



If P&C Insurance AS

Interim Report

3rd Quarter 2025

Translation from Estonian language

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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 September 2025
Chairman of the Management Board:	Andris Morozovs
Auditor:	Sirius Audit OÜ

If P&C Insurance AS management board has compiled 3rd quarter 2025 interim report which is presented on pages 7-14.

Member of the
Management Board

Heinar Olak / Signature /

27.11.2025

Member of the
Management Board

Tiit Kolde / Signature /

27.11.2025

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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 394,000 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-September 2025

Net profit for the period has showed significant increase compared to preceding year and amounted to €34,4 million (€26,2 million in 9 months 2024). Profit from Insurance Service result was €33,2 million (€22,3 million in 9 months 2024), corresponding to a combined ratio of 81.7% (87.5% in 9 months 2024).

Insurance revenue, gross

Insurance revenue gross for the period grew by ca. 2.5% reaching €187,4 million (€182,9 million in 9 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 €112,1 million (€116,5 million in 9 months 2024), corresponding to a loss ratio of 58,9% (64,4% in 9 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% (23,1% in 9 months 2024).

Total operating expenses, excluding claims handling expenses, were in line with last year's level: €41,6 million (€41,3 million in 9 months 2024).

Investment result

The value of financial investments was €366,0 million at the end of Q3 2025 (€345,8 million at the end of 2024).

Market volatility remained elevated in Q3, driven by shifting policy expectations and ongoing geopolitical and trade-related uncertainty. Early in the quarter, investor sentiment strengthened on expectations that the Federal Reserve would begin easing policy. This materialized in September with the first 25 bps rate cut of 2025, which supported risk-asset performance. Meanwhile, the ECB maintained its policy stance, leaving interest rates unchanged. Investment-grade credit spreads continued to tighten, reversing much of the widening seen earlier in the year.

During Q3, we added €31.4m of investment-grade bonds to the portfolio at an average yield of 3.28% and an average maturity of 7.7 years. Of this amount, €11m comprised AAA-rated covered bonds. Shorter-term bond sales (€6.2m) and redemptions (€11.4m) resulted in net bond investments of €13.8m for the quarter. Additional inflows included €9.0m from insurance operations and €1.8m in coupon payments. The cash position decreased by €2.9m, reducing the portfolio's cash weight slightly to 4.0% from 5.0% at the end of Q2.

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Portfolio duration increased to 3.6 years in Q3, up from 3.3 in the previous quarter. Running yield rose to 3.0% from 2.9%, while the mark-to-market yield edged higher to 2.97% from 2.95%. The fixed income portfolio delivered a stable return of +0.9% in Q3, supported by tighter credit spreads, partially offset by a modest rise in interest rates. Year-to-date return stands at 2.9%. In absolute terms, fixed income contributed €3.5m in Q3 and €10.9m year-to-date. After accounting for -€0.1m in other investment expenses, the portfolio's year-to-date result was €10.8m, with overall return unchanged.

Our investment strategy remains focused on high-quality credit. While market conditions improved during the quarter, risks related to geopolitics, global trade tensions, and the broader macroeconomic outlook persist. Inflation has moderated but remains uneven across regions, and central bank policy signals continue to drive short-term rate volatility. With credit spreads still tight, we maintain a cautious approach and aim to capitalize on periods of rate volatility by adding to positions when underlying interest rates move higher.

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 September 2025, the number of full-time employees was 589 (31.12.2024 614).

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

In the third quarter of 2025, If P&C Insurance AS continued to focus on innovative insurance solutions, employee well-being, and strengthening its community impact across all three Baltic countries.

In Estonia, If Insurance received the Family- and Employee-Friendly Employer label from the Ministry of Social Affairs, reaffirming the company's commitment to a caring and flexible work environment. Employee engagement and well-being were also encouraged through sports – a record number of 101 If employees participated in the Tallinn Marathon in September. Marketing activities focused on a storm protection campaign for motor insurance and raising awareness of pet insurance.

In Latvia, several socially impactful and industry-related initiatives took place. In early September, a dog community event was held, where If's Pet Product Manager participated in discussions on animal welfare. The winners of the "Latvia's e-car 2025/26" competition was also announced, with If's Head of Motor Claims presenting the Family Car of the Year award.

In Lithuania, the main focus areas of the quarter were communication around pet insurance and employer branding, including the Corgi Race event and HR Week, which emphasized the role of health insurance in employer value propositions. The benefits of gadget insurance were also highlighted, along with topics related to weather-related damages.

These initiatives reflect If's continued commitment to strengthening its role as a reliable and caring insurance partner across the Baltics — combining innovation, responsibility, and a people-centred mindset.

Outlook

The Baltic insurance market is expected to deliver moderate growth in 2025, supported by a gradual economic recovery, declining inflation, and anticipated interest rate reduction. While conditions are improving, 2025 remains a transitional year, full stability yet to be achieved.

Ongoing regional security concerns and evolving regulatory frameworks, including changes in tax regimes, continue to influence market dynamics and consumer behaviour. Additionally, salary inflation remains elevated due to a growing shortage of skilled labour, driven by demographic shifts, an aging workforce, and increased cross-border talent migration. 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 behaviours and a modest increase in demand for insurance products, with repricing playing a secondary role.

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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.

Overall, the Baltic insurance market is poised for steady growth in 2025, supported by evolving consumer preferences, moderate demand increases, and the need for strategic adaptability amid economic fluctuations, geopolitical uncertainties, and broader socioeconomic trends. In line with overall market trends, If is expected to maintain premium growth in 2025 and remains fully prepared to ensure business continuity while upholding high standards of customer service.

Key figures

Thousand EUR	2025 Jan-Sept	2024 Jan - Sept	2024 Jan - Dec
Earnings and expenses related information			
Insurance revenue, gross	187,426	182,934	244,974
Reinsurance premium expense	-5,436	-4,174	-5,526
Insurance service expense, claims incurred	-112,070	-116,524	-153,615
Insurance service expense, operating expenses	-41,562	-41,339	-55,828
Reinsurer's share of claims incurred	4,872	1,397	1,038
Insurance service result	33,230	22,294	31,043
Investment result	10,783	14,282	17,698
Insurance finance income or expense (-), net	-893	-4,656	-5,965
Net financial result	9,890	9,625	11,733
Net profit for the period	34,370	26,233	36,559
Information regarding financial position			
Investment assets	366,025	332,954	345,829
Insurance liabilities	231,290	223,464	223,923
Own funds	159,781	145,454	155,751
Key data			
Loss ratio ¹	58.9%	64.4%	63.7%
Expense ratio ²	22.8%	23.1%	23.3%
Combined ratio ³	81.7%	87.5%	87.0%
Total investment return ⁴	4.0%	5.7%	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 Q3

Thousand EUR	2025 Q3	2024 Q3
Insurance revenue, gross	63,880	62,527
Reinsurance premium expense	-1,907	-1,366
Insurance service expense	-53,474	-52,719
<i>Claims incurred</i>	-39,233	-38,792
<i>Operating expenses</i>	-14,241	-13,927
Reinsurer's share of claims incurred	1,382	-620
Insurance service result	9,881	7,822
Other income / expense	20	51
Result from other services	20	51
Investment result	3,413	9,005
<i>Direct investment income</i>	2,768	2,580
<i>Changes in value</i>	745	6,520
<i>Management costs</i>	-100	-95
Insurance finance income or expense, net	-438	-3,526
<i>Insurance contracts</i>	-476	-3,656
<i>Reinsurance contracts held</i>	38	130
Net financial result	2,975	5,479
Result before income taxes	12,876	13,352
Taxes	-539	-508
Net profit for the period	12,337	12,844

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Statement of profit and loss January - September

Thousand EUR	2025 Jan-Sept	2024 Jan-Sept
Insurance revenue, gross	187,426	182,934
Reinsurance premium expense	-5,436	-4,174
Insurance service expense	-153,632	-157,863
<i>Claims incurred</i>	-112,070	-116,524
<i>Operating expenses</i>	-41,562	-41,339
Reinsurer's share of claims incurred	4,872	1,397
Insurance service result	33,230	22,294
Other income / expense	58	100
Result from other services	58	100
Investment result	10,783	14,282
<i>Direct investment income</i>	8,253	7,240
<i>Changes in value</i>	2,841	7,322
<i>Management costs</i>	-311	-280
Insurance finance income or expense, net	-893	-4,656
<i>Insurance contracts</i>	-1,016	-4,863
<i>Reinsurance contracts held</i>	123	207
Net financial result	9,890	9,626
Result before income taxes	43,178	32,020
Taxes	-8,808	-5,787
Net profit for the period	34,370	26,233

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Statement of financial position

Thousand EUR	Note	2025 30 Sept	2024 31 Dec
ASSETS			
Cash and bank balances		37,125	42,670
Investment assets		366,025	345,829
<i>Other financial investment assets</i>	2	361,199	341,998
<i>Accrued interest</i>		4,826	3,831
Debtors		4,174	3,972
Prepayments and accrued income		982	1,037
Reinsurance assets		9,490	5,696
<i>Asset for remaining coverage</i>		-984	-1,753
<i>Asset for incurred claims</i>		10,474	7,449
Other assets		2,853	3,639
Tangible assets		2,853	3,639
Total assets		420,649	402,843
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Creditors		22,013	14,763
<i>Other creditors</i>		19,970	12,062
<i>Lease liabilities</i>		2,043	2,701
Deferred tax liability		38	41
Accruals and deferred income		7,527	8,365
Insurance liabilities		231,290	223,923
<i>Liability for remaining coverage and acquisition cashflow asset</i>		52,343	47,743
<i>Liability for incurred claims</i>		178,947	176,180
Shareholders' equity		159,781	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		34,370	36,559
Total liabilities, provisions and shareholders' equity		420,649	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	-	-	-	-	34,370	34,370
Equity at end of June 2025	6,391	3,679	2,362	112,979	34,370	159,781

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Statement of Cash flows

Thousand EUR	2025 Jan-Sep	2024 Jan-Sep
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from insurance operations		
Premium flows, direct insurance	191,619	185,446
Premiums ceded	-6,605	-4,321
Claim payments, direct insurance	-110,396	-110,432
Reinsurance flows	1,767	59
Cost of operations	-40,979	-40,065
Total	35,406	30,687
Cash flow from asset management		
Interest received	7,064	6,853
Interest paid	-53	-48
Investments in bonds and other interest bearing securities	-150,437	-65,578
Proceeds from disposals of bonds and other interest bearing securities	141,304	81,404
Total	-2,122	22,631
Paid income tax	-7,795	-9,061
CASH FLOW FROM OPERATING ACTIVITIES TOTAL	-7,795	-9,061
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-30,340	-28,700
Repayments of lease liabilities	-695	-758
CASH FLOW FROM FINANCING ACTIVITIES TOTAL	-31,035	-29,458
Cash flow for the period	-5,545	14,799
Cash and bank balances		
Opening cash and bank balances for the period	42,670	29,610
Cash flow for the period	5,545	-14,799
Closing cash and bank balances for the period	37,125	44,408

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 Sept 30	Fair value 2025 Sept 30	Carrying amount 2025 Sept 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	361,199	366,025	366,025	341,785	345,829	345,829
Total financial assets at fair value through profit or loss	361,199	366,025	366,025	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 Sept 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	344,497	21,528	366,025	297,965	47,864	345,829
Total financial assets, at fair value	344,497	21,528	366,025	297,965	47,864	345,829