

Consolidated results as at 30 June 2023

REVO: STRONG GROWTH IN OPERATING RESULT AND PREMIUMS, EXCEEDING PLAN FORECASTS

Premiums at €100.4 million (up 78.6%) and adjusted operating profit of €13.2 million, resulting in early closure of the operational “J-Curve” arising from the investment sustained for the launch of the project.

- › Gross written premiums €100.4 million
- › Insurance revenues €65.3 million
- › Adjusted operating profit¹ €13.2 million
- › Net profit €6.2 million
- › Adjusted net profit €8.1 million
- › Group Solvency II ratio 234.7%

Verona, 8 August 2023 - The Board of Directors of REVO Insurance S.p.A., parent company of the REVO Insurance Group, approved the consolidated financial results to 30 June 2023 today.

KEY INDICATORS

- › Gross written premiums of €100.4 million, up 78.6% on the corresponding 2022 figure (€56.2 million);
- › Transversal growth across all classes, with further diversification of the business mix (surety at 40.2% compared with 59.8% of other business lines);
- › Early closure of the operational “J-Curve” arising from investments in human and technological capital, with overall results above those generated by Elba Assicurazioni prior to the acquisition operated by REVO;
- › Adjusted operating profit of €13.2 million, despite the presence of extreme non-recurring events, mainly concentrated in the second quarter (net impact of around €2.5 million);
- › Excellent technical profitability level, with an overall loss ratio² of 31.2% compared with 23.7% in 2022, driven by greater exposure to lines of business other than surety;

¹ Adjustments include recurring investment income and expenses and exclude extraordinary one-off costs, amortisation of the acquired portfolio (formerly VoBA) and the LTIP cost, together with other items of minor value, including depreciation of tangible assets, directors' severance settlement and financial debt costs.

² IFRS 17 gross loss ratio = (gross claims incurred by direct and indirect business) / (gross insurance revenue from reinsurance, commissions and VoBA)

- › **IT investment plan** (around €3.0 million in the half-year) and **operating cost evolution** in line with the trajectories set out in the Plan;
- › **Positive contribution of the investment portfolio** (€1.8 million, compared with €0.5 million) with a further reduction in exposure to Italy risk (41.0% compared with 51.8% at 31 December 2022) with **short duration and high geographical diversification**;
- › **Consolidated net profit of €6.2 million (€8.1 million adjusted)**, a significant increase compared to the same period of 2022 (€0.8 million and €2.6 million respectively);
- › **Capital solidity** confirmed at a **high level**, with a Group **Solvency II ratio³ of 234.7%**, above the medium-term targets despite the reduction⁴ resulting from the takeover buyback on REVO shares.

Alberto Minali, Chief Executive Officer of REVO, said: *"The first half of 2023 closed with excellent results which provided tangible proof of the effectiveness of our business model and confirmation of a positive outlook. REVO is unique in the Italian insurance industry with its highly-qualified human capital and its use of state-of-the-art proprietary technologies. Competence, simplification and innovation are the factors that drive our growth. The further diversification of our business to covering specialty and parametric risks, supported by a distribution network of fundamental importance, is designed to ensure an insurance offer that is increasingly specific and focused on the real needs of SMEs and professionals."*

STRATEGIC PERFORMANCE

During the half year, project development work continued along the following strategic lines:

- › **Marketing of new covers and tailor-made solutions** in the specialty sector, together with the launch of new parametric products (over 3,000 policies sold in the first semester⁵), mainly in the agro and business interruption sector;
- › Authorisation from IVASS at the end of April to operate in the **Legal Protection line**, with the consequent launch of initiatives designed to further extend the overall offer, including in addition to the guarantees offered by the cover already marketed;
- › **Exponential use of the proprietary OverX platform** by brokers, with the implementation of **new service modules** to ensure excellent performance levels in terms of time and process simplification;
- › Further **expansion of the distribution network**, which currently consists of 62 brokers and 118 agents, and the subscription of more than 190 mandates by REVO Underwriting, the Group's brokerage firm. Also noteworthy is the signing of an **agreement with the AXA Agents Union (UAA)** in ten business lines;
- › The recruitment process continues, with **30 new staff** added, primarily in the underwriting area;

³ Calculation based on the adoption of the Standard Formula.

⁴ Negative impact resulting from the partial takeover buyback operation, quantifiable as 9.7 percentage points.

⁵ As of Aug. 7th, 11,936 parametric policies were underwritten, with a 97% hit ratio

- › **Upgrade of the S&P rating** from “BBB+ stable” to “**BBB+ positive**,” confirming the long-term sustainability of the development path. In June, the Group was awarded an ‘**EE (strong)**’ rating by Standard Ethics, demonstrating the Group’s ability to integrate ESG factors into its strategies, operations and the risk management process, with solid performance in terms of operating efficiency;
- › Completion of a **buyback of REVO stock**, through a partial voluntary tender offer designed to increase the number of treasury shares held in portfolio as a result of **particularly attractive share valuations** compared to prices.

MAIN PLAN KPIs AND J-CURVE TREND

The following chart shows the main economic KPIs of the Business Plan over the various time horizons of reference.

Main KPIs ⁶ - € M	30.06.2023	31.12.2022	31.03.2023	30.06.2021	J-Curve compared with 2021
GWP	100.4	131.4	41.1	39.1	up 156.8%
Adjusted operating profit	13.1	13.9	7.9	10.7	up 22.4%
Adjusted net profit	8.3	10.8	6.6	7.4	+12.2%

During the half-year 2023, REVO was able to generate **better performance than in the last pre-acquisition year** of Elba Assicurazioni: a comparison shows **the exit from the operational J-Curve linked to investments** in human and technological capital made by the Group predominantly during 2022 for the development of the project.

At the same time, the results at 30 June 2023 highlight **an excellent progression compared to the entire 2022 financial year**, confirming the **steady growth** of the project and the **viability of the Plan’s ambitions**.

ECONOMIC PERFORMANCE

In view of the adoption of the **new IFRS 17 accounting standard** as of the year 2023, it should be noted that the **overall impact** for REVO from an economic and financial standpoint is **limited**, partly due to the adoption of the **simplified PAA** (Premium Allocation Approach) **model**, the characteristics of which significantly reduce the differences compared to the previous IFRS 4 standard.

Main CE items - € 000	30.06.2023	30.06.2022
Insurance revenues from insurance contracts issued	65,255	26,873
Result for insurance services	11,187	4,975
Investment result	1,830	527

⁶ GWP, adjusted operating profit and adjusted net profit calculated in accordance with IFRS 4 for better comparability with historical data, also taking into account differences contained in IFRS 17 representation.

Operating expenses	-3,014	-2,530
Other charges/income	-1,780	-428
Profit (Loss) for the year before tax	8,224	2,544
Profit (Loss) for the year after tax	6,255	798

During the period, **gross written premiums of €100.4 million** were recorded, with a **significant increase** compared with the first semester 2022 (**up 78.6%**). Growth was recorded across **all lines of business**, including cover for the Surety class, which grew by 11.3% during the half year.

As of 30 June 2023, the business mix of the insurance portfolio showed **greater diversification** than previous quarters, which is fully in line with REVO's goal of becoming the **player of reference in the SMEs and professionals segment** due to its comprehensive offer of insurance solutions. The Group's exposure to Surety business stood at 40.2% (64.5% as at 30 June 2022), due to the higher weight of other business lines (59.8% compared to 35.5%).

Business Line - € 000	30.06.2023	%	30.06.2022	%
Surety	40,363	40.2%	36,264	64.5%
Property	11,164	11.1%	2,898	5.2%
Engineering	10,085	10.0%	6,442	11.5%
Professional Indemnity	4,540	4.5%	4,213	7.5%
Casualty	2,286	2.3%	1,448	2.6%
Marine	6,035	6.0%	532	0.9%
Agro	13,585	13.5%	3,678	6.5%
D&O	1,734	1.7%	-	0.0%
Parametric	139	0.2%	68	0.1%
Other	10,431	10.4%	659	1.2%
Total gross written premiums	100,362	100.0%	56,202	100.0%

Insurance revenues deriving from insurance contracts issued, presented in accordance with IFRS 17, reflect the same contribution from the individual lines.

From a technical standpoint, **the results exceeded the expectations of the plan, particularly in terms of business development**, with a gross loss ratio for the period, calculated on the basis of the new IFRS 17 metrics, **of 31.2%**. The increase compared with the same period in the preceding year (23.7%) reflects, on one hand, the presence of all business lines since the beginning of the year⁷, and the effects of certain **extreme events** that mainly occurred **in the second quarter of 2023**, the negative impact of which on the income statement, net of reinsurance, can be quantified as approximately €2.5 million.

As a result of the continuation of the **recruitment plan** launched in the previous year, an increasing in personnel costs of some €2.8 million was incurred. At 30 June 2023, **IT investments** of approximately €3 million were made. This consisted of the release of **new implementations on the OverX platform**.

⁷ It should be noted that authorisation to operate in other classes, not historically served by the company, was formalised on 29 March 2022.

The final statement of **acquisition commissions and reinsurance fees** revealed a trend that is **consistent with the development** of the business.

The **gross COR ratio⁸ for the period**, calculated on the basis of the new IFRS 17 metrics, stood at **81.3% compared with 76.0%** for the first quarter of 2022. This trend is **in line with plan expectations**.

Finally, the **positive contribution of the investment portfolio** stood at €1.8 million, compared with €0.5 million in 2022. New financial assets, which contributed to the further **reduction** of overall exposure to **Italy risk** (41.0% compared to 51.8% as at 31 December 2022), also benefited from **favourable market conditions** in a context of **positive net inflows** for the Company.

STATEMENT OF FINANCIAL POSITION

The following table shows a summary of the statement of financial position:

Assets € 000	30.06.2023	31.12.2022
Intangible assets	83,969	83,071
Tangible assets	14,770	14,448
Insurance assets	44,029	45,805
Investments	209,236	188,531
Other financial assets	5,151	3,835
Other assets	5,422	19,049
Cash and cash equivalents	4,800	4,652
Total assets	367,377	359,391
Shareholders' equity and liabilities € 000	30.06.2023	31.12.2022
Shareholders' equity	217,013	216,495
Provision for risks and charges	3,077	3,243
Insurance liabilities	115,254	101,365
Financial liabilities	14,433	14,448
Payables	11,511	18,167
Other liabilities	6,089	5,673
Total liabilities and shareholders' equity	367,377	359,391

Shareholders' equity at the end of the year stood at €217.0 million, up slightly on the figure for 31 December 2022 (€216.5 million). Of particular note is **the increase in the number of treasury shares** held in the portfolio following the finalisation of the purchase transaction during the half-year through **partial voluntary tender offer**.

As at 30 June 2023, REVO holds some **850,700 treasury shares** (140,953 shares as at 31 December 2022), amounting to approximately **3.5% of the share capital⁹**.

REVO presented a **Group Solvency II capital ratio of 234.7%** at the end of the half-year (269.3% at 31 December 2022), including the effect of the aforementioned buyback operation (net value of 244.3%).

⁸ IFRS 17 gross combined ratio = (Costs of insurance services provided + reinsurance result) / (Gross reinsurance and VoBA insurance revenues)

⁹ Share capital comprising ordinary shares only

FINANCIAL REPORTING OFFICER

Pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance, the Financial Reporting Officer, Jacopo Tanaglia, declares that the accounting information contained in this press release matches those found in company documents, books and accounting records.

The Company announces that the consolidated Half-yearly Report as at 30 June 2023 will be made available to the public at company headquarters and on its website at www.revoinsurance.com in accordance with the terms and conditions laid down by current legislation.

The results as at 30 June 2023 will be presented to the financial community today at 6pm via a conference call. The numbers to be called are: +39 02 802 09 11 from Italy, +44 1 212818004 from the United Kingdom and +1 718 7058796 from the United States.

The results presentation is available in the Investor Relations section at www.revoinsurance.com.

The consolidated Statement of Financial Position and Income Statement of REVO Insurance S.p.A. as at 30 June 2023 are appended below, with a disclaimer that individual company and consolidated financial statements with the related documentation and the Solvency II data have not yet been certified by the independent auditors pursuant to IVASS Regulation No. 42 of 2 August 2018.

CONSOLIDATED INCOME STATEMENT

ITEMS € 000	30.06.2023	30.06.2022
1. Insurance revenues from insurance contracts issued	65,255	26,873
2. Costs of insurance services arising from insurance contracts issued	-46,704	-18,371
3. Insurance revenues from reinsurance cessions	23,867	4,502
4. Costs of insurance services arising from reinsurance cessions	-31,232	-8,030
5. Result for insurance services	11,187	4,975
6. Income/expenses from financial assets and liabilities at fair value through profit or loss	106	-403
7. Income/expenses from equity investments in associates and joint ventures	-	-
8. Income/expenses from other financial assets and liabilities and from investment property	1,724	929
8.1 - Interest income calculated using the effective interest method	2,228	1,460
8.2 - Interest expense	-259	-694
8.3 - Other income/expenses	-	-
8.4 - Realised gains/losses	-160	184
8.5 - Valuation gains/losses	-84	-21
of which: Associated with impaired financial assets	0	-
9. Investment result	1,830	527
10. Net financial costs/revenues relating to insurance contracts issued	-296	1,105
11. Net financial revenues/costs relating to reinsurance cessions	48	-492
12. Net financial result	-248	1,141
13. Other revenues/costs	39	-1,041
14. Operating expenses:	-3,014	-2,530
14.1 - Investment management expenses	-10	-8
14.2 - Other administrative expenses	-3,004	-2,522
15. - Net provisions for risks and charges	-	-
16. Net value adjustments/write-backs on tangible assets	-945	-
17. Net value adjustments/write-backs on intangible assets	13	-
of which: Goodwill value adjustments	-	-
18. Other operating charges/income	-639	-
19. Profit (loss) for the year before tax	8,224	2,544
20. Taxes	-1,969	-1,746
21. Profit (Loss) for the year after tax	6,255	798
22. Profit (loss) on discounted operations	0	0
23. Consolidated profit (loss)	6,255	798
of which: attributable to the parent company	6,255	798

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Asset items € 000	30.06.2023	31.12.2022
1. INTANGIBLE ASSETS	83,969	83,071
of which: Goodwill	74,323	74,323
2. TANGIBLE ASSETS	14,770	14,448
3. INSURANCE ASSETS	44,029	45,805
3.1 Insurance contracts issued that constitute assets	-	-
3.2 Reinsurance cessions that constitute assets	44,029	45,805
4. INVESTMENTS	209,236	188,531
4.1 Investment property	-	-
4.2 Equity investments in associates and joint ventures	-	-
Equity investments in subsidiaries	-	-
Equity investments in associates	-	-
Equity investments in joint ventures	-	-
4.3 Financial assets measured at amortised cost	4,009	4,016
4.4 Financial assets measured at fair value through OCI	202,510	181,895
4.5 Financial assets measured at fair value through profit or loss	2,717	2,620
a) Financial assets held for trading	2,717	2,620
b) Financial assets designated at fair value	-	-
c) Other financial assets compulsorily measured at fair value	-	-
5. OTHER FINANCIAL ASSETS	5,151	3,835
OTHER FINANCIAL ASSETS	5,151	3,835
6. OTHER ASSETS	5,137	19,049
6.1 Non-current assets or disposal groups held for sale	-	-
6.2 Tax assets	2,995	5,402
a) Current	2,995	5,394
b) Deferred	-	7
6.3 Other assets	2,428	13,647
Other assets	2,428	13,647
Asset consolidation adjustments (CI Elision)	-	-
7. CASH AND CASH EQUIVALENTS	4,800	4,652
TOTAL ASSETS	367,378	359,391

Equity and liabilities items €000	30.06.2023	31.12.2022
1. SHAREHOLDERS' EQUITY	217,013	216,495
1.1 Capital	6,680	6,680
1.2 Other equity instruments	-	-
1.3 Capital reserves	170	170
1.4 Earnings reserves and other equity reserves	221,046	214,854
1.5 Own shares (-)	- 7,803	- 1,247
1.6 Valuation reserves	- 9,335	- 10,154
Equity attributable to non-controlling interests (+/-)	-	-
Third-party capital	-	-
Other third-party equity instruments	-	-
Third-party capital reserves	-	-
Third-party earnings reserves and other equity reserves	-	-
Third-party treasury shares (-)	-	-
1.7 Third-party valuation reserves	-	-
1.8 Profit (loss) for the year (+/-)	6,255	6,193
1.9 Profit (loss) for the year attributable to non-controlling interests (+/-)	-	-
2. PROVISIONS FOR RISKS AND CHARGES	3,077	3,243
3. INSURANCE LIABILITIES	115,254	101,365
3.1 Insurance contracts issued that are liabilities	115,254	101,365
3.2 Reinsurance cessions that constitute liabilities	-	-
4. FINANCIAL LIABILITIES	14,433	14,448
4.1 Financial liabilities measured at fair value through profit or loss	-	-
a) Financial liabilities held for trading	-	-
b) Financial liabilities designated at fair value	-	-
4.2 Financial liabilities measured at amortised cost	14,433	14,448
5. PAYABLES	11,511	18,167
6. OTHER LIABILITIES	6,090	5,673
6.1 Liabilities of disposal groups held for sale	-	-
6.2 Tax liabilities	20	275
a) Current	20	-
b) Deferred	286	275
6.3 Other liabilities	5,784	5,398
Other liabilities	5,784	5,398
Liabilities consolidation adjustments (CI elision)	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	367,378	359,391

ABOUT REVO

REVO Insurance S.p.A. (REVO Insurance S.p.A. (www.revoinurance.com)) is an insurance company based in Italy, listed on the Euronext STAR Milan market and active in non-life insurance with a focus on specialty lines and parametric risks and mainly oriented to the SME sector. REVO Insurance is an innovative and cutting-edge player, with an entrepreneurial formula that leverages technological leadership to optimise and make the risk underwriting and claims management process more efficient and flexible – including through the use of blockchain technology – and with a strong ESG vocation as a key part of its strategic orientation.

This press release is available on the Company's website and on www.1info.it

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