

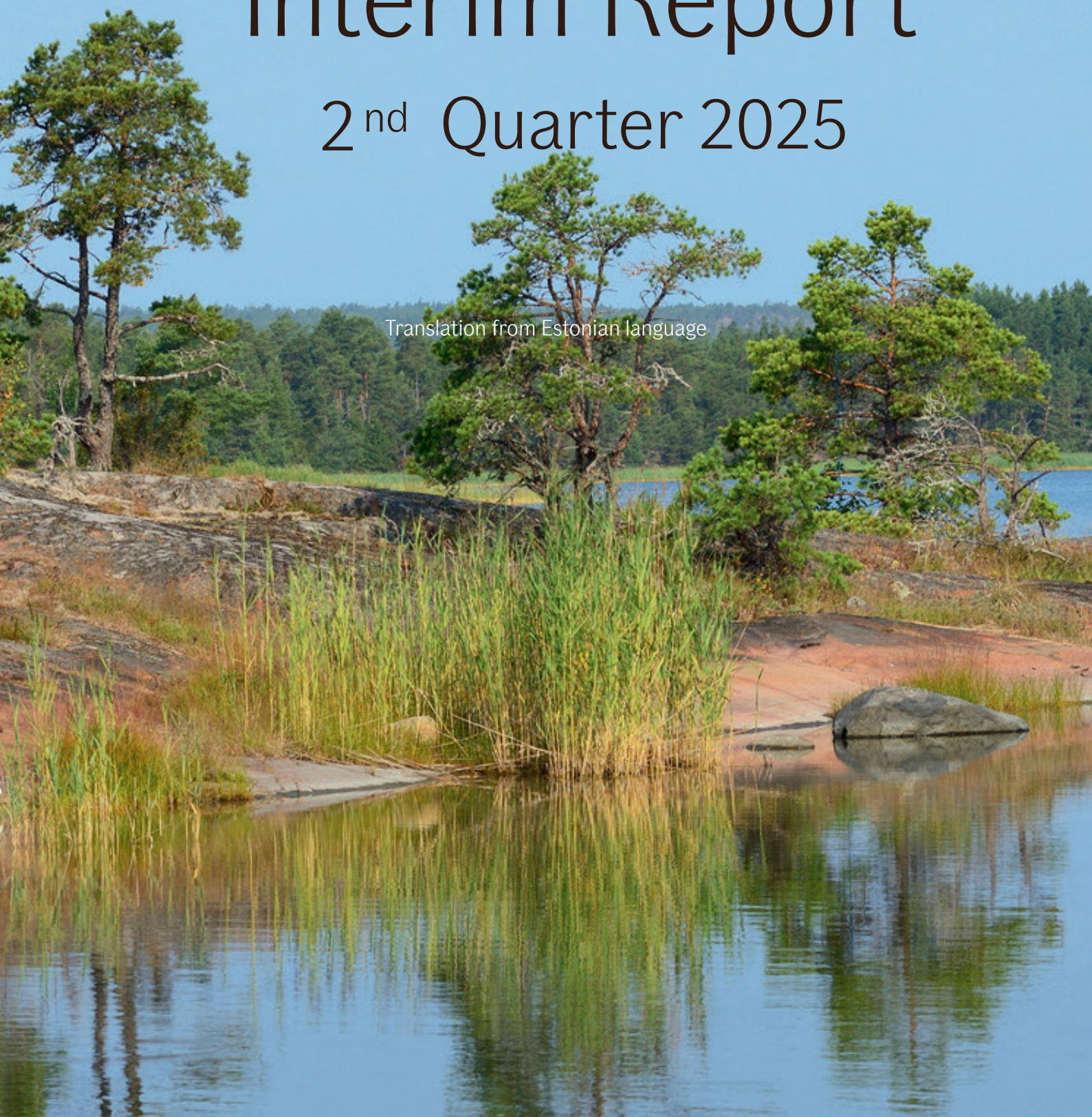


If P&C Insurance AS

Interim Report

2nd Quarter 2025

Translation from Estonian language



Interim Report 1nd Quarter 2025

Contacts and signatures

If P&C Insurance AS main field of activity is non-life insurance services.

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Beginning of reporting period:	1 January 2025
End of reporting period:	30 June 2025
Chairman of the Management Board:	Andris Morozovs
Auditor:	Sirius Audit OÜ

If P&C Insurance AS management board has compiled 2nd quarter 2025 interim report which is presented on pages 7-14.

Member of the
Management Board

Heinar Olak / Signature /

26.08.2025

Member of the
Management Board

Tiit Kolde / Signature /

26.08.2025

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Explanatory note

If P&C Insurance AS (the Company, If) is a wholly owned subsidiary of the If P&C Insurance Holding Ltd (publ), the parent company of the leading Nordic property and casualty insurance group, which in turn is owned by the Finnish company Sampo plc. Sampo plc is listed on the Helsinki, Stockholm and Copenhagen Stock Exchange. The Sampo Group consists of the parent company Sampo plc and its wholly owned subsidiaries If P&C Insurance Holding Ltd (publ) and Hastings Group Ltd.

If has been offering property and casualty insurance to private individuals and corporate customers in the Baltic markets since 1992. Across the Baltic countries, If has approximately 395,000 policyholders and is one of the leading P&C companies in Estonia and is among top 5 companies in Latvia and Lithuania. If's products include Property, Liability, Motor, Marine & Transport and Accident & Health insurance.

The Company is registered in Estonia and operates in Latvia and Lithuania through branches. The current corporate structure enables efficient operations with some shared business functions across all three Baltic countries.

This interim report includes the financial indicators of the Estonian unit operated by If P&C Insurance AS and the Latvian and Lithuanian branches.

Results from operations January-June 2025

Net profit for the period has showed significant increase compared to preceding year and amounted to €22,0 million (€13,4 million in 6 months 2024). Profit from Insurance Service result was €23,3 million (€14,5 million in 6 months 2024), corresponding to a combined ratio of 80.6% (87.7% in 6 months 2024).

Insurance revenue, gross

Insurance revenue gross for the period grew by ca. 2.6% reaching €123,5 million (€120,4 million in 6 months 2024).

The premium development was attributable to successful acquisition of new customers and solid renewals of existing customers, both in Private and Commercial small- and medium customer segments.

Insurance Service expense

Insurance Service expense, claims incurred, including claims handling cost, amounted to €72,8 million (€77,7 million in 6 months 2024), corresponding to a loss ratio of 57,8% (64.4% in 6 months 2024). The change was primarily attributable to lower large claims cost.

Continuous efficiency improvements and tight cost control, supported by digitalization and automation of customer integration processes, reduced the expense ratio to 22.8% (23,3% in 6 months 2024).

Total operating expenses, excluding claims handling expenses, were in line with last year's level: €27,3 million (€27,4 million in 6 months 2024).

Investment result

The value of financial investments was €350,7 million at the end of Q2 2025 (€345,8 million at the end of 2024).

Market volatility increased during the second quarter, driven by heightened geopolitical tensions and elevated policy uncertainty—particularly following President Trump's "Liberation Day" tariff announcement on April 2. While the introduction of new tariffs was anticipated, the scope of the measures exceeded market expectations, adversely affecting investor sentiment. Credit spreads initially widened but rebounded swiftly after a 90-day suspension of the new tariffs was announced. Spreads continued to tighten over the remainder of the quarter. Interest rate markets remained volatile, reflecting shifting policy expectations and regional divergences. Global economic indicators were mixed; however, inflation generally moderated across major developed economies.

Monetary policy responses varied across regions. The European Central Bank reduced its policy rate twice during the quarter—from 2.5% to 2.0%—whereas the U.S. Federal Reserve adopted a more cautious stance, maintaining its policy rate at the existing level.

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During the quarter, €26 million in investment-grade bonds were acquired for the portfolio, with an average yield of 3.72% and a weighted average maturity of 8.7 years. Concurrently, €11.2 million of shorter-dated bonds were divested. Including redemptions totalling €8.3 million, net bond investments amounted to €6.5 million for the quarter. Additionally, €25 million in money market instruments matured, €10 million was allocated from insurance operations, and a dividend of €30.4 million was paid to If Holding. The portfolio's cash allocation increased modestly, from 4.7% at the end of Q1 to 5.0%.

The duration of the fixed income portfolio rose to 3.3 years from 2.9 years in the previous quarter. The running yield increased slightly to 2.9%, while the mark-to-market yield declined to 2.95% from 3.1% in Q1. The portfolio delivered a solid return of +1.4% for the quarter, driven by declining underlying interest rates and tighter credit spreads, resulting in a year-to-date return of 2.0%. In absolute terms, the fixed income result was €5.4 million in Q2 and €7.4 million year-to-date. After accounting for minor other investment-related expenses, overall portfolio performance remained unaffected.

Our investment strategy remains consistent, maintaining a primary focus on European investment-grade bonds. While trade-related developments continue to pose a risk of renewed volatility and wider spreads, inflation trends, interest rate dynamics, and geopolitical uncertainties also contribute to a complex market environment. In this context, we continue to adopt a cautious and selective investment approach, with a focus on capital preservation and disciplined deployment of capital as attractive opportunities arise.

Insurance finance income/expense

The insurance finance income/expense (-) net result is mostly affected by the change in discount rate.

Number of employees

As at 30 June 2025, the number of full-time employees was 600 (31.12.2024 614).

Key activities of If P&C Insurance AS and its branches

If P&C Insurance AS continues to drive forward in the Baltic markets with a clear focus on innovation, sustainability, and community engagement. In the second quarter of 2025, we recorded important achievements that reflect our priorities in customer-centric growth, wellbeing, and sustainability.

In customer experience, "If" remains the number one insurance company in Lithuania, ranks second in Latvia, and third in Estonia. These results are based on the secret shopper survey and demonstrate our strong and consistent performance across all three markets. Alongside this, we continued to emphasize loss prevention, while also dedicating attention to pet-related topics. The second quarter also marked the official launch of our internship program, providing young talent across the Baltics with valuable opportunities to grow and build careers in insurance. Another highlight was our annual "Wellbeing month" in May, carried out simultaneously in all three countries. A total of 345 colleagues participated in the "Walking challenge", reaching more than 90 million steps (over 64,000 kilometers). The month also included lectures, workshops, and health-related activities that supported both physical and mental wellbeing.

Community involvement and sponsorships continued to play an important role. In Lithuania, we were proud to be the main sponsor of the "If" Half Marathon for the second consecutive year, while in Estonia, 83 colleagues joined the May Run Fest. Running events and marathons were also supported across all three Baltic countries, encouraging active lifestyles and team spirit.

From a product perspective, we expanded our portfolio by launching device Insurance in all three countries. In Estonia, new solutions were introduced for boat owners, including jet ski insurance and maritime assistance. We also reinforced our commitment to sustainability by sponsoring the "Ignitis ON" electric car race: Baltics, an event that celebrates electric mobility, innovation, and clean energy culture.

These activities reflect our dedication to customers, employees, and communities. At If P&C Insurance AS, we continue to grow with purpose - building trust, supporting sustainable practices, and delivering meaningful impact throughout the Baltics.

Outlook

The Baltic insurance market is projected to experience moderate growth in 2025, supported by a gradual economic recovery, declining inflation, and lower interest rates. While 2025 is expected to be a transitional year, full stability has yet to be achieved.

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Geopolitical uncertainties remain a key risk factor, with concerns over regional stability and regulatory changes, including changes in tax regimes, influencing market dynamics and consumer behavior. Additionally, salary inflation is expected to remain elevated due to a growing shortage of skilled labor, driven by demographic shifts, an aging workforce, and increased cross-border employment by companies in higher-cost EU nations. Despite these challenges, the market remains resilient, with insurers demonstrating adaptability to evolving conditions.

In this dynamic environment, frequent reassessment and adjustment of pricing strategies will be necessary to maintain a balance between risk management and customer value. Policy and customer growth are expected to remain moderate in 2025, primarily driven by changing consumer behaviors and a modest increase in demand for insurance products, with repricing playing a

secondary role. At the same time, there is a growing shift toward environmentally friendly and socially responsible products, which are steadily gaining traction among consumers. The increasing focus on sustainability is influencing purchasing decisions, reflecting broader market trends. If is well-positioned to navigate these evolving dynamics and respond effectively to changing customer expectations.

Key figures

Thousand EUR	2025 Jan-Jun	2024 Jan - Jun	2024 Jan - Dec
Earnings and expenses related information			
Insurance revenue, gross	123,546	120,407	244,974
Reinsurance premium expense	-3,529	-2,808	-5,526
Insurance service expense, claims incurred	-72,836	-77,732	-153,615
Insurance service expense, operating expenses	-27,321	-27,412	-55,828
Reinsurer's share of claims incurred	3,489	2,017	1,038
Insurance service result	23,349	14,472	31,043
Investment result	7,371	5,275	17,698
Insurance finance income or expense (-), net	-456	-1,131	-5,965
Net financial result	6,915	4,144	11,733
Net profit for the period	22,033	13,387	36,559
Information regarding financial position			
Investment assets	350,676	304,828	345,829
Insurance liabilities	225,636	219,284	223,923
Own funds	147,444	132,579	155,751
Key data			
Loss ratio ¹	57.8%	64.4%	63.7%
Expense ratio ²	22.8%	23.3%	23.3%
Combined ratio ³	80.6%	87.7%	87.0%
Total investment return ⁴	4.2%	3.3%	5.2%

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Formulas

¹ Loss ratio	$\frac{\text{Claims incurred (incl. Claims handling costs), net of reinsurance}}{\text{Insurance revenue, net of reinsurance}}$
² Expense ratio	$\frac{\text{Insurance service expense, operating expenses}}{\text{Insurance revenue, net of reinsurance}}$
³ Combined ratio	$\text{Claims ratio} + \text{Expense ratio}$
⁴ Return on investments (yearly basis)	$\frac{\text{Investment result}}{\text{Weighted average volume of financial investments in the period}}$

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Statement of profit and loss Q2

Thousand EUR	2025 Q2	2024 Q2
Insurance revenue, gross	62,736	60,932
Reinsurance premium expense	-1,899	-1,311
Insurance service expense	-48,978	-51,367
<i>Claims incurred</i>	-34,852	-37,009
<i>Operating expenses</i>	-14,126	-14,359
Reinsurer's share of claims incurred	1,166	1,357
Insurance service result	13,025	9,612
Other income / expense	22	24
Result from other services	22	24
Investment result	5,405	2,272
<i>Direct investment income</i>	2,743	2,253
<i>Changes in value</i>	2,768	111
<i>Management costs</i>	-106	-92
Insurance finance income or expense, net	-1,121	-224
<i>Insurance contracts</i>	-1,184	-266
<i>Reinsurance contracts held</i>	63	42
Net financial result	4,284	2,049
Result before income taxes	17,331	11,684
Taxes	-6,903	-2,500
Net profit for the period	10,428	9,185

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Statement of profit and loss January - June

Thousand EUR	2025 Jan-Jun	2024 Jan-Jun
Insurance revenue, gross	123,546	120,407
Reinsurance premium expense	-3,529	-2,808
Insurance service expense	-100,157	-105,144
<i>Claims incurred</i>	-72,836	-77,732
<i>Operating expenses</i>	-27,321	-27,412
Reinsurer's share of claims incurred	3,489	2,017
Insurance service result	23,349	14,472
Other income / expense	38	49
Result from other services	38	49
Investment result	7,371	5,275
<i>Direct investment income</i>	5,484	4,660
<i>Changes in value</i>	2,096	801
<i>Management costs</i>	-210	-186
Insurance finance income or expense, net	-456	-1,131
<i>Insurance contracts</i>	-540	-1,208
<i>Reinsurance contracts held</i>	84	77
Net financial result	6,915	4,144
Result before income taxes	30,302	18,665
Taxes	-8,269	-5,278
Net profit for the period	22,033	13,387

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Statement of financial position

Thousand EUR	Note	2025 30 June	2024 31 Dec
ASSETS			
Cash and bank balances		34,893	42,670
Investment assets		350,676	345,829
<i>Other financial investment assets</i>	2	346,477	341,998
<i>Accrued interest</i>		4,199	3,831
Debtors		3,298	3,972
Prepayments and accrued income		1,000	1,037
Reinsurance assets		8,967	5,696
<i>Asset for remaining coverage</i>		-338	-1,753
<i>Asset for incurred claims</i>		9,305	7,449
Other assets		3,140	3,639
Tangible assets		3,140	3,639
Total assets		401,974	402,843
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Creditors		21,495	14,763
<i>Other creditors</i>		19,218	12,062
<i>Lease liabilities</i>		2,277	2,701
Deferred tax liability		34	41
Accruals and deferred income		7,365	8,365
Insurance liabilities		225,636	223,923
<i>Liability for remaining coverage and acquisition cashflow asset</i>		52,071	47,743
<i>Liability for incurred claims</i>		173,565	176,180
Shareholders' equity		147,444	155,751
Share capital		6,391	6,391
Premium reserve		3,679	3,679
Statutory reserve		2,362	2,362
Profit brought forward		112,979	106,760
Net profit for the period		22,033	36,559
Total liabilities, provisions and shareholders' equity		401,974	402,843

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Changes in shareholders' equity

Thousand EUR	Restricted equity			Unrestricted equity		Total Equity
	Share capital	Premium Reserve	Statutory Reserves	Profit Brought Forward	Net Profit for the Year	
Equity at beginning of 2024	6,391	3,679	2,362	135,460	-	147,892
Dividends paid	-	-	-	-28,700	-	-28,700
Net profit for the year	-	-	-	-	36,559	36,559
Equity at end of Dec 2024	6,391	3,679	2,362	106,760	36,559	155,751
Equity at beginning of 2025	6,391	3,679	2,362	143,319	-	155,751
Dividends paid	-	-	-	-30,340	-	-30,340
Net profit for the year	-	-	-	-	22,033	22,033
Equity at end of June 2025	6,391	3,679	2,362	112,979	22,033	147,444

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Statement of Cash flows

Thousand EUR	2025 Jan-Jun	2024 Jan-Jun
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from insurance operations		
Premium flows, direct insurance	128,117	124,286
Premiums ceded	-5,262	-3,025
Claim payments, direct insurance	-75,575	-73,146
Reinsurance flows	1,768	53
Cost of operations	-27,324	-26,889
Total	21,724	21,279
Cash flow from asset management		
Interest received	5,065	4,551
Interest paid	-37	-33
Investments in bonds and other interest bearing securities	-125,043	-28,350
Proceeds from disposals of bonds and other interest bearing securities	122,732	63,487
Total	2,717	39,655
Paid income tax	-1,416	-7,390
CASH FLOW FROM OPERATING ACTIVITIES TOTAL	-1,416	-7,390
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-30,340	-28,700
Repayments of lease liabilities	-461	-504
CASH FLOW FROM FINANCING ACTIVITIES TOTAL	-30,801	-29,204
Cash flow for the period	-7,777	24,340
Cash and bank balances		
Opening cash and bank balances for the period	42,670	29,610
Cash flow for the period	-7,777	24,340
Closing cash and bank balances for the period	34,893	53,950

Notes to the interim financial statements

Note 1. Accounting policies

1. Basis of preparation

This interim report has been prepared in conformity with the IAS 34 “Interim Financial Reporting” requirements for condensed interim financial statements.

The If P&C Insurance AS annual report for the financial year ended 31 December 2024 was prepared in conformity with the IFRS and the interpretations issued by IFRIC, which have been approved by the EU. The applied standards and interpretations are described in Company's accounting policies for the financial year 2024. The financial statements are available on Company's website at www.if.ee.

The accounting policies for the Company that have been applied in this Interim report are the same as those applied in the 2024 Annual Report.

The totals in tables and statements in the interim report may not always reconcile due to rounding. The aim is for each line item to correspond to the source and therefore rounding differences may arise in totals.

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Note 2 Financial investments IFRS 9

The recognition of financial assets depends on their classification. The classification of assets categorized in accordance with IFRS 9 is shown below.

Thousand EUR	Acquisition value 2025 Jun 30	Fair value 2025 Jun 30	Carrying amount 2025 Jun 30	Acquisition value 2024 Dec 31	Fair value 2024 Dec 31	Carrying amount 2024 Dec 31
Financial assets at fair value through profit or loss						
Bonds and other interest-bearing securities	346,477	350,676	350,676	341,785	345,829	345,829
Total financial assets at fair value through profit or loss	346,477	350,676	350,676	341,785	345,829	345,829

The fair value is only shown for disclosure purposes. Financial instruments with fair value information are classified in three different hierarchy levels depending on their liquidity and valuation methods.

Financial investment assets in fair value hierarchy

	2025 Jun 30			2024 Dec 31		
Thousand EUR	Level 1	Level 2	Total fair value	Level 1	Level 2	Total fair value
Financial assets at fair value through profit or loss						
Bonds and other interest-bearing securities	345,703	4,973	350,676	297,965	47,864	345,829
Total financial assets, at fair value	345,703	4,973	350,676	297,965	47,864	345,829