



DEFEND INSURANCE
A FORTEGRA COMPANY

Experience More...



DEFEND AT A GLANCE 2022/2023



DEFEND INSURANCE GROUP

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Just Drive.

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Foreword

Dear ladies and gentlemen, dear business partners,

We are pleased to present our 2022/23 report, in which we focus on the opportunities that are arising as we start growing after the COVID lockdowns, supply chain issues, rapid inflation and the war in Ukraine. Although 2022 started quietly, most regions recovered later in the year, and DEFEND administered more than 208,597 policies, with a gross written premium of €77.6 million, while we handled 36,812 claims.

DEFEND is significantly stronger than we were before the pandemic...

In retrospect, 2022 was an extraordinary year, after two, "extra-ordinary" years but for different reasons.

The wide portfolio of auto insurance businesses, which comprises a broad range portfolio of products & services, a diversified partner network operating in eight (soon to eleven) countries, along with the continuous commitment and support from Fortegra and all of our employees, has collectively allowed us to take charge and navigate through a year which has increased the need for adaptability.

DEFEND is significantly stronger than we were before the pandemic from a business standpoint, as we continue investing in technology and people with the courage to shape the future in every facet of our business. While DEFEND experienced a modest 5% decline in the number of policies compared to 2021, our growth surged impressively by 62% when compared to 2020.

We expect to keep growing in the coming year at a respectable 20% but from a far larger base.

We will continue expanding services in the market while attracting and retaining highly skilled people so that we are well positioned to adapt to changing market conditions.

Our people have shown a tremendous effort in adapting to a changing environment and as we are shaping the new tomorrow together, I believe you will share my excitement for the many opportunities that we still have in front of us.

I look forward to sharing our future success with you.

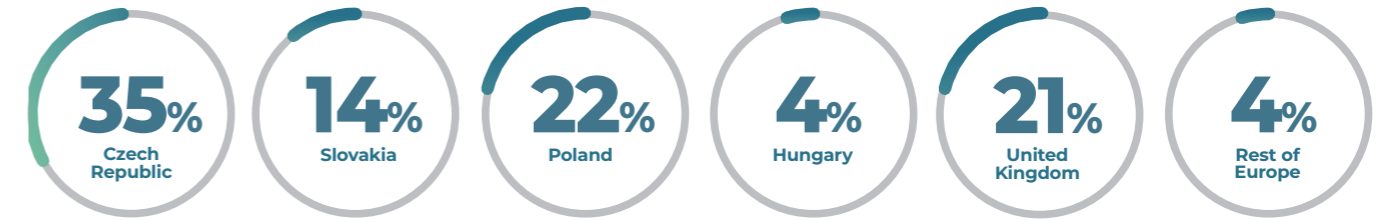
Sincerely,



Andrew Quirke
Managing Director

2022 in Numbers

Group Split by Countries



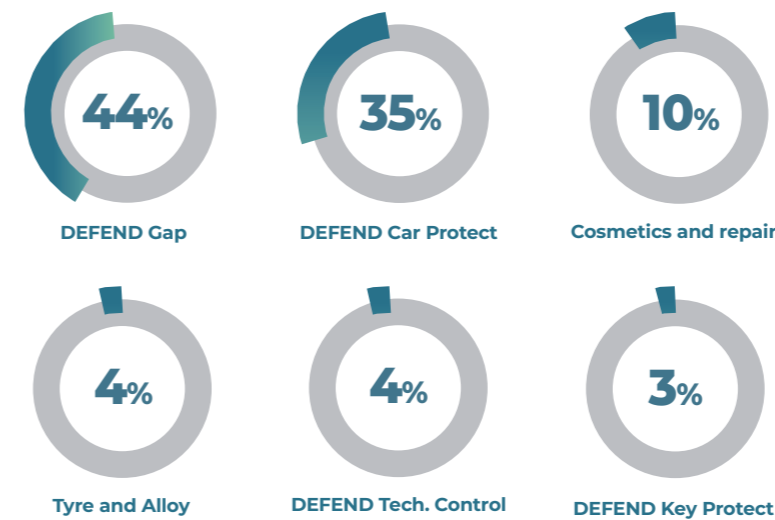
208,597

Policy count

€77.6 mil.

Gross Written Premium

Split by Products



2 core product lines INOVATED

Extended warranty: e-DIAMOND and e-DELUXE for electric cars.
MOT insurance: DEFEND Technical Control now covers emissions test.

3 successful expansions into NEW MARKETS

We are now operating in Romania Lithuania and Latvia. Our next destination will be Estonia, Austria and Germany.

DEFEND Employees



Group Profile

We are structured to grow our partner's business and boost their bottom line, while building customer loyalty with a full complement of insurance related services, which includes four different levels of support and a product division to provide our partners and customers with a customized experience based on their individual needs.

Creative. Consultative. Collaborative. Our business approach drives to the heart of all our stakeholders needs, building confidence and producing real results by being a true partner.



Maintaining innovation and a competitive edge is challenging. Today's businesses are expected to evolve as quickly as the markets they serve, **efficiently delivering breakthrough solutions** to satisfy changing customer needs. Thanks to our experience and deep automotive market knowledge, we are well positioned to be one of the **leaders and catalysts for innovations**.

Thanks to the **strong partnership with Fortegra**, we are also able to create **customized solutions for our partners** to provide them with **profitable, attainable and viable products**, that satisfy a real demand from their target market.

We operate directly in 8 countries through our registered licensed **intermediaries**, being able to act as agents or brokers. This allowed us to launch our new web platform with the option **to conclude insurance online**.



Still, we mainly rely on close **liaison with our business partners**, including car dealers, brokers, and fleet or leasing management companies, who are an essential part of our supply chain.



We work alongside our partners to develop strategies and implement new and improved sales processes that meet the goals and needs of all stakeholders. **Our extensive support program** with structured management teams helps their staff through all phases of product implementation, including ongoing support. Our Key Account Managers regularly visit the partners **to review performance, identify and suggest new areas for support or improvements**, and help drive customer satisfaction and growth.

Recently, we also launched a comprehensive **online e-learning tool DEFEND LEARNING ACADEMY**, which offers a suite of product knowledge, sales techniques, administration and compliance procedures along with other modules to help both partners and customers get the most from our products. Also, all partners have **full access to reporting and marketing support** as our marketing team can supply the associates with branded material to catch the customer's attention and easily explain our insurance programs, while allowing our partners to differentiate their offering from their competitors.



We understand the importance of earning the customers' trust and providing them with a **meaningful and positive experience** with each interaction, mainly during the claim process. We rely on several key pillars which enable us to bring satisfaction and **sustainable success to all stakeholders** – underwriters, administrators, partners and clients.



Our claims team is responsible for all processes connected with claims handling from the point of registration right through the claim handling process, till the final pay-out. **We have more than 50 multilingual** employees handling claims for all countries, all of them located in Prague, to ensure everyone can expect the same level of service across the region. For each major project, **a dedicated project team is established**, who liaise directly with all stakeholders to ensure a smooth delivery.

The claims team also **cooperates closely with our compliance team** as we fully embrace the principle based regulatory approach and **„Treating Customers Fairly“** is part of our ethos through the entire claims process. Moreover, **Quality Assurance Specialists** are focused on auditing claims services and **ensuring fair outcomes for our customers**.

In 2022 **we handled more than 36,000 claims with over three quarters approval rate**, and we expect the number of claims to grow to almost 45,000 in 2023. All claims handling is done via our iDEFEND system, which offers end-to-end management capabilities tailored for each partner.



Our Strategy

Our strategy has driven the success and growth of DEFEND in recent years, taking advantage of our past and promising future. This strategy is based on seamless adaptation to a dynamic environment, that has roots in strong values and a stable long-term vision.

The key pillars of our strategy

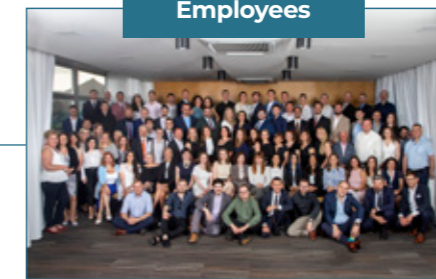
Management



Focused management team

The management team is integral to the success of DEFEND. They are committed to the highest standards of corporate governance and oversee management of the day-to-day work to ensure the right direction for the future growth.

Employees



Dedicated employees

In DEFEND we put emphasis on providing our employees with a friendly working environment and the opportunity to grow personally and professionally to benefit both, customers and team members.

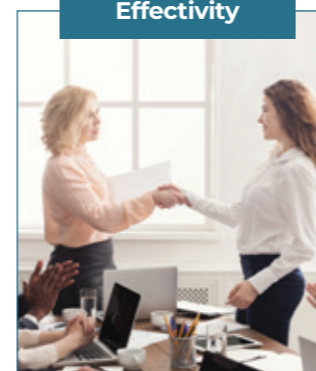
Insurers



Supporting insurers

We are proud to work with some of the leading insurers, who allow us to be always one step ahead and in many ways lead the direction of the market, bringing innovative solutions to the needs of our customers.

Effectivity



Effective solutions

We listen carefully to our customers needs, closely follow the development of new technologies and quickly adjust to current demands of the market.

Customer service



Excellent customer service

Our main purpose is to help customers during stressful times. Thus, we pay great attention to our customer service, which represents a key part of the KPI monitoring.

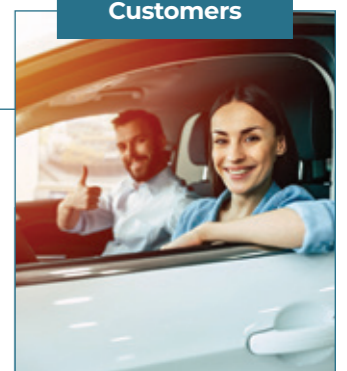
Partnership



Reliable partners

Our partner network consists of major market players along with local businesses. We provide their staff with cooperative management able to provide essential information and support.

Customers



Valued loyal customers

The trust of our customers is what we strive to achieve and maintain. Our customers are at the heart of everything we do in our business. They are at the forefront of our thinking every time.

Our Regions

By consistently delivering our high-quality products and services and staying on top of trends, we give our partners a significant opportunity to attract customers, build loyalty and increase profit in eight countries with seven offices across the CEE market – Czech Republic, Slovakia, Hungary, Poland, Romania and the Baltics.

Czech Republic

The Czech Republic is special for the entire DEFEND INSURANCE GROUP, since the whole brand is originally from the Czech Republic. Our **office in Prague is the main headquarters for the group**, where the management and most of our employees are located, while **our office in Kroměříž represents the administration centre for the entire region**. The company has been **operating in the insurance market since 2012**, when it became a Coverholder at Lloyd's. **Currently the main insurer is Fortegra Europe Insurance Company SE, with an A- rating from AM Best**. Fortegra established a Czech branch in late 2021, this enabled them to manage the day to day business with insurance agents in the Czech Republic directly.

Slovakia

Business operations in Slovakia are represented by DEFEND INSURANCE s.r.o., it has **one office located in Bratislava and this is where the sales team is based**. The focus is on extended warranties and GAP insurance. **The company was established in 2012** when it became a Coverholder at Lloyd's. **Currently the main insurer is Fortegra Europe Insurance Company**.

Hungary

Hungary has one office in Budapest and serves as a headquarters for the sales team. It is represented by DEFEND INSURANCE Kft., which was established as a tied agent in 2020 in order to accommodate the **permanent establishment of our insurer, Fortegra Europe Insurance Company**. The auto insurance market there is under-developed and **this means plentiful opportunities for DEFEND, especially in the warranty sector**.

Poland

Poland has two offices – one in Warsaw and the other in Katowice. Warsaw serves as the head office for the sales team, while Katowice is the main administration center for Poland. DEFEND INSURANCE Sp. z o.o. **was established in 2015** after the acquisition of a local insurance administrator and obtained the status of Coverholder at Lloyd's. Together with Fortegra Europe Insurance Company, they are currently our two main insurers in Poland.

Lithuania

In 2022, we expanded into the Baltics, and Lithuania was the first market. We see great potential and opportunity for further growth in this region with its advanced economies and low competition. **We have chosen the local agent, Mango Insurance, as a strategic exclusive partner** to enter the Baltics automotive market. Lithuanian partners and clients can enjoy our key product line of **extended warranties for new and used cars, and GAP insurance**.

Romania

At the beginning of 2023, we entered Romania, where the Group has so far operated through cooperation with Business Lease, a company providing comprehensive operating and finance leasing services for passenger and commercial vehicles in Central and Eastern Europe. **DIG is now entering the market through its Polish insurance agent, DEFEND INSURANCE Sp. z o.o., and is opening an administrative office in Bucharest**. Partners across Romania can now **offer DEFEND Car Protect extended warranties to their clients**.

Latvia

Again with an exclusive partnership with **Mango Insurance**, we have extended our presence to **Latvia, the second Baltic state**. In the **second quarter of 2023**, we successfully introduced **our extended warranties and GAP insurance** offerings to the local market.

United Kingdom

In the UK we are responsible only for the **administration and claims handling** for our partners, we do not cover the supply chain management. Therefore, all our services can be provided by the UK department who are based in Prague. We started to provide **services for a major British client, GardX**, who are a rapidly growing company. We have also undertaken services for Fortegra and other local clients and currently the UK represents 20% of the Group's business and is still growing. Apart from administration and claims handling, we have also **developed custom-made policy administration systems** for our partners, similar to our core system iDEFEND. They are based on our long-term experience and prove to be an essential tool, elevating our partners and their businesses.



Sales Team

A highly skilled and motivated sales team is an invaluable asset to any business. Exceptional abilities of our sales management play a pivotal role in driving the overall success of DEFEND INSURANCE. They act as trusted advisors, understanding the unique needs and goals of our partners, and providing tailored solutions that address their specific challenges. With their deep product knowledge and industry expertise, our sales team offers valuable insights and guidance, helping our partners achieve outstanding business results in the automotive industry.

Andrew Quirke
Managing Director



Andrew has over 25 years' experience in automotive insurance companies. He co-founded DEFEND INSURANCE GROUP in 2012 and since then he is responsible for strategy and executive management of DIG & DSG as well as leading the Group's sales team.

Kateřina Písařiková
Head of CEE Operations



Kateřina has more than 10 years' experience with marketing, project management and business development. She joined DEFEND in 2015 and currently oversees the Group's operations and implements growth opportunities.

Tomasz Oszczepalski
Head of CEE Sales & Marketing



Tomasz has more than 15 years' experience in car insurance, customer care and sales. He joined DEFEND in 2016 and currently is responsible for strategy, sales and marketing in CEE region. He also leads Polish sales team.

Gabriela Motejzíkóvá
Country Manager CZ



Gabriela has more than 15 years' experience in sales and key account management. She joined DEFEND in 2013 and is responsible for sales of DIG & DSG products in Czech Republic and leading the sales team.

Oliver Kiss
Country Manager SK



Oliver has over 20 years' experience in sales, business development and asset financing. He joined DEFEND in 2019 and currently is responsible for strategy and sales in Slovakia and leads the country sales team.

Emília Nagy
Country Manager HU



Emília has over 15 years' experience in key account management and asset financing. She joined DEFEND in 2017 and she is currently responsible for strategy and sales in Hungary and leads the country sales team.

Florian Nedelcu
Country Manager RO



Florian has almost 20 years' experience in insurance and sales. He joined DEFEND in 2022 and currently is responsible for strategy and sales in Romania.

Anton Timofejev
Country Manager Baltics



Anton has almost 20 years' experience in insurance, sales and business development. He joined DEFEND in 2022 and currently he is responsible for strategy and sales in Lithuania and Latvia and leads the sales teams of both countries.

DEFEND Certainty

We at DEFEND are committed to the satisfaction and security of our clients and partners above everything. Therefore, our topmost priority is to partner with the most respected A-rated insurance companies that possess formidable financial positions.

We focus on **providing niche insurance cover for the automotive market** which allows us to be focused and specific with our products so **we can deliver the maximum benefit to our clients**. Our underwriters fully endorse our philosophy and enable us to develop innovative, flexible and customer responsive programmes that have been the hallmark of DEFEND's success over the last years.

We cooperate with **Fortegra Europe** (based in Malta with two branches in the Czech Republic and Hungary) and **Newline (Lloyd's Syndicate)**. With extensive underwriting expertise and a comprehensive understanding of business and the automotive industry, they can **help us design and quickly implement new solutions** that best suit our strategic and development needs and drive more innovation, something DEFEND is known for.

At the same time, **it is essential for us to maintain the right balance between creativity and discipline, to ensure appropriate risk management and long-term financial stability for our insurers**. An ultimate testimony of the qualities and reliability of our insurer is the AM Best Financial Strength Rating of A- (Excellent) of Fortegra Europe, and A (Excellent) of Lloyd's Syndicate – Newline.



More than 55 million active contracts worldwide!

Fortegra Europe Insurance Company "FEIC" is the EU-based subsidiary of Fortegra, a global specialty insurer founded in the U.S. over 45 years ago. FEIC can proudly claim an AM Best Financial Strength Rating of A-, and is licensed to sell in various EU and EEA countries.

YEARS IN BUSINESS 45+	CORPORATE LOCATIONS 15	TOTAL ASSETS* \$3.7B	CONTRACTS ISSUED* 10M+	Financial Strength Rating A- BEST A- Excellent
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Insurance companies are expected to be there when you need them most, with the financial stability to meet all their current and future financial commitments, such as paying out on valid claims.

A- rated insurance company Fortegra Europe provides proven security you need from an insurer for the long haul thanks to substantial financial reserves and proper risk management.

Vertically Integrated

- Underwriting
- Administration
- Compliance
- Legal
- Finance
- Marketing
- Training

\$2.7B | **1M+**
GROSS WRITTEN PREMIUM* | CLAIMS PROCESSED ANNUALLY*



Employee Experience

We are proud to have an experienced and diverse international team of more than 120 people throughout the region, that works hard every day to truly make an impact in our clients' lives. We know that we could not accomplish our successes without our employees' ideas and talents, which is why we prioritize their opinions, development, and overall well-being.

We could not accomplish what we do every day without our employees...

DEFEND is committed to equality of opportunity and diversity. We are an inclusive company, and our ambition is to attract, recruit and promote diverse talents. Throughout the years, it has been our diverse team that has proven to be our core strength, which allows us to share different perspectives and ideas, to ensure our long-term success.

We also continue to invest, creating the best possible working environment with a positive company culture, ensuring our people can flourish in whatever role they are in.

The power of knowledge. When you grow, we all grow

We are empowering people to drive better performance, craft their jobs and reach their personal and professional goals. Taking it to another level, we created the **new Learning & Development department** with professional trainers and coaches and introduced new development initiatives together with **the Leadership Development Program**.

As we are continuously growing, we strive to be adaptable, motivated, and responsive to our new employees as we are to clients and partners. We have launched a **comprehensive two-day Induction training** and a **collection of supporting materials**, to make our new team members feel confident and personally welcome from their first moments inside the company.

To keep our employees informed and engaged, we worked on the development of our **DEFEND Intranet** and launched a new **internal video magazine, the DEFEND Quarterly Report**. We also produce our **internal DEFEND Podcast** and organise **internal initiatives** such as **Diversity Week** and **Appreciation Week** to help build a bridge between teams and cultures and create a space for personal development and of course fun.

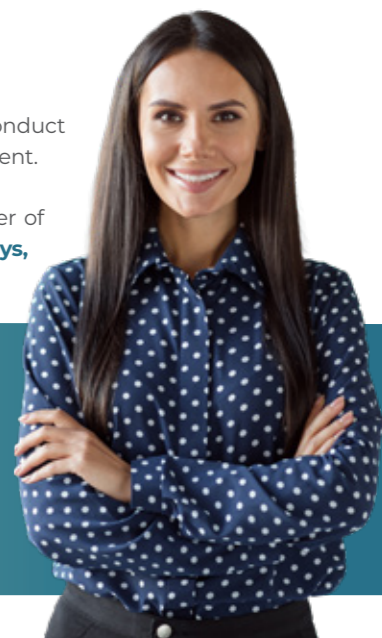
The power of each employee experience

We are paying a lot of attention to the needs of our employees, making sure they are listened to. We conduct **regular anonymous satisfaction surveys**, which provide valuable feedback and tips for improvement.

To further increase the wellbeing and satisfaction of our employees, we have introduced a number of **new benefits through 2022/2023**. In addition to our favourite ones, **including five weeks of holidays, 4 personal days and Multisport card**, we have added **meal and transport contributions, anniversary bonuses, baby vouchers, medical assistance and English courses**. Every Wednesday, as an additional perk, **we provide our staff with healthy refreshments**. Moreover, our FreshPoint fridge at the HQ offers **a company discount on quality snacks** every day!

And last but not last, we were finally able to reunite with our colleagues from all our branches, to have fun and strengthen our relationships during the unforgettable DEFEND Summer Party in June 2022.

WOMEN REPRESENT
50%
OF OUR TOP MANAGEMENT



Partner Experience

One of DEFEND's main strengths is that we are not just a supplier, but a strong business partner. Our goal is to connect with our partners, so we may forge a strong and fruitful relationship, setting the stage for our mutual success, both in business and in customer satisfaction.

By consistently delivering high-quality products and services, we give our partners a significant opportunity to build customer loyalty and increase profits.

Our strategy is based on a **partnership and individual approach** towards both customers and partners. We take pride in our commitment to being a reliable partner, offering **first-class products and services** that consistently **surpass expectations**. It is with great satisfaction that **we collaborate with renowned leaders in the European automotive market**, who have placed their trust in us. Currently, we have **almost 4,000 partners** which include **car dealers and brokers along with fleet & leasing companies**, ensuring our customers have convenient access to our products.

Helping to boost profits with F&I

The past two and a half years have been difficult for our partners as the continuing COVID pandemic presented the car market with unprecedented challenges. Many dealerships were forced to close their showrooms due to government restrictions, new car plants faced a lack of car components, especially semiconductor chips, and both retail & fleet sales were reduced as people and companies started to be even more cautious about their budgets due to inflation.

During this period of volatility, **complementary products and services** such as insurance **became more** crucial than ever for our partners. **Additional income from our insurance solutions** continues to **help them cover shortfalls** and the **end-customer welcomes the additional security** and protection during these uncertain times. Therefore, we have focused on **launching several new products** and **further innovations** of our key product lines of extended warranties and GAP insurance, enabling us and our partners to **reach new target markets**.

We build our partnerships by establishing and maintaining **close relationships and providing continuous support** from our local Key Account Managers. We **stayed true to our commitment to support** them during the pandemic and kept in touch with our partners either through **virtual meetings or face-to-face visits** when and where possible.



Road to sales success

Our philosophy towards having a prosperous partnership involves **providing comprehensive training**, as we believe that **having a profound knowledge base** regarding our products, sales techniques, and compliance policies **is essential for reaching sales success**.

On-site training



Our experienced Key Account Managers regularly visit partners and their branches and provide initial training, training of newcomers and support training in areas where it is needed.

Online training



It's not just the COVID pandemic that has shown us how important it is to be flexible. Therefore, we also provide group or individual online training via MS Teams, Zoom and other platforms, according to the needs of our partner.

E-learning



In cooperation with Grant Cardone University, we have created our very own e-learning platform, DEFEND LEARNING ACADEMY, which offers customised trainings in the form of videos, including issuing certificates.

Product knowledge is also supported with a **full package of marketing materials**. All our partners can enjoy traditional **point of sale materials** (roll-ups, banners, leaflets and brochures), **product videos** or a package of **online tools** to provide more **effective advertising** during the earlier stages of the customer journey. All materials **can be individually branded**, which contributes to better customer acceptance of each product and allows the partner to stand out from the competition by displaying the product with their unique brand.

Policy Management & Reporting

Transparency and development are at the heart of our long-term strategy. All partners have **continuous access to comprehensive reporting** which includes policy and claim data, commission statements and other reports that enable the user to review all important data whenever needed. We are always **reviewing the performance of each of our partners**, looking for areas where we can improve upon or gaps that we can cover.

We have also made significant investments **in upgrading and developing our core insurance administration system, iDEFEND, which saw the release of its brand-new version in 2022**. It features a **revamped user interface with many new features** that are specially designed to better support our partners by making the entire sales process **more simple and efficient**. iDEFEND is also a cornerstone for launching the new customer portal, which is connected to the new system.

Customer Experience

At DEFEND, the responsibility for clients who place their trust in our products and services is taken seriously, as insurance plays an important role in everyone's life. We are always on the hunt for the best security, state-of-the-art products and an improved customer experience, resulting in higher customer satisfaction and loyalty.

Being certain in times of uncertainty...

The last 18 months continued to be very turbulent due to the increasing level of uncertainty, caused by the war in Ukraine, ongoing energy crisis along with rising inflation. As everyone, including our customers, have to face unprecedented challenges and unpredictability, our **main aim is to provide reassurance and give our customers a level of certainty** that financial needs will be taken care of regardless of what is happening in the world.

We have always been proud of our ability to invest in new technologies which have become an integral part of our success during such dynamic times, allowing us to continue smooth operations, even from home office, while **providing the same level of service that our customers** have become accustomed to.

Our iDEFEND system enables the signing of policies via SMS and the ability to send documents to the customer's specified email address, which was extremely beneficial during the government mandated lockdowns and social-distancing.

100% digital policy conclusion process through iDEFEND

Quality Assurance Process to audit customer care and claims services

New customer portal to handle all policy related requests including claims online

Our customers and their experience with our brand are essential for us, therefore we keep a closer eye on the quality of our services with our internal quality assurance procedure, where a dedicated team of Quality Assurance Specialists audit customer care and claims services to **ensure fair outcomes for our customers**. This covers **extensive training on Treating Customers Fairly for both our employees and partners** as we continue to fully embrace the principle based regulatory approach.

The pandemic also showed us the importance of finding new ways to connect with our customers which prompted us to speed up the development of our **new online sales channel, defend-online.eu, where customers can arrange our insurance from the comfort of their own home**. We will continue with the new customer portal that will be launched later in 2023. It will allow users to **handle all policy related requests online including sales and claims processing**, which will **further improve the customer journey** and enhance loyalty through a variety of upsell options. While the customer portal creates a comfortable and user-friendly way to deal with insurance regardless of circumstances, it also enables us to be more efficient and process all requests quicker thanks to the **automation of many processes with increased transparency for our customers**.



Commitment to the security of our clients with an immediate response to their needs...

Apart from the customer experience and satisfaction, we at DEFEND are above all, committed to the security of our clients. That is why **partnering with A-rated insurers with strong financial positions is our highest priority**. We are proud to offer products underwritten by one of the most respected insurance companies, Fortegra Europe Insurance Company, which has been awarded a financial strength rating of A- (Excellent) by AM Best.



Together with their expertise, we will continue to be ahead of the curve in embracing innovation as we have launched several new products and we are constantly working on broadening our offer to deliver even more tailored solutions, so we can provide an immediate response to our customer's needs and stay ahead of the competition.

Our customers could be some of the first to enjoy **advanced insurance protection with exclusive products that provide the user with excellent value**. This was first pioneered in 2020 with DEFEND AllSafe, and as the model was very successful, we continued with another **innovative product set – DEFEND Key Protect** – which offers **a unique combination of car key insurance, keychain and protection for mobile phones and even pets**.



The power of customer experience

All the steps described above reinforces our **commitment to a great customer experience** which motivates us to progress even further, so our customers see that **we are always striving to raise the bar higher than our competitors**.

By establishing a positive company culture and **empowering our employees to keep our customers at the center of everything they do**, we can reach our goal of **being a trusted partner in the lives of our customers**, so everyone who decides to invest in our brand can benefit from our guarantee of peace of mind and support.



Our Products

Generic Car Insurance

DEFEND Car Protect



An extended warranty that covers mechanical, electronic and electrical breakdowns caused by failure of the covered components. Our programmes have reached a level of excellence with unparalleled eligibility criteria and claims limits at competitive rates.

DEFEND Gap



DEFEND Gap protects drivers against financial loss from a reduction in vehicle value as a result of total damage or theft. It can provide coverage up to the vehicle purchase price, or early settlement amount of a finance or lease agreement, depending on the coverage.

DEFEND Technical Control



DEFEND Technical Control covers the cost of the repairs or replacement of any covered parts that have caused the vehicle to fail the road worthiness test. Parts must be listed on the failed MOT report.

DEFEND Key Protect



DEFEND Key Protect covers the cost of new car keys that have been lost or stolen. Moreover, it provides a keychain that connects the owner and finder of the lost keys directly through a unique online retrieval system.

DEFEND Car Hire Excess



DEFEND Car Hire Excess is an insurance created to provide protection for single-trip or annual multi-trip car rentals. It covers the car hire insurance excess that the customer is responsible for paying towards repair costs if the rental vehicle suffers any externally caused covered damage such as bumps or scratches.

DEFEND S.M.A.R.T. Protect



DEFEND S.M.A.R.T. Protect insurance covers minor cosmetic damages. It can help to keep the car in pristine condition free from the inevitable chips, dents, scratches and scuffs caused by everyday motoring. „Small&Medium Accident Repair Technology” insurance is especially useful for protecting vehicle's resale value and safeguard driver's noclaims bonus.

Truck Insurance

DEFEND Truck Protect



Extended warranty for trucks that covers mechanical, electronic and electrical breakdown of vehicles caused by failure of covered components. It covers claims all around Europe excluding Russia with full cover of parts and labour during the whole insurance period.

DEFEND Truck Gap



DEFEND Truck Gap, protects drivers against financial loss from a reduction in vehicle value as a result of total damage or theft. It can provide coverage up to the vehicle purchase price, or early settlement amount of a finance or lease agreement depending on the coverage.

Special (branded) products

Carlife Garance



Carlife Garance is an exceptional extended warranty programme that covers mechanical, electronic and electrical breakdowns caused by failure of the covered components. This warranty has been designed specifically for the customers of the AAA AUTO network.

Carlife Assistance



Carlife Assistance is an assistance service, that protects vehicles when they are unable to drive due to an accident, breakdown or because of driver error. The program has been designed specifically for the customers of AAA AUTO Slovakia to provide them additional security.

DEFEND Key Secure



DEFEND Key Secure and DEFEND Key Secure+ are insurance products that protect car keys in the event of loss, theft or even if they're locked inside the car. The + variant also protects home keys, registration plates and even vehicle documentation. Sold exclusively in AAA AUTO.

DEFEND Secure



DEFEND Secure is a supplementary insurance that can be arranged for cars that are equipped with vehicle guarding and monitoring system. DEFEND Secure is sold exclusively through AAA. It provides the maximum protection against theft and will cover the financial loss of theft if the vehicle cannot be retrieved.

DEFEND SOLUTIONS

DEFEND SpinCar



DEFEND SpinCar is a unique merchandising tool which takes dealerships to the next level with state of the art vehicle presentation. It enables a 360° interactive presentation of both the interior and exterior of the vehicle from the comfort of home.

GardX VPS



The GardX Vehicle Protection System protects the exterior of the vehicle whilst retaining that glossy showroom shine, wash after wash. It also provides protection for the vehicle's fabric and/or leather interior from spillages and staining.

Development & Innovations

Today's world is changing faster than ever before and successful companies need to have the ability to change and adapt, which is why we constantly enhance our portfolio, optimize processes and maintain our technological development. Thanks to our flexibility and endless desire for improvement we are well positioned to be one of the leaders and catalysts for innovations.

Creativity, innovations and quick adaptation to the new market conditions are key to our long-term success.

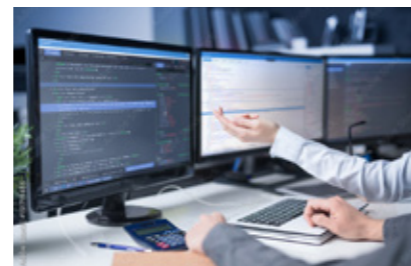
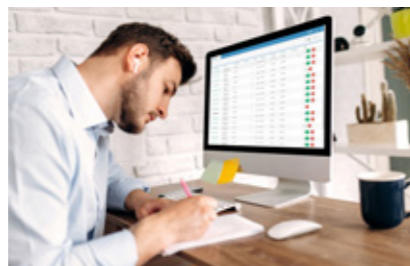
System developments

Together with our experienced team, **we have the right skills and technology in place** to provide our partners with **secure, accurate and efficient policy administration**. We have completed our transition to the **new version** of our **custom-made policy administration system iDEFEND**, which allows us to scale our business even more, whether it is a new product, innovation of an existing one or an expansion into new European markets.

In addition to **scalable infrastructure** and **increased security**, the updated iDEFEND also provides **enhanced user experience with a streamlined sales process**. The key part of iDEFEND is the five-step policy conclusion module, where the **system automatically recommends suitable products** for the individual client and significantly simplifies the entire process of selling insurance.

As in the previous version, a flexible interface can be **tailored to the specific needs of an individual partner**, whether it is something simple such as branding in line with the partner's corporate identity or more complex requirements. Another major benefit for our partners is iDEFEND's capability for **third-party system integrations** via an API or CSV file-based integration for processing data.

At the back end, **iDEFEND handles everything** from rates, policy management, finances, reporting and dealer set-ups through document issuing and even contains an innovative and comprehensive **claims management tool**.



Product developments

Our continuous product development together with efficient launch processes remain our competitive advantage. We continued to innovate our two core product lines – extended warranty and GAP insurance. In order to be ready for a future with electro mobiles and to support environmental sustainability, **we have launched two new warranty programmes for new and used electric vehicles in 2022. The DEFEND Car Protect e-DIAMOND and e-DELUXE warranty** offer protection similar to the manufacturer's warranty and therefore **covers all important parts, including the battery and charger**. Together with our Gap insurance, drivers can enjoy comprehensive protection of their electric vehicles.

To provide better **coverage for premium cars**, we have **increased the insurance benefit limits** of our extended warranties for newer vehicles. Like the total claims limit, the maximum individual claim limit is now in a value of **vehicle purchase price**.

We have also innovated our warranty **programmes for vehicles under the manufacturer's warranty**. With **DIAMOND** and **CRYSTAL** programmes, it is now possible to **extend the warranty for vehicles with up to 6 years of factory warranty and increase mileage for vehicles with a 7-year factory warranty**. So, they can be effectively applied to brands such as Hyundai, Mitsubishi, Renault or Kia.

Our **DEFEND Gap** insurance is also accessible for a wider range of customers. Our key programmes **MAX** and **MAX+XS** now **have three insurance benefit limits** providing to both owners of regular cars as well as the luxury ones. And **the limit** for the purchase price of the vehicle **has also been increased**.

To provide drivers complete protection for their next mandatory MOT inspection, we have expanded our **DEFEND Technical Control** insurance. Now it covers not only **technical inspection but also emissions measurement**. In Q2 2023, we are launching this innovative product in the Slovakian and Polish market.



Online sales and new web

Buying our insurance has never been easier! One of the biggest opportunities brought by the new iDEFEND is the entry into the B2C market and the related online insurance sales. During 2022, **we launched a portfolio of direct sales products on defend-online.eu**. Our clients can now arrange GAP insurance for used cars along with DEFEND Gap D2C, MOT insurance and DEFEND Technical Control, all from the comfort of their home. In 2023, the portfolio has expanded and now includes **DEFEND Car Hire XS**, providing excess insurance for rental cars. Thus, clients no longer have to take out insurance directly with car rental companies in foreign countries but can arrange everything before the trip, in their native language.

To continue to exceed customer expectations, in 2023 we will launch a **new company website with a revamped design** and will further improve the customer portal.

Own service network

Quickly and easily! That's how our clients buy a claims handling service that they can rely on. Throughout the years, **we have shortened the claims process time by reducing manual administration**, so we can completely focus on our clients and their needs. The next step to a streamline claims handling process was the establishment of own service network. Since Q1 2023, our clients have benefited from the **Fortegra service network**, which consists of nearly **100 service stations across the Czech Republic**. **Trained professionals** from the service network **guide clients through the entire claims process** and provide the necessary documentation to get their cars back on road as soon as possible.



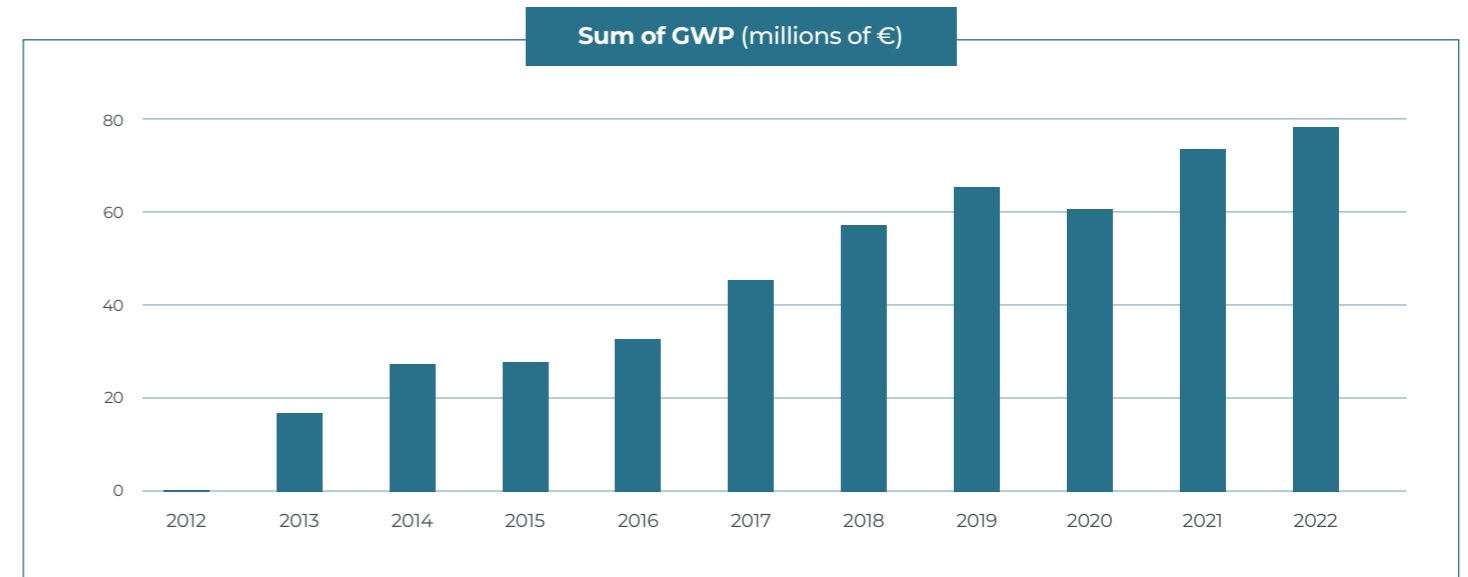
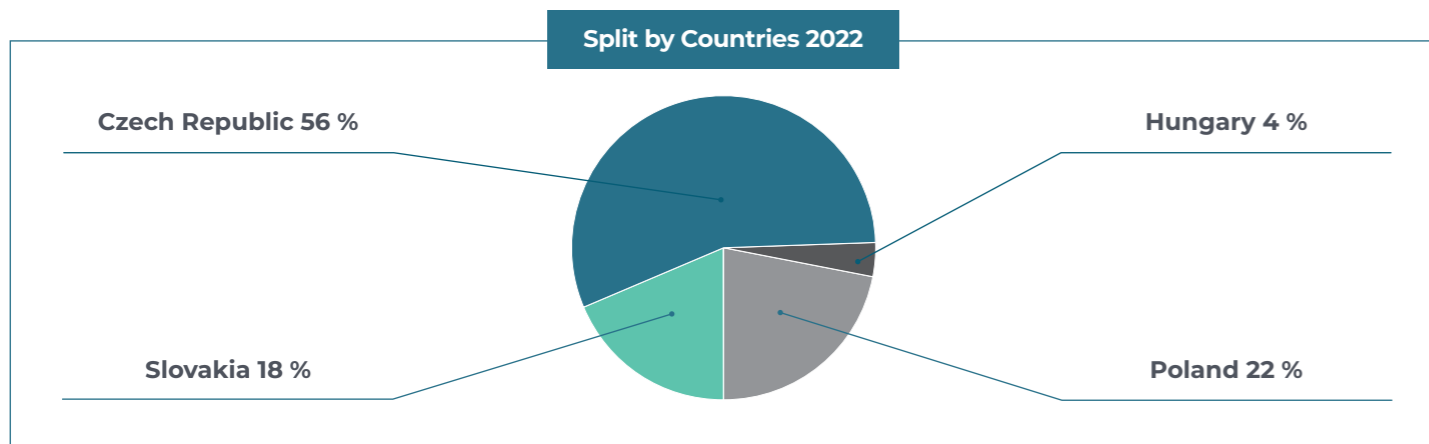
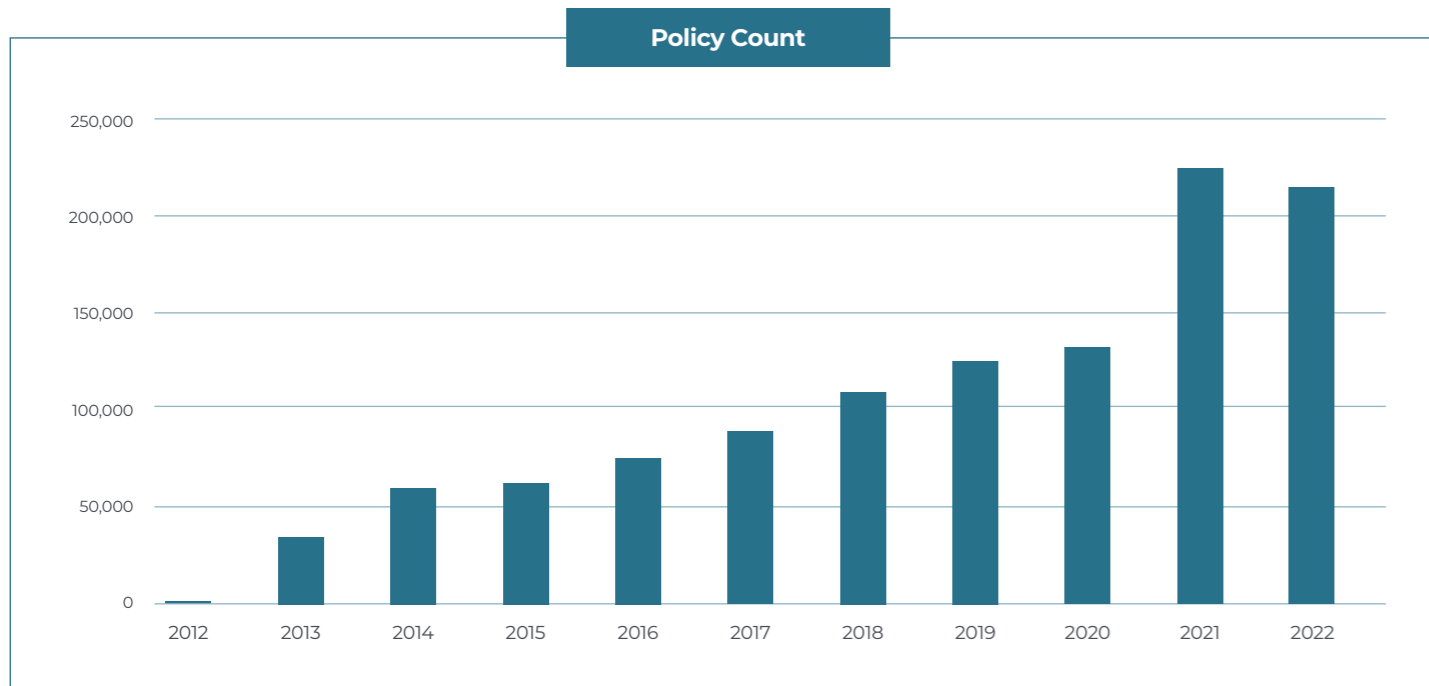
Optimized internal processes

Clear communication along with processes & procedures are essential for smooth operations, continuous improvements, business continuity and scaling the business. **That's why in 2022 we fully implemented the project management platform, Monday.com**. With the help of the newly created **Project Manager** role, **all important projects across all countries are tracked using the Monday.com system**, ensuring they are solved on time while maintaining a sustainable workload for our employees. To become even more effective, we kicked off a **"Standard Operating Procedures" project to define, review and centralize all our business processes and procedures**.

Results 2022

Despite the challenges of a post pandemic world, our consistent efforts yielded positive outcomes in 2022, as reflected in the impressive figures of 208,597 registered policies, valued at €77.6 million in GWP, and the successful handling of 36,812 claims. Our consistent track record of success is rooted in our unwavering commitment to adapt to a dynamic environment, continuously introducing and delivering innovative, cutting-edge products. Moreover, we have dedicated ourselves to offering even more customized support to our customers and persistently investing in the development of our people and systems – something that proved to be an integral part of our success during the challenging years of the pandemic.

In 2022, the automotive insurance market, much like numerous other industries, has become increasingly complex. Factors such as rising inflation, interest rates, energy prices, and the war in Ukraine have brought even more uncertainty into our lives than the fading COVID-19 pandemic. In the first half of 2022, the demand for new and used vehicles was high, however the latter half of the year experienced a significant deceleration. This decline can be attributed to the prevailing economic and geopolitical circumstances.



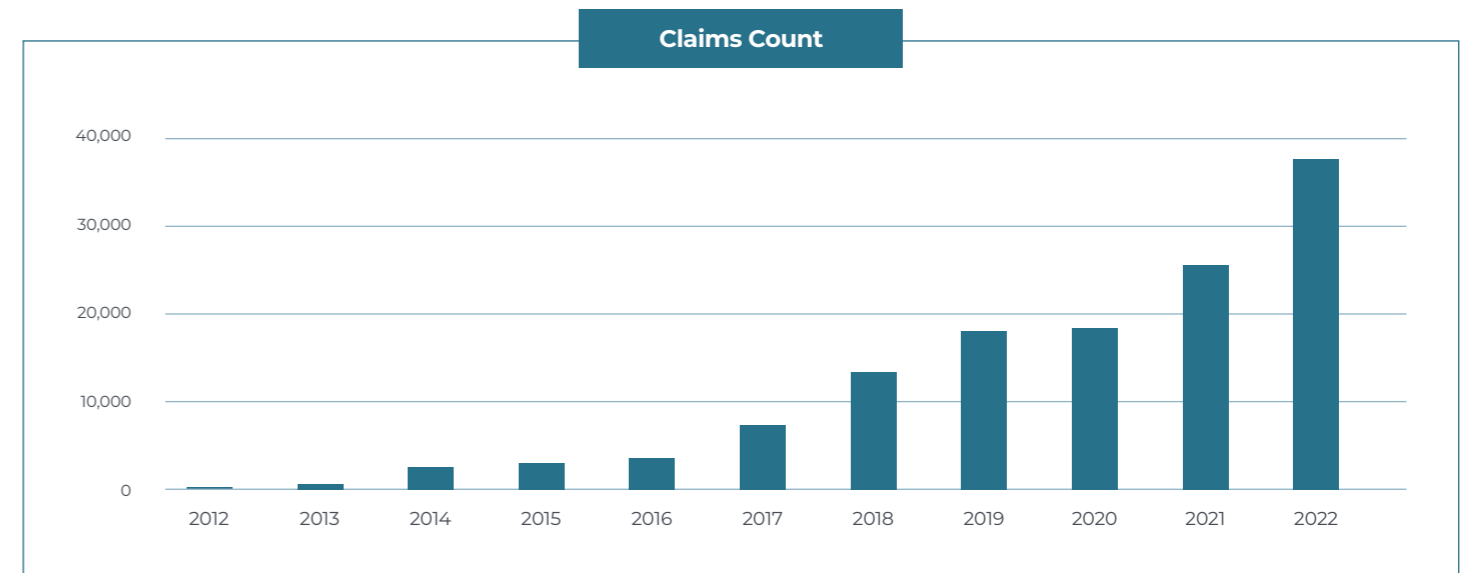
Nevertheless, even in volatile conditions we adeptly and conscientiously navigated through the challenges, ensuring the resilience of our company for the years that lie ahead.

We continued to see positive results in 2022.

Slovakia had a very good year, where we recorded a **20% increase** compared to 2021, ending the year with **38,498** policies. Conversely, in other countries within the CEE region, we observed a marginal decline compared to the previous year. In the **Czech Republic** there was a decrease of **6%** with **117,357 policies**, in **Poland** by **18%** with **45,554** policies, and in **Hungary** by **10%** with **6,836 policies**.

We observed a significant surge in claims in 2022, compared to 2021, where we processed 11,748 more claims which was an impressive 47% increase. Thanks to the ongoing digitalization, process automation and the expansion of our Claims teams, we were well prepared for the growing volume of claims and maintained all industry service standards. We processed 6,181 claims in the CEE region and 30,631 in the UK and Western Europe.

We generated solid results as a group in 2022 by gaining new partners and clients, launching new innovative products and controlling expenses. While DEFEND experienced a modest 5% decline in the number of policies compared to 2021, **our growth surged impressively by 62%** when compared to 2020.



Forecast 2023 & Beyond

With a strong foothold, extensive expertise, an expanding portfolio, and robust relationships with all stakeholders, we are well-positioned to seize future opportunities and solidify our standing as the leading specialty insurance administrator and automotive solutions provider in the CEE region.

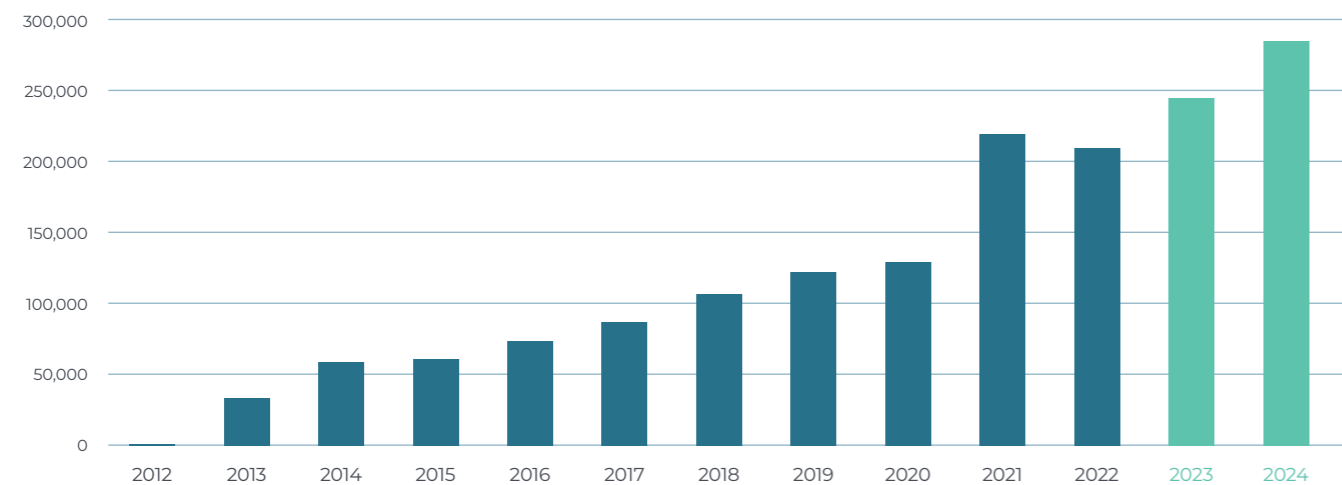
We are well positioned to continue in our growth...

In the midst of a challenging market landscape over the past three years, a glimmer of optimism has emerged in the first half of 2023, as the Central and Eastern European (CEE) region witnesses a notable uplift in customer sentiment and a surge in promising opportunities for growth. This positive shift is reflected in the gradual increase of sales volumes, averaging an impressive 25% across CEE markets in Q1 2023.

Amidst this positive outlook, DEFEND, in collaboration with Fortegra, sets its sights on expansion, with particular emphasis on the Baltics and Romania. These two markets hold immense potential and are poised to make substantial contributions to DEFEND's portfolio. The alignment of DEFEND's business model with the unique characteristics of these markets has surpassed expectations, as sales indications surpass initial projections.

While the CEE region embraces renewed optimism and favourable market conditions, DEFEND's strategic expansion efforts in partnership with Fortegra are well-positioned to capitalize on the burgeoning opportunities that lie ahead and not just in Central and Eastern Europe. As a group, we plan to grow by a solid 20% in the number of policies sold in 2023.

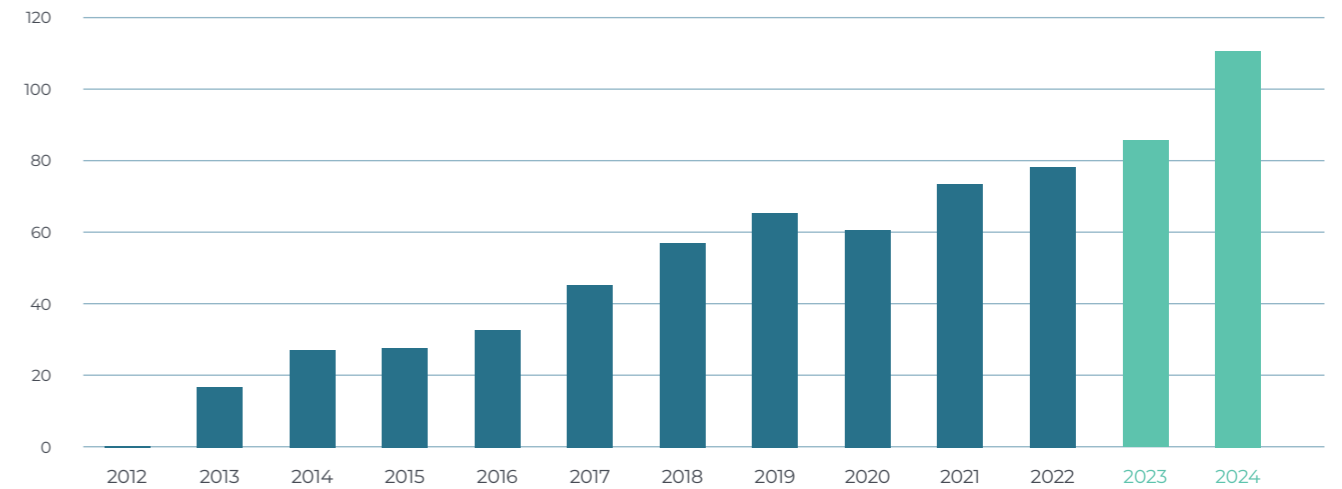
Policy Count



DEFEND's presence in the **Czech Republic**, its leading market, has laid a solid foundation for a successful year in 2023. With a robust network of used car dealers and an expanding alliance of new car dealers and brokers, our Czech business is thriving. Anticipating a record-breaking year, we project an overall sector growth of **13%**, resulting in an impressive **133,130** policies.

Despite the challenges faced in **Poland** during 2022, owing to the conflict in Ukraine, the sales trajectory for 2023 showcases a remarkable recovery. Poland's well-established used vehicle market, coupled with a booming new car market and a consistent influx of high-quality used vehicles from Germany, provides fertile ground for growth. Our collaboration with new car dealers and brokers has yielded significant success, and we foresee continued expansion. By leveraging the potential offered by Unilink's broker network, the online car leasing and rental platform Carsmile, or InterCars' service network, we aim to secure **57,250 policies**, reflecting a remarkable **26%** growth.

Sum of GWP (millions of €)



Hungary exudes a reasonably positive atmosphere, setting the stage for a **27%** growth in policies, totalling **8,700**. The extended warranties sector presents an excellent opportunity for expansion, given the limited competition. Strengthening partnerships with key broker networks such as Netrisk, CLB, and PBA Insura further enhances our growth prospects.

Slovakia's steady growth over the past 18 months paves the way for further advancements, particularly in the realm of extended warranties and GAP. Additionally, our introduction of new products to the local market will attract new partners and end customers. The year is expected to conclude with **41,526** policies, representing an **8%** growth.

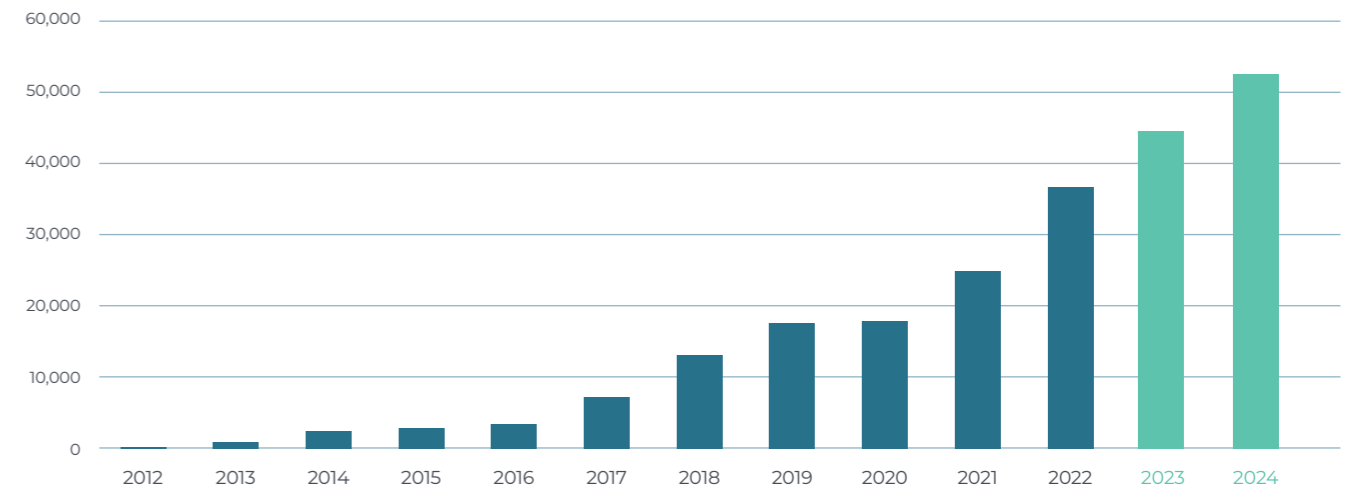
In the **Baltics**, our goal is to reach **4,112** policies in 2023. Notably, we see immense potential in the underdeveloped GAP insurance sector throughout the region. In Lithuania, which is a hub for international road hauling companies, our extended warranties hold tremendous potential.

As for **Romania**, we plan to establish three regional bases to facilitate seamless operations throughout the country. Currently, our primary focus lies in warranty and GAP insurance. With this strategic approach, we aim to conclude the year with **1,080** policies, solidifying our presence in the Romanian market.

Together with increasing sales volumes, we also expect the number of claims to grow to almost 45,000.

We are strongly positioned, with the right expertise, a growing portfolio and strong relationships with all stakeholders allowing us to capitalize on opportunities that will emerge in the future and continue asserting our position as the leading CEE specialty insurance administrator and automotive solutions provider.

Claims Count



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Disclaimer and cautionary statement

The report contains forward looking statement which reflect management's current views and estimates.

The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements.

Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, and regulatory developments.

This report is available online as a PDF version in English.



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