

ZAVAROVALNICA TRIGLAV, d.d., Ljubljana

## Triglav Group's financial report for H1 2023

*In accordance with the Ljubljana Stock Exchange Rules and the applicable legislation, ZAVAROVALNICA TRIGLAV d.d., Ljubljana is hereby publishing the following notice:*

**In the first half of 2023, the Triglav Group's total business volume rose to EUR 955.4 million and its tax before profit amounted to EUR 10.5 million. This year's unexpected price cap on supplemental health insurance in Slovenia resulted in a high loss of EUR 30.9 million in the health insurance segment in the first half of 2023, which had a significant impact on the Group's half-year result. Extreme weather events in Slovenia and the region, particularly storms, hailstorms and floods in July and August, resulted in historically high claims for the Triglav Group. They are currently estimated at EUR 150–200 million. Taking into account the reinsurance coverage, their negative impact on the Group's profit before tax is estimated between EUR 40 and 50 million. The Group estimates that due to losses in the health insurance segment and CAT claims its annual profit before tax will be around 80% lower than planned. The estimate is based on the assumption of normal claims development until the end of the year. Despite the challenging situation, the Group has maintained capitalisation at adequate levels and is appropriately liquid. Even when faced with difficult circumstances, the Group has consistently pursued its strategy with the aim of realising growth, development and sustainable ambitions.**

**TRIGLAV GROUP'S PROFIT BEFORE TAX.** The Group generated a profit before tax of EUR 10.5 million in the first half of 2023, which stemmed equally from insurance and non-insurance operations. In the insurance business, it amounted to EUR 5.1 million and was due to a good result from financial investments (EUR 10.2 million) as well as a negative result from underwriting activities (EUR –5.1 million). The latter was caused by a EUR 30.9 million loss in the health insurance segment. This loss cancelled out the good half-year result of all remaining insurance segments combined. In accordance with accounting standards, it has already been recognised in the Group's half-year financial statements in the appropriate amount. The result from non-insurance operations amounted to EUR 5.4 million and primarily stemmed from the management of clients' assets in mutual funds and discretionary mandate assets. **Andrej Slapar, President of the Management Board of Zavarovalnica Triglav,** said: *"Although we were able to grow our total business volume year-on-year and performed well in both activities despite challenging circumstances, this year's sudden change to the Slovenian healthcare system, with the regulation of the price of supplemental health insurance, led to a loss in the health insurance segment. The magnitude of this loss had a material impact on the Group's half-year result."*

With respect to the Group's operations until the end of the year, **Andrej Slapar, President of the Management Board of Zavarovalnica Triglav,** added: *"In the current situation, our priority is to help clients who have suffered damage due to extreme weather events. In doing so, I would like to thank all our employees, who are focused on dealing with client claims as quickly as possible and helping people mitigate the aftermath of this natural disaster. At Triglav, we consider claims to be a regular part of our business. We have adequate reinsurance protection in place and a robust business model with an effective risk management system. We believe that this year's CAT claims will total between EUR 150 and 200 million, which is a record high. Their impact on the Group's profit will significantly exceed the long-term average and, according to current estimates, will amount to between EUR 40 and 50 million. We estimate that due to these two external factors, i.e.*

*changes to the Slovenian healthcare system and CAT claims, and assuming normal claims development until the end of the year, our profit this year will be around 80% lower than initially planned."* The Group remains financially stable and maintains liquidity and capitalisation at adequate levels.

**TRIGLAV GROUP'S FINANCIAL HIGHLIGHTS IN THE FIRST HALF OF 2023.** Thanks to the Group's proactive implementation of its strategic guidelines, its total business volume reached EUR 955.4 million (index 111). Insurance service expenses increased to EUR 632.9 million (index 115), with the highest growth of 31% recorded in the health insurance segment. The Group's operating expenses totalled EUR 214.4 million (index 114), with the largest increase recorded by acquisition costs proportionately to business volume growth. **Uroš Ivanc, a Management Board member of Zavarovalnica Triglav,** said: *"While last year's adjustments of insurance premiums to inflation are already reflected in this year's income, we have still not been able to fully offset the increased operating expenses due to inflationary pressures that have been present since early 2022."*

The Group's combined ratio in non-life and health insurance stood at 102.2%. The contractual service margin, which includes unrealised but expected profit from insurance contracts, reached EUR 208.7 million (index 112), with the CSM of new contracts accounting for 9.5%. Other comprehensive income amounted to EUR 8.7 million, driven by the favourable situation in the financial markets. The Group's net annualised return on equity was 2.3%.

Regarding the impact of IFRS 17 on the comparative figures for the first half of 2022, **Uroš Ivanc, a Management Board member of Zavarovalnica Triglav,** further explained: *"Under the international financial reporting standards IFRS 17 and IFRS 9, last year's results are significantly lower than under the previously applicable IFRS 4 and IAS 39, and this is mainly due to the differences in the measurement of insurance technical provisions and the recognition of effects of revaluation of financial investments. Last year's result for the period in accordance with IFRS 17 was negatively affected by the additional provisioning due to a sharp rise in inflation, whereas – unlike under IFRS 4 – the result was not positively affected by the effects of the release of provisions from past periods, which were made especially prudently."*

At its session on 30 August 2023, the Supervisory Board of Zavarovalnica Triglav gave a positive assessment to Aleš Košiček and Janja Strmljan Čevnja in the context of their subsequent fit and proper assessment as Supervisory Board members, employee representatives, appointed by the Company's Works Council. It also took note of the half-year financial report of Triglav Group and its parent company, which is published together with the presentation for investors.

*This information were published on the website of Zavarovalnica Triglav d.d. at [www.triglav.eu](http://www.triglav.eu) as of 31 August 2023 and will remain available on the Company's public website for a period of at least ten years.*

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