



If P&C Insurance AS

Interim Report

4th 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:	31 December 2025
Chairman of the Management Board:	Andris Morozovs
Auditor:	Sirius Audit OÜ

If P&C Insurance AS management board has compiled 4th quarter 2025 interim report which is presented on pages 7-14.

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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 377,000 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-December 2025

Net profit for the period has showed significant increase compared to preceding year and amounted to €41,9 million (€36,6 million in 12 months 2024). Profit from Insurance Service result was €40,0 million (€31,0 million in 12 months 2024), corresponding to a combined ratio of 83.6% (87.0% in 12 months 2024).

Insurance revenue, gross

Insurance revenue gross for the period grew by ca. 2.3% reaching €250,6 million (€245,0 million in 12 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 €151,0 million (€153,6 million in 12 months 2024), corresponding to a loss ratio of 60,3% (63.7% in 12 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, helped us keep the expense ratio stable at 23.3% (23,3% in 12 months 2024).

Total operating expenses, excluding claims handling expenses, stayed close to last year's level, at €56,6 million (€55,8 million in 12 months 2024).

Investment result

The value of financial investments was €369,0 million at the end of Q4 2025 (€345,8 million at the end of 2024).

Market volatility remained elevated in Q4, driven by ongoing uncertainty around the global growth outlook, geopolitical risks, and trade policy tensions. Central bank policy continued to play a key role in shaping sentiment. In the US, the Federal Reserve delivered two additional 25 bps rate cuts during the quarter, reinforcing expectations of a gradual easing cycle, though it adopted a more cautious stance as economic growth remained resilient. In Europe, the ECB kept its key policy rates unchanged, maintaining a data-dependent approach. Credit markets remained well supported, with investment-grade spreads holding near their tightest levels of the year amid strong demand and broadly stable corporate fundamentals.

During Q4, we added €12m of investment-grade bonds to the portfolio, at an average yield of 3.60% and an average maturity of 7.7 years. Shorter-term bond sales of €5.8m and redemptions of €3.0m resulted in net bond investments of €3.2m for the quarter. In addition, we received €12.0m in allocations from insurance operations and €1.7m in coupon income. The cash position increased by €10.6m, raising the portfolio's cash weight from 4.0% at the end of Q3 to 6.6% at the end of Q4.

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The portfolio's duration decreased to 3.3 in Q4, down from 3.6 in the previous quarter. Running yield remained unchanged at 3.0%, while the mark-to-market yield increased to 3.04% from 2.97% in Q3. The fixed income portfolio delivered a modest return of +0.4% for the quarter, supported by carry and stable credit spreads, but tempered by continued volatility and upward pressure on underlying interest rates. In absolute terms, fixed income contributed €1.6m in Q4 and €12.5m year-to-date. After accounting for -€0.1m in other investment expenses, the portfolio's year-to-date result was €12.4m, corresponding to an overall return of 3.5%.

Our investment strategy remains consistent and focused on high-quality issuers. Although credit markets remained well supported during the quarter, the broader risk environment continues to be fragile. Inflation has eased, but underlying price pressures persist, keeping central banks cautious in guiding expectations for the pace of future rate cuts and leaving rate markets sensitive to incoming data. With investment-grade spreads still near historically tight levels, we remain selective in adding exposure. At the same time, overall yield levels remain attractive compared with recent years, supported by higher underlying interest rates. We continue to take a cautious approach, gradually building cash and liquidity, and remain prepared to add to positions opportunistically during periods of market volatility.

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 31 December 2025, the number of full-time employees was 600 (31.12.2024 614).

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

In connection with the completion of the acquisition of shares by ERGO International Aktiengesellschaft from Akcinė draudimo bendrovė "Gjensidige", a subsidiary of Gjensidige Forsikring ASA in Lithuania, Akcinė draudimo bendrovė "Gjensidige" and If P&C Insurance AS signed an agreement in the fourth quarter of 2025 for If to take over Gjensidige's Lithuanian CMR insurance portfolio. The transaction is expected to be finalised in the first quarter of 2026 and will expand If's business customer base in Lithuania.

During November, we also marked a dedicated Celebration Month to recognize the achievements, milestones, and collective efforts of our teams throughout the year. The month culminated in celebration events held across all three Baltic countries, bringing colleagues together to reflect on the year, strengthen connections, and celebrate our shared accomplishments. As If looks ahead to 2026, the company remains dedicated to innovation, customer satisfaction, and sustainability, ensuring that it continues to lead in delivering high-quality insurance solutions in the Baltic region.

Outlook

Baltic insurance market is expected to experience moderate growth in 2026, supported by improving economic conditions, declining inflation, and lower interest rates.

Despite better economic fundamentals, insurance market will continue to face a complex risk landscape. 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 2026, primarily driven by changing consumer behaviors and a modest increase in demand for insurance products.

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.

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Overall, the Baltic insurance market is poised for steady growth in 2026, 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 2026 and remains fully prepared to ensure business continuity while upholding high standards of customer service.

Key figures

Thousand EUR	2025 Jan-Dec	2024 Jan - Dec
Earnings and expenses related information		
Insurance revenue, gross	250,583	244,974
Reinsurance premium expense	-7,377	-5,526
Insurance service expense, claims incurred	-150,955	-153,615
Insurance service expense, operating expenses	-56,632	-55,828
Reinsurer's share of claims incurred	4,332	1,038
Insurance service result	39,951	31,043
Investment result	12,354	17,698
Insurance finance income or expense (-), net	-953	-5,965
Net financial result	11,401	11,733
Net profit for the period	41,877	36,559
Information regarding financial position		
Investment assets	369,016	345,829
Insurance liabilities	232,813	223,923
Own funds	167,288	155,751
Key data		
Loss ratio ¹	60.3%	63.7%
Expense ratio ²	23.3%	23.3%
Combined ratio ³	83.6%	87.0%
Total investment return ⁴	3.5%	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	Claims ratio + 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 Q4

Thousand EUR	2025 Q4	2024 Q4
Insurance revenue, gross	63,157	62,039
Reinsurance premium expense	-1,941	-1,352
Insurance service expense	-53,956	-51,580
<i>Claims incurred</i>	-38,886	-37,091
<i>Operating expenses</i>	-15,070	-14,489
Reinsurer's share of claims incurred	-539	-359
Insurance service result	6,721	8,749
Other income / expense	14	71
Result from other services	14	71
Investment result	1,570	3,415
<i>Direct investment income</i>	2,953	2,588
<i>Changes in value</i>	-1,276	943
<i>Management costs</i>	-107	-117
Insurance finance income or expense, net	-59	-1,309
<i>Insurance contracts</i>	-98	-1,361
<i>Reinsurance contracts held</i>	39	53
Net financial result	1,511	2,106
Result before income taxes	8,246	10,926
Taxes	-739	-598
Net profit for the period	7,507	10,327

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Statement of profit and loss January - December

Thousand EUR	2025 Jan-Dec	2024 Jan-Dec
Insurance revenue, gross	250,583	244,974
Reinsurance premium expense	-7,377	-5,526
Insurance service expense	-207,587	-209,443
<i>Claims incurred</i>	-150,955	-153,615
<i>Operating expenses</i>	-56,632	-55,828
Reinsurer's share of claims incurred	4,332	1,038
Insurance service result	39,951	31,043
Other income / expense	72	170
Result from other services	72	170
Investment result	12,353	17,698
<i>Direct investment income</i>	11,206	9,829
<i>Changes in value</i>	1,565	8,264
<i>Management costs</i>	-418	-395
Insurance finance income or expense, net	-952	-5,965
<i>Insurance contracts</i>	-1,114	-6,225
<i>Reinsurance contracts held</i>	162	260
Net financial result	11,401	11,733
Result before income taxes	51,424	42,946
Taxes	-9,547	-6,387
Net profit for the period	41,877	36,559

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Statement of financial position

Thousand EUR	Note	2025 31 Dec	2024 31 Dec
ASSETS			
Cash and bank balances		42,977	42,670
Investment assets		369,016	345,829
<i>Other financial investment assets</i>	2	363,276	341,998
<i>Accrued interest</i>		5,741	3,831
Debtors		4,190	3,972
Prepayments and accrued income		1,288	1,037
Reinsurance assets		7,632	5,696
<i>Asset for remaining coverage</i>		-2,315	-1,753
<i>Asset for incurred claims</i>		9,948	7,449
Other assets		2,659	3,639
Tangible assets		2,659	3,639
Total assets		427,763	402,843
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Creditors		19,641	14,763
<i>Other creditors</i>		17,836	12,062
<i>Lease liabilities</i>		1,806	2,701
Deferred tax liability		96	41
Accruals and deferred income		7,924	8,365
Insurance liabilities		232,813	223,923
<i>Liability for remaining coverage and acquisition cashflow asset</i>		50,386	47,743
<i>Liability for incurred claims</i>		182,426	176,180
Shareholders' equity		167,288	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		41,877	36,559
Total liabilities, provisions and shareholders' equity		427,763	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	-	-	-	-	41,877	41,877
Equity at end of December 2025	6,391	3,679	2,362	112,979	41,877	167,288

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Statement of Cash flows

Thousand EUR	2025 Jan-Dec	2024 Jan-Dec
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from insurance operations		
Premium flows, direct insurance	257,400	246,792
Premiums ceded	-7,261	-5,493
Claim payments, direct insurance	-146,280	-146,716
Reinsurance flows	2,780	71
Cost of operations	-56,583	-54,120
Total	50,056	40,533
Cash flow from asset management		
Interest received	8,973	8,888
Interest paid	-67	-79
Investments in bonds and other interest bearing securities	-173,383	-119,300
Proceeds from disposals of bonds and other interest bearing securities	154,028	121,781
Total	-10,449	11,290
Paid income tax	-8,028	-9,079
CASH FLOW FROM OPERATING ACTIVITIES TOTAL	-8,028	-9,079
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-30,340	-28,700
Repayments of lease liabilities	-932	-984
CASH FLOW FROM FINANCING ACTIVITIES TOTAL	-31,272	-29,684
Cash flow for the period	307	13,060
Cash and bank balances		
Opening cash and bank balances for the period	42,670	29,610
Cash flow for the period	307	13,060
Closing cash and bank balances for the period	42,977	42,670

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 Dec 31	Fair value 2025 Dec 31	Carrying amount 2025 Dec 31	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	361,477	369,016	369,016	341,785	345,829	345,829
Total financial assets at fair value through profit or loss	361,477	369,016	369,016	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

Thousand EUR	2025 Dec 31			2024 Dec 31		
	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	341,219	27,797	369,016	297,965	47,864	345,829
Total financial assets, at fair value	341,219	27,797	369,016	297,965	47,864	345,829