COMPENSA
VIENNA INSURANCE GROUP

2025

Annual Report

Independent auditor‘s report, annual management report and financial statements

Contents

2025

Company details

ADB “Compensa Vienna Insurance Group”

Phone:	+370 5 224 4444
Email:	info@compensa.lt
Company code:	304080146
Registered address:	Ukmergės str. 280, Vilnius, Lithuania

Management board

Chairman of the Management Board	Deividas Raipa
Member of the Management Board	Felix Nagode
Member of the Management Board	Andri Püvi

Supervisory board

Chairman of the Supervisory Board	Harald Riener
Deputy Chairman of the Supervisory Board	Franz Fuchs
Deputy Chairman of the Supervisory Board	Gábor Lehel
Member of the Supervisory Board	Kazimierz Paweł Bisek
Member of the Supervisory Board	Włodzimierz Wasiak

Auditor

Private Limited Liability Company “PricewaterhouseCoopers”

2025

Annual management report

About "Vienna Insurance Group"

Vienna Insurance Group (VIG or the Group), headquartered in Vienna, is the leading insurance group throughout Central and Eastern Europe (CEE). More than 50 insurance companies and pension funds in 30 countries form the Group with a long-standing tradition, strong brands and close customer relations. Around 30 000 employees in VIG take care of the day-to-day needs of around 33 million customers.

From first mover to market leader in CEE

VIG was one of the first European insurance groups to expand into the markets of the CEE region after the fall of the Iron Curtain in 1989. Step by step, the Group established itself in new markets and has become number 1 in the region. Vienna Insurance Group places an emphasis on Central and Eastern Europe as its home market and pursues a long-term business strategy in the markets that is focused on sustainable profitability and continuous earnings growth. More than half of the total business volume and profit is generated in this region.

Expertise with local responsibility

Vienna Insurance Group is synonymous with stability and expertise in providing its customers with financial protection against risks. Great importance is attached to a local multi-brand policy with regionally established brands and local entrepreneurship. Ultimately, it is the individual strengths of these brands and local expertise that enable customer proximity and make the Group successful.

Strong finances and credit rating

Vienna Insurance Group has been awarded an A+ rating with a positive outlook from the internationally recognised rating agency Standard & Poor's. VIG shares are listed on the Vienna, Prague and Budapest stock exchanges. Wiener Städtische Versicherungsverein – the stable main shareholder with a long-term focus – owns 72% of VIG's shares. The remaining shares are in free float.

Albania
- SIGMA – VIENNA INSURANCE GROUP
- INTERSIG – VIENNA INSURANCE GROUP
- VIENNA LIFE – VIENNA INSURANCE GROUP

Austria
- VIG – VIENNA INSURANCE GROUP
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
- Donau – VIENNA INSURANCE GROUP

Belarus
- КУПАЛА – VIENNA INSURANCE GROUP

Bosnia-Herzegovina
- WIENER OSIGURANJE – VIENNA INSURANCE GROUP
- vienna osiguranje – VIENNA INSURANCE GROUP

Bulgaria
- BULSTRAD – VIENNA INSURANCE GROUP
- Life BULSTRAD – VIENNA INSURANCE GROUP
- PENSION ASSURANCE COMPANY DOVERIE – VIENNA INSURANCE GROUP

Croatia
- WIENER OSIGURANJE – VIENNA INSURANCE GROUP

Czech Republic
- Kooperativa – VIENNA INSURANCE GROUP
- ČPP – VIENNA INSURANCE GROUP
- VIG Re – VIENNA INSURANCE GROUP

Denmark
- VIG – VIENNA INSURANCE GROUP

Estonia
- bta – VIENNA INSURANCE GROUP
- COMPENSA – VIENNA INSURANCE GROUP
- Seesam – VIENNA INSURANCE GROUP

Finland
- VIG – VIENNA INSURANCE GROUP

Georgia
- GPI – VIENNA INSURANCE GROUP
- IRAO – VIENNA INSURANCE GROUP

Germany
- InterRisk – VIENNA INSURANCE GROUP
- VIG Re – VIENNA INSURANCE GROUP

Hungary
- UNION – VIENNA INSURANCE GROUP
- ALFA – VIENNA INSURANCE GROUP

Kosovo
- SIGMA – VIENNA INSURANCE GROUP

Latvia
- bta – VIENNA INSURANCE GROUP
- COMPENSA – VIENNA INSURANCE GROUP

Liechtenstein
- VIENNA-LIFE – VIENNA INSURANCE GROUP

Lithuania
- bta – VIENNA INSURANCE GROUP
- COMPENSA – VIENNA INSURANCE GROUP

Moldova
- DONARIS – VIENNA INSURANCE GROUP

Montenegro
- Život WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

North Macedonia
- Life WINNER – VIENNA INSURANCE GROUP
- МАКЕДОНИЈА ОСИГУРУВАЊЕ – VIENNA INSURANCE GROUP

Norway
- VIG – VIENNA INSURANCE GROUP

Poland
- COMPENSA – VIENNA INSURANCE GROUP
- InterRisk – VIENNA INSURANCE GROUP
- VIENNA LIFE – VIENNA INSURANCE GROUP
- Vienna PTE – VIENNA INSURANCE GROUP

Romania
- OMNIASIG – VIENNA INSURANCE GROUP
- Asirom – VIENNA INSURANCE GROUP
- BCR ASIGURARI DE VIATA – VIENNA INSURANCE GROUP
- Carpathia PENSII – VIENNA INSURANCE GROUP

Serbia
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
- WIENER RE Beograd – VIENNA INSURANCE GROUP

Slovakia
- Kooperativa – VIENNA INSURANCE GROUP
- KOMUNÁLNA POISŤOVŇA – VIENNA INSURANCE GROUP

Slovenia
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

Sweden
- VIG – VIENNA INSURANCE GROUP

Türkiye
- RAY SİGORTA – VIENNA INSURANCE GROUP
- Viennalife – VIENNA INSURANCE GROUP

Ukraine
- КНЯЖА – VIENNA INSURANCE GROUP
- life КНЯЖА – VIENNA INSURANCE GROUP
- USG – VIENNA INSURANCE GROUP

Status: February 2026

We are Number 1 in Central and Eastern Europe

VIG
VIENNA INSURANCE GROUP
Protecting what matters.

About "Compensa Vienna Insurance Group"

Compensa Vienna Insurance Group ADB (hereinafter – the Company or Compensa) was founded in 2015 by the decision of the Austrian company Vienna Insurance Group AG Wiener Versicherung Gruppe, which holds 100% of shares of the Company. At the end of 2025, the share capital of the Company was 188 000 ordinary shares with a nominal value of EUR 100 (unchanged from the previous year). In 2025, the Company neither acquired, disposed of nor held own shares.

Management bodies

The management bodies of the Company comprise of the Supervisory Board and the Management Board.

The Management Board consists of three members:

Deividas Raipa
CEO and Chairman of the Management Board of the Company

Felix Nagode
CFO and Member of the Management Board of the Company

Andri Püvi
Head of Estonian branch of the Company and Member of the Management Board of the Company

The Supervisory Board consists of five members:

- Harald Riener, Chairman;
- Franz Fuchs, Deputy Chairman;
- Gábor Lehel, Deputy Chairman;
- Kazimierz Paweł Bisek, Member;
- Włodzimierz Wasiak, Member.

The list of executive and non-executive directorships and other professional activities of the Supervisory Board and the Management Board members is added as Annex 1 to this report.

Core activities of the company

The core activity of the Company is non-life insurance business. The license for non-life insurance activities was issued in July 2015 by the Bank of Lithuania. After expansion of the license in March 2017, the Company has the right to carry out all non-life insurance activities. Since the merger with Seesam in 2020, the Company operates under the Compensa brand in Lithuania and Latvia and under the Seesam brand in Estonia.

Structure

The Company is headquartered in Vilnius, Lithuania and has branch offices in Riga, Latvia and in Tallinn, Estonia. The organization is managed via a pan-Baltic matrix structure, combining local market know-how and functional best practices. The Company follows a multi-channel distribution approach in all markets.

Results from operations

Despite continued macroeconomic uncertainty and a challenging competitive landscape, the Company delivered a strong and resilient performance in 2025, demonstrating its ability to outperform market conditions, sustain growth, and maintain solid profitability.

In 2025, the Company achieved an insurance revenue of EUR 295.4 million, representing a 9.7% increase compared to EUR 269.2 million in 2024. The growth in insurance revenue was supported by a strong growth of voluntary business lines, reflecting successful portfolio development initiatives and Compensa's attractiveness in core segments.

INSURANCE SERVICE REVENUE 295.4 million

Insurance service expenses amounted to EUR 262.2 million (2024 – 248.8 million) and net expenses from reinsurance contracts held totaled EUR 18.6 million (2024 – 7.1 million). The higher business volumes, combined with enhanced operational efficiency and disciplined cost management, contributed to a strengthened insurance service result of EUR 14.7 million (2024 – 13.2 million). The Company succeeded in raising interest income from financial assets to EUR 4.6 million compared to EUR 3.4 million in 2024. The profit before tax increased from EUR 8.7 million in 2024 to EUR 10.9 million in 2025.

PROFIT BEFORE TAXES 10.9 million

The Company generated a Net Combined Ratio of 94.0% - on the same level as for 2024 (94.0%). The ratio is calculated as insurance service expenses for issued business less insurance service expenses from reinsurance contracts held divided by the insurance revenue from issued business less insurance revenue from reinsurance contracts held.

NET COMBINED RATIO 94.0 %

The Company's investment assets grew in value amounting to EUR 276.8 million at year-end 2025 (end of 2024 – EUR 236.8 million).

At the end of 2025, the shareholder's equity amounted to EUR 81.9 million (restated 2024 – EUR 74.5 million) and insurance contract liabilities to EUR 227.8 million (2024 – EUR 195.2 million). Reinsurance contract assets stood at EUR 46.9 million (2024 – EUR 39.3 million). At the end of 2025, the Company had total assets of EUR 356.6 million (2024 – EUR 306.7 million).

Key events after the end of the financial year 2025

There were no events in the Company from 31 December 2025 until the date of issue of the financial statements that might have a significant impact on the financial statements.

Strategy and development in 2025

The Company continued to implement its three-year strategy program "Course 27" which was launched at the end of 2024. "Course 27" is based on the reflection of the previous strategy program "Compensa 24" and a rich dialogue across all three Baltic countries.

COMPENSA COURSE 27

"Course 27" strategy program builds on the framework of three pillars from the Company's previous strategy program, adding a new set of focus initiatives.

PROTECT
to defend Company's profit and loss from adverse developments

ATTACK
to use growth chances in the attractive Baltic markets

AMEND
to increase efficiency along our core processes

More than a dozen initiatives were being pursued across the program's three pillars. Some highlighted initiatives from each strategy program's pillar are specified below.

Protect

This pillar focuses on strengthening the Company's core capabilities to ensure long-term stability and resilience. Key priorities include enhancing pricing excellence to improve risk management and business steering, building operational resilience to secure reliable service delivery, and reinforcing financial resilience to withstand economic challenges. Together, these initiatives demonstrate the Company's commitment to protecting the business and creating lasting value for customers and stakeholders.

The cross-functional technical excellence program was further advanced by upgrading pricing models for several products across the Baltic countries. Operational resilience was improved through strengthened IT processes, ensuring alignment with the new Digital Operational Resilience Act (DORA). In addition, Compensa continued to enhance finance and risk capabilities in preparation for applying a Partial Internal Model.

Attack

The „Attack" pillar focuses on capturing growth opportunities in the dynamic Baltic insurance market. The Company prioritizes introducing targeted and innovative insurance solutions, improving customer experience in retail segments, and strengthening existing and new distribution partnerships. These initiatives aim to expand our market presence and reinforce our purpose of protecting what matters to our customers.

In 2025, the Company enhanced its digital distribution capabilities, including the launch of a new e-shop for Motor lines in Lithuania. To support further growth, we introduced new products, such as pleasure boat insurance in Estonia, and broadened cooperation with partners while strengthening our agent network.

Amend

The “Amend” pillar is dedicated to improving the efficiency of core processes to support operational excellence. The Company focuses on enhancing internal workflows, leveraging advanced technologies such as AI, and modernizing digital tools – including the e-shop and self-service portal – to deliver a smoother and more efficient experience for customers and partners.

In 2025, we continued investing in claims handling process digitalization, launched a common website with the sister company Compensa Life in Lithuania, and improved customer experience following comprehensive satisfaction surveys. Several joint initiatives with Compensa Life are ongoing, aimed at further strengthening resilience and operational efficiency across both companies.

Outlook for 2026

2026 GDP growth is expected above 2025 levels in all Baltic countries. This creates a constructive environment for Compensa‘s insurance operations. Compensa plans to continue its long-term growth trend in insurance revenue and profitability in 2026 and beyond.

Innovations and digitalization

In line with our value “driving innovation”, we target for innovations to grow across the Company – as such research and development is a distributed responsibility. In 2025, all Baltic managers were trained in basic AI capabilities. This led to several use-cases being assessed that may translate to considerable customer experience and efficiency gains.

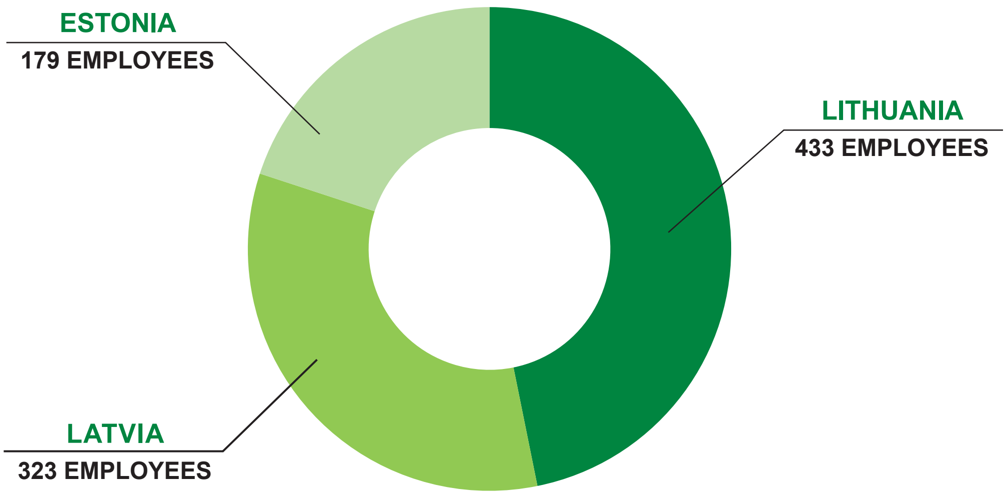
Intangible resources

Intangible resources play an important role in driving the success and sustainability of the Company’s business model. Our skilled professionals and innovative employees enable us to deliver tailored solutions and exceptional service to our clients. The strength of our brands – Compensa in Lithuania and Latvia, and Seesam in Estonia – fosters trust and loyalty, positioning us as a reliable partner in the insurance market. Additionally, our robust business relationships with clients, brokers, and partners provide a foundation for long-term growth and value creation. Together, these intangible resources underpin our competitive advantage and reinforce our commitment to delivering sustained value to stakeholders.

Human resources

935 employees

At the end of 2025, the Company had 935 employees (2024 – 912). The split between the Baltic countries can be seen below:



In the insurance business where products are intangible, personnel trust plays a decisive role. The confidence that the Company's customers place in us day-by-day is essential to the Company's success. This success is gained and maintained by the Company's service-oriented and competent employees.

The Company embraces the **diversity** of its employees and strives to ensure their fair treatment. The employment of any person is based only on his or her abilities, qualifications, competencies, experience, and professional qualities. The diversity of personalities, cultures and languages prevails in the Company — this is one of our strengths.

Equal opportunities

We make sure to stay transparent when making decisions. Our employees have equal opportunities for careers and changes, regardless of their age, gender, sexual orientation, disabilities, ethnic origins or religious preferences, and family status. We ensure equal working conditions and equal opportunities to improve qualifications and develop skills. All employees performing the same work are entitled to equal pay.

Respect

Our relations with employees, business partners and institutions are characterized by mutual, respectful, and reliable cooperation. We are open to communication and cooperation at both national and international levels.

Purpose of business and our values

Our values act as the “north star” for everyday decision making. These values are embedded in recruitment and competency assessment processes.

Each year, employees, who best demonstrate these values through their actions and contributions, are nominated as value ambassadors.

We deliver protection for your prosperity

Being trustworthy | Going extra mile | Driving innovation | Bringing simplicity

Prevention of corruption and bribery

The Company upholds a zero-tolerance policy towards corruption and places significant emphasis on anti-corruption measures. The Company is dedicated to maintaining integrity, transparency, and the highest standards of business ethics in all aspects of its operations.

The Company has implemented comprehensive anti-bribery and anti-corruption policies and processes to ensure operational transparency and compliance with all applicable anti-corruption laws across the jurisdictions in which it operates. These measures include:

- The Company is committed to comply rigorously with all anti-bribery and anti-corruption laws in all countries where it provides insurance services.
- The Company’s Anti-bribery and Anti-corruption policy is integral to and applies in conjunction with the Conflict of Interest Policy, the Compliance Policy, and the Code of Business Ethics. These policies collectively ensure the highest ethical standards are upheld.
- The anti-bribery and anti-corruption measures apply to all representatives of the Company, including the members of the Management Board, Supervisory Board, employees and insurance agents, across all their activities.
- Specific attention is given to interactions with public officials, private persons or legal entities, including foreign officials in international business transactions.

To effectively manage conflicts of interest and proactively prevent any manifestations of corruption, the Company has implemented a comprehensive and robust system for identifying, declaring, and managing such conflicts. Employees, as well as individuals in managerial positions, are required to:

- Submit conflict of interest declarations before employment or appointment.
- Report any conflicts of interest that arise during their tenure through ad hoc declarations.
- Participate in periodic conflict of interest declaration processes.

The Company organizes regular employee training sessions and disseminates memorandums on business ethics principles and anti-corruption policies to ensure that all employees, including management, are well-informed and adhere to the established rules and standards in their daily activities. The active involvement of top-level executives in these efforts underscores the Company's commitment to setting an example for ethical behavior.

In cases where employees or other stakeholders believe that unlawful activities, including potential corruption, bribery, or other violations, may be occurring, the Company has established an internal whistleblowing channel pranesk@compensa.lt to report concerns. This channel guarantees confidentiality in compliance with legal requirements. This reporting channel is also available via the Company's website (www.compensa.lt), enabling any person – including external stakeholders – to submit a report.

The Company remains steadfast in fostering an environment of ethical conduct and transparency, ensuring that its employees and governance bodies uphold the highest standards of integrity and accountability.

Risk and risk management

Risk management in the Company is organized in accordance with the VIG standards and complies with the Solvency II regulatory framework. The Company has established a comprehensive and effective risk management system with clearly defined governance, organizational structures, roles and responsibilities, as well as documented risk management processes.

The primary objective of risk management is to safeguard the Company's long-term sustainability and solvency, including under adverse market conditions, thereby ensuring the continuous fulfilment of obligations towards policyholders and other stakeholders. Risk management is an integral part of the Company's overall management and decision-making framework and is closely aligned with the business strategy.

All key function holders meet the applicable fit and proper requirements. The Company promotes a strong risk culture, under which all employees are aware of their responsibility for day-to-day risk management within their respective areas of activity. Employees are encouraged to promptly report emerging risks and incidents, understand the importance of internal controls and comply with established policies and procedures.

The core business of the Company is the professional assumption and management of risks. As a non-life and health insurance company, the Company is exposed primarily to underwriting risks arising from insurance contracts, as well as to market risks related to its investment activities. In addition, the Company is exposed to other risk categories, including counterparty default risk, concentration risk, liquidity risk, operational risk, reputational risk and strategic risk. Environmental, social and governance (ESG) risks are considered across all relevant risk categories and are embedded in the Company's risk management processes.

The Company defines the following overall approach to risks it might be exposed to:

Accepted risks

- The Company generally accepts risks that are directly associated with the conduct of its insurance business, in particular underwriting risks and, to a limited extent, market risks, provided that these risks are adequately identified, assessed, monitored and priced in line with the Company's risk appetite.

Conditionally accepted risks:

- Operational risks are mitigated as far as reasonably possible through effective internal controls and processes; however, a certain level of operational risk is inherent to business activities and cannot be fully eliminated. Risk mitigation measures are applied taking into account cost-benefit considerations.
- Investment activities are conducted in accordance with the prudent person principle. Unreasonable risks are avoided, and high-risk investment instruments are only permitted where they serve to hedge existing exposures.
- Risk stemming from financial insurance shall be held to a limited extent.

Risk mitigation measures

The Company applies a broad set of risk mitigation techniques, including:

- A clearly defined risk governance framework and continuous promotion of risk awareness throughout the organization.
- Prudent calculation of technical provisions to adequately reflect uncertainties and potential volatility.
- The use of reinsurance as a key instrument to limit exposure to large individual losses and accumulation events, particularly in non-life insurance.
- Strict investment and market risk limits, ensuring appropriate asset-liability matching and diversification.

Not accepted risks:

- The Company does not accept risks for which it lacks the necessary expertise, operational capabilities or capital resources to ensure proper management and coverage. Underwriting risks that cannot be reliably evaluated or adequately priced are not accepted. In particular, the Company does not underwrite liability risks related to genetic engineering or nuclear energy.

- In the area of asset management, risks are not accepted where adequate valuation methodologies or expertise are not available. This includes, among others, investments in weather derivatives, commodity futures or instruments with unlimited loss potential.

ESG risks may be accepted, conditionally accepted, mitigated or excluded depending on their nature and materiality, with particular emphasis on the avoidance of significant governance-related risks.

The Company does not use derivatives for risk management purposes.

The Company maintains a comprehensive reinsurance program that allows effective control of net retention both on a per-risk and per-event basis. To reduce counterparty concentration risk, the Company cooperates with a diversified panel of reinsurers.

Sustainability reporting

In accordance with the Law on Accounting of Companies and Company Groups of the Republic of Lithuania (hereinafter – the Law), which implements the requirements of the Corporate Sustainability Reporting Directive 2022/2464 (CSRD), large companies, such as Compensa, are required to prepare a management report with an integrated sustainability report, except in cases specified by Law where this requirement may be waived.

The management informs that Compensa is a subsidiary of the parent company **Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG)**, registered in Vienna, Austria. Pursuant to Article 23(1)(1) of the Law and the clarifications provided by the Ministry of Finance of the Republic of Lithuania, the Company is exempt from the obligation to prepare a separate sustainability report.

This exemption applies because the parent company **VIG** prepares and publishes a consolidated sustainability report, which includes all relevant data of the Company and complies with the requirements of the European Sustainability Reporting Directive (EU CSRD) and European Sustainability Reporting Standards (ESRS).

Parent company information

- **Parent company name:** Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG)
- **Registered office:** Schottenring 30, 1010 Vienna, Austria
- **Website link where the consolidated sustainability report will be published:** www.vig.com
- **Publication date of the consolidated sustainability report:** April 28, 2026 (preliminary planning).

The Company confirms that **VIG consolidated sustainability report will be published no later than 12 months after the end of the 2025 financial year**, as required by the provisions of the Law.

This information is supported by the official declaration of the parent company VIG, confirming that the consolidated sustainability report will be published within the specified period.

Sustainability roadmap – driving positive change in 2024 and beyond

In 2024, Compensa took a significant step forward in its sustainability journey with the approval of a comprehensive **Sustainability Program**, which defines clear objectives and actionable measures across all six spheres – customers, employees, society, asset management, underwriting, and operations.

This program serves as a roadmap for integrating sustainability into the Company's operations and decision-making processes, ensuring alignment with VIG's sustainability framework. The program reflects the Company's commitment to creating long-term value for stakeholders while addressing environmental and social challenges.

To support consistent implementation, Compensa approved and put into force a Sustainability Policy, translating the Sustainability Program into clear principles, governance arrangements, and operational guidelines. During the reporting period, sustainability considerations were systematically embedded into core processes, including asset management, underwriting, operations, and risk management, strengthening internal alignment and supporting informed decision-making in line with Vienna Insurance Group's sustainability framework.

In 2025, the Company successfully renewed its ISO 14001 Environmental Management System certification across all Baltic operations. The renewed certification confirms the Company's systematic approach to managing environmental impacts, ensuring compliance with environmental requirements, and continuously improving environmental performance. It also supports the consistent integration of environmental considerations into daily operations and decision-making across the Baltic region.

Green economy and development of insurance services

In line with its sustainability agenda, Compensa continued to develop environmentally responsible insurance solutions across the Baltic states. Green Equipment Insurance focused on protecting renewable energy solutions, including solar power plants, electric vehicle charging stations, and heat pumps. In Latvia, a stand-alone solar panel insurance product for private households was launched, supported by market research and a targeted awareness campaign.

Fighting bullying both offline and online

Compensa continued to promote the STOP HATE (Neapykantai STOP) insurance solution, protecting children up to 18 years old against bullying both offline and online. The product provides access to psychological, legal, and informational support and was further integrated into family insurance solutions.

Transport insurance and mobility services

In Lithuania, the Company strengthened its transport-related insurance offering by supplementing mandatory motor third party liability insurance with additional legal assistance services and further promoting alternative CASCO insurance as an accessible option for owners of older vehicles. A key development during the reporting period was the launch of the "Compensa Vairuok" telematics application. The mobile application allows drivers to monitor their driving behavior based on parameters such as speed, braking, acceleration, and phone use while driving, supporting safer and more responsible driving habits. Responsible driving behavior is rewarded with points that can be used as a discount when renewing mandatory motor third party liability insurance.

Innovative insurance solutions for families

Family protection remains a core priority for the Company. In Lithuania, family-oriented insurance solutions were strengthened by introducing telemedicine services "Compensa TeleMed" within travel insurance, enabling insured persons to access remote medical consultations while travelling abroad.

In Latvia, in 2025 the Company introduced a new VIP concept, launching "Very Important Protection (VIP)" and "Very Insured Person (VIP)" offers, providing carefully designed coverage and enhanced protection. During promotional campaigns, clients could purchase car, home, travel, and personal accident insurance with special discounts or extended coverage options.

Society – Fostering Social Responsibility

Empowering employees to make a difference

Since 2022, the Company has actively encouraged employees to contribute to society through the Social Active Day initiative, offering a paid day off for participation in social activities. This initiative reflects our commitment to supporting vulnerable social groups, fostering employee engagement, and building a culture of care. By collaborating with various organizations and supporting employee-driven initiatives, we continue to make a positive impact across Lithuania, Latvia, and Estonia.

We aim to involve more employees in the Social Active Day each year. In 2025, the Company had a goal to reach 75% participation across the Baltic countries. The goal was achieved – 725 employees (78%) took part in activities in Lithuania, Latvia, and Estonia.

In Lithuania employees contributed their time and effort to a wide range of community initiatives, volunteering with the animal shelters Vizgis, Lesė and Nuaras, supporting Caritas and the Red Cross, and engaging in activities with the Food Bank, the Mothers' Union, "Mamų linija", senior homes in Troškūnai, children's care homes, and family and child welfare centers. They also participated in the nationwide "Darom" clean-up campaign across Lithuania's coastline, forests and lakesides, assisted with planting at Kairėnai Botanical Garden, and helped improve animal enclosures at Kaunas Zoo.

In Latvia employees participated in several initiatives. Colleagues cleaned the seaside, donated blood, and went to the Daugavpils and Riga Zoos to help tidy up the garden and bird trails. As a start of the school year approached, they prepared and packed school supplies for children from low-income families in Latvia. As a tradition, this year they also organized the "Courage Box" campaign, where all colleagues brought thoughtfully prepared gifts for children in the oncology ward of the Children's hospital. This year the response was so great that the hospital will also be able to give gifts to children on their birthdays.

In Estonia, Seesam employees participated in several community and environmental initiatives, including a charity day at the Iru Care Home in Tallinn, support for the Juri Jaanson Two Bridges Race, participation in RMK forest planting days in Tartu and Rapla counties, and a school supplies collection for the Association of Large Families in Tallinn.

Seesam also continued its long-standing support for the Sober Driver campaign, which reached a record of 8488 designated drivers in 2025 – the highest participation in the campaigns' 29-year history. In addition, Seesam joined the President Kaljulaid Foundation's employers' initiative "Free from Violence", contributing to the creation of aware and safe workplaces and supporting the prevention of domestic violence.

The Company also supports and encourages the employees' own social initiatives. It has become our annual tradition to contribute to the initiative of employees in fulfilling the dreams of children fostered in orphanages or arriving to day care centers.

Reaching for social impact through Risk Literacy promotion and research-based approach

Compensa actively promotes risk literacy as a core element of its social responsibility, recognizing that informed and prepared individuals and communities are more resilient to risks. Through targeted social initiatives, partnerships, and educational activities, the Company seeks to strengthen risk awareness, prevention, and responsible decision-making. Through this approach, Compensa seeks to extend its role beyond traditional insurance services and contribute to societal resilience in line with Vienna Insurance Group's sustainability agenda, which identifies risk literacy as a key social sustainability priority.

Gallup International survey results in Lithuania show that risk literacy is an increasingly important societal prerequisite, yet many people still struggle to realistically assess risks and take preventive action. For Compensa, this creates both a responsibility and an opportunity to lead the conversation on risk awareness and resilience by linking insurance solutions with everyday risk literacy, in line with Vienna Insurance Group's mission to close the protection gap in Central and Eastern Europe. This approach was reflected in Compensa's "Safe with Knowledge" public education campaign launched in May 2025, which, based on Gallup insights, promoted informed, knowledge-based decision-making through digital, social, and TV channels. Compensa plans to co-develop practical risk literacy lessons for schools, integrate them into life skills education, and amplify their impact through media partnerships that extend learning beyond classrooms.

Through the implementation of these initiatives, we strive to support individuals in making well-informed decisions regarding risks in their lives and actively engage in risk education activities. Risk literacy reflects our commitment to fostering knowledge, awareness, and effective decision-making across all our markets.

Digital Accessibility and Inclusion

Compensa continued to enhance digital accessibility by implementing accessibility improvements on its website, aiming to ensure equal access to information and services for all users, including people with disabilities. These improvements support inclusive customer experience, strengthen digital inclusion, and reflect the Company's commitment to providing transparent and accessible insurance services.

Support for sport and culture

The Company consistently emphasizes active social engagement alongside business performance. Supporting sports, culture and initiatives of national significance remain an integral part of Compensa's corporate responsibility, contributing to community well-being and promoting healthy lifestyles.

In Lithuania, the Company continued its long-standing partnership with the Lithuanian Basketball League, promoting teamwork, healthy lifestyles and development of young talents. Compensa also strengthened its cultural engagement by extending cooperation related to the Compensa Concert Hall in Vilnius and supporting the Lithuanian Art and Knowledge Centre Tartle, contributing to the preservation and accessibility of national cultural heritage. In addition, the Company supported and international padel tournament in Kaunas, promoting active lifestyles through sports.

In Latvia, Compensa became an official supporter of VEF Rīga, the most successful professional basketball club in Latvia, and supported Krastu Mačs, one of the country's largest summer basketball events, contributing to safety and well-being during the tournament. The Company also supported international motorsport and handball events through insurance solutions. A key cultural highlight was the performance of the Boston Symphony Orchestra in Riga, conducted by Andris Nelsons, made possible with Compensa's support. In addition, Compensa contributed to the anniversary festival of the Liepāja Concert Hall "Great Amber" and supported the volunteer search and rescue organisation K9 SOS, reinforcing its commitment to community safety and social responsibility.

In Estonia, Seesam continued to support the Tallinn International Festival Jazzkaar, one of the flagship music events in Estonian culture and the largest jazz festival in the Baltic countries, and for its contribution to the cultural sector Seesam was awarded the Ministry of Culture's Cultural Friend 2025 recognition.

D. Raipa
Chief Executive Officer and Chairman of the Management Board
31 March 2026

2025 Statement of financial position

Statement of financial position

Asset In €000	Notes	As at 31 December 2025	As at 31 December 2024 Restated	As at 1 January 2024 Restated
Cash and cash equivalents	10	8 885	8 431	7 408
Financial assets at fair value through profit or loss	4	4 454	4 549	3 705
Financial assets at fair value through other comprehensive income	5	228 520	206 144	175 369
Financial assets at amortized cost	7	42 015	24 248	23 771
Investment in associates	8	1 783	1 818	1 818
Receivables		1 734	840	1 268
Insurance contract assets	9	723	130	54
Reinsurance contract assets	9	46 912	39 259	30 600
Property and equipment	3	1 285	1 281	1 111
Other asset		976	807	738
Goodwill	1	10 726	10 726	10 726
Intangible assets	1	5 188	4 794	4 764
Deferred tax asset	21	739	1 148	1 956
Right-of-use assets	2	2 672	2 487	2 555
Total assets		**356 609**	**306 661**	**265 844**
Liabilities				
Insurance contract liabilities	9	230 443	195 212	158 878
Liabilities and other payables	15	17 724	10 872	13 033
Current income tax liabilities	21	754	1 182	1 190
Financial liabilities	14	21 688	21 493	21 563
Provisions	13	2 356	2 357	2 324
Other liabilities		1 717	1 067	1 094
Total liabilities		**274 682**	**232 182**	**198 082**
Equity				
Issued capital	11	35 846	35 846	35 846
Restricted Loan	12	4 000	4 000	4 000
Legal reserve		1 880	1 880	1 880
Retained earnings		50 052	46 295	45 345
Fair value reserve	12	(9 267)	(11 786)	(18 222)
Insurance/reinsurance finance reserve	12	(583)	(1 756)	(1 086)
Total equity		**81 927**	**74 479**	**67 762**
Total liabilities and equity		**356 609**	**306 661**	**265 844**

D. Raipa
General Manager

Ž. Kramarauskaitė
Chief Accountant

L. Petrošienė
Chief Actuary

2025

Statement of comprehensive income

Statement of comprehensive income

In €000	Notes	2025	2024 Restated
Insurance revenue	17	295 443	269 230
Insurance service expense	17	(262 156)	(248 848)
Insurance service result before reinsurance contracts held		**33 288**	**20 382**
Net expenses from reinsurance contracts held	9	(18 553)	(7 139)
Insurance service result		**14 735**	**13 243**
Interest income calculated using the effective interest method	18	4 535	3 407
Net realized and unrealized gains and losses on financial assets at fair value through profit or loss	18	2	(17)
Net gains (losses) on investments in assets measured at FVOCI reclassified to profit or loss on disposal	18	(1 183)	(1 332)
Net credit impairment gains (losses)	18	35	(23)
Net foreign exchange expense	18	(11)	(3)
Other result from investment activities	18	141	215
Total investment income	18	**3 519**	**2 248**
Finance expenses for insurance contracts issued	18	(2 297)	(1 878)
Finance income for reinsurance contracts held	18	651	625
Net insurance finance result		**(1 646)**	**(1 253)**
Result from associated companies		135	172
Financial costs	20	(1 195)	(1 095)
Other income	19	771	749
Other expenses	19	(5 381)	(5 331)
Profit before tax		**10 937**	**8 732**
Income tax expense	21	(1 221)	(1 600)
Profit for the year		**9 716**	**7 132**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gains on Investments in financial assets at FVOCI	18	2 518	6 437
Net finance result from insurance contracts issued		1 174	(670)
Other comprehensive income for the year		**3 692**	**5 766**
Total comprehensive income for the year		**13 408**	**12 899**

D. Raipa
General Manager

Ž. Kramarauskaitė
Chief Accountant

L. Petrošienė
Chief Actuary

2025

Statement of changes in equity

Statement of changes in equity

In €000	Issued capital	Restricted Loan Tier 1	Share premium	Fair value	Insurance/ Reinsurance reserve	Retained Earnings	Legal reserve	Total equity
Balance as at 31 th December 2023	18 800		17 046	(18 222)	(1 086)	45 240	1 880	63 657
Restatement		4 000				105		4 105
Restated balance as at January 1 2024)	**18 800**	**4 000**	**17 046**	**(18 222)**	**(1 086)**	**45 345**	**1 880**	**67 762**
Profit for the year (restated)						7 132		7 132
Other comprehensive income for the year				6 437	(670)			5 766
Total comprehensive income for the year				6 437	(670)	7 132		12 899
Dividends payment						(5 763)		(5 763)
Restricted loan interest						(418)		(418)
Balance as at31 December 2024 (restated) (note 12)	**18 800**	**4 000**	**17 046**	**(11 786)**	**(1 756)**	**46 295**	**1 880**	**74 479**
Profit for the year						9 716		9 716
Other comprehensive income for the year				2 518	1 174			3 692
Total comprehensive income for the year				2 518	1 174	9 716		13 408
Dividend payment						(5 543)		(5 543)
Restricted loan interest						(417)		(417)
Balance as at 31 December 2025	**18 800**	**4 000**	**17 046**	**(9 267)**	**(583)**	**50 052**	**1 880**	**81 927**

D. Raipa
General Manager

Ž. Kramarauskaitė
Chief Accountant

L. Petrošienė
Chief Actuary

2025

Statement of cash flows

Statement of cash flows

In €000	Note	2025	2024 Restated
Cash flows from operating activities			
Premiums received from direct insurance		292 868	258 836
Premium refunds		(3 483)	(3 453)
Claims paid for direct insurance		(160 454)	(154 126)
Claims recoveries		10 943	12 789
Payments received from ceded reinsurance		11 116	5 064
Payments made for ceded reinsurance		(36 076)	(19 371)
Operating expenses paid		(67 655)	(60 525)
Taxes paid on ordinary activities		(5 919)	(5 713)
Amounts paid or received on other operating activities of insurance		2 798	(2 215)
Corporate Income tax		(1 270)	(1 223)
Net cash from operating activities		**42 867**	**30 062**
Cash flows from investing activities			
Maturities of debt securities		23 506	9 455
Disposals of debt securities		14 840	6 537
Acquisition of debt securities		(59 172)	(42 382)
Maturities of deposits		47 814	26 737
Placement of deposits		(65 602)	(24 702)
Maturities of Loans		97	
Interest received debt and loans	6	4 358	3 404
Received dividends		174	215
Amounts from other investing activities		101	358
Net cash flows used in investing activities		**(33 885)**	**(20 378)**
Cash flows from financing activities			
Interest from loans	14	(1 118)	(1 120)
Interest related to restricted loan	12	(417)	(418)
Paid dividends	12	(5 543)	(5 763)
Payments related to leases		(1 452)	(1 359)
Net cash flows used in financing activities		**(8 529)**	**(8 660)**
Net increase / (decrease) in cash and cash equivalents		**454**	**1 024**
Cash and cash equivalents at the beginning of reporting year		**8 431**	**7 408**
Cash and cash equivalents at the end of reporting year		**8 885**	**8 431**

D. Raipa	Ž. Kramarauskaitė	L. Petrošienė
General Manager	Chief Accountant	Chief Actuary

2025

Explanatory notes

1. BACKGROUND INFORMATION

ADB "Compensa Vienna Insurance Group" (hereinafter "the Company") was registered on 11 August 2015 in the Republic of Lithuania.

The Company is engaged in insurance activities and provides non-life insurance services.

As at 31 December 2025 the authorized capital of the Company consists of 188 000 ordinary registered shares with a nominal value of EUR 100 per share, and share premium of EUR 17 045 774. All shares are fully paid.

As at 31 December 2025 the ultimate parent of the Company was Vienna Stadtische Versicherungsverein–Vermögensverwaltung Company Register No. FN 333376i, address Schottenring 30, 1010 Vienna, Austria and parent company was Vienna Insurance Group AG, Company Register No. FN 75687 f, address Schottenring 30, 1010 Vienna, Austria.

The Company is headquartered in Vilnius, Lithuania.

At 31 December of 2025, the Company had 935 employees (at 31 December 2024: 912).

Country	31/12/2025	31/12/2024
Lithuania	433	427
Latvia	323	303
Estonia	179	182
Total	**935**	**912**

The license for insurance activities was issued on 30 July 2015 and expanded on 28 July 2016. In January 2017, with regard to changes in legal regulation, the license for compulsory civil liability insurance of contractors was changed to the license of administrative construction works and civil liability insurance of building construction, reconstruction, repair, renovation (modernization), demolition or cultural heritage buildings, and new insurance lines were added on 15 March 2017. The license is valid in the Republic of Lithuania and in any other state of the European Economic Area. The license provides the Company with the right to carry out sales of voluntary insurance, of the following insurance groups or related risks:

- Accident insurance;
- Sickness insurance;
- Land vehicles (other than railway rolling stock) insurance;
- Railway rolling stock insurance;
- Ships (sea and internal waters) insurance;
- Goods in transit insurance;
- Property insurance against fire and natural forces;
- Property insurance against other risks;
- Liability arising out of the use of motor vehicles operating on the land;
- Liability arising out of the ships (sea and internal waters);
- General liability insurance;
- Financial loss insurance;
- Legal expenses insurance;
- Assistance insurance;
- Aircraft insurance;
- Insurance against civil liability arising out of the use of aircraft;
- Credit insurance;
- Suretyship insurance.
- Sales of the following compulsory insurance risk products are carried out:
- Compulsory civil liability insurance of technical supervisors of construction;

- Compulsory civil liability insurance of construction (part thereof) examination contractor
- Compulsory insurance of suppliers of tour organizing services;
- Compulsory civil liability insurance of construction planners;
- Compulsory civil liability insurance of main researchers and contractors of biomedical research;
- Administrative construction works and civil liability insurance of building construction, reconstruction, repair, renovation (modernization), demolition or cultural heritage buildings;
- Compulsory civil liability insurance of insurance intermediaries;
- Compulsory civil liability insurance of users of motor vehicles;
- Compulsory civil liability insurance of railroad companies (carriers) and companies using public railway infrastructure;
- Compulsory civil liability insurance of audit companies;
- Compulsory professional civil liability insurance of bailiffs;
- Compulsory civil liability insurance of notaries;
- Compulsory civil liability insurance of construction project (part thereof) examination contractor;
- Compulsory civil liability insurance of health care institutions against damage;
- Compulsory civil liability insurance of property or business valuation firms and independent property or business assessors;
- Civil liability insurance of licensed person for damage caused to others by determination of the cadastral data of immovable property;
- Compulsory professional civil liability insurance of bankruptcy administrators carrying out bankruptcy procedures for natural persons;
- Compulsory professional civil liability insurance of bankruptcy administrators carrying out company bankruptcy procedures;
- Compulsory professional civil liability insurance of restructuring administrators;
- Compulsory civil liability insurance of consular officials performing notarial acts;
- Compulsory professional civil liability insurance of attorneys.
- Compulsory civil liability insurance of construction (part thereof) examination contractor

The Company has branch offices in Riga, office address: Vienības gatve 87h, Latvia, and in Tallinn, office address: Maakri19/1, Tallinn 10145.

As of 31 December 2025, the Company did not have subsidiaries.

The financial statements have been prepared as of and for the year ended 31 December 2025.

The audit of the Company was performed by Uždaroji akcinė bendrovė PricewaterhouseCoopers. The cost of audit services for 2025 amounted to EUR 148 thousand (excluding VAT). In addition, other services amounted to EUR 0.4 thousand (excluding VAT). In 2024, the audit of the Company was performed by KPMG, and the audit fee amounted to EUR 137 (excluding VAT) thousand.)

The Shareholders' Meeting will be held on 09/05/2026.

2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

Consistent accounting principles have been applied to the financial years presented in these financial statements.

BASIS OF PREPARATION

The financial statements of ADB Compensa Vienna Insurance Group have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their interpretations as adopted by the European Union (IFRS EU). The financial statements have been authorized for issue by the management: Chief Executive Officer, Chief Accountant and Chief Actuary) on 31th of March 2026. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in euro (unless otherwise stated), which is the Company's functional currency. Amounts were commercially rounded and, where not indicated otherwise are shown in thousands of euros (€000). Calculations, however, are done using exact amounts, which may lead to rounding differences.

BASIS OF MEASUREMENT

The financial statements are prepared on a historical cost basis, except for financial assets that are measured at fair value: financial instruments measured through profit or loss (FVTPL) and financial instruments measured through other comprehensive income (FVOCI).

USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Although the estimates are based on management's best judgement and facts, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both the year of revision and future years.

The Company applies the PAA for the measurement of insurance contracts. However, when measuring liabilities for incurred claims, the Company accounts for all reasonable and supportable information available without undue cost or effort. This information includes both internal and external historical data concerning claims and other measurement components, updated to reflect current expectations about future events. As discounting rates Company applies EIOPA risk-free rates adjusted with illiquidity premium. Risk adjustment for non-financial risk is determined to reflect the compensation that Company would require for bearing non-financial risk and its degree of risk aversion.

MATERIAL ESTIMATES

The measurement of impairment losses in accordance with IFRS 9 across relevant financial assets requires discretionary decisions in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and for the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modeled ECL scenarios and the relevant inputs.

Goodwill is tested for impairment annually in accordance with the methodology described in Note 1. The key assumptions used in the impairment test primarily relate to the projected cash flows of the cash-generating unit (CGU), as well as specific parameters, in particular growth rates and discount rates. The sensitivity of the impairment assessment to changes in these assumptions is presented in Note nr.1.

Suitable valuation methods are used to calculate the fair value of financial assets which are not traded in active markets.

The assumptions used are based on market data available on the balance sheet data. To determinate the fair value, Company used present value methods based on appropriate interest rate models.

More detailed information is presented in note 6 “Financial Instruments, impairment, and Fair value measurement hierarchy”.

MEASUREMENT OF FAIR VALUES

A number of the Company’s accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements including Level 3 fair values and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information such as broker quotes or pricing services is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS EU including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability the Company uses observable market data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).The valuation techniques applied may include discounted cash flow models, option pricing models (e.g., Black-Scholes), or other market-based models. The inputs used in these models typically include observable market data such as interest rates, yield and swap curves, credit spreads, foreign exchange rates, implied volatilities, and prices of comparable financial instruments. Observable inputs are maximized whenever possible.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

FOREIGN CURRENCY

All the operations in foreign currency are booked as functional currency to the relevant country on the day the operation is performed, by the euro-foreign exchange rate published by the European Central Bank. All the monetary assets and liabilities evaluated in foreign currency are converted to the functional currency by the euro-foreign exchange rate published by the European Central Bank at the end of reporting period.

All the income and expenses of converting assets or liabilities due to the change in the currency exchange rate are included in the statement of comprehensive income, in the period the exchange rate changed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

INSURANCE AND REINSURANCE CONTRACTS

A contract under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. All contracts concluded by the Company are classified as non-life insurance contracts and the Company has not concluded any investment contracts. The basis for classification of insurance contracts is the essence of the transfer of insurance risk.

The Company disaggregates information to disclose major product lines according to essence of accepted insurance risk, namely, Medical expenses, Personal accident, Motor compulsory third party (MTPL), Motor own damage (MOD), Marine, Property, General third party liability, Suretyship and Miscellaneous financial loss insurance issued. This disaggregation has been determined based on how the Company is managed.

In the course of its normal activities, the Company reinsures part of the accepted risks in order to limit possible net losses. Assets, liabilities and income and expenses under ceded reinsurance contracts are presented separately from related assets, liabilities, income and expenses under related insurance contracts.

INSURANCE AND REINSURANCE CONTRACTS VALUATION

For valuation purposes, insurance and reinsurance contracts are combined into groups of insurance contracts based on the following three levels:

- Portfolio – jointly managed contracts of similar risk.
- Profitability – contracts belonging to the same profitability group.
- Cohorts – contracts whose dates of conclusion differ by no more than one year.

Valuation of an insurance contract includes only cash flows that are within the contract boundary of the insurance contract. The Company sets the limits of the insurance contract when the Company cannot force the policyholder to pay insurance premiums, or the Company has a significant obligation to provide insurance contract services to the policyholder. A significant obligation ends when the Company has a practical opportunity to reassess the risk of a specific policyholder and accordingly set a price that fully reflects this risk.

For reinsurance held contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exists during the reporting period, in which the Company is compelled to pay amounts to the reinsurer or has substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer end when the reinsurer:

- has the practical ability to reassess the risk transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

LIABILITY FOR REMAINING COVERAGE

The General Measurement Model (GMM) is the general model according to IFRS 17 to measure insurance contracts and contracts for reinsurance held liabilities. Under IFRS 17 entities may choose to evaluate the Liability for Remaining Coverage (LRC) for insurance contracts or contracts of reinsurance held using a simplified measurement model, the Premium Allocation Approach (PAA). This measurement approach may be applied for contracts with coverage period of one year or less or for contracts with evenly distributed and well predictable future cash flows so that the entity reasonably expects that the measurement of the LRC using the PAA would not differ materially from those obtained by the general measurement model (GMM). Subject to passing PAA eligibility test for all insurance contracts groups as well as reinsurance held contracts groups, the Company applies the Premium Allocation Approach (PAA) to simplify the measurement of insurance contracts groups and reinsurance held contracts groups.

Under the PAA method, the remaining coverage liability is equal to the unearned premium received less the insurance acquisition cost, thus PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. For contracts that are valued using the PAA method, insurance revenue is recognized based on the expected amount of premiums, pro-rata over the service period. Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate insurance acquisition cash flows that are directly attributable to a group of insurance contracts. Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognized in the statement of financial position, a separate asset for insurance acquisition cash flows is recognized. The asset for insurance acquisition cash flow is derecognized from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

If, at any period of the insurance period, facts and circumstances indicate that the group of insurance contracts is onerous, the Company increases the remaining insurance coverage obligations based on current performance flow assessments by loss component in an amount that exceeds the balance sheet value of the remaining insurance coverage obligations.

LIABILITY OF INCURRED CLAIMS

For estimating Liability of incurred claims, the Company uses a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are implicitly considered as an allowance in the measurement of ultimate claims costs.

Following IFRS17 principles, when measuring liabilities for incurred claims, the Company discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

DISCOUNT RATES

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate using annual spot rates of EUR currency, plus an illiquidity adjustment. Risk free rates - EIOPA Basic RFR (i.e., swap rates, if unavailable – government bond rates). If necessary, extrapolation is performed using Smith-Wilson method. Illiquidity Adjustment (IA) is derived in similar way, as Volatility adjustment of the EIOPA RFR. The Illiquidity adjustment to the relevant risk-free interest rate term structure is based on the risk-corrected spread between the interest rate that could be earned from a reference portfolio (bonds, loans, securitizations), and the basic risk-free interest rates.

Discount rates applied for discounting of future cash flows are listed below:

	1 year 2025	2024	3 years 2025	2024	5 years 2025	2024	10 years 2025	2024
Insurance contracts issued	2.4%	2.7%	2.6%	2.5%	2.8%	2.6%	3.2%	2.7%
Reinsurance contracts held	2.4%	2.7%	2.6%	2.5%	2.8%	2.6%	3.2%	2.7%

RISK ADJUSTMENT FOR NON-FINANCIAL RISK

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a Cost of Capital approach at the 71st percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 71st percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has simulated the probability distribution of the future cash flows of non-financial risks, and eventually, the location of non-financial risk sum in the final sample is located and expressed as percentile.

For reporting purposes, the Company changes in the risk adjustment for non-financial risk disaggregates into an insurance service component and an insurance finance component.

The Company disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion. Non-financial portion is a part of the insurance service result, whereof financial portion is a part of insurance finance result, as well as part of other comprehensive income. Part of insurance finance result is determined based on the locked-in discount rates and difference between locked-in and current rates, captured by OCI.

Below are presented adopted approaches from IFRS17 options.

	IFRS 17 Options	*Adopted approach*
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period of majority of Company portfolio is one year or less and so qualifies automatically for PAA. For part of portfolio (such as Surety insurance) there are contracts with coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, total company portfolio qualifies for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts and then amortized over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortized over the coverage period of the related group.	For consistency purposes, the Company amortizes insurance acquisition cash flows allocated to related groups of insurance contracts over the coverage period of all related groups, irrespective of their coverage period.
Liability for Remaining Coverage (LRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Company is using simplified PAA method, thus there are no adjustments related to accretion of interest in case of LRC.
Liability for Incurred Claims, (LIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all lines of business, the LIC is adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	For all lines of business, the impact on LIC of changes in discount rates will be captured within OCI, in line with the accounting of majority of assets backing the portfolio.

SUBMISSION AND DISCLOSURE OF INFORMATION

All rights and obligations arising from the portfolio of contracts are presented at net value in insurance liabilities and assets. Amounts recognized in the profit and loss statement and other comprehensive income are separated into:

- insurance service result, consisting of insurance income and insurance service costs,
- insurance financial income and expenses.

INSURANCE AND REINSURANCE SERVICE RESULT

For contracts that are valued using the PAA method, insurance revenue is recognized based on the expected amount of premiums, pro-rata over the service period.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue and by applying adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in the reinsurance service result in profit or loss.

Administrative costs that are directly related to the performance of contracts are recognized in the profit and loss statement as insurance service costs at the time they are incurred. Expenditures that meet the definition of acquisition costs are deferred. Costs that are not directly related to the performance of contracts are presented as other operating costs.

INSURANCE AND REINSURANCE FINANCIAL REVENUE AND EXPENSES

Insurance and reinsurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company disaggregates insurance finance income or expenses on insurance contracts between profit or loss and OCI. Part of insurance finance result is determined based on the locked-in discount rates, whereof the impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimize accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Company's financial assets backing insurance portfolios are measured FVOCI.

OTHER INCOME AND EXPENSES

Other income and expenses consist of income and expenses related to other than insurance, inward or outward reinsurance or investing activities.

Other income includes income earned for the provided services, not related with insurance activity, such as earned interest income which is not related with investment from cash in bank account; earned income which is not related with investment from currency converting and change in currency exchange rate; profit from the revaluation of positions in the financial statements not related with investment; any other similar income not included in other positions.

Expenses are recognized based on the accrual and matching principles in the reporting period during which related income is earned, irrespective of the time the money was spent. Only the part of expenses of the reporting and previous periods, which is attributable to the income generated during the reporting period, is recognized as expenses.

Other expenses comprise expenses related to sales of other assets, non-allowable tax deduction, assets written off, credit interest, currency exchange loss, etc.

Other income includes income from sales of the Company's other assets, services rendered as to other contracts.

TAXATION

Corporate income tax consists of the current and deferred taxes.

Currioent tax is the expected tax payable on the taxable income using applicable tax rates effective as at the reporting date. The taxable profit is different than the profit in profit or loss as it does not include some items of income and expenses, which can be taxed and accounted in the other year, and it also does not include some items which will never be taxed or accounted For the year 2025 corporate tax rate was 16% in Lithuania and for the year 2024 15%. The corporate tax in Latvia is calculated in accordance with Latvian laws. In Estonia it is calculated in accordance with Estonian laws. In both countries, dividend taxes apply.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted.

A deferred tax asset is only recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The Company calculates and books profit tax using profit tax rate effective as at the reporting date and effective tax accounting principles.

Rates of other taxes or fees paid by the Company:

- Support fee for the supervisory authorities based on gross written premiums in Estonia and Lithuania and based on collected premiums in Latvia:
  - Lithuania: 0.234%,
  - Latvia: 0.184%, MTPL 0.13%,
  - Estonia: 0.097%.
- Motor bureau membership fee based on gross written premiums of Motor Third Party liability in respect of the use of motor vehicles. Additional to fee presented below, from May 2024 Lithuanian government added additional 1% fee from all issued policies.
  - Lithuania: 1.75%,
  - Latvia: 2% and EUR 0.40 per insurance contract, fixed monthly fee EUR 4 291,
  - Estonia 2.5% and fixed monthly fee EUR 3 000.
- Social insurance contributions on employment related income calculated for employees:
  - Lithuania: 1.77%,
  - Latvia: 23.59%,
  - Estonia: 33.8%.

On 14 December 2022, the Council of the European Union adopted Directive (EU) 2022/2523 implementing the OECD Global Anti-Base Erosion (GloBE) Model Rules developed under Pillar Two of the Base Erosion and Profit Shifting (BEPS) initiative. The Directive introduces a minimum effective tax rate of 15% for multinational enterprise groups with consolidated annual revenues exceeding EUR 750 million and became effective in the European Union as of 1 January 2024.

Company is part of a group that meets the criteria set out in the Directive, as the consolidated annual revenues exceed EUR 750 million The Baltic countries have enacted legislation implementing the Directive. Where a domestic top-up tax is not applied, any potential top-up tax may be payable in another jurisdiction in accordance with the Income Inclusion Rule (IIR) or the Undertaxed Profits Rule (UTPR).

The Company has performed an assessment of the potential exposure to Pillar Two income taxes. Based on the assessment performed for the financial year 2025including country-level assessments together with other Vienna Insurance Group (VIG) entities, no additional top-up tax liability has been identified. The Company continues to monitor the implementation of the legislation and its potential impact on future periods.

Security contribution. On 17 June 2025 Lithuania adopted the Law on the Security Contribution (No. XV283), effective 1 January 2026, introducing a 10% levy payable by insurers on premiums of nonlife insurance contracts concluded, extended or amended from that date. As at 31 December 2025 no obligation arises for policies concluded before the effective date.

INTANGIBLE ASSETS

Intangible assets include identified non-monetary assets, which have no material form, held by the Company and used with a view to gain direct or indirect economic benefit.

Maintenance and other costs of intangible assets are treated as costs of the reporting period when incurred. Decrease in the value of intangible assets loss of assets write-off are treated as operating expenses.

Intangible assets are stated at acquisition cost less accumulated amortization and impairment, if any. Straight-line amortization of intangible assets is provided over the estimated useful lives of the assets. The amortization period from 5 to 10 years is applied depending on the group of intangible assets. With the exception of trademarks, all intangible assets have a finite useful life. The Company uses these amortization periods for intangible assets:

Intangible assets	**Amortization period (in years)**
Software	3-10
Other assets	5

GOODWILL

Goodwill arising in a business acquisition process is accounted for at cost determined at business acquisition date less accumulated impairment losses, if any. Goodwill is recognized after acquisition of subsidiaries/branches at the amount by which the price paid exceeds the fair value of the net assets attributable to the Company.

Goodwill acquired in a business combination is not amortized, but is tested for impairment annually or more frequently, when indications of impairment losses exist.

FINANCIAL ASSETS

Financial assets are divided into the following categories:

- Measured at amortized cost,
- Measured at fair value through other comprehensive income,
- Measured at fair value through profit or loss.

The classification of financial assets is based on both, the entity's business model for managing the financial assets and the contractual cash flow characteristics (SPPI-Test) of the financial assets.

The following compares the categories under IFRS 9 on the basis of their carrying amounts:

2025; In €000	**Measured at amortized cost**	**Mandatorily measured at FVtPL**	**Designated to be measured at FVtPL**	**Measured at fair value through OCI**	**Fair value**
Cash and cash equivalents	8 885				**8 885**
Financial assets at amortized cost	42 015				**42 015**
Financial assets at fair value through profit or loss		4 454			**4 454**
Financial assets at fair value through OCI				228 520	**228 520**
Receivables	1 734				**1 734**
Total	**52 633**	**4 454**		**228 486**	**285 607**

2024; In €000	**Measured at amortized cost**	**Mandatorily measured at FVtPL**	**Designated to be measured at FVtPL**	**Measured at fair value through OCI**	**Fair value**
Cash and cash equivalents	8 431				**8 431**
Financial assets at amortized cost	24 248				**24 248**

Financial assets at fair value through profit or loss		4 549			**4 549**
Financial assets at fair value through OCI				206 144	**206 144**
Receivables	840				**840**
Total	**33 519**	**4 549**		**206 144**	**244 212**

BUSINESS MODEL ASSESSMENT

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximize return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of asset sales are also important aspects of the Company’s assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

THE SPPI TEST

As a second step of its classification process the Company assesses the contractual terms of the assets to identify whether they meet the SPPI test. ‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

FINANCIAL ASSETS MEASURED AT AMORTIZED COST

A financial asset is valued at amortized cost if both of the following conditions are met:

- financial assets are held according to a business model, the purpose of which is to hold financial assets in order to collect the contractual cash flows.
- due to the terms of the financial asset contract, cash flows that are only payments of the principal amount and interest on the outstanding principal amount may occur on specified dates.

Such assets are measured at fair value on initial recognition plus any directly attributable transaction costs. After initial recognition, such assets are measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

A financial asset is recorded at fair value if the following two conditions are met, and the financial asset is not measured at fair value through profit or loss:

- financial assets are held according to a business model, the goal of which is achieved by both, collecting contractual cash flows and selling financial assets.
- the terms of the contract result in cash flows on fixed dates that are only payments of principal and interest on the amount outstanding.

Such assets are measured at fair value on initial recognition plus any directly attributable transaction costs. After initial recognition, such assets are measured at fair value. Interest income is calculated using the effective interest method, impairment costs and currency exchange gains (losses) are recognized in the profit (loss) of the reporting period. Other net income and expenses are recognized in other comprehensive income. At the time of derecognition, accumulated gains and losses in other comprehensive income should be reclassified to profit (loss).

INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associates are accounted for at cost, less impairment, in the Company's financial statements, as they are included in the parent company's consolidated financial statements.

Dividend income is recorded upon receipt and presented under position result from associated companies.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT (LOSS)

Financial instruments measured at FVtP&L:

- Financial assets have been designated to FVtP&L category upon initial recognition by management.
- Financial assets which are mandatorily required to be measured at FVtP&L under IFRS 9.
- Financial assets that are either measured at amortized cost nor at fair value through other comprehensive income.

This category includes financial assets whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell. Dividend income from equity instruments measured at fair value through profit (loss) is recorded in profit or loss as other operating income when the right to the payment has been established.

PROPERTY AND EQUIPMENT

Property and equipment of the Company include assets held and controlled by the Company expecting to get benefit in the future periods, which are to be used for over one year, and the acquisition cost of which can be reliably estimated and the value of which is higher than the minimum established for that group of the assets.

Tangible non-current assets are recognized at acquisition cost when acquired. In the statement of financial position, the tangible non-current assets are reflected at the acquisition cost less accumulated depreciation and impairment.

Depreciation of the tangible non-current assets is calculated on a straight-line basis over the useful lifetime of the assets. The main groups of tangible assets are depreciated over the following period:

- Office equipment 3–7 years.
- Vehicles 4–10 years.

Useful lifetime is regularly reviewed to ensure that the depreciation term approximates useful lifetime of tangible non-current assets.

When the assets are written-off or disposed, their acquisition cost and accumulated depreciation are eliminated and gain or loss on disposal is recognized in profit or loss.

If the renovation of tangible assets improves their useful features or extends their useful lifetimes, the acquisition cost of the tangible non-current assets is increased by the value of the improvement. Otherwise, the improvement is expensed. Value added tax is not included in the acquisition cost of the non-current tangible assets. The minimum value of the group of the tangible non-current assets is EUR 1 000.

IMPAIRMENT OF FINANCIAL ASSETS

The Company recognizes an allowance for ECLs for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

For financial assets for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For financial assets for which there has been a significant increase` in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The internal rating scale is based on the S&P credit rating scale and offers grading from AAA until D.

Assets that are graded from AAA (Extremely strong) until BBB- (Medium-) are considered to be an investment grade assets and therefore low credit risk investments. Assets that are not defaulted, not eligible for stage 2 triggers and show no significant change in ratings belong to stage 1 assets. It is the Company's policy to measure ECLs on such instruments on a 12-month basis.

Assets that are graded from BB+ (Speculative+) until CC (Highly Vulnerable) are considered to be non-investment grade assets. Assets that are past due for at least 30 days or respond to one of the predefined forward-looking indicators are classified as Stage 2 assets. It is the Company's policy to measure ECLs on such instruments on a lifetime basis.

Forward-looking indicators and information are incorporated into the measurement of expected credit losses. The Company considers macroeconomic information and forecasts, including indicators such as GDP growth, inflation, interest rates, and other relevant market indicators that may affect the creditworthiness of counterparties. Where relevant, the Company applies multiple macroeconomic scenarios (e.g. base, optimistic and pessimistic) and probability-weights the outcomes when estimating expected credit losses.

The Company considers a financial asset to be in default (credit impaired) when its credit rating is C or D based on the S&P credit rating scale or contractual payments are 90 days past due.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. It is the Company's policy to measure ECLs on such instruments on a lifetime basis. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ECL for financial assets at amortize costs is included in asset value (note 7), ECL for financial assets at fair value through other comprehensive income is included in OCI fair value reserves. ECL changes are shown as net impairment loss on financial statements (Note 18).

THE CALCULATION OF ECLS

The Company calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive.

When estimating the ECLs, the Company considers four scenarios (a base case, an upside, a mild downside and a more extreme downside). When relevant, the assessment of multiple scenarios also incorporates the probability that the defaulted loans will cure.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. is estimated with consideration of economic scenarios and forward-looking information.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

Company allocates its assets subject to ECL calculations to one of these categories, determined as follows:

- 12mECL The 12mECL is calculated as the portion of life time ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the four scenarios, as explained above.
- LTECL When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR .
- Impairment for Financial assets considered credit-impaired, the Company recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance and then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

RELATED PARTY TRANSACTIONS

The parties are related if one of the parties can control the other or can make a significant influence on the other party's financial and operational decisions. Related parties are shareholders, employees, members of the Management and Supervisory Board, their relatives, and the companies which directly or indirectly control, through one or several intermediaries, or are controlled by the reporting Company, or are controlled jointly with the Company. Inter-group transactions are defined as supplies and services or receivables and payables between companies, which are defined in the VIG's scope of companies for intra-group transactions.

All companies in which a significant participation is held directly or indirectly by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG) are included in the scope of companies for intra-group transactions.

CAPITAL, RESERVES AND EQUITY INSTRUMENTS

The authorized capital is accounted for in compliance with the Company's statutes. The amount received by which the sales price of the shares issued exceeds their nominal value is accounted for as share premium. Share premiums may be used to increase the Company's authorized capital and cover loss.

Reserves are formed when allocating profit of the reporting and previous years, according to the decision of the Shareholders' Meeting, in compliance with legal acts of the Republic of Lithuania, bylaws and the Company's statutes. Legal reserve is the compulsory reserve which is formed from the profit for distribution. The Company has fully formed the compulsory reserve, as it has reached 10% of the authorized capital. The companies shall transfer 5% of the net profit into compulsory reserve until the total amount of this reserve reaches 10% of the authorized capital of the Company. The compulsory reserve may only be used to cover losses of the Company. The part of the compulsory reserve exceeding 10% of the authorized capital may be reallocated when distributing the profit of the following financial year. The authorized capital can be increased by the part of revaluation reserve after the revaluation of non-current assets. The losses cannot be decreased by using the revaluation reserve.

The Company has received a restricted loan from its shareholder as part of its capital structure. Based on an assessment of the contractual terms and conditions, the instrument is classified as an equity instrument in accordance with IAS 32 Financial Instruments: Presentation. The loan is perpetual and the Company has no contractual obligation to repay the principal or to pay interest. Interest under the restricted loan are recognized within equity and paid from retained earnings.

NON-TECHNICAL PROVISIONS

Non-technical provisions are recognized as liabilities when the Company has legal liability or an irrevocable commitment due to events in the past; it is also possible that the assets will be used for the fulfilment of the legal liability or irrevocable commitment and the amount of liabilities may be reliably estimated.

OTHER LIABILITIES

Other liabilities are accounted for when liabilities concerning insurance and other related activities arise. Other liabilities do not include technical provisions.

FINANCIAL LIABILITIES

Financial liabilities are accounted for when the Company undertakes to pay in cash or make a settlement by other assets. These are the financial liabilities not related to market prices. First, the Company recognizes the financial liability at fair value, i.e. at the value of assets or services received. Subsequently, they are measured at amortized cost using the effective interest method.
Deposits received from customers with whom surety insurance contracts have been concluded are recognised as other liabilities at the point in time when they are received by the Company. Although such deposits are associated with insurance contracts (serve as a security in case the insured event happens, otherwise are returned to customer), they are legally separate contracts and do not form part of the measurement of insurance contract liabilities since based on management judgment they do not bear significant insurance risk. Therefore, deposits are accounted for separately as financial liabilities and reported under other liabilities.

FOREIGN CURRENCY TRANSACTIONS

All the monetary assets and liabilities denominated in foreign currencies are translated into euro at the rate prevailing at the year end. Gains and losses arising from this translation are included in profit or loss for the year.

All transactions in foreign currencies are stated at the rate prevailing at the date of transaction.

CASH FLOW STATEMENT

The cash flow statement has been prepared using the direct method. Cash and cash equivalents include cash in hand and cash in bank. The received dividends are shown as investment activity in the cash flow statement, and paid dividends as financing activity. The interest received is shown in investing activity.

CHANGES IN ACCOUNTING POLICY

THE APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Standards effective from 1 of January 2025

The following amended standards and interpretations which were adopted as of 1 January 2025 did not have a significant impact on the Company's financial statements:

- Lack of Exchangeability – Amendments to IAS 21 (effective 1 January 2025; endorsed in the EU in November 2024). The amendments provide guidance on when a currency is not exchangeable and how to estimate the spot exchange rate in such cases. No material impact for the Company.

New Standards and Interpretations not yet adopted

Standards and amendments issued but not yet effective for the Company's 2025 financial year and not early adopted are as follows:

- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** – effective for annual periods beginning on or after 1 January 2026. The amendments clarify certain requirements related to the assessment of contractual cash flow characteristics and introduce additional disclosure requirements. The Company does not expect these amendments to have a significant impact on the recognition or measurement of financial instruments, but additional disclosures may be required.
- **Annual Improvements to IFRS Accounting Standards—Volume 11** (amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7) – effective for annual periods beginning on or after 1 January 2026. These amendments include minor clarifications and improvements to several IFRS Accounting Standards and are not expected to have a significant impact on the Company's financial statements.
- **IFRS 18 Presentation and Disclosure in Financial Statements** – effective for annual periods beginning on or after 1 January 2027. IFRS 18 replaces certain presentation requirements currently included in IAS 1 and introduces new requirements for the presentation of the statement of profit or loss, enhanced disaggregation of information and disclosures on management-defined performance measures. The Group is currently evaluating the possible impact of these changes on its financial statements.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** – effective for annual periods beginning on or after 1 January 2027. The standard allows eligible subsidiaries to apply reduced disclosure requirements in their financial statements. The Company does not expect to apply IFRS 19

Correction of error classification of subordinated loan

In 2025, the Company performed a detailed reassessment of the terms and conditions of its subordinated loan agreement. Following this review, management concluded that certain contractual provisions meet the criteria for classification as equity instruments in accordance with IAS 32 *Financial Instruments*. In particular, the loan is perpetual (has no fixed maturity date), the Company has no contractual obligation to repay the principal, and there is no contractual obligation to pay interest.

In prior periods, the subordinated loan had been classified as a financial liability. Based on the reassessment, the Company determined that this classification did not appropriately reflect the substance of the contractual arrangement. Accordingly, the Company has corrected the classification of the subordinated loan retrospectively.

The effects of the restatement on the previously reported financial statements are presented below.

Statement of Financial position – 31 December 2024

Item in 000	31 December 2024 (as originally presented)	Increase/(Decrease)	31 December 2024 (Restated)
Financial liabilities	25 598	(4 105)	21 493
Total Liabilities	**236 288**	**(4 105)**	**232 182**
Equity			
Retained earnings	46 190	105	46 295
Restricted loan		4 000	4 000
Total equity	**70 374**	**4 105**	**74 479**

Statement of Financial Position – 1 January 2024

In €000	1 January 2024 (as originally presented)	Increase/(Decrease)	1 January 2024 (Restated)
Financial liabilities	25 688	(4 105)	21 563
Total Liabilities	**202 187**	**(4 105)**	**198 082**
Equity			
Retained earnings	45 240	106	45 345
Restricted loan		4 000	4 000
Total equity	**63 657**	**4 105**	**67 762**

Statement of Comprehensive income – 2024

In €000	31 December 2024	Increase/(Decrease)	31 December 2024 (Restated)
Financial cost	(1 513)	(418)	(1 095)
Profit before tax	**8 314**	**418**	**8 732**
Profit for the year	**6 714**	**418**	**7 132**
Total comprehensive income foe rhe year	**12 481**	**418**	**12 899**

Correction of error and change in presentation: Cash flows

The company reviewed presentation of cash flows in operating and investing activities.

Correction of an error in presentation of cash flows from operating activities

In prior year the Company offset operating cash flows from premiums received with premiums returned and claims paid and resources received on the other hand. Given that transactions involved represent different classes of transactions, error was corrected by presenting them separately in current year, while comparative information for the year ended 31 December 2024 was restated

Change in presentation of cash flows in investing activities

Cash flows in relation to deposits placed with financial institutions were presented on net basis in the prior year, considering that they were short-term, involving large amounts and quick turnover. In the current year the company decided to change the presentation and report deposit related cash flows on gross basis

Similarly, disposals and maturities of securities were aggregated in one line *Disposal of investments* in prior year, while in the current year the company decided to use more granular approach and present them in separate lines *Maturities of debt securities* and *Disposals of debt securities*

Gross presentation provides users with more relevant and transparent information regarding the effects of an entity's activities on its cash flows

Comparative figures have been adjusted to conform to the presentation of the current year amounts.

Changes explained above had no impact on the net cash flows from operating activities, investing activities or total cash flows. The effect of correction of an error and changes in presentation was as follows on amounts at 31 December 2024

In €000	31 December 2024 (as originally presented)	Increase/(Decrease)	31 December 2024 (Restated/ As changed)
Cash flows from operating activities			
Restatements:			

Premiums received from direct insurance	255 383	3 453	258 836
Premium refunds		(3453)	(3 453)
Claims paid for direct insurance	(141 337)	(12 789)	(154 126)
Claims recoveries		12 789	12 789
Cash flows from investing activities			
Changes in presentation:			
Deposits	2 035	**(2035)**	
Maturities of deposits		26 737	26 737
Acquisition of deposits		(24 702)	(24 702)
Disposals of investment	15 992	(15 992)	-
Maturities of debt securities		9 455	9 455
Disposals of debt securities		6 537	6 537

RISKS AND RISK MANAGEMENT

Risk management in the Company is organized in accordance with the standards of the parent company, Vienna Insurance Group (VIG), and in compliance with Solvency II requirements. The framework is supported by clearly defined organizational and operational structures, responsibilities, and risk management processes. The main objective of risk management is to ensure the sustainability and solvency of the Company, including under adverse market conditions, thereby guaranteeing the fulfilment of obligations to customers under all circumstances.

An effective system of governance forms the basis of effective risk management. Ultimate responsibility for risk management lies with the Management Board of the Company, which is responsible for organizational oversight and ensuring that appropriate structures and processes are in place for effective governance.

Risk management is organized according to the three lines model. The first line consists of line managers who perform day-to-day risk management and control activities within their areas of responsibility. The second line includes the risk management function holder (risk manager), who is responsible for establishing and maintaining the risk management and internal control systems and coordinating risk management activities across the Company. The risk manager provides additional oversight, supports the Management Board and line managers in risk-related matters, and reports directly to the Management Board. Risk management activities are also coordinated at the level of Vienna Insurance Group, ensuring additional oversight and the sharing of best practices and know-how among group companies.

The second line also includes the compliance function, which ensures compliance with applicable laws, regulations, and administrative provisions, assesses the potential impact of changes in the legal environment, and manages compliance risks.

The third line is represented by the internal audit function, which provides independent and objective assurance and advice on the adequacy and effectiveness of governance, risk management, and internal control systems.

All key function holders comply with fit and proper requirements. The Company promotes a strong risk culture in which every employee understands their responsibility for day-to-day risk management, promptly reports emerging risks and incidents, and adheres to established control procedures.

The main risk management documents are the Risk Strategy and the Risk Management Policy.

The objective of the Risk Strategy is to integrate risk awareness into planning, business activities, and decision-making processes, ensuring the sustainability of the Company by maintaining a sufficient solvency buffer and effective risk management. The Risk Strategy defines the risks the Company is willing to take, sets out key risk management principles, and establishes a minimum solvency ratio limit.

The Risk Strategy is evaluated annually within the Own Risk and Solvency Assessment (ORSA) process and, where necessary, updated based on ORSA findings. The ORSA provides a forward-looking assessment of the Company's risk profile and solvency position, taking into account its business strategy and stress scenarios.

The Risk Management Policy describes the Company's risk management system and the main risk management processes, defines responsibilities, and outlines the risk categories applicable to the Company.

The core competence of the Company is the professional assumption and management of risks. The insurance business consists of the deliberate acceptance of various risks and their profitable and prudent management.

The Company defines ten risk categories, which are considered to cover all material sources of risk. ESG (environmental, social, and governance) related risks do not form a separate risk category within the risk management system; instead, they are mapped to the relevant risk categories listed below, depending on their nature. The risk categories are further subdivided into subcategories during the risk management processes.

The main risk categories are as follows:

- Non-life insurance risk reflects the risk resulting from insurance and reinsurance liabilities related to non-life insurance policies with respect to covered risks and business processes.
- Health insurance risk reflects the risk stemming from liabilities specific for health insurance, with respect to both covered risk and business processes related to health insurance.
- Life insurance risk reflects the risk stemming from liabilities resulted from annuity payments occurred from the motor third party liability insurance with respect to uncertainty of development path of assumed risks and processes associated with this business.
- Market risk reflects the risk resulting from the degree of fluctuations of financial instruments' prices (such as bonds and loans, deposits, cash, participation, etc.) or the market value of liabilities (due to the change of discount rates or currency exchange rates for liabilities denominated in foreign currencies). The measure of risk exposure is the impact of changes in financial variables i.e. stock prices, interest rates, property prices, currency exchange rates etc. This risk could be further subdivided into interest rate risk, foreign exchange risk, equity risk, spread risk and concentration risks.
- Credit risk reflects the losses arising when counterparties or debtors breach the obligations or their creditworthiness decreases.
- Liquidity risk is the risk is the risk that insurance company will not be able to provide, in timely manner and without bearing additional costs, financial resources to meet short- and long-term liabilities.
- Operational risk is the risk resulting from not adequate or incorrect internal processes, personnel or systems, or external events. Operational risk covers legal risk, cyber risk, but does not include strategic risk and reputation risk.
- Strategic risk defined as adverse development of business as the results of incorrect business decisions or investment, inappropriate communication and implementation of goals, or inadequate adjustments of resources due to changes in economic and business environment. Risk is managed by well-defined decision-making and follow-up process.
- Reputation risk is defined as possibility of adverse development of business as a result of damaged reputation. Reputational risk covers sustainability risks. The risk is managed the same way as operational risk and by periodic media monitoring, brand development activities.

For the main risk categories, the Company has defined key risk indicators (KRIs), which are monitored on a regular basis and reported to the Management Board of the Company.

For contracts within the scope of IFRS 17, the following risks are assessed as relevant: market risk (interest rate and foreign exchange risk), counterparty default risk, insurance risk, and operational risk. Exposure to these risks is reported to the Management Board and disclosed in the relevant sections of the financial statements.

In addition to the risk management principles described below, the Company manages its risk exposure by maintaining adequate solvency capital in accordance with regulatory requirements.

"Compensa" defines the following overall approach to risks it might be exposed to:

Accepted risks:

- Compensa generally accepts those risks, that are directly associated with the exercise of its insurance business (i.e. underwriting risk, partially market risks).

Conditionally accepted risks:

- Operational risks need to be avoided as far as possible, but have to be accepted to a certain degree, as on the one side operational risks cannot be eliminated fully and on the other side expenses for protection against certain risks may exceed the expected loss, which would be economically unreasonable.
- Investment management shall follow the prudent person principle, unreasonable risks need to be avoided, high-risk investment products shall only be held in case of hedging of other market risks.

Risk mitigating measures:

- Fostering and Promotion of strong risk awareness together with a well-defined risk governance in all business areas.

- The calculation of the technical provisions has to be performed in a prudent way, especially to compensate undesirable, but possible fluctuations.

- Reinsurance is a central instrument to hedge against major loss events (tail risks), in the area of non-life business.

- Strict limits for market risks and investments well-matched to the liabilities of Compensa.

Not accepted risks:

- Risks are not accepted, if either Compensa has not the necessary know-how or not the necessary resources for the management of the risk, or capital resources of Compensa are insufficient for the coverage of the risk.

- Compensa does not accept underwriting risks, if they cannot be evaluated and priced correctly. Particularly, such risks include risks associated with liability insurance in the areas of genetic engineering and nuclear energy.

- Asset Management does not accept risks, if the know-how for the valuation of these risks is not available in an adequate kind. Such risks include, but are not limited to weather derivatives, commodity futures or investments with unlimited loss potential.

- With regard to ESG risks, these are assessed within the relevant risk categories and may be accepted, conditionally accepted, mitigated, or not accepted depending on their nature and materiality.

- An internal control system (ICS) is one of the key components of the Company's risk management system. The ICS is a continuously operating process designed to provide an appropriate control environment with effective controls. It supports not only compliance objectives but also sustainable business management.

- The internal control system provides reasonable assurance regarding:

  - effectiveness and efficiency of operations;
  - reliability of financial and non-financial information;
  - adequate control of risks and prudent business practices;
  - compliance with laws, regulatory requirements, and internal strategies, policies, processes, and reporting procedures.

- Internal control responsibilities apply to all levels of the organizational structure and to all processes, from day-to-day activities to the assessment of the internal control system. The internal control system includes administrative, accounting, control, and reporting procedures at each organizational level.

- To ensure the maintenance of the control environment, Compensa applies the following standards:

  - Establishing and fostering a strong control culture supported by appropriate policies at all organizational levels;
  - Maintaining an organizational structure adequate to the scale and complexity of the Company's business;
  - Clearly defining roles and responsibilities and ensuring proper segregation of duties to prevent conflicts of interest. Where full segregation is not feasible, compensating controls are implemented to ensure timely detection of errors or irregularities;
  - Identifying and assessing risks associated with operating activities and business processes and implementing effective controls aligned with these risks;
  - Conducting control activities at appropriate levels, frequencies, and levels of detail, proportionate to the underlying risks;
  - Establishing effective communication channels and information systems to ensure that relevant information reaches appropriate personnel in a timely manner.

As the Company operates in a constantly changing environment, the efficiency and effectiveness of the internal control system are ensured through regular review and adjustments of processes and control activities. Compensa has established a harmonized internal control system assessment process, conducted at least annually, to evaluate the effectiveness of the internal control system, identify weaknesses or deficiencies, and ensure timely remediation.

FINANCIAL RISK AND RISK MANAGEMENT

The following risk categories are classified as financial risks:

1. Market risk
2. Credit risk
3. Liquidity risk

MARKET RISK

Market risk, among others, includes following risk sub-categories:

1. Currency exchange risk
2. Interest rate risk
3. Price risk

Market risk is managed through the selection of an appropriate investment strategy and the establishment, monitoring, and regular review of investment limits with respect to asset classes, credit ratings, currencies, concentration, and duration. Investment decisions take into account the characteristics of insurance liabilities (i.e. asset-liability management), the Company's risk appetite, and return objectives. The investment strategy is subject to regular review. Maintaining a significant proportion of fixed income investments (such as bonds and loans) in the portfolio contributes to stable expected returns and generally lower volatility. The Company invests only in assets for which it can appropriately identify, measure, monitor, manage, and control the associated risks, and which are approved by the Investment Committee. Market risk is further managed through regular sensitivity analyses, as well as stress and scenario testing.

CURRENCY EXCHANGE RISK

Currency exchange risk arises from changes in the level or volatility of foreign exchange rates.

The Company is exposed to currency risk arising from assets and liabilities denominated in currencies other than EUR. Limits for non-EUR currency exposure are defined in the Investment Strategy and Risk Strategy and are continuously monitored.

Exposure on the liability side may arise from foreign claims or payables; however, such exposures are generally not material to the Company. Should a material currency exposure arise on the liability side, the Company may purchase financial assets denominated in the same currency in order to mitigate the currency risk.

The split of open currency positions is presented in the table below. The largest position is in DKK, amounting to EUR 6 462 k, arising from investments in Danish mortgage bonds. Currency risk related to DKK is considered low, as the Danish krone is pegged to the EUR under the European Exchange Rate Mechanism (ERM II).

The Company does not engage in speculative transactions that would increase currency exchange risk.

The split of assets and liabilities by currency as at 31 December 2025 is presented below.

In €000	Euro	DKK	Total
Financial assets	277 411	6 462	**283 873**
Cash and cash equivalents	8 885		8 885
Financial assets at FVPL	4 454		4 454
Financial assets at FVOCI	222 058		228 520
Financial assets at amortised cost	42 015		42 015
Receivables	1 734		1 734

Investment in associates	1 783		1 783
Insurance contract assets	723		723
Reinsurance contract assets	46 912		46 912
Total asset	**328 562**	**6 462**	**335 024**
Insurance contract liabilities	230 443		230 443
Provisions	2 356		2 356
Creditors	41 883		41 883
Total liabilities	**274 682**		**274 682**
Open currency position	**53 879**	**6 462**	**60 341**

The split of assets and liabilities by currency as at 31 December 2024 is presented below

In €000	Euro	DKK	Total
Financial assets	236 944	6 429	243 373
Cash and cash equivalents	8 431		8 431
Financial assets at FVPL	4 549		4 549
Financial assets at FVOCI	199 715	6 429	206 144
Financial assets at amortised cost	24 248		24 248
Receivables	840		840
Investment in associates	1 818		1 818
Insurance contract assets	130		130
Reinsurance contract assets	39 259		39 259
Total asset	**278 990**	**6 429**	**285 419**
Insurance contract liabilities	195 212		195 212
Provisions	2 357		2 357
Creditors	34 614		34 614
Total liabilities	**232 182**	**-**	**232 182**
Open currency position	**46 808**	**6 429**	**53 237**

The following sensitivity analysis reflects reasonably possible changes in key exchange rates, with all other variables held constant. It illustrates the impact on profit before tax and equity resulting from changes in the fair value of currency-sensitive monetary assets.

In practice, changes in exchange rates may be correlated with other variables, which could significantly affect the overall impact of currency risk. However, for the purpose of this analysis, each variable has been changed individually in order to demonstrate its isolated effect.

As the Danish krone (DKK) participates in the European Exchange Rate Mechanism (ERM II) and fluctuates within a narrow band against the EUR, a sensitivity of 2.25% has been applied for DKK in the analysis.

	2025			2024	
In €000	**Change in exchange rate**	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
Euro/DKK exchange rate					
Financial assets	2.25%	142	2	145	2
Financial assets	(2.25%)	(149)	(2)	(145)	(2)

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract, or reinsurance contract will fluctuate due to changes in market interest rates.

Financial instruments with floating interest rates expose the Company to cash flow interest rate risk, whereas instruments with fixed interest rates expose the Company to fair value interest rate risk.

The Company manages interest rate risk by setting duration limits for financial assets within the Investment Strategy and Risk Strategy. Interest rate risk is regularly monitored and managed through adjustments to portfolio duration, taking into account asset-liability management considerations.

There is no direct contractual linkage between specific financial assets and insurance contracts.

The Company does not have a significant concentration of interest rate risk.

The Company is exposed to interest rate risk primarily through:

- Financial assets held in the investment portfolio; and
- insurance and reinsurance liabilities (and related assets) for incurred claims where the associated cash flows are expected to be settled more than one year after the claim occurrence date.

The Company's exposure to interest rate-sensitive insurance and reinsurance contracts and financial assets is presented below.

Undiscounted incurred claims liabilities that are subject to sensitivity to changes in interest rates are presented below. Reinsurance receivables (which form part of incurred claims assets) are not discounted due to immaterial discounting effect.

In €000	2025	2024
Insurance contract liabilities	159 622	125 445
Medical expenses insurance	4 624	3 772
Personal accident insurance	1 201	1 034
MTPL insurance	60 917	48 386
MOD insurance	10 567	9 134
Marine insurance	555	961
Property insurance	60 181	43 256
General third-party liability insurance	19 065	17 057
Suretyship insurance	2 393	1 779
Miscellaneous financial loss insurance	119	67
Reinsurance held	**61 719**	**56 920**
Financial assets at FVOCI	250 530	224 920
Financial assets at amortized cost	42 835	25 327

The following sensitivity analysis reflects reasonably possible changes in key interest rate variables, with all other variables held constant, and shows the impact on profit before tax and equity.

In practice, changes in interest rates may be correlated with other variables, which could significantly affect the overall impact of interest rate risk. However, for the purposes of this analysis, each variable has been adjusted individually to demonstrate its isolated effect.

It should be noted that the relationship between interest rate movements and the resulting impact is non-linear.

The methodology used to derive the sensitivity information and the significant assumptions applied have not changed compared to the previous reporting period.

		2025		2024	
In €000	Change in Interest rate	Impact on profit before tax	Impact on equity	Impact profit before tax	Impact on equity
Insurance and reinsurance contracts	+100 bps	(462)	1 702	(404)	1 494

Financial assets	+100 bps	489	(8 731)	495	(8 670)
Insurance and reinsurance contracts	- 100 bps	489	(1 904)	435	(1 687)
Financial assets	- 100 bps	(489)	9 324	(495)	9 250

The higher interest rate environment in 2025 had a positive effect on the Company's interest income, as newly acquired investments were made at yields above the average portfolio yield.

In €000	2025	2024
Interest income	4 535	3 407

Impact on the Company's equity through the appreciation of the existing fixed-income portfolio was the following:

In €000	2025	2024
Revaluation reserve change	2 518	6 437

PRICE RISK

Price risk is the risk that changes in market prices will affect the value of financial instruments. Such changes may result from factors specific to an individual financial instrument or from factors affecting all financial instruments traded in the market.

Price risk arises from the Company's holding of short-term and long-term positions in financial instruments.

The majority of the Company's financial assets measured at fair value through other comprehensive income (FVOCI), including equity instruments and real estate investments, are exposed to price risk. Insurance and reinsurance assets and liabilities are not considered to be exposed to price risk.

Changes in the fair value of securities measured at FVOCI are recognized in other comprehensive income. A 5% increase or decrease in market prices of such securities would have affected other comprehensive income accordingly.

The methodology used to derive the sensitivity information and the significant assumptions applied have not changed compared to the previous reporting period.

In €000	2025		2024	
	Impact on profit before tax	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
5 % increase security price	223	11 426	227	10 307
5 % decrease security price	(223)	(11 426)	(227)	(10 307)

Price risk is managed by setting and regularly monitoring asset allocation limits for assets exposed to price risk, in accordance with the Investment Strategy and Risk Strategy.

CREDIT RISK

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, which is considered a rebuttable presumption of a significant increase in credit risk. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk or whether a financial asset may be credit-impaired. Such events include:

- Significant deterioration in the external or internal credit rating of the counterparty

- Placement of the counterparty on an internal watch list or other internal monitoring list
- Significant increase in credit spreads or other market indicators reflecting deterioration in credit risk
- Adverse changes in economic or market conditions affecting the counterparty
- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed Financial assets measured at FVOCI/AC or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

A financial asset previously classified as defaulted may return to performing status when the conditions that led to the default classification are no longer present and the Company has sufficient evidence that the credit risk has improved.

The Company considers the financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognizes a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and, therefore, re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance contract assets.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default or new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Company does not have any collaterals to the credit exposures of the company. Table below presents all asset positions possible for credit risk exposure

2025 **In €000**			
Rating	**Financial assets**	**Cash and cash equivalents**	**Receivables**
AAA	50 301	0	
AA+	20 830	0	
AA	11 358	0	
AA-	20 671	3	
A+	35 186	143	
A	57 669	54	
A-	20 527	8 469	
BBB+	22 613	176	
BBB	15 611	0	
BBB-	540	30	
BB+	0	1	
BB	1 924	0	
Not rated	5 807	3	1 734
Total credit risk exposure	**263 038**	**8 877**	**1 734**

2024 **In €000**			
Rating	**Financial assets**	**Cash and cash equivalents**	**Receivables**
AAA	44 268	-	-
AA+	20 778	-	-

AA	7 968	-	-
AA-	23 945	-	-
A+	8 350	12	-
A	50 236	31	-
A-	18 074	7 634	-
BBB+	21 897	695	-
BBB	16 893	5	-
BBB-	4 965	-	-
BB+	152	25	-
BB	1 829		-
Not rated	5 857	7	840
Total credit risk exposure	**225 211**	**8 410**	**840**

Financial assets measured at FVOCI

The table below shows the fair value of the Company's financial assets measured at FVOCI by credit risk, based on its internal credit rating system.

Rating In €000	12mECL	LTECL	31/12/2025	12mECL	LTECL	31/12/2024
AAA	50 666	-	50 666	44 268	-	44 268
AA+	21 167	-	21 167	20 778	-	20 778
AA	11 489	-	11 489	7 968	-	7 968
AA-	12 403	-	12 403	16 930	-	16 930
A+	30 025	-	30 025	5 349	-	5 349
A	48 518	-	48 518	50 236	-	50 236
A-	20 790	-	20 790	15 444	-	15 444
BBB+	11 688	-	11 688	17 836	-	17 836
BBB	14 590	-	14 590	15 715	-	15 715
BBB-	-	-	0	4 425	-	4 425
BB+	-	-	0	152	-	152
BB	1 934	-	1 934	1 829	-	1 829
Not rated	5 250	-	5 250	5 214	-	5 214
Total	**228 520**	**-**	**228 520**	**206 144**	**-**	**206 144**

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Changes in the Financial assets FVOCI

		2025			2024	
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Fair value as at 1 January	**206 145**		**206 145**	**175 369**		**175 369**
New assets originated or purchased	58 724		58 724	40 863		40 863
Assets derecognized or matured	(39 401)		(39 401)	(17 526)		(17 526)
Accrued interest capitalized	231		231	657		657
Change in fair value	2 822		2 822	6 782		6 782
Movement between 12mECL and LTECL	-		0	0		0
At 31 December	**228 520**		**228 520**	**206 144**	**-**	**206 144**

Financial assets measured at amortized cost

In €000		2025			2024	
	12mECL	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
ECL as at 1 January	**(129)**		**(129)**	**(111)**		**(111)**

In €000	2025			2024		
	12mECL	LTECL	Total	12mECL	LTECL	Total
New assets originated or purchased	6		6	(18)		(18)
Assets derecognised or matured (excluding write-offs)	30		**30**			
Accrued interest capitalised						
Movement between 12mECL and LTECL						
At 31 December	**(92)**	**-**	**(92)**	**(129)**	**-**	**(129)**

Rating	12mECL	LTECL	2025-12-31	12mEC	LTECL	2024-12-31
AAA	-	-		-	-	-
AA+	-	-		-	-	-
AA	-	-			-	-
AA-	8 444	-	8 444	7 015	-	7 015
A+	5 503	-	5 503	3 000	-	3 000
A	9 571	-	9 571	-	-	-
A-	-	-	-	2 628	-	2 628
BBB+	11 047	-	11 047	4 061	-	4 061
BBB	1 131	-	1 131	1 178	-	1 178
BBB-	539	-	539	539	-	539
BB+	-	-	-	-	-	-
BB	-	-	-	-	-	-
Not rated	5 779	-	5 779	5 828	-	5 828
Total	**42 015**	**-**	**42 015**	**24 248**	**-**	**24 248**

	2025			2024		
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Value as at 1 January	**24 249**		**24 249**	**23 771**		**23 711**
New assets originated or purchased	65 602		65 602	36 911		**36 911**
Assets derecognized or matured	(47 911)		(47 911)	(36 523)		**(36 523)**
Increase (decrease) in accrued interest	76		76	94		**94**
ECL change	(2)		(2)	(5)		**(5)**
Movement between 12mECL and LTECL	-		-			
At 31 December	**42 015**		**42 015**	**24 249**		**24 249**

ECL AC

	2025			2024		
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
ECL as at 1 January	**(32)**		**(32)**	(27)		(27)
New assets originated or purchased	(2)		**(2)**	(6)		(6)
Assets derecognized or matured (excluding write-offs)	1		**1**	1		1
Accrued interest capitalized	-		-	-		**-**
Movement between 12mECL and LTECL	**-**		**-**	**-**		**-**
At 31 December	**(34)**		**(34)**	**(32)**		**(32)**

CONCENTRATION RISK

Concentration risk in investments is managed through a comprehensive system of strategic asset allocation limits, issuer and sector limits, credit quality limits, country limits and maximum exposure thresholds.

The table below presents the fair value of the Company's financial assets by issuer (counterparty group), including the percentage share of each exposure in the total portfolio, in order to illustrate concentration risk.

Country	2025		2024	
United Arab Emirates	2 478	0.9%	2 411	1.0%
Austria	28 517	10.0%	32 892	13.5%
Australia	2 427	0.9%	2 385	1.0%
Belgium	4 983	1.8%	1 940	0.8%
Canada	3 049	1.1%	3 594	1.5%
Switzerland	2 465	0.9%	2 439	1.0%
Czech Republic	10 153	3.6%	11 118	4.6%
Germany	17 167	6.0%	23 729	9.7%
Denmark	6 491	2.3%	6 456	2.7%
Estonia	5 398	1.9%	5 615	2.3%
Spain	4 826	1.7%	3 400	1.4%
European Union	5 536	2.0%	8 579	3.5%
Finland	8 444	3.0%	7 015	2.9%
France	16 636	5.9%	12 114	5.0%
United Kingdom	3 004	1.1%	0	0.0%
Greece	1 898	0.7%	946	0.4%
Hungary	2 626	0.9%	4 523	1.9%
Ireland	7 898	2.8%	4 400	1.8%
Israel	3 587	1.3%	3 433	1.4%
Italy	8 354	2.9%	5 268	2.2%
Lithuania	57 599	20.3%	48 479	19.9%
Luxembourg	6 468	2.3%	1 345	0.6%
Latvia	9 048	3.2%	10 159	4.2%
Mexico	1 770	0.6%	1 718	0.7%
Netherlands	15 166	5.3%	11 338	4.7%
Norway	1 404	0.5%	1 377	0.6%
Poland	5 554	2.0%	4 422	1.8%
Portugal	5 407	1.9%	1 203	0.5%
Sweden	1 559	0.5%	1 574	0.6%
Singapore	868	0.3%	848	0.3%
Slovenia	5 418	1.9%	4 380	1.8%
Slovakia	2 872	1.0%	2 775	1.1%
SNA	12 156	4.3%	2 020	0.8%
United States	12 644	4.5%	9 479	3.9%
Total	**283 873**	**100.0%**	**243 373**	**100.0%**

COUNTERPARTY DEFAULT RISK

Counterparty default risk includes exposures arising from risk-mitigating contracts, such as reinsurance arrangements, receivables from intermediaries, and other credit exposures that are not covered by spread risk.

The risk is managed through careful selection of counterparties, the establishment of limits based on counterparties' credit ratings and exposure to individual counterparties in respect of financial assets. In the case of reinsurance, the Company applies defined reinsurer selection criteria and continuously monitors reinsurers' credit quality. Counterparty default risk related to receivables is further mitigated through effective debt collection procedures and policy cancellation processes where appropriate.

COUNTERPARTY DEFAULT RISK OF REINSURANCE ASSETS

To manage counterparty default risk related to reinsurance, the Company maintains an approved reinsurance programme that defines the principles of reinsurance and the criteria for reinsurer selection. The reinsurance programme is reviewed by the Company's management at least annually and updated where necessary.

Concentration risk may arise from excessive exposure to a single counterparty. Such concentration may originate from various areas, including investments, underwriting activities, or reinsurance arrangements. Accordingly, each unit involved in the risk management system is responsible for monitoring, controlling, and managing concentration risk within its respective area of responsibility.

The table below presents the breakdown of reinsurance held contract assets by the credit rating of reinsurers.

Rating In €000	2025	2024
A	3 440	3 431
A-	(36)	69
A+	31 432	28 348
AA	148	359
AA-	4 254	5 526
AA+	19	38
BBB	167	104
NR	7 487	1 384
Total	**46 912**	**39 259**

LIQUIDITY RISK

The risk is managed following liquidity management policy by analyzing liquidity needs and setting investment limits.

The table below shows the allocation of Company's liquid asset to liabilities to maturity groups based on the maturity date or settlement dates. The main part of the Company's liquid asset consists of financial assets measured Fair value through OCI and through profit or loss in amount of 233 million EUR. (in 2024 - 210,6 million EUR), loans and deposits in amount of 42 million EUR, (in 2024- 24,2 million EUR), and cash at bank in amount of 8,8 million EUR,(in 2024Y. 8,4 million), which company tread us highly liquid asset. In the event of a crisis of liquidity, Company may ask the shareholders to provide short-, medium, or long-term financial support or enter into the repurchase agreement. Liquidity risk management involves determination of the level of mismatch between cash inflows and outflows, considering the cash flows associated with both assets and liabilities. The investment limits are set taking into consideration the liquidity structure of liabilities and cash demand for other needs.
The following table summarizes the maturity profile of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.
Table also includes the summarizes the maturity profile of financial assets of the Company based on remaining undiscounted contractual cash flows, including interest receivable:
Liquidity risk assessment as of 31 December 2025:

	Contractual undiscounted cash flows							
Items In €000	**Non-fixed term up to 12 months**	**2 years**	**3 years**	**4 years**	**5 years**	**Over 5 years**	**Total**	**Carrying amount**
Financial assets at FV OCI	26 701	37 914	34 453	34 688	38 309	78 466	250 530	228 520
Financial assets at FVPL	4 454						4 454	4 454
Financial assets at amortised cost	35 044	259	260	259	1 375	5 638	42 835	42 015
Cash and cash equivalents	8 885						8 885	8 885
Reinsurance	38 462	3 981	2 469	1 336	1 116	14 521	61 884	46 912

contract asset								
Other receivables	1 734							1 734
Total assets	**115 279**	**42 154**	**37 182**	**36 283**	**40 799**	**98 624**	**368 588**	**332 518**

Items In €000	**Non-fixed term up to 12 months**	**1 to 5 years**		**Over 5 years**			**Total**	**Carrying amount**
Insurance contracts liabilities	181 512	18 350	8 977	4 274	2 617	27 933	243 663	230 443
Liabilities, other payables and tax liabilities	3 513						3 513	3 513
Financial liabilities	2 205	8 111	4 733	513	513	9 642	25 717	21 688
Total liabilities	**187 230**	**26 461**	**13 710**	**4 787**	**3 130**	**37 575**	**272 893**	**255 644**

Liquidity risk assessment as of 31 December 2024:

			Contractual undiscounted cash flows					
Items In €000	**Non-fixed term up to 12 months**	**2 years**	**3 years**	**4 years**	**5 years**	**Over 5 years**	**Total**	**Carrying amount**
Financial assets at FV OCI	28 888	25 139	34 169	25 293	28 978	82 453	224 920	206 144
Financial assets at FVPL	4 549						4 549	4 549
Financial assets at amortised cost	16 893	643	259	260	168	7 104	25 327	24 248
Cash and cash equivalents	8 431						8 431	8 431
Reinsurance contract asset	42 463	3 864	2 099	1 408	1 588	12 047	63 470	39 389
Other receivables	840						840	840
Total assets	**102 065**	**29 647**	**36 527**	**26 961**	**30 734**	**101 604**	**327 537**	**283 601**

Items In €000	**Non-fixed term up to 12 months**	**1 to 5 years**		**Over 5 years**			**Total**	**Carrying amount**
Insurance contracts liabilities	139 782	24 119	10 423	5 899		21 314	205 039	195 212
Liabilities, other payables and tax liabilities	3 608						3 608	3 608
Financial liabilities	2 085	1 111	8 111	4 733		10 594	27 147	21 493
Total liabilities	**145 476**	**25 230**	**18 534**	**10 632**	**4 015**	**31 908**	**235 794**	**220 314**

In addition to the monitoring of the maturity profile of the assets and liabilities, company is monitoring liquidity classification of the assets – in case of the liquidity need, assets, which mostly consist of the government or high-grade corporate bonds could be realized quickly. Furthermore, cash is generated from operating activities.

INSURANCE RISK

GENERAL PRINCIPLES OF INSURANCE MANAGEMENT

The Company performs management of insurance risks in accordance with the Underwriting Policy where the methodologies and rules regulating the risk and Portfolio strategy for each line of business are defined.

Portfolio Strategy for each line of business defines portfolio targets, target portfolio mixes and risk appetite represented using four colour codes: Green, Yellow, Red and Black. Green represents the lowest risk category and most attractive segments. Black code represents the highest risks. Strategy documents are updated annually.

Financial results of each portfolio are reviewed on a regular basis and, depending on performance, actions are taken. The calculation of the tariffs and prices of insurance products reflects the current market conditions and assesses the most probable assumptions which are necessary to correct future outcomes in order to significantly reduce financial risks.

Insurance risk is the main risk associated with Insurance and reinsurance assets and liabilities and is described in more details in the chapters below.

FREQUENCY AND SEVERITY OF CLAIMS

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The frequency and severity of claims can be affected by several factors. Different factors depend on relevant products and types of activity. The most significant are the increasing level of claim amount for the damage suffered, and the increase in the number of claim cases. Estimated inflation is also a significant factor due to increased increment rate of inflation. The increase of claims can depend on change of customer price index, increase of the payroll, social inflation, also on the price of the change for prices of materials and services bought for regulation of claims. The inflation in property insurance consists of customer price index and of the increase of construction costs, which might develop differently than customer price index.

The different factors will depend on the products or lines of business considered. An increase in the frequency of claims can be due to seasonal and more sustainable effects. Changes in consumer behavior, new types of claims can affect more stable changes in the frequency of claims. The effect of the long-term change in claims frequency can be significant on profitability.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The management of the changes in each activity is closely monitored through recommendations for the conclusion of insurance contracts and active regulation of claims.

BASIC PRODUCT FEATURES

Motor compulsory third party liability (MTPL)

It is a compulsory insurance type and the objective of this line of insurance is to protect the interests of third parties who have suffered in road accidents and this line of insurance is regulated by the laws on motor third party liability compulsory insurance.

Insurance premiums for motor third party liability are determined individually for each customer based on both customer as well as vehicle-based risk criteria.

Most of motor third party liability insurance indemnities are made up of indemnities for property damage and lump sum personal injuries, mostly medical treatment costs and temporary incapacity for work benefits.

The risk of inflation for this type of insurance payments is increased; therefore, the Company regularly assesses the impact of this influence on financial ratios.

Motor third party liability insurance is classified as ‘long-tail' classes where the ultimate claim cost takes longer to determine.

Motor own damage insurance (MOD)

The insurance indemnifies for losses which arise from damage to the vehicle destruction, theft or robbery. Several additional insurance covers may also be purchased which are related to insured vehicle. Product package can contain several additional insurance covers – road assistance and replacement car, for instance.

The largest losses are incurred in the event of complete destruction and theft of the vehicle, but such cases are infrequent.

Insurance premiums are set in line with applicable insurance methodology. The Company tries to avoid the risk of wrong information from the clients; therefore, detailed examination of the application for payment is always performed. And further investigation of competent authorities is performed if necessary.

The claim will usually be notified promptly and can be settled in the short term. MOD is therefore classified as ‘short-tail', contrasted with the ‘long-tail' classes where the ultimate claim cost takes longer to determine.

Property insurance

Property insurance covers losses arisen because of fire, weather, leakage of liquid or steam, explosion, malicious acts by third parties (robbery, burglary) or collision.

Many commercial property proposals comprise a unique combination of location, type of business and safety measures in place. Calculating a premium commensurate with the risk for these policies will be subjective, and hence risky. The property insurance risk is managed by accurately assessing the insurers assets in order to determine which assets should be insured, which should be insured under special conditions and which in general should not be insured by the mandate of the insurer of the respective insurance type. The calculation of the contribution of the respective insurance contracts corresponding to this risk is subjective and therefore risky.

Insurance risk is managed primarily through pricing, independent assessment of property under international standards, product design, risk selection and reinsurance. The Company monitors and reacts to the changes in its economic and commercial environment.

The claim will usually be notified promptly and can be settled in the short term. Property business is therefore classified as ‘short-tail’, contrasted with the ‘long-tail’ classes where the ultimate claim cost takes longer to determine.

The key risks associated with this product are underwriting risk and claims experience risk.

REINSURANCE CONTRACT HELD – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

REINSURANCE CONTRACT HELD – subsequent measurement.

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

CONCENTRATION OF INSURANCE RISK

The concentration of insurance risk arises from too large exposure to a single counterparty, line of business or geographic region.

The Company controls risk concentration in the following manner:

- Applying risk concentration limits for specific clients or insurance objects. Application of limits of risk concentration by evaluating the risk of specific clients/insurance subjects. Each type of insurance has a set maximum gross and net limits for specific risks. These limits are applied to each insurance contract.
- The residual risk is managed through the use of reinsurance. The Company buys reinsurance programs covering risks for various types of insurance. Management reviews the reinsurance programs annually and makes decisions about the required changes to these programs. The biggest Net retained parts of the risk of the Company at the end of relevant year:

Net retained parts of risk In €000	2025	2024
Personal accident	100	100
Motor third party liability insurance	250	250
Motor own damage	Not ceded	Not ceded
Marine insurance	100	100
Property insurance	1 000	1 000
General TPL insurance	200	200
NatCAT	1 000	650
Suretyship	500	625

- Potential impact of catastrophic events. The most common natural catastrophes are storms and flood. Financial impact is minimised with additional NatCat reinsurance program.

SENSITIVITIES

The Company is responsible for insurance events, which happened in a contract period, even if the information about the claims coming after the end of the insurance contract, and the claims are settled and paid under the contract details which was valid at the contract period.

Claim costs include costs that will be incurred for claim settlement, minus expected recovery and other recoverable amounts. The Company takes all reasonable steps to have an appropriate information about its insurance risks. Therefore, because of uncertainty in claims provision calculation, it is probable that the final result can be different from the previously expected amount of liabilities. The following sensitivity analysis shows the impact on profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear. Expected loss sensitivity is calculated by assuming respective changes in Loss Ratio (+/-1% of premiums assumed as additional losses) and claims reserves. Sensitivity analysis as of 31 December 2025 and 2024:

2025

In €000	Change in assumptions	Impact on profit before tax gross of Reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Expected loss	+ 1 %	(4 466)	(3 720)	(4 466)	(3 720)
Inflation rate	+ 1 %	(989)	(989)	(989)	(989)
Expected loss	- 1 %	4 466	3 720	3 752	3 125
Inflation rate	- 1 %	989	989	831	831

2024

In €000	Change in assumptions	Impact on profit before tax gross of Reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Expected loss	+ 1 %	(4 240)	(3 314)	(4 240)	(3 314)
Inflation rate	+ 1 %	(736)	(736)	(736)	(736)
Expected loss	- 1 %	4 240	(3 314)	3 562	2 784
Inflation rate	- 1 %	736	736	619	619

The provision for the capitalized value of the reported annuity claims coming from MTPL contracts is determined using actuarial method by calculating present value of future disbursements, for each annuity separately, by considering the nature of the particular claim, possible development, legislation requirements and other relevant factors. Indexation of payable annuity amount is set according to the local legislative acts related to annuity payments. The Company performs sensitivity analysis for reported annuities by changing indexation assumptions.

Sensitivity analysis for reported annuities as of 31 December 2025:

2025 €000	Change in assumptions	Impact on profit before tax Gross of reinsurance	Impact on profit before tax reinsurance part	Impact on equity before tax gross of reinsurance	Impact on equity before tax net of reinsurance
Indexation rate	1%	1 192		1 192	
Indexation rate	-1%	(963)		(963)	

2024 €000	Change in assumptions	Impact on profit before tax Gross of reinsurance	Impact on profit before tax reinsurance part	Impact on equity before tax gross of reinsurance	Impact on equity before tax net of reinsurance
Indexation rate	1%	1 302		1 302	
Indexation rate	-1%	(1 042)		(1 042)	

CLAIMS DEVELOPMENT

The following tables show the estimates of cumulative incurred claims (undiscounted Liability Incurred Claims, without Risk Adjustment), for each successive accident year at each reporting date, together with cumulative payments to date.

In €000

Claims triangle per accident year. AIC/LIC PVFCF PAA - undiscounted excl. RA – issued	2022	2023	2024	2025	Total
Cumulative estimated claims - issued					
at the end of accident year	(142 269)	(165 716)	(177 517)	(192 880)	(678 382)
one year later	(142 672)	(172 124)	(171 172)		(485 968)
two years later	(140 997)	(170 315)			(311 311)
three years later	(141 416)				(141 416)
Cumulative claims paid	(131 465)	(149 867)	(146 608)	(124 691)	(427 940)
Remaining estimated claims per accident year – issued	(9 951)	(20 448)	(24 564)	(68 189)	(123 152)
Remaining estimated claims for previous period issued					(31 357)
effect of discounting PAA – issued					12 062
effect of risk adjustment – PAA – issued					(3 956)
Total					**(146 402)**

The following table shows the ceded part development

Claims triangle per accident year. AIC/LIC PVFCF PAA - undiscounted excl. RA –RI held	2022	2023	2024	2025	Total
cumulative estimated claims - RI held					
at the end of accident year	43 079	44 093	40 681	29 364	157 218
one year later	44 077	51 457	42 101		137 635
two years later	41 063	51 716			92 778
three years later	41 223				41 223

Cumulative claims paid	36 569	42 692	32 232	16 513	111 493
Remaining estimated claims per accident year – RI held	4 654	9 024	9 869	12 851	36 398
Remaining estimated claims for previous period held					15 457
effect of discounting PAA – RI held					(6 144)
effect of risk adjustment – PAA – RI held					1 479
Receivables/payables/miscellaneous - RI held					7 749
Total					**54 939**

CAPITAL MANAGEMENT

The Company has a CapitalManagement Policy approved by the Management Board. The Company's objectives with respect to capital management are
to safeguard its ability to continue as a going concern, thereby continuing to provide returns to shareholders and ensuring that other stakeholders, in particular policyholders, receive the payments to which they are entitled. In addition, the Company aims to maintain an optimal capital structure, taking into account Solvency II requirements and the cost of capital.
For the purposes of capital management, the Company considers capital to comprise issued share capital, share premium, retained earnings and reserves attributable to the shareholder, and subordinated long-term liabilities.
The Company is subject to externally imposed capital requirements under the Solvency II regulatory regime. These requirements include the Solvency Capital Requirement (SCR)and the Minimum Capital Requirement (MCR), which are designed to ensure that insurance companies maintain sufficient capital to meet policyholder obligations even under adverse conditions. The Company complied with all applicable regulatory capital requirements during the financial year.
Summary quantitative information on the capital managed by the Company is presented below:

Capital components	31 Dec 2025 (Eur)	31 Dec 2024 (Eur)
Share capital	18 800	18 800
Share premium	17 046	17 046
Subordinated liabilities	18 500	18 500
Restricted loan Tier 1	4 000	4 000
Retained earnings	50 052	46 296
Legal reserve	1 880	1 880
Total capital managed	**110 278**	**106 522**

The capital management process is integrated with the financial planning and ORSA processes and includes capital adequacy assessment, capital planning and capital management measures. When developing corporate management plans, the Company assesses its current and future capital needs, taking into account its risk profile and the prevailing business environment. On a quarterly basis, deviations between planned and actual figures are analysed and assessed.

OPERATIONAL RISK

Operational risk is managed through the implementation of an effective internal control system, which includes proper segregation of duties, application of the four-eye principle, access rights management, business continuity planning, incident management, and adherence to established procedures, guidelines, and policies. The effectiveness of the internal control system is evaluated annually as part of the internal control assessment process.

Operational risk management forms part of the day-to-day activities of all organizational units within Company. As operational risks may arise in any area or operational activity — including insurance and reinsurance assets and liabilities within the scope of IFRS 17 — responsibility for managing operational risks lies with each department within its respective area of operation, rather than with a single centralized function. To support operational risk management and the monitoring of operational risks, Company applies the following processes:

- Internal control system effectiveness assessment;
- Risk inventory process;
- Business continuity management;
- Incident management process.

The objective of these processes is to identify and assess operational risks, evaluate the adequacy of the control environment, and determine appropriate risk mitigation measures. During the assessment, operational risks are evaluated using a heat map methodology based on frequency and severity analysis.

Business continuity plans are in place to ensure the continuation of critical business processes in the event that predefined critical scenarios materialize. In the event of a crisis, a Crisis Committee formed by the Management Board is responsible for coordinating actions to restore business operations.

REINSURANCE AND OTHER TECHNIQUES FOR RISK MINIMIZATION

The Company's approach to reinsurance, as a key instrument for mitigating underwriting risk, is defined in the reinsurance guidelines established by Vienna Insurance Group (VIG) (i.e. the Security Guidelines) and further detailed in Company Underwriting Policy. Reinsurance and other risk mitigation techniques are regularly evaluated to ensure their effectiveness. Responsibilities and decision-making processes for additional risk mitigation measures are defined in internal documents developed by the respective risk-owning departments.

When selecting reinsurers, the Management Board chooses from a list prepared by the VIG Reinsurance Security Committee. On a quarterly basis, the VIG Reinsurance Security Committee prepares and publishes a list of reinsurers that are automatically accepted (within predefined quota limits) for both obligatory and facultative reinsurance agreements. The inclusion of other reinsurers and their participation shares in agreements are subject to individual approval by the VIG Reinsurance Security Committee.

According to a generally applicable VIG rule, reinsurers participating in agreements covering long-term liabilities (such as third-party liability risks) must have a minimum credit rating of A assigned by Standard & Poor's. For agreements covering short-term liabilities, reinsurers must have a minimum credit rating of BBB assigned by Standard & Poor's.

ASSET AND LIABILITY MANAGEMENT

The purpose of the asset-liability management (ALM) process is to minimize risks arising from mismatches between the investment portfolio and the structure of insurance liabilities. These risks primarily include liquidity risk and market risk, in particular currency and interest rate risk.

Asset-liability management encompasses the establishment and monitoring of strategic asset allocation limits, oversight of investment performance, regular stress testing, maintenance of adequate investment liquidity, and monitoring of key risk indicators and their respective limits.

Currency and duration mismatches between assets and liabilities are monitored on a quarterly basis in order to manage currency and interest rate risk.

If a mismatch between assets and liabilities is assessed as material and inappropriate, the strategic asset allocation and the limits defined in the Investment and Risk Strategy are reviewed and adjusted accordingly.

NOTE 1. INTANGIBLE ASSETS (EUR)

In €000	Goodwill	Software	Other assets	Total
Balance at 2024.01	10 726	4 522	242	15 490
Acquired assets		951	67	1 017
Write off		(4)		(4)
Amortization of intangible asset		(878)	(106)	(983)
Balance at 2024.12	**10 726**	**4 590**	**204**	**15 520**
Total acquisition cost	**10 726**	**12 011**	**513**	**23 250**
Total accumulated amortization	-	**(7 421)**	**(309)**	**(7 730)**
Net book amount as at December 2024	**10 726**	**4 590**	**204**	**15 520**
Balance at 2025.01	10 726	4 590	204	15 520
Acquired assets		1 227	96	1 324
Write off				
Amortization of intangible asset		(825)	(104)	(929)
Balance at 2025.12	**10 726**	**4 993**	**195**	**15 914**
Total acquisition cost	**10 726**	**13 239**	**609**	**24 573**
Total accumulated amortization	**-**	**(8 246)**	**(414)**	**(8 659)**
Net book amount as at December 2025	**10 726**	**4 993**	**195**	**15 914**

The amortization expenses of intangible assets for the year 2025 amounted to 929k EUR and were recognized as expenses (in 2024 983k EUR).

GOODWILL

Goodwill was recognised as a result of the business transfer agreement concluded on 2 October 2015 with Compensa TU S.A. Vienna Insurance Group. Goodwill was recognised as the difference between the consideration paid and the fair value of the net assets and liabilities acquired According to business transfer agreements, Compensa TU S.A. Vienna Insurance Group transferred to the insurance undertaking ADB Compensa Vienna Insurance Group the business (as the set of assets, rights and obligations) carried out through the Lithuanian and Latvian branches of Compensa TU S.A. Vienna Insurance Group. The business purchase price (consideration payable) was determined by the Group management. The value was determined based on both the forecasted discounted cash inflows for 2015–2024 and comparable market transactions method as of 30 June 2015 and financial result of the year 2014. Business rights and obligations were taken over on 31 December 2015.

IMPAIRMENT TESTING OF GOODWILL

At the end of each reporting year, the management assesses goodwill for impairment. The annual assessment of impairment losses was carried out at the end of 2025. Recoverable amount of goodwill is determined based on an assessment of value in use. For the purpose of impairment testing of goodwill, the entire Company is assumed to be one cash generating unit due to following facts:

- central management of main functions (underwriting, sales, claims) and centralized back-office functions.
- cross border agreements and servicing of Pan Baltic client is carried out centrally.
- Baltics operations are managed and supervised by the shareholders on a whole Company level, not separating operating locations.
- Need for capital injections (and Investments) are managed on a whole Company level.

Taking above into consideration, the management concluded that operations of the Company are considered as one cash generating unit.

The recoverable amount of cash generating unit as of 31 December 2025 was determined based on the discounted dividends model based on the five-year financial forecasts prepared by the management. Significant assumptions used for the assessment of the equity value in use in 2025 and 2024 are described further.

The Company's insurance revenue for the current year has been projected based on a compound annual growth rate ("CAGR") of 5.8% (2024 4.8%) over the five-year forecast period. Insurance revenue ceded under reinsurance arrangements is expected to grow at a CAGR of 4.6% during the same period. As a result, net insurance revenue is forecast to increase at a CAGR of 6.1 % (2024: 5.4%) over the forecast horizon, reflecting a gradual decline in the proportion of premiums ceded to reinsurers. Management anticipates revenue growth to exceed general GDP growth rates, supported by continued expansions of the non-life insurance market, increasing insurance penetration levels, and strengthening brand awareness and market positioning of the Company. The Combined ratio is expected to remain within the range of 96%-97% throughout the forecast period.

Cash flows beyond the five-year period were extrapolated using 1% growth rate. The discount rate used by the management was estimated as a weighted average cost of capital for the cash generating unit and is equal to 9,90 % in 2025 and 10.30% in 2024.

The assessment of the recoverable amount of the cash generating unit as of 31 December 2025 resulted in no impairment of goodwill at the end of 2025.

The management assessed an impact of an individual change of certain key assumptions on the recoverable amount.

The following table shows potential impairment loss respectively changing parameters used in the model for 2025:

		Combined ratio	
Growth ratio	**97,50%**	**96,50%**	**95,50%**
-1%	(794)	0	0
0	0	0	0
+1%	**0**	**0**	**0**

		Discount Factor	
Growth ratio	**10,40%**	**9,90%**	**9,40%**
-1	(4 292)	0	0
0	0	0	0
1	0	**0**	0

The recoverable amount of the cash-generating unit exceeds its carrying amount by EUR 12 453k (headroom).
If used parameters were used more than presented in the table, the potential impairment would be recognised.

NOTE 2. Right of use assets

The Company recognizes right-of-use assets in the amount of EUR 2 672k. in 2024 2487k. For the calculation of lease liabilities, the Company used discount rates that depend on lifetime of contract which varies from 0,073% to 3,64% (2024: 0,073%-3,64%).

RIGHT-OF-USE ASSET

In €000	Building	Cars	Total
Balance at 2024.01	2 512	43	**2 555**
Acquired assets	1 075	163	1 238
Write off			0
Depreciation of Right of use Asset	(1 170)	(136)	(1 307)
Balance at 2024.12	**2 417**	**70**	**2 487**
Balance at 2025.01	2 417	70	**2 487**
Acquired assets	1 063	694	1 756
Write off	0		0
Depreciation of Right of use Asset	(1 434)	(137)	(1 571)
Net book amount as at December 2025	**2 046**	**626**	**2 672**

In €000	Buildings	Cars	Total
2025			
Balance at 1 January	2 417	70	2 487
Depreciation charge for the year	(1 434)	(137)	(1 571)
Additions to right-of-use assets	1 063	694	1 756
Balance on 31 December	**2 046**	**626**	**2 672**

Leases as lessee (IFRS 16)

101 customer service centres are located in leased premises, as well as the premises for the Company's headquarters and head offices of branches are leased. The contracts for these leases typically run for a period of 2 to 5 years after which a new contract might be renegotiated or the existing one prolonged, or the lease ends all together; over one third of the lease contracts do not have a set term, for such contracts the Company has elected to set a period of 3 years with the review done at the end of each calendar year.

In addition to premises, the Company also leases IT equipment, vehicles and other miscellaneous items.

NOTE 3. PROPERTY AND EQUIPMENT

In €000	Office and other equipment	Vehicles	Total
Balance at 2024.01	855	256	**1 111**
Acquired assets	494	251	**745**
Write off	(49)	(71)	(120)
Depreciation of asset	(419)	(36)	(455)
Balance at 2024.12	**881**	**400**	**1 281**
Total acquisition cost	3 645	765	4 410
Total accumulated depreciation	(2 765)	(365)	(3 129)
Net book amount as at December 2024	**881**	**400**	**1 281**
Balance at 2025.01	881	400	1 281
Acquired assets	604	30	634
Write off	(2)	(6)	**(8)**
Depreciation of asset	(525)	(97)	(622)
Balance at 2025.12	**958**	**327**	**1 285**
Total acquisition cost	4 249	795	5 044
Total accumulated depreciation	(3 291)	(468)	(3 759)
Net book amount as at December 2025	**958**	**327**	**1 285**

The depreciation expenses of property and equipment of the year 2025 amounted to EUR 622k and were recognized as expenses (in the year 2024 – respectively EUR 455k).

As of 31 December 2025, the Company had fully depreciated property and equipment which were still used in activity.

Office and other equipment:

Items (€000)	2025	2024
Acquisition price	121	73

NOTE 4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The breakdown of financial assets measured at FVPL is, as follows:

In €000	31 December 2025	2024
Financial instruments at FVPL		
Financial institutions		
Funds	4 454	4 549
Total equity and Financial assets at FVPL	**4 454**	**4 549**

NOTE 5. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The breakdown of financial assets measured at FVOCI is, as follows.

In €000	2025	2024
Financial assets measured at FVOCI		
Government debt instruments	147 366	117 985
Financial institutions	41 520	46 968
Non-financial institutions	39 635	41 192
Total financial assets measured at FVOCI	**228 521**	**206 144**

The loss allowance for financial assets at FVOCI does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

The table below shows the fair value of the Company's financial assets measured at FVOCI by credit risk, based on its internal credit rating system.

The fair value of the Company's financial assets measured at FVOCI by credit risk

In €000	2025			2024		
Internal rating grade	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Investment grade	226 586		226 586	204 163		204 163
Non-investment grade	1 934		1 934	1 981		1 981
Default						
Total Net Amount	**228 521**		**228 521**	**206 144**		**206 144**

NOTE 6. FINANCIAL ASSETS AND FAIR VALUE MEASUREMENT HIERARCHY

The measurement process aims to determine fair value using price quotations that are publicly available in active markets or valuations based on recognized economic models using observable inputs. The related party receivables are no more than 12 months and carrying value approximates fair value.
The carrying value of the deposits with credit institutions approximates fair value. The fair value of deposits as at 31 December 2025 was estimated 34 571k (2024: 16 705 k). The fair value measurement is classified within Level 3 of the fair value hierarchy.
The fair value of subordinated liabilities as at 31 December 2025 was estimated 18 500 k (in 2024 18 500 k). The fair value measurements is classified within Level 2 of the fair value hierarchy due to simplified approach for intra-group financing.
Hierarchy as of 2025:

2025	Investment type	Level 1	Level 2	Level 3	Total
	Bonds	194 333			194 333
Financial asset at fair value OCI	Bonds		28 937		28 937
	Equity			5 250	5 250
Fair value through PL	Fund certificate			4 454	4 454
Total		**194 333**	**28 937**	**9 704**	**232 974**

Hierarchy as of 2024:

2024	Investment type	Level 1	Level 2	Level 3	Total
	Bonds	156 386			156 386
Financial asset at fair value OCI	Bonds		44 544		44 544
	Equity			5 214	5 214
Fair value through PL	Fund certificate			4 549	4 514
Total		**156 386**	**44 544**	**9 763**	**210 658**

The table below shows the reconciliation of level 3 from the opening balances to the closing balances.

	FVtOCI	FVt PL
Financial assets Level 3 as of 31 December 2023	**5 236**	**3 705**
Purchased		922
Gain/ (loss), FVtPL		(78)
Change in OCI value	(22)	
Sold		
Financial assets Level 3 as of 31 December 2024	**5 214**	**4 549**
Purchased		
Gain/ (loss), FVtPL		(95)
Change in OCI value	36	
Sold		
Financial assets Level 3 as of 31 December 2025	**5 250**	**4 454**

The fair value of investments classified as Level 3 in the fair value hierarchy is determined with reference to the Net Asset Value (NAV) of the investee as at the reporting date. The NAV is based on the fair value of the underlying assets and liabilities of the investee, which are measured using valuation techniques supported by valuation reports prepared by external independent certified valuation specialists where applicable.

As these investments are not traded in active markets, their valuation incorporates significant unobservable inputs.

Sensitivity

For the fair value of equity securities and fund certificates classified as Level 3, reasonably possible changes in significant unobservable inputs at the reporting date could have an impact on the fair value recognised in the statement of financial position. A change in the underlying Net Asset Value of the investee would result in a corresponding increase or decrease in the carrying value of the investment.

	OCI, net of Tax		Profit or loss, net of Tax	
2025	Increase EUR'000	Decrease EUR'000	Increase EUR'000	Decrease EUR'000
resulting in change of NAV by 5%	265	(265)	223	(226)
2024				
resulting in change of NAV by 5%	265	(265)	226	(226)

NOTE 7. FINANCIAL ASSETS MEASURED AT AMORTISED COST

The breakdown of financial assets measured at amortized cost is, as follows:

	31 December	
In €000	**2025**	**2024**
Financial assets at amortized cost		
Deposits	34 571	16 705
Loans	7 478	7 575
ECL	(34)	(32)
Total Financial assets at amortized cost	**42 015**	**24 248**

Company's financial assets measured at AC by credit risk

In €000	2025			2024		
Internal rating grade	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Investment grade deposits	34 565		34 565	16 703		16 703
Investment grade loans	1 671		1 671	1 717		1 717
Non-investment grade loans	5 779		5 779	5 828		5 828
Total Net Amount	**42 015**		**42 015**	**24 248**		**24 248**

A. LOANS GRANTED

During 2025 Company did not grant any new loans. For the end of the year the Company calculated expected credit losses from loans in amount of 29k EUR.

During 2024 Company did not grant any loans. EUR. For the end of the year the Company calculated expected credit losses from loans in amount of 30k EUR.

LOAN AND INTEREST AMOUNTS RECEIVABLE

The split of the receivable interest and receivable loan payments for the future periods:

Items	2025 Loans	2024 Loans
Within 1 year	465	97
Within 2-5 years	1 477	641
Within 5-10 years	5 537	6 837
After 10 years		
ECL	(29)	(30)
Total	7 450	**7 545**

Loan amount as of 31 December 2025 and 2024

	2025		2024	
Items	**ECL**	**Loans**	**ECL**	**Loans**
Loans at the beginning of reporting year	**(30)**	**7 575**	**(27)**	**7 670**
Loans granted	1	0	(3)	0
Loans repayment		(97)		(95)
Loans at the end of reporting year	**(29)**	**7 478**	**(30)**	**7 575**

NOTE 8. INVESTMENT TO ASSOCIATE COMPANIES

On 2 December 2020 the Company concluded an agreement regarding purchase of SIA Global Assistance Baltic. The Company has acquired 33% of the shares of the entity. The entity is registered in Latvia and providing services in Latvia, Lithuania and Estonia. Main activity of the company is car assistance services which are provided to insurance companies. No dividend was paid in financial years 2025-2024

In 2021 the company invested into three associated real estate projects Gertrudes 121 SIA, Artilerijas 35 SIA and Alauksta 13/15 SIA. During 2024 no additional investments were made into these companies' equity. Companies acting in Latvia and Lithuania.

As at the end of 2025 the associated companies are accounted using the cost method. No indication for impairment was identified.

The equity and total non audited assets as of 31 December 2025 and non audited result for the financial year then ended of the associated companies could be presented as follows:

Company name	Company share	Cost of investment 2025	Company's share in equity	Profit or loss	Equity	Total Asset	Total liabilities
SIA Global Assistance Baltic	33.33%	100	92	17	277	597	320
Artilerijas	33.33%	320	457	85	1 373	3 115	1 742
Gertudes	33.33%	1 059	986	214	2 960	8 716	5 756
Alauska	33.33%	304	365	70	1 095	2 743	1 648
Total	**Shares**	**1 783**	**1 901**	**385**	**5 705**	**1 5170**	**9 466**

For the year 2024

Company name	Company share	Cost of investment 2024	Company's share in equity	Profit or loss	Equity	Total Asset	Total liabilities
SIA Global Assistance Baltic	33.33%	100	86	10	257	437	179
Artilerijas	33.33%	320	429	225	1 288	3 086	1 798
Gertudes	33.33%	1 059	915	(759)	2 746	8 671	5 925
Alauska	33.33%	304	342	(129)	1 025	2 722	1 697
AS EGCC	C,D categories	35				-	-
Total	Shares	**1 818**	**1 772**	**(653)**	**5 316**	**14 916**	**9 600**

In 2024, the Company performed an impairment test, which demonstrated that the expected future cash flows are sufficient to cover the losses and generate a profit.

NOTE 9. INSURANCE AND REINSURANCE CONTRACTS

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held

	2025			**2024**		
In €000	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Insurance contracts issued						
Medical expenses insurance		(12 344)	(12 344)		(9 893)	(9 893)
Personal accident insurance		(3 164)	(3 164)		(2 815)	(2 815)
MTPL insurance		(69 064)	(69 064)		(61 797)	(61 797)
MOD insurance		(28 490)	(28 490)		(24 676)	(24 676)
Marine insurance		(712)	(712)		(1 145)	(1 145)
Property insurance		(85 040)	(85 040)		(68 765)	(68 765)
General third party liability insurance		(21 049)	(21 049)		(19 436)	(19 436)
Suretyship insurance		(10 538)	(10 538)		(6 623)	(6 623)
Miscellaneous financial loss		(42)	(42)		(62)	(62)
Total insurance contracts issued		**(230 443)**	**(230 443)**		**(195 212)**	**(195 212)**
Insurance contracts assets	**723**			**130**		**130**
Total reinsurance contracts held	**46 912**			**39 259**		**39 259**

9.1. Roll-forward of asset or liability for insurance contracts issued

For the year 2025

In €000	Liabilities for remaining coverage		Liabilities for incurred claims			
			Contracts under PAA	thereof Contracts under PAA		
	Excluding loss component	Loss component	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Grand Total
Net opening balance	**74 092**	**1 224**	**119 895**	**116 463**	**3 432**	**195 212**
Opening assets						
Opening liabilities	74 092	1 224	119 895	116 463	3 432	195 212
Total changes in the statement of profit or loss and OCI	**(219 007)**	**22**	**186 108**	**185 585**	**524**	**(32 877)**
Insurance Service result	**(219 007)**	**22**	**185 697**	**185 074**	**623**	**(33 288)**
Insurance revenue	(295 443)					(295 443)
Contracts under the modified retrospective approach						
Contracts under the fair value approach						
Other contracts	(295 443)					(295 443)
Insurance service expenses	76 436	22	185 697	185 074	623	262 156
Incurred claims and other insurance service expenses	32 917		159 601	159 601		192 519
Losses of onerous contracts and reversals of those losses		22				22
Changes to liabilities for incurred claims			26 096	25 473	623	26 096
Amortization of insurance acquisition cash flows	43 519					43 519
Insurance finance income ore expenses			**2 297**	**2 219**	**78**	**2 297**
Changes of OCI			**(1 886)**	**(1 709)**	**(177)**	**(1 886)**
Cash flows						
Premiums received	304 099					301 494
Claims and other insurance service expenses paid	(32 917)		(159 601)	(159 601)		(192 519)
Insurance acquisition cash flows	(43 472)					(43 472)
Considerations related to contracts transferred						
Total cash flows	**225 104**		**(159 601)**	**(159 601)**		**65 502**
Net closing balance	**82 795**	**1 246**	**146 402**	**142 446**	**3 956**	**230 433**
Closing assets						
Closing liabilities	82 795	1 246	146 402	142 446	3 956	230 443
Closing balance check	**82 795**	**1 246**	**146 402**	**142 446**	**3 956**	**230 443**

For the year 2024

In €000	Liabilities for remaining coverage		Liabilities for incurred claims			
			Contracts under PAA	thereof Contracts under PAA		
	Excluding loss component	Loss component	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Grand Total
Net opening balance	**67 569**		**91 310**	**88 612**	**2 697**	**158 878**
Opening assets						
Opening liabilities	67 569		91 310	88 612	2 697	158 878
Total changes in the statement of profit or loss and OCI	(199 364)	1 224	180 534	179 799	735	(17 606)
Insurance service result	(199 364)	1 224	177 758	177 131	627	(20 382)
Insurance revenue	(269 230)					(269 230)
Contracts under the modified retrospective approach						
Contracts under the fair value approach						
Other contracts	(269 230)					(269 230)
Insurance service expenses	69 866	1 224	177 758	177 131	627	248 848
Incurred claims and other insurance service expenses	28 955	-	151 948	151 948		180 903
Losses of onerous contracts and reversals of those losses		1 224				1 224
Changes to liabilities for incurred claims			25 811	25 183	627	25 811
Amortization of insurance acquisition cash flows	40 911					40 911
Net finance expenses from insurance contracts			1 878	1 822	56	1 878
Changes of OCI			898	846	52	898
Cash flows						
Premiums received	275 755					275 755
Claims and other insurance service expenses paid	(28 955)		(151 948)	(151 948)		(180 903)
Insurance acquisition cash flows	(40 912)					(40 912)
Considerations related to contracts transferred						
Total cash flows	205 888		(151 948)	(151 948)		53 940
Net closing balance	74 092	1 224	119 895	116 463	3 432	195 212
Closing assets						-
Closing liabilities	74 092	1 224	119 895	116 463	3 432	195 212
Closing balance check	**74 092**	**1 224**	**119 895**	**116 463**	**3 432**	**195 212**

The differences in cash flows related to premiums received arise from certain premiums being collected net of commissions

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising from reinsurance held:

For the year 2025

In €000	Assets for remaining coverage		Assets for incurred claims			
			Contracts under PAA	thereof Contracts under PAA		
	Excluding loss recovery component	Loss recovery component	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Grand Total
Net opening balance	**13 598**		**(52 856)**	**(51 455)**	**(1 402)**	**(39 259)**
Opening assets	**13 598**		**(52 856)**	**(51 455)**	**(1 402)**	**(39 259)**
Opening liabilities						
Total Changes in the statement of profit or locs and OCI	50 611		(31 997)	(31 919)	(77)	18 614
Reinsurance service result	50 611		(32 058)	(31 947)	(112)	18 553
Allocation of reinsurance premiums (Reinsurance revenue)	**50 611**					**50 611**
Contracts under modified retrospective approach						
Contracts under fair value approach						
Other contracts	50 611					50 611
Amounts recoverable from reinsurers			**(32 058)**	**(31 947)**	**(112)**	**(32 058)**
Amounts recoverable for claims and other expenses incurred in the period			(29 448)	(29 448)		(29 448)
Changes in loss recovery component						
Adjustments to assets for incurred claims			(2 617)	(2 506)	(112)	(2 617)
Effect of changes in non-performance risk of reinsurer			7	7		7
Investment components						
Reinsurance finance income or expenses			(651)	(623)	(28)	(651)
Changes of OCI			712	650	62	712
Cash flows						
Premiums paid	(56 181)					(56 181)
Claims and other reinsurance service expenses received			29 914	29 914		29 914
Insurance acquisition cash flows and insurance service expenses paid						
Total cash flows	**(56 181)**		**29 914**	**29 914**		**(26 267)**
Net closing balance	**8 027**					
Closing assets	8 027		(54 939)	(53 460)	(1 479)	(46 912)
Closing liabilities						
Closing balance check	**8 027**		**(54 939)**	**(53 460)**	**(1 479)**	**(46 912)**

For the year 2024

In €000	Assets for remaining coverage		Assets for incurred claims			
			Contracts under PAA	thereof Contracts under PAA		
	Excluding loss recovery component	Loss recovery component	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Grand Total
Net opening balance	**4 568**	**-**	**(35 168)**	**(33 875)**	**(1 294)**	**(30 600)**
Opening assets	4 568	-	(35 168)	(33 875)	(1 294)	(30 600)
Opening liabilities						-
Changes in the statement of profit or loss and OCI	**50 216**	**-**	**(43 930)**	**(43 822)**	**(108)**	**6 287**
Reinsurance service result	**50 216**	**-**	**(43 077)**	**(43 040)**	**(38)**	**7 139**
Allocation of reinsurance premiums (Reinsurance revenue)	**50 216**					**50 216**
Contracts under modified retrospective approach						-
Contracts under fair value approach						
Other contracts	50 216					50 216
Amounts recoverable from reinsurers	**-**	**-**	**(43 077)**	**(43 040)**	**(38)**	**(43 106)**
Amounts recoverable for claims and other expenses incurred in the period			(34 405)	(34 405)		(34 405)
Changes in loss recovery component						-
Adjustments to assets for incurred claims			(8 700)	(8 662)	(38)	(8 700)
Effect of changes in non-performance risk of reinsurer			28	28		28
Investment components						
Reinsurance finance income or expenses			(625)	(598)	(26)	(625)
Changes of OCI			(228)	(184)	(44)	(228)
Cash flows						
Premiums paid	(41 187)					(41 187)
Claims and other reinsurance service expenses received			26 241	26 241		26 241
Insurance acquisition cash flows and insurance service expenses paid						-
Total cash flows	**(41 187)**		**26 241**	**26 241**		**(14 945)**
Net closing balance	**13 598**	**-**	**(52 856)**	**(51 455)**	**(1 402)**	**(39 259)**
Closing assets	13 598	-	(52 856)	(51 455)	(1 402)	(39 259)
Closing liabilities						-
Closing balance check	**13 598**	**-**	**(52 856)**	**(51 455)**	**(1 402)**	**(39 259)**

The differences between cash flows related to premiums paid and claims received compared to the statement of cash flows arise from net settlements with reinsurers

The expected timing of when assets for insurance acquisition cash flows will be derecognized and included in the measurement of the group of insurance contracts to which they are allocated is disclosed in the table below:

2025

In €000	Up to 1 Year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year	Total
Expected timing of derecognition of assets balance as at 31/21	715	2	0	1	3	2	723

2024

In €000	Up to 1 Year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year	Total
Expected timing of derecognition of assets balance as at 31/21	127	1	0	0	1	0	130

NOTE 10. CASH IN HAND AND AT BANK

€000	2025	2024
Cash in bank	8 877	8 410
Cash in hand	7	21
Total	**8 885**	**8 431**

NOTE 11. SHAREHOLDERS' EQUITY (EUR)

On 10th October 2019 the Company concluded a cross-border merger agreement with Seesam AS, Compensa Services Lithuania, UAB and Compensa Services Latvia, SIA where parties agreed to transfer all assets, rights and liabilities to the receiving Company (ADB Compensa Vienna Insurance Group) as a going concern.

As at the end of 2025, the authorized share capital of the Company was EUR 18 800 k (as of 31 December 2024: EUR 18 800 k). The authorized share capital consists of 188k ordinary registered shares with the nominal value of EUR 100 each, and share premium of EUR 17 046 k. All shares are fully paid.

	2025		2024	
In €000	Number of shares	Value	Number of shares	Value
Share capital	188 000	18 800	188 000	18 800
Share premium		17 046		17 046
Total		**35 846**		**35 846**

The sole shareholder of the Company is Vienna Insurance Group AG

In 000 Items	2025		2024	
	Number of shares	% of share capital	Number of shares	% of share capital
	188 000	100	188 000	100

NOTE 12. RESERVES

In the year 2025 the Company's shareholders approved a dividend payment in amount of 5 543k (29,48 EUR per share) EUR for 2024: 5 763 k (30,65 EUR per share).

Restricted loan – As part of its equity structure, the Company issued a restricted loan. The restricted loan meets the criteria for classification as an equity instrument in accordance with IAS 32.16 and IAS 32.16D, as the Company has no contractual obligation to repay the principal, the term of the instrument is perpetual, and the Company has full discretion over the payment of interest. In addition, the instrument complies with the requirements for Restricted Tier 1 own funds under Solvency II.

The restricted loan amounting to EUR 4,000 thousand was issued on 29 September 2022 and carries an interest rate of 10.28%. Legal reserve is formed in compliance with the Company Law of the Republic of Lithuania. Annual allocation to the legal reserve shall amount to at least 5% of the net profit until the reserve makes up 10% of the share capital. This reserve cannot be distributed.

In 2025, the Company recognized revaluation reserve for financial assets in the amount 9 267 k EUR (which is net of deferred taxes in amount of 777k EUR). In 2024 Y revaluation reserve was 11 785 k EUR which was net of deferred taxes in amount of 830k

Movement of revaluation reserve (In €000)	**2025**	**2024**
Balance at the beginning of the year on 2024	**(11 785)**	**(18 222)**
Fair value Gain/(Loss) recorded in OCI	2518	6 437
Balance at the end of the year	**(9267)**	**(11 785)**

Movement of insurance reserve (In €000)	**2025**	**2024**
Balance at the beginning of the year on 2024	(1 756)	**(1 086)**
Fair value Gain/(Loss) recorded in OCI	1 174	**(670)**
Balance at the end of the year	**(583)**	**(1 756)**

Profit distribution.

The draft profit distribution was not yet agreed at the issue date of these financial statements.

NOTE 13. PROVISIONS

Items In €000	**2025**	**2024**
Provisions at the beginning of reporting year	2 357	2 324
Reserve created	2 020	2 906
Reserve used	(2021)	(2 873)
Provisions at the end of reporting year	2 356	2 357

For the year 2025 provisions in the amount EUR 2 356 k. were created for estimated staff-related liabilities.
The main part of provision company planning to pay during 2026Y.

NOTE 14. FINANCIAL LIABILITIES

Financial liabilities consist of Lease liabilities and liabilities for subordinated loan received from the company's shareholder.

In €000	**2025**	**2024 Restated**
Subordinated liabilities including accrued interest	18 965	18 965
Lease liabilities	2 723	2 529
Total	**21 688**	**21 494**

SUBORDINATED LIABILITY

During 2025 and 2024 the company has not received subordinated loans. All existing loans were received from the Company's shareholder Vienna Insurance Group AG Wiener Versicherung Gruppe. All loans bear fixed interest rates ranging from 5% till 6.84% per annum.

The split of the payable interest and subordinated loans repayment for the future periods

In €000	**2025**		**2024 (restated)**	
	Loans	**Future interest**	**Loans**	**Future interest**
Within 1 year		(1111)		(1 111)
Within 2-5 years	(11 000)	(2870)	(11 000)	(3 468)
Within 5-10 years	(7 500)	(1026)	(7 500)	(1 539)
After 10 years				
Total	**(18 500)**	**(5 007)**	**(18 500)**	**(6 118)**

SUBORDINATED LOAN AMOUNT AS AT 31 DECEMBER 2025

In €000	2025	2024 (restated)
Loans at the beginning of reporting year	**(18 500)**	**(18 500)**
Loans received		
Loans at the end of reporting year	**(18 500)**	**(18 500)**

In €000	2025	2024 (restated)
Interest at the beginning of reporting year	**(465)**	**(465)**
Accrued interest	(1 118)	(1 118)
Interest payment	1 118	1 118
Accrued interest at the end of reporting year	**(465)**	**(465)**

LEASE LIABILITIES

leases under IFRS 16 In €000	2025	2024
Less than one year	1 094	974
One to five years	1 608	1 555
Five to ten years	21	
More when ten		
Total	**2 723**	**2 529**

Interest expense on lease liabilities amounted to 77k EUR in year 2025 (50k EUR in year 2024). Total cash outflows for leases amounted to 1 452k EUR in 2025 (1 359k EUR in 2024).

The Company is using exceptions of IFRS 16 for the contracts valid less than one year and for contracts where fair value of leased asset for the valid period are less than 6k EUR. During 2025 such expenses consist of 210k EUR and for 2024Y 191k EUR.

NOTE 15. LIABILITIES AND OTHER PAYABLES

In €000	2025	2024
Financial liabilities		
Liabilities from unpaid invoices	1 616	1 849
Received deposit	5 921	3 064
Liabilities to intermediaries	2 222	1 698
Other liabilities	88	248
Non- financial liabilities		
Wages and salaries	1 539	1 444
Payments to employees	28	28
Liabilities from other taxes	330	288
Liabilities arising from social contributions	527	459
Received advance premiums	5 452	1 795
Total	**17 724**	**10 872**

Premiums received prior to the initial recognition of the contract are recognized as advance premiums received. Received deposits include collateral obtained in relation to surety bonds insurance issued by the Company. To mitigate underwriting risk, the Company may require policyholders to provide collateral in the form of cash deposits, bank guarantees or other financial securities. Such deposits is held until the contractual obligations under the bond are fulfilled and is returned to the policyholder once the risk has expired.

NOTE 16. FINANCIAL RELATIONS WITH THE MANAGEMENT AND TRANSACTIONS WITH RELATED PARTIES

Related parties include shareholders and associated companies which are related to shareholders, employees, their family members, and entities which directly or indirectly, through one or more intermediaries, control the Company or are controlled by the Company separately or jointly with intermediaries, if the mentioned relations enable one of the parties to control or significantly influence financial and operating decisions of the other entity.

FINANCIAL RELATIONS WITH THE MANAGEMENT

In €000	2025	2024
Paid remuneration to Management Board and Supervisory Board members	401	367
Paid bonuses to Management Board and Supervisory Board members	161	163

Liabilities for the end of the period for Company management

In €000	2025	2024
Short -term employees benefits	222	197
Other long term benefits	135	121

At the end of 2025 Management consists of 3 Board Members and 5 supervisory board members.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties include transactions with entities which belong to VIG Group.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2025, the Company recognised provision for expected credit losses of 29k EUR relating to amounts borrowed to related parties (2024: 30k EUR).

Outstanding balances with related companies are specified as follows:

In €000	2025	2024
Receivables from related companies for inward and outward reinsurance activities		122
Other receivables from related companies	250	167
Granted loans to associated company	7 478	7 575
Investment to associated company	1 783	1 818
Investment to VIG fund	5 192	5 192
Total	**14 703**	**14 840**

LIABILITIES TO PARENT COMPANY

In €000	2025	2024
Other liabilities to related companies	153	710
Liability for claims handling	241	165
Interest from subordinated liabilities (Shareholder)	465	465
Subordinated liabilities (Shareholder)	18 500	18 500
Total	**19 358**	**19 840**
Transactions with related parties		
From reinsurance activity	(6270)	(3151)
Other transaction	1 412	480
Interest from associated companies	181	184
Subordinated loan interest	(1 117)	(1 118)
Received dividends	115	153
Assistance service from associated company	(2 350)	(2 045)
Total	**(8 029)**	**(5 497)**

Table of transactions with related parties was supplemented by including shares of associated companies and investments in VIG Funds.

NOTE 17. Insurance services and expenses

The breakdown of insurance services and expenses by major product lines for the year 2025 is presented below:

In €000	Health insurance	Accident insurance	Land and vehicle MTPL insurance	Land and vehicle MOD insurance	Marine insurance	Other property insurance	General liability insurance	Suretyship insurance	Severe financia l loss	Total
Insurance service result	**7 583**	**1 649**	**(3 593)**	**8 606**	**886**	**14 454**	**898**	**2 594**	**210**	**33 288**
thereof revenue	**51 923**	**7 202**	**56 720**	**67 283**	**1 634**	**93 576**	**10 903**	**5 117**	**1 086**	**295 443**
thereof expense	**(44 339)**	**(5 553)**	**(60 313)**	**(58 677)**	**(748)**	**(79 122)**	**(10 005)**	**(2 523)**	**(875)**	**(262 156)**
Incurred claims and other expenses	(34 882)	(3 425)	(38 433)	(41 246)	(729)	(33 592)	(6 450)	(624)	(221)	(159 601)
Amortisation of insurance acquisition cash flows	(4 575)	(962)	(5 777)	(8 061)	(231)	(21 208)	(1 478)	(693)	(535)	(43 519)
Losses on onerous contracts and reversals of those losses	65		(896)	(86)		895	-	-	-	(22)
Changes to liabilities for incurred claims	(784)	(145)	(6 979)	(1 293)	414	(15 829)	(847)	(582)	(50)	(26 096)
incurred dir.attr.operating expenses direct	(4 163)	(1 022)	(8 228)	(7 992)	(202)	(9 388)	(1 229)	(624)	(69)	(32 917)

For the year 2024

In €000	Health insurance	Accident insurance	Land and vehicle MTPL insurance	Land and vehicle MOD insurance	Marine insurance	Other property insurance	General liability insurance	Suretyship insurance	Severe financial loss	Total
Insurance service result	**7 602**	**1 250**	**2 798**	**6 722**	**251**	**4 769**	**(6 002)**	**2 711**	**279**	**20 382**
thereof revenue	**40 575**	**6 558**	**57 715**	**61 289**	**1 254**	**87 647**	**9 942**	**3 509**	**742**	**269 230**
thereof expense	**(32 973)**	**(5 308)**	**(54 916)**	**(54 567)**	**(1 003)**	**(82 878)**	**(15 943)**	**(798)**	**(463)**	**(248 848)**
Incurred claims and other expenses	(25 354)	(3 109)	(37 582)	(39 098)	(173)	(42 329)	(3 435)	(806)	(61)	(151 948)
Amortisation of insurance acquisition cash flows	3 896)	(896)	(5 698)	(7 337)	(174)	(20 762)	(1 327)	(461)	(360)	(40 911)
Losses on onerous contracts and reversals of those losses	(240)	-	-	-	-	(984)	-	-	-	(1 224)
Changes to liabilities for incurred claims	(106)	(318)	(3 967)	(1 009)	(525)	(10 384)	(10 314)	809	3	(25 811)
incurred dir.attr.operating expenses direct	(3 377)	(984)	(7 670)	(7 123)	(131)	(8 417)	(867)	(340)	(45)	(28 955)

Presentation of attributable and not attributable expenses

	2025				2024			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
Employee expenses		20 393	2 423	**22 816**		18 481	2 467	**20 948**
Commissions	43 519			**43 519**	40 911			**40 911**
Depreciation and amortization		2 859	215	**3 074**		2 601	226	**2 826**
Audit, legal and other professional fees		235	26	**261**		117	13	**131**
Other expenses		9 430	2 535	**11 965**		8 055	2 580	**10 635**
Total	**43 519**	**32 917**	**5 198**	**81 635**	**40 911**	**29 254**	**5 286**	**75 450**

NOTE 18. TOTAL INVESTMENT INCOME AND NET INSURANCE FINANCIAL RESULT

Net insurance financial and investment result and Investment income from financial asset at the end of the 2025 came to EUR 3 519k EUR (In 2024 Y EUR 2 248k), which is not insurance related and not linked to insurance contracts. Net financial result from insurance contracts at the end of 2025Y come to –1 646k EUR (In 2024Y EUR -1 253k). The table below presents an analysis of total investment income and insurance finance result recognized in profit or loss and OCI in the period:

In €000	**Non-insurance related**	
	2025	2024
Investment income		
Amounts recognized in the profit or loss		
Interest revenue calculated using the effective interest method – financial assets measured at amortised cost	466	553
Interest revenue calculated using the effective interest method – financial assets measured at fair value through OCI	4 070	2 854
Other interests and similar income		
Risk provision for financial assets measured at amortized costs	(9)	(11)
Impairment loss on financial assets measurement at fair value through OCI	44	(12)
Net realized and non-realized gains/(loses) from financial asset at fair value through profit or loss	2	(17)
Net realized and unrealized gains/losses) from financial assets measured at fair value through OCI	(1 183)	(1 332)
Net foreign exchange income/expenses	(11)	(3)
Other result from Investment activity	141	215
Total amounts recognised in the profit or loss	**3 519**	**2 248**
Amounts recognised in OCI	**2 518**	**6 437**
Total investment income	**6 037**	**8 684**
Insurance finance income/(expenses) from insurance contracts issued		
Interest accreted to insurance contracts using current financial assumptions	(2 297)	(1 878)
Total insurance finance income/(expenses) from insurance contracts issued	**(2 297)**	**(1 878)**
Represented by:		
Amounts recognised in profit or loss	(2 297)	(1 878)
Amounts recognised in OCI	1 886	(898)
Reinsurance finance income/(expenses) from reinsurance contracts held		
Interest accreted to reinsurance contracts using current financial assumptions	651	625
Reinsurance finance income/(expenses) from reinsurance contracts held	**651**	**625**
Represented by:		
Amounts recognised in profit or loss	651	625

Amounts recognised in OCI	(712)	228
Total net investment income, insurance finance expenses and reinsurance finance income	**(473)**	**(1 923)**
Represented by:		
Amounts recognised in profit or loss	(1 646)	(1 253)
Total net financial result from insurance contracts recognised in OCI	**1 174**	**(670)**

NOTE 19. OTHER INCOME AND EXPENSES

Items	2025	2024
Other income		
Income from third parties claims handling activities	320	447
Other income	451	302
Total other income	**771**	**749**
Other expenses		
Not attributable expenditure	(5 198)	(5 286)
Other expenses	(183)	(46)
Total other expenses	**(5 381)**	**(5 331)**

NOTE 20. Financial income and expenses

Items	2025	2024 restated
Other finance income	**-**	**32**
Other income related to currency exchange rate	-	(3)
Other interest income	-	36
Other finance costs	**(1 195)**	**(1 125)**
Interest from subordinated loan	**(1 118)**	**(1 118)**
Currency exchange loss	0	(10)
Other finance costs	-	54
Interest expenses from leases	(77)	(51)
Total	**(1 195)**	**(1 093)**

NOTE 21. INCOME TAX AND DEFERRED INCOME TAX

The Company has calculated the deferred tax asset which as at 31 December 2025 amounts to EUR 739k EUR (1 148k EUR as at 31 December 2024).

Item In €000	2025	2024
Current income tax expenses	(843)	(1 219)
Withholding taxes	(22)	(21)
Total current tax expenses	**(865)**	**(1 240)**
Change in deferred tax	(357)	(360)
Total income tax expenses	**(1 221)**	**(1 600)**
Changes in deferred tax asset from FV (OCI)	**(54)**	**(449)**

Deferred income tax is calculated from the following temporary differences between the carrying amounts of assets and liabilities and their values for the purpose of the calculations of corporate income tax

In €000	2025		2024	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Accrued bonuses and other temporary differences	2 968	505	2 082	333
Tax losses carried forward	2 104	358	4 813	770
Revaluation of financial assets OCI part	4 515	768	5 479	877
Not recognized asset	-	-	(478)	(76)
Total Net deferred tax assets		**1 630**		**1 903**
Leases	6	1	(5)	1
Recognized deferred tax liabilities amortization of goodwill	(5 246)	(892)	(4728)	(756)
Deferred tax, net		**739**		**1 148**

For the purposes of calculating corporate income tax in Lithuania, the Company utilised accumulated tax losses in the amount of EUR 2,708 thousand during 2025 and recognised a current corporate income tax expense of EUR 415 thousand.

As at 31 December 2025, the Company had fully utilised all accumulated tax losses from operating activities and, accordingly, no deferred tax asset was recognised in respect of ordinary activities (2024: EUR 770 thousand recognised in relation to tax loss carry forwards).

As at 31 December 2025, the Company recognised deferred tax assets of EUR 358 thousand related to investment activities and EUR 768 thousand in respect of the revaluation reserve of investments allocated to Lithuania.

In accordance with Lithuanian tax legislation, tax losses from ordinary activities may be carried forward indefinitely, whereas tax losses arising from investment activities may be carried forward for a period of five years.

Deferred tax assets have been recognised to the extent that it is probable that sufficient taxable profits will be available against which the losses can be utilised. The assessment is based on the Company's approved business plan and budget for the period 2026–2030, which indicate that adequate taxable profits will be generated within the applicable carry forward period.

Deferred tax assets arising from the negative revaluation reserve were recognised considering that a significant portion of the investment portfolio consists of bonds. As bonds approach maturity, their market value converges towards nominal value. Management expects that the currently unrealised losses will be realised or reversed within approximately five years, which is considered sufficient to utilise the related deferred tax assets.

For the year ended 31 December 2025, corporate income tax expense recognised in Latvia amounted to EUR 428 thousand related to profit distribution (2024: EUR 562 thousand).

In 2024, corporate income tax expense of EUR 632 thousand was recognised in Estonia in relation to profit distributions. No corporate income tax expense was recognised in Estonia in 2025, as the Company does not plan to distribute profits from its Estonian branch. Under Estonian tax legislation, corporate income tax is payable only upon the distribution of profits.

Deferred income tax assets are evaluated by using the current tax rate that will apply in the year in which they are intended to cover or to pay these temporary differences, in accordance with tax rates (and tax laws) that are or will be approved by the end of the reporting period. The deferred tax assets reflect the tax consequences that the Company expects at the end of the reporting period, trying to pay and to cover its assets or liabilities.

RECONCILIATION OF EFFECTIVE TAX RATE:

In €000	Tax rate	2025	Tax rate	2024
Profit before taxes		**10 520**		**8 314**
Income tax applying the Company's domestic tax rate	16%	1 683	15%	1 247
Not deductible expenses	(1)%	(74)	(1)%	(49)
Change in unrecognized temporary difference	(0.5)%	(57)	(0.8)%	(68)
Profit taxation on distribution*	(3)%	(250)	6%	505
Investment result	1%	74	1%	86
Utilised tax losses	(4)%	(433)	(3)%	(290)
Donation	(0.7)%	(79)	(2.3)%	(191)
Total tax expenses	**8%**	**865**	**15%**	**1 240**

Restricted loan are classified as equity in accordance with IAS 32. Accordingly, payments made to holders of such instruments are recognised directly in equity and are not recognized as an expense in profit or loss for accounting purposes.

For corporate income tax purposes the company, these payments are treated as deductible expenses, provided that the conditions set out in the Corporate Income Tax Law are met.

As a result, taxable profit for the financial year ended 31 December 2025 was reduced by EUR 417k and for 2024 year 418 in respect of such payments. This adjustment represents a difference between accounting profit and taxable profit and is reflected in the income tax reconciliation.

NOTE 22. SUBSEQUENT EVENTS

No events have occurred after the reporting date and up to the date of approval of these financial statements that would require adjustment to or disclosure in these financial statements.

Annex 1

List of executive and non-executive directorships and other professional activities of Supervisory Board Members:

Harald Riener, Chairman of the Supervisory Board of the Company (re-elected on 5th of June, 2024):

- Member of the Managing Board of Vienna Insurance Group Wiener Versicherung Gruppe, (Schottenring 30, 1010 Vienna, Austria; code: 75687);
- Chairman of the Supervisory Board of Vienna Insurance Group Polska Sp. z o.o. (Al. Jerozolimskie 162A, 02-342 Warszawa, Poland; code: 0000260353);
- Chairman of the Supervisory Board of Compensa TU S.A. VIG (Al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000006691);
- Chairman of the Supervisory Board of Vienna Life TU na Życie S.A. VIG (Al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000056463);
- Chairman of the Supervisory Board of InterRisk TU S.A. VIG (ul. Noakowskiego 22, 00-668 Warszawa, Poland; code: 0000054136);
- Chairman of the Supervisory Board of VIG/ C-Quadrat TFI S.A., (Al. Jerozolimskie 162A, 02-342 Warszawa, Poland; code: 0000849820);
- Chairman of the Supervisory Board of Beesafe Spółka z o.o. (al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000824339);
- Chairman of the Supervisory Board of Spółdzielnia Usługowa VIG Ekspert w Warszawie (al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000405458);
- Vice-Chairman of the Supervisory Board of Vienna Powszechne Towarzystwo Emerytalne S.A. (al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000028767);
- Chairman of the Supervisory Board of Compensa Life VIG SE (Narva maantee 63/ 2, 10152 Tallinn, Estonia; code: 10055769);
- Chairman of the Supervisory Board of AAS BTA Baltic Insurance Company (Sporta 11, Riga, LV-1013, Latvia; code: 40103840140);
- Chairman of the Supervisory Board of UAB “Compensa Life Distribution” (Ukmergės g. 280, Vilnius, Lithuania; code: 123948271);
- Chairman of the Supervisory Board of Compensa Vienna Insurance Group, ADB (Ukmergės g. 280, Vilnius, Lithuania; code: 304080146);
- Chairman of the Supervisory Board of Private Joint-Stock Company Insurance Company Kniazha Life VIG (Hlybochytska 44, Kyiv, Ukraine; code: 30434963);
- Chairman of the Supervisory Board of Private Joint-Stock Company Ukrainian Insurance company „Kniazha VIG“ (Hlybochytska 44, Kyiv, Ukraine; code: 24175269);
- Chairman of the Supervisory Board of PJSC «IC «USG» VIG, (Fedorova Ivana 32, Kyiv, Ukraine; code: 30859524);
- Chairman of the Supervisory Board of VIG Services Ukraine, LLC (Fedorova Ivana 32, Kyiv, Ukraine; code: 37816513);
- Member of the Supervisory Board SIA “Global Assistance Baltic” (Vienibas gatve 87H, Riga, Latvia; code: 40203278474);

- Vice-Chairman of the Supervisory Board Global Assistance Polska Sp. z o.o. (Al. Jerozolimskie 162A 02-342 Warszawa, Poland; code: 0000742736);
- Vice-Chairman of the Supervisory Board GLOBAL ASSISTANCE a.s., (Dopravaku 749/3, Pague, Czech Republic; code: 27181898);
- Vice-Chairman of the Supervisory Board Vienna-Life Lebensversicherung AG Vienna Insurance Group (Industriestraße 2, 9487 Bendern, Liechtenstein; code: FL-0002.010.458-6);
- Vice-Chairman of the Supervisory Board, InterRisk Lebensversicherungs-AG Vienna Insurance Group (Carl-Bosch-Straße 5, 65203 Wiesbaden, Germany; code: HRB 12059);
- Vice-Chairman of the Supervisory Board, InterRisk Versicherungs-AG Vienna Insurance Group (Carl-Bosch-Straße 5, 65203 Wiesbaden, Germany, code: HRB 8043);
- President Fans & Friends of Nationalpark Hohe Tauern (9844 Heiligenblut, Hof 38, Austria).

Franz Fuchs, Deputy Chairman of the Supervisory Board of the Company (re-elected on 5th of June, 2024):

- Vice-Chairman of the Supervisory Board of C-Quadrat investment AG (Schottenfeldgasse 20A, Vienna, Austria; code: 55148a);
- Vice-Chairman of the Supervisory Board of Compensa TU S.A. VIG (Al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000006691);
- Vice-Chairman of the Supervisory Board of Vienna Life TU na Życie s.A. VIG (Al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000056463);
- Vice-Chairman of the Supervisory Board of InterRisk TU S.A. VIG (ul. Noakowskiego 22, 00-668 Warszawa, Poland; code: 0000054136);
- Chairman of the Supervisory Board of VIG Polska Real Estate Sp. z o.o. (Al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000857236);
- Member of the Supervisory Board of Beesafe Spolka z o.o. (al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000824339);
- Vice-Chairman of the Supervisory Board of Spółdzielnia Usługowa VIG Ekspert w Warszawie (Al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000405458);
- Deputy-Chairman of the Supervisory Board of Compensa Life VIG SE (Narva maantee 63/ 2, 10152 Tallinn, Estonia; code: 10055769);
- Deputy-Chairman of the Supervisory Board of AAS BTA Baltic Insurance Company (Sporta 11, LV-1013 Riga, Latvia; code: 40103840140);
- Deputy-Chairman of the Supervisory Board of UAB “Compensa Life Distribution” (Ukmergės g. 280, Vilnius, Lithuania; code: 123948271);
- Vice-Chairman of the Supervisory Board of Private Joint-Stock Company Insurance Company Kniazha Life VIG (Hlybochytska 44, Kyiv, Ukraine; code: 30434963);
- Vice-Chairman of the Supervisory Board of Private Joint-Stock Company „Ukrainian Insurance Company „Kniazha VIG“ (Hlybochytska 44, Kyiv, Ukraine; code: 24175269);
- Vice-Chairman of the Supervisory Board PJSC «IC «USG» VIG, (Fedorova Ivana 32, Kyiv, Ukraine; code: 30859524);
- Vice-Chairman of the Supervisory Board of VIG Services Ukraine, LLC (Fedorova Ivana 32, Kyiv, Ukraine; code: 37816513);
- Member of the Supervisory Board of Insurance Company Donaris VIG SA (Bulevardul Moscova 15/7, Chișinău, Moldova; code: 1002600020908);

- Vice-Chairman of the Supervisory Board of ASIGURAREA ROMANESCA ASIROM VIG (Bulevardul Carol I 31-33, Bucharest, Romania; code: J40/304/1991);
- Vice-Chairman of the Supervisory Board of BCR ASIGURARI DE VIATA VIG (Strada Rabat 21, Bucharest, Romania; code: J40/17847/2005);
- Vice-Chairman of the Supervisory Board of OMNIASIG VIG (Bucharest, Sector 1, Alexandru Alley, 51, Romania; code: J40/10454/2001);
- Deputy-Chairman of the Shareholders Committee of VIG Management Service SRL (Bd. Carol I, nr. 31-33, Bucharest, Romania; code: J40/12546/2010);
- Deputy-Chairman of the Shareholders Committee of CLAIM EXPERT SERVICES SRL (Sagetii 2 C, Bucharest, Romania; code: J40/20173/2008).

Gábor Lehel, Deputy Chairman of the Supervisory Board of the Company (re-elected on 5th June, 2024):

- Member of the Managing Board of Vienna Insurance Group Wiener Versicherung Gruppe, (Schottenring 30, 1010 Vienna, Austria; code: 75687);
- Vice-Chairman of the Supervisory Board BTA Baltic Insurance Company AAS (Sporta 11, Riga, Latvia; code: 40103840140);
- Vice-Chairman of the Supervisory Board Compensa Life Vienna Insurance Group SE (Narva maantee 63/ 2, 10152 Tallinn, Estonia; code: 10055769);
- Vice-Chairman of the Supervisory Board UAB „Compensa Life Distribution“ (Ukmergės g. 280, Vilnius, Lithuania; code: 123948271);
- Vice-Chairman of the Supervisory Board, Insurance Company Vienna osiguranje d.d., VIG (Fra Andela Zvizdovica 1/9A, Sarajevo, Bosnia & Herzegovina; code: 4200819370005);
- Board of Director’s, Wiener Osiguranje VIG a.d., (1a Kninska, Sarajevo, Bosnia & Herzegovina; code: 1755927);
- Vice-Chairman of the Supervisory Board, Joint Stock Insurance Company WINNER LIFE VIG Skopje, (11 Oktomvri No. 25, MK-1000 Skopje, North Macedonia; code: 30120110001399);
- Vice-Chairman of the Supervisory Board, Insurance Makedonija J.S.C Skopje - Vienna Insurance Group, (11 Oktomvri No. 25, Skopje, North Macedonia; code: 4067037);
- Chairman of the Supervisory Board, Alfa Vienna Insurance Group Biztosito (Üllői út 1, 1091 Budapest, Hungary; code: 01-10-041365);
- Chairman of the Supervisory Board, Union Vienna Insurance Group Biztosito Zrt. (Baross u. 1, H-1082 Budapest, Hungary; code: 01-10-041566);
- Vice-Chairman of the Supervisory Board, VIG Befektetesi Alapkezelö Magyarorszag Zartkörüen Müködö Reszvenytarsasag (Üllői út 1, 1091 Budapest, Hungary; code: 01-10-044261);
- Chairman of the Management Board, VIG Magyarorszag Befektetesi Zartköröen Müködö Reszvenytarsasag (Baross u. 1, H-1082 Budapest, Hungary; code: 01-10-141741);
- Chairman of the Supervisory Board, Global Services Bulgaria JSC (Reduta, Sitnyakovo Blvd 23, 1505 Sofia, Bulgaria; code: 175024077);
- Chairman of the Supervisory Board, Global Assistance, a.s. (3, Dopraváků 749, 184 00 Praha, Czech Republic; code: 27181898);
- Chairman of the Supervisory Board, Global Assistance Georgia LLC, (Davit Gamrekeli 13, 0160 Tbilisi, Georgia);
- Chairman of the Supervisory Board, SIA Global Assistance Baltic (Vienības gatve 87H, LV-1004 Rīga, Latvia; code: 40203278474);

- Chairman of the Supervisory Board, Global Assistance Polska Spolka z ograniczona odpowiezdzialnoscia (al. Jerozolimskie 162A, 02-342 Warszawa, Poland; code: 0000742736);
- Chairman of the Supervisory Board, Global Assistance Service SRL (Sagetii 2 E., Bucharest, Romania; code: 38020781);
- Chairman of the Supervisory Board, Global Assistance D.O.O. (Trešnjinog cveta 1, Beograd, Serbia; code: 21814431);
- Chairman of the Supervisory Board, Global Assistance Slovakia s.r.o. (Štefanovičova 4, 811 04 Bratislava, Slovakia; code: SK2021898780).

Kazimierz Paweł Bisek, Member of the Supervisory Board of the Company (elected on 5th of June, 2024):

- Member of the Supervisory Board of Benefia Ubezpieczenia (al. Jerozolimskie 162, 02-342 Warsaw, Poland; code: 0000134027);
- Member of the Supervisory Board of Towarzystwo Ubezpieczeń Wzajemnych TUW (ul. Raabego 13, 02-793 Warszaw, Poland; code: 0000033284);
- Charmain of the Audit Committee of Towarzystwo Ubezpieczeń Wzajemnych TUW (ul. Raabego 13, 02-793 Warszaw, Poland; code: 0000033284);
- Member of the Supervisory Board of Private Joint-Stock Company Kniazha VIG (44 Hlybochytska str. Kyiv, Ukraine; code: 24175269);
- Member of the Audit Committee of Private Joint-Stock Company Kniazha VIG (44 Hlybochytska str. Kyiv, Ukraine; code: 24175269);
- Member of the Supervisory Board of Private Joint-Stock Company Kniazha Life (44 Hlybochytska str. Kyiv, Ukraine; code: 30434963);
- Member of the Audit Committee of Private Joint-Stock Company Kniazha Life (44 Hlybochytska str. Kyiv, Ukraine; code: 30434963);
- Member of the Supervisory Board of PJSC «IC «USG» VIG, (Fedorova Ivana 32, Kyiv, Ukraine; code: 30859524);
- Member of the Audit Committee of PJSC «IC «USG» VIG, (Fedorova Ivana 32, Kyiv, Ukraine; code: 30859524);
- Member of the Audit Committee of AAS BTA Baltic Insurance Company (Sporta 11, Riga, LV-1013, Latvia; code: 40103840140);
- Member of the Audit Committee of Compensa Vienna Insurance Group, ADB (Ukmergės g. 280, Vilnius, Lithuania; code: 304080146).

Włodzimierz Wasiak, Member of the Supervisory Board of the Company (elected on 5th of June, 2024):

- Vice President of the Managing Board of InterRisk Towarzystwo Ubezpieczeń Vienna Insurance Group, (ul. Noakowskiego 22, 00-668 Warszawa, Poland; code: 0000054136);
- Member of the Supervisory Board of VIG Polska Real Estate Sp. z o.o. (Al. Jerozolimskie 162, 02-342 Warszawa, Poland; code: 0000857236);
- Member of the Supervisory Board of Compensa Life Vienna Insurance Group SE (Narva maantee 63/ 2, 10152 Tallinn, Estonia; code: 10055769);
- Member of the Audit Committee of Compensa Life Vienna Insurance Group SE (Narva maantee 63/ 2, 10152 Tallinn, Estonia; code: 10055769);

- Member of the Supervisory Board of UAB “Compensa Life Distribution” (Ukmerges str. 280, Vilnius, Lithuania; code: 123948271);
- Member of the Supervisory Board of Compensa Vienna Insurance Group ADB (Ukmergės g. 280, Vilnius, Lithuania; code: 304080146);
- Member of the Audit Committee of Compensa Vienna Insurance Group ADB (Ukmergės g. 280, Vilnius, Lithuania; code: 304080146).

List of executive and non-executive directorships and managerial activities of Management Board Members:

Deividas Raipa, CEO and Chairman of the Management Board of the Company (re-elected on 19th of June, 2024):

- No membership in other executive and non-executive directorships.

Felix Nagode, CFO and Member of the Management Board of the Company (re-elected on 19th of June, 2024):

- Member of the Supervisory Board of SIA Global Assistance Baltic (Vienības gatve 87H, Rīga, Latvia; code: 40203278474).

Andri Püvi, Head of Estonian branch and Member of the Management Board of the Company (re-elected on 19th of June, 2024):

- Member of the Supervisory Board, Insurers' Association and Green Card Bureau, Estonia (Mustamäe road 46, Tal

VIG
VIENNA INSURANCE GROUP

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E-mail: info@vig.com

Compensa Vienna Insurance Group, akcine draudimo bendrove
Ukmergės 280, Vilnius
LT 06115
Lithuania

Inclusion of *Compensa Vienna Insurance Group, akcine draudimo bendrove* in the consolidated sustainability report

With this Statement, the parent company VIG declares and confirms that the Company *Compensa Vienna Insurance Group, akcine draudimo bendrove* will be included in the consolidated sustainability report of VIG and that the VIG consolidated sustainability report will be published no later than 12 months after the end of the 2025 financial year.

The consolidated sustainability report of VIG, prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and the EU Taxonomy's key principles, methodologies and technical screening criteria, will be published in English at https://group.vig/en/investor-relations/results-reports/downloads. The publication date of the consolidated sustainability report is on April 28, 2026 (preliminary planning).

January 19, 2026, Vienna, Austria

VIENNA INSURANCE GROUP AG

Wiener Versicherung Gruppe

Liane Hirner CFRO, Member of the Managing Board	ppa. Roland Goldsteiner Prokurist

Independent auditor's report

To the shareholder of Compensa Vienna Insurance Group, ADB

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Compensa Vienna Insurance Group, ADB (the "Company") as at 31 December 2025 and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 31 March 2026.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements of Regulation (EU) No 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public interest entities that are relevant to audits of financial statements of public interest entities, the Law of the Republic of Lithuania on the Audit of Financial Statements and Other Assurance Services that is relevant to audits of financial statements in the Republic of Lithuania and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Regulation (EU) No 537/2014, the Law of the Republic of Lithuania on the Audit of Financial Statements and Other Assurance Services and the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its parent are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements and Other Assurance Services.

The non-audit services that we have provided to the Company in the period from 1 January 2025 to 31 March 2026 are disclosed in note 1 to the financial statements.

Our audit approach

Overview

Materiality	Overall Company materiality: EUR 2,954 thousand
Key audit matters	Valuation of liabilities for incurred claims

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	EUR 2,954 thousand
How we determined it	1 % of insurance revenue
Rationale for the materiality benchmark applied	We chose insurance revenue as the benchmark because, in our view, it is the most appropriate measure of the Company's performance and scale of operations. Insurance revenue is a key performance indicator for users of the financial statements and provides a stable basis for determining materiality. We applied a benchmark of 1% of insurance revenue, which we consider appropriate in the light of the Company's status as a public interest entity and the regulatory environment in which it operates. In our professional judgement, this percentage provides an appropriate level of assurance that misstatements that could reasonably be expected to influence the economic decisions of users would be identified.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 147.7 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of liabilities for incurred claims *Refer to section 3 Material accounting policy information, Risks and Risk management and note 9 Insurance and reinsurance contracts of the financial statements.* As at 31 December 2025 total liabilities for incurred claims (LIC) are valued at EUR 146,402 thousand representing 53.3% of the Company's total liabilities. When measuring the liability for incurred claims, the management is required to estimate present value of future cashflows for claims that occurred until 31 December 2025 and risk adjustment for non-financial risk arising from uncertainty in those cashflows. The estimation of liability for incurred claims based on incurred but not reported claims and reported annuity claims requires the management to apply professional judgment, as well as complex and subjective assumptions. For the above reasons, obtaining sufficient and appropriate audit evidence in respect of the amount of liabilities for incurred claims required our increased attention. Accordingly, we considered the area to be a key audit matter.	We examined the Company‘s accounting policy for measurement of LIC and assessed the policy and methodology applied for compliance with the requirements of IFRS 17. We obtained understanding of the process for determining the LIC and assessed the internal control mechanisms involved. We analysed and assessed the key actuarial assumptions and methods used by the Company to value LIC. For insurance products selected for the sample, based on size or risk of error, we performed an independent calculation of LIC balance. We confirmed accuracy and completeness of key reports containing data used by the Company for LIC calculation and compared their data to the source documents. We engaged our actuaries to perform the above procedures. We also assessed the accuracy and completeness of the disclosures relating to LIC in the financial statements against the requirements included in the International Financial Reporting Standards as adopted by the European Union.

Reporting on other information including the management report

Management is responsible for the other information. The other information comprises the management report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the management report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the management report we considered whether it includes the disclosures required by the Law of the Republic of Lithuania on Reporting by Undertakings and by Groups of Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the management report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the management report has been prepared in accordance with the Law of the Republic of Lithuania on Reporting by Undertakings and by Groups of Undertakings.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report and other information. We have nothing to report in this regard.

Other matter

We draw attention to section Sustainability reporting on page 17 of the Management Report where the Company discloses that its Management Report does not include a sustainability statement because such sustainability information will be included in the consolidated sustainability statement of Vienna Insurance Group AG Wiener Versicherung Gruppe, prepared in accordance with Article 29(a) of EU Directive 2013/34/EU. Although the consolidated sustainability statement of Vienna Insurance Group AG Wiener Versicherung Gruppe is not yet available at the time of publication of the Company's Management Report, the Company has applied Article 23 of the Law of the Republic of Lithuania on Reporting by Undertakings and by Groups of Undertakings implementing legal provisions contained in European Commission Notice (C/2024/6792 of 13 November 2024) that states such exemption remains available to an entity if a reference is provided in the entity's Management Report to a website link at which the relevant sustainability information will be available in the future.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were appointed as auditors of the Company by shareholder's resolution on 7 July 2025. This is the first year of our appointment.

The key audit partner on the audit resulting in this independent auditor's report is Rimvydas Jogėla.

On behalf of Uždaroji akcinė bendrovė „PricewaterhouseCoopers"

Rimvydas Jogėla

Partner

Vilnius, Republic of Lithuania

31 March 2026

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report