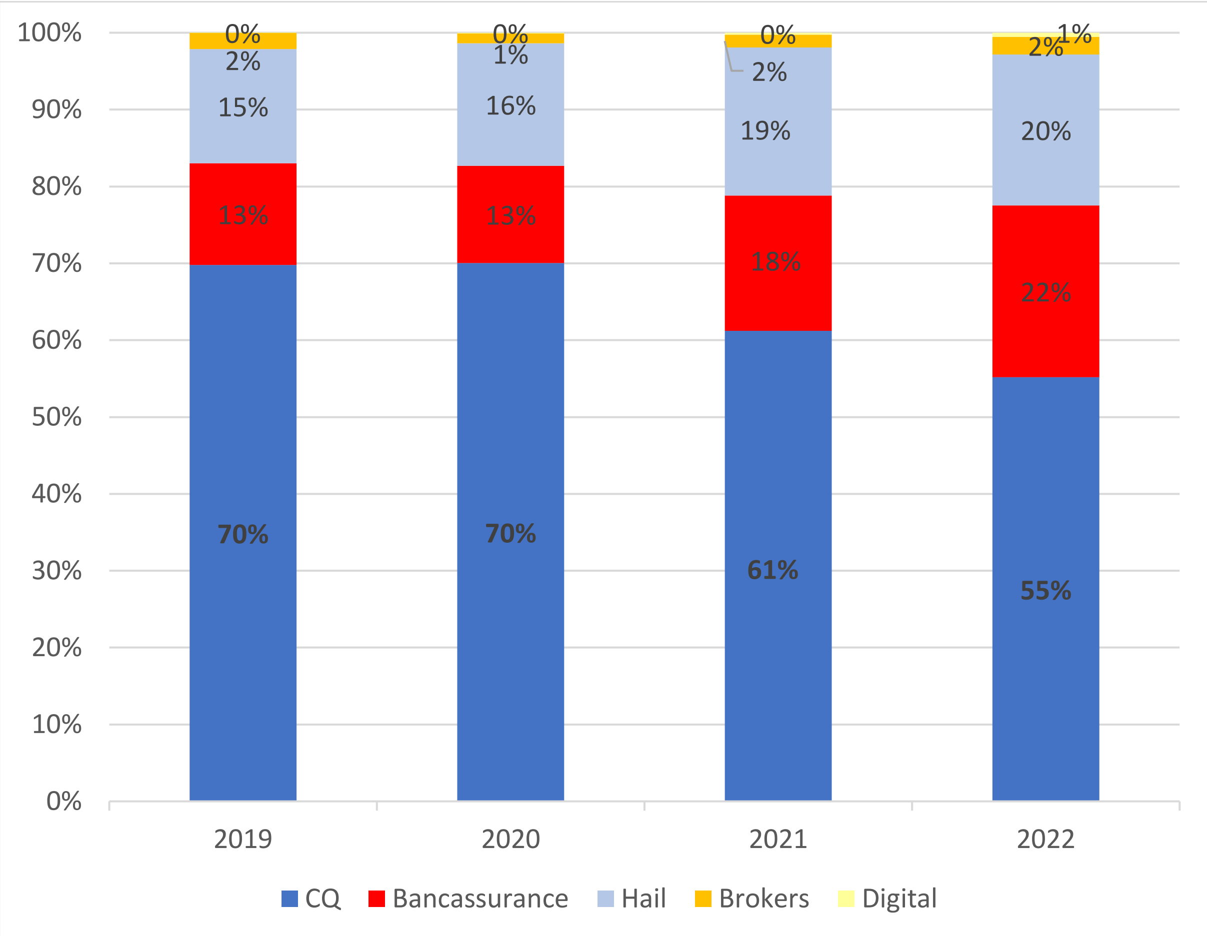
Thousands of Euro

Gross premiums written	2022	2021	Change
Accident and injury	11,719	7,289	4,429
Illness	2,611	1,589	1,022
Fire	2,416	1,842	574
Other damage to property	37,231	28,762	8,469
General Civil Liability	1,839	1,196	643
Credit	34,497	31,644	2,853
Suretyship	1,647	1,290	356
Financial losses	2,133	1,282	851
Legal Protection	528	335	193
Assistance	442	229	213
Total Non-life segment	**95,062**	**75,460**	**19,602**
Life Class I - Salary-backed loans	67,672	59,756	7,916
Life Class - Bancassurance	22,120	14,083	8,037
Total Life segment	**89,792**	**73,839**	**15,953**
Grand Total	**184,854**	**149,298**	**35,556**

Gross premiums written recorded, compared to the previous year, an overall increase of approximately 35,556 thousand Euros, with an overall increase of 23.8% attributable to the premium income of all businesses and in particular to the Hail coverage, for an amount of 8,469 thousand Euros, to the accident and injury class (on which the coverage related to CPI products is allocated), for an amount equal to 4,429 thousand Euros and, to the life business, which overall contributes to the growth in production for 15,953 thousand Euros.

The following chart shows the percentage breakdown of the Non-Life and Life portfolios over the past 4 years of operations of the Group, net of indirect business.

Table no. 5 - Evolution of the business mix



As can be seen in Table 5, the business mix shows a progressive growth in the weight of new business lines on the entire premium income: the percentage weight of premiums relating to the Bancassurance business went from 13% in 2020 to 18% in 2021 to reach 22% in 2022.

With specific reference to the life business (in the event of death), it should be noted that gross premiums written, totalling 89,792 thousand Euros, recorded an overall increase of about 21.6% compared to the previous year, mainly attributable to 'term life insurance policies', of the individual and single premium upfront type.

The Life business mix is still focused on the business of the Salary-backed loan business, although the impact of this segment decreased from 81% in 2021 to about 75.4% in 2022.

The 'bancassurance/broker' segment is progressively affirmed, with premiums written equal to about one quarter of total Life premiums written, and characterised mainly by CPI (Credit Protection) products, while the business allocated to class IV and related to Long Term Care coverage, where gross premiums written amounted to 523 thousand Euros at the end of the 2022 financial year, is still not significant.

Non-Life claims performance

In the year 2022, the total number of complaints showed an overall upward trend compared to the same period of the previous year. The increase, in line with expectations, is mainly attributable to the growth of the portfolio and therefore does not determine an increase in the loss ratios, which are very positive overall.

In fact, as a result of the bancassurance channel's premium income, the growth of the portfolio in the Elementary lines of business led to a consequent and natural increase in the number of claims and, consequently, of the related claims and claims paid. Such an increase can be seen in the multi-guarantee products marketed through Cassa di Risparmio di Bolzano, which constitutes the main distributor within the banking channel in volume terms, and on the Digital segment (namely PET policies distributed by YOLO).

The statement of claims reported was drawn up from the data based on the registration date of the positions opened during the year, regardless of the incident period and only with reference to the direct portfolio.

Table No. 6 – Claims reported - Non-Life Classes

Claims Reported	2022	2021	Change
Accident and injury	351	230	121
Illness	1,347	1,158	189
Fire	224	190	34
Other damage to property	9,613	8,029	1,583
General Civil Liability	205	153	52
Credit	3,806	3,395	411
Suretyship	32	54	(22)
Financial losses	525	78	447
Legal Protection	104	93	11
Assistance	5	3	2
Total Non-life segment	**16,211**	**13,383**	**2,828**

The increase in claims (+21% compared to the previous year), in line with expectations, is attributable to all classes of the non-life business, except for the Suretyship segment. More specifically, in the Other Damage to Property segment, there was a greater increase in the number of claims reported compared to all Non-Life segments, essentially due to an expansion of the portfolio between 2021 and 2022.
In the Credit segment, there was a natural increase in the number of claims reported of 12%, also in this case, attributable to the growth in the policy portfolio recorded in recent years. The substantial stability of the complaints on this segment is mainly due to the quality of the portfolio.

The cost of claims for the year, defined as the sum of the amounts paid and reserved for claims occurring in the current and previous years, including the provision to the reserve for IBNR claims, and of indirect business, amounted to 48,521 thousand Euros for the Parent Company and to 29,219 thousand Euros for the Subsidiary. Overall, the Group had outgoings for the payment of claims, limited to direct labour and including direct (ALAE) and indirect (ULAE) expenses equal to 75,584 thousand Euros compared to 73,786 thousand Euros in the previous year, as a result of a general increase in non-life business of 5.6% attributable to the Accident and Injury, Fire, Credit and residually, Other Property Damage lines.

Below is the table representing the breakdown by segment of the charge for claims paid:

Table no. 7 - Claims paid (non-life + life)

Claims paid	2022	2021	Change
Accident and injury	1,031	462	569
Illness	469	504	(35)
Fire	418	216	202
Other damage to property	22,949	22,490	459
General Civil Liability	334	105	230
Credit	20,868	19,807	1,061
Suretyship	187	221	(34)
Financial losses	186	151	35
Legal Protection	74	94	(19)
Assistance	1	2	(1)
Total Non-life segment	**46,517**	**44,051**	**2,466**
Insurance on human life length	29,337	29,736	(399)
Total Life segment	**29,337**	**29,736**	**(399)**
Grand Total	**75,854**	**73,786**	**2,068**

With regard to Life, there was a limited decrease in claims paid in 2022 compared to 2021 overall by 1.35%, in line with the decrease in claims.

The following table highlights the **claim settlement time** (by number), analysed according to the incident period, net of claims eliminated as without payout, and divided into current claims and claims from previous years.

Table no. 8a - Settlement time in 2022 by generation

Claims paid in 2022

Segment	Current generation	Previous generations
01 - Accident and injury	44.94%	70.59%
08 - Fire	65.19%	100.00%
09 - ODP	94.86%	98.75%
14 - Credit	79.28%	93.89%
16 - Financial losses	98.17%	86.67%
– Other segments	90.34%	84.83%
Total	**87.55%**	**93.41%**

Table no. 8b - Settlement time in 2021 by generation

Segment	Current generation	Previous generations
01 - Accident and injury	50.33%	68.75%
08 - Fire	71.65%	82.50%
09 - ODP	94.04%	100.00%
14 - Credit	83.36%	91.22%
16 - Financial losses	80.00%	95.83%
– Other segments	91.74%	81.58%
Total	**88.97%**	**90.87%**

The settlement time of the current claims paid by the parent company and received in 2022 stood at roughly 88%, in line with the figure recorded in 2021.

For the claims filed prior to 2022, the settlement time was instead even slightly higher than the 2021 performance.

It should be noted, in general, that the settlement time remains quite high and satisfactory in all insurance classes, and this level represented a standard value to maintain over time by Companies of the Group.

As regards the Parent Company and concerning the claims recorded in 2022, the following represents the amount of claims provisions including provisions for expert expenses and other expenses indirectly attributable to the classes, and the estimate for IBNR provisions for outstanding claims during the year. Please note that the following only refers to Direct Business.

Table no. 9 - Claims provision for the current year

Thousands of Euro

Claim Provision - current year	2022	2021	Change
Accident and injury	495	190	306
Illness	220	143	77
Fire	260	66	194
Other damage to property	2,789	1,599	1,190
General Civil Liability	261	57	204
Credit	17,826	14,255	3,571
Suretyship	188	140	48
Financial losses	695	184	511
Legal Protection	281	80	201
Assistance	2	1	1
Total Non-life segment	**23,017**	**16,714**	**6,303**
Insurance on human life length	4,310	1,140	3,170
Long-term illness insurance	0	0	0
Total Life segment	**4,310**	**1,140**	**3,170**
Grand Total	**27,327**	**17,854**	**9,474**

As highlighted in the table above, the amount of operating reserves, as at 31 December 2022, increased by around 38% for the Parent Company compared to the previous year. In general, there was a general increase in the provision for all non-life business and also for the Life business classes (+ 278%). Furthermore, it should be noted, for the purposes of the operating claims provision of the other damage to property class (Hail sector) that this is almost entirely estimated and for the 2022-2023 Autumn-Winter campaign, the usual estimate was made based on premium income and the loss ratio average observed historically by the Parent Company on this type of risk. In any case, the risk is almost entirely reinsured.

Evidence of the so-called Run-off claims recognised as at 31 December 2022 compared with the run-off recognised as at 31 December 2021, are provided below, broken down by individual Non-Life classes. The table shows the figures included in the provisions for expert expenses and other expenses directly attributable to the insurance products, and the estimate for IBNR provisions for outstanding claims for previous years preceding the year of assessment.

Table No. 10 – Non-Life business run-off

Financial Statement segments	2022 Financial Statements				2021 Financial Statements			
	Claims provision - 2021 Financial statements	Indemnities paid in 2022 for claims of prev. year	Claims provision in 2022 for claims of prev. year	Run-off Claims - 2022 Financial statements	Claims provision - 2020 Financial statements	Indemnities paid in 2021 for claims of prev. year	Claims provision in 2021 for claims of prev. year	Run-off Claims - 2021 Financial statements
Accident and injury	410	529	243	(362)	367	303	221	(157)
Illness	239	55	145	39	97	46	96	(44)
Fire	293	105	105	83	234	74	227	(67)
Other damage to property	1,609	2,621	9	(1,020)	1,522	1,209	12	301
General Civil Liability	90	204	47	(161)	62	28	33	0
Credit	17,225	14,434	2,333	458	18,524	14,472	2,969	1,082
Suretyship	219	142	79	(1)	287	211	79	(3)
Financial losses	1,051	99	540	412	1,960	132	867	961
Legal Protection	255	68	179	8	264	85	175	4
Assistance	1	1	1	(0)	0	1	0	(1)
Total Non-life segment	**21,393**	**18,258**	**3,680**	**(545)**	**23,317**	**16,560**	**4,681**	**2,076**

As shown in the table, the group recorded a substantially positive run-off for the classes other than other non-life and assets.

It should be noted that, although this class has a negative run-off attributable to the Hail business for the campaigns at the turn of the year, the overall technical result contributes positively to the Group's income statement result.

Trend of the Life amounts paid

During 2022, there was a reduction of 15.46% in the number of claims reported and in the number of amounts paid. The statement of Life claims reported was drafted using data on the reported claims at 31 December 2022, regardless of the period of occurrence.

Table no. 11.a - No. of reported claims by year of occurrence, Life classes - Financial year 2022

Year of occurrence	No. Reported claims	%
2010	0	0.00%
2011	2	0.08%
2012	11	0.42%
2013	8	0.30%
2014	18	0.69%
2015	15	0.57%
2016	19	0.72%
2017	36	1.37%
2018	30	1.14%
2019	25	0.95%
2020	44	1.68%
2021	588	22.40%
2022	1,829	69.68%
Total	**2,625**	**30.32%**

Table no. 11.b - No. Reported claims by year of occurrence, 2021 Life classes - 2021 Financial year

Year of occurrence	No. Reported claims	%
2010	1	0.03%
2011	0	0.00%
2012	4	0.13%
2013	3	0.10%
2014	17	0.55%
2015	24	0.77%
2016	38	1.22%
2017	59	1.90%
2018	76	2.45%
2019	80	2.58%
2020	780	25.12%
2021	2,023	65.15%
Total	**3,105**	**100%**

The amounts paid in the year, analysed according to the year of the event, are reported in the following table, in terms of amount and number:

Table no. 12a - Amounts paid for Life classes, 2022

Year of occurrence	No. Settlements	%	Paid amounts	%
2010	0	0.00%	0	0.00%
2011	14	0.54%	128	0.44%
2012	21	0.81%	240	0.83%
2013	11	0.42%	182	0.63%
2014	14	0.54%	215	0.74%
2015	11	0.42%	219	0.75%
2016	19	0.73%	259	0.89%
2017	24	0.92%	246	0.85%
2018	25	0.96%	128	0.44%
2019	24	0.92%	128	0.44%
2020	51	1.94%	327	1.12%
2021	631	24.19%	7,155	24.60%
2022	1,763	67.62%	19,859	68.28%
Total	**2,607**	**100.00%**	**29,086**	**100.00%**

The amounts paid in the previous year, analysed according to the year of the event, are reported in the following table, in terms of amount and number:

Table no. 12.b - Amounts paid for Life classes, 2021

Year of occurrence	No. Settlements	%	Paid amounts	%
2010	8	0.26%	63	0.21%
2011	0	0.00%	0	0.00%
2012	4	0.13%	47	0.16%
2013	3	0.10%	39	0.13%
2014	18	0.58%	190	0.64%
2015	28	0.90%	235	0.80%
2016	30	0.95%	223	0.76%
2017	58	1.85%	363	1.23%
2018	69	2.23%	311	1.05%
2019	69	2.22%	365	1.24%
2020	862	27.77%	8,247	27.97%
2021	1,955	63.00%	19,403	65.80%
Total	**3,103**	**100.00%**	**29,486**	**100.00%**

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During 2022, the amount of the sums paid decreased compared to the amount paid at the end of the 2021 financial year (there was a 1.35% decrease). This trend can also be seen in terms of the number of sums paid, where an overall decrease of 16% was observed.

For Net Insurance Life S.p.A., the settlement time of the amounts paid for current accident claims was 96% compared to 97% in 2021, whereas for the amounts paid that have occurred prior to 2022, it was 89%. It is therefore confirmed that the settlement rate remains at more than adequate levels.

At the end of the 2022 financial year, the sums to be paid on claims occurring in 2022 amounted to 4,283 thousand Euros. In particular, as can be seen from the table below, these are open positions relating mainly to the generation of the 2022 event; the number of open positions on the 2021 and earlier year event is residual.

The amount and number of positions are shown in the table below:

Table 13 - Amounts to be paid, 2022

Year of occurrence	No. claims to provision	%	Amount to provision	%
2013	42	6.70%	321	7.49%
2014	96	15.32%	650	15.18%
2015	95	15.16%	465	10.86%
2016	117	18.60%	446	10.41%
2017	116	18.52%	293	6.84%
2018	58	9.26%	179	4.18%
2019	8	1.28%	12	0.28%
2020	10	1.66%	80	1.87%
2021	4	0.64%	66	1.54%
2022	55	8.72%	1,579	36.87%
Total	**627**	**100.00%**	**4,283**	**100.00%**

Total technical result and of the individual businesses

The technical performance of the Group, summarised in the item 'technical margin', showed a very positive increase of **41,293 thousand Euros**, a very positive increase of **39%** compared to the previous year.

The following table provide the key summary indicators related to the technical-insurance performance of the Group, and of the individual ones compared with the same data of 2021. The early indicators are

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presented gross and net of transfers for reinsurance, with the attribution of operating expenses and any income from financial management.

With reference to the Non-Life and Life business, the main considerations on the technical items gross and net of reinsurance by Company and by single sector, for the years 2022 and 2021, are set out below.

Table no. 14 - Group reclassified income statement and Combined Ratio

Thousands of Euro

	Group 2022 Financial Statements NON-LIFE + LIFE	NET 2022 Financial Statements NON-LIFE	NET LIFE 2022 Financial Statements LIFE	Group 2021 Financial Statements NON-LIFE + LIFE	NET 2021 Financial Statements - NON-LIFE	NET LIFE 2021 Financial Statements LIFE
Gross premiums written	184,854	95,062	89,792	149,299	75,460	73,839
Delta reserves (premium and mathematical reserves)	(49,679)	(12,976)	(36,702)	(39,197)	(8,658)	(30,540)
Gross premiums earned	135,175	82,086	53,090	110,102	66,802	43,299
Expenses from claims	(77,739)	(48,521)	(29,219)	(71,738)	(42,154)	(29,584)
Gross Loss Ratio - recoveries	*58%*	*59%*	*55%*	*65%*	*63%*	*68%*
Recoveries earned	10,209	10,209	-	10,675	10,675	-
Loss Ratio (1)	*50%*	*47%*	*55%*	*55%*	*47%*	*68%*
Commissions	(27,748)	(17,643)	(10,104)	(18,188)	(10,560)	(7,628)
Commission Ratio (2)	*21%*	*21%*	*19%*	*17%*	*16%*	*18%*
Direct business margin	**39,897**	**26,131**	**13,767**	**30,850**	**24,763**	**6,087**
Ceded premiums earned	(69,229)	(40,744)	(28,485)	(60,283)	(32,756)	(27,526)
Expenses for claims ceded	47,235	28,354	18,882	43,667	24,387	19,280
Earned recoveries ceded	(6,319)	(6,319)	-	(6,256)	(6,256)	-
Fees from reinsurance	29,945	14,158	15,788	22,041	9,345	12,696
Interest expenses on deposits	(134)	-	(134)	(34)	-	(34)
Reinsurance balance	**1,499**	**(4,552)**	**6,050**	**(864)**	**(5,280)**	**4,416**
Changes in other technical reserves	(102)	(102)	-	1,251	(108)	1,359
Technical margin	**41,293**	**21,477**	**19,817**	**31,237**	**19,375**	**11,862**
Ordinary expenses (including amortisation/depreciation)	(24,045)	(19,511)	(4,534)	(20,953)	(16,852)	(4,100)
Expense Ratio (3)	*18%*	*24%*	*9%*	*19%*	*25%*	*9%*
Combined Ratio (4 = 1 + 2 + 3)	*88%*	*92%*	*83%*	*91%*	*88%*	*95%*
Net technical result	**17,248**	**1,966**	**15,282**	**10,285**	**2,523**	**7,762**

	Group 2022 Financial Statements NON-LIFE + LIFE	NET 2022 Financial Statements NON-LIFE	NET LIFE 2022 Financial Statements LIFE	Group 2021 Financial Statements NON-LIFE + LIFE	NET 2021 Financial Statements NON-LIFE	NET LIFE 2021 Financial Statements LIFE
Net Reins. Combined ratio	*73%*	*95%*	*37%*	*82%*	*92%*	*59%*

The values shown in tables no. 15, no. 16.a, no. 16.b, are determined on the basis of reclassifications aimed at better representing the business of the group.

The above table (Table no. 15) shows a group combined ratio net of reinsurance for the financial year 2022, showing a decrease compared to 2021: more specifically, for the parent company, it shows a slight increase compared to 2021, while for the subsidiary there is a decrease substantially attributable to the improvement in the loss ratio.

The Loss Ratio before reinsurance and net of recoveries for subrogation was also significant, understood as the indicator of purely technical management of the Group (50%), which is a decrease compared with 2021 (55%). It should be noted that the gross technical results are influenced by the weight of the technical performance of Hail coverage, the loss ratio of which is much higher than that of the salary-backed loan sector and also of Bancassurance, characterised by its nature by a very low and in any case lower loss ratio. Evidence of such openings is highlighted in the following tables.

Table No. 15a – Non-Life Reclassified Income Statement by segment – Financial year 2022

Thousands of Euro

	NET 2022 Financial Statements NON-LIFE	NET 2022 Financial Statements NON-LIFE CREDIT (SBL)	NET 2022 Financial Statements NON-LIFE Hail	NET 2022 Financial Statements NON-LIFE Bancassurance/Brokers	NET 2022 Financial Statements NON-LIFE Financial Losses (SBL)
Gross premiums written	95,062	34,497	36,343	24,384	(161)
Delta reserves (premium and mathematical reserves)	(12,976)	(6,872)	(503)	(5,616)	14
Gross premiums earned	82,086	27,625	35,840	18,768	(148)
Expenses from claims	(48,521)	(21,895)	(23,727)	(3,356)	458
Gross Loss Ratio - recoveries	*59%*	*79%*	*66%*	*18%*	*310%*
Recoveries earned	10,209	8,654	-	(7)	1,562
Loss Ratio (1)	*47%*	*48%*	*66%*	*18%*	*1368%*
Commissions	(17,643)	(38)	(7,900)	(9,705)	-
Commission Ratio (2)	*21%*	*0%*	*22%*	*52%*	*0%*
Direct business margin	**26,131**	**14,346**	**4,212**	**5,700**	**1,872**
Ceded premiums earned	(40,744)	(16,269)	(21,468)	(3,139)	132
Expenses for claims ceded	28,354	14,135	13,867	519	(167)
Earned recoveries ceded	(6,319)	(5,661)	-	(9)	(648)
Fees from reinsurance	14,158	9,742	3,841	598	(24)
Reinsurance balance	**(4,552)**	**1,947**	**(3,760)**	**(2,031)**	**(708)**
Changes in other technical reserves	(102)			(102)	-
Technical margin	**21,477**	**16,293**	**452**	**3,567**	**1,164**
Ordinary expenses (including amortisation/depreciation)	(19,511)	(8,714)	(313)	(10,484)	-
Expense Ratio (3)	*24%*	*32%*	*1%*	*56%*	*0%*
Combined Ratio (4 = 1 + 2 + 3)	*92%*	*80%*	*89%*	*125%*	*1368%*
Net technical result	**1,966**	**7,579**	**139**	**(6,917)**	**1,164**

Table No. 15b – Non-Life Reclassified Income Statement by segment – Financial year 2021

Thousands of Euro

	NET 2021 Financial Statements NON-LIFE	NET 2021 Financial Statements NON-LIFE, CREDIT (CQS - salary-backed loans)	NET 2021 Financial Statements - NON-LIFE, Hail	NET 2021 Financial Statements NON-LIFE Bancassurance/Brokers	NET 2021 Financial Statements - NON-LIFE Financial Losses (CQS - salary-backed loans)
Gross premiums written	75,460	31,641	28,325	15,808	(314)
Delta reserves (premium and mathematical reserves)	(8,658)	(5,113)	(311)	(3,260)	27
Gross premiums earned	66,802	26,528	28,014	12,548	(287)
Expenses from claims	(42,154)	(18,529)	(22,355)	(2,024)	754
Gross Loss Ratio - recoveries	*63%*	*70%*	*80%*	*16%*	*263%*
Recoveries earned	10,675	8,633	-	0	2,042
Loss Ratio (1)	*47%*	*37%*	*80%*	*16%*	*975%*
Commissions	(10,560)	(128)	(3,685)	(6,748)	-
Commission Ratio (2)	*16%*	*0%*	*13%*	*54%*	*0%*
Direct business margin	**24,763**	**16,504**	**1,974**	**3,775**	**2,509**
Ceded premiums earned	(32,756)	(15,697)	(15,582)	(1,609)	132
Expenses for claims ceded	24,387	11,839	12,557	327	(336)
Earned recoveries ceded	(6,256)	(5,428)	-	-	(827)
Fees from reinsurance	9,345	7,604	2,138	346	(744)
Reinsurance balance	**(5,280)**	**(1,681)**	**(886)**	**(937)**	**(1,775)**
Changes in other technical reserves	(1,108)		-	(108)	-
Technical margin	**19,375**	**14,823**	**1,088**	**2,731**	**734**
Ordinary expenses (including amortisation/depreciation)	(16,852)	(10,589)	(316)	(5,948)	-
Expense Ratio (3)	*25%*	*40%*	*1%*	*47%*	*0%*
Combined Ratio (4 = 1 + 2 + 3)	*88%*	*78%*	*94%*	*117%*	*975%*
Net technical result	**2,523**	**4,234**	**772**	**(3,218)**	**734**

On the basis of the tables above, some considerations on the technical trends of the individual sectors are provided below:

- For the Credit Class, premium income recorded a 9% increase even due to the prudent actions taken on the portfolio with the aim of limiting the underwriting risk and making the mix between segments more efficient, also from a post-pandemic perspective. Gross earned premiums understood as the sum of gross premiums written and the change in premium reserves between the beginning and end of the year show an increase of 4% compared to 2021. With regard to expenses for claims, an increase in expenses for claims was observed in 2022, net of the effect of subrogation recoveries, such as to determine a loss ratio higher than 11 percentage points compared to 2021 (48% in 2022 against 37% in 2021). Although this is the case, net of reinsurance, the combined ratio on the line is lower than in 2021, due to the combined effect of the reinsurance transfer rate (+5%) and the decrease in overheads reversed to the line of business.

- For Financial Losses (Salary-backed loan sector): given the unique characteristics of this portfolio (the class is in run off and consequently no new production is generated but only reimbursements of unused premium accruals), for representative purposes, the decision has been taken to separate the claims relating to salary-backed loans from the premium portfolio relating to the bancassurance income, which therefore is incorporated in the figures in the third column of the previous tables. The run-off business shows a positive net technical result both in 2021, but even more so in 2022 due to the run-off of the reserve for IBNR claims relating to previous years. In this view, overheads were not reversed, considering the small portfolio still in place.
- Hail coverage (allocated to the Other Damage to Property class): in 2022, the marketing of products to guarantee the damage suffered by agricultural production following events such as hail (basic guarantee) and other natural disasters now represents a well-established business in the parent company's portfolio. In particular, as for the 2021 financial year, also for 2022 the portfolios relating to the Summer Campaign are prevalent in the composition of this business and, specifically, the premium income for 2022 has seen further growth (28% more premiums than those in 2021). Claims also increased slightly compared to the previous year, mainly as a result of higher exposure in terms of pieces, since, in terms of loss ratio on total portfolios and campaigns, a reduction was observed from 2021 (80%) to 2022 (66%). Finally, it should be noted that the coverage other than Hail always allocated to the same class are instead incorporated in the data relating to bancassurance.
- The bancassurance column includes the technical items relating to all the other classes for which the following considerations apply:
    - Accident and Injury and Illness: the classes in question recorded a notable increase in premium income. These are products placed through the bancassurance channel, the marketing of which by the Group began during 2019. Claims increased as expected in percentage terms, due to the incidence of the collective health policy relating to Sparkasse employees.
    - Fire and natural elements: premium income on this class, driven by the push on bancassurance production, also absorbed the impact of premium repayments, which affect, now in a residual manner, the amount of gross premiums written and which

concern a sub-portfolio of run-off policies, relating to contracts with fire coverage linked to mortgages. Overall, premiums written increased substantially compared to 2021 (+31%). With regard to claims, there was a slight increase compared to 2021 (+40%) and, in any case, almost in line with the growth of the exposure portfolio.

- A good technical performance was recorded in the Suretyship and Legal Protection classes, with an overall loss ratio of 17%, substantially in line with the 15% recorded for the same indicator calculated in 2021.
- On a residual basis, albeit up significantly, it is worth noting the positive contribution of classes such as RCG (General Civil Liability) and Assistance for which, although the risk exposures have increased due to higher premium income, the loss ratio is still in line with the previous year and in any case reduced (20% for the RCG class and 0.2% for Assistance).

As regards Life Company, new premium income in 2022 amounted to 99,223 thousand Euros compared to 84,426 thousand Euros in 2021 (approximately +18%), with 89,792 thousand Euros in written gross premiums.

As regards the composition of the Salary-backed loan portfolio, no major changes were noted in terms of average insured exposures or of average insured age at the time of execution of an agreement based on the type of transferor.

The technical result of the Vita subsidiary, expressed in terms of gross loss ratio shows a value of 55% in 2022 compared to 68% in 2021, while the gross reinsurance combined ratio in 2021 was 83%, compared to 95% in 2021. Even net of reinsurance, the overall ratio of commissions and operating expenses was lower as at 31 December 2022 than the value observed as at 31 December 2021 (37% vs. 59%): the decrease was mainly due to the growth in earned premiums against claims expenses that remained more or less in line with 2021, as shown in Table 17.

The technical performance of the two segments, reported in 2022 and 2021, can be summarised as follows:

- an improvement in the loss ratio on the salary-backed segment, which is also reflected, gross of reinsurance, in the combined ratio indicator, as the effect of overheads reversed to the segment is slightly decreasing (8% compared to 10% in 2021);
- on the Bancassurance/Broker segment against a very low loss ratio and even down compared to 2021, there is instead a gross combined ratio already around 100%, and a net value of less than 100% (77%) for the known and expected effect of the accrual of commissions paid upfront on multi-year contracts.

Table no. 16 - Life reclassified income statement by sector - Financial years 2021 and 2022

Thousands of Euro

	NET LIFE 2022 Financial Statements LIFE	NET LIFE 2022 LIFE - Salary-backed loans	NET LIFE 2022 LIFE Bancassurance/Brokers	NET LIFE 2021 Financial Statements LIFE	NET LIFE 2021 LIFE - Salary-backed loans	NET LIFE 2021 LIFE Bancassurance/Brokers
Gross premiums written	89,792	67,672	22,120	73,839	59,756	14,083
Delta reserves (premium and mathematical reserves)	(36,702)	(25,604)	(11,099)	(30,540)	(25,052)	(5,487)
Gross premiums earned	53,090	42,068	11,022	43,299	34,703	8,596
Expenses from claims	(29,219)	(28,637)	(582)	(29,584)	(29,105)	(479)
Gross Loss Ratio - recoveries	*55%*	*68%*	*5%*	*68%*	*84%*	*6%*
Recoveries earned	-	-	-	-	-	-
Loss Ratio (1)	*55%*	*68%*	*5%*	*68%*	*84%*	*6%*
Commissions	(10,104)	(89)	(10,016)	(7,628)	(86)	(7,542)
Commission Ratio (2)	*19%*	*0%*	*91%*	*18%*	*0%*	*88%*
Direct business margin	**13,767**	**13,342**	**424**	**6,087**	**5,513**	**575**
Ceded premiums earned	(28,485)	(21,597)	(6,888)	(27,526)	(21,253)	(6,274)
Expenses for claims ceded	18,882	18,581	301	19,280	19,032	247
Earned recoveries ceded	-	-	-	-	-	-
Fees from reinsurance	15,788	7,587	8,201	12,696	7,292	5,404
Interest expenses on deposits	(134)	(134)	-	(34)	(34)	-
Reinsurance balance	**6,051**	**4,437**	**1,614**	**4,416**	**5,038**	**(622)**
Changes in other technical reserves	-	-	-	1,359	1,359	-
Technical margin	**19,817**	**17,779**	**2,038**	**11,862**	**11,909**	**(47)**
Ordinary expenses (including amortisation/depreciation)	(4,534)	(3,452)	(1,083)	(4,100)	(3,633)	(467)
Expense Ratio (3)	*9%*	*8%*	*10%*	*9%*	*10%*	*5%*
Combined Ratio (4 = 1 + 2 + 3)	*83%*	*76%*	*106%*	*95%*	*95%*	*99%*
Net technical result	**15,283**	**14,328**	**955**	**7,762**	**8,276**	**(514)**

Outward Reinsurance

Outward Reinsurance

The company policy, with regard to outward reinsurance, was designed in continuity with previous years, taking into account the impact in terms of capital and reduction of the volatility of the economic results by virtue of the risks retained.

Relationships are maintained with highly rated groups operating in the international reinsurance market.

Based on these principles, the plan of disposals for the 2022 financial year has been set up as described below:

Non-Life business

Credit class

For the Credit class, in relation to the Salary-backed loan segment, four separate pure quota share treaties were stipulated with partners of primary standing to reach an overall sale amount in terms of premiums issued equal to 70%.

Treaties were all drafted for "underwriting premiums" ("underwriting year") and, therefore, the reinsurance protection has followed the entire insurance period of each security issued in 2022, according to the so-called "Risk Attaching" principle.

Fire class ("CAT" risks)

A risk premium quota share treaty was renewed with an international operator, with a 50% quota share transferred. The treaty covers the Earthquake and Flood coverages allocated to multi-risk or stand-alone products.

Fire and General Civil Liability classes ("Leasing” risks)

A risk premium pure quota treaty was renewed with an international operator, with a 50% quota share transferred. The treaty covers Fire and General Civil Liability allocated to multi-risk products related to immovable or movable property leases.

Financial Losses and General Civil Liability classes ("Cyber" risks)

A risk premium pure quota treaty was renewed with an international operator, with a 50% quota share transferred. The treaty covers the Financial Losses and General Civil Liability coverages allocated to multi-risk products for SMEs related to damages deriving from cyber attacks.

Suretyship segment

A risk premium pure quota treaty was renewed with an international operator, with a 50% quota share transferred.
The treaty was drafted for "underwriting premiums" (underwriting year) and, therefore, the reinsurance protection will follow the entire insurance period of each security issued in 2022, according to the so-called "Attaching Risk" principle.

Accident and injury segment

A treaty for the coverage of "Excess of Loss" was concluded with a highly rated international operator and has allowed for a reduction in the retained net profit on each individual claim. This treaty provided coverage on all retained risks and, for 2022, applies to all claims bearing 2022 as the "event date", regardless of the effective date of the policies concerned.

Fire Segment

A treaty for the coverage of "Excess of Loss" was concluded with a highly rated international operator and has allowed for a reduction in the retained net profit on each individual claim. This treaty provides, in particular:

- **a.** the entire exposure coverage relating to policies issued from 2011 to 2022 (excluding Deutsche Bank mortgage portfolio, referred to under the following item "c");
- **b.** coverage of the retained part of quota share treaties concluded for the years 2002-2010 and coverage of the exceeding of the recovery limit set for the claim in the above quota share treaties;
- **c.** coverage of the retained part of quota share treaties concluded for the years 2010 and 2011 for the Deutsche Bank mortgage portfolio.

This coverage is effective for 2022 on all claims with an event date of 2022, regardless of the effective date of the affected policies.

General Civil Liability Segment

A treaty for the coverage of “Excess of Loss” was concluded with an international operator and has allowed for a reduction in the retained net profit on each individual claim. This treaty provides coverage on all retained risks and, for 2022, applies to all claims bearing 2022 as the "event date", regardless of the effective date of the policies concerned.

Legal Protection

The proportional "Quota Share" treaty with the historical partner (since 2003) of the Group was renewed. This treaty provides for a sale of 90% of the exposures.

Assistance/Illness

The relationship with the Company's historical partner (since 2003) was renewed, through the proportional risk premium treaty, by selling 90% of the exposures. This treaty was extended, but limited to a "Travel" product, to the Illness segment.

Illness

A proportional risk-premium treaty was renewed with a highly rated international operator, with a ceded share of 80%. The treaty refers to a new line of Illness products to be offered "stand-alone" or in the multi-risk product range.

Other Damage to Property (Homix Smart Protection product)

A proportional risk-premium treaty was renewed with a highly rated international operator, with a ceded share of 80%. The treaty refers to a new line of products with a Theft coverage on residential properties, equipped with ENEL-X home protection devices.

Multi-risk policies of school administrations

With a pool of three high-rated international operators, a protection programme in 'Excess of Claims' was set up, which made it possible to reduce the net amount retained on the individual claim for the Accident and General Civil Liability Classes.

Agricultural risks for hail and other adverse weather events

A reinsurance programme was set for 2022, which is divided into separate proportional and non-proportional treaties, depending on the portfolio lots:

A) A pure quota share treaty was executed, with a highly rated international operator, in respect of risks assumed, as part of the so-called "Summer Campaign" on various agricultural crops - with a 20% premium retention rate and sale of 80% of premiums issued to a highly rated international operator. For the retained part, a Stop Loss Treaty was executed.

B) Pure quota share treaties was executed, with a pool of highly rated international operators, in respect of risks assumed, as part of the so-called "Summer Campaign", on various agricultural crops:

- for one lot in the portfolio, with a transfer quota of 84% of the premiums issued;
- for another lot in the portfolio, with a transfer quota of 48.50% of the premiums issued.

The retained parts are protected by specific Stop Loss treaties.

C) A pure quota share treaty was executed, with a highly rated international operator, in respect of risks assumed, as part of the so-called "Winter Campaign", on various agricultural crops - with a transfer quota of 81.67% of the premiums issued. For the retained part, a Stop Loss Treaty was executed.

D) Stipulation, with a highly rated international operator, of a pure quota proportional treaty regarding the risks assumed in the 'nurseries and ornamental plants' segment with a transfer share of 85.00% of the premiums issued.

Inward reinsurance - Non-life classes

In 2022, no new inward reinsurance treaties were concluded, without prejudice to the run-off of the Pure Quota Share Treaty stipulated in 2014.

Life segments (I and IV)

As for the Salary-backed loan segment, in the context of term life insurance coverage, for the year 2022 four separate pure quota share treaties were executed in order to reach an overall sale amount in terms of premiums issued equal to 70%, slightly up from 65% in the previous year.
As for the Salary-backed loan segment, in the context of term life insurance coverage, for the year 2022 three separate pure quota share treaties were executed in order to reach an overall sale amount in terms of premiums issued equal to 70%.
The Treaties were all concluded with highly rated international operators and were all drafted for "underwriting premiums" ("underwriting year"); therefore, the reinsurance protection follows the entire insurance period of each security issued in 2022, according to the so-called "Risk Attaching" principle.

For production other than salary-backed loans, the Group for 2022, availing itself of a highly rated international operator:

- renewed the current proportional treaty, with 60% of the premiums being ceded;
- renewed a separate risk premium quota share treaty – with reference to specific new products – with a 50% transfer quota;
- renewed the separate risk premium treaty, with a transfer quota of 50%, for Long Term Care products (Segment IV).

All the above-mentioned quota share treaties are drafted with "underwriting premiums" ("underwriting year"). Therefore, the reinsurance protection will follow the entire insurance period of each security issued in 2022, according to the so-called "Risk Attaching" principle.

New accounting standard IFRS 17

The European Securities and Markets Authority (ESMA) with the ESMA Public Statement 32-339-208 document "Transparency on implementation of IFRS 17 Insurance Contracts" requested issuing companies to provide some information in the 2022 half-yearly and annual financial reports in relation to impact of the new application of IFRS 17 – Insurance contract.

Below are the **methodological choices** that were consolidated at the date of the report:

- **level of portfolio aggregation**: in line with IFRS 17 provisions, the group has aggregated all insurance contracts within the scope of application into homogeneous risk groups defined as

Unit of Account. The Unit of Account, which represents the new accounting unit of measurement and recognition, consists of the set of contracts belonging to the same portfolio with the same year of issue (cohort) and with the same level of profitability/interest rate. For the purpose of constructing the Units of Account, a quantitative analysis, based on materiality thresholds, was combined with a qualitative analysis of the contracts in the portfolio.

To define the level of aggregation, the following steps were carried out:

- **Portfolio identification**: insurance contracts that belong to the same line of products exposed to similar risks identify a portfolio if managed jointly;
- **definition of the cohorts:** the portfolios thus defined are divided according to the year of underwriting; in fact, the standard provides that contracts issued more than one year apart from each other are not included in the same Group;

- **profitability analysis:** when a new insurance contract is detected, it is subjected to a test to detect its profitability or any onerousness. In this way, it is possible to reduce the offsetting effect between profitable and non-profitable contracts that would be generated by adopting an aggregation at cohort level. If a contract is not profitable at issue or becomes 'onerous' during its life, a loss must be recorded in the income statement at the same time.

- **defined and applied measurement models**: the group has defined the Building Block Approach (BBA) as a measurement model, a general model that is based on the current, discounted, weighted and adjusted value for a risk factor of the cash flows related to a contract insurance, and which provides for the suspension of the expected profit (Contractual Service Margin) at the time of signing the contract. This model was chosen because the business conducted by the group companies is characterised by products with a multi-year duration that do not involve direct profit sharing.

  For the purposes of the amount of CSM to be recognised in the Income Statement, the following criterion ('Coverage units') was adopted:

  - For the life insurance market in the insured amounts;
  - For the non-life insurance market in the amounts insured or in the premiums for the year.

  For the Life business, the criterion of the insured amounts allows to release the expected profit in a manner consistent with the disassembly of the insured benefits, allowing the Subsidiary to anticipate future profits where most of the products of the Life business are with decreasing capital (SBL, CPI).

For the Non-Life business characterised by decreasing insured capital (SBL, CPI), the criterion based on the insured amounts guarantees consistency with the Life business and allows the Parent Company to anticipate future profits.

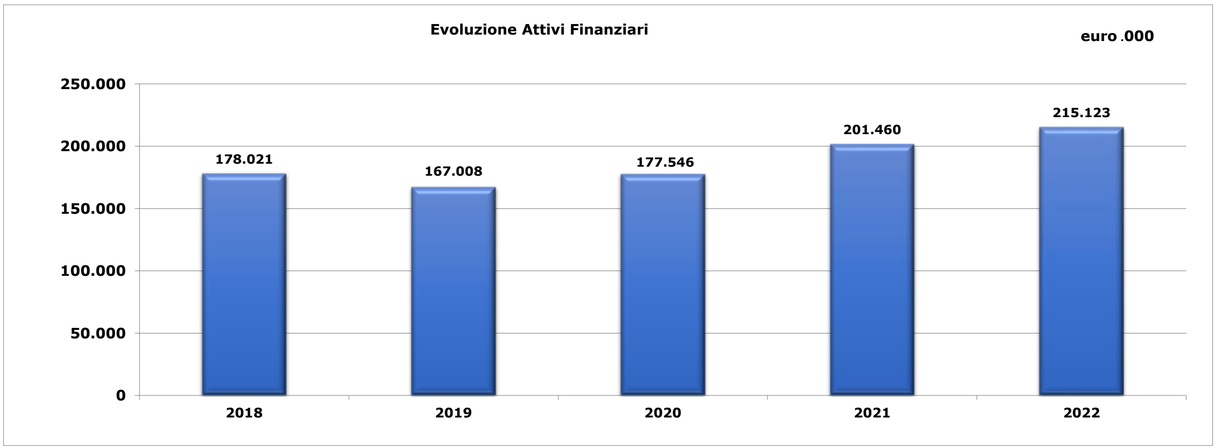
For the Non-Life business characterised by constant insured capital, a criterion is based on earned premiums.

- **discount rate curve used (Discount rate)**: the discounting of cash flows for the purpose of determining the Contractual Service Margin (CSM) takes place through the use of a risk-free discount curve indicated by EIOPA with the possible addition of a volatility spread (the so-called Volatility adjustment). The EIOPA risk-free curve is provided for annual claim duration; therefore, it will be linearly interpolated to adjust for the monthly projection rate of the actuarial and accounting models.
- **determination of non-financial risk (risk adjustment)**: IFRS 17 defines Risk Adjustment as the adjustment in the estimate of the present value of future cash flows to take into account the effects of intrinsic uncertainty in the amount and in the time sequence of future cash flows. The purpose of the Risk Adjustment is therefore to assess the effect of uncertainty in the cash flows resulting from insurance contracts, rather than from that deriving from financial risk (already included in the estimates of future cash flows and the discounting curve). The companies in the group have adopted the percentile method for measuring the risk adjustment based on the Solvency II LoBs, thus capturing the risk profile of the individual LoBs. The risk adjustment thus calculated is then reallocated to the single Unit of Account on the basis of the Present Value of Future Cash Flows driver of the Unit of Account belonging to the single LoB.
- **transition model**: the Companies in the group adopt the Fair Value approach. Under this approach, all valuations are made at the transition date, and the Contractual Service Margin and Loss Component of the Liability for Remaining Coverage (LRC) are calculated as the difference between the Fair Value of the group of insurance contracts and the Fulfilment Cash Flow at that date. The choice of this method is conditioned by the impossibility of obtaining reasonable and supportable information necessary for the breakdown of the annual cohorts necessary for the application of the Full Retrospective approach.

CAPITAL AND FINANCIAL MANAGEMENT

Investments, all of which with risks borne by the Group, amounted to 215,123 thousand Euros, an increase of 13,663 thousand Euros, or 6.78% compared to 2021. The increase is attributable to the investment of the funds from premium income.

Table no. 17 - Performance of financial assets



The weighted average return on the portfolio, shown without taking into account the gains recognised on the Augusto security, is 1.53% before expenses; the net return after expenses is 1.15%.

The financial management strategy is implemented through the external manager Banca Finnat Euramerica S.p.A., with which the companies of the Net Group signed a specific mandate in 2019, in compliance with the service levels required by sector regulations.

Fixed-income securities, shareholdings, mortgages, loans and liquidity

The movements in investments made in 2022 are shown in the following table, where the composition at 31 December 2022 is compared in thousands of Euros with that at 31 December 2021.

Table no. 18 - Assets held by the Group

Thousands of Euro

Investments	2022	2021	Change	% Change
Time deposit	502	0	502	100.0%
Loans	0	0	(0)	0.0%
Non-current assets or assets of a disposal group held for sale	0	0	0	0.0%
Loans and receivables	**502**	**0**	**502**	**100.0%**
Equity investments	2,163	2,034	129	6.3%
Mutual investment funds	70,998	72,491	(1,493)	-2.1%
Bonds	139,341	124,987	14,354	11.5%
Stocks	2,119	1,948	171	8.8%
Financial assets available for sale	**214,621**	**201,460**	**13,161**	**6.5%**
Financial assets designated at fair value	0	0	0	0.0%
Financial assets designated at fair value	**0**	**0**	**0**	**0.0%**
Total Assets	**215,123**	**201,460**	**13,663**	**6.78%**

Bonds amounted to 139,341 thousand Euros, up by 14,354 thousand Euros compared to 2021. During 2022 investments in bonds, including government bonds, were in fact preferred, given the market context and considering the gradual increase in returns recorded in the sector, which guaranteed attractive returns on both the short and intermediate parts of the curve of rates. Also by virtue of the market performance recorded in 2022, exposure in mutual investment funds decreased, mainly as a result of the decrease in the market value of the individual funds.

In the unlisted equity segment (unlisted or listed on unregulated markets), the Group increased some existing positions or made new investments, in particular towards companies operating in the insurtech sector (a privileged business sector as part of the investment strategy of the Group) and with banking and financial institutions, with which distribution agreements are active.

As part of the investments in insurtech companies, exposures to Yolo S.p.A. and Tech Engines S.r.l. were increased, respectively by 96 thousand Euros and 20 thousand Euros, and new investments were made in Wallife S.p.A. and Engagigo S.r.l., respectively by 133 thousand Euros and 300 thousand Euros. The overall total of investments in insurtech companies amounted to approximately 549 thousand Euros.

As regards investments in banking and financial companies, there was an increase in OneOsix S.p.A., Banca Popolare di Puglia e Basilicata and Cassa di Risparmio di Bolzano, equal to 90 thousand Euros, 10 thousand Euros and 51 thousand Euros, respectively. A new investment was made in Banca di Credito Popolare for 188 thousand Euros. The overall total of investments in banking and financial institutions amounted to approximately 340 thousand Euros.

The bond portfolio, all classified as available for sale, is made of 86.56% of 'investment grade' securities (of which 35.53% of securities are rated between AAA and single A and 51.03% BBB-rated bonds) and unrated or not 'investment grade' securities, up to 13.44%.

The following tables highlight, respectively, the distribution of bond investments in government bonds and "corporate" securities and between fixed-rate bonds and variable-rate bonds, with a high prevalence of government bonds and a higher incidence of fixed-rate bonds over variable-rate bonds.

Bonds by issuer

Table no. 19 - Bonds by issuer

Thousands of Euro

Bonds portfolio	Carrying amount	%
Italian Government Bonds	52,674	37.80%
Foreign Government Bonds	42,538	30.53%
Corporate Securities	44,129	31.67%
Total	**139,341**	**100.00%**

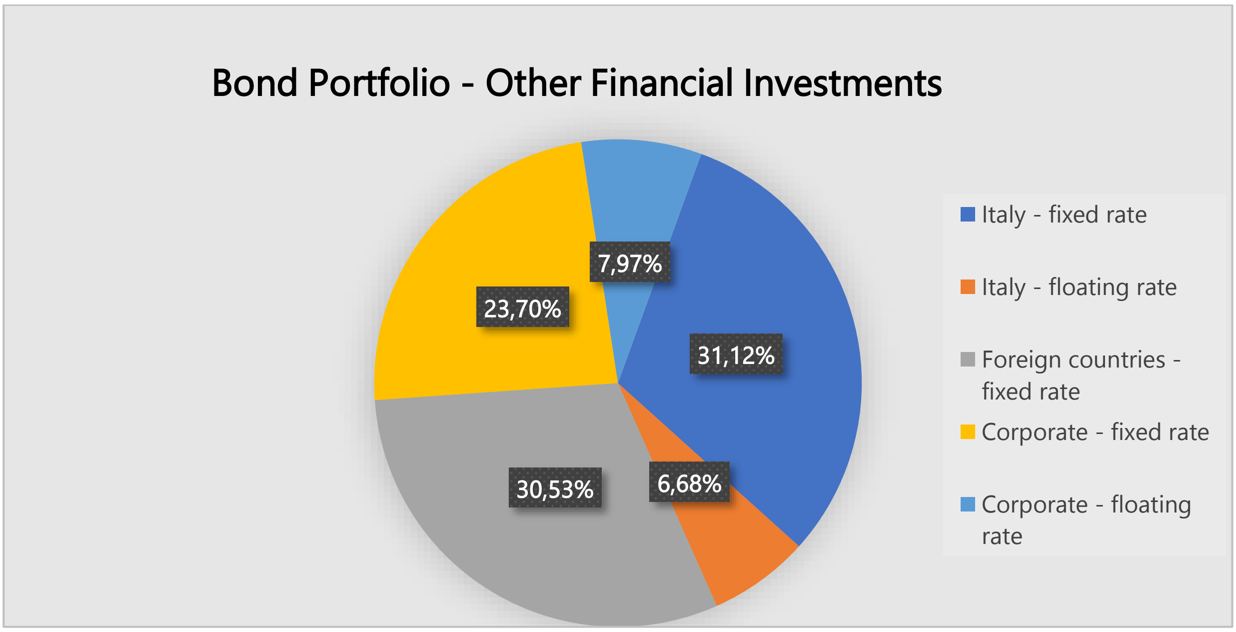
Bonds by type of rate

Table no. 20 - Exposure by type of rate

Thousands of Euro

Bonds portfolio	Carrying amount	%
Fixed-rate securities	118,928	85.35%
Floating-rate securities	20,413	14.65%
Total	**139,341**	**100.00%**

Table no. 21 - Composition of the bond portfolio



Investments in structured securities and derivative instruments

The Group, based on the Framework Resolution on Investments, can invest in derivatives or financial instruments with similar characteristics and effects, taking into account the conditions and the limits specified below.

The derivative financial instrument-based operations and investment in structured products must be guided by sound and prudent management principles.

For all structured securities taken into consideration, a maximum investment limit of 40% of the overall securities portfolio is authorised.

As regards investments in structured securities, at the end of 2022 the Group recorded a direct exposure to 'light structured' securities, characterised primarily by positions with early redemption option for a total amount in the financial statements (including prepaid interest) of 29,764 thousand Euros, with a percentage impact on the total bonds, including prepaid interest, at the same date, standing at 21.36%. The securities have an impact on available-for-sale assets of 13,87%.

The Group has not held nor does it hold investments in derivative instruments.

Non-consolidated structured entities

The shareholdings of the Group in funds, not fulfilling the "control" requirements pursuant to IFRS 10, were not subject to consolidation, but fall under the scope of application of IFRS 12 as non-consolidated structured entities. As regards the funds recognised in the financial statements, the Group has determined its exposure to the total assets of the fund itself. If the fund is characterised by multiple investment classes, the exposure threshold was based on the class to which it belongs. The Group has established that the 50% threshold is the limit used to consider them "Non-consolidated structured entities".

In cases where the exposure of the investment with respect to the class exceeds 50%, in order to verify the "control" requirement, the Group carries out analyses aimed at verifying whether the control it exercises is in compliance with the provisions of IFRS 10.

The analyses carried out on the Tenax and New Millennium funds - for which the exposure exceeds the 50% threshold - showed that the Group cannot in any way exercise any decision-making power on the investment strategies of the funds analysed.

Following is a table with the required information pursuant to IFRS 12:

- the book value of assets and liabilities recognised in the financial statements related to the non-consolidated structured entity;
- the maximum exposure to losses deriving from the involvement in the non-consolidated structured entity and the method used for its calculation;
- a comparison between the book value of the entity assets and liabilities and the maximum exposure value.

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- Table no. 22 - List of unconsolidated entities

ISIN code	Description	Nature of the Fund	Fund strategy	Classification	Book value/ fair value	Maximum exposure to loss	Difference between book value and max. exposure value	Method of calculating the maximum exposure
LU1362558782	NEW MILLENIUM LARGE EUROPE CORPORATE	SICAV UCITS under Luxembourg law	Bond fund that invests mainly in IG bonds. There are no foreign currency exposures	AFS	5,325,936	453,544	4,872,391	99.5% VaR over 1 year horizon (standard SII formula)
LU2003425266	NEW MILLENNIUM AUGUSTUM Z	SICAV UCITS under Luxembourg law	The fund invests in fixed income securities of European issuers (bonds with fixed and floating interest rates, convertible bonds, denominated in Euros or other currencies). Total investments not hedged against foreign exchange risk versus the Euro do not exceed 30% of the fund's assets.	AFS	13,879,812	2,979,487	10,900,325	99.5% VaR over 1 year horizon (standard SII formula)
LU1362558865	NEW MILLENNIUM AUG CORP BD-Y	SICAV UCITS under Luxembourg law	Bond fund that invests mainly in bonds of European issuers	AFS	1,238,280	266,048	972,232	99.5% VaR over 1 year horizon (standard SII formula)
LU2149247061	NEW MILLENNIUM -EURO EQUITY	SICAV UCITS under Luxembourg law	Equity fund that invests primarily in listed European issuer shares. Minimum currency exposure	AFS	862,532	273,090	589,442	99.5% VaR over 1 year horizon (standard SII formula)
LU1362558600	NEW MILLENNIUM -INFL LKD-Y EU	SICAV UCITS under Luxembourg law	Fund that invests primarily in inflation-linked government bonds	AFS	2,356,547	251,506	2,105,041	99.5% VaR over 1 year horizon (standard SII formula)
IE00BJ1F4K40	Tenax Dynamic Income Fund	SICAV UCITS under Irish law	The fund invests primarily in bond securities issued by private or government issuers, denominated mainly in EURO (residual currency exposures) and with a rating between BBB + and B-	AFS	9,869,491	2,329,305	7,540,186	99.5% VaR over 1 year horizon (standard SII formula)

New Accounting Standard ("temporary exemption")

On 12 September 2016, IASB published "Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts", endorsed on 3 November 2017 by the Regulation (EU) 2017/1988 which introduces amendments aimed at addressing critical issues pertaining to the insurance sector, deriving from a non-alignment of the different application dates of the new standard on the financial instruments and on insurance contracts (IFRS 17).

The Group, in compliance with the provisions stated in this document, which was transposed by IVASS with Provision no. 74 of 8 May 2018, decided to apply the option "Deferral Approach" (or "Temporary exemption") which allows, to the entities with an insurance predominance, a deferral of the IFRS 9 application until the effective date of the accounting standard IFRS 17, set forth for 2021. The Group abides by the IFRS 4 requirements, which allow it to benefit from temporary exemption. The Group's activities are principally related to insurance activities; in particular, the book value of insurance liabilities accounts for over 90% of total liabilities. To be noted is that the IVASS Provision No. 109 of 27 January 2021 extended the deferral to 1 January 2023.

In compliance with paragraph 39E of IFRS 4, the following are details on the fair value at 31 December 2022 and the amount of the change in the fair value compared with 31 December 2021 for the following two financial asset groups:

a) financial assets with contractual terms providing, at pre-set dates, financial flows represented "solely by payments of principal and interest" (SPPI) on the amount of the principal to be paid back (hereinafter "SPPI Financial Assets");
b) all other financial assets.

Table no. 23 - Financial assets

Thousands of Euro

Financial Assets	**Fair Value as at 31/12/2022**	**Changes in fair value - Gross tax effect**	**Changes in fair value - Net tax effect**
Financial assets			
Bonds	139,341	(13,887)	(9,607)
of which positions passing the SPPI test	*132,401*	*(12,895)*	*(8,921)*
of which positions not passing the SPPI test	*6,782*	*(976)*	*(675)*
of which position in Augusto bond	*158*	*(8)*	*(5)*
Listed and non-listed stocks	4,282	(65)	(45)
Units of mutual funds	70,998	(6,329)	(4,379)
Total	**214,621**	**(20,281)**	**(14,030)**

On the bond positions analysed as part of the SPPI test, some positions were identified for a total value of 6,782 thousand Euros, with a marginal weight of 3.16% on total financial assets, which did not pass the test. This is a convertible bond whose structure can be considered incompatible with a loan agreement with certain payment flows, as it is related to the value of the issuer's equity, and with additional security positions with contractual clauses related to the performance of the debtor that

modify the timing or the amount of cash flows (bank and insurance subordinated securities with clauses modifying the redemption conditions when the capital requirement changes).
In addition, it should be noted that in accordance with paragraph 39G of IFRS 4, Companies of the Group have conducted creditworthiness assessments on the Financial Assets. Referring to the analyses carried out, please refer to the Notes to the Accounts - Risk Management - Financial risk management.

With specific reference to the classification of securities in the portfolio, the choices made were based on:

1. the entity's business model for managing financial assets and
2. the characteristics relating to the contractual cash flows of the financial asset

The classification of each financial instrument is carried out through a functional criterion that takes into account the characteristics of each business model as part of the portfolio management strategy and in compliance with the overall management framework of the company and with the commitments undertaken.

The standard identifies three different business models, each of which must reflect the purpose with which it intends to manage the activities, for the generation of income and of the risks.
Furthermore, in order to assess and define the 'contractual' nature of the cash flows associated with a financial asset, it is subjected to the SPPI test (Soley payment of principal and interest test); this test aims to determine whether the contractual cash flows are represented exclusively by payments for principal and interest.

The accounting treatment and the profitability associated with each activity therefore vary according to the business model to which the instrument belongs and the characteristics of the cash flows of the instrument itself: depending on the results of the valuations of the cash flows and the business model to which the activity belongs to different accounting categories are attributed, each with its own accounting treatment.

The standard identifies the following business models:
1. Held To Collect 'Htc': this business model envisages that the financial assets are held with the aim of collecting the contractual cash flows generated during the life of the instrument.
   Sales are permitted in specific cases, namely:
   - Increase in counterparty credit risk (including prospective);
   - Increase in risk concentration or sales made to deal with liquidity stress situations

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i. Occasional (even if significant in terms of value);

ii. Irrelevant (even if frequent)

iii. Not occasional and more than relevant

- Proximity to maturity of financial assets

2. Held To Collect And Sell 'Htcs': this business model envisages that the financial assets are held with the aim of collecting the contractual cash flows generated during the life of the instrument or to realize them through the sale of the instrument. The objective of this business model is consistent with the needs linked to current liquidity and treasury requirements, the maintenance of a certain interest margin, the ALM, the maximisation of the return on a given set of assets. The assessment of significance and frequency of sales is assessed only in order to exclude excessive portfolio turnover.
3. Other: this business model envisages the realisation of cash flows through the sale of the instrument, typically trading operations. This is a residual business model compared to the previous two.

The accounting categories identified by the standard are as follows:

1. Amortised Cost: this accounting category may include financial instruments allocated to the Held To Collect business model that respond positively to the SPPI test;
2. Fair Value Other Comprehensive Income (FVOCI): this accounting category may include financial instruments allocated to the Held To Collect and Sell business model that respond positively to the SPPI test. In addition, in this segment it is also possible to allocate shares considered strategic and not held for trading, on which the so-called 'OCI Option' is applied;
3. Fair Value To Profit & Loss (FVTPL): this category includes all financial instruments that do not respond positively to the SPPI test or instruments for which the so-called 'Fair Value Option' is applied, i.e. the right to irrevocably designate an instrument as FVTPL, if with this classification it is possible to eliminate or reduce phenomena that would otherwise determine accounting asymmetries.

Each entity defines the essential characteristics, in qualitative and quantitative terms, of the business models for the purpose of assigning financial instruments in the respective segments. The NET Group, at the time of *First Time Adoption (FTA)*, or at the time of the first application of the standard, favoured the classification in the Held to collect and sell business model, within which a large part of the bonds was allocated, closed-end mutual investment funds and equity securities not held for trading (i.e. shares held for strategic purposes or shares with a high dividend) on which the so-called OCI Option has been applied. The classification in the Held to Collect segment concerned, given the characteristics of this business model, residual bond positions with the following characteristics:

- Residual duration of more than 3 years;
- Positive SPPI test and characteristics such that the test result cannot change in the future;
- Return higher than or equal to a predefined target, identified at FTA with 3%.

All other instruments, i.e. open-ended mutual investment funds and shares for which it was not deemed appropriate to apply the OCI option, were classified in the Other business model.

ECL calculation method

IFRS 9 envisages a new impairment method based on an 'Expected Credit Losses (ECL)' model, which assumes a forward-looking view of losses, estimated at 12 months or over the entire life of the financial instrument, requiring them to be immediately detected rather than at occurrence of a trigger event. This model applies to Financial assets measured at amortised cost and to Financial assets at fair value through other comprehensive income (FVOCI) for which a provision must be recognised to cover expected losses. Three fundamental inputs are required to determine the ECL:

- Probability of default (PD), understood as the probability that a counterparty will not meet its payment obligations within a certain time horizon;
- Loss Given Default (LGD), understood as a percentage loss in the event of default of the security;
- Exposure At Default, i.e. the estimate of exposure upon occurrence of insolvency.

The expected loss is an estimate of the weighted probabilities of losses over the expected life of the financial instrument and is calculated on the basis of the classification of the instrument with respect to its creditworthiness: this classification is called 'Stage Allocation'. At the time of original recognition and, subsequently, if the rating of an asset does not deteriorate compared to its original recognition, the instrument is classified in the so-called 'Stage 1'. If, on the other hand, the creditworthiness should deteriorate, the instrument is reclassified in the so-called 'Stage 2'. In the event of simultaneous impairment on the instrument, the standard also provides for allocation to 'Stage 3'. For the verification of the classification in stage at each given assessment, the NET Group has provided for the definition of a table in which each rating level assigned to the security during the original registration phase will correspond to a certain threshold in terms of notches that will be used to establish the significant deterioration and therefore the attribution of the stock in Stage 2. The calculation of the Stage Allocation is determined by comparing the rating at the original recognition date and the rating at the valuation date: if the difference between the two ratings is terms of notches should be greater than or equal to the threshold defined for that rating level, the security must be classified in Stage 2.

For assets classified in Stage 1, the expected loss is calculated at 12 months. The expected losses at 12 months are those deriving from events of default that are possible in the next 12 months (or in a shorter period if the expected life is less than 12 months), weighted by the probability that the default event will occur.

For assets classified in Stage 2 and Stage 3, the expected loss is known as lifetime. Lifetime expected losses are those deriving from events of default that are possible throughout the expected life of the financial instrument, weighted by the probability that default will occur.

To determine the expected loss figure, the NET Group envisaged an operating model managed through the use of external info providers for the supply of PD and LGD inputs. These inputs are then incorporated in the securities management system (Sofia) in use by the Group, which returns, through a formula implemented in the system, the expected loss figure.

OTHER INFORMATION

Staff

During 2022 the new Smart Working system consolidated and the Net Insurance Group intends to promote it as its own distinctive feature in a flexible and dynamic work context, promoting a work culture based on results and empowerment of its employees. For the year 2022, the prestigious award of Great Place to Work Italia was also renewed, an important certification that attests to a positive work environment appreciated by its employees, with high quality HR processes.

In this context, as part of the interventions for the enhancement and development of human resources, the Net Insurance Group continues to be very committed to the training activities provided in 2022 (38 different training courses for a total of 194 hours of training), as a strategic variable capable of providing a real competitive advantage to the entire organisation. Again in 2022, the Group also made use of the job rotation tool, as a tool for corporate enrichment and professional growth of its resources.

In the course of 2022, in particular, a new HR Development path was launched, aimed at the enhancement, recognition and growth of employees, with a particular focus on certain profiles that the Group has identified as 'key people'. More specifically, with this development path, we want to consolidate the sense of belonging of the staff towards the Group, as well as enhance the quality of the profuse commitment, also through mechanisms that protect the future stability of the employment relationship of the professionals considered strategic for the achievement of company objectives.

In this regard, in the second half of 2022, no. 19 key people were identified among the non-executive employees of the Net Insurance Group, for whom a development plan has been envisaged for the three-year period 2023-2025.

Finally, in support of the policies aimed at remunerating not only the activity carried out, but also to respond effectively to the non-economic needs of personnel, it is important to note that in 2022 the Net Insurance Group has further developed the offer of welfare services. More specifically, through the WELNET platform, resources can choose to convert a portion of the company variable bonus into 'Welfare Credit' so as to allow beneficiaries to use social and welfare services reserved for both employees and their families. In this sense, Group's employees can now count (in addition to the concessions and services introduced by the current company pandemic plan) on supplementary pension payments, on the assistance fund (health, accident and injury and TCM), including annual check-ups and subsidised rates both for the purchase of insurance products under the Net brand, and for personal loans.
On the latter point, during the year the offer was expanded with the use of new financing solutions and banking products thanks to the agreement signed with Banca Capasso (IBL Group).

Among the initiatives undertaken in this regard by the Net Insurance Group, during 2022, please note the activation of a new section within the company Intranet dedicated to the most significant innovations in terms of human resources, including a specific one called 'Net X Te', as a tool designed to guide colleagues in the world of conventions reserved for them.

The number of employees employed by Net Insurance Group companies as at 31 December 2022, compared with that as at 31 December 2021, was as follows:

Table no. 24 - Staff

Staff	2022	2021	Changes
Executives	11	6	+5
Officers	14	16	- 2
6th level Middle managers	19	17	+2
Employees	79	79	0
Total	**123**	**118**	**+5**

On the basis of what is shown in the table, it should be noted as follows:

- the appointment of 5 new Executives following the management training course undertaken in the previous year;
- the 123 resources in force as at 31 December 2022 included 1 employee with fixed-term employment (expiring by 2023);
- as at 31 December 2022, there is also 1 intern.

The average age of non-executive personnel is 42 for men and 43 for women.
In addition, there are no remuneration's discrepancies between men and women within the Group (absence of gender pay gap).

Finally, the turnover recorded in 2022 is as follows:

- Internal: 4 employees
- External: 18 hires - 13 terminations

Lastly, on the subject of personnel, it should be noted that the long-term incentive plan known as the 'Performance Shares Plan (2019-2023)' for the Chief Executive Officer and the key Senior Staff of the Management team is in place.
This Plan provides for the payment to Management of a share-based bonus, up to a maximum of 1,059,273 of Net Insurance S.p.A. ordinary shares, upon achievement of the strategic objectives of the 2019-2023 Business Plan, in terms of the level of:

- cumulative net profits (2019-2023);
- ROE at 31 December 2023;
- Solvency Ratio at 31 December 2023;
- compound annual return on Net Insurance stocks.

In line with market practice and investor expectations, the shares will be assigned and made available to the beneficiaries at the end of the multi-year plan, subject to the achievement of performance objectives, without prejudice to the existence of "gates" which, where not exceeded or equalled, always make the number of shares to be assigned/transferred equal to zero, such as:

- Solvency Ratio <100%
- Compound annual yield of the stock (including dividends) over the five-year plan < hurdle rate, where:
- hurdle rate per CEO: 10%
- hurdle rate for other beneficiaries: 6%

The Performance Shares Plan envisages that in the event of launch of a public tender offer on 100% of NET's shares (such as the one in progress at the date of this report) or acquisition of its control by right by third parties, during the course of the duration of the Plan, it will terminate in advance of the Final Term. In this case, the Shares will be assigned and/or transferred and/or liquidated to each beneficiary within 15 working days of the occurrence of one of the aforementioned events and in any case in good time to participate in the public tender offer.

In consideration of the above, it should be recalled that on 28 September 2022, the company Poste Vita S.p.A. communicated, pursuant to and for the purposes of Article 102, paragraph 1, of the Consolidated Law on Finance (TUF) and Article 37 of the Issuers' Regulation to have taken the decision to promote (through a corporate vehicle directly controlled by Poste Vita) an all-inclusive voluntary public tender offer on the ordinary shares and on the Net Insurance Warrants.

It is therefore envisaged that 847,418 own shares held by the Company will be assigned and transferred free of charge to the Beneficiaries of the Plan (Chief Executive Officer and key Senior Staff of the Management team). In this regard, it should be noted that, at the date of preparation of this Report, the Board of Directors of the Parent Company on 23 February 2023, resolved to approve, in execution of the aforementioned Performance Shares Plan, the assignment in favour of the Chief Executive Officer and the entire first line of management of a total of 847,418 ordinary shares of the Company, in the following sizes:

Table no. 25 – Shares distribution

Manager	No. shares
Andrea Battista *(Chief Executive Officer)*	340,960
Luigi Di Capua *(Chief Financial Officer)*	140,646
Stefano Longo *(Chief Business Officer)*	140,646
Fabio Pittana *(Chief Operating Officer)*	140,646
Rossella Vignoletti *(Chief Marketing Officer, Communication & Staff Coordinator)*	84,520

Technical Division dispute

As at 31 December 2022, in relation to Hail and Suretyships risks, there are no pending positions.

Commercial and Operation Division dispute

As at 31 December 2022, there are other disputes related to claims. In detail:

- court dispute, concerning the "Claims & Operations" division, relating to a claim for "Permanent Disability from Illness" set aside in the reserve for 40 thousand Euros. The chances of the dispute being resolved in favour of the Group, according to the attorneys' opinion, are positive. For legal expenses, damages amounting to 3.5 thousand Euros were set aside for the parent company;
- disputes on Non-Life class claims. For legal expenses, the amount of 7 thousand Euros was allocated to the Provision for risks and charges of the parent company.

At 31 December 2022, the Life Company has no pending court disputes referring to the activities concerning the management of the portfolio, claims and recoveries.

Legal Affairs Division dispute

As at 31 December 2022, the costs associated with the Net Insurance Group's litigation relating to a petition for the reimbursement of prepaid premiums in the case of an early extinction of the loan, amounted to approximately 102 thousand Euros; these costs related to 114 positions.
As at 31 December 2022, legal actions continue in relation to a fraud on the assets stolen to the Group, as described below, in respect to which the Group is an active party for their recovery.

Specifically, the Group's Companies suffered a shortfall of Italian government bonds amounting to approximately 26.67 million Euros, discovered in March/April 2019 (following the radical change in their governance and ownership structure that took place at the beginning of 2019) and dating back to the 2017 financial year (an event defined as a 'black swan' in order to characterise the severity and uniqueness of its occurrence).

The Companies initiated actions to recover the sums unduly stolen. Up to 31 December 2022, 15 million Euros have actually been recovered. Legal actions are underway to recover the amounts still outstanding in the following areas.

a. breach by Mr Gianluigi Torzi and Sunset Financials Ltd with respect to the agreements they signed related to the plan to return the stolen assets

Following the default by Mr Gianluigi Torzi ('**Mr Torzi**') and Sunset Financials Ltd ('**Sunset**') of the agreement for 18.67 signed by them in relation to the stolen assets repayment plan of 21 July 2019 ('2019 Agreement'), the Group took action against Mr Torzi and Sunset Financials.

On 8 March 2022, another conciliation agreement was reached on the basis of which Mr Torzi undertook to pay the Group companies an amount equal to 550 thousand Euros by 30 November 2022.

This conciliation agreement is without prejudice to all other contractual obligations arising under the 2019 Agreement especially in respect of Sunset, as ruled by the High Court in London and more generally those relating to the payment by Sunset of 10 million Euros in respect of the third instalment of the 2019 Agreement and the other tranches of 8.676 million Euros. As at 31 December 2022, the amount of 550 thousand Euros was not paid to the Companies of the Group, the collection of which had been defined for 30 November 2022, based on the court settlement.

The Group will assess how to assert its credit claims in the appropriate venues and, in particular, the declaration of bankruptcy of Mr Torzi pursuant to the English law.

As at 31 December 2022 the Group is awaiting the setting of the first hearing in the case against Sunset in Malta.

b. failure to repay the bond loan issued by Augusto

As is known, as part of the 2019 Agreement, Net Insurance and Net Insurance Life had become the owners of the entire bond loan issued by Augusto S.p.A. in liquidation ('**Augusto**'), for a nominal amount of 10 million Euros, albeit within the scope of some securities transfer contract rights that can be activated in the event of full payment of the repayment plan. Following the overt default of Torzi and Sunset, Net Insurance and Net Insurance Life became the absolute owners of the entire bond loan issued by Augusto and, as such, acquired, definitively and without any contractual limitation, the right to request the payment of the amount due to Augusto, as also ascertained by the English High Court with final judgment, which has its full effects also in our legal system.

On 2 November 2021, an agreement ('**Conciliation Agreement**') was signed between Net Insurance, Net Insurance Life and Augusto, as part of the broader debt restructuring agreement pursuant to Article 182 bis LF (Bankruptcy Law) of the latter ('**Restructuring Agreement**'), published at the competent Register of Companies. The Restructuring Agreement was approved on 14 January 2022 by the Court of Milan.

With this Settlement Agreement, only Net Insurance and Augusto settled the dispute relating to the injunction issued in favour of Net Insurance ('**Net Injunction**') and the corresponding objection, through the definitive payment by Augusto of the all-inclusive amount of 3.8 million Euros with waiver of the objection and the return to Augustus of 38 bonds. The parties have committed to implement the agreement by 30 September 2022.

In December 2022, Net Insurance collected 3.8 million Euros from Augusto.

Considering the serious breach of Augusto's liquidators, who did not meet the payment deadline of 30 September to which they had unconditionally committed, Net Insurance requested an additional 228,290.44 Euros from Augusto, of which 53,263.71 Euros were for interest and 175,026.84 Euros for monetary revaluation, reserving all further rights.

With reference to the injunction issued in favour of Net Insurance Life ('**Net Life Injunction**'), i.e. the remaining claim amounting to 6.2 million Euros, by means of the Settlement Agreement, the parties also agreed that (in the event that the Ordinary Court of Milan should order the provisional enforceability of said injunction challenged), the amount imposed will be paid by Augusto in favour of the subsidiary Net Insurance Life with the proceeds from the sale of Augusto's equity investments in subsidiaries Aedes SIIQ S.p.A. ('**Aedes**') and Restart SIIQ S.p.A. and, nonetheless, by 30 September 2022.

On 6 June 2022, The Court of Milan decided to reject (with an interim measure subject to reform) the request for provisional enforceability of the Net Life injunction, having erroneously held that the English High Court's judgment by which it ruled (with a final judgment that is fully effective in our legal system) that Net Insurance Life was fully entitled to request payment of the amount due to Augusto, was not applicable to Net Insurance Life, considering, moreover, that it was appropriate to first assess all the evidence by assigning to the parties the terms for the presentation of the preliminary briefs pursuant to Article 183, paragraph 6 of the Code of Civil Procedure. Following the filing of the preliminary briefs, as well as the request for remittance made by the Companies with respect to the filing of documentation formed at a later date, the Court set a hearing for 23 March 2023.

In the meantime, also in relation to complaints submitted by the Companies, Consob has imposed administrative sanctions (see Sanction Measures issued by Consob - Resolution no. 22407 (of 13/07/2022 and publication date of 27/07/2022), Resolution no. 22406 (of 13/07/2022 and publication date of 27/07/2022) and Resolution no. 22272 (of 16/03/2022 and date of publication of 01/04/2022) - with regard to Mr Giuseppe Roveda, and Mr Giacomo Garbuglia, of Aedes, to the auditing firm Deloitte & Touche S.p.A. and to Mr Giacomo Bellia - the latter two parties for the statutory audit of the financial statements as at 31 December 2017 and as at 31 December 2018 of Augusto, relating to the item of the same financial statements called '*Equity investments in subsidiaries*').

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On 28 November 2022, a notice of conclusion of the investigations pursuant to Article 415 *bis* of the Code of Criminal Procedure was filed by the Public Prosecutor's Office of Milan, with the notification to the suspects - including two top managers of Augusto and Aedes, Mr Giacomo Garbuglia and Mr Giuseppe Roveda, as well as Mr Torzi - where, *inter alia*, alleged cases of false corporate communications are identified (pursuant to Articles 2622 and 2621 of the Italian Civil Code), an obstacle to the exercise of the functions of public supervisory authorities (pursuant to Article 2638, paragraphs 2 and 3 of the Italian Civil Code), stock exchange (pursuant to Article 185 of Italian Decree Law no. 58/1998), as well as corruption between private parties (pursuant to Article 2635 of the Italian Civil Code).

With reference to the offences related to the statutory audit of the financial statements as at 31 December 2017 and 31 December 2018 of Augusto, please refer to the section Significant events occurring after the end of the year.

With reference to the litigation initiated by the Group and the joint representative of the bondholders against Augusto (concerning the challenge of the 2019 financial statements and, *incidenter tantum*, of the 2017 and 2018 financial statements), the presiding Ordinary Court of Milan, (i) first ordered Augusto to present the opinions issued by two professionals appointed by the same and forming the basis of a liability action approved by the shareholders' meeting against some of its former directors regarding the events connected with the management of the Augusto Bond and (ii) postponed the proceedings to the hearing for the clarification of the conclusions on 14 February 2023. At that hearing, a request was made (and authorised by the judge) for the registration, on the one hand, of the Consob administrative sanctions (Resolutions nos. 22407, 22406 and 22272) and on the other hand, the notice of conclusion of the investigations and other relevant documents for the purposes of the possible decision.

On 28 November 2022, the Companies filed (currently out of court) a claim for damages against (i) the former directors, statutory auditors and liquidators of Augusto and (ii) the independent auditors of Augusto and Aedes, Deloitte & Touche S.p.A., requesting compensation for the damages suffered.

Likewise, with reference to Aedes, on 30 December 2022, the Companies also filed (currently out of court) a request for compensation against that company, as it was held liable, directly and jointly with some of its former directors, of the damages *suffered and that may be suffered* by the Companies for the events described above. The quantified amount is higher than 9.2 million Euros and in this context additional interest and revaluation have also been requested up to the balance (currently for an approximate amount of 2,050.74 Euros on a daily basis, of which 1,046.36 Euros is for interest and 2,004.38 Euros for revaluation), subject to any further right, more precise quantification in legal disputes, as well as the experimentation of further actions and/or disputes in each venue, none excluded, including those therein pursuant to Italian Legislative Decree 231/2001.

c. liability actions against the auditing company BDO Italia S.p.A., the former Chief Executive Officer and General Manager, the former Chief Financial Officer of Net Insurance and Director of Net Insurance Life S.p.A. and the former Director of Net Insurance.

As at 31 December 2022, proceedings are pending against the former directors and managers and the auditing company BDO Italia S.p.A., all of whom had relationships with the Group in the 2017 and 2018 financial years.

At the hearing of 14 February 2023, the parties discussed their respective preliminary requests and the Court reserved the right to decide on the proceedings.

d. labour law suit regarding the former managing director and chief executive officer and the former chief financial officer of Net Insurance

The previous managing director and general manager and the former chief financial officer, with an appeal pursuant to article 414 of the Italian Code of Civil Procedure, sued Net Insurance to ascertain and declare the unlawfulness of the dismissal imposed by the parent company Net Insurance.

On 11 March 2022, the parent company Net Insurance and the former chief financial officer reached an agreement on the basis of which the former chief financial officer waived his right to appeal against the ruling (in favour of Net Insurance) and undertook to pay the parent company Net Insurance an amount equal to 5,000.00 Euros as partial repayment pursuant to Article 2033 of the Italian Civil Code of the greater amount due by way of bonus, with the consequent waiver of the parent company Net Insurance to execute the sentence. With reference to the former chief financial officer, the Judge on 28.06.2022 declared the case dismissed.

On 25 March 2022, the parent company Net Insurance and the former managing director and general manager signed an agreement, pursuant to which the parent company Net Insurance paid the total net amount of 3,823.99 Euros, as well as 2,674.15 Euros for reimbursement of medical expenses, in settlement of the severance pay, and the former managing director and general manager waived the appeal against the ruling – which was in favour of Net Insurance – as well as the acts and action in relation to the judgement challenging the resolutions of the 2017 financial statements and the 2018 financial statements. At the same time, the parent company Net Insurance waived the implementation of the ruling.

Remuneration of the Board of Directors and the Board of Statutory Auditors

The following table shows the remunerations disbursed in 2022 to the Board of Directors and to the members of the Board of Statutory Auditors of the Net Insurance Group.

Table no. 26 - Remuneration of the Board of Directors - Board of Statutory Auditors

Thousands of Euro

Remunerations	No.	Remuneration
Board of Directors	11	325
Board of Statutory Auditors	3	108
Total	**14**	**433**

The remuneration of the board of directors does not include the remuneration of the CEO.

Remunerations to the Committees and the Supervisory Body

Table no. 27 - Committees and Supervisory Body

Thousands of Euro

Remunerations	No.	Remuneration
Investment Committee	2	30
Appointment and Remuneration Committee	3	50
Internal Control, Risk and Related Parties Committee	3	65
ESG Committee	3	31
Innovation Advisory Board	2	25
Essential Functions Coordination	1	10
Link between BoD and SB	1	8
Supervisory Board	3	32
Total	**18**	**251**

Solvency Capital Requirement

Under Article 24, paragraph 4-bis of Regulation 7/2007, information is provided regarding compliance with operating conditions pursuant to Article 216-ter of Italian Legislative Decree No. 209/2005.

The Net Insurance Group's Solvency Index, resulting from the ratio of Own Funds eligible to cover the Solvency Capital Requirement, stood at **172,42%** at the end of the year.

The Group's eligible Own Funds and Minimum Solvency Capital Requirement ratio stands at 333,42%.

In particular:

- the Solvency Capital Requirement of the Group is equal to 51,108 thousand Euros;
- the Minimum Solvency Capital Requirement of the Group amounted to 21,223 thousand Euros;
- the amount of the Group's eligible Own Funds covering the Group Solvency Capital Requirement is 88,123 thousand Euros of which 67,365 thousand Euros Tier 1; 13,092 thousand Euros Tier 2 and 7,666 thousand Euros Tier 3;
- the amount of the Group's Own Funds approved for fulfilling the Group’s Minimum Solvency Capital Requirement amounted to 71,609 thousand Euros, of which 67,365 thousand Euros Tier 1 and 4,245 thousand Euros Tier 2.

The aforementioned information refers to that indicated in the QRG (Quarterly ECB reporting Group) at 31 December 2022 (Q4-2022), forwarded to IVASS by the Company on 16 March 2023; these data are to be considered temporary as the final annual data, which may be subject to revision and adjustments, will be sent to the Supervisory Authority, in the terms required by the Italian legislation and included in the Solvency and Financial Condition Report (SFCR).

As a result of the pandemic scenario and the ensuing high tensions in the financial markets that still exist as a consequence of the Russian-Ukrainian conflict that broke out in February 2022, IVASS required companies and the Net Insurance Group to monitor their solvency position on a monthly basis. The surveys showed that the Solvency ratio never dropped below 150 percent in any interim survey.

Furthermore, IVASS provided, in agreement with EIOPA, recommendations to the companies aimed at paying particular attention to the level of own funds.

In fact, in March 2020, the Italian Insurance Supervisory Authority sent a letter to the insurance and reinsurance companies based in Italy, asking them to adopt, both individually and as groups, extreme prudence in the distribution of dividends and in the payment of the variable component of the remuneration to corporate officers.

This recommendation is consistent with that of the European Systemic Risk Board (ESRB) of 27 May. Financial institutions were required to continue to use extreme prudence in the distribution of dividends, in the repurchase of own shares and in recognising variable components of remuneration, at least until September 2021.

EIOPA also reiterated the call to companies to adopt extreme prudence in their asset management policies. The distribution of dividends, the repurchase of own shares and the determination of variable remuneration should not exceed prudent limits; the potential qualitative and quantitative reduction of the capital should not reduce own funds to a level that would be inadequate to address risk exposures; this in order to safeguard the ability of insurance companies to absorb, also in perspective, the impacts of the pandemic emergency on their business models and on their solvency, liquidity and financial situation.

The companies of the Group: tax benefits

With specific reference to the Group Companies, it should be noted that these have benefited, for the current year, from the aid for economic growth (so-called ACE) for the calculation of the tax burden. More specifically, the subsidiary benefited from a reduction in the tax base for IRES purposes of 461 thousand Euros, while the Parent Company Net insurance S.p.A. benefited from a positive effect of 242 thousand Euros.

On the other hand, in terms of tax management, it should be noted that the two companies adhere to the national tax consolidation regime. This method allows, for the most part, the carrying out of an intersubjective offsetting of losses. Therefore, in the presence of significant taxable amounts, such as that of the current year attributable to the life company, the institute allows the use of previous tax losses, which are now residual for an amount of approximately 3 million Euros, to reduce this income and which will be fully absorbed by the results of the companies for the current 2023.

State aid information

During the year, the Group was granted financial contributions in the area of funded training, under Law 124/2017, Article 1, paragraph 25, as per Registro Nazionale degli Aiuti di Stato - RINA (National Register of State Aid).

Below are these contributions in detail:

Table no. 28 - Funded training

Thousands of Euro

Project	Financing amount	Presenting Body
More Next to People	30	Ania Servizi e Formazione Srl
Next to People	38	Ania Servizi e Formazione Srl
Next Insurance uno sguardo al futuro ('an eye on the future')	54	Ania Servizi e Formazione Srl
TOTAL	**122**	

GOVERNANCE SYSTEM

Privacy Compliance

The Group, in the capacity as "Data Controller" guarantees constant compliance with the provisions set forth in Regulation EU 2016/679 (GDPR) as well as with Italian Legislative Decree no. 196 of 30 June 2003.

In particular, the Group has prepared the "Guidelines and Organisational Model on Privacy".

The document pursues the objective of describing the obligations regarding the protection of personal data, to be fulfilled by all the entities involved, introducing, if necessary, the detailed operational processes for each subject dealt with.

The Organised Model pivots on the following figures: Data Controller; DPO; Privacy contacts; Data Processors; System administrators.

The DPO acts as the main company contact in relation to issues concerning the processing of personal data and is required to monitor compliance, within the company, with the rules on the protection of personal data. In this regard, the DPO is responsible for informing and providing advice to the Data Controller and to the data processors concerning the obligations deriving from the GDPR, and acts as a contact point for the Supervisory Authority for any matter related to the processing.

Safety at the workplace

The implementation of the obligations provided for by Legislative Decree 81/08 and subsequent amendments and additions (so-called Consolidated Law on Safety at the workplace) has been entrusted, under an outsourcing arrangement, to the company Ecoconsult S.r.l.
In particular, Ms Silvia Marchese, fulfilling all requirements for the position, has been appointed as the Manager of the Prevention and Protection Service (MPPS) (art. 32 of Italian Legislative Decree no. 81/08 and subsequent amendments and additions). The Manager of Internal Safety is also part of the Group, since 2009; he/she is responsible for occupational health and safety at the workplace and represents the reference point for the Board of Directors, for the individual officers and employees and he/she interfaces on behalf of the Company with the external safety representatives and with the public control authorities. The Manager of Internal Safety is also responsible to present, to the Board of Directors at the time of approval of the financial statements, a report on the current status of implementation of prevention measures in the area of occupational health and safety, any shortcomings and deficiencies identified, and any corrective measures that are deemed to be necessary, as well as any concrete interventions to be carried out. The already mentioned report is also accompanied by a note sent by the Manager of the external service of prevention and protection. The Group, in compliance with the provisions of Italian Legislative Decree no. 81/2008 and subsequent amendments and additions has completed the following:

- the drafting and updating of the risk assessment document (DVR), with the performance of environmental surveys,
- lighting technology and ergonomic inspections of each work station;
- attachment for the containment of the risk from COVID-19 (for the pandemic situation);
- the drawing up and update of the emergency plan pursuant to Ministerial Decree of 10 March 1998 (fire safety and emergency management) and pursuant to Ministerial Decree 388/03 (company first aid);
- evacuation drills in compliance with articles 43 and 44 of Italian Legislative Decree 81/08 and subsequent amendments and additions;
- convening of the annual meeting on safety according to the provisions of art. 35 of Italian Legislative Decree 81/08 and subsequent amendments and additions;
- updates provided to the Workers Safety Representative pursuant to art. 37, paragraphs 10 and 11 of Italian Legislative Decree 81/08, and subsequent amendments and additions;
- training of the newly hired personnel according to the provisions of art. 37 of Italian Legislative Decree 81/08, and subsequent amendments and additions;
- training on the defibrillator use for the first aid team;

- training for newly promoted executives;
- appointment of the Competent Physician pursuant to Italian Legislative Decree 81/08, as amended;
- appointment of the Manager of the Prevention and Protection Service pursuant to Italian Legislative Decree 81/08, as amended.

The additional activities carried out during the 2022 financial year were as follows:

- Survey for the assessment of work-related stress
- Survey for the assessment of the concentration of radon gas in underground and basement rooms

Administrative liability of the Company pursuant to Italian Legislative Decree No. 231/2001

The Board of Directors of 26 January 2022 approved the update - started in the second half of 2021 - of the organisation, management and control model in compliance with the provisions of Legislative Decree 231/2001 (hereinafter OMM).

In particular, during the second half of 2021, on the recommendation of the Supervisory Board ('SB'), the project to update the OMM was launched with particular reference to the additions necessary for tax offences, for the offences introduced with Legislative Decree No. 75/2020 (PIF), for the regulations pursuant to Directive (EU) 2019/1937 as well as for the organisational changes that occurred in the Company.

On 9 November 2022, the Board of Directors of the Parent Company approved a further update to the OMM of Net, which exclusively concerned Market Abuse Offences.

The OMM was prepared on the basis of the provisions contained in Decree 231 and other reference standards, the Guidelines for the insurance sector drawn up by the National Association of Insurance Companies (Associazione Nazionale fra le Imprese Assicuratrici - ANIA) and those issued by Confindustria, best practices on the administrative liability of entities (corporate criminal liability), the main doctrinal and jurisprudential guidelines available and the results of the Risk Self-Assessment activities conducted.

The OMM 231 is divided into two sections:

- General Part (accompanied by Attachment 1: Code of Ethics and Conduct and Attachment 2: Disciplinary Code)
- Special Part

The Supervisory Body was established by a resolution adopted by the respective Board of Directors, in order to supervise the functioning and compliance with the OMM and to update it.
The Supervisory Body was established in a collegiate form and consists of members from different professional backgrounds to ensure the expertise and knowledge of the organisational structure and business processes and the effectiveness of controls. The mandate of the Supervisory Body was identified by the Board with a three-year duration with expiry coinciding with the approval of the 2024 financial statements.
The members of the Supervisory Body are as follows:

- Mr Blandini Antonio (Chairperson), currently also Chairperson of the Board of Statutory Auditors of the Companies of the Group;
- Mr Marco Gulotta, currently also a member of the Board of Statutory Auditors of the group Companies.
- Ms Sabina Ippolitoni, currently also a member of the Board of Statutory Auditors of the group Companies.

In line with best practices and previous case law on the subject, the SB meets the necessary requirements of independence, honourableness and professionalism and does not present any grounds for incompatibility with the appointment.
One of the members of the Board of Directors of the Parent Company Net Insurance SpA holds a liaison position at Group level between the Board of Directors and the Supervisory Body pursuant to Italian Legislative Decree No. 231/2001.
In order to facilitate the flow of reports and information to the SB, a dedicated e-mail channel has been set up to which SB members have access externally via a browser through their login credentials and a certified email channel dedicated only to reporting pursuant to the whistleblowing legislation, to which only SB members have access.

ORGANISATIONAL STRUCTURE

CORPORATE GOVERNANCE STRUCTURE

The model adopted by the Group, since 2019, is based on the joint activity of the various players involved, in particular the Board of Directors, the Board of Statutory Auditors, the Board Committees, the Supervisory Body, the Senior Staff, the Manager in charge of financial reporting, the Essential Functions and Operational Governance Areas.

Board of Directors

The management of the Company is exclusively entrusted to the Board of Directors which has full powers in the pursuit of the corporate objectives within the limits set forth by the law.

Pursuant to the Articles of Associations, the Board of Directors is vested with the broadest and unlimited powers for the ordinary and extraordinary management of the Company and more specifically, the Board is granted all the powers that are necessary or even only appropriate for the achievement of the corporate objectives as well as general representation for all actions performed on behalf of the Company.

The Board, based on the information received, assesses the adequacy of the organisational, administrative and accounting structure of the Company; when the strategic, business and financial plans of the company are completed, it reviews and assesses them; it finally evaluates, based on the reports provided by the delegated bodies, the general performance of the Company.

The Board promotes a high level of integrity and a culture of internal controls and risk management – covering also outsourced activities – so as to raise the awareness of the employees on the importance and necessity of controls and risk management; defines and formalises the interactions among the several functions that are responsible for controls and risk management in order to ensure a system that is adequate and effective in both of these two areas.

The Board of Directors is also responsible for updating the risk assessment, so that internal controls adequately take into account new risks or risks that were previously not subject to assessment and controls.

The BoD must also be periodically informed on the effectiveness and adequacy of the internal control and risk management system and must be promptly made aware of any more significant critical issues, by the person who has identified them.

The Board ascertains that the corporate governance system is consistent with the set forth strategic policies and risk appetite and that it is capable of identifying and updating corporate risks and their interrelations, so that the organisational units take into appropriate account the new risks or the risks that were previously not subject to assessment and controls.

Board of Statutory Auditors

The activities of the Board of Statutory Auditors focus on an evaluation of the organisational, administrative and accounting structure of the Group and on its functioning; on a general assessment of the efficiency and effectiveness of the internal control system while ensuring that the internal auditing, in particular, is carried out with the necessary autonomy, independence and professionalism, without duplicating the work of the other subjects involved.

Within the scope of its activities, aiming at a general assessment of the actual appropriateness of the internal control system to the performance of its tasks, the Board of Statutory Auditors maintains constant and continuous contacts with the Manager of the Internal Audit Function through a review of the periodical (quarterly) reports drawn up thereby, and through specific meetings.
The Board of Statutory Auditors may derive significant information for the monitoring of its internal control system also from the work of the Risk Manager, the Compliance Officer and the Management Control Officer as well as the Manager in charge of financial reporting.

Board Committees

In 2019, the following Board Committees were established in the Company for the purpose of assisting and providing advisory and proposal services to the Board of Directors and to Senior Staff. These are

- The Appointment and Remuneration Committee is responsible for providing advisory and proposal services applied to assessments and decisions related to appointments and remunerations.
- The Investment Committee is responsible for managing investments, as well as monitoring the Company's compliance with the policies, guidelines and recommendations issued in the area of investments.
- The Internal Control, Risk and Related Parties Committee, established in order to strengthen the internal control and risk management system in compliance with the provisions of Art. 6 of Regulation 38/2018, oversees the Board in its assessments and decisions related to the internal control and risk management system, including transactions with related parties.
- the ESG Committee, established in order to assist the Board in evaluations and decisions related to sustainability, understood in the broader concept of environmental, social & governance, including the definition of a sustainability strategy with the aim of generating value in the medium

to long term.

The Innovation Advisory Board is present within the Group with the aim of concretely supporting management activities in terms of innovation

Supervisory Board

The Supervisory Body is an important component of the continuous monitoring carried out by the internal control and risk management system of the Company, since, being in charge of supervising and controlling the effectiveness of and compliance with the organisational model, it allows to prevent deviant conduct for which the Company could be accountable pursuant to Legislative Decree 231/2001 and, therefore, represents a further safeguard for the stability of the Company.

Senior Staff

The Chief Executive Officer is responsible for implementing the resolutions passed by the Board of Directors; in particular, the CEO is responsible for ensuring that the organisational, administrative and accounting structure is adequate for the type and size of the company and reports to the BoD and the Board of Statutory Auditors on the general performance and on the most important operations carried out by the Company, based on its size and characteristics, in executing its mandate.

Senior Staff are responsible for implementing the strategies and the policies approved by the Board of Directors; for designing processes aimed at identifying, measuring, monitoring and controlling the risks undertaken by the Company; maintaining an organisational structure that can clearly identify responsibilities, competences and hierarchical reporting; ensuring that the delegated functions are properly performed; verifying the adequacy and efficacy of the corporate governance.

The BoD and Senior Staff are responsible for promoting high ethical and integrity standards as well as creating a corporate culture that enhances and demonstrates to all personnel the importance of internal controls. The purpose is that all the employees gain a clear understanding of their roles in the internal control process and are fully committed to it.

Manager in charge of financial reporting

The Manager in charge of financial reporting reports periodically to the Board of Directors also through the Internal Control, Risk and Related Parties Committee, as regards the activities carried out while performing their functions. They are responsible for the following functions:

- guaranteeing the development of adequate administrative and accounting procedures for the preparation of the financial statements for the period, of the consolidated financial statements and any other type of financial reports, in collaboration with the company's competent structures;
- assessing, jointly with the delegated body, the adequacy and the actual application, during the reference period of administrative and accounting procedures, the correspondence of the corporate accounting documents with the accounting records, as well as their suitability in providing a truthful and correct representation of the equity, economic and financial position of the Company;
- declaring the correspondence to the results from documents, accounting books and records of any acts and communications sent by the Company to the market concerning financial annual and intra-annual reports.

Essential Functions

Pursuant to the sector regulations, the Group has established the following Essential Functions which, in compliance with the independence requirement, since they are separate in terms of their organisational profile, report directly to the Board of Directors and the Internal Control, Risk and Related Parties Committee:

- Internal Audit Function, internalised by resolution of the Board of Directors of 21 January 2019;
- Risk Management, internalised by resolution of the Board of Directors of 25 November 2019;
- Compliance, DPO and Anti-Money Laundering Function;
- Internalised Actuarial Function with resolution of the Board of Directors of 30 September 2021.

The Internal Audit Function is an independent and objective assurance, control and advisory Function, aimed at improving the effectiveness and efficiency of the organisation. In compliance with the principle of separation, it assists the organisation in pursuing its objectives through a professional and systematic approach, generating added value with a view to evaluating and improving the control, risk management and Corporate Governance processes.

The Risk Management Function contributes, together with the other players involved in the risk management, to the identification, definition and creation of a management system for all risk-related activities, through the development and maintenance of policies, methodologies and risk measurement tools.

Compliance, DPO and Anti-Money Laundering Function:

- Compliance is responsible for assessing the organisation and the internal procedures of the Company in terms of their adequacy in pursuing the objectives for preventing the risk of incurring any legal or administrative penalties, loss of assets or damage to the reputation following any breach of the law, regulations or provisions set forth by the Supervisory Authority or any self-regulatory provisions, focusing on compliance with the regulations related to transparency and appropriateness of the behaviours towards the insured and more in general the protection of the consumer.
- Anti-Money Laundering ensures the suitability of the system of internal controls and company procedures as regards the risk of money laundering and terrorist financing, with the aim of preventing and combating the breach of laws, regulations and self-regulation on the matter.
- The DPO promotes the culture of data protection within the Companies and the Group by pursuing the implementation of all the essential principles of EU Regulation 679/2016 (GDPR).

The Actuarial Function ensures, based on the applicable laws, that the methodologies and the assumptions formulated in the calculation of the technical reserves are appropriate as regards the specificity of the business lines and that they can, in general, guarantee an effective risk management system, especially as regards technical aspects and capital requirements.

Organisational Governance Divisions

The organisational structure of Net Insurance S.p.A. is of a functional type and, at 31 December 2021, can be broken down into the following four Divisions:

2. Marketing Officer;
3. Business Officer;
4. Financial Officer;

5. Operating Officer.

These Divisions report to the CEO and are divided into Services.

The activities pertaining to these Divisions are summarised below:

- The Marketing Officer Division: provides an overall view of the market and its development, identifying the processes and actions aimed at promoting brand recognition and reputation as well as further developing relationships with its customers (intermediaries or retail).

- The Business Division: ensures the achievement of the commercial objectives set out for the identified channels and business lines (Bancassurance, Brokers and Salary-Backed loans) further advancing the development of products in line with the customers and the distribution channels requirements, while guaranteeing continuous and increasing levels of the offer's innovation and uniqueness, also through the promotion and support of professional training and updating activities related to the direct network.

- The Financial Division formulates and implements, in line with the strategic choices of the Group, the policies concerning general, reinsurance and financial accounting, separate and consolidated financial statements, half-yearly separate and consolidated financial reports, as well as any activity related to compliance with tax and corporate requirements; policies concerning the financial statements in compliance with Solvency II and with all related quarterly and annual supervisory quantitative models; additional Solvency II reports; policies concerning management planning and controls, and all activities related to the formulation of business projections – equity and technical, both forward-looking and final (including policies concerning the internal current and future risk assessments) as well as reports on the solvency of the Company and the Group (so-called ORSA Report); policies concerning financial investments and management of the Treasury, policies applicable to the management of capital and assets aimed at fulfilling obligations related to the quotation of the Companies on the AIM Italia market.

- The Operations Division defines the industrial guidelines of the Company, planning and managing all the projects for the transformation and change of the Company.
  These activities are accompanied by adequate plans for the professional growth and training of the resources and for supporting them with adequate sourcing policies.
  It also guarantees the technological, digital and architectural developments of systems and platforms, taking care of their maintenance and evolution and also ensuring physical and logical security within the Company. Defines the Development and Retention Plans used by human resources ensuring the application of the remuneration policies defined by the BoD as well as the definition of training plans.
  It provides support to the CEO and to the BoD in the definition of the business strategies with a

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specific focus on the processes, selection activities and monitoring of the outsourcers. Manages all operations of a logistic nature, as well as the activities and operations related to the process of purchasing goods and services, thus guaranteeing the execution of high standard contracts, based on SLAs that are constantly being monitored. Manages all operations related to the Salary-backed Loans portfolio and RE as well as all related claims, monitoring the technical performance and optimising the process of the Company for credit recovery.

Internal control and risk management system

The internal control and risk management system plays a key role in the Company's corporate governance and during the 2022 financial year oversaw:

- the guidance capacity of the Board of Directors, also with the support of the Board Committees and the proactive participation in them by the Chief Executive Officer, Management and Middle Management, aimed at greater involvement of the organisational structure in achieving the objectives of the Business Plan and in compliance with the control and risk management system;
- the role of the Internal Control, Risk and Related Parties Committee for the improvement of the governance system implemented also through the formalisation of the Action Log, which collects the recommendations provided to Management during its work;
- the guidance capacity of the Supervisory Body, as can also be seen from the reading of the 2021 Annual Report and the update of the Organisation and Management Model under Legislative Decree no. 231 of 8 June 2001, of the Code of Ethics and the Disciplinary Code;
- the proactive participation of the Chief Executive Officer, of the Management and Middle Management in the Internal Control, Risk and Related Parties Committee aimed at greater involvement of the organisational structure for the implementation of an adequate risk management process and related controls in terms of:
  - reliability and integrity of information;
  - effectiveness and efficiency of projects;
  - safeguarding of assets;
- listing on the Euronext Milan STAR segment;
- the organisational system, consistent with the strategy and company policies that was formalised with the draft of the organisation chart, the functions chart and the document Power, Powers of Attorney and Delegations Structure;
- the continuous strengthening of information flows to all corporate bodies and the rapidity of response of the operating structures to further needs for documents or in-depth analyses on relevant issues;

- the system of company rules, consisting of policies, procedures, guidelines and organisational provisions aimed at guaranteeing, with a reasonable security margin, the achievement of company objectives;
- an adequate and proportionate risk management system for the company;
- robust training and refresher courses for all personnel.
- The maintenance of ISO 27001:2013 Certification for the Information Security Management System.

IT and technology development

The management of the information systems was aimed primarily at supporting the various business lines of the companies of the group: Salary-backed loans, Bancassurance, Brokers and digital channel. In particular:

- the launch of new distribution agreements with banking partners was supported (of which 4 were launched in 2021 and 3 in 2022);
- a sale of impaired loans was carried out as they are no longer collectible.

Particular attention was paid to IT security, both by strengthening the controls and by increasing employee awareness (knowledge) of cybersecurity issues through specific training.

Management was then characterised by a continuous search for improvement and automation of processes, with special attention paid to those areas with a significant presence of staff and extensive use of paper material.

The current management has, as usual, been accompanied by important project activities; such as the transition to the new SAP accounting system, the internalisation of the medical tele-visit in the context of the salary-backed loan underwriting processes, the centralisation of all paper documentation in a single TPA (third party administrator).

Finally, from a purely technological point of view, a software layer has been developed that allows our products distributed on the digital channel to be available 24/7.

The development team was strengthened, also thanks to the support of external resources and the relationships with the main technology suppliers.

All the activities were carried out in full and continuous compliance with the investment budget as approved by the Board of Directors.

Equity and economic transactions with intra-group and related parties

As at 31 December 2022, there were no Related Parties transactions that were atypical or unusual with respect to normal operations. In particular, all transactions with Related Parties were carried out under market conditions. With regard to the information provided in Article 2497-bis of the Italian Civil Code, the parent company Net Insurance wholly owns Net Insurance Life, with which credit/debit transactions were in place as at 31 December 2022.

As at 31 December 2022, the parent company has transactions with the following Related Parties: (i) Net Insurance Life (entity wholly owned by the parent company); (ii) IBL Banca S.p.A. (entity having significant influence over the parent company); (iii) IBL Assicura S.r.l. (entity controlled by Related Party IBL Banca S.p.A.); (iv) Banca Antonio Capasso S.p.A. (entity controlled by Related Party IBL Banca S.p.A.); (v) Banca di Sconto S.p.A. (entity controlled by Related Party IBL Banca S.p.A); (vi) Figenpa S.p.A. (entity invested by Related Party IBL Banca S.p.A.). On the same date, the transactions with Related Parties are:

 the insurance coverages issued by the Group in combination with loans repayable through the Salary-backed loans granted by IBL Banca S.p.A., Banca di Sconto S.p.A. and Figenpa S.p.A., pursuant to the insurance agreements stipulated with the same, as part of the Salary-backed loans segment;

 the relationships arising from the distribution agreements with (i) IBL Assicura S.r.l., an insurance intermediary registered in Section A (agents) of the RUI - IVASS controlled by IBL Banca S.p.A., which, as at 31 December 2022, distributes 8 family protection products and has been authorised to distribute the Suretyship segment; and (ii) Banca Antonio Capasso S.p.A, an insurance intermediary registered in Section D of the RUI - IVASS controlled by IBL Banca S.p.A., which, as at 31 December 2022, distributes 11 protection products for families and businesses;

 credit ratio generated by the subordinated ten-year bond (Tier II), issued by Net Insurance Life in November 2016, amounting to 5,000,000.00 Euros, with a ten-year term, fully subscribed by the Parent Company;

 the service contract (intercompany cost recharging agreement) between the parent company and Net Insurance Life for the provision of operational support/assistance services, starting from 1 February 2020 and expiring 31 December 2022. The contract includes a tacit renewal clause for periods of one year, unless terminated by one of the parties. Each party may also terminate the contract by means of a written notice to be sent to the other party 60 days in advance. The cost of the services provided by Net Insurance Life to the parent company was equal to a total annual amount of 646,644.00 Euros; the cost of services rendered by Net Insurance to the subsidiary was equal to a total annual amount of 2,275,191 Euros the amount due to IBL Banca S.p.A. deriving from the portion of the Convertible Bond, issued by the parent company, and subscribed by IBL itself on 17 December 2020, totalled a nominal amount of 500,000 Euros.

 the amount due to IBL Banca S.p.A. arising from the portion of the Bond issued by the parent company and subscribed by IBL itself on 28 September 2021.

Intra-group transactions

At 31 December 2022, in accordance with Regulation no. 30/2016 (Policy on intra-group transactions), the intra-group transactions carried out between the Companies of the Net Insurance Group - including transactions with related parties - were as follows:

- the credit relationship generated by the subordinated ten-year bond loan (Tier II), issued by the subsidiary in November 2016, amounting to 5,000 thousand Euros, fully subscribed by the Parent Company Net Insurance S.p.A.;
- coupon related to the interests on the Tier II subordinated loan "7.00 per cent. Fixed Rate Dated Subordinated Notes due 8 November 2026", issued by Net Insurance Life S.p.A. in November 2016 for a total amount of 5,000 thousand Euros and fully subscribed by the Sole Shareholder Net Insurance S.p.A.;
- participation in the VAT Group; the companies of the Net Insurance Group, as a result of the option exercised in September 2019, with effect from 1 January 2020, have joined the VAT Group. By joining the VAT Group, any service provided by Net Insurance to Net Insurance Life (and vice versa) will benefit from not being subject to VAT.

  There have always been strong interrelationships between the entities of the Net Insurance Group as there are functions/persons with specific expertise that operate for both entities of the group. Therefore, the strategy pursued by the Group has been not to burden the business structures of the individual entities with high staff costs, but to make available to the individual entities the specialist tasks they need through the exploitation and sharing of the skills present within the Group.

  This approach has made it possible to keep the operating structures of the individual entities sufficiently streamlined, creating strong competencies and, at the same time, to centrally manage the support they need, allowing for obvious synergies given that there is a single operating unit within the Group that provides specific know-how that can be used by all Companies of the Group. All Intercompany activities were mapped and two service contracts were drawn up governing the services between the two Companies, as indicated in the section on related parties above.

- On 17/12/20 IBL subscribed a part of the Tier II subordinated bond issued by NET and listed on the Vienna MTF (a nominal value of 500,000 Euros of the bond issued) Duration: 10 years, with the Issuer's right to call the bond early starting from the 5th year. Interest rate: 4.60% fixed (on an annual basis) and payable in two half-yearly coupons;
- On 28/09/2021, IBL subscribed a part of the Tier II subordinated bond issued by NET and listed on the Vienna MTF (a nominal value of 500,000 Euros of the bond issued) Duration: 10 years, with the Issuer's right to call the bond early starting from the 5th year. Rate: 5.10% fixed (on an annual basis) and payable via annual coupon;

All the aforementioned intra-group relationships, with the exception of relationships with IBL Banca, in the context of this report, were not taken into account for consolidation purposes.
The Company is required to comply with the provisions of:

- the Procedure for Related Party Transactions of Net Insurance S.p.A. approved by the Board of Directors and available on the website of the Net Insurance Group;
- the Policy on Intra-Group Transactions approved by the Board of Directors of the Companies of the Group pursuant to IVASS Regulation no. 30/2016.

Business outlook

Excluding events of an extraordinary nature and not foreseeable at the time of drafting of these financial statements, the Group shall continue with the development relating to the Business Plan, of all the projects functional to achieving the targets set for the year 2023.

As regards the business not related to 'salary-backed loan', the Group will consolidate the expansion of distribution collaborations, both in the bancassurance segment and in the broker/multi-firm agency channel.

Overall, business development activities shall be carried out, in terms of product - such as the enrichment of the insurance offer in the catalogue - and process, with the aim of guaranteeing an increasingly high standard of quality and innovation to current and perspective partners.
Also for the year 2023, the Group will make investments in training, IT applications and human resources, with the aim of further strengthening the operating machine serving the business.

In 2023, the action to strengthen the Group's presence in the core sector of salary-backed loans will continue through the digital approach and further optimisation of the efficient and digital operating machine that can guarantee a strong personalisation of service to partners.
The Group will continue to invest in the proposition of flexible tariffs, calibrated on the reliability profile of the employer associated with the creditworthiness of the borrower and on the technical performance of the contracting parties. In particular, in the Life segment, the aim will be to consolidate with all partners in the Pension-backed loan the use of interview procedures of the potential borrower, aimed at an in-depth examination of the state of health; this is to the benefit, inter alia, of the lenders themselves as a deterrent to possible fraud.

With regard to Digital, the development of this strategic pillar will continue, which through its tools will make it possible, on the one hand, to digitise all the legacy processes forming the basis of business processes and, on the other hand, the distribution of innovative, competitive and flexible Protection products.

Significant events occurred after the reporting period

- on 8 February 2023, the Parent Company, at the request of Net Holding S.p.A. (the 'Offeror') disclosed a press release issued by the same Offeror announcing the authorisation of the Bank of Italy for the acquisition of an equity investment in Net Holding S.p.A. by IBL Banca, pursuant to Articles 53, paragraph 1, letter c), and 67 of the Legislative Decree no. 385 of 1 September 1993 and the related provisions of the secondary regulations issued by the Bank of Italy;
- on 15 February 2023, at the request of Net Holding S.p.A., the Parent Company communicated:
  - obtaining prior authorisation from IVASS for the acquisition by Net Holding S.p.A. of a direct controlling interest in Net Insurance S.p.A. and, consequently, of an indirect controlling interest in Net Insurance Life S.p.A., pursuant to and for the purposes of the Article 68 of Italian Legislative Decree no. 209 of 7 September 2005;
  - the approval by Consob of the offer document relating to the full voluntary public tender offers on shares and warrants of Net Insurance S.p.A. promoted by Net Holding S.p.A. The acceptance period was identified from 27 February 2023 (beginning) to 6 April 2023 (term), included, except for extensions.
- on 24 February 2023, the Parent Company, at the request of Net Holding S.p.A., communicated the publication on the same date of the Offer Document approved by Consob with resolution no. 22604 of 15 February 2023; the Offer Document contains a description of the Offers and the

procedures for accepting them. In particular, the period of acceptance of the Offers, agreed with Borsa Italiana, covers an interval between 27 February 2023 and 6 April 2023. The consideration for the Offer on the Shares is equal to 9.50 Euros for each share offered in acceptance of the Offer on the Shares; while the consideration for the Offer on the Warrants is equal to 4.81 Euros for each warrant tendered to the Offer on the Warrants. The two considerations will be paid to participants in the Offers on 14 April 2023

- on 27 February 2023 the Board of the Parent Company resolved to approve (in execution of the '2019-2023 Performance Share Plan', as per the Shareholders' Meeting on 19 July 2019) the assignment in favour of the Chief Executive Officer and the entire first line of management of a total of 847,418 ordinary shares of the Company.

- With reference to the events related to the Augusto bond and the notice of conclusion of the investigations pursuant to Article 415 *bis* of the Code of Criminal Procedure:
    - On 2 February 2023, the Milan Public Prosecutor's Office requested the committal for trial, among others, of Mr Torzi, Mr Giacomo Garbuglia and Mr Giuseppe Roveda for the case offences indicated above and that the Preliminary Investigations Judge (GIP) has set a hearing for 10 July 2023.
    - On 28 February 2023, the Companies legitimately had full access to the criminal file relating to the notice of conclusion of the investigations and, in this sense, from an initial analysis of the documentation it is believed that the same may be of considerable interest for protection of the rights of the Companies.

It should also be noted that the Parent Company's financial statements for the year ended 31 December 2022, prepared in accordance with national accounting standards, recorded a profit of 2,625 thousand Euros.

The Board of Directors of the Company, in line with the Business Plan, proposes to the Ordinary Shareholders' Meeting to allocate the Net Insurance S.p.A. operating profit as at 31 December 2022, amounting to 2,624,606 Euros as follows:

- 1,697,000 Euros to the legal reserve;
- a dividend to ordinary shares in the amount of 927,606 Euros;

The Board of Directors of the Company, taking into account the dividend policy outlined in the 2022-2025 Business Plan10, proposed:

- to allocate an additional amount of 1,584,780.30 Euros as dividend, through the use of retained earnings;
- to classify the amount of 1,416,775 Euros of the 'share premium reserve' under 'other reserves' for the purposes of the indistributable reserve pursuant to Article 2426, paragraph 1, no. 4) of the Italian Civil Code

The proposed distribution of the dividend would take place according to the following calendar:

- detachment date: May 22, 2023;
- date of entitlement to receive the dividend (record date): May 23, 2023;
- payment date: May 24, 2023;

The proposed dividend is therefore equal to 0.1357 Euros per ordinary share and the total amount allocated to the dividend is equal to 2,512,386.30 Euros.

Lastly, the Board expresses sincere and heartfelt thanks to all partners, management and staff of Net insurance S.p.A..

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FOR THE BOARD OF DIRECTORS

Ms Luisa Todini – Chairperson

CONSOLIDATED FINANCIAL STATEMENTS

NET INSURANCE GROUP		CONSOLIDATED FINANCIAL STATEMENTS	
			FY: 2022
BALANCE SHEET - ASSETS			
model code: BCSTPATR			
		31/12/2022	31/12/2021
1	**INTANGIBLE ASSETS**	**8,678,689**	**6,147,105**
1.1	Goodwill	0	0
1.2	Other intangible assets	8,678,689	6,147,105
2	**TANGIBLE ASSETS**	**15,343,162**	**15,306,183**
2.1	Properties	14,636,629	14,645,000
2.2	Other tangible assets	706,533	661,183
3	**TECHNICAL RESERVES ATTRIBUTABLE TO REINSURERS**	**250,899,742**	**213,648,941**
4	**INVESTMENTS**	**215,123,285**	**201,460,185**
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	502,183	0
4.5	Financial assets available for sale	214,621,102	201,460,185
4.6	Financial assets at fair value through income statement	0	0
5	**OTHER RECEIVABLES**	**75,913,226**	**63,401,433**
5.1	Receivables arising out of direct insurance transactions	56,768,576	45,351,755
5.2	Receivables arising out of reinsurance transactions	10,219,332	12,573,942
5.3	Other receivables	8,925,318	5,475,736
6	**OTHER ASSET ITEMS**	**31,698,828**	**24,046,061**
6.1	Non-current assets or assets of a disposal group held for sale	0	0
6.2	Deferred acquisition costs	5,681,027	4,957,971
6.3	Deferred tax assets	14,827,441	9,161,418
6.4	Current tax assets	2,113,317	1,320,054
6.5	Other assets	9,077,043	8,606,618
7	**CASH AND CASH EQUIVALENTS**	**6,794,962**	**9,656,818**
	TOTAL ASSETS	**604,451,895**	**533,666,726**

NET INSURANCE GROUP			CONSOLIDATED FINANCIAL STATEMENTS FY: 2022
SHAREHOLDERS' EQUITY - EQUITY AND LIABILITIES model code: BCSTPATR			
		31/12/2022	31/12/2021
1	**EQUITY**	**88,635,353**	**88,776,323**
1.1	**pertaining to the Group**	88,635,353	88,776,323
1.1.1	Share capital	17,619,249	17,615,050
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	63,948,571	63,715,543
1.1.4	Profit reserves and other equity reserves	22,557,521	6,530,299
1.1.5	(Own shares)	(8,792,711)	(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	(14,962,163)	(394,558)
1.1.8	Other profit and losses recognised in equity	(109,159)	(218,223)
1.1.9	Profit (losses) for the period pertaining to the Group	8,374,044	11,303,343
1.2	**attributable to minority interest**	**0**	**0**
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
2	**PROVISIONS**	**62,911**	**476,431**
3	**TECHNICAL RESERVES**	**412,886,393**	**362,106,318**
4	**FINANCIAL LIABILITIES**	**15,932,247**	**17,018,790**
4.1	Financial liabilities at fair value through income statement	444,898	374,214
4.2	Other financial liabilities	15,487,350	16,644,576
5	**PAYABLES**	**78,889,750**	**59,492,083**
5.1	Payables arising out of direct insurance transactions	15,074,182	5,646,794
5.2	Payables arising out of reinsurance transactions	44,466,332	37,321,953
5.3	Other payables	19,349,236	16,523,336
6	**OTHER LIABILITY ITEMS**	**8,045,241**	**5,796,781**
6.1	Liabilities of a group available-for-sale	0	0
6.2	Deferred tax liabilities	6,176,287	4,081,646
6.3	Current tax liabilities	0	0
6.4	Other liabilities	1,868,954	1,715,135
	TOTAL EQUITY AND LIABILITIES	**604,451,895**	**533,666,726**

NET INSURANCE INCOME STATEMENT model code: BCCONECO		CONSOLIDATED FINANCIAL STATEMENTS FY: 2022 31/12/2022	31/12/2021
1.1	Net premiums	**73,339,519**	**63,814,957**
1.1.1	Gross premiums earned	171,917,051	140,641,224
1.1.2	Premiums ceded to relevant reinsurance	(98,577,532)	(76,826,267)
1.2	Commission income	**0**	**0**
1.3	Financial income and charges from financial instruments designated at fair value through income statement	**0**	**0**
1.4	Income from investments in subsidiaries, associates and joint ventures	**0**	**0**
1.5	Income from other financial instruments and investment properties	**6,372,357**	**6,863,347**
1.5.1	Interest income	2,167,598	1,793,121
1.5.2	Other income	2,074,919	1,997,349
1.5.3	Realised profit	2,129,841	1,357,006
1.5.4	Valuation income	0	1,715,871
1.6	Other revenues	**2,077,461**	**2,843,786**
1	**TOTAL REVENUES AND INCOME**	**81,789,338**	**73,522,091**
2.1	Net expenses from claims	**34,070,041**	**37,168,235**
2.1.1	Amounts paid and changes in technical reserves	104,335,095	91,128,727
2.1.2	Reinsurers' shares	(70,265,054)	(53,960,492)
2.2	Commission expenses	**0**	**0**
2.3	Charges from investments in subsidiaries, associates and joint ventures	**0**	**0**
2.4	Charges from other financial instruments and investment properties	**1,982,669**	**2,033,507**
2.4.1	Interest expenses	647,357	752,660
2.4.2	Other charges	963,383	1,070,287
2.4.3	Realised losses	341,979	182,356
2.4.4	Valuation losses	29,950	28,204
2.5	Operating expenses	**30,187,619**	**16,824,614**
2.5.1	Commissions and other acquisition expenses	20,230,486	10,554,979
2.5.2	Investment operating expenses	1,773,868	1,060,623
2.5.3	Other administrative expenses	8,183,265	5,209,011
2.6	Other costs	3,696,633	4,793,395
2	**TOTAL CHARGES AND EXPENSES**	**69,936,963**	**60,819,751**
	PROFIT FOR THE YEAR BEFORE TAXES	**11,852,375**	**12,702,340**
3	Taxes	3,478,330	1,398,997
	PROFIT FOR THE YEAR NET OF TAXES	**8,374,044**	**11,303,343**
4	**PROFIT FROM CEDED OPERATING ASSETS**	**0**	**0**
	CONSOLIDATED PROFIT	**8,374,044**	**11,303,343**
	of which pertaining to the Group	8,374,044	11,303,343
	of which pertaining to minority interest	0	0

COMPREHENSIVE INCOME STATEMENT

model code: BCCONECC

	31/12/2022	31/12/2021
CONSOLIDATED PROFIT (LOSS)	8,374,044	11,303,343
Other comprehensive income, after taxes, without reclassification through income statement	**109,064**	**32,801**
Changes in Equity of subsidiaries		
Changes in revaluation reserve of intangible assets		
Changes in revaluation reserve of tangible assets		
Income and charges related to non-current assets or to a disposal group held for sale		
Actuarial profit and losses and adjustments related to defined benefit plans	109,064	32,801
Other items		
Other comprehensive income, after taxes, with reclassification through the income statement	**(14,567,605)**	**(2,225,465)**
Changes in the net foreign exchange differences reserve		
Profit or losses on financial assets available-for-sale	(14,567,605)	(2,225,465)
Profit or losses on financial flow hedging instruments		
Profit or losses on hedging instruments of a net investment in a foreign operation		
Changes in Equity of subsidiaries		
Income and charges related to non-current assets or to a disposal group held for sale		
Other items		
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	**(14,458,541)**	**(2,192,664)**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	**(6,084,497)**	**9,110,678**
of which pertaining to the Group	(6,084,497)	9,110,678
of which pertaining to minority interest		

NET INSURANCE GROUP
Statement of cash flows (indirect method) FY: 2022
model code: BCRFIND

(amounts in euro)	31/12/2022	31/12/2021
Profit (loss) for the year before taxes	**11,852,375**	**12,702,340**
Changes in non-monetary items	**4,233,116**	**16,167,984**
Changes in non-life premium reserve	6,337,677	5,813,326
Changes in claims provision and other non-life technical reserves	(71,110)	(363,317)
Changes in mathematical reserves and other life technical reserves	7,262,706	12,600,626
Changes in deferred acquisition costs		
Changes in provisions	(413,520)	(256,282)
Non-monetary income and charges from financial instruments, investment property and equity investments	0	0
Other changes	(8,882,637)	(1,626,369)
Changes in receivables and payables generated by operating activities	**6,885,876**	**2,080,462**
Changes in receivables and payables from direct insurance and reinsurance transactions	(1,989,433)	(9,084,683)
Changes in other receivables and payables	8,875,309	11,165,145
Income tax paid	**0**	**0**
Net liquidity generated/absorbed from monetary items related to investment and financial activities	**0**	**0**
Liabilities from financial contracts issued by insurance companies	0	0
Amounts owed to banking and interbank customers	0	0
Loans and receivables from banking and interbank customers	0	0
Other financial instruments designated at fair value through income statement	0	0
TOTAL NET LIQUIDITY FROM OPERATING ACTIVITIES	**22,971,366**	**30,950,786**
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	(502,183)	6
Net liquidity generated/absorbed from held-to-maturity investments	0	0
Net liquidity generated/absorbed from financial assets available for sale	(13,160,918)	(24,689,386)
Net liquidity generated/absorbed from tangible and intangible assets	(2,568,564)	(610,048)
Liquidity generated/absorbed from investment activities	0	0
TOTAL NET LIQUIDITY FROM INVESTMENT ACTIVITIES	**(16,231,664)**	**(25,299,429)**
Net liquidity generated/absorbed from capital instruments pertaining to the Group	(8,515,015)	(2,285,821)
Net liquidity generated/absorbed from own shares		
Distribution of dividends pertaining to the Group		
Net liquidity generated/absorbed from share capital and reserves pertaining to minority interests	0	0
Net liquidity generated/absorbed from subordinated liabilities and investment financial instruments	(1,086,543)	(3,066,267)
Net liquidity generated/absorbed from other financial liabilities	0	0
TOTAL NET LIQUIDITY FROM FINANCING ACTIVITIES	**(9,601,558)**	**(5,352,088)**
Effect from foreign exchange differences on cash and cash equivalents	**0**	**0**
CASH AND CASH EQUIVALENTS AT THE OPENING OF THE YEAR	9,656,818	9,357,551
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	(2,861,856)	299,267
CASH AND CASH EQUIVALENTS AT THE CLOSING OF THE YEAR	**6,794,962**	**9,656,818**

ANNEX 6 - Statement of changes in Net Equity

model code: BCVARPAT

		Amounts as at 31.12.2020	Changes in closing balance	Allocations	Reclassification adjustments in Income Statement	Transfers	Changes in shareholdings	Amounts as at 31.12.2021	Changes in closing balance	Allocations	Reclassification adjustments in Income Statement	Transfers	Changes in shareholdings	Amounts as at 31.12.2022
Shareholders' equity pertaining to the Group	Share capital or equivalent fund	17,484,862		130,188				17,615,050		4,199				17,619,249
	Other equity instruments													
	Capital reserves	63,162,639		552,905				63,715,543		233,027				63,948,570
	Profit reserves and other equity reserves	1,124,943		(1,103,722)		6,509,078		6,530,299		4,723,880		11,303,343		22,557,521
	(Own shares)	(10,102,603)		327,473				(9,775,130)		982,419				(8,792,711)
	Profit (loss) for the period	6,509,078		11,303,343		(6,509,078)		11,303,343		8,374,044		(11,303,343)		8,374,044
	Other items of the comprehensive income statement	1,579,883		(2,192,664)				(612,781)		(14,458,541)				(15,071,321)
	Total pertaining to the Group	**79,758,802**		**9,017,522**				**88,776,323**		**(140,971)**				**88,635,353**
Equity pertaining to minority interest	Share capital and minority interest													
	Profit (loss) for the period													
	Other items of the comprehensive income statement													
	Total pertaining to minority interest													
Total		**79,758,802**		**9,017,522**				**88,776,323**		**-140,971**				**88,635,353**

The undersigned declare that these financial statements are true and correct.

The Company's legal representatives (*)

Ms Luisa TODINI – Chairperson .... (**)

Mr Andrea BATTISTA – Chief Executive Officer (**)

Manager in charge of financial reporting

Mr Luigi DI CAPUA

(*) For foreign companies, the signature must be affixed by the general representative for Italy.

(**) Indicate the position held by the signatory.+

EXPLANATORY NOTE

2022

NET INSURANCE GROUP

23TH financial year

Registered Office and Headquarters

Via Giuseppe Antonio Guattani, 4 00161 Roma

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Contents

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Notes to the Accounts

THE GROUP AND ITS CORE ACTIVITIES

Net Insurance S.p.A. is the parent company of the Net Insurance Group, which operates mainly in the non-life sector with the objective of offering protection solutions dedicated to Individuals, Families and Small and Medium Enterprises.

The Group works every day with commitment and responsibility to create value, promoting innovation, even in the most traditional segments, with the aim of making them evolve. The Group manufactures products that best interpret the insurance needs of customers by offering unique and simple purchasing experiences thanks to multi-channelling, a solid IT structure and easy-to-use materials, pursuing the objective of giving a sense of familiarity through high quality and personalised insurance solutions and services.

The Group is engaged both in Non-Life and Life insurance. The subsidiary, Net Insurance Life S.p.A., actually operates in Life Segment I - insurance on human life length - only for "term life insurance" policies and in segment IV.

The Group is headquartered in Rome, in Via Giuseppe Antonio Guattani, No. 4.

FINANCIAL STATEMENTS

The Net Insurance Group, being subject to IVASS supervision, is required to submit the consolidated financial statements (balance sheet, income statement, comprehensive income statement, statement of changes in shareholders' equity and cash flow statement) and attachments, in accordance with ISVAP provisions of Regulation no. 7 of 13 July 2007, as amended (ISVAP Provision no. 2784 of 8 March 2010, IVASS Provision no. 14 of 28 January 2014; IVASS Provision no. 29 of 27 January 2015; IVASS Provision no. 53 of 16 December 2016).

ADOPTED ACCOUNTING STANDARDSAND STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

Italian Legislative Decree no. 209 of 7 September 2005 (Code of Private Insurance) governs the obligation of insurance and reinsurance companies to draw up the consolidated financial statements in compliance with the international accounting standards issued by IASB - International Accounting Standards Board

- and all related interpretations issued by IFRIC - International Financial Reporting Interpretations Committee - and endorsed by the EU (Regulation no. 1606 of 19 July 2002). The items of the Consolidated Financial Statements of the Net Insurance Group are compliant with the provisions set forth in ISVAP Regulation no. 7 of 13 July 2007 as amended ("Regulation concerning the Financial Statements of insurance and reinsurance companies that are required for the adoption of the international accounting standards").
Comparison data of this document may have been recalculated for comparison with the figures of the Consolidated Financial Statements in order to ensure homogeneity in the presentation of the data provided in the Notes to the Accounts. The Consolidated Financial Statements, prepared according to the international accounting standards, are drawn up in Euros in compliance with the provisions of art. 16 of Italian Legislative Decree no. 213 of 24 June 1998. The Euro is also the functional currency of all the companies under consolidation; the amounts, unless otherwise specified, are expressed in thousand Euros.

NEW PROVISIONS IN APPLICATION OF THE IFRS

IFRS 9 Financial Instruments The provisions introduced by International Financial Reporting Standard (IFRS) 9 require financial assets to be reclassified on the basis of the following elements:

1. the entity's business model for managing financial assets and
2. the characteristics relating to the contractual cash flows of the financial asset

The classification of each financial instrument is carried out through a functional criterion that takes into account the characteristics of each business model as part of the portfolio management strategy and in compliance with the overall management framework of the company and with the commitments undertaken.

The standard identifies three different business models, each of which must reflect the purpose with which it intends to manage the activities, for the generation of income and of the risks.
Furthermore, in order to assess and define the 'contractual' nature of the cash flows associated with a financial asset, it is subjected to the SPPI test (Solely payment of principal and interest test); this test aims to determine whether the contractual cash flows are represented exclusively by payments for principal and interest.

The accounting treatment and the profitability associated with each activity therefore vary according to the business model to which the instrument belongs and the characteristics of the cash flows of the instrument itself: depending on the results of the valuations of the cash flows and the business model to which the activity belongs to different accounting categories are attributed, each with its own accounting treatment.

The standard identifies the following business models:

1. Held To Collect 'Htc': this business model envisages that the financial assets are held with the aim of collecting the contractual cash flows generated during the life of the instrument.
   Sales are permitted in specific cases, namely:
   - Increase in counterparty credit risk (including prospective);
   - Increase in risk concentration or sales made to deal with liquidity stress situations
     i. Occasional (even if significant in terms of value);
     ii. Irrelevant (even if frequent)
     iii. Not occasional and more than relevant
   - Proximity to maturity of financial assets
2. Held To Collect And Sell 'Htcs': this business model envisages that the financial assets are held with the aim of collecting the contractual cash flows generated during the life of the instrument or to realize them through the sale of the instrument. The objective of this business model is consistent with the needs linked to current liquidity and treasury requirements, the maintenance of a certain interest margin, the ALM, the maximisation of the return on a given set of assets. The assessment of significance and frequency of sales is assessed only in order to exclude excessive portfolio turnover.
3. Other: this business model envisages the realisation of cash flows through the sale of the instrument, typically trading operations. This is a residual business model compared to the previous two.

The accounting categories identified by the standard are as follows:

1. Amortised Cost: this accounting category may include financial instruments allocated to the Held To Collect business model that respond positively to the SPPI test;
2. Fair Value Other Comprehensive Income (FVOCI): this accounting category may include financial instruments allocated to the Held To Collect and Sell business model that respond positively to the SPPI test. In addition, in this segment it is also possible to allocate shares considered strategic and not held for trading, on which the so-called 'OCI Option' is applied;

3. Fair Value To Profit & Loss (FVTPL): this category includes all financial instruments that do not respond positively to the SPPI test or instruments for which the so-called 'Fair Value Option' is applied, i.e. the right to irrevocably designate an instrument as FVTPL, if with this classification it is possible to eliminate or reduce phenomena that would otherwise determine accounting asymmetries.

Each entity defines the essential characteristics, in qualitative and quantitative terms, of the business models for the purpose of assigning financial instruments in the respective segments. The NET Group, at the time of *First Time Adoption (FTA)*, or at the time of the first application of the standard, favoured the classification in the Held to collect and sell business model, within which a large part of the bonds was allocated, closed-end mutual investment funds and equity securities not held for trading (i.e. shares held for strategic purposes or shares with a high dividend) on which the so-called OCI Option has been applied. The classification in the Held to Collect segment concerned, given the characteristics of this business model, residual bond positions with the following characteristics:

- Residual duration of more than 3 years;
- Positive SPPI test and characteristics such that the test result cannot change in the future;
- Return higher than or equal to a predefined target, identified at FTA with 3%.

All other instruments, i.e. open-ended mutual investment funds and shares for which it was not deemed appropriate to apply the OCI option, were classified in the Other business model.

ECL calculation method

IFRS 9 envisages a new impairment method based on an 'Expected Credit Losses (ECL)' model, which assumes a forward-looking view of losses, estimated at 12 months or over the entire life of the financial instrument, requiring them to be immediately detected rather than at occurrence of a trigger event. This model applies to Financial assets measured at amortised cost and to Financial assets at fair value through other comprehensive income (FVOCI) for which a provision must be recognised to cover expected losses. Three fundamental inputs are required to determine the ECL:

- Probability of default (PD), understood as the probability that a counterparty will not meet its payment obligations within a certain time horizon;
- Loss Given Default (LGD), understood as a percentage loss in the event of default of the security;
- Exposure At Default, i.e. the estimate of exposure upon occurrence of insolvency.

The expected loss is an estimate of the weighted probabilities of losses over the expected life of the financial instrument and is calculated on the basis of the classification of the instrument with respect to its creditworthiness: this classification is called 'Stage Allocation'. At the time of original recognition and, subsequently, if the rating of an asset does not deteriorate compared to its original recognition, the instrument is classified in the so-called 'Stage 1'. If, on the other hand, the creditworthiness should deteriorate, the instrument is reclassified in the so-called 'Stage 2'. In the event of simultaneous impairment on the instrument, the standard also provides for allocation to 'Stage 3'. For the verification of the classification in stage at each given assessment, the NET Group has provided for the definition of a table in which each rating level assigned to the security during the original registration phase will correspond to a certain threshold in terms of notches that will be used to establish the significant deterioration and therefore the attribution of the stock in Stage 2. The calculation of the Stage Allocation is determined by comparing the rating at the original recognition date and the rating at the valuation date: if the difference between the two ratings is terms of notches should be greater than or equal to the threshold defined for that rating level, the security must be classified in Stage 2.

For assets classified in Stage 1, the expected loss is calculated at 12 months. The expected losses at 12 months are those deriving from events of default that are possible in the next 12 months (or in a shorter period if the expected life is less than 12 months), weighted by the probability that the default event will occur.

For assets classified in Stage 2 and Stage 3, the expected loss is known as lifetime. Lifetime expected losses are those deriving from events of default that are possible throughout the expected life of the financial instrument, weighted by the probability that default will occur.

To determine the expected loss figure, the NET Group envisaged an operating model managed through the use of external info providers for the supply of PD and LGD inputs. These inputs are then incorporated in the securities management system (Sofia) in use by the Group, which returns, through a formula implemented in the system, the expected loss figure (replacement of IAS 39).

On 24 July 2014 the International Accounting Standards Board (IASB) published the International Financial Reporting Standard (IFRS) 9 --Financial Instruments. This standard highlights the following aspects:

- a fair value measurement for all instruments that do not exclusively remunerate the credit risk;
- risk credit monitoring logics (also for the financial instruments represented by securities) which allow for the prompt identification and correct assessment of signs of impairment also for assessment purposes;
- adoption of forward-looking indicators and assumptions that are more stringent than in the normal practice; greater correlation between return from financial instruments and risk level (related risk approach).

The application is mandatory starting from 1 January 2018 following the endorsement dated 29 November 2016. In September 2016, the amendment "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts Amendments to IFRS 4" was issued, allowing the insurance companies to defer the entry into effect of the IFRS 9 standard (deferral approach) until 2021 or to hold, under equity, the greater volatility resulting from the new standards on single securities ("overlay approach").

IFRS 17 Insurance Contracts.

The European Securities and Markets Authority (ESMA) with the ESMA Public Statement 32-339-208 document "Transparency on implementation of IFRS 17 Insurance Contracts" requested issuing companies to provide some information in the 2022 half-yearly and annual financial reports in relation to impact of the new application of IFRS 17 – Insurance contract.

Below are the **methodological choices** that were consolidated at the date of the report:

- **level of portfolio aggregation**: in line with IFRS 17 provisions, the group has aggregated all insurance contracts within the scope of application into homogeneous risk groups defined as Unit of Account. The Unit of Account, which represents the new accounting unit of measurement and recognition, consists of the set of contracts belonging to the same portfolio with the same year of issue (cohort) and with the same level of profitability/interest rate. For the purpose of constructing the Units of Account, a quantitative analysis, based on materiality thresholds, was combined with a qualitative analysis of the contracts in the portfolio.

To define the level of aggregation, the following steps were carried out:

- **Portfolio identification**: insurance contracts that belong to the same line of products exposed to similar risks identify a portfolio if managed jointly;

- **definition of the cohorts:** the portfolios thus defined are divided according to the year of underwriting; in fact, the standard provides that contracts issued more than one year apart from each other are not included in the same Group;

- **profitability analysis:** when a new insurance contract is detected, it is subjected to a test to detect its profitability or any onerousness. In this way, it is possible to reduce the offsetting effect between profitable and non-profitable contracts that would be generated by adopting an aggregation at cohort level. If a contract is not profitable at issue or becomes 'onerous' during its life, a loss must be recorded in the income statement at the same time.

- **defined and applied measurement models**: the group has defined the Building Block Approach (BBA) as a measurement model, a general model that is based on the current, discounted, weighted and adjusted value for a risk factor of the cash flows related to a contract insurance, and which provides for the suspension of the expected profit (Contractual Service Margin) at the time of signing the contract. This model was chosen because the business conducted by the group companies is characterised by products with a multi-year duration that do not involve direct profit sharing.

  For the purposes of the amount of CSM to be recognised in the Income Statement, the following criterion ('Coverage units') was adopted:

  - For the life insurance market in the insured amounts;
  - For the non-life insurance market in the amounts insured or in the premiums for the year.

  For the Life business, the criterion of the insured amounts allows to release the expected profit in a manner consistent with the disassembly of the insured benefits, allowing the Subsidiary to anticipate future profits where most of the products of the Life business are with decreasing capital (SBL, CPI).

  For the Non-Life business characterised by decreasing insured capital (SBL, CPI), the criterion based on the insured amounts guarantees consistency with the Life business and allows the Parent Company to anticipate future profits.

  For the Non-Life business characterised by constant insured capital, a criterion is based on earned premiums.

- **discount rate curve used (Discount rate)**: the discounting of cash flows for the purpose of determining the Contractual Service Margin (CSM) takes place through the use of a risk-free discount curve indicated by EIOPA with the possible addition of a volatility spread (the so-called Volatility adjustment). The EIOPA risk-free curve is provided for annual claim duration; therefore, it will be linearly interpolated to adjust for the monthly projection rate of the actuarial and accounting models.

- **determination of non-financial risk (risk adjustment)**: IFRS 17 defines Risk Adjustment as the adjustment in the estimate of the present value of future cash flows to take into account the effects of intrinsic uncertainty in the amount and in the time sequence of future cash flows. The purpose of the Risk Adjustment is therefore to assess the effect of uncertainty in the cash flows resulting from insurance contracts, rather than from that deriving from financial risk (already included in the estimates of future cash flows and the discounting curve). The companies in the group have adopted the percentile method for measuring the risk adjustment based on the Solvency II LoBs, thus capturing the risk profile of the individual LoBs. The risk adjustment thus calculated is then reallocated to the single Unit of Account on the basis of the Present Value of Future Cash Flows driver of the Unit of Account belonging to the single LoB.

- **transition model**: the Companies in the group adopt the Fair Value approach. Under this approach, all valuations are made at the transition date, and the Contractual Service Margin and Loss Component of the Liability for Remaining Coverage (LRC) are calculated as the difference between the Fair Value of the group of insurance contracts and the Fulfilment Cash Flow at that date. The choice of this method is conditioned by the impossibility of obtaining reasonable and supportable information necessary for the breakdown of the annual cohorts necessary for the application of the Full Retrospective approach.

The impacts estimates of the application of the new accounting standard IFRS 17 with respect to IFRS 4 on the main financial statement items as at 1 January 2022 and 1 January 2023 are shown below.

Impact IFRS 17 vs. IFRS 4 (€/mln)	01-jan-22
Equity IFRS 4	88,8
IFRS 17 equity impact (net tax)	range - 45 e - 40
IFRS 9 equity impact (net tax)	range – 0,2 e – 0,4
Profit as at 31 december 2021 IFRS 4	11,3

IFRS 17

The impact on equity, deriving from the application of the new accounting standard IFRS 17 compared to IFRS 4 on the main values, is estimated in a range between - 45 million euro and - 40 million euro. However, it should be noted that, for the definition of the overall effects deriving from the application of this standard on the financial statements, it is necessary to take into account the value of the CSM (Contractual Service Margin), on direct and ceded business, intrinsic in the valuation of insurance assets and liabilities. This quantity, in fact, represents the future profit that will be generated by the policy portfolio in force at the transition date and which will therefore contribute to the evolution of the assets themselves. On the transition date, the Group, in line with the requirements of the legislation, quantifies and accounts for this measure as a component of the technical reserves in the balance sheet liabilities (assets for the technical reserves sold).

Therefore, the all-inclusive shareholders' equity - defined by some Comprehensive Equities - equal to the sum of the shareholders' equity and the CSM, kept is overall higher than 1 January 2022 and the shareholders' equity value at the transition date with a range between + 12 euros million and i + 17 million euro.

IFRS 9

As shown in the table, the impact deriving from the application of the new accounting standard IFRS 9 is limited and essentially attributable to the reclassification of some securities available for sale segment of financial assets measured at fair value through profit or loss and at amortized cost.

The effects on the transition date of the calculation of the Expected Credit loss (ECL) were in fact estimated as residual and not significant

USE OF ESTIMATES

In preparing the consolidated financial statements, the Directors are required to carry out estimates and measurements that impact the recognised amounts related to assets, liabilities, costs and revenues, as well as the presentation of the contingent assets and liabilities.

The Directors verify on a regular basis their estimates and measurements based on historical experience and other factors that are deemed to be reasonable under those circumstances. The actual results may differ from these estimates due to different preconditions or different operating conditions. The use of estimate and measurement processes is particularly significant in determining the following equity and economic items:

Technical reserves for current risks, claims and expenses, mathematical provisions of life insurance contracts and supplementary provisions for interest rates related to life insurance contracts.

Please note that all policies in the portfolio, for both non-life and life policies, at 31 December 2022 fall within the scope of application of IFRS 4, and that no insurance contracts can be recorded having insurance risk elements borne by policyholders.

The amount of the technical reserves for life and non-life insurance contracts is calculated based on specific actuarial criteria, according to the instructions and guidelines issued by the relevant monitoring bodies.

The claims provisions are analytically determined through a review of the individual claims that are still open at the end of the year, also taking into account adequate allocations for IBNR claims, determined by appropriate statistical methods.

Unrealised losses (impairment)

At each reporting date, if valid evidence shows the existence of a permanent impairment, the value of the instrument is correspondingly adjusted (impairment), with the related cost recognised in the income statement.

IAS 39 provides that at each reference date of the financial statements, companies must check whether there is any objective evidence that a financial asset or group of financial assets have suffered an impairment loss. In order to determine the appropriate level adjustment value, the Directors check the presence of any objective evidence that may indicate the existence of an asset impairment. Impairment losses are measured as a function of the deterioration of the solvency of debtors and through a collective assessment based on a methodology that takes into account the past experiences that led to the cancellation of debts.

Others

Estimates are also used to recognise provisions for employee benefits, taxes and other provisions. More details are provided in the specific explanatory notes.

In general, the final results in the following year may differ from the estimates that were originally recorded. Changes in the estimates are recognised in the income statement in the year in which they actually occur.

CONTENTS OF THE FINANCIAL STATEMENTS

Consolidated Income Statement and Balance sheet

The balance sheet, income statement and comprehensive income statement are made up of items and sub-items and other details.

A. Statement of changes in consolidated shareholders' equity

The table shows the composition and changes in shareholders' equity during the year of reference and in the previous year, broken down into share capital, capital provisions, retained earnings, valuation of assets or liabilities, minority interests and the bottom line.

Consolidated cash flow statement

The cash flow statement registered in the reference period and in the previous year was drawn up according to the indirect method, whereby the flows arising from operating activities are represented by net income adjusted for the effects of non-monetary operations. Cash flows are broken down into flows from operating activities, from investment activities and from financing activities.

Contents of the Notes to the Accounts

The Notes to the Accounts include the additional information required by the accounting standards IAS/IFRS and the information required by IVASS in the drafting of tables provided for by ISVAP Regulation no. 7/13 July 2007, as amended.

Other aspects

The consolidated financial statements are accompanied by the Directors' Report, drawn up in compliance with art. 100 of Italian Legislative Decree 209/05 and art. 2428 of the Italian Civil Code and subsequent amendments.

The consolidated financial statements are subject to audit by the company KPMG S.p.A.

PRINCIPLES OF CONSOLIDATION (IAS 27)

Subsidiaries

Subsidiaries are entities subject to the control of the Group. Control can be exerted when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the existence of control, the potential exercisable voting rights are taken into consideration. The financial statements of subsidiaries are included in the consolidated financial statements from the time when the Parent Company starts to exercise control until the date control ceases.

Associated companies

Associated companies are entities, whose financial and operating policies are subject to the Group's influence, although it has no control. It is assumed that there is significant influence when the Group owns between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost. The Group's holdings include goodwill identified on acquisition, net of accumulated impairment losses. The consolidated financial statements include the portion of the Group's profits or losses of associated companies, accounted for using the equity method, net of adjustments necessary to align the accounting policies with those of the Group, from the date of start of the significant influence or joint control until the date on which such influence or control shall cease. When the Group's losses of an investment accounted for under the equity method exceeds the carrying value of the associated company (including long-term holdings), the Group eliminates the shareholding and discontinues recognition of further losses, except in cases where the Group has incurred into legal or implicit obligations or made payments of behalf of the investee.

Transactions eliminated during the consolidation process

Upon drafting the consolidated financial statements, balances, transactions, revenues and costs are eliminated. Unrealised gains arising from transactions with investees accounted for using the equity method are eliminated proportionately to the Group's share in the investee. Non-incurred losses are eliminated in the same way as unrealised gains, to the extent that there are no indicators that can give evidence of a loss of value.

Scope of consolidation

Net Insurance S.p.A. owns 100% of Net Insurance Life S.p.A., which is therefore fully consolidated.

The consolidated company closed its financial statements as of 31 December 2022.

Table no. 1 - Group consolidation perimeter

NET INSURANCE GROUP
Annex 3 - Scope of consolidation

model code: BCAREAC

Name	Status	Method (1)	Assets (2)	% Direct investment	% Total holding (3)	% Votes available at the Ordinary Shareholders' Meeting (4)	% consolidation
NET INSURANCE LIFE SPA	86	G	1	100	100	100	100

(1) Consolidation method Global integration =G, Proportional integration=P, Global integration for unified management=U
(2) 1=Italian ins.; 2=EU ins.; 3=non-EU ins.; 4=ins. holdings; 5=EU reins; 6=non-EU reins; 7=banks; 8=SGR; 9=diff. holding; 10=properties 11=other
(3) is the product of the investment quota related to all the companies which, along the investment chain, are placed in between the company preparing the consolidated financial statements and the company in question. If the latter is directly invested by multiple subsidiaries, it is necessary to add the individual products.

(4) total percentage of available votes at the ordinary shareholders meeting if different from the direct or indirect investment quota

MEASUREMENT CRITERIA

BALANCE SHEET

Intangible assets

Other intangible assets (IAS 38)

Assets defined according to and governed by IAS 38 are classified under this item. Only intangible assets identifiable and under the control of the company and from which some economic benefits are expected for the company and the cost of which is determined or is reasonably determinable, are included here. Expenses for software purchased from third parties are also recognised under this item.

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Deferred acquisition costs and intangible assets governed by other international accounting standards, are not included under this item.

These assets are recognised at cost. If the asset has a finite useful life, the cost is amortised on a straight line basis, according to its useful life. If the asset has an indefinite useful life, it is not subject to amortisation but, according to the provisions of IAS 36, is subject to an impairment test at the end of each reporting year or when there are indications of accumulated impairment losses.

The amount of losses, equal to the difference between the book value and the recoverable value of the asset, is recognised in the Income Statement.

Software expenses are amortised over five years.

An intangible asset is derecognised from the Income Statement at the time of its disposal and if no future economic benefits are expected.

Tangible assets

Other tangible assets (IAS 16, 36, IFRS 16)

Movable assets, furnishings, plants and equipment, office machines and movable assets recorded in public registers, are classified under this item. They are recognised at cost and subsequently net of depreciation and of any impairment losses. Depreciation is consistent with the technical-economic usage plans for specific categories of assets.

Tangible assets are derecognised from the balance sheet at the time of their disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Property (IAS 16)

In compliance with IAS 16, this category includes property used by the company for its activities. Consistent with the standards described above, the cost model was adopted for measuring the properties in own use. The cost includes accessory charges and direct costs imputable to the asset. Property is recognised net of depreciation and any impairment loss. Land, any work in progress and payments on account are not depreciated but are rather subject to a periodic assessment in order to confirm the non-existence of accumulated impairment losses. Ordinary maintenance costs are recognised in the Income Statement, whereas the maintenance costs that determine an increase in the value or functionality, or in the useful life of the assets, are directly attributed to the item they refer to and are amortised based on the residual possibilities of use thereof.

Reductions and recoverable value of non-financial assets (IAS 36)

According to IAS 36, the book value of tangible assets is subject to an impairment test in order to identify any loss, on at least an annual basis or during the period, if events or changes in the situation indicate that the carrying value cannot be recovered. If there is an indication of this type and if the carrying value exceeds the recoverable value, the assets or the cash generating units (CGU) are written-down to reflect their recoverable values.

A CGU is represented by the smallest identifiable group of assets that generates cash inflows from the on-going use of the assets and that are largely independent from the cash inflows generated by other assets or groups of assets. The CGUs or the CGU groups identified by the Group, correspond to the sectors of activities identified for the primary segment reporting, according to IAS 14. The recoverable value of the non-financial assets is the greater between the net sales price and the value in use.

In defining the value in use, the expected future financial flows are discounted by using a pre-tax discount rate which reflects the current estimate of the market referring to the cost of money based on the time and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the realisable value is determined based on the financial flows generating unit to which the asset belongs. Impairment losses are recognised in the Income Statement.

When, subsequently, an impairment loss on an asset, other than the goodwill, ceases or is reduced, the book value of the asset or of the cash generating unit is increased up to the new estimated recoverable value and cannot exceed the value that would have been determined if no impairment loss had been identified. The reversal of an impairment loss is immediately recognised in the Income Statement.

Technical reserves attributable to reinsurers (IFRS 4)

Reinsurers commitments, deriving from reinsurance treaties governed by IFRS 4, are classified under this item. These provisions are recognised and, unless in the case of a different assessment regarding the recoverability of the receivable (impairment test), are accounted for in compliance with the standards applicable to the underlying direct insurance contracts.

Investments

Investments in subsidiaries, associates and joint ventures (IAS 28)

This item includes the non-consolidated investments, pursuant to IAS 28 (Investments in Associates and Joint Ventures), that are not classified as available-for-sale, in compliance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). This item includes investments in parent companies or in companies that acquire shareholdings pursuant to art. 72 of Italian Legislative Decree no. 209/2005.

Investments held in associates, recognised according to the Equity method, are posted under this item. Subsequently to the first time recognition, any changes in the value of these investments occurring during the year and resulting from the application of the Equity method, are recognised under the appropriate item of the Income Statement. Where there is evidence that the value of an investment may have been subject to a loss, the recoverable value is estimated taking into account the current value of the future financial flows that the investment may generate, including its final disposal. If the recovery value is lower than the book value, the difference is recorded in the Income Statement. If the reasons for an impairment loss are no longer applicable, following an event subsequent to such impairment, write-backs are recognised in the Income Statement.

Loans and receivables (IAS 32 and IAS 39)

Non-derivative financial assets, with fixed or determinable payments, unlisted on active markets, and that the Companies do not plan to sell in the short term or to designate them as available, are classified under this item.

Loans and receivables, as governed by IAS 39, at their first time recognition in the financial statements, must be entered at their fair value, increased by transaction costs directly attributable to the acquisition of the assets. Conversely, the subsequent recognition is based on the amortised cost criterion, using the method of the effective interest and taking into account any discounts or premiums obtained at the acquisition time in order to recognise them over the remaining term up to their maturity.

Receivables with maturity beyond one year that do not bear interest or that accrue an interest below market rates, are discounted according to the market rates.

Profits and losses are recognised in the Income Statement at the time of transfer of the related asset, extinguished or impaired for loss in value, as well as through the amortisation process according to the amortised cost method.

Financial assets available for sale (IAS 32 and IAS 39)

This category includes, pursuant to IAS 39, financial assets, other than derivatives, that are designated as available-for-sale or those which, if not otherwise classified, assume a residual character when compared with other categories.

At their first time recognition in the financial statements, these assets are recorded at their fair value – intended as a consideration based on which an asset can be exchanged or a liability can be extinguished through a free transaction carried out by knowledgeable and consenting parties – increased by any transaction costs that are directly imputable to the acquisition; for debt securities, this value changes also based on the amortised cost. In the preparation of the financial statements, all assets included in the afore-mentioned category are measured at their fair value with subsequent recognition of the profits and losses generated by the valuation, under equity reserve; profits and losses are recognised in the Income Statement only when the financial instrument is subject to transfer or extinction. Conversely, in the case of impairment losses, the durable loss is recognised directly in the Income Statement.

Financial assets derecognition criteria

Financial assets are derecognised from the financial statements only if the assignment has involved the substantial transfer of all risks and benefits related to the assets. Conversely, if a prevalent portion of the risks and benefits related to the assigned financial assets was retained, these continue to be recorded in the financial statements, even though the legal ownership of the assets has been actually transferred.

Impairment and write-backs of financial assets other than receivables (IAS 39)

Financial assets available for sale are subject to measurements aimed at identifying the reasons for the recognition of an impairment loss. If a security available for sale is subject to an impairment loss, the cumulated and unrealised economic changes that are posted, up to that time, under equity, are recorded under the item "Impairment losses" (item 2.4.4) of the Income Statement.
As regards the bonds sector and more specifically the bonds that show an impairment (capital loss/carrying value), the Group carries out an analysis of the reference credit position of the issuer in order to assess if the loss in value of the security is due to a generalised worsening of creditworthiness (systemic).
The impairment process, concerning bond securities, is in fact activated in the presence of an evident situation of non-fulfilment of the set out obligations concerning indebtedness, or the ascertained default, resulting from the occurrence of one or more of these conditions:

- Default event (as defined in international contract law);
- Admission to bankruptcy proceedings;
- Non-payment of interests or capital shares (except if it is contractually set forth that the issuer is not required to pay interest, with this not constituting a contractual breach).

In the presence of any of these conditions, the impairment is directly recognised since these situations are understood to be events that determine durable and objective impairment losses. Otherwise, it is not necessary to subject the security to impairment. As for the equity portfolio, the Group sets out some thresholds beyond which the impairment situations can be considered structural, or rather if the

decrease of the fair value versus the carrying value exceeds 30% and if the loss is proven to be durable (durable loss is a period equal to or exceeding 6 months). As for the open-ended funds, the Group sets out some thresholds beyond which the impairment situations can be considered structural, or if the decrease of the fair value versus the carrying value exceeds 30% and if the loss can be demonstrated as durable (durable loss is a period equal to or exceeding 24 months).
With reference to closed-ended funds (for example: Private Debt, Private Equity, Venture Capital, etc.), in consideration of the specific nature of the instrument, impairment is recognised at least 12 months after the end of the fundraising period, a period during which financial resources are raised, and if there is a reduction of more than 30% in the fair value compared with the carrying value. Therefore, during the initial period of the fund's activity and immediately after the conclusion of the fund raising phase, investments of this type are maintained at cost and are valued with the "fair value" method, with consequent recognition of the profits and losses generated from the valuation in an equity reserve.

Fair value calculation

The fair value is, by definition, the consideration to which an asset could be exchanged or a liability extinguished in a free transaction carried out between informed and consenting parties. For estimation purposes, the method used for calculating the fair value is represented by the official quotations on an active market. If it is not possible, for a financial instrument, to access an active trade market, the fair value is identified by using different types of measurement techniques normally adopted in the financial markets, such as the reference to prices recorded in recent market transactions or the use of valuation models based on specific inputs (mark-to-model). In the case of an investment that is not available for quotation in an active market or if the fair value cannot be accurately calculated, the financial asset is valued at cost.

Receivables (IAS 39)

Receivables arising out of direct insurance transactions

This item includes the receivables from policyholders, agents and other intermediaries as well as receivables from recoverable amounts. These are recognised at their nominal value. For accounting purposes, since these receivables are short term and consequently with non-significant effects, no discounting methods are applied.

Receivables arising out of reinsurance transactions

This item includes the receivables from reinsurance Companies.

For accounting purposes, since these receivables are short term and consequently do not generate significant effects, no discounting methods are adopted. Subsequently, they are valued, at each reporting date, at their estimated realisable value.

Other receivables

This item includes all residual receivables. They are recognised at their estimated realisable value, with the appropriate write-downs, if the prerequisites exist.

Other asset items

Deferred tax assets (IAS 12)

Deferred tax assets are recognised, as defined and governed by IAS 12, as follows:

- deductible temporary differences
- carried forward tax losses
- unused tax credits

to the extent to which it is likely that a taxable income will be realised, against which said credits can be used.

Deferred tax assets are calculated based on tax rates expected to be applicable to the period when the asset is realised, according to tax rates and tax regulations in force at the balance sheet date.

Current tax assets (IAS 12)

This item includes assets related to current taxes, as defined and classified in IAS 12. These assets are recognised based on the applicable tax regulations and rates in effect at the date of the financial statements.

Other assets (IAS 12 and IAS 18)

This is a residual-type item and includes the elements of the assets not recognised under the above items.

More specifically, it includes:

- transitory reinsurance accounts;
- medium-long term receivables from the National Revenue;
- accrued income and prepayments of a non-financial nature.

Cash and cash equivalents (IAS 7 and IAS 32)

Cash on hand, current bank accounts and demand deposits are recognised under this item.

Equity pertaining to the Group

Equity instruments and all items recognisable as financial liabilities and included in the Group's shareholders' equity, are classified in this category. All of the above is in compliance with the provisions set forth in the Italian Civil Code and takes into account the necessary adjustments for consolidation. Following is specific information concerning the individual components of equity.

Share capital

The elements that compose the share capital are recognised under this item. The share capital (subscribed and paid-in) is recognised at its nominal value.

Capital reserves

This item consists primarily of the share premium reserve.

Profit reserves and other equity reserves (IFRS 1, IFRS 4)

This item includes specifically:

- adjustments pertaining to the Group and resulting from the first time application of the international accounting standards (pursuant to IFRS 1);
- reserves deriving from the reclassification of some additional reserves and all the equalisation reserves recognised pursuant to the Italian accounting standards (as per IFRS 4);
- other reserves as required by the Italian Civil Code and insurance legislation prior to the adoption of the international accounting standards.

Profit or losses on financial assets available-for-sale

This item includes all profits and losses arising from the valuation of financial instruments classified under assets available-for-sale, pursuant to IAS 39. For details on the accounting nature and treatment of this type of asset, see the corresponding item in the Balance Sheet.

IFRS 2

The goods and services acquired and the liabilities for which the share-based payment is settled in cash – instruments representative of the capital and other financial instruments – are recognised at their fair value. If the payment is based on shares settled with instruments representative of the capital, and the accrual conditions are tied to the performance which does not depend on the market only, the plan represents an approach called true-tip, i.e. based on a model that provides for a periodical recognition during the vesting period. Therefore, the fair value of the liability is updated at each closing date of the financial statements, recording all changes in the Income Statement, up to the date of its extinction. If special benefits are granted to the employees, these are recognised in the period when the employees provide the service to which such consideration is referred, under Labour costs.

Provisions (IAS 37)

This item includes the liabilities as defined and governed by IAS 37 (Provisions, contingent liabilities and contingent assets). Allocations to provisions for risks and charges are carried out when the following three conditions are met:

- there is an actual obligation;
- the use of resources to fulfil and extinguish the obligation is likely;
- an accurate estimate of the obligation amount is possible.

The amount to be allocated must be equal to the committed amount discounted according to the applicable sector regulations.
The allocation to the provision is recognised in the Income Statement.

Technical Reserves (IFRS 4)

This item includes commitments arising from insurance contracts before a transfer to reinsurance; in particular, it includes:

Technical reserves of Life segments

In line with the provisions of IFRS 4, the insurance policies of the Life segment have been classified as insurance contracts.
Liabilities related to agreements classified as insurance contracts (pursuant to the accounting standards prior to the introduction of IFRS) are recognised in the items that compose the reserves of the Life segments.
Mathematical reserves are determined, on a contract by contract basis, according to actuarial criteria and a prospective method and using the same technical basis adopted for the calculation of premium rates.
Reserves are subject to a Liability Adequacy Test (LAT) in order to ensure that they are sufficient according to Local criteria. Any difference is recognised directly in the Income Statement.

Technical reserves of Non-Life segments

As regards the Non-Life segments, the recognition of the technical reserves continued to comply with the accounting standards prior to the IFRS, since all the policies of those segments in effect at that time fall under the scope of application of IFRS 4 (insurance contracts). Following are the individual components thereof.

Premium reserve

It consists of the following two sub-items:

- reserve for unearned premiums which includes the gross premiums written pertaining to future years;
- unexpired risk reserve consists of the amount to allocate in order to cover the indemnities and the expenses that exceed the unearned premium reserve on current contracts, at the end of the period, fulfilling the requirements set forth in the IFRS 4 for the Liability Adequacy Test.

Claims provision

This provision, consisting of the allocations carried out for claims reported but not yet settled and of the allocations for claims occurred but not yet reported, is valued based on the expected cost of the claim including settlement and management expenses. Claims provisions are based on an analytical estimate of the individual claims and estimates produced through statistical discounting methodologies aimed at determining the expected cost of IBNR claims.

Payables (IAS 19, IAS 39 and IAS 32)

Payables arising out of direct insurance and reinsurance transactions

This item includes payables to reinsurers, originating from reinsurance transactions. These payables are recognised at cost.

Employee severance indemnities and seniority bonuses (actuarial valuation of employees benefits according to IAS 19)

This provision covers all liabilities accrued at the end of the period and due to the employees, in compliance with the law (pursuant to art. 2120 of the Italian Civil Code) and the labour agreements in effect. Employee severance indemnities (TFR - Trattamento Fine Rapporto), pursuant to IAS 19, are in the category of "post-employment benefits" and represent a "defined benefit plan for the employee". It consists of future payments to employees through the current value of the accruing and accrued obligation (respectively the current value of expected future payments referring to benefits accrued during the period and the current value of future payments in the amount accrued in the previous periods). Seniority bonuses fall under the category of "other long-term benefits", part of the "defined benefit plans".

Other payables

Payables of a non-insurance and non-financial nature are recognised as residual payments in this category rather than in the Payables category.

Other liability items

Trade payables.

Current and deferred tax liabilities

See the assets section.

Other liabilities

This item includes the subordinated loan recorded in the financial statements valued at its amortised cost, and the accrued liabilities and deferred income that could not be allocated to specific items.

INCOME STATEMENT

Costs and revenues are recognised according to the general accrual principle. The basic value at which the different income items are recorded is identified, for each item, based on the accounting standards described above.

Net premiums (IFRS 4)

This macro-item includes the earned premiums related to contracts that are classifiable as insurance contracts pursuant to IFRS 4.
The gross premiums written (and incidental expenses) on insurance contracts are recognised when earned, regardless of the date on which the actual collection occurs and are recorded net of technical cancellations, of cancellations of premiums and of premium refunds relating to early extinguishments. Net premiums earned include the change in unearned premiums.

Income deriving from other financial instruments and investment property (IAS 18, IAS 39 and IAS 40)

This macro-item includes the income deriving from investment property and financial instruments not designated at fair value in the Income Statement.
Specifically, this macro-item includes:

- interest income recognised on financial instruments using the effective interest method;
- other income, including, but not limited to, dividends;
- realised profits, such as those recognised following the derecognition of a financial asset/liability;
- valuation gains, including positive changes resulting from the reversal of impairment.

Other revenues (IAS 18, IFRS 4, IAS 21, IFRS 5, IAS 36)

This macro-item includes, essentially, the income deriving from the provision of services other than those of a financial nature, the other net technical income related to insurance contracts and the capital gains related to non-current assets and groups of assets available for disposal and held for sale, other than the discontinued operations.

Net charges related to claims (IFRS 4)

This item includes the amounts paid for claims related to insurance contracts pursuant to IFRS 4. These amounts are recorded net of recoveries.

This item also includes changes in the claims provisions, recoveries provisions, provisions for outstanding claims, mathematical reserves and other technical reserves related to the same contracts. Accounting is carried out before all settlement expenses and after transfers to reinsurance.

Charges from financial instruments and investment property (IAS 39)

This item includes charges from financial instruments not designated at fair value in the Income Statement.

Specifically, this macro-item includes:

interest expenses (recognised on financial instruments using the effective interest method);

realised losses (such as those recognised after derecognition of a financial asset/liability or investment properties);

valuation losses (including negative changes resulting from amortisations, value losses following impairment tests and valuations subsequent to the first time recognition of investment property designated at fair value as financial assets and liabilities).

Operating expenses (IFRS 4)

This item includes:

- commissions and other acquisition expenses related to insurance contracts and financial instruments;
- investment management charges including overhead costs and expenses for personnel related to the management of financial investments, properties and shareholdings;
- other administrative expenses including overhead costs and personnel expenses not allocated to charges related to claims, acquisition expenses from insurance contracts and investment management expenses. This item includes, in particular, overhead and personnel expenses borne for the acquisition and administration of investment contracts not falling under the IFRS 4 scope.

Other costs (IAS 18, IFRS 4, IAS 36, IFRS 5)

This item, of a residual nature, includes all other types of ordinary and extraordinary costs not falling under the items described in the previous paragraphs. This item includes, pursuant to IAS 18:

- other technical charges related to insurance contracts;
- additional provisions allocated during the period:
- realised losses, impairment losses and amortisation/depreciation related to tangible and intangible assets;
- In particular, the other technical charges related to insurance contracts include:
- cancelled premiums, for technical reasons, related to securities issued in previous periods (Non-Life segments);
- cancelled first year premiums issued in previous periods (Life segments);
- non-collectable premiums related to receivables from the policyholders (Non-Life and Life segments);
- cancelled commissions concerning cancelled premiums, for technical reasons, related to securities issued in previous periods (Non-Life segments).

Taxes

Current taxes

This item includes current taxes calculated on the estimated tax revenue of each period (pursuant to applicable regulations), and are posted, on an accrual basis, to the Income Statement.

Deferred tax assets and liabilities

This item refers to income taxes due in future periods and concerning taxable temporary differences. Deferred tax assets and liabilities are posted to the Income Statement except for those related to profits or losses recognised directly under equity, for which the taxes apply the same treatment. The determination of deferred tax assets and liabilities is carried out based on the tax rates in effect in those periods when the taxes will be collectable.

BUSINESS AREAS

The business areas of the Group are:

- Non-Life insurance operated by the Parent Company Net Insurance S.p.A.;
- Life insurance operated by the subsidiary Net Insurance Life S.p.A.

Since the Group operates solely through Italian companies, no geographical representation is necessary. For further detail, please refer to the attached tables relating to the income statement and balance sheet by business sector.

Risk management

The ultimate responsibility for the functioning of the Risk Management and Control System is entrusted, as required by law, to the Board of Directors, which, through its synergistic action, is able to define the strategic and general operating guidelines at the Group and individual Company levels. It is the duty of the Board of Directors to ensure that the risk management system makes it possible to identify, assess and control all risks, and in particular the most significant ones to which the Group is exposed.
In fact, the following are determined annually:

- the risk objectives, through the approval of the Risk Appetite Framework, which internally defines the expected profitability, the related capital absorption and the risk metrics which, jointly, determine an expected level of coverage of the regulatory capital required, given a profitability defined as target, ensuring full compatibility between risk appetite and risk tolerance;
- the strategies, the underwriting and assessment policies of the relevant risks;
- the emergency plans that the Group has adopted.

The Board of Directors approves at least annually all the policies which, jointly, make up the risk and control management system, and oversees that Senior Staff ensure their correct implementation.
The definition of risk measurement methods is the responsibility of the Risk Management Function, which must also define the most appropriate methods of estimating them and the reporting through which the Board of Directors is informed about the evolution of the relative risk-related magnitudes.
The Risk management and internal control system is based not only on the Board of Directors but also on the following other Bodies:

- the Board Committees (Internal Control, Risk and Related Parties Committee, Investments Committee, Remuneration Committee, ESG Committee);
- Senior Staff;

- Board of Statutory Auditors and the Supervisory Body;
- Essential Functions;
- Operational Functions.

The Group has classified the identified risks according to a taxonomy as represented in the Risk Management Policy and in the Operational Risk Management Policy.

Financial risks

- Interest rate risk, which is the risk of a possible loss in value of assets and liabilities as a result of changes in the term structure of interest rates or in the volatility of interest rates;
- Equity risk, which is the risk that arises from the level or volatility of market prices for equities;
- Spread risk, which is the risk of a possible loss in value of an asset due to a change in the yield of an asset with respect to the risk-free rate maturity structure;
- Concentration risk, or the risk that is generated as a result of the accumulation of positions with the same counterparty;
- Real estate risk, that is the risk of financial assets, liabilities and investments deriving from possible changes in the level or volatility of real estate market prices;
- Exchange rate risk, or the risk of possible losses on foreign currency positions in the portfolio as a result of the trend in exchange rates;
- Country risk, or the risk of insolvency or possible changes, on the prices of financial instruments whose issuer is a public body, dependent on political, economic and social variables;
- Credit risk, or the risk that, in the context of a credit position, the debtor will not fulfil, even only partially, its obligations to repay the principal and/or pay interests to its creditor;
- Liquidity and custody risk: the risk that the insurance undertaking will not be able to liquidate investments and other assets to settle its financial commitments when they fall due.
- ESG risks, i.e. risks attributable to environmental, social and governance issues, with particular attention to risks such as climate change, aging and new welfare, pandemics and extreme events, geopolitical and financial instability, change in healthcare, the changing nature of work and polarisation of lifestyles, and the degradation of biodiversity.

The following table shows the impact of parallel changes in the rate curve on the value of investments in debt instruments.

Table no. 2 - Stress hypothesis

Thousands of Euro

Assumptions	Impact on the value of debt securities
Increase of 100 basis points	4,404
Increase of 50 basis points	2,241
Decrease of 50 basis points	-2,257
Decrease of 100 basis points	-4,596

Technical risks

Pricing risk, i.e. the risk of loss or deriving from adverse change in the value of insurance liabilities, resulting from fluctuations in the time of occurrence, frequency and severity of insured events, associated with the insured events, the pricing processes and selection of risks and unfavourable trends in the actual loss ratio as against the one that has been estimated;

- Risk of reserves and deviation of the loss ratio, or the risk linked to the quantification of technical reserves that are not sufficient with respect to the commitments undertaken towards the insured and damaged parties;
- Catastrophic risks, i.e., the risk of loss or of adverse change in the value of insurance liabilities arising from the significant uncertainty in pricing assumptions and the establishment of provisions in relation to the occurrence of extreme or exceptional events;
- Lapse risks, i.e. the risk of a loss or an adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates applied to policy lapses, terminations, renewals and surrenders;
- Mortality risk, i.e. the risk of loss or adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate gives rise to an increase in insurance liabilities;
- Longevity risks, in the state of non-self-sufficiency, or the risk of the continued existence of the insured party, beyond the life expectancy of the reference population. It relates to life insurance policies for which a decline in mortality rates gives rise to an increase in insurance liabilities;
- Risks related to reinsurance efficiency, i.e. the risk that a given reinsurance strategy results in a reduction in risk-adjusted profitability or an increase in capital requirement.
- ESG risks, i.e. risks attributable to environmental, social and governance issues, with particular attention to risks such as climate change, aging and new welfare, pandemics and extreme events, geopolitical and financial instability, change in healthcare, the changing nature of work and polarisation of lifestyles, and the degradation of biodiversity.

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Operational risks

Organisation

- Policies and Procedures

The risks associated with compliance with processes, phases, procedures, activities, interrelationships among operating units, departments, resources; risks associated with mismatching between offices.

People

- Internal fraud
- Key roles, staff shortages, inclusion of women and minorities
- Compliance with powers and proxies
- High manual skills

Operational risks relate to people's behaviour, including those arising in the context of customer relations or concerning the entire insurance distribution chain and the management of pre-sales, sales and post-sales activities, and the increasing search for gender balance, non-discrimination and the empowerment of diversity. They also concern the risks associated with the theft, damage, appropriation or improper or unauthorised use of the assets that the Company uses to achieve its corporate purpose. They also include the risks associated with the excessive manual activities, the lack of key personnel and compliance with the framework of powers and delegations approved by the Board of Directors.

External events

- Outsourcing
- External fraud

Risks relating to non-compliance with service levels agreements by suppliers and, in particular, by suppliers of key outsourced activities, including business continuity risks. Risks relating to possible fraud by third parties to the organisation, to the detriment of the Company, are also included in this category. They also include risks associated with the theft, damage, appropriation or improper or unauthorised use, by third parties, of the assets that the Company uses to achieve its corporate purpose.

Information management system

- Data governance and data quality
- Business continuity
- ISO 27001 information security
- Digital revolution and IT security

This refers to risks related to operational continuity and generated by fortuitous or malicious events affecting human resources or physical/IT assets, including computer sabotage, also by third parties, data theft and activation of malware of any kind. This category also includes risks relating to the area of data governance and data quality, as regards aspects of completeness, relevance, appropriateness and continuity of data availability, as well as the risks that may arise from the presence of poor data quality.

- Non-compliance
  - Non-compliance with regulations, sanctionability and regulatory complexity
  - Transparency and business

This refers to the risk of incurring judicial or administrative sanctions, suffering a loss or damage as a result of non-compliance with laws at any level, directly applicable regulations and standards or provisions issued by the Supervisory Authorities or self-regulatory rules, such as by-laws, codes of conduct or codes of self-regulation; this also the risk arising from unfavourable changes in the regulatory framework or case law guidelines. Transparency and business risk refers to the fact that investors consider sustainability factors as investment and divestment criteria and institutional investors are committed to influencing issuers towards more sustainable practices. Governments and regulators asking companies to increasingly disclose the impacts they generate on the environment and society in detail.

- Socio-economic area
  - Reputational and strategic risk
  - Geopolitical and financial instability
  - The changing nature of work and the polarisation of lifestyles
  - Change in healthcare

The risk of deterioration of the company's image and increased conflict with policyholders, also due to the poor quality of the services offered, the placement of inappropriate policies or the behaviour of the sales network, and the economic risks arising from geopolitical uncertainty that could trigger a wider deterioration in global interconnectedness, are also included. It also includes all the strategic risks deriving from external factors such as the business strategy and the achievement of the strategic objectives defined by the Board of Directors. This also includes the risk of belonging to the Group, due to which, as a result of the relationships between the Company and the other entities of the Group, situations of difficulty arising in one entity of the same Group can spread with negative effects on the solvency of one or all the Companies of the Group. In addition, socio-economic risks include risks linked to the changing nature of work and the polarisation of lifestyles, as well as to changes in healthcare.

Environment

  - Climate change
  - Pandemics and extreme events

Operational risks include environmental risks, which can be divided into the dual component of risks incurred and risks generated. With reference to the former, and in relation to the Group's activities, the risks linked to the direct generation of impacts on the environment cannot be excluded. However, due to the business situation that characterises the Companies of the Group, belonging to the tertiary sector, the risk profiles relating to environmental issues are currently reduced. It should be noted in particular that the waste cycle follows the local regulations currently in force and that no harmful gases are released into the atmosphere due to the type of systems used in the headquarters building for air conditioning and the production of domestic hot water. The company building is also equipped with photovoltaic panels for the production of electricity, with an average production of between 20% and 30% of the energy consumed. With regard to the environmental risks suffered, the Companies of the Group are exposed to the risk related to global climate change, which can have both physical and transitional impacts, and to the risk linked to the increase in pandemics and extreme events.

Following is a description of the strategic levers through which the Company and, as a whole the Group, aim at a risk profile compatible with the related own funds to cover, also in a medium-long term time horizon:

- diversification of technical risks, through the Companies' willingness to be strategically present not only in the area of Salary-backed loans, where there is an undisputed leadership on the Italian market, but also in the other Non-life segments, excluding in particular Civil Liability for driving motor vehicles;
- recourse to the reinsurance lever, through the constant search for the balance point between the optimisation of the exposure to technical risks, the maintenance of an adequate level of solvency and the achievement of an adequate technical profitability;
- the innovative approach, a cutting-edge distribution model and a wide openness to the issues of digital, process and product innovation;
- the definition of robust procedures and processes in the context of underwriting, settlement and exposure monitoring practices;
- the efficient diversification of the risks associated with the financial portfolio of the Companies and the Group as a whole, as part of a constant search for the optimisation of the risk-return profile through a careful policy consisting of choosing the types of securities, issuers, sectors and investment themes, reducing specific risks and avoiding excessive concentrations;
- constant attention to liquidity risks, not only understood as the possible difficult conversion into cash of investments in securities, but also in relation to the asset-liability mismatch, both in a short-term and medium-long term;
- an operational risk management framework based on the identification of said risks within the system of procedures, the use of mitigation techniques, including business continuity and

disaster recovery plans, the definition of quantitative metrics for the assessment of operational risks and the maintenance of a database for recording operational losses.

Furthermore, the Companies are insured with other companies for the greater risks deriving from the performance of their business.

The Companies, and likewise the Group, also have an internal control system proportionate to the nature, extent and complexity of the current and future business risks, aimed at identifying, assessing and controlling the most significant risks to which it is exposed. This system is made up of a set of roles, functions and activities that cascade down from the top management to the individual operating units, based on the Procedures and operational processes and which also reverberates within the framework of powers and delegations within the business organisation.

Performance Share Plan 2019-2023

Assessment of the plan in the 2022 period

As at 31 December 2022, the staff of the Net Insurance Group, involved in the Performance Shares Plan 2019-2023 included 5 beneficiaries. As of 31 December 2022, the total cost of the plan recognised in the income statement was 8,050 thousand Euros (+7,550 thousand Euros compared to 31 December 2021).

The increase compared to 31 December 2021 derives from the forecast included in the Performance Shares Plan 2019-2023 which, in the event of launch of a public tender offer on 100% of NET's shares or acquisition of its control by right by third parties, during the duration of the Plan, it will terminate in advance of the Final Term. In this case, the Shares will be assigned and/or transferred and/or liquidated to each beneficiary within 15 working days of the occurrence of one of the aforementioned events and in any case in good time to participate in the public tender offer. In consideration of the above, it should be recalled that on 28 September 2022, the company Poste Vita S.p.A. communicated, pursuant to and for the purposes of Article 102, paragraph 1, of the Consolidated Law on Finance (TUF) and Article 37 of the Issuers' Regulation to have taken the decision to promote (through a corporate vehicle directly controlled by Poste Vita) an all-inclusive voluntary public tender offer on the ordinary shares and on the Net Insurance Warrants.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

(figures in thousands of euro)

Balance sheet - Assets

1. Intangible assets

1.2 Other intangible assets

This item includes the cost of a multi-annual nature incurred primarily for the acquisition and the customisation of the software, for the purchase of rights and licenses, and trademark registration.

The increase, compared to the previous year, is mainly related to investments made in 2022 to improve/renew the Group's management software systems, also for the purposes of the entry into force of the new standards IFRS 17 and IFRS 9. The following table shows the composition of the items and the changes occurred during the period.

Table no. 3 - Other intangible assets

Thousands of Euro

Other intangible assets	Value as at 31.12.2022	Value as at 31.12.2021	Change
Rights and licenses	64	152	(89)
Trademarks	0	0	0
Development expenses	919	0	919
Fixed assets in progress	1,886	386	1,500
Software	5,811	5,609	202
	8,679	**6,147**	**2,531**

Intangible assets include, with the consent of the Board of Statutory Auditors, development costs for an amount of 919 thousand euro. These costs, which meet the requirements set out in IAS38, relate to the salary of personnel operationally engaged in the activity of development of the asset for an amount equal to Euro 211 thousand, and invoices issued by external consultants for Euro 830 thousand adjusted by the depreciation charge which weighed on the income statement for Euro 123 thousand.

The group's assets have definite useful lives and amortisation shall be calculated over the estimated definite useful lives, using a straight-line method.

2 Tangible assets

2.1 Properties

The item, amounting to 14,637 thousand Euros, refers to the property, located in via G. A. Guattani 4, the headquarters of the Companies of the Group since January 2015. The value is inclusive of acquisition charges, in addition to the purchase cost of the same, including all renovation costs to make it fit for the Companies' needs.

The depreciation is calculated using a straight-line method (net of the land value), and, based on the useful life of 18 years, it amounted to 274 thousand Euros in 2022.

2.2 Other tangible assets

Other tangible assets consist of furniture, fittings, electronic machines, internal communication equipment and facilities owned by the Parent Company and/or its Subsidiary.

Depreciation is applied using the straight-line method based on the estimated useful life.

The following table shows the breakdown of this item:

Table no. 4 - Other tangible assets

Thousands of Euro

Other tangible assets	Value as at 31.12.2022	Value as at 31.12.2021	Change
Furnishing, office machines and internal transport means	247	275	(28)
Movable assets recorded in public registers	1	7	(6)
Plants and equipment	20	9	11
Leased assets (IFRS 16)	440	371	69
	707	**661**	**45**

Tangible assets include leased assets amounting to 371 thousand Euros in 2021, which increased to 440 thousand Euros in 2022 mainly due to the right of use of new equipment for a multi-purpose hall and decreased by the right of use in 2022 and interest accrued by applying the discount rate, details of which are in the IFRS16 section of the income statement.

3. Technical reserves attributable to reinsurers

The breakdown of the technical reserves attributable to reinsurers is as follows:

Table no. 5 - Reserves attributable to reinsurers

Technical reserves attributable to reinsurers	2022	2021	Change
Premium reserve	103,243	96,644	6,599
Claims provision	17,110	15,807	1,303
Mathematical reserve	123,411	101,033	22,378
Other reserves	7,136	166	6,970
	250,900	**213,649**	**37,250**

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The amount of provisions transferred to reinsurers recorded an increase of 37,250 thousand Euros, linked to the increase in the mathematical provision and other provisions. With specific reference to the other reserves transferred, it should be noted that in compliance with the provisions of Articles 23-bis (life insurance technical reserves) and 23 quarter (reinsurance technical reserves) of ISVAP Regulation No. 22/2008, the Group transferred the expense reserve as required by the treaties in force.

4. Investments

The table below illustrates the Group's investments, classified according to IFRS standards:

Table no. 6 - Investments

				Thousands of Euro
Investments	2022	2021	Change	% Change
Non-current assets or assets of a disposal group held for sale	0	0	0	0.00%
Investments in subsidiaries, associates and joint ventures	0	0	0	0.00%
Loans and receivables	502	0	502	100.00%
Financial assets available for sale	214,621	201,460	13,161	6.53%
Financial assets designated at fair value	0	0	0	0.00%
	215,123	**201,460**	**13,663**	**6.78%**

The increase in investments is reflected in available-for-sale financial assets and, more specifically, is determined by an increase in exposures in bonds in the amount of 14,354 thousand Euros and in equities in the amount of 171 thousand Euros, partially offset by a decrease in mutual investment fund units in the amount of 1,493 thousand Euros.

4.2 Investments in subsidiaries, associates and joint ventures

As at 31 December 2022, this item amounted to 502 thousand euro and related to deposits with credit institutions, wholly referred to Banca Sant'Angelo.

4.4 Loans and receivables

As at 31 December 2022, this item amounted to 502 thousand Euros and relates to deposits with credit institutions.

4.5 Financial assets available for sale

Below is a summary table of investments that make up the category of assets available for sale.

Table no. 6 - Assets available for sale

Thousands of Euro

Assets available for sale	2022	2021	% Change
Equity investments	2,163	2,034	6.34%
Stocks	2,119	1,948	8.78%
Units of mutual funds	70,998	72,491	-2.06%
Bonds	139,341	124,987	11.48%
Total	**214,621**	**201,460**	**6.53%**

In 2022, the total amount of investments of the Group increased by 6.53%: exposure in bonds and equities is increasing, while exposure in mutual investment funds is decreasing.

The operations of investment management have complied with the long-term strategic policy envisaged by the Investment Policies in place designed to achieve adequate diversification and - wherever possible - investment dispersion, which guarantees the achievement of stable returns over time, however, minimising exposure to risk of the entire portfolio and pursuing safety, profitability and liquidity of investments.

The following table summarises the changes in assets available for sale, broken down by individual class and investment category.

Table no. 7 - Assets available for sale

Changes in Assets available for sale								
	Listed stocks	Unlisted stocks	Equity investments	Funds	Convertible Bonds	Other bonds	Unlisted Bonds	Total
Balance as at 31/12/2021	**546**	**1,401**	**2,034**	**72,491**	**348**	**116,716**	**7,922**	**201,460**
Value increase for purchases	129	1,027	1,684	7,520	0	71,205	2,000	83,565
Value decrease for sales	(474)	(552)	(1,337)	(2,639)	0	(43,063)	(1,813)	(49,878)
Capitalisation for amortised cost	0	0	0	0	1	(303)	(1)	(303)
Value adjustment at year end	108	(66)	(218)	(6,374)	(57)	(12,885)	(851)	(20,343)
Permanent write-downs (Impairment/reversal)	0	0	0	0	0	0	0	0
Changes in accruals	0	0	0	0	0	90	32	122
Balance as at 31/12/2022	**309**	**1,810**	**2,163**	**70,998**	**292**	**131,760**	**7,289**	**214,621**

An analysis of any possible impairment losses attributable to listed shares and investments in associates and in other companies and in units of mutual investment funds was carried out in the portfolio of assets available for sale.

Based on the IFRS 7 requirements, financial assets available for sale are classified as shown below:

- listed shares, listed bonds and open-ended mutual fund units, all assets valued at the market price in an active market, are classified in level 1;
- bonds not listed on regulated markets, equity investments and shares not listed on regulated markets, valued based on specific internal valuation models or at the price of the latest transactions recorded (on unlisted and inactive markets), are classified in level 3;
- the units of AIF investment funds valued with a specific internal model are classified in level 3.

Level 3 includes:

Table no. 8 - Fair value level 3 securities

Anthilia Bit III
TiKehau Direct Lending IV – Class A4 LP
Quaestio Private Markets FD
TIKEHAU SENIOR LOAN III - O
Tenax European Credit Fund
ACP Susteinable Securites Fund
Magellano Fund
Muzinich Diversified Enterprises Credit Fund II
SCOR HIGH INCOME INFRASTRUCTURE LOANS
TIKEHAU DIRECT LENDING V - CLASS A4
Columbia Threadneedle European Sustainable Infra
Anthilia GAP
CLESSIDRA PRIVATE DEBT FUND
Cassa di Risparmio di Bolzano
Onesix S.p.A.
Tech Engines S.r.l.
Yolo Group
Neosurance S.r.l.
Banca Popolare di Puglia e Basilicata
TRENDEVICE SPA-CW23
VALIA S.P.A.AZ EUR 1
MotionsCloud GmbH
WALLIFE S.P.A.
Banca Popolare di Torre del Greco
SFP ENGAGIGO S.r.L.
First Capital Cv 2019-2026 3,75%
BPPB 4/28 6% SUB EUR
CMC 2022-2026
Augusto SpA TV
Cassa di Risparmio di Bolzano 2032
ANSALD 2 3/4 05/31/24

The fair value positions 3 were valued using specific internal models, based on valuation methods widely used on the market for assets with similar characteristics (e.g. Discounted Cash Flow method, comparable transactions method, multiples method)

No conditions were found for the determination of impairment on the investment categories under analysis.

5. Other receivables

The breakdown of the balance and the variations of the individual items are detailed below:

Table no. 10 - Other receivables

Thousands of Euro

Other receivables	2022	2021	Change
Receivables arising out of direct insurance transactions	56,769	45,352	11,417
Receivables arising out of reinsurance transactions	10,219	12,574	(2,355)
Other receivables	8,925	5,476	3,450
	75,913	**63,401**	**12,512**

The trend in other receivables recorded an increase compared to the end of the previous year, settling, at 31 December 2022 at 75,913 thousand Euros. The trend is in fact characterised by an increase in other receivables and receivables arising from direct insurance, offset by the reduction in receivables deriving from reinsurance transactions.

6. Other asset items

The other asset items are broken down as follows:

Table no. 11 - Other asset items

Thousands of Euro

Other asset items	2022	2021	Change
Non-current assets or assets of a disposal group held for sale	0	0	0
Deferred acquisition costs	5,681	4,958	723
Deferred tax assets	14,827	9,161	5,666
Current tax assets	2,113	1,320	793
Other assets	9,077	8,607	470
	31,699	**24,046**	**7,653**

The deferred acquisition costs refer primarily to commissions from contracts signed with Cassa di Risparmio di Bolzano and Banco Desio e Piacenza.

Deferred tax assets relate to receivables from the tax authorities for prepaid taxes generated mainly by tax losses carried forward from the provision relating to both the change in the claims provisions of the Non-Life segments and to the change in the AFS provision relating to capital losses and capital gains not recognised in the income statement.

Tax assets include the effects reported in the statutory Financial Statements in which the deferred tax calculation was made based on tax rates expected to apply to the period when the asset is realised, based on tax rates and tax regulations in force at the reporting date.

The current tax assets mainly consist of credits for advances of IRES (corporate income tax) and IRAP (regional business tax) taxes.

The item "Other assets", totalling 9,077 thousand Euros, includes:

- 7,235 thousand Euros related to the 2022 advance payment for taxes paid by the policyholders;
- 1.465 thousand Euros relating to prepayments;
- 377 thousand Euros in loans to employees, granted under the supplementary company labour contract.

7. Cash and cash equivalents

Cash and cash equivalents amounted to 6,795 thousand Euros, marking a decrease of 2,862 thousand Euros compared to the previous year.

This item consists almost entirely of bank account deposits, given the non-significant cash values.

Balance sheet – Liabilities

1. Equity

The Group's total equity at 31 December 2022 amounted to 88,635 thousand Euros, broken down as follows:

Table no. 12 - Equity

Thousands of Euro

Equity	2022	2021	Change
Share capital	17,619	17,615	4
Capital reserves	63,949	63,716	233
Profit reserves and other equity reserves	22,558	6,530	16,028
(Own shares)	(8,793)	(9,775)	982
Profit (losses) from financial assets available for sale	(14,962)	(395)	(14,567)
Other profit (losses) under Equity	(109)	(218)	109
Profit (losses) for the period pertaining to the Group	8,374	11,303	(2,929)
	88,635	**88,776**	**(141)**

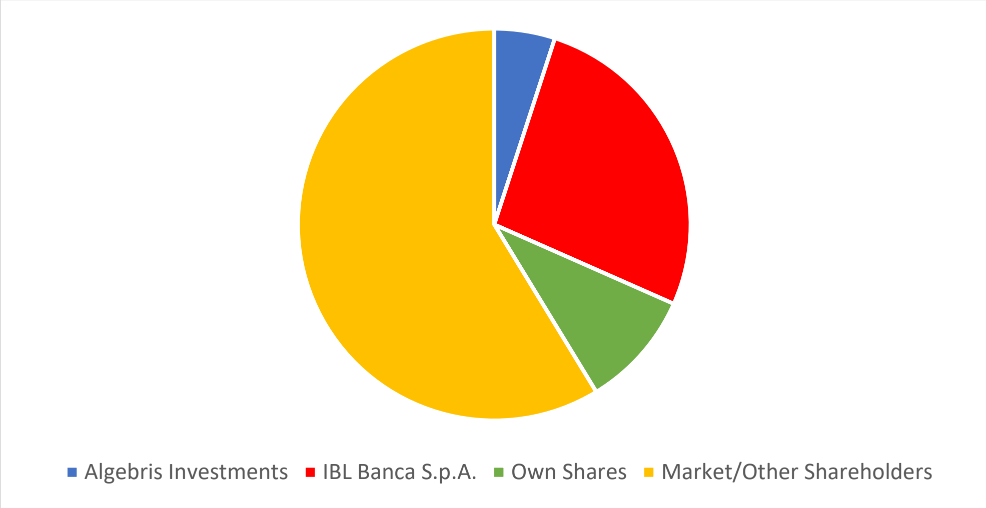
The subscribed and paid-in share capital as at 31 December 2022 is equal to 17,619,249 Euros and is divided into 18,514,269 ordinary shares, without nominal value.

The graph and table below show the composition of the Group shareholding structure, thus taking into account the ordinary share capital (in relation to the total number of ordinary shares issued by the Company).

Table no. 13.a - Corporate composition

Shareholders	% owned
Algebris Investments	5.00%
Ibl Banca S.p.A	26.63%
Own shares	9.67%
Market/Other shareholders	58.7%

Table no. 13.b - Corporate composition



Finally, it should be noted that the Parent Company holds 1,789,941 own shares at 31 December 2022, the value of which amounts to 8,793 thousand Euros.

Profit reserves and other equity reserves include:

- provisions of retained earnings of both Companies;
- unavailable provisions that had been previously set aside, and subsequently made available to fund the expenses organisation of the Parent Company;
- adjustments for the transition to the IAS/IFRS standards, as required.

Other profits (losses) recognised directly in shareholders' equity refer exclusively to the results of the actuarial valuations of employee benefits (employee severance indemnities in relation to seniority bonuses) that will not subsequently be reclassified to the income statement.

The item of gains and losses on AFS assets includes the effects of the valuation at fair value of securities classified as "available-for-sale", which will be recorded in the income statement in future years.

Lastly, at 31 December 2022, there are 1,823,235 outstanding warrants issued by the Parent Company and admitted to trading on the Euronext STAR Milan market. The aforementioned warrants attribute to their holders the right to subscribe 1 (one) Conversion Share for each Warrant presented, on the basis of a fixed exercise ratio of 1:1, against payment of the Strike Price. All as indicated in the Warrant Regulations available on the Parent Company's website.[1]

2. Provisions

Provisions amount to 63 thousand Euros and they mainly concern:

- the provision for the pension for an amount of 28 thousand Euros;
- The provision for the closure of some insurance agencies of the Parent Company and for legal disputes related to claims amounting to 35 thousand Euros;

3. Technical reserves

For the technical reserves breakdown, please refer to the following table:

Table no. 14 - Technical reserves

Thousands of Euro

Technical reserves	**2022**	**2021**	**Change**	**% Change**
Premium reserve	167,772	154,835	12,937	8.36%
Claims provision	27,369	26,330	1,039	3.9%
Mathematical reserve	188,758	157,860	30,898	19.6%
Other reserves	28,988	23,081	5,907	25.6%
	412,886	**362,106**	**50,780**	**14.02%**

The item "Claims provision" can be broken down as follows:

- Non-Life claim provision for 23,059 thousand Euros;
- Life provisions for outstanding claims for 4,310 thousand Euros.

[1] Click the link https://www.netinsurance.it/investor-relations/strumenti-finanziari-net/warrant/

It should also be noted that the item 'Other Provisions' includes the ageing reserve and the reserve for future operating expenses set aside by the Subsidiary.

In accordance with Annex 14 of ISVAP Regulation No. 22/2008, Mathematical reserves include:

- the additional provision for risks different from financial risk, for the return of loading for acquisitive expenses in case of cancellations for early repayment of the loan, amounting to 1.172 thousand Euros.

The results of the Liability Adequacy Test (LAT), performed on Net Insurance Life Spa, confirmed the adequacy of the carrying value of the technical reserves as recognised in the financial statements.

4. Financial Liabilities

This item includes:

- the convertible subordinated bond (Tier II), with a ten-year duration and a yield of 4.60% on an annual basis, payable in two half-yearly coupons. The bond, which is eligible for inclusion under own funds, provides for two conversion ratios per share (6.00 and 7.00 Euros), which vary according to the conversion window. On 16 December 2022, the second annual period in which to exercise the conversion of the convertible subordinated bond loan (Isin IT0005429268) ended. The bond holders applied for a conversion for a total nominal value of 1,200,000 Euros (12 bonds, each with a denomination of 100,000 Euros) and, to service the aforementioned conversion, 199,992 own shares of the Company were transferred, in line with the provisions of the 'Terms and conditions' of the bond, thus bringing the outstanding amount of the instrument from the previous nominal value of 4,600 thousand Euros to the nominal value of 3,400 thousand Euros.

  The value at 31 December 2022, using the amortised cost amounted to 4,389 thousand Euros;
- The subordinated bond loan (Tier II), equal to 12,500 thousand Euros, corresponds to an annual fixed coupon rate of 5.10% per annum. The bond, which is eligible among own funds, has a duration of ten years, without prejudice to the right of the Company to be able to call up the financial instrument in advance, starting from the fifth year ("call"). The value as at 31.12.2022 is equal to 12,303 thousand Euros.
- Lease liabilities amounted to 445 thousand Euros (for details, see the Income Statement, IFRS 16 section).

5. Payables

5.1 Payables arising from insurance operations

The item, amounting to 15,074 thousand Euros, represented payables to co-insurers at 31 December 2022, and concerned the results of operations of Coinsurance statements developed on the basis of the agreements in place in 2022.

5.2 Payables deriving from reinsurance operations

The balance of 44,466 thousand Euros, marking an increase of 7,144 thousand Euros compared to the previous year, refers to the accrual-based balance, at 31 December 2022, of technical items referred to reinsurers (also inclusive of deposits received from reinsurers) determined on the basis of reinsurance treaties signed.

5.3 Other payables

The item, amounting to 19,349 thousand Euros, includes the tax payables, expense appropriations, referred to charges relating to the year for most services received during the year and trade payables.

The item is composed of:

Table no. 15 - Other payables

Thousands of Euro

Other payables	2022	2021
Payables in tax and social security charges	8,650	2,431
Payables in insurance taxes	878	686
Payables and liability allocations	9,401	13,009
Employee benefits IAS 19	420	398
	19,349	**16,523**

6. Other liability items

This item, amounting to 8,045 thousand Euros, which includes mainly deferred tax liabilities for 6,176 thousand Euros and to the interest accrued for the subordinated loan issued in 2016 and liabilities for commissions to be paid on premiums in the process of being collected for a total of 1,869 thousand Euros.

INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

(figures in thousands of euro)

Comments on income statement are intended to represent the insurance business and the financial activity separately; therefore, the order of items in the income statement shall not be followed.

Net premiums and net charges relating to claims

The details by individual management are highlighted in the table below as well as in the Annex "detail of technical insurance items of competence".

Table no. 16 - Net premiums and net charges relating to claims

Thousands of Euro

	2022	2021	Change	% Change
Non-Life				
Gross premiums	95,062	75,460	19,602	26.0%
Changes in premium reserves	(12,956)	(8,508)	(4,448)	52.3%
Ceded premiums earned	(40,744)	(32,756)	(7,988)	24.4%
Charges related to claims	(16,277)	(14,119)	(2,158)	15.3%
	25,084	**20,076**	**5,008**	
Life				
Gross premiums earned	89,792	73,839	15,953	21.6%
Premiums ceded	(57,833)	(44,070)	(13,763)	31.2%
Charges related to claims	(17,691)	(22,941)	5,250	22.9%
	14,268	**6,828**	**7,440**	
TOTAL	**39,352**	**26,904**	**12,448**	**46.3%**

The item "charges related to claims", net of reinsurance (see Annex no. 9 in the section *"Annexes to the Consolidated Financial Statements"*) includes:

for the Non-Life segment:

- Amounts paid in compensation for claims and related settlement costs;
- Change in the claims provision related to compensation, direct expenses and settlement costs that are expected to be paid in the following years for claims incurred in the current year (already reported and to be reported) and for claims incurred in previous years but still pending at 31 December 2022;
- Amounts recovered and change of sums to be recovered relating to formally defined payment plans, to be collected;
- Changes in other technical reserves.

for the Life segment:

- Paid amounts: settlement paid in 2022 for claims, gross of expenses directly attributable to the claims management;
- Change in provisions for outstanding claims relating to outstanding claims incurred and reported in the current year and previous years, as well as provisions set aside for claims received by the end of the year but recorded in the following year, gross of provisions for expenses directly attributable to claims management;
- Changes in mathematical reserves (including additional provisions for financial risk and other technical risks) and variation in other technical reserves relating to the provision for future operating expenses.

Operating expenses

Operating expenses, showing a balance of 30,188 thousand Euros, can be broken down by acquisition expenses, net of commission and profit sharing received from the reinsurers, and administrative expenses.

The individual management details are provided in the Annex to the Notes to the Financial Statements and in the following table:

Table no. 17 - Operating expenses

Thousands of Euro

	2022	2021	Change
Non-Life			
Commissions and other acquisition expenses	21,872	12,652	9,220
Other administrative expenses	7,251	4,504	2,747
Investment operating expenses	1,256	723	533
	30,378	**17,880**	**12,499**
Life			
Commissions and other acquisition expenses	(1,641)	(2,098)	457
Other administrative expenses	932	705	227
Investment operating expenses	518	337	181
	(191)	**(1,057)**	**865**
	30,188	**16,823**	**13,365**

The item commissions and other acquisition expenses includes:

- acquisition and collection commissions for 27,748 thousand Euros (18,188 thousand Euros in 2021);
- other acquisition expenses for 22,814 thousand Euros (14,408 thousand Euros in 2021);
- commissions and profit share received from reinsurers amounting to 29,945 thousand Euros (22,041 thousand Euros in 2021).

Income from investments

Income from investments amounted to 6,372 thousand Euros and related to coupon interest on bonds, dividends on shares and mutual funds, interest on current accounts and profits on disposals.

Table no. 18 - Income from investments

	2022	2021	Thousands of Euro Change
Non-Life			
Interest income	1,319	861	458
Dividends	999	1,003	(4)
Income from trading	2,038	826	1,212
Valuation income	0	1,716	(1,716)
	4,356	**4,406**	**(50)**
Life			
Interest income	848	932	(84)
Dividends	1,076	994	82
Income from trading	92	531	(439)
	2,016	**2,457**	**(441)**
	6,372	**6,863**	**(491)**

The trading gains, equal to 2,038 thousand Euros, include income amounting to 1,987 thousand Euros, due to the recovery of amounts misappropriated for the 'black swan' affair. For more details, see the related section "The Black Swan" in the Management Report.

Financial charges

Financial charges amounted to 1,983 thousand Euros, related to losses arising from permanent write-downs, losses on disposal, interest expense and other charges. The details by individual management are shown in the following table:

Table no. 19 - Financial charges

Thousands of Euro

	2022	2021	Change
Non-Life			
Interest expenses	261	376	(115)
Other charges	411	569	(158)
Realised losses	200	11	189
Valuation losses	6	6	0
	878	**962**	**(84)**
Life			
Interest expenses	386	377	9
Other charges	552	502	50
Realised losses	143	171	(28)
Valuation losses	24	22	2
	1,105	**1,072**	**33**
	1,983	**2,034**	**(51)**

Other revenues

Other revenues, equal to 2,077 thousand Euros, mainly refer to the sale of a portfolio of irrecoverable loans, deriving from loan agreements with salary-backed loans, for 977 thousand Euros (3.2% of the loan portfolio sold).

Other costs

Other costs, amounting to 3,697 thousand Euros, mainly refer to:

- 387 thousand Euros for the costs of managing the fraud experienced such as legal costs incurred for the recovery of stolen securities;
- 890 thousand Euros in interest accrued for the subordinated loan pertaining to 2022;

- 1,151 thousand Euros for other technical charges;

IFRS 16

The Group decided to apply to all agreements with amounts exceeding 5,000 Euros, subscribed as from 1 January 2019, that include the right of use of an identified asset (so called Right of Use - ROU) for a certain period of time in exchange for a fee. The Group will adopt a single accounting model for all leases. However, this distinction will still apply to the Lessor. For accounting purposes, during the period the Group has identified under intangible assets the leases of corporate cars, housing and printers. As for financial liabilities, the Lease Liability is equal to the current value of future payments with the application of the discount rate related to the Unicredit Bank liquidity rate. The choice of the rate is based on the fact that if there wasn't the commitment of leasing or renting, the Group would have benefited from this rate. The following table shows the costs and amortisations with the application of this accounting standard.

Table no. 20 - IFRS 16

Amortisation for the Right of Use	68,620
Interest expense on the Liability	2,064
Costs related to leases	70,684

Taxes

Income taxes include IRES and IRAP taxes based on the taxable income of each year and are recognised in accordance with current regulations.

As at 31.12.2022 amounted to 3,478 thousand Euros.

As mentioned in the section "Other Information", the Group has joined the national tax consolidation program pursuant to Italian Legislative Decree no. 34 dated 12 December 2003. Net Insurance S.p.A. shall comply with all the requirements relating to IRES statement and payment in its capacity as consolidating company.

Remuneration to Directors and Statutory Auditors

Overall, remunerations to Directors, net of charges and VAT amounted to 330 thousand Euros. Remuneration to the Statutory Auditors amounted to 108 thousand Euros.

Fees to the Auditing Company

The independent auditing is entrusted to KPMG Spa. The fees were: 125 thousand Euros for the parent company Net Insurance S.p.A. and 53 thousand Euros for the subsidiary Net Insurance Life S.p.A.

The additional tasks conferred on the independent auditors and the related fees are shown below, net of expenses, VAT and the Consob contribution:

- Audit of MVBS 37,7 thousand Euros
- Limited review SCR 25,8 thousand Euros
- Listing support 210 thousand Euros
- Transition support IFRS17 e IFRS9 229 thousand Euros
- Due diligence suportdi DD 43 thousand Euros.

Information on employees

The following tables show the number and breakdown of the employees of the Companies of the Group at the end of the current and previous periods.

Table no. 21 - Staff

Staff	2022	2021	Changes
Executives	11	6	+5
Officers	14	16	- 2
6th level Middle managers	19	17	+2
Employees	79	79	0
Total	**123**	**118**	**+5**

Appendices to the Notes to the Financial Statements

STATEMENT CODES TABLES		
Annex	Statement	Statement Code
1	Balance sheet by business sector	BCSPSETT
2	Income statement by business sector	BCCESETT
3	Scope of consolidation	BCAREAC
4	Details of non-consolidated investments	BCPARNC
5	Details of financial assets	BCATTFIN
6	Details of tangible and intangible assets	BCATTMMI
7	Details of technical reserves attributable to reinsurers	BCRTRIAS
8	Details of technical reserves	BCRISTEC
9	Details of insurance technical items	BCVTASS
10	Financial and investment income and charges	BCPROVON
11	Details of expenses in insurance operations	BCSPGEST
12	Detail of other items of the comprehensive income statement	BCCONECD
13	Details of financial liabilities	BCPASFIN
14	Assets and liabilities designated at fair value on a recurrent and non-recurrent basis: breakdown by fair value levels	BCATPAL
15	Details of changes in assets and liabilities of Level 3 designated at fair value on a recurrent basis	BCATPAL3

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NET INSURANCE GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FY: 2022

Annex 1 - Balance sheet by segment
model code: BCSPSETT

		Segment 01 (1)		Segment 02 (1)		Segment 90 (1)		Total	
		31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
1	INTANGIBLE ASSETS	7,905,842	5,919,109	772,847	227,996	0	0	8,678,689	6,147,105
2	TANGIBLE ASSETS	5,815,121	5,760,250	9,528,041	9,545,933	0	0	15,343,162	15,306,183
3	TECHNICAL RESERVES ATTRIBUTABLE TO REINSURERS	*118,029,784*	*110,100,372*	*132,869,958*	*103,548,569*	*0*	*0*	250,899,742	*213,648,941*
4	INVESTMENTS	131,075,240	128,153,188	122,143,386	108,156,774	(38,095,341)	(34,849,777)	215,123,285	201,460,185
4.1	Investment property	0	0	0	0	0	0	0	0
4.2	*Investments in subsidiaries, associates and joint ventures*	33,376,759	29,502,490	0	0	(33,376,759)	(29,502,490)	0	0
4.3	Held-to-maturity investments	0	0	0	0	0	0	0	0
4.4	Loans and receivables	0	0	502,183	0	0	0	502,183	0
4.5	Financial assets available for sale	97,698,481	98,650,698	121,641,203	108,156,774	(4,718,582)	(5,347,287)	214,621,102	201,460,185
4.6	Financial assets at fair value through income statement	0	0	0	0	0	0	0	0
5	OTHER RECEIVABLES	*67,495,051*	*49,427,923*	*14,905,351*	*14,307,780*	*(6,487,176)*	*(334,270)*	75,913,226	*63,401,433*
6	OTHER ASSET ITEMS	24,236,567	21,781,670	7,462,261	2,264,391	0	0	31,698,828	24,046,061
6.1	Deferred acquisition costs	3,967,226	3,617,867	1,713,801	1,340,104	0	0	5,681,027	4,957,971
6.2	Other assets	20,269,341	18,163,804	5,748,460	924,287	0	0	26,017,801	19,088,091
7	CASH AND CASH EQUIVALENTS	4,397,202	3,787,370	2,397,760	5,869,448	0	0	6,794,962	9,656,818
	TOTAL ASSETS	358,954,808	324,929,882	290,079,604	243,920,891	(44,582,517)	(35,184,047)	604,451,895	533,666,726
1	EQUITY							88,635,353	88,776,323
2	PROVISIONS	56,974	409,632	5,937	66,798	0	0	62,911	476,431
3	TECHNICAL RESERVES	191,091,660	176,895,681	221,794,733	185,210,638	0	0	412,886,393	362,106,318
4	FINANCIAL LIABILITIES	15,932,247	17,018,790	5,000,000	5,000,000	(5,000,000)	(5,000,000)	15,932,247	17,018,790
4.1	Financial liabilities at fair value through income statement	444,898	374,214	0	0	0	0	444,898	374,214
4.2	Other financial liabilities	15,487,350	16,644,576	5,000,000	5,000,000	(5,000,000)	(5,000,000)	15,487,350	16,644,576
5	PAYABLES	50,942,244	36,465,237	34,484,924	23,411,207	(6,537,418)	(384,361)	78,889,750	59,492,082
6	OTHER LIABILITY ITEMS	6,957,676	5,699,284	985,348	97,507	102,217	0	8,045,241	5,796,782
	TOTAL EQUITY AND LIABILITIES							604,451,895	533,666,726

NET INSURANCE GROUP FY: 2022

Annex 2 - Income statement by segment
model code: BCCESETT

amounts in euro

		Segment 01 (1)		Segment 02 (1)		Segment 90 (1)		Total	
		31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
1.1	Net premiums	41,380,558	34,045,921	31,958,961	29,769,037	0	0	73,339,519	63,814,957
1.1.1	*Gross premiums earned*	82,125,043	66,802,375	89,792,008	73,838,850	0	0	171,917,051	140,641,224
1.1.2	*Premiums ceded to relevant reinsurance*	(40,744,485)	(32,756,454)	(57,833,047)	(44,069,813)	0	0	(98,577,532)	(76,826,267)
1.2	Commission income	0	0	0	0	0	0	0	0
1.3	Financial income and charges from financial instruments designated at fair value through income statement	0	0	0	0	0	0	0	0
1.4	Income from investments in subsidiaries, associates and joint ventures	0	0	0	0	0	0	0	0
1.5	Income from other financial instruments and investment properties	9,273,169	8,925,589	2,365,962	2,457,241	(5,266,775)	(4,519,483)	6,372,357	6,863,347
1.6	Other revenues	4,036,468	4,524,400	962,828	1,152,679	(2,921,835)	(2,833,294)	2,077,460	2,843,785
1	**TOTAL REVENUES AND INCOME**	**54,690,196**	**47,495,910**	**35,287,751**	**33,378,957**	**(8,188,610)**	**(7,352,777)**	**81,789,337**	**73,522,090**
2.1	Net expenses from claims	16,379,026	14,226,998	17,691,015	22,941,237	0	0	34,070,041	37,168,235
2.1.2	*Amounts paid and changes in technical reserves*	38,413,976	32,364,212	65,921,118	58,764,515	0	0	104,335,095	91,128,727
2.1.3	*Reinsurers' shares*	(22,034,951)	(18,137,215)	(48,230,103)	(35,823,278)	0	0	(70,265,054)	(53,960,492)
2.2	Commission expenses	0	0	0	0	0	0	0	0
2.3	Charges from investments in subsidiaries, associates and joint ventures	0	0	0	0	0	0	0	0
2.4	Charges from other financial instruments and investment properties	878,279	962,118	1,104,390	1,071,389	0	0	1,982,669	2,033,507
2.5	Operating expenses	30,378,428	17,879,824	(190,809)	(1,055,211)	0	0	30,187,619	16,824,614
2.6	Other costs	3,425,614	4,358,279	3,542,854	3,618,409	(3,271,835)	(3,183,294)	3,696,632	4,793,394
2	**TOTAL CHARGES AND EXPENSES**	**51,061,347**	**37,427,219**	**22,147,450**	**26,575,824**	**(3,271,835)**	**(3,183,294)**	**69,936,962**	**60,819,750**
	PROFIT (LOSS) FOR THE YEAR BEFORE TAXES	**3,628,849**	**10,068,690**	**13,140,301**	**6,803,133**	**(4,916,775)**	**(4,169,483)**	**11,852,375**	**12,702,340**

(1) Segment code:

Non-Life business	code = 01
Life business	code = 02
Other segments	Code selected by the company: each segment must be marked by a unique consecutive number above or equal to 50 and below 90
Intersectoral eliminations	code = 90
	code = 99

NET INSURANCE GROUP

Annex 3 - Scope of consolidation

model code: BCAREAC

Name	Status	Method (1)	Assets (2)	% Direct investment	% Total holding (3)	% Votes available at the Ordinary Shareholders' Meeting (4)	% consolidation
NET INSURANCE LIFE SPA	86	G	1	100	100	100	100

(1) Consolidation method Global integration =G, Proportional integration=P, Global integration for unified management=U

(2) 1=Italian ins.; 2=EU ins.; 3=non-EU ins.; 4=ins. holdings; 5=EU reins; 6=non-EU reins; 7=banks; 8=SGR; 9=diff. holding; 10=properties 11=other

(3) is the product of the investment quota related to all the companies which, along the investment chain, are placed in between the company preparing the consolidated financial statements and the company in question. If the latter is directly invested by multiple subsidiaries, it is necessary to add the individual products.

(4) total percentage of available votes at the ordinary shareholders meeting if different from the direct or indirect investment quota

NET INSURANCE GROUP

Annex 5 - Details of Financial assets

model code: BCATTFIN

amounts in euro

	Held-to-maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through income statement				Total book value	
							Financial assets held for trading		Financial assets designated at fair value through income statement			
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Equity securities and derivatives valued at cost					3,971,791	3,435,883					3,971,791	3,435,883
Equity securities designated at fair value					**309,854**	**546,557**					**309,854**	**546,557**
of which listed securities					309,854	546,557					309,854	546,557
Debt securities					**139,341,511**	**124,986,749**					**139,341,511**	**124,986,749**
of which listed securities					139,341,511	124,986,749					139,341,511	124,986,749
Shares in UCIs					**70,997,946**	**72,490,996**					**70,997,946**	**72,490,996**
Loans and receivables from banking customers											0	0
Interbank loans and receivables											0	0
Deposits with assignors											0	0
Financial asset components of insurance contracts											0	0
Other loans and receivables			502,183	0							502,183	0
Non-hedging derivatives											0	0
Hedging derivatives											0	0
Other financial investments					0						0	0
Total			**502,183**	**0**	**214,621,102**	**201,460,185**					**215,123,285**	**201,460,185**

NET INSURANCE GROUP

Annex 6 - Details of tangible and intangible assets

model code: BCATTMMI

	At cost	At the redetermined value or at fair value	Total book value
Investment property	0		0
Other property assets	14,636,629	0	14,636,629
Other tangible assets	706,533	0	706,533
Other intangible assets	8,678,689	0	8,678,689

NET INSURANCE GROUP

Annex 7 - Details of technical reserves attributable to reinsurers

model code: BCRISTEC

	Direct business		Indirect business		Total book value	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-Life reserves	**118,029,784**	**110,100,372**			**118,029,784**	**110,100,372**
Premium reserve	103,242,615	96,643,503			103,242,615	96,643,503
Claims provision	14,787,169	13,456,869			14,787,169	13,456,869
Other reserves	0	0			0	0
Life reserves	**132,869,958**	**103,548,569**			**132,869,958**	**103,548,569**
Amounts to be paid reserve	2,323,327	2,350,335			2,323,327	2,350,335
Mathematical reserves	123,410,655	101,032,677			123,410,655	101,032,677
Technical reserves if the risk of the investment is borne by the policy-holders, and reserves from the management of pension funds					0	0
Mathematical reserves and other reserves	7,135,977	165,557			7,135,977	165,557
Total technical insurance reserves attributable to reinsurers	**250,899,742**	**213,648,941**			**250,899,742**	**213,648,941**

NET INSURANCE GROUP

Annex 8 - Details of technical reserves

model code: BCRISTEC

amounts in euro

	Direct business		Indirect business		Total book value	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-Life reserves	***191,091,659.69***	***176,895,680.73***	-	-	***191,091,659.69***	***176,895,680.73***
Premium reserve	167,771,897.63	154,835,108.47			167,771,897.63	154,835,108.47
Claims provision	23,058,644.95	21,901,624.96			23,058,644.95	21,901,624.96
Other reserves	261,117.11	158,947.30			261,117.11	158,947.30
of which reserves allocated from the assessment of liabilities congruity						
Life reserves	***221,794,733.14***	***185,210,637.67***	-	-	***221,794,733.14***	***185,210,637.67***
Amounts to be paid reserve	4,310,002.99	4,428,376.01			4,310,002.99	4,428,376.01
Mathematical reserves	188,758,039.95	157,860,124.59			188,758,039.95	157,860,124.59
Technical reserves if the risk of the investment is borne by the policy-holders, and reserves from the management of pension funds						
Other reserves	28,726,690.20	22,922,137.07			28,726,690.20	22,922,137.07
of which reserves allocated from the assessment of liabilities congruity					-	-
of which deferred liabilities from policyholders						
Total Technical reserves	***412,886,392.83***	***362,106,318.40***	-	-	***412,886,392.83***	***362,106,318.40***

NET INSURANCE GROUP

Annex 9 - Details of insurance technical items

model code:
BCVTASS

		31/12/22			31/12/21		
		Gross amount	reinsurers' shares	Net amount	Gross amount	reinsurers' shares	Net amount
Non-Life business							
NET PREMIUMS		**82,125,042.84**	**-40,744,484.69**	**41,380,558.15**	**66,802,374.50**	**-32,756,453.95**	**34,045,920.55**
a	Premiums written	95,061,832.00	-47,343,596.47	47,718,235.53	75,459,989.84	-35,600,744.05	39,859,245.79
b	Changes in non-life premium reserve	-12,936,789.16	6,599,111.78	-6,337,677.38	-8,657,615.34	2,844,290.10	-5,813,325.24
NET EXPENSES FROM CLAIMS		**-38,413,976.23**	**22,034,950.52**	**-16,379,025.71**	**-32,364,212.12**	**18,137,214.62**	**-14,226,997.50**
a	Amounts paid	-47,363,595.60	27,023,267.77	-20,340,327.83	-44,050,602.88	25,818,356.90	-18,232,245.98
b	Changes in non-life claim reserve	-1,157,019.99	1,330,300.18	173,280.19	1,896,603.80	-1,425,419.72	471,184.08
c	Changes in recoveries	10,208,809.17	-6,318,617.43	3,890,191.74	9,897,654.26	-6,255,722.56	3,641,931.70
d	Changes in other technical reserves	-102,169.81	-	-102,169.81	-107,867.30	-	-107,867.30
Life business							
NET PREMIUMS		89,792,007.69	-57,833,046.85	**31,958,960.84**	73,838,849.80	-44,069,812.94	**29,769,036.86**
NET EXPENSES FROM CLAIMS		**-65,921,118.38**	**48,230,103.06**	**-17,691,014.32**	**-58,764,514.97**	**35,823,277.50**	**-22,941,236.47**
a	Paid amounts	-29,337,022.91	18,908,713.27	-10,428,308.64	-29,735,872.85	19,395,261.15	-10,340,610.70
b	Changes in Amounts to be paid reserve	118,373.02	-27,008.21	91,364.81	152,117.02	-115,399.25	36,717.77
c	Changes in Mathematical reserves	-30,897,915.36	22,377,978.15	-8,519,937.21	-25,113,171.42	16,700,808.60	-8,412,362.82
d	Changes in Technical reserves if the risk of the investment is borne by the policy-holders, and reserves deriving from the management of pension funds	-	-	-	-	-	-
e	Changes in other technical reserves	-5,804,553.13	6,970,419.85	1,165,866.72	-4,067,587.72	-157,393.00	-4,224,980.72

NET INSURANCE GROUP

Annex 10 - Financial income and charges from investments

model code: BCPROVON

		Interest	Other income	Other charges	Realised profit	Realised losses	Total realised income and charges	Valuation income		Valuation losses		Total unrealised income and charges	Total income and charges 31/12/2022	Total income and charges 31/12/2021
								Valuation gains	Write-backs	Valuation losses	Value impairment			
Income from investments		2,167,598	2,074,919	(963,383)	2,129,841	(341,979)	5,066,995	0		(29,950)	0	(29,950)	5,037,045	5,582,500
a	From investment property	0	0	0	0	0	0	0	0	0	0	0	0	0
b	From investments in subsidiaries, associates and joint ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
c	From held-to-maturity investments	0	0	0	0	0	0	0	0	0	0	0	0	0
d	From other loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
e	From financial assets available for sale	2,167,598	2,074,919	(963,383)	2,129,841	(341,979)	5,066,995	0		(29,950)	0	(29,950)	5,037,045	5,582,500
f	From financial assets held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
g	From financial assets designated at fair value through income statement	0	0	0	0	0	0	0	0	0	0	0	0	0
Results from other receivables		0	0	0	0	0	0	0	0	0	0	0	0	0
Results from cash and cash equivalents		0	0	0	0	0	0	0	0	0	0	0	0	0
Results from financial liabilities		-647,357	0	0	0	0	-647,357	0	0	0	0	0	-647,357	-752,660
a	From financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b	From financial liabilities designated at fair value through income statement	0	0	0	0	0	0	0	0	0	0	0	0	0
c	From other financial liabilities	-647,357	0	0	0	0	-647,357	0		0	0	0	-647,357	-752,660
Results from payables		0	0	0	0	0	0	0	0	0	0	0	0	0
Total		1,520,241	2,074,919	-963,383	2,129,841	(341,979)	4,419,638	0	0	(29,950)	0	(29,950)	4,389,688	4,829,840

NET INSURANCE GROUP

Annex 11 - Details of expenses in insurance operations

model code: BCSPGEST

		Non-Life business		Life business	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
Gross commission and other acquisition expenses on insurance contracts net of commissions and profit sharing received from the reinsurers.		**(36,029,361)**	**(21,997,583)**	**(14,146,451)**	**(10,598,754)**
a	Acquisition commissions	(17,406,037)	(10,351,503)	(10,104,369)	(7,628,218)
b	Other acquisition expenses	(18,386,065)	(11,437,317)	(4,042,082)	(2,970,536)
c	Changes in deferred acquisition costs	0	0	0	0
d	Collection commissions	(237,258)	(208,763)	0	0
Commissions and profit sharing received from reinsurers		14,157,692	9,345,087	15,787,633	12,696,270
Investment operating expenses		(1,255,977)	(723,492)	(517,890)	(337,131)
Other administrative expenses		(7,250,782)	(4,503,836)	(932,483)	(705,175)
Total		**(30,378,428)**	**(17,879,824)**	**190,808**	**1,055,210**

NET INSURANCE GROUP

Annex 12 - Detail of the other items of the comprehensive income statement

model code: BCCONECD

	Allocations		Reclassification adjustments in Income Statement		Other changes		Total changes		Taxes		Amount	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Other comprehensive income, without reclassification through income statement	109,064	32,801					109,064	32,801	33,614	10,109	(109,159)	(218,223)
Reserve from changes in the equity of the subsidiaries												
Reserve for revaluation of intangible assets												
Reserve for revaluation of tangible assets												
Income and charges related to non-current assets or to a disposal group held for sale												
Actuarial profit and losses and adjustments related to defined benefit plans	109,064	32,801					109,064	32,801	33,614	10,109	(109,159)	(218,223)
Other items												
Other comprehensive income, with reclassification through income statement	**(14,567,605)**	**(2,225,465)**					**(14,567,605)**	**(2,225,465)**	**(4,489,736)**	**(1,536,832)**	**(14,962,163)**	**(394,558)**
Net foreign exchange differences reserve												
Profit or losses on financial assets available-for-sale	(14,567,605)	(2,225,465)					(14,567,605)	(2,225,465)	(4,489,736)	(685,888)	(14,962,163)	(394,558)
Profit or losses on hedging instruments of a financial flow												
Profit or losses on hedging instruments of a net investment in a foreign operation												
Reserve from changes in the equity of the subsidiaries												
Income and charges related to non-current assets or to a disposal group held for sale												
Other items												
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	**(14,458,541)**	**(2,192,664)**					**(14,458,541)**	**(2,192,664)**	**(4,456,122)**	**(675,779)**	**(15,071,321)**	**(612,781)**

NET INSURANCE GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FY: 2022

Annex 13 - Details of Financial Liabilities

	Financial liabilities at fair value through income statement				Other financial liabilities		Total book value	
	Financial liabilities held for trading		Financial liabilities designated at fair value through income statement					
	Year no.	Year no. 1	Year no.	Year no. 1	Year no.	Year no. 1	Year no.	Year no. 1
Participatory financial instruments								
Subordinated liabilities					15,487,350	16,644,576	15,487,350	16,644,576
Liabilities from financial contracts issued by insurance companies derived								
From contracts for which the investment risk is borne by the policyholders								
From the management of pension funds								
From other contracts								
Deposits from reinsurers								
Financial liability components of insurance contracts								
Debt securities issued								
Amounts owed to banking customers								
Interbank payables								
Other funding obtained								
Non-hedging derivatives								
Hedging derivatives								
Sundry financial liabilities			444,898	374,214			444,898	374,214
Total	**0**	**0**	**444,898**	**374,214**	**15,487,350**	**16,644,576**	**15,932,247**	**17,018,790**

CONSOLIDATED FINANCIAL STATEMENTS

FY: 2022

NET INSURANCE GROUP

Annex 14 - Details of financial assets and liabilities by level

model code: BCATPAL

Assets and liabilities designated at fair value on a recurrent and non-recurrent basis: breakdown by fair value levels

amounts in euro

		Level 1		Level 2		Level 3		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Assets and liabilities designated at fair value on a recurrent basis									
Financial assets available for sale		187,422,400	178,948,169			27,198,704	22,512,016	214,621,103	201,460,185
Financial assets at fair value through income statement	Financial assets held for trading								
	Financial assets designated at fair value through income statement								
Investment property									
Tangible assets									
Intangible assets									
Total assets designated at fair value on a recurrent basis		187,422,400	178,948,169	-	-	27,198,704	22,512,016	214,621,103	201,460,185
Financial liabilities at fair value through income statement	Financial liabilities held for trading								
	Financial liabilities designated at fair value through income statement	444,898	374,214					444,897.50	374,213.69
Total liabilities designated at fair value on a recurrent basis		444,898	374,214						
Assets and liabilities designated at fair value on a non-recurrent basis									
Non-current assets or assets of a disposal group held for sale									
Liabilities of a group available-for-sale									

NET INSURANCE GROUP
Annex 15 - Details of changes in assets and liabilities of Level 3 designated at fair value on a recurrent basis
model code: BCATPAL3

	Financial assets available for sale	Financial assets at fair value through income statement		Investment property	Tangible assets	Intangible assets	Financial liabilities at fair value through income statement	
		Financial assets held for trading	Financial assets designated at fair value through income statement				Financial liabilities held for trading	Financial liabilities designated at fair value through income statement
Opening amount	**22,512,016**							
Acquisitions/Issues	12,231,602							
Sales/Repurchases	- 6,341,568							
Repayments								
Profit or loss recognised in the Income Statement	-							
- of which valuation profit/losses								
Profit or losses recognised in other items of the comprehensive income statement								
Transfer to Level 3								
Transfer to other levels								
Other changes	- 1,203,346							
Closing amount	**27,198,704**							

The undersigned declare that these financial statements are true and correct.

The Company's legal representatives (*)

Ms Luisa TODINI – Chairperson ....(**)

Mr Andrea BATTISTA – Chief Executive Officer ....(**)

Manager in charge of financial reporting

Mr Luigi DI CAPUA

Prudential supervision

Under Article 24, paragraph 4-bis of Regulation 7/2007, information is provided regarding compliance with operating conditions pursuant to Article 216-ter of Italian Legislative Decree no. 209/2005.
In particular:

- the Solvency Capital Requirement of the Group is equal to 51,108 thousand Euros;
- the amount of the Group's eligible own funds covering the solvency capital requirement is 88,123 thousand Euros of which 67,365 thousand Euros Tier 1; 13,092 thousand Euros Tier 2 and 7,666 thousand Euros Tier 3.
- The Solvency Index, resulting from the ratio of the authorised own funds to Solvency Capital Requirement, stood at 172,42%.

Annex 6 to the ISVAP Regulation no. 7 of 13 July 2007

Report on the items of the consolidated financial statements concerning the contracts issued by insurance Companies

Introduction

This report will show detailed information on the items of the consolidated financial statements concerning the contracts issued by Net Insurance S.p.A. and its subsidiary Net Insurance Life S.p.A. according to the provisions of the ISVAP Regulation no. 7 of 13 July 2007, as amended by the IVASS Provision no. 53 of 6 December 2016 (hereinafter Reg. no. 7/2007).

For the contracts issued by Net Insurance S.p.A., the process adopted for collecting information consisted of the following steps:

- identification of the specific functions responsible for the drawing up and storage of the issued contracts;
- collection of all related data through interviews with the managers of the identified functions;
- analyses of the contracts for those products with similar characteristics and for each regulatory segment.

The structure responsible for the collection of data and information and for drawing up this report is the Administration and Budget Function, under the CFO. The corporate functions involved are those reporting to Insurance upper management, as a source of data, as well as the Actuarial Office within the CFO division.

For the contracts issued by Net Insurance Life S.p.A., the process is the same as that used by the Parent Company.

The structure responsible for the collection of data and information and the preparation of this report, is the Administration function of the Administration, Finance and Control Management of Net Insurance Life S.p.A., with the advisory support of the Administration function of the Parent Company Net Insurance S.p.A., based on the servicing contract executed by the latter and its subsidiary.

Also in this case, the corporate functions involved are those reporting to Insurance Upper Management, as a source of data, as well as the Actuarial Office within the CFO division.

Contracts classification

In line with the provisions of IFRS 4, the contracts issued by the Net Insurance Group have been classified as insurance contracts since they imply a significant insurance risk referring primarily to credit protection within the personal loan sector.

In particular, the insurance contracts held in the portfolio do not contain:

- deposit components;
- implicit derivatives;
- service components;

therefore, IFRS 4.10, IFRS 4.7-9, IAS 18 did not apply.

In addition, as for IFRS 4 B23-24, the contracts issued by the Net Insurance Group do not involve additional economic benefits.

Following is a table with the main quantitative effects on the liabilities of the consolidated financial statements deriving from the classification of contracts.

1. Direct contracts

Coverages apply to both the Life segment – for the contracts issued by Net Insurance Life S.p.A. which operates in Segment I, under article 2, paragraph 1 of Italian Legislative Decree no. 209 of 7 September 2005, limited to predecease risks – and to the Non-Life segments, primarily the Credit segment, as regards the contracts issued by Net Insurance S.p.A.

Life business

The Life segment contracts, classified according to Regulation 7/2007, under item "other contracts" concern primarily term life insurances with single premium and decreasing capital, combined with personal loans and mortgages.

Non-Life business

The contracts for Non-Life insurance operations, classified according to the provisions of Regulation 7/2007, under item "Other contracts", refer by about 65% to the premiums issued to cover Employment Risk. The guarantees provided by the Insurance are capital losses suffered by the contracting party for the non-redemption, partial or total, of the loan issued to the Assignor/Delegating subject following a loss of salary for the termination, for any reason, of the employment with the Assignee/Delegated subject, termination taking place during the period covered by the Insurance, if it is not possible to continue the amortisation of the loan or the recovery of the residual credit. In 2022, the marketing of products guaranteeing compensation for the damages caused to agricultural crops by events such as hail or other natural disasters, continued.
The guarantees related to other segments, including guarantees related to Suretyship and Assistance, did not have a significant impact on the economic results and on the equity structure of the consolidated financial statements.

2. Treaties

2.1 - Inward reinsurance treaties

In 2014, the Pure Quota Share Treaty was entered into with Axa France IARD, still in effect also for the year 2021.
In 2022, no new inward reinsurance treaties were signed.

2.2 - Outward reinsurance treaties

The treaties in effect as at 31.12.2022 concern outward reinsurance treaties on contracts governed by IFRS 4, as they are the underlying direct insurance contracts.

Adequacy assessment of insurance liabilities

Life business

In order to determine the adequacy of the technical reserves of the Life segment, an adequacy test was performed in compliance with the minimum requirements set forth in par. 16 of IFRS 4, since the local accounting standards do not seem to provide for a verification thereof. Therefore, for the purpose of the accounting treatment of the technical liabilities of the Life insurance contracts according to the international accounting standards IAS/IFRS, the criterion described in par. 17 of IFRS 4 was adopted.

That paragraph, which sets out the criterion for assessing the technical liabilities allocated in the statutory financial statements, valued according to methods that are not fully compliant with the minimum requirements set forth in paragraph 16, provides for the Company to determine the following:

- the book value of the technical liabilities allocated according to the Italian accounting standards at the date of the Financial Statements, net of any deferred acquisition costs and any related intangible assets ("net technical reserve");
- the book value determined at the reference date of the Financial Statements which would be required if the insurance liabilities fell under the application scope of IAS 37 ("realistic reserve").

If the value of the "realistic reserve" is greater than the value of the "net technical reserve", the Company must recognise the difference between the two values in the Income Statement. The comparison between the two reserves must be performed at the level of a portfolio of contracts subject to similar risks. For the determination of the "realistic reserve" to be set aside for insurance contracts, therefore, the reference accounting standard is IAS 37, which establishes the accounting criteria and the disclosure relating to provisions, contingent assets and liabilities and defines the provisions as liabilities with an uncertain expiry date or amount. The amounts to be provided for technical liabilities recognised at the balance sheet date, on the basis of the "best estimate" of the expenditure required to fulfil existing obligations, are equal to the amount that the company should reasonably incur to extinguish such obligations, or to transfer them to third parties, at the reporting date. Since the effect of the current value of the amounts subject to the estimate is relevant, it is necessary to carry out the discounting, at the reference date of the financial statements, of those amounts that are expected to be disbursed in the future. Since the current contracts as at 31.12.2022 in the company's portfolio are classified under 'insurance contracts' (Appendix B of the IFRS 4 standard), the adequacy test was carried out in reference with the entire portfolio of contracts in effect at that date. Given the above, the assessments concerned the estimate of the following amounts:

- book value of the "realistic reserve" as at 31.12.2022;
- book value of the "net technical reserve" as at 31.12.2022.

Methodology adopted for the determination of the "realistic reserve"

The assessments were performed, following transfer to reinsurance, individually for each of the contracts in effect as at 31.12.2022.

The contracts refer to the entire portfolio in place as at 31.12.2022, the tariffs of which are identified by the following internal codes:

- term life insurance with single premium and decreasing capital combined with personal loans or mortgages (rates T001, T002, T004, T005, T006, T009, T010, T011, T012, T013, T018, T019, T020, T023, T024, T029, T030, T031, T032, T033, T035, T036, T038, T039, T041, T042, T043, T044, T045, T046, T048, T049, T050, T051, T052, T055, T057, T063, T065, T067, T068, T069, T070, T071, T075, T077, T078, T081, T083, T090, T092, T096, T097, T098, T099, T100);
- term life insurance with constant annual premium and decreasing capital combined with mortgages (rates T037, T040, T066, T076, T079, T080, T082, T091, T093);
- term life insurance with constant monthly premium and decreasing capital combined with mortgages (rates T094, T095);
- single-year term life insurance, individual or collective, with single premium and constant capital (rates T021, T026, T054);
- five-year term life insurance with single premium and constant capital combined with mortgages (rate T015);
- ten-year term life insurance with single premium and constant capital combined with mortgages (rate T022);
- term life insurance with constant annual premium and capital (rates T016, T027, T028, T060, T061, T062, T072, T086, T087);
- whole-life contract with constant annual premium (rates T073, T074, T084 and T085).

For each contract, the "realistic reserve" was determined through a projection and discounting, at the reference date of the valuations, of all future cash outflows and inflows, on a monthly basis.

This method is applied, at the time of recognition, based on each contract subject to valuation, and requires, year by year, for each individual contract, until the extinction of each of them, an estimate of the likely expenditures deriving:

- -in the case of the death of the policyholder, from the settlement of the insured capital (before any settlement expense);
- -in the case of early redemption of the loan, from the repayment of the unused premium, according to the provisions set forth in IVASS Regulation no. 41/2018;
- -in the case of survival of the policyholder, from the management costs the Company may probably incur.

With reference to the methods for the repayment of the unused premium, the Company should repay the following:

- -pure premium portion, for the contracts related to a transfer of a portion of the salary/pension for which a single premium is paid by the debtor/policyholder;
- -paid premium portion, for the contracts related to mortgages and other financing contracts, other than the contracts related to the transfer of a portion of salary/pension for which a single premium is paid by the debtor/policyholder;
- -paid premium portion, for the contracts related to mortgages and other financing contracts for which a single premium is paid by the contracting mortgage company.

Given the above, the current average amounts have been determined as follows:

1. calculation of the insured services (before any settlement cost), of the payable mathematical reserve in the case of early redemption of the loan, of the pro-rata acquisition charge (limited only to the amount to be paid by the Company) and management costs, payable in the case of an early redemption of the loan, as well as of the management costs incurred at the middle of each period;
2. estimates of the possible future disbursement, in each year, subsequent to the reference year of the valuations, until the year of the complete extinction of the portfolio in question, obtained by applying the probabilities of death to the services to be provided in the case of death, the probabilities of early redemption of the loans to the services to be provided in the case of an early redemption, and the probabilities of survival to the management expenses;
3. determination of the current value, at the reference date of the valuations, of the afore-mentioned flows based on the discount rates adopted and hereinafter described.

Finally, a sensitivity analysis was carried out based on some changes applied to the assumptions related to the discount rates and the probabilities of death, in order to verify the variability of the results (as required in paragraph 42 of IAS 37).

Methodology adopted for the determination of the "net technical reserve".

At the date of these valuations, the competent Company Offices reported that intangible assets equal to 2,038,057 Euros were recorded for the 2022 Financial Statements.

Therefore, net technical reserves consist of all technical reserves set aside by the Company as at 31.12.2022 in the statutory financial statements, netted by the amount indicated above.

MAIN ASSUMPTIONS ADOPTED IN THE VALUATION OF THE "REALISTIC RESERVE"

1. Probability of death of the policyholders, by age and gender, obtained by reducing the probabilities of death of the Italian population released in 2002 (ISTAT source) by the following percentages, broken down by gender and type of contract:

product type	gender	reduction in %
Salary-backed loans	male	39%
Salary-backed loans	female	37%
Pension-backed loans	male	24%
Pension-backed loans	female	12%
Pension-backed loans - Telemed	male	35%
Pension-backed loans - Telemed	female	24%
Other forms of financing	male	60%
Other forms of financing	female	60%

These assumptions were based on the Company's experience.

2. Annual probability of early repayment of the loan inferred from recent experiences of the Company, broken down according to the type of loan subject to insurance coverage and the

contractual duration, as per the following table:

Claim duration	Pension-backed loans	Salary-backed loans	Other forms of financing
0	0.81%	2.74%	1.51%
1	1.16%	5.49%	4.32%
2	3.51%	7.21%	8.87%
3	6.22%	8.03%	5.67%
4	27.45%	35.50%	5.21%
5	12.56%	12.44%	4.63%
6	12.66%	12.19%	7.72%
7	8.57%	9.86%	4.41%
8	6.77%	8.47%	1.60%
9	5.88%	6.83%	1.60%
10	4.89%	5.52%	1.60%
>=11	4.89%	5.52%	1.60%

3. Average annual management cost per policy, broken down by type of product as shown in the table below; this assumption was inferred from the analysis of the management costs incurred in 2022 and in future years.

product type	Average annual cost in euros
Products combined with salary-backed loans	4.54
Single premium products distributed through the banking channel	7.05
Annual premium products distributed through the banking channel	5.34
Single premium products distributed through brokers	3.43
Annual premium products distributed through brokers	3.71

4. cost incurred by the Company in the event of an early termination of the contract, for 50 Euros, as per contractual terms and conditions.

5. Settlement expenses as a percentage of the claimed capital: 0,83%. This assumption was formulated by the Company based on its experience over the last few years.

6. As for the claims, it was assumed that the payment settlement is certain (claims eliminated

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without consequences) and that the date of occurrence of the claim is 7 months prior to the settlement date; for the policies for which a claim has arisen and not yet settled as at 31.12.2022, the probable disbursement was calculated to be equal to the insured capital at the date of the occurrence of the claim.

7. For loan repayments it was assumed that the loan repayment date precedes the settlement date by 5 months (this assumption was inferred from the Company's recent experience in this regard).

8. Inflation curve applied to the adjustment of the annual management expenses (Source: Bloomberg);

9. Annual interest rate of personal loans subject to insurance coverage divided according to the type of loan subject to insurance coverage and based on the year of generation of the contract, as per the following table. These assumptions were derived both from the information provided to the competent Company Offices by the brokers who disburse the loans subject to insurance coverage and from the information obtained from the claims that occurred up to the date of these valuations:

Claim duration	Pension-backed loans	Salary-backed loans	Pension-backed loans - Telemed
2008	4.70%	4.70%	4.70%
2009	4.60%	4.50%	4.60%
2010	4.50%	4.50%	4.50%
2011	5.40%	5.30%	5.40%
2012	7.30%	7.30%	7.30%
2013	8.30%	7.80%	8.30%
2014	8.90%	7.90%	8.90%
2015	9.00%	7.30%	9.00%
2016	8.10%	6.70%	8.10%
2017	7.50%	6.50%	7.50%
2018	7.50%	5.80%	7.50%
2019	6.50%	5.60%	6.50%
2020	7.10%	6.50%	7.00%
2021	7.31%	6.32%	7.31%
2022	7.84%	8.14%	7.84%

10. Annual interest rate of loans subject to insurance coverage: 3.73%; this assumption was formulated by rounding up the rate indicated in the Decree with which the Ministry of Economy and Finance has issued the average global effective interest rates applied to the period from 01.01.2023 to 31.03.2023 and concerning the secured mortgages with floating

rate.

11. Discount rates: deriving from the risk-free rate curve EIOPA used for the Solvency II valuations, as at 31.12.2022, with adjustment of the volatility deducted from the portfolio of the assets of the Company in effect as at 31.12.2022 (Annex 1).

12. Sensitivity analysis:

- valuation 1: discount rates: +1% of the rates related to risk free curve "AAA – rated euro area Central Government bonds";
- valuation 2: discount rates: -1% of the rates related to risk free curve 'AAA – rated euro area Central Government bonds';
- valuation 3: probability of death of the policyholders, broken down by age and gender, obtained by increasing the probabilities of death used in the basic assumption by 5%.
- valuation 4: probability of death of the policyholders, broken down by age and gender, obtained by reducing the probabilities of death used in the basic assumption by 5%;

RESULTS OF THE VALUATIONS

The results of these valuations, shown in the following table, highlight the overall congruity of the "net technical reserve" compared with the "realistic reserve".

	Valutazione base	Valutazione 1	Valutazione 2	Valutazione 3	Valutazione 4
Riserva tecnica netta	219.756.876	219.756.876	219.756.876	219.756.876	219.756.876
Riserva realistica	174.056.713	169.401.158	179.013.511	164.508.216	183.566.313
Avanzo(+)/Disavanzo(-)	45.700.164	50.355.718	40.743.365	55.248.660	36.190.563

Non-Life business

As regards Non-Life insurance operations, all products in the portfolio have been classified as insurance contracts and the related technical reserves have been measured according to the local accounting standards. Technical liabilities allocated in the statutory financial statements, concerning the additional claims provisions for risks of natural disasters, and equalisation reserves, were excluded from the "technical reserves" in the Consolidated Balance Sheet prepared according to the IAS/IFRS standards. For the purpose of the Liability Adequacy Test, it was deemed that the application of the ultimate cost criterion for determining the claims provisions, and the calculation of the reserve for unexpired risks, as a test assessing the adequacy of the reserve for unearned premiums, pursuant to annex 15 of the ISVAP Regulation no. 22 of 4 April 2008, are sufficient to ensure compliance with the requirements of IFRS 4 and therefore no additional allocations were necessary besides the premium reserves, the aging reserves and the claims provisions.

Shadow Accounting

The Shadow Accounting, pursuant to paragraph 30 of IFRS 4, does not apply to the consolidated financial statements of the Group since any capital gains or losses resulting from investments, either latent or not, do not affect the services provided to the policyholders and therefore the technical liabilities.

Accounting treatment of reinsurance treaties

The reinsurance contract, pursuant to par. 7 of IFRS 4, is basically an insurance-type contract, therefore the Net Insurance Group has been applying all references to the insurance contracts, contained in IFRS 4, also to the outward reinsurance treaties in effect at 31 December 2022.
As regards the application of IFRS 4.10, IFRS 4.7-9, IAS 18, see the paragraph "*Contracts classification*".

Concluding considerations

We hereby confirm the consistency of the information contained in this report with the data and information contained in the 2022 consolidated financial statements of the Net Insurance Group, in compliance with the administrative and accounting procedures of the Group and with the international accounting standards IAS/IFRS issued by IASB and endorsed by the European Union.

Signed by the Legal Representative

ANNEX 1

"MATURITY" years	DISCOUNT RATES 31.12.2022
1	0,97
2	0,93
3	0,90
4	0,88
5	0,85
6	0,82
7	0,80
8	0,77
9	0,75
10	0,72
11	0,70
12	0,68
13	0,66
14	0,64
15	0,62
16	0,61
17	0,59
18	0,58
19	0,57
20	0,56
21	0,55
22	0,53
23	0,52
24	0,51
25	0,49
26	0,48
27	0,47
28	0,45
29	0,44
30	0,43
31	0,41
32	0,40
33	0,39
34	0,38
35	0,36
36	0,35
37	0,34
38	0,33
39	0,32
40	0,31
41	0,30
42	0,29
43	0,28
44	0,27
45	0,26
46	0,25
47	0,25
48	0,24
49	0,23
50	0,22
51	0,21
52	0,21
53	0,20
54	0,19
55	0,19
56	0,18
57	0,18
58	0,17
59	0,16
60	0,16

The attached auditor's report and the consolidated financial statements report to which it refers conforms to the original Italian-language report filed at the registered office of Net Insurance S.p.A., and subsequent to the procedure given therein, KPMG S.p.A. has not carried out any auditing procedures aimed at updating the contents of the report.

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Certification of the consolidated financial statements and of the financial statements pursuant to Art. 81-*ter* of CONSOB Regulation No. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned Andrea Battista and Luigi Di Capua, respectively Chief Executive Officer and Manager in charge of the financial reporting of the Net Insurance SpA (the "Company") and of the Net Insurance Group (the "Group"), certify, also taking into account the provisions of Art. 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:
   - adequacy in relation to the characteristics of the Company and of the Group;
   - actual implementation of the administrative and accounting procedures for the preparation of the group consolidated financial statements and of the company financial statements during the 2022.
2. It is also certified that:
   2.1 The consolidated financial statements of the group and the financial statements of the company have been respectively prepared:
   a) in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002;
   b) in compliance with the provisions of the Italian Civil Code, Italian Legislative Decree no. 209 of 7 September 2005 and ISVAP Regulation no. 22 of 4 April 2008 and subsequent provisions relating thereto, as well as with reference to the accounting standards in force in Italy issued by the Italian Accounting Body (OIC)
   c) correspond to the entries in the books and records;
   d) are suitable for providing a true and fair view of the assets and liabilities, profit and loss, and financial position of the issuer and the group of companies included in the consolidation scope.
3. The management report includes a reliable analysis of references to important events that occurred in the financial year and their impact on the group consolidated financial statements and, on the company financial statements, together with a description of the main risks and uncertainties to which are exposed. The management report also includes a reliable analysis of the information on significant transactions with related parties.

16 march 2023

Andrea Battista
Chief Executive Officer

Luigi Di Capua
Manager in charge of financial reporting

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(The accompanying translated consolidated financial statements of the Net Insurance Group constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010, article 10 of Regulation (EU) no. 537 of 16 April 2014 and article 102 of Legislative decree no. 209 of 7 September 2005

To the shareholders of
Net Insurance S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Net Insurance Group (the "group"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 90 of Legislative decree no. 209 of 7 September 2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Net Insurance S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of financial instruments

Notes to the consolidated financial statements

Accounting policies – Statement of financial position - Investments

Information on the statement of financial position – Investments

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2022 include financial instruments of €215,123 thousand, comprising unquoted financial instruments of €27,768 thousand. Measuring financial instruments, particularly those unquoted on active markets or illiquid, requires estimates, including by using specific valuation methods, which may present a high level of judgement and are, by their very nature, uncertain and subjective. For the above reasons, we believe that the measurement of investments in unquoted financial instruments is a key audit matter.	• Understanding the process for the measurement of financial instruments and the related IT environment and assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls. • Analysing the significant changes in financial instruments and in the related income statement items compared to the previous years' figures and discussing the results with the relevant internal departments. • Performing an objective and independent valuation and analysing any material differences compared to the group's measurement of all quoted financial instruments in portfolio at 31 December 2022. • Checking the measurement of unquoted or illiquid financial instruments, by analysing the valuation methods and the reasonableness of input data and parameters used and their consistency with the applicable financial reporting framework. • Checking the journal's entries, especially those imputed manually. • Assessing the appropriateness of the disclosures about financial instruments.

Measurement of technical provisions

Notes to the consolidated financial statements

Accounting policies – Statement of financial position – Technical provisions (IFRS 4)

Information on the statement of financial position – 3. Technical provisions

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2022 include technical provisions of €412,886 thousand. The group measures this caption using actuarial valuation techniques which entail a high level of judgement in making the underlying assumptions relating to past and future internal and external variables. Accordingly, any changes in the underlying assumptions may have a significant impact on the measurements of these liabilities. For the above reasons, we believe that the measurement of technical provisions is a key audit matter.	• Understanding the process for the measurement of technical provisions and the related IT environment and assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls. • Analysing the significant changes in technical provisions compared to the previous years' figures, analysing the key summary indicators and discussing the results with the relevant internal departments. • Analysing the valuation methods adopted by the group and the reasonableness of input data and parameters used to estimate the technical provisions of the most significant regulatory lines of business; we carried out these procedures with the assistance of experts of the KPMG network. • Testing the adequacy of the technical provisions (LAT); we carried out these procedures with the assistance of experts of the KPMG network. • Checking the compliance of the calculation of the overall technical provisions with the applicable laws and regulations and correct actuarial techniques. We carried out this procedure with the assistance of experts of the KPMG network. • Checking the journal's entries, especially those imputed manually. • Assessing the appropriateness of the disclosures about technical provisions

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulation implementing article 90 of Legislative decree no. 209 of 7 September 2005 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537 of 16 April 2014

On 3 June 2019, the parent's shareholders appointed us to perform the statutory audit of its financial statements and consolidated financial statements as at and for the years ending from 31 December 2017 to 31 December 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537 of 16 April 2014 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2022 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2022 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 30 March 2023

KPMG S.p.A.

(signed on the original)

Riccardo De Angelis
Director of Audit