

MMS/DSD/MSE00423

22 March 2023

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.

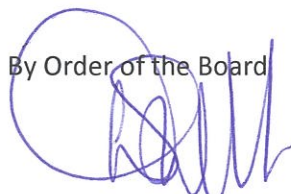
Quote

The Board of Directors of MAPFRE Middlesea p.l.c., has today, the 22 day of March 2023, approved the audited financial statements for the financial year ended 31 December 2022. 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 Friday, 28 April 2023. A preliminary statement of 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 Tuesday, 28 March 2023 (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 24 March 2023 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 €3,500,000 (2021 - €2,400,000) equivalent to a gross dividend of €0.054617 (2021 - €0.030401) per share. The final dividend, if approved at the AGM, will be paid on the 23 May 2023 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 2023.

Unquote

By Order of the Board


Dr Daphne Sims Dodebier
Company Secretary

DIRECTORS' DECLARATION ON ESEF ANNUAL REPORT AND ACCOUNTS 2022

We, Martin Galea and Gordon Cordina, 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 2022 for the financial year ended 31 December 2022 has been approved by the Board of Directors of the Company and is hereby being made available to the public;
- ii. that the Annual Report and Accounts 2022 has 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 Services Authority²;
- iii. that the Audit Report on the ESEF Annual Report and Accounts 2022 is an exact copy of the original signed by the auditor and that no alternations have been made to the audited elements of the Annual Report and Accounts 2022 including the annual financial statements;
- iv. that the Annual Report and Accounts 2022 shall serve as the official document for the purposes of the Capital Markets Rules and the Companies Act (Cap. 386 of the Laws of Malta).



Martin Galea, Chairman



Gordon Cordina, 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 2022

Financial highlights of the results for the year ended 31 December 2022 include the following:-

- Total Group profit before tax for the year amounted to €22.18 million as compared to €20.39 million during the previous year with after tax profits at €14.64 million compared to €12.92 million in 2021.

MAPFRE Middlesea p.l.c. (“The Company”)

MAPFRE Middlesea p.l.c., as a standalone Company, registered a turnover of €87.12 million in gross premium written, an 8.7% increase over FY 2021 registering a marginal reduction in its non-life business market share. Growth was registered in all classes of business with significant growth in Health and Travel that picked up as outbound tourism outperformed sector estimates as the pandemic receded. Technical performance in the non-life business remained level with the previous year although claim levels returned to pre-pandemic levels particularly in Motor. On the other hand group life business returned an even stronger result than the comparative year.

Investment income for the Company excluding dividends from Group companies was negative for FY2022 as fair value losses were registered both on property revaluation and on financial instruments compared to an overall positive contribution in FY2021. Total gross dividend from Group companies amounted to €1.31 million up from the €0.14 million in FY2021 as MAPFRE MSV Life p.l.c. distributed a contained dividend after an absence of two years. The Company was also in receipt of €0.54 million from the liquidation of Progress Assicurazioni S.p.A. being a final 6.35% payment on an €8.50 million subordinated loan, which loan the Group had given to the Italian subsidiary and was fully impaired in 2009.

The Company registered a profit before tax for FY 2022 amounting to €5.99 million, compared to a profit of €4.06 million in FY 2021. Profit after tax increased from €2.61 million in FY 2021 to €3.79 million in FY 2022.

The Company maintained a strong balance sheet, with its Shareholders’ equity amounting to €77.09 million, still maintaining a strong regulatory solvency position as at 31 December 2022 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 €17.17 million (2021: €16.69 million). MMSV reported gross written premiums of €248.76 million compared to €325.14 million in 2021 mainly driven by a lower demand from single premium With-Profits business. The uncertain economic environment, increased market volatility and increased debt issuance at higher coupon rates were the main factors behind the decrease in demand for MMSV’s flagship product, the With Profits Single Premium Plan. MAPFRE MSV’s With Profit Fund returned a gross negative investment return of 13.1% compared to the positive 4.2% generated in 2021. The breadth and depth of the financial markets turmoil was such that even well diversified investment portfolios closed the year with a negative performance, notwithstanding the market recovery from the year’s low, during the last quarter. Investment return closed with a negative €286.72 million compared to a positive €97.58 million in 2021. The MMSV profit after tax consolidated for FY 2022 amounted to €11.70 million (2021: € €10.56 million).

Total Group capital and reserves attributable to shareholders (excluding non-controlling interests) as at 31 December 2022 was €113.08 million, compared to €111.04 million as at 31 December 2021 as a result of the profit for the year outweighing the decrease in the value of-in-force business and the dividends paid by both MAPFRE Middlesea p.l.c. and MAPFRE MSV Life p.l.c..

A final gross dividend in respect of year ended 31 December 2022 of €0.054617 per share amounting to a total dividend of €5,024,817 (2021: €2,796,910) is to be proposed by the directors at the forthcoming annual general meeting. This is equivalent to a net dividend of €0.038044 per share amounting to a total net dividend of €3,500,000 (2021: €2,400,000).

The outlook of the Board of Directors for 2023 remains one of cautious optimism. The local economy is expected to remain resilient in the context of a more challenging environment as inflationary pressures continue to push the cost of living higher. Global capital markets outlook remains one of volatility, at least, as long as inflation concerns persist and the interest rate path remains unclear with continued geopolitical risks in the background. With inflation running at levels not seen in decades, global central banks will continue to play a crucial role through monetary policy and their actions and communication having a significant bearing on the investors sentiment and capital markets performance. Taming inflation while avoiding a hard landing will remain the key tough priority of global central banks. Geopolitical risks will also continue to bear on the global economic recovery and capital markets volatility. The war in Ukraine not only continues to exacerbate the supply chain bottlenecks and inflationary pressures but further potential escalations could serve as a catalyst for markets to sell off.

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 remain strong but the more challenging conditions present in the last quarter of 2022, particularly for lump sum single premium business, are expected to persist in 2023. In the medium to the long term, the structural shift from negative to positive interest rates is considered favourably for MAPFRE MSV's business model. However, in the short term, this acts as a headwind for our traditional lump sum investment and savings products as competition intensifies.

MAPFRE Middlesea p.l.c. and MAPFRE MSV Life p.l.c. will apply IFRS 17 and IFRS 9 for the first time on 1 January 2023. Both Companies have an ongoing programme to implement such standards, which is responsible for forming accounting policies and developing methodologies, establishing appropriate processes and controls and implementing actuarial and accounting system changes. The Board is monitoring the progress of the implementation plan to ensure that the necessary priority is given to the implementation of IFRS 17.

2023 will be the second 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 Tuesday 28 March 2023 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 Tuesday 28 March 2023 will receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Friday 28 April 2023.

Pursuant to the Malta Stock Exchange Bye-Laws, all shareholders appearing on the Company's Register of Members as at close of business on Wednesday 10 May 2023 will be paid, on the 23 May 2023, the final dividend as approved by the Annual General Meeting.

By Order of the Board