

## Consolidated Financial Results as at 31 December 2023

# REVO: OPERATING PROFIT OVER €21 MILLION AND PROPOSAL OF THE FIRST DIVIDEND. GETTING CLOSER TO THE 2025 TARGETS.

Premiums tripled in just two years, with GWP of €216.2 million in 2023 and adjusted<sup>1</sup> net profit of €14.8 million. Start-up phase completed.

- › **Gross premiums written of €216.2 million**
- › **Adjusted operating profit of €21.3 million**
- › **Net profit of €10.6 million**
- › **Adjusted net profit of €14.8 million**
- › **Group Solvency II ratio of 212.0%**
  
- › **Proposed dividend: €0.084 per share**

Verona, 14 March 2024 - The Board of Directors of REVO Insurance S.p.A., parent company of the REVO Insurance Group, yesterday approved the consolidated results for the year ended 31 December 2023.

## KEY INDICATORS

The financial year 2023 marks the end of the launch phase of the project, with the final closure of the operational J-Curve and the proposal of distribution of the first dividend.

- › **Gross premiums** written of €216.2 million, up 64.6% on the previous year (€131.4 million);
- › Further profitable growth in Surety Bond business (39.4% of total premiums, up 16.3%) and concomitant greater exposure to the new lines (+125.4% compared to 2022);

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<sup>1</sup> IFRS 17 adjustments = including recurring investment income and expenses and commissions paid by REVO UdW to the network, excluding depreciation of tangible assets, settlement of severance indemnity, extraordinary costs, costs for financial debts, VoBA and LTIP.

- › **High technical profitability** maintained despite **extreme events**, with an overall **loss ratio<sup>2</sup> of 42.0%**, driven also by the natural increase related to **diversification** of the underwritten portfolio;
- › Consolidated net profit of €10.6 million (up 70.6%) and *adjusted* net profit of €14.8 million;
- › IT development continued with **investments of €9.3 million** to further increase the level of scalability of the **OverX platform**;
- › Positive **contribution from the investment portfolio** following a careful management strategy focused on maintaining low duration and high diversification;
- › **High operational efficiency** thanks to OverX and growing appreciation amongst intermediaries;
- › **Capital strength** confirmed at **levels of excellence**, with a **Group Solvency II ratio of 212.0%** capable of ensuring the future development of the Group in accordance with plan targets.

**Alberto Minali, Chief Executive Officer of REVO Insurance**, commented: “The 2023 results confirm the excellence of our operating model and enable us to look ahead to the next few years of the plan with optimism: we have exceeded our 2023 GWP target and we are confident to reach our 2025 production targets during the year. Our approach to the market, which is focused on flexibility, expertise and technology, has enabled us to offer easy, fast and highly personalised insurance services. This has allowed us to further consolidate our positioning as a key player in specialty and parametric risks, serving SMEs and professionals. In addition, our strong capital position and constant technical profitability permit us to distribute our first dividend.”

## STRATEGIC PERFORMANCE

The **achievement of all our strategic objectives** as announced to the market confirms the **soundness of our business plan** as well as the management team's **strong ability to deliver**. In particular:

- › **Our insurance portfolio is now significantly diversified.** REVO has consistently expanded the types of cover in all lines of business, with growing market interest in **parametric solutions** (20,000 policies sold during the year);
- › **The OverX platform has proved to be the key competitive factor for business growth.** Following the reinforcement of its digital infrastructure, the tool's features have been expanded, providing an offer that is increasingly tailored to the needs of intermediaries and final clients;

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<sup>2</sup> IFRS 17 loss ratio = (gross claims incurred) / (Insurance revenues gross reinsurance, commissions and VoBA)

- › **REVO's distribution network has proved itself to be able to support business growth.** During the year, the exposure to the Broker channel and intermediaries operating through REVO Underwriting (Group brokerage company) increased;
- › **The teams are now complete in terms of key people.** Recruitment continued in all business areas (38 additional HC), with a specific focus on **Underwriting, Data Analysis and Artificial Intelligence**, further developing the Group's range of expertise in areas of strategic development in the coming years;
- › **The S&P outlook was upgraded to BBB+ positive**, reflecting the Company's financial strength and profitability in a context of volumes growth;
- › **An "EE (strong)" rating was obtained from Standard Ethics**, certifying the **strong ESG orientation** of the project, characterised by the relevance given to the governance structure, widespread transparency at every level of the organisation and a marked sensitivity to the social and environmental dimension;
- › **The exposure of investments to Italian risk was reduced**, although the contribution of financial results exceeded plan expectations. The portfolio is highly liquid and now more diversified.

In 2023 the Company also implemented measures that are instrumental to the analysis and study of the **strategic initiatives** that will be consolidated beginning in 2024:

- › **The launch of the authorisation process for the opening of a Spanish branch, REVO Iberia.** Through this operation the Group aims to diversify internationally, harnessing the strong **operational synergies** that will optimise investments already made in the development of OverX and the expansion of the distribution network. In the medium term, the initiative aims to ensure a comprehensive offer in the Iberian market similar to the Italian, with a **GWP target of over €60 million** in the medium term;
- › **The start of projects in the field of Artificial Intelligence**, with the progressive automation of some business process tasks to further increase the level of operational efficiency;
- › **The launch of Italy's first blockchain solution for managing Surety Bond**, which allows the policyholder to benefit from a reduction in limits and accordingly ease their commitments.

## KEY PLAN PERFORMANCE INDICATORS

Following the adoption of the new IFRS 17 accounting standard, 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*), the characteristics of which significantly reduce the differences compared to the previous IFRS 4 standard.

KPIs €M - IFRS 17	31.12.2023	31.12.2022
Insurance revenues deriving from insurance contracts	148.9	68.7
<b>Result of insurance services</b>	<b>18.9</b>	<b>13.7</b>
Net financial result	3.0	3.1
Operating expenses	-6.7	-8.8
Other operating expenses/revenues	-5.1	-1.5
Profit (loss) for the year before tax	10.1	6.5
<b>Profit (loss) for the year after tax</b>	<b>10.6</b>	<b>6.2</b>

As at 31 December 2023, the business mix of the insurance portfolio shows **greater diversification** than previous quarters, which is fully in line with REVO's target of becoming the **player of reference in the SMEs and professionals segment**.

Business Line - € 000	31.12.2023	%	31.12.2022	%
Surety Bond	85,176	39.4%	73,229	55.7%
Property	28,106	13.0%	14,681	11.2%
Engineering	20,887	9.7%	13,634	10.4%
Marine	17,485	8.1%	4,102	3.1%
Agro	13,803	6.4%	3,898	3.0%
Professional Indemnity	13,499	6.2%	7,362	5.6%
Aviation	8,322	3.8%	921	0.7%
Casualty	7,989	3.7%	6,641	5.1%
Personal Accident	5,786	2.7%	964	0.7%
D&O	3,222	1.5%	2,689	2.0%
Parametric	306	0.1%	220	0.2%
Other	11,658	5.4%	3,047	2.3%
<b>Total gross premiums</b>	<b>216,239</b>	<b>100.0%</b>	<b>131,388</b>	<b>100.0%</b>

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

From a technical standpoint, the **gross loss ratio** for the period was **42.0%**. The increase on the same period in the previous year (20.3%) reflects both the **natural increase** due to the greater diversification of the business<sup>3</sup> and the presence of **extreme events** in Emilia-Romagna and Northern Italy, the negative impact of which on the operating result, net of reinsurance, is approximately €5.9 million (approximately 4 percentage points in terms of net *loss ratio*).

<sup>3</sup> The 2023 financial year is the first year of full operationality in all business. It should be noted that authorisation to operate in other classes not historically served by the company was formally granted by IVASS on 29 March 2022.

There was also a **steady reduction in the operating cost incidence** (around -8.5 percentage points down on the previous year), along with a slight improvement in the incidence of **intermediation costs** (around -1.5 percentage points).

As a result, the **COR ratio<sup>4</sup> for the period** stood at **85.8%** compared with **75.7%** in 2022.

It is notable that since the start of the project, total **IT investments amount to some €17.9 million**, which is significantly higher than initial plan estimates. The opportunities offered by the **quick appearance of new technologies** that can be adopted as part of the development of the OverX platform have enabled REVO to implement functional solutions to increase the Company **operational scalability**, with consequent benefits in terms of operating profitability.

Finally, it is worth to highlight **the positive contribution of the investment portfolio**, with a result of €3.6<sup>5</sup> million compared to €1.9 million in 2022, and with a further **reduction** of the overall exposure to **Italy** (37.7% compared to 51.8% at 31 December 2022) in a **favourable market context and positive net inflows** for the Company.

The adjusted operating profit in 2023 amounted to €21.3 million:

Adjusted operating profit - € 000	31.12.2023
<b>Insurance result</b>	<b>18,933</b>
Operating expenses	-8,305
LTI	-1,659
Amortisation of intangible assets transferred to the technical part	2,936
Interest income - expense	3,620
<b>Operating profit</b>	<b>15,524</b>
One-off costs <sup>6</sup>	1,288
LTI	1,659
Settlement of severance indemnity	30
Depreciation of tangible assets (no IFRS 16)	124
Depreciation of value of acquired portfolio (ex. VoBA)	2,583
Adjustments of interest on loan	70
<b>Adjusted operating profit</b>	<b>21,278</b>

<sup>4</sup> IFRS 17 gross combined ratio = (Costs of insurance services provided + reinsurance result) / (Insurance revenues gross reinsurance and VoBA)

<sup>5</sup> Investment result without considering the effects of financial costs/revenues relating to insurance contracts and reinsurance cessions.

<sup>6</sup> One-off costs mainly related to the REVO share buyback offer, the application for IVASS authorisation for the Legal Expenses business, extraordinary tax assistance and support for the REVO Iberia project.

The adjusted net profit for the period was €14.8 million:

Adjusted net profit - € 000	31.12.2023
Net profit	10,566
Capital gains/losses on disposal and measurement	368
Adjustments of interest on loan	70
Listing and other one-off costs	1,288
Depreciation of tangible assets (no IFRS 16)	124
LTI	1,659
Agency liquidation	30
Depreciation of value of acquired portfolio (ex. VoBA)	2,583
Tax adjustment	-1,887
<b>Adjusted net profit</b>	<b>14,800</b>

The main IFRS 4 indicators are summarised below for completeness of information:

- › Adjusted operating profit of €21.0 million
- › Adjusted net profit of €14.8 million;
- › Net loss ratio of 38.4%;
- › Net COR of 85.7%.

## STATEMENT OF FINANCIAL POSITION

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

Assets - € 000	31.12.2023	31.12.2022
Intangible assets	88,415	83,071
Tangible assets	13,926	14,448
Insurance assets	68,750	45,805
Investments	223,677	188,531
Other financial assets	4,224	3,835
Other assets	19,699	19,049
Cash and cash equivalents	6,402	4,652
<b>Total assets</b>	<b>425,093</b>	<b>359,391</b>
Shareholders' equity and liabilities - € 000	31.12.2023	31.12.2022
Shareholders' equity	225,625	216,495
Provision for risks and charges	2,988	3,243
Insurance liabilities	156,308	101,365
Financial liabilities	14,503	14,448
Payables	14,760	18,167
Other liabilities	10,909	5,673
<b>Total liabilities and shareholders' equity</b>	<b>425,093</b>	<b>359,391</b>

**Shareholders' equity** at the end of the year stood at **€225.6 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 partial voluntary tender offer operation in the first half of the year. As at 31 December 2023, REVO holds some 850,700 treasury shares (140,953 shares as at 31 December 2022), amounting to approximately **3.5% of the share capital**.

REVO presented a **Group Solvency II capital ratio of 212.0%** at the end of the year (269.3% at 31 December 2022), including the effect of the aforementioned **buyback operation (net value of 221.1%)**.

## DIVIDEND

At the next Shareholders' Meeting, a **dividend of €0.084 per share** will be proposed, with a **dividend yield of 1%** of the closing price of REVO shares on 31 December 2023.

The dividend will be payable as of 22 May 2024, and the shares will be traded without dividend entitlement from 20 May 2024, with an entitlement date of 21 May 2024.

## 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 the company's documented results, books and accounting records.

The Company announces that the Individual Financial Statements and Consolidated Financial Statements as at 31 December 2023 will be made available to the public at company headquarters and on its website at [www.revoinsurance.com](http://www.revoinsurance.com) in accordance with the terms and conditions laid down by current legislation.

The results as at 31 December 2023 will be presented to the financial community today at 9:30 AM 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 presentation of the results may be viewed from the Investor Relations section at [www.revoinsurance.com](http://www.revoinsurance.com).

The reclassified financial statements as at 31 December 2023 of the consolidated statement of financial position and income statement of REVO Insurance S.p.A. are appended below, with a disclaimer that the individual company and consolidated financial statements and 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.

#### ABOUT REVO

(REVO Insurance S.p.A. ([www.revoinsurance.com](http://www.revoinsurance.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](http://www.1info.it)

#### REVO Insurance S.p.A.

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

Asset items - € 000	31.12.2023	31.12.2022
<b>1. INTANGIBLE ASSETS</b>	<b>88,415</b>	<b>83,071</b>
o/w: Goodwill	74,323	74,323
<b>2. TANGIBLE ASSETS</b>	<b>13,926</b>	<b>14,448</b>
<b>3. INSURANCE ASSETS</b>	<b>68,750</b>	<b>45,805</b>
3.1 Insurance contracts written classified as assets	-21	-
3.2 Cessions to reinsurance classified as assets	68,771	45,805
<b>4. INVESTMENTS</b>	<b>223,677</b>	<b>188,531</b>
4.1 Investment property	-	-
4.2 Investments in associates and joint ventures	3	-
Investments in subsidiaries	-	-
Investments in associates	3	-
Investments in joint ventures	-	-
4.3 Financial assets measured at amortised cost	3,088	4,016
4.4 Financial assets measured at fair value through OCI	217,811	181,895
4.5 Financial assets measured at fair value through profit or loss	2,775	2,620
a) Financial assets held for trading	-	-
b) Financial assets designated at fair value	-	-
c) Other financial assets compulsorily measured at fair value	2,775	2,620
<b>5. OTHER FINANCIAL ASSETS</b>	<b>4,224</b>	<b>3,835</b>
OTHER FINANCIAL ASSETS	4,224	3,835
<b>6. OTHER ASSETS</b>	<b>19,698</b>	<b>19,049</b>
6.1 Non-current assets or disposal groups held for sale	-	-
6.2 Tax assets	3,539	5,402
a) Current	493	5,394
b) Deferred	3,046	7
6.3 Other assets	16,159	13,647
<b>7. CASH AND CASH EQUIVALENTS</b>	<b>6,402</b>	<b>4,652</b>
<b>TOTAL ASSETS</b>	<b>425,092</b>	<b>359,391</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY AND LIABILITIES

Equity and liabilities items - €000	31.12.2023	31.12.2022
<b>1. SHAREHOLDERS' EQUITY</b>	<b>225,625</b>	<b>216,495</b>
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	221,049	214,854
1.5 Own shares (-)	-7,803	-1,247
1.6 Valuation reserves	-5,037	-10,154
1.7 Assets attributable to non-controlling interests (+/-)	-	-
1.8 Profit (loss) for the year (+/-)	10,566	6,193
1.9 Profit (loss) for the year attributable to non-controlling interests (+/-)	-	-
<b>2. PROVISIONS FOR RISKS AND CHARGES</b>	<b>2,988</b>	<b>3,243</b>
<b>3. INSURANCE LIABILITIES</b>	<b>156,308</b>	<b>101,365</b>
3.1 Insurance contracts written classified as liabilities	156,308	101,365
3.2 Cessions to reinsurance classified as liabilities	-	-
<b>4. FINANCIAL LIABILITIES</b>	<b>14,503</b>	<b>14,448</b>
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	14,503	14,448
<b>5. PAYABLES</b>	<b>14,760</b>	<b>18,167</b>
<b>6. OTHER LIABILITIES</b>	<b>10,908</b>	<b>5,673</b>
6.1 Liabilities of disposal groups held for sale	-	-
6.2 Tax liabilities	2,012	275
a) Current	2,012	-
b) Deferred	-	275
6.3 Other liabilities	8,896	5,398
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>425,092</b>	<b>359,391</b>

## CONSOLIDATED INCOME STATEMENT

Consolidated income statement items- € 000		31.12.2023	31.12.2022
1.	Insurance revenues deriving from insurance contracts written	148,949	68,732
2.	Costs of insurance services deriving from insurance contracts written	-118,678	-45,252
3.	Insurance revenues deriving from cessions to reinsurance	69,749	24,210
4.	Costs of insurance services deriving from cessions to reinsurance	-81,087	-33,967
5.	<b>Result of insurance services</b>	<b>18,933</b>	<b>13,723</b>
6.	Income/expenses from financial assets and liabilities measured at FVPL	179	-172
7.	Income/expenses on investments in associates and joint ventures	-	-
8.	<b>Income/expenses from other financial assets and liabilities and from investment property</b>	<b>3,073</b>	<b>1,928</b>
8.1	- Interest income calculated according to the effective interest method	4,140	2,097
8.2	- Interest expense	-520	-198
8.3	- Other income/expenses	-	-
8.4	- Realised gains/losses	-471	66
8.5	- Valuation gains/losses	-76	-37
	o/w: Related to non-performing financial assets	0	-
9.	<b>Investment result</b>	<b>3,252</b>	<b>1,756</b>
10.	Net financial costs/revenues relating to insurance contracts written	-393	2,311
11.	Net financial revenues/costs relating to cessions to reinsurance	119	-979
12.	<b>Net financial result</b>	<b>2,978</b>	<b>3,088</b>
13.	Other revenues/costs	-1,521	-51
14.	Operating expenses:	-6,715	-8,856
14.1	- Investment management expenses	-25	-201
14.2	- Other administrative expenses	-6,690	-8,655
15.	Net provisions for risks and charges	-	-320
16.	Write-downs/write-backs of tangible assets	-1,767	-917
17.	Write-downs/write-backs of intangible assets	-149	-3
	o/w: Goodwill write-downs	-	-
18.	Other operating income/expenses	-1,618	-184
19.	<b>Profit (loss) for the year before tax</b>	<b>10,141</b>	<b>6,480</b>
20.	Taxes	424	-287
21.	<b>Profit (loss) for the year after tax</b>	<b>10,565</b>	<b>6,193</b>
22.	Profit (loss) on discontinued operations	0	0
23.	<b>Consolidated profit (loss)</b>	<b>10,565</b>	<b>6,193</b>
	o/w: attributable to the parent company	10,565	6,193