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MMS/DSD/MSE00822

28 July 2022

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

### Quote

The Board of Directors of MAPFRE Middlesea p.l.c. ('the Company'), has today the 28 July 2022, considered and approved the unaudited financial statements for the financial half year ended 30 June 2022. A preliminary statement of interim results is being attached herewith in terms of the Capital Markets Rules. The Interim Financial Statements are available for viewing on the Company's website at [www.mapfre.com.mt](http://www.mapfre.com.mt).

In line with Company policy, the Board of Directors has not proposed the payment of an interim dividend.

### Unquote

By Order of the Board

A handwritten signature in blue ink, appearing to read 'D. Sims Dodebier', written over a circular stamp or seal.

**Dr Daphne Sims Dodebier**  
Company Secretary

## Review of Group Operations

### Half Yearly Financial Statements - 30 June 2022

#### *Commentary*

The Directors present the unaudited consolidated interim results of MAPFRE Middlesea p.l.c..

The consolidated MAPFRE Middlesea Group registered a profit before tax for the first six months of 2022 of €11.76 million, compared to €10.98 million recorded during the comparative period last year. The profit after tax and non-controlling interests, allocated to shareholders, amounted to €5.17 million as compared to €4.93 million in 2021. Long term business delivered an improved performance as the positive effect of increased interest rates on protection business results outweighed the adverse impact of negative investment returns on the With-Profit fund. On the other hand, non-life business, registered a less satisfactory performance, with claim frequency returning to pre-pandemic levels coupled by the rising impact of inflation.

MAPFRE Middlesea p.l.c.'s ('the Company') non-life business saw premium written registering a strong growth from the already improving levels of June 2021. The net combined ratio moved upwards reflecting the increased claim frequency in Motor verging closely towards pre-pandemic levels and at a higher average cost. Non-Motor lines of business had overall a good performance with a particular class deteriorating as a result of large losses concentration. The Company's results saw an overall improvement as a result of a contained €1.0 million net dividend received from MAPFRE MSV Life p.l.c., which in 2021 had paid no dividend in order to strengthen its Solvency position at the time. The results were also supplemented by a receipt of €0.54 million from the liquidation of Progress Assicurazioni S.p.A..

MAPFRE MSV Life p.l.c. premium sales levels were subdued in the first six months of the year. The With-Profits Fund reduced by 12.9% as at June and 11.3% lower compared to June 2021 in the wake of the financial markets protracted decline and the geopolitical environment and its impact on world economies.

Group's gross premiums written have reduced by 6.3% during the first six months of 2022. Turnover in General Business moved up by 8.6% with the major lines of business delivering higher volume levels with Life premium written registering a drop of 9.9% on the comparative figures.

The Group is compliant with the regulatory capital requirements as stipulated by the MFSA which are in line with the Solvency II requirements and continues to maintain its healthy Solvency position as a result of the attained positive results.

## Preliminary Statement of Interim Results 30 June 2022

### Financial highlights for the half year

- **General Business Gross Premium written** increased by 8.57% from €41.34 million in 2021 to €44.89 million as at the 30 June 2022.
- **Long term Gross Premium Written** by the Group registered a downward movement of 9.89% to €151.75 million compared to €168.40 million in the comparative period of 2021.
- The Group registered a **Profit after taxation** for the 6 months ended 30 June 2022 of €8.13 million, of which €5.17 million attributable to shareholders, compared with a profit after taxation of €7.61 million for the same period last year of which €4.93 million attributable to shareholders.
- **Gross Technical Provisions** at 30 June 2022 reduced by 12.1% to €2.23 billion compared to the 31 December 2021 reserves of €2.53 billion. Net of reinsurers' share, technical provisions stood at €2.20 billion, a sharp reduction of 12.1% below the 31 December 2021 provisions of €2.50 billion.
- **Total assets** retracted by 11.0% and totaled €2.52 billion as at 30 June 2022, as compared to the total assets of €2.83 billion at 31 December 2021.
- **Total Equity** of the Group attributable to shareholders amounted to €108.47 million as at 30 June 2022, down from €111.04 million at 31 December 2021, with MAPFRE Middlesea p.l.c. having paid a dividend for financial year 2021 of €2.4 million and the reduction in the value of-in-force business outweighing the results for the half year. The net asset value per share stands at €1.18 as at June 2022.
- Both insurance companies in the Group are compliant with the regulatory **solvency requirements** under Solvency II regime as at June 2022.

### Outlook

The Group looks at the second half of 2022 with cautious optimism in an environment wary of the evolving effects of the Ukraine war, inflation and challenging investment backdrop. The Board and Management remains focused on the Group's strategic actions to meet its set Key Performance Indicators and increasing shareholders returns whilst improving operational efficiency and client satisfaction in line with its mission of being the most trusted insurer.

In line with Company policy, the Board of Directors do not propose to pay an interim dividend for the half year ended 30 June 2022 (2021 – nil).

Preliminary Statement of Interim Results 30 June 2022

**Condensed Statement of Profit or Loss  
Non - technical account  
for the half year ended 30 June**

|  | Group                       |                             |
|--|-----------------------------|-----------------------------|
|  | 6 months to<br>30 June 2022 | 6 months to<br>30 June 2021 |
|  | €'000                       | €'000                       |
| Balance on the general business technical account                                    | 2,905                       | 4,077                       |
| Balance on the long term business technical account                                  | 9,186                       | 8,117                       |
| <b>Total income from insurance activities</b>  | <b>12,091</b>               | <b>12,194</b>               |
| Other investment income  | 125                         | 629                         |
| Investment expenses and charges  | (224)                       | (151)                       |
| Allocated investment return transferred to<br>the general business technical account | (200)                       | (393)                       |
| Other income   | 813                         | 675                         |
| Administration expenses  | (1,388)                     | (1,977)                     |
| Reversal of impairment on group undertaking  | 540                         | -                           |
| <b>Profit for the half year before tax</b>   | <b>11,757</b>               | <b>10,977</b>               |
| Income tax expense   | (3,626)                     | (3,365)                     |
| <b>Profit for the half year</b>  | <b>8,131</b>                | <b>7,612</b>                |
| <b>Attributable to:</b>  |                             |                             |
| - owners of the Company  | 5,175                       | 4,927                       |
| - non-controlling interests  | 2,956                       | 2,685                       |
|  | <b>8,131</b>                | <b>7,612</b>                |
| <b>Earnings per share attributable to owners of the Company</b>                      | <b>5c6</b>                  | <b>5c4</b>                  |

Preliminary Statement of Interim Results 30 June 2022

Condensed Statement of Comprehensive Income  
for the half year ended 30 June

|   | Group                       |                             |
|---|-----------------------------|-----------------------------|
|   | 6 months to<br>30 June 2022 | 6 months to<br>30 June 2021 |
|   | €'000                       | €'000                       |
| Profit for the half year  | 8,131                       | 7,612                       |
| Other comprehensive income:   |                             |                             |
| <i>Other comprehensive Income to be reclassified to profit and loss in subsequent periods</i>     |                             |                             |
| Change in other available-for-sale investments  | (470)                       | (33)                        |
| <i>Other comprehensive Income not to be reclassified to profit and loss in subsequent periods</i> |                             |                             |
| (Decrease)/Increase in value of in-force business   | (9,738)                     | 5,282                       |
| Total other comprehensive income, net of tax  | (10,208)                    | 5,249                       |
| Total comprehensive income for the half year  | (2,077)                     | 12,861                      |
| Attributable to:  |                             |                             |
| - owners of the Company   | (164)                       | 7,535                       |
| - non-controlling interests   | (1,913)                     | 5,326                       |
| Total comprehensive income for the half year  | (2,077)                     | 12,861                      |

Preliminary Statement of Interim Results 30 June 2022

Condensed Statement of Financial Position

|  | Group            |                  |
|--|------------------|------------------|
|  | June             | December         |
|  | 2022             | 2021             |
|  | €'000            | €'000            |
| <b>ASSETS</b>  |                  |                  |
| Intangible assets  | 100,952          | 109,729          |
| Property, plant and equipment                              | 17,947           | 17,657           |
| Right-of-use assets  | 1,629            | 1,802            |
| Investment property  | 110,490          | 110,016          |
| Investment in associated undertakings                      | 19,910           | 22,831           |
| Other investments  | 2,080,310        | 2,421,911        |
| Deferred income tax  | 2,300            | 2,313            |
| Reinsurers' share of technical provisions                  | 30,151           | 33,247           |
| Deferred acquisition costs                                 | 9,580            | 8,427            |
| Insurance and other receivables                            | 37,024           | 32,069           |
| Income tax receivables                                     | 493              | 308              |
| Cash and cash equivalents                                  | 110,624          | 71,443           |
| <b>Total assets</b>  | <b>2,521,410</b> | <b>2,831,753</b> |
| <b>EQUITY</b>  |                  |                  |
| Capital and reserves attributable to owners of the Company | 108,472          | 111,036          |
| Non-controlling interests                                  | 108,019          | 110,932          |
| <b>Total equity</b>  | <b>216,491</b>   | <b>221,968</b>   |
| <b>LIABILITIES</b>   |                  |                  |
| Deferred income tax  | 44,720           | 42,599           |
| Provisions for other liabilities and charges               | 969              | 997              |
| Technical provisions:                                      |                  |                  |
| - Insurance contracts and investment contracts with DPF    | 2,171,899        | 2,470,668        |
| - Investment contracts without DPF                         | 54,544           | 60,869           |
| Derivative financial instruments                           | -                | 775              |
| Lease liabilities  | 1,698            | 1,866            |
| Insurance and other payables                               | 30,047           | 31,173           |
| Income tax payable   | 1,042            | 838              |
| <b>Total liabilities</b>                                   | <b>2,304,919</b> | <b>2,609,785</b> |
| <b>Total equity and liabilities</b>                        | <b>2,521,410</b> | <b>2,831,753</b> |

These condensed financial statements were approved by the Board on 28 July 2022 and were signed on its behalf by:



Martin Galea  
Chairman



James Mallia  
Acting Chief Executive Officer

## Preliminary Statement of Interim Results 30 June 2022

### Statement of Changes in Equity for the half year ended 30 June

#### Group

|  | Attributable to owners of the Company |                                      |                            |                                      | Total<br>€'000 | Non-<br>controlling<br>interests<br>€'000 | Total<br>€'000 |
|--|---------------------------------------|--------------------------------------|----------------------------|--------------------------------------|----------------|---|----------------|
|  | Share<br>capital<br>€'000             | Share<br>premium<br>account<br>€'000 | Other<br>reserves<br>€'000 | Profit &<br>loss<br>account<br>€'000 |                |   |                |
| Balance as at 1 January 2021   | 19,320                                | 688                                  | 38,829                     | 41,766                               | 100,603        | 80,696                                    | 181,299        |
| <b>Comprehensive income</b>  |                                       |                                      |                            |                                      |                |   |                |
| Profit for the half year   | -                                     | -                                    | -                          | 4,862                                | 4,862          | 2,296                                     | 7,158          |
| Other comprehensive income:  |                                       |                                      |                            |                                      |                |   |                |
| Change in available-for-sale investments' fair value                               | -                                     | -                                    | (33)                       | -                                    | (33)           | -   | (33)           |
| Increase in value of in-force business   | -                                     | -                                    | 2,641                      | -                                    | 2,641          | 2,641                                     | 5,282          |
| Total other comprehensive income, net of tax                                       | -                                     | -                                    | 2,608                      | -                                    | 2,608          | 2,641                                     | 5,249          |
| <b>Total comprehensive income</b>  | -                                     | -                                    | 2,608                      | 4,862                                | 7,470          | 4,937                                     | 12,407         |
| <b>Transactions with owners</b>  |                                       |                                      |                            |                                      |                |   |                |
| Increase in share capital of subsidiary undertaking<br>by non-controlling interest | -                                     | -                                    | -                          | -                                    | -              | 20,000                                    | 20,000         |
| Dividends for 2020   | -                                     | -                                    | -                          | (3,200)                              | (3,200)        | -   | (3,200)        |
| <b>Total transactions with owners</b>  | -                                     | -                                    | -                          | (3,200)                              | (3,200)        | 20,000                                    | 16,800         |
| <b>Balance as at 30 June 2021</b>  | <b>19,320</b>                         | <b>688</b>                           | <b>41,437</b>              | <b>43,428</b>                        | <b>104,873</b> | <b>105,633</b>                            | <b>210,506</b> |
| Balance as at 1 January 2022   | 19,320                                | 688                                  | 44,817                     | 46,211                               | 111,036        | 110,932                                   | 221,968        |
| <b>Comprehensive income</b>  |                                       |                                      |                            |                                      |                |   |                |
| Profit for the half year   | -                                     | -                                    | -                          | 5,175                                | 5,175          | 2,956                                     | 8,131          |
| Other comprehensive income:  |                                       |                                      |                            |                                      |                |   |                |
| Change in available-for-sale investments' fair value                               | -                                     | -                                    | (470)                      | -                                    | (470)          | -   | (470)          |
| Decrease in value of in-force business   | -                                     | -                                    | (4,869)                    | -                                    | (4,869)        | (4,869)                                   | (9,738)        |
| Total other comprehensive income, net of tax                                       | -                                     | -                                    | (5,339)                    | -                                    | (5,339)        | (4,869)                                   | (10,208)       |
| <b>Total comprehensive income</b>  | -                                     | -                                    | (5,339)                    | 5,175                                | (164)          | (1,913)                                   | (2,077)        |
| <b>Transactions with owners</b>  |                                       |                                      |                            |                                      |                |   |                |
| Dividends for 2021   | -                                     | -                                    | -                          | (2,400)                              | (2,400)        | (1,000)                                   | (3,400)        |
| <b>Total transactions with owners</b>  | -                                     | -                                    | -                          | (2,400)                              | (2,400)        | (1,000)                                   | (3,400)        |
| <b>Balance as at 30 June 2022</b>  | <b>19,320</b>                         | <b>688</b>                           | <b>39,478</b>              | <b>48,986</b>                        | <b>108,472</b> | <b>108,019</b>                            | <b>216,491</b> |

Preliminary Statement of Interim Results 30 June 2022

Statement of cash flows  
for the half year ended 30 June

|   | Group                       |                             |
|---|-----------------------------|-----------------------------|
|   | 6 months to<br>30 June 2021 | 6 months to<br>30 June 2020 |
|   | €'000                       | €'000                       |
| <b>Cash flows from operating activities</b>                         |                             |                             |
| Cash generated from/(used in) operations                            | (36,073)                    | 413                         |
| Dividends received  | 6,676                       | 5,653                       |
| Interest received   | 9,082                       | 10,744                      |
| Interest paid   | (23)                        | (44)                        |
| Tax paid  | (1,465)                     | (68)                        |
| <b>Net cash generated from operating activities</b>                 | <b>(21,803)</b>             | <b>16,698</b>               |
| <b>Investing activities</b>   |                             |                             |
| Purchase of investment property                                     | (475)                       | (537)                       |
| Disposal of investment property                                     | -                           | 16                          |
| Purchase of financial investments                                   | (631,032)                   | (678,509)                   |
| Disposal of financial investments                                   | 698,934                     | 611,602                     |
| Purchase of property, plant and equipment and intangible assets     | (3,043)                     | (3,910)                     |
| <b>Net cash used in investing activities</b>                        | <b>64,384</b>               | <b>(71,338)</b>             |
| <b>Financing activities</b>   |                             |                             |
| Increase in share capital of subsidiary by non-controlling interest | -                           | 20,000                      |
| Dividends paid to owners of the Company                             | (2,400)                     | (3,200)                     |
| Dividends paid to non-controlling interests                         | (1,000)                     | -                           |
| <b>Cash generated from financing activities</b>                     | <b>(3,400)</b>              | <b>16,800</b>               |
| <b>Increase in cash and cash equivalents</b>                        | <b>39,181</b>               | <b>(37,840)</b>             |
| <b>Movement in cash and cash equivalents</b>                        |                             |                             |
| At beginning of year  | 71,443                      | 97,060                      |
| Net cash (outflow)/inflow   | 39,181                      | (37,840)                    |
| <b>At end of half year</b>  | <b>110,624</b>              | <b>59,220</b>               |



## Notes to the Condensed Financial Statements

### For the half year ended 30 June 2022

1. MAPFRE Middlesea p.l.c. is authorized by the Malta Financial Services Authority to carry on long term and general business of insurance under the Insurance Business Act, 1998.
2. Basis of preparation

These condensed financial statements are being published in accordance with Chapter 5 of the Capital Markets Rules of the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act 2005. These statements have been extracted from the Group's unaudited financial statements as approved by the Board on 28 July 2022 and have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS34). They do not include all information required for full annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 December 2021. The accounting policies applied in these condensed financial statements are the same as those applied by the group in its financial statements for the year ended 31 December 2021.

Related party transactions with other members of the MAPFRE Middlesea Group were at a similar level to the comparable period with the exception of IT services being now rendered to MAPFRE Middlesea p.l.c. and MAPFRE MSV Life p.l.c. by BEE Insurance Management Ltd, the Group's insurance management entity.

### Segmental information

The Group writes business from Malta and in the past wrote business in Gibraltar and London. Whilst the Malta segment is involved in general business and long term business, the Gibraltar and London segments are general business segments that have been or still in run-off.

|       | Gross written premiums      |                             | Profit before taxation      |                             |
|-------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|       | 6 months to<br>30 June 2022 | 6 months to<br>30 June 2021 | 6 months to<br>30 June 2022 | 6 months to<br>30 June 2021 |
|       | €'000                       | €'000                       | €'000                       | €'000                       |
| Malta | 196,636                     | 209,738                     | 11,757                      | 10,977                      |
|       | <u>196,636</u>              | <u>209,738</u>              | <u>11,757</u>               | <u>10,977</u>               |

Preliminary Statement of Interim Results 30 June 2022

Statement pursuant to Capital Markets Rule 5.75.3 issued by the Malta Financial Services Authority

We confirm that to the best of our knowledge:

- the condensed interim financial statements for the Group give a true and fair view of the financial position as at 30 June 2022, financial performance and cash flows for the period then ended, in accordance with accounting standards adopted for use in the EU for interim financial statements ( IAS 34 'Interim Financial Reporting') for the Group; and
- the commentary includes a fair review of the information required in terms of Capital Markets rule 5.75.2.



Martin Galea  
Chairman



James Mallia  
Acting Chief Executive Officer