

MMS/DSD/MSE00424

25 March 2024

The following is a Company Announcement issued by MAPFRE Middlesea p.l.c., pursuant to the Capital Markets Rules of the Malta Financial Services Authority.

Quote

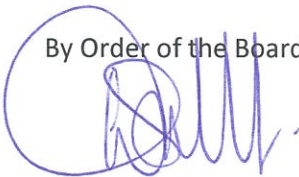
The Board of Directors of MAPFRE Middlesea p.l.c., has today, the 25 day of March 2024, approved the audited financial statements for the financial year ended 31 December 2023. The Board resolved that these audited financial statements be submitted for the approval of the Shareholders at the forthcoming Annual General Meeting (AGM) scheduled for Tuesday, 30 April 2024. A commentary on the annual results is being attached herewith in terms of the Capital Markets Rules.

Shareholders on the Company's register at the Central Securities Depository of the Malta Stock Exchange as at close of business on Wednesday, 27 March 2024 (the record date), will receive notice of the AGM. The Audited Financial Statements as well as the Annual Report will be available for viewing on the Company's website (www.mapfre.com.mt) as from the 26 March 2024 in the Investors' section. A hard copy of the Annual Report will also be available upon a request to this end addressed to the Office of the Company Secretary.

The Board of Directors recommends, for the approval of the AGM, the payment of a final net dividend of €4,500,000 (2022 - €3,500,000) equivalent to a gross dividend of €0.073057 (2022 - €0.054618) per share. The final dividend, if approved at the AGM, will be paid on the 24 May 2024 to the Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange at the close of business as at the 10 May 2024.

Unquote

By Order of the Board



Dr Daphne Sims Dodebier
Company Secretary

DIRECTORS' DECLARATION ON ESEF ANNUAL REPORT & ACCOUNTS 2023

We, Martin Galea and Godfrey Swain, in our capacity as Directors of MAPFRE Middlesea p.l.c (company registration number C 5553) hereby declare and certify:

- i. that the Annual Report and Accounts 2023 for the financial year ended 31 December 2023 have been approved by the Board of Directors of the Company and are hereby being made available to the public;
- ii. that the Annual Report and Accounts 2023 have been prepared in terms of the applicable rules and regulations, including the Commission Delegated Regulation 2019/815 on the European Single Electronic Format (ESEF)¹ and the Capital Markets Rules of the Malta Financial Service Authority²;
- iii. that the Audit Report on the ESEF Annual Report and Accounts 2023 are an exact copy of the original signed by the auditor and that no alterations have been made to the audited elements of the Annual Report and Accounts 2023 including the annual financial statements;
- iv. that the Annual Report and Accounts 2023 shall serve as the official documents for the purposes of the Capital Markets Rules and the Companies Act (Cap. 386 of the Laws of Malta).



Martin Galea, Chairman



Godfrey Swain, Director

¹ Commission delegated Regulation 2015/815 of the European Single Electronic Format, as may be further amended from time to time.

² Capital Markets Rules as issued by the Malta Financial Services Authority (MFSA).

Financial Highlights as at the 31 December 2023

Financial highlights of the results for the year ended 31 December 2023 include the following:-

- Total Group profit before tax for the year amounted to €24.0 million as compared to the restated €8.3 million during the previous year with after tax profits at €15.9 million compared to the restated €5.6 million in 2022.

On 1 January 2023, the Group adopted two new accounting standards, IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. IFRS 17 as adopted by the EU, became effective for annual periods beginning on or after 1 January 2023, whilst in the case of IFRS 9, although effective for years beginning on or after 1 January 2018, the Group applied the temporary exemption for qualifying insurers to apply such standard together with IFRS 17. While IFRS 17 does not change the economic reality nor the underlying profitability of the Group, over the lifetime of the contracts, it resulted in significant changes in accounting recognition, measurement, and disclosures.

The adoption of IFRS 17 necessitated the restatement of the 2022 comparative figures which also implied the restatement of the opening balance sheet as at 31 December 2021. The restated 2022 comparative figures have to be read in the context of a Day 1 transitional gain reported directly into the Retained Earnings on the Statement of Financial Position, the derecognition of the Value of in-force business, the impact of interest rates on the assets matching the term business of the subsidiary MAPFRE MSV Life p.l.c., and the timing differences in the accounting profit recognition.

MAPFRE Middlesea p.l.c. ("The Company")

MAPFRE Middlesea p.l.c., as a standalone Company, registered a turnover of €95.7 million in gross premium written, a 9.9% increase over FY 2022 registering a marginal reduction in its non-life business market leadership share. Growth was registered in all classes of business but notably in Motor, Health and Property. Insurance service results improved with a reduction in Motor claim frequency and reported claims and a significant release in previous years claims particularly from Motor, Marine Hull and Liability portfolios. Group life business, though returning a satisfactory result, yielded a lower return compared to FY2022 as net claims incurred almost doubled.

Investment income for the Company, including dividends from Group companies, amounted to €2.0 million compared to the €1.1 million of FY2022 with a significant improvement emanating from fair value movements on Equity holdings which in FY2022 had sustained losses. No dividend was received from MAPFRE MSV Life p.l.c. during FY2023 compared to the net €1.0 million received in the comparative year. In FY2022 the Company was also in receipt of €0.54 million from the liquidation of Progress Assicurazioni S.p.A. being a final payment on an €8.50 million subordinated loan which loan the Group had given to the Italian subsidiary and impaired in 2009.

The Company registered a profit before tax for FY 2023 amounting to €9.9 million, compared to a restated profit of €6.6 million in FY 2022. Profit after tax increased from the restated €4.2 million in FY 2022 to €6.7 million in FY 2022.

The Company maintained a strong balance sheet, with its Shareholders' equity amounting to €81.7 million still maintaining a strong regulatory solvency position as at 31 December 2023 under the Solvency II regime.

The Group

The Group's results include the consolidated MAPFRE MSV Life p.l.c. ("MMSV") profit before tax of €14.1 million (2022 restated: €2.7 million). MMSV reported total business written premiums of €201.3 million compared to €254.9 million in 2022 mainly driven by a lower demand from single premium With-Profits business. Competition from bank deposits and government debt issues affected adversely the re-investment of maturing policies. MAPFRE MSV's With Profit Fund registered a total investment gain of €165.8 million generating a positive return of 8.6%. This performance still did not manage to recoup the investment losses incurred in 2022, which had amounted to €270.4 million. All asset classes, with one exception, contributed positively to the overall investment return, particularly the equity allocation. Notwithstanding this positive investment result, the unprecedented steep price falls in fixed income securities in 2022 remain largely unrecovered as interest rates remained high. The MMSV profit after tax consolidated for FY 2023 amounted to €9.3 million (2022 restated: €2.3 million).

Total Group capital and reserves attributable to shareholders (excluding non-controlling interests) as at 31 December 2023 was €88.2 million, compared to the restated €80.2 million as at 31 December 2022 as a result of the profit for the year outweighing the dividends paid by MAPFRE Middlesea p.l.c..

A final gross dividend in respect of year ended 31 December 2023 of €0.073057 per share amounting to a total dividend of €6,721,231 (2022: €5,024,817) is to be proposed by the directors at the forthcoming annual general meeting. This is equivalent to a net dividend of €0.048913 per share amounting to a total net dividend of €4,500,000 (2022: €3,500,000).

Outlook

The outlook of the Board of Directors for 2024 remains one of cautious optimism. The local economy is expected to remain resilient in the context of a continued challenging environment as inflationary pressures persist for most of the year. The global capital markets outlook is mixed, with many experts predicting the global economy to grow moderately and markets to remain volatile. In 2024, the world will go through 40 elections including four of the world's five most populous countries. Inflation and geopolitical risks remain the main sources of uncertainty.

Within this context, inflation will have an impact on all the services that the Group receives both in running its operations and also from a claims perspective. Correct pricing will be key to ensure that the demand for general business products grows sustainably yielding an adequate return. Demand for the regular protection and savings business are expected to be sustained. On the other hand, demand for lump sum investments should improve as inflation subsides and central banks start to ease monetary policy. However, competition for liquidity from financial institutions and local government debt issuance to finance its borrowing needs are expected to persist.

The demand for non-life insurance cover is expected to remain strong as the economy grows and lifestyle and spending patterns change. Addressing the customer needs whilst ensuring price adequacy will be critical to the growth of our business written volumes. The Company will need to adapt to be able to position itself to exploit the many opportunities that will certainly arise. The Maltese life insurance market has, for a number of years, registered growth that is significantly above the average in Europe but remains a relatively underinsured market. Although life insurance companies are playing an increasingly important role in Maltese household savings, comparative studies with other European life insurance markets continue to show that whilst the Maltese life insurance market has grown significantly over previous decades, the life insurance density and life insurance penetration remain below the European average. We therefore continue to see attractive potential for an uplift in life protection and in long-term and retirement savings in the local life insurance market.

2024 will be the final year of the three-year Strategic cycle for the Group with the three main pillars being Customer Focus, Distribution and Diversification and Gaining Efficiency, goals that will continue to underpin our strategies for the coming two years.

Notice is hereby given that Wednesday 27 March 2024 is the "record date" for the purposes of Article 53 (2) (b) of the Company's Articles of Association. All shareholders appearing on the Company's Register of Members as at the close of business on Wednesday 27 March 2024 will receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Tuesday 30 April 2024.

Pursuant to the Malta Stock Exchange Bye-Laws, all shareholders appearing on the Company's Register of Members as at close of business on Friday 10 May 2024 will be paid, on the 24 May 2024, the final dividend as approved by the Annual General Meeting.

By Order of the Board