

# MARKEL GROUP

## NEWS RELEASE

## Markel Group reports 2023 second quarter and six-months results

8/2/2023

RICHMOND, Va., Aug. 2, 2023 /PRNewswire/ -- Markel Group Inc. (NYSE:MKL) today reported its financial results for the second quarter of 2023. The Company also announced today it filed its Form 10-Q for the quarter ended June 30, 2023 with the Securities and Exchange Commission.

"Insurance, Investments, and Markel Ventures all contributed to solid operating results in the second quarter," said Tom Gayner, Chief Executive Officer. "Markel Ventures recorded strong margins and cash flows, our insurance business increased gross written premiums while maintaining our long-term discipline of profitable underwriting and conservative reserving, and investment income grew significantly amid higher interest rates. I am grateful to the more than 20,000 people in our family of companies who work every day to drive results like these as we continue our journey to build one of the world's great companies."

The following tables present summary financial data for the quarters and six months ended June 30, 2023 and 2022. Generally accepted accounting principles (GAAP) require that we include unrealized gains and losses on equity securities in net income. Given the magnitude of our equity portfolio, we believe that this approach creates volatility in revenues and net income that can obscure the operating performance of our businesses and does not align with our long-term investment philosophy. As of June 30, 2023, the fair value of our equity portfolio included cumulative unrealized gains of \$5.4 billion.

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(dollars in thousands, except per share amounts)	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Earned premiums	\$ 2,031,143	\$ 1,833,104	\$ 3,998,847	\$ 3,592,874
Markel Ventures operating revenues	\$ 1,386,579	\$ 1,361,398	\$ 2,491,259	\$ 2,311,790
Net investment income	\$ 169,693	\$ 96,795	\$ 329,028	\$ 189,099

Net investment gains (losses)	\$	484,527	\$	(1,554,643)	\$	857,090	\$	(1,913,042)
Comprehensive income (loss) to shareholders	\$	564,549	\$	(1,217,688)	\$	1,210,914	\$	(1,729,602)
Diluted net income (loss) per common share	\$	50.09	\$	(69.15)	\$	87.34	\$	(75.56)
Combined ratio		93 %		91 %		93 %		90 %

#### Highlights of results from the quarter and six months:

- Earned premiums grew 11% for both the quarter and six months ended June 30, 2023, reflecting growth in gross premium volume from new business and more favorable rates.
- The higher combined ratio for the quarter and six months ended June 30, 2023 was primarily due to a higher attritional loss ratio in 2023 compared to 2022.
- Market Ventures operating income for the quarter and six months ended June 30, 2023 grew 40% and 42%, respectively, driven by higher operating margins at our products businesses.
- Net investment income for the quarter and six months ended June 30, 2023 increased 75% and 74%, respectively, as a result of higher interest rates during the first half of 2023 compared to the first half of 2022.
- Net investment gains in 2023 reflect an increase in the fair value of our equity portfolio resulting from favorable market value movements.
- Comprehensive income to shareholders for the quarter and six months ended June 30, 2023 reflects strong contributions from all three operating engines.

We believe our financial performance is most meaningfully measured over longer periods of time, which tends to mitigate the effects of short-term volatility and also aligns with the long-term perspective we apply to operating our businesses. We generally use five-year periods to measure our performance. Over the five-year period ended June 30, 2023, our share price increased at a compound annual rate of 5%. While this measure, considered independently of other factors, falls below our internal targets, we remain confident in the strong operating performance of our businesses.

The compound annual growth in book value per common share over the five-year period ended June 30, 2023 was 8%. We give consideration to the following information when assessing this measure:

- Amortization expense - As we grow through acquisitions, our intangible assets grow. GAAP requires that we amortize a portion of these acquired intangible assets, which is a non-cash charge to net income. Amortization of acquired intangible assets for the five-year period ended June 30, 2023 totaled \$793.6 million.
- Unrealized gains and losses on fixed maturity securities - We invest in high credit quality, investment grade securities, with durations that are matched to the expected timing of claims-related payments. As such unrealized gains and losses from our bond portfolio are generally expected to reverse as the securities mature. The fair value of our bond portfolio included cumulative pre-tax unrealized losses of \$907.9 million as of June 30, 2023 compared to cumulative pre-tax unrealized gains of \$108.5 million as of June 30, 2018.

- Value of our businesses - Book value does not include changes in the fair value of our acquired businesses or equity method investments, other than decreases arising from an impairment. Acquired businesses include our Markel Ventures, insurance-linked securities (ILS) and program services businesses.

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A copy of our Form 10-Q is available on our website at [mklgroup.com](http://mklgroup.com) or on the SEC website at [www.sec.gov](http://www.sec.gov). Readers are urged to review the Form 10-Q for a more complete discussion of our financial performance. Our quarterly conference call, which will involve discussion of our financial results and business developments and may include forward-looking information, will be held Thursday, August 3, 2023, beginning at 9:30 a.m. (Eastern Time). Investors, analysts and the general public may listen to the call via live webcast at [ir.mklgroup.com](http://ir.mklgroup.com). The call may be accessed telephonically by dialing (888) 660-9916 in the U.S., or (646) 960-0452 internationally, and providing Conference ID: 4614568. A replay of the call will be available on our website approximately one hour after the conclusion of the call. Any person needing additional information can contact Markel Group's Investor Relations Department at [IR@markel.com](mailto:IR@markel.com).

## About Markel Group

Markel Group Inc. is a diverse family of companies that includes everything from insurance to bakery equipment, building supplies, houseplants, and more. The leadership teams of these businesses operate with a high degree of independence, while at the same time living the values that we call the Markel Style. Our specialty insurance business sits at the core of our company. Through decades of sound underwriting, the insurance team has provided the capital base from which we built a system of businesses and investments that collectively increase Markel Group's durability and adaptability. It's a system that provides diverse income streams, access to a wide range of investment opportunities, and the ability to efficiently move capital to the best ideas across the company. Most importantly though, this system enables each of our businesses to advance our shared goal of helping our customers, associates, and shareholders win over the long term. Visit [mklgroup.com](http://mklgroup.com) to learn more.

## Cautionary Statement

Certain of the statements in this release may be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Statements that are not historical facts, including statements about our beliefs, plans or expectations, are forward-looking statements. These statements are based on our current plans, estimates and expectations. There are risks and uncertainties that could cause actual results to differ materially from those expressed in or suggested by such statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Additional factors that could cause actual results to differ from those predicted are set forth in our Annual Report on Form 10-K for the year ended

December 31, 2022, including under "Business Overview," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Safe Harbor and Cautionary Statement," and "Quantitative and Qualitative Disclosures About Market Risk," and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, including under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Safe Harbor and Cautionary Statement," and "Quantitative and Qualitative Disclosures About Market Risk". We assume no obligation to update this release (including any forward-looking statements) as a result of new information, developments, or otherwise. This release speaks only as of the date issued.

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