



KPMG S.p.A.  
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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010, article 10 of Regulation (EU) no. 537 of 16 April 2014 and article 102 of Legislative decree no. 209 of 7 September 2005**

*To the shareholders of  
Assicurazioni Generali S.p.A.*

### **Report on the audit of the consolidated financial statements**

#### **Opinion**

We have audited the consolidated financial statements of the Generali Group (the "Group"), which comprise the statement of financial position as at 31 December 2023, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 90 of Legislative decree no. 209 of 7 September 2005.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Assicurazioni Generali S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Transition to the International Financial Reporting Standard 17 Insurance Contracts (IFRS 17)

*Notes to the consolidated financial statements section "Accounting principles", paragraph "Impacts of the transition to new accounting standards" and paragraph "Insurance assets and liabilities"*

Key audit matter	Audit procedures addressing the key audit matter
<p>Starting from 1 January 2023, the Group adopted the new accounting standard IFRS 17, which significantly modified the accounting criteria for the measurement and recognition of insurance contracts.</p> <p>The retrospective adoption of the new accounting standard has required:</p> <ul style="list-style-type: none"><li>the adoption of new accounting policies by the Group and the introduction of significant changes in accounting and organisational processes and control activities;</li><li>the restatement of the balance sheet amounts related to insurance contracts at the transition date of 1 January 2022 and of the balance sheet and income statement amounts as at 31 December 2022 prepared for comparative figures;</li><li>the development of complex valuations and estimates, subjective by their very nature, for the identification, measurement and recognition of insurance contracts.</li></ul> <p>For the above reasons, we believe that the transition to IFRS 17 is a key audit matter.</p>	<p>Our audit procedures, carried out with the assistance of actuarial experts of the KPMG network, included:</p> <ul style="list-style-type: none"><li>analysing of the accounting policies adopted by the Generali Group in compliance with IFRS 17;</li><li>understanding the processes for the transition to IFRS 17 and the related IT environment, with particular reference to the measurement of insurance contract assets and liabilities;</li><li>analysing the process for the recognition of insurance contracts and checking, on a sample basis, the criteria used for their aggregation at the transition date;</li><li>assessing the transition models adopted, checking, on a sample basis, the appropriateness of methodologies and the reasonableness of assumptions, of the <i>input</i> data and parameters used to determine insurance contract assets and liabilities, at the transition date 1 January 2022;</li><li>checking, on a sample basis, the measurement models adopted, the appropriateness of methodologies and the reasonableness of the assumptions, of the <i>input</i> data and parameters used to determine insurance contract assets and liabilities at 31 December 2022;</li><li>assessing the appropriateness of the disclosures with respect to the impacts of the transition to the new accounting standard IFRS 17.</li></ul>



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**Measurement of insurance contracts that are liabilities – liabilities for remaining coverage and liabilities for incurred claims measured under the General Measurement Model (“GMM”) or under the Variable Fee Approach (“VFA”)**

*Notes to the consolidated financial statements section “Accounting principles”, paragraph “Insurance assets and liabilities” and paragraph “Insurance service result”*

*Notes to the consolidated financial statements note “18. Insurance contracts”, note “20. Income and expenses related to insurance contracts issued and reinsurance contracts held”, note “21. Detailed information related to insurance contracts issued and reinsurance contracts held”*

<b>Key audit matter</b>	<b>Audit procedures addressing the key audit matter</b>
<p>The consolidated financial statements at 31 December 2023 include “Insurance contracts that are liabilities” of €412.325 million, accounting for about 81% of total liabilities.</p> <p>The caption includes, among other items, the liabilities for remaining coverage and the liabilities for incurred claims measured under GMM or VFA for €366.473 and €9.616 respectively.</p> <p>The measurement of the liabilities for remaining coverage and of the liabilities for incurred claims under GMM or VFA is carried out mainly through the application of actuarial valuation techniques which, in certain instances, entail a high level of complex and subjective judgement relating to past and future internal and external variables. Any changes in the underlying assumptions may have a significant impact on the measurement of the aforementioned components of “Insurance contracts that are liabilities”.</p> <p>For the above reasons, we believe that the measurement of liabilities for remaining coverage under GMM or VFA and liabilities for incurred claims included in the caption “Insurance contracts that are liabilities” is a key audit matter.</p>	<p>Our audit procedures, carried out with the assistance of actuarial experts of the KPMG network, included:</p> <ul style="list-style-type: none"><li>• understanding the process for the measurement of “Insurance contracts that are liabilities” and the related IT environment, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls;</li><li>• analysing the significant changes in “Insurance contracts that are liabilities” compared to the previous year’s figures and discussing the results with the relevant internal departments;</li><li>• checking, on a sample basis, the valuation models adopted for the measurement of “Insurance contracts that are liabilities”, and the reasonableness of the input data and parameters used;</li><li>• assessing the appropriateness of the methodology applied to determine financial and operating assumptions used in the measurement of “Insurance contracts that are liabilities”, as well as the reasonableness of said assumptions;</li><li>• assessing the overall calculation of liabilities for incurred claims, through the application of correct actuarial techniques, by identifying, where possible, a range of reasonable insurance liabilities for incurred claims values;</li><li>• assessing the reasonableness of the criteria used in determining coverage units and the reasonableness of the movements of the Consumer Service Margin for the period.</li><li>• assessing the appropriateness of the disclosures about “Insurance contracts that are liabilities”.</li></ul>



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## **Measurement of insurance contracts that are liabilities – Liabilities for incurred claims under the Premium Allocation Approach (“PAA”)**

*Notes to the consolidated financial statements section “Accounting principles”, paragraph “Insurance assets and liabilities” and paragraph “Insurance service result”*

*Notes to the consolidated financial statements note “18. Insurance contracts”, note “20. Income and expenses related to insurance contracts issued and reinsurance contracts held”, note “21. Detailed information related to insurance contracts issued and reinsurance contracts held”*

<b>Key audit matter</b>	<b>Audit procedures addressing the key audit matter</b>
<p>The consolidated financial statements at 31 December 2023 include “Insurance contracts that are liabilities” of €412.315 million, accounting for about 81% of total liabilities.</p> <p>The caption includes, among others, liabilities for remaining coverage and liabilities for incurred claims measured under PAA for €31.215 million and €5.022 million respectively.</p> <p>Liabilities for incurred claims are represented by an estimate of fulfilment cashflows relating to insured events that have already occurred at the reporting date, adjusted for the time value of money and the effect of financial risk, and by an adjustment for non-financial risks. The estimate includes allocated and unallocated costs due to the management of claims arising from insured events that have occurred prior to the reporting date.</p> <p>The measurement of liabilities for incurred claims is carried out mainly through the application of complex actuarial valuation techniques which, in certain instances, entail a high level of judgement relating to past and future internal and external variables. Any changes in the underlying assumptions may have a significant impact on the measurement of the aforementioned components of “Insurance contracts that are liabilities”.</p> <p>For the above reasons, we believe that the measurement of liabilities for incurred claims included in the caption “Insurance contracts that are liabilities” is a key audit matter.</p>	<p>Our audit procedures, which we carried out with the assistance of actuarial experts of the KPMG network, included:</p> <ul style="list-style-type: none"><li>• understanding the process for the measurement of liabilities for incurred claims and the related IT environment, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls;</li><li>• analysing the significant changes in liabilities for incurred claims compared to the previous year’s figures and discussing the results with the relevant internal departments;</li><li>• checking, on a sample basis, the valuation models adopted and the reasonableness of the input data and parameters used to determine liabilities for incurred claims;</li><li>• assessing the overall calculation of liabilities for incurred claims, through the application of correct actuarial techniques, by identifying, where possible, a range of reasonable insurance liabilities for incurred claims values;</li><li>• assessing the appropriateness of the disclosures about “Insurance contracts that are liabilities”.</li></ul>



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## Measurement of unquoted or illiquid financial investments

*Notes to the consolidated financial statements section "Accounting principles", paragraph "Other information"*

*Notes to the consolidated financial statements note "35. Fair value hierarchy", note "36. Transfers of financial instruments at fair value between Level 1 and Level 2", note "37. Additional information on Level 3", note "38. Information on fair value hierarchy of assets and liabilities not measured at fair value"*

<b>Key audit matter</b>	<b>Audit procedures addressing the key audit matter</b>
<p>The consolidated financial statements at 31 December 2023 include financial instruments at levels 2 and 3 of the fair value hierarchy provided for by IFRS 13 Fair value measurement of €46.525 million and €43.546 million respectively, accounting for approximately 18% of total assets.</p> <p>Measuring financial instruments requires estimates, including by using specific valuation methods, which entail a high level of judgement and are, by their very nature, uncertain and subjective.</p> <p>For the above reasons, we believe that the measurement of unquoted or illiquid financial investments is a key audit matter.</p>	<p>Our audit procedures, which we carried out with the assistance of experts of the KPMG network, included:</p> <ul style="list-style-type: none"><li>• understanding the process for the measurement of financial instruments and the related IT environment, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls;</li><li>• analysing the significant changes in financial instruments and in the related income statement items compared to the previous years' figures and discussing the results with the relevant internal departments;</li><li>• checking, on a sample basis, the measurement of unquoted or illiquid financial instruments (fair value levels 2 and 3), by analysing the valuation methods and the reasonableness of the data and parameters used;</li><li>• assessing the appropriateness of the disclosures about unquoted or illiquid financial instruments.</li></ul>



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## Measurement of goodwill

*Notes to the consolidated financial statements section "Accounting principles", paragraph "Goodwill"*

*Notes to the consolidated financial statements note "5. Goodwill"*

<b>Key audit matter</b>	<b>Audit procedures addressing the key audit matter</b>
<p>The consolidated financial statements at 31 December 2023 include goodwill of €7,841 million, mainly relating to acquisitions carried out in previous years.</p> <p>As in previous years, the Directors tested for impairment the carrying amount of goodwill at the reporting date, by comparing the carrying amount of cash-generating units or groups of cash generating units ("CGUs") to which goodwill is allocated, to their recoverable amount. The recoverable amount was estimated based on the value in use approach, mainly determined using the Dividend Discount Model.</p> <p>Impairment testing requires complex valuations and a high level of judgement, especially in relation to:</p> <ul style="list-style-type: none"><li>the CGUs' expected cash flows, calculated by taking into account historical cash flows, the general economic performance and that of the Group's sector and the Directors' forecasts about the Group's future performance;</li><li>the financial parameters to be used to discount the cash flows.</li></ul> <p>For the above reasons, we believe that the measurement of goodwill is a key audit matter.</p>	<p>Our audit procedures, which we carried out with the assistance of experts of the KPMG network, included:</p> <ul style="list-style-type: none"><li>understanding the process adopted to prepare the impairment tests approved by the Directors of the parent company;</li><li>gaining an understanding of the process used to draft the multi-year plans approved by the Directors, which were used to determine the CGUs' recoverable amount to which goodwill is allocated;</li><li>checking any discrepancies between the previous year historical and business plan figures, in order to check the accuracy of the forecasting process;</li><li>analysing the criteria used to identify the CGUs and tracing the carrying amounts of the assets and liabilities allocated thereto to the consolidated financial statements;</li><li>assessing the main assumptions used by the Directors to determine the CGUs' value in use. Our assessment included checking the consistency of the method adopted with that used in previous years and comparing the key assumptions used to external information, where available; we carried out these procedures with the assistance of specialists of the KPMG network;</li><li>checking the sensitivity analyses presented in the notes in relation to the key assumptions used for impairment testing;</li><li>assessing the appropriateness of the disclosures about goodwill.</li></ul>



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## ***Responsibilities of the Directors of the parent company and Board of Statutory Auditors (“Collegio Sindacale”) for the consolidated financial statements***

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulation implementing article 90 of Legislative decree no. 209 of 7 September 2005 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the Directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Group's financial reporting process.

## ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to



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the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

### ***Other information required by article 10 of Regulation (EU) no. 537 of 16 April 2014***

On 7 May 2019, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2021 to 31 December 2029.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537 of 16 April 2014 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

## **Report on other legal and regulatory requirements**

### ***Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815***

The Directors of the parent company are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.



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In our opinion, the consolidated financial statements at 31 December 2023 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

***Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98***

The Directors of the parent company are responsible for the preparation of the Group's management report and report on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the management report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Group's consolidated financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the management report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the Group's consolidated financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

***Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16***

The Directors of Assicurazioni Generali S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the Directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Trieste, 2 April 2024

KPMG S.p.A.

(signed on the original)

Andrea Rosignoli  
Director of Audit