COMPENSA
VIENNA INSURANCE GROUP

2024 FINANCIAL SECTOR LEADERS

verslo žinios

2024

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

Annual Report

Contents

2024

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

KPMG Baltics, UAB

2024 Annual management report

About "Vienna Insurance Group"

Vienna Insurance Group (VIG or 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 a Group with a long-standing tradition, strong brands and close customer relations. The around 30 000 employees in VIG take care of the day-to-day needs of around 32 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 the number one 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 stable 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

FRANCE
VIG Re – 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: January 2025

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 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. In January 2017 the legal status of the insurance company was changed from private limited liability insurance company (Compensa Vienna Insurance Group UADB) to a public limited liability insurance company (ADB Compensa Vienna Insurance Group; hereinafter – the Company). At the end of 2024 the share capital of the Company was 188 000 with a nominal value of EUR 100 (unchanged from the previous year). In 2024, the Company neither acquired, disposed or held own shares.

Management bodies

The management bodies of the Company comprise of the Shareholder meeting, 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 the Company operates 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

In 2024 Compensa achieved an increase in sales as well as insurance service result, as it is stated below.

INSURANCE SERVICE REVENUE 269.2 million

In 2024 the Company achieved an insurance service revenue in the amount of EUR 269.2 million – 14 % higher than the previous year (2023 – 236.8 million). The increase in insurance service revenue results from the dynamic growth across business lines. Insurance service expenses amounted to EUR 248.8 million (2023 – 224.5 million) and insurance service result reinsurance held totaled to EUR 7.1 million (2023 – 1.6 million). The increased business volume as well as improved cost efficiency led to an improved insurance service result of 13.2 million EUR (2023 – 10.7 million). Reinvestments at higher interest rates led to growing interest revenue from financial assets of EUR 3.4 million (2023 – 2.8 million). The profit before tax increased from EUR 8.2 million in 2023 to EUR 8.3 million in 2024.

PROFIT BEFORE TAXES 8.3 million

The Company generated a Net Combined Ratio of 94.0 % – an improvement vs. 2023 (94.4 %). The ratio is calculated as insurance service expenses for issued business less Insurance service expenses from reinsurance held divided by the insurance service revenue from issued business less insurance service revenue from reinsurance held.

NET COMBINED RATIO 94.0 %

The Company's investment assets grew in value amounting to EUR 236.8 million at year-end 2024 (end of 2023 – EUR 204.7 million).

At the end of 2024, the shareholder's equity amounted to EUR 70.4 million (2023 – EUR 63.6 million) and insurance contract liabilities to EUR 195.2 million (2023 – EUR 158.9 million). Reinsurance contract assets stood at EUR 39.3 million (2023 – EUR 30.6 million). At the end of 2024, the Company had total assets of EUR 306.7 million (2023 – EUR 265.8 million).

In line with economic projections on the Baltic economies, Compensa's general outlook for the foreseeable future is positive - assuming the Baltic insurance market to continue to grow on moderate level. Compensa's regional and business diversification are expected to continue to deliver stable results over time.

Key events after the end of the financial year 2024

There were no events in the Company from 31 December 2024 until the date of issue of the financial statements that might have a significant impact on the financial statements.

Strategy and development in 2024

The Company completed its three-year strategy program "Compensa 24". More than a dozen initiatives were successfully implemented across the program's three pillars, including the launch of Global Assistance in all three Baltic countries, a CRM system upgrade, IT function consolidation, and many more. "Compensa 24" helped the Company to achieve double-digit growth in gross written premiums and profitability through the program's tenure.

At the end of 2024 the Company launched its new three-year strategy program "Course 27" which was created based on the reflection of "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

Protect

This pillar focuses on fortifying the Company's core strengths to ensure long-term stability and resilience. This includes further driving pricing excellence to excel risk management and steering, fostering operational resilience to protect against disruptions and ensure reliable service delivery, and financial resilience to safeguard against economic challenges. Together, these efforts solidify the Company's commitment to protecting the business and delivering lasting value for our customers and stakeholders.

Attack

The "Attack" pillar of our new strategy program focuses on seizing growth opportunities in the dynamic and attractive Baltic insurance market. Key initiatives include offering targeted, innovative insurance products, driving growth in retail markets via improved customer experience, and expanding existing and new partnerships. These efforts shall further allow us to expand our market footprint and 'protect what matters'.

Amend

The third pillar of our new strategy program is focused on enhancing the efficiency of core processes to drive operational excellence. Key initiatives include improving internal efficiency e.g. via leveraging AI for smarter workflows, upgrading our e-shop and self-service portal and to further streamline our claims processes. These efforts aim to modernize operations, reduce costs, and deliver a superior experience for both customers and partners.

Innovations and digitalization

In 2024, the Company continued to implement innovations in different areas of its activity e.g. product innovations surrounding the green economy and process improvements for transacting with private and corporate clients. The Company's Estonian branch was awarded for the best online environment for the second consecutive year, which highlights our focus on best-class customer experience and continued innovations. 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.

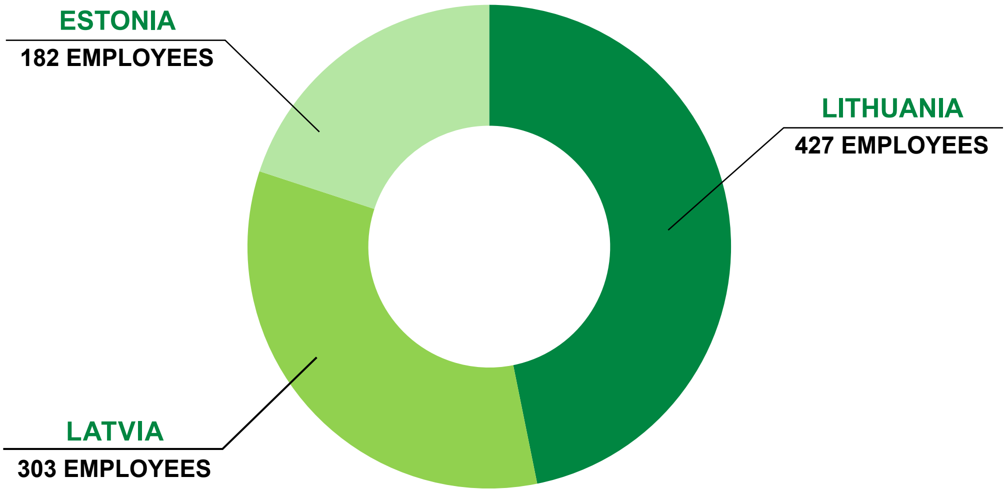
Intangible resources

Intangible assets 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

912 employees

At the end of 2024 the Company had overall 912 employees (2023 – 905). 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.

Transparency

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 "north star" for everyday decision making. We also use questions of purpose and values for the selection of new employees and competency assessment processes.

Emphasizing the importance of the values, we nominate value ambassadors for each of the values each year, these are the employees who, through their work, personal characteristics, and behavior most reflect the features of a specific value.

We deliver protection for your prosperity

BEING TRUSTWORTHY

GOING EXTRA MILE

DRIVING INNOVATION

BRINGING SIMPLICITY

Great Place to Work®

Great Place To Work® Certified SEP 2024-SEP 2025 LITHUANIA ™

In 2024 the Company participated in Great Place to Work's® employee engagement survey and achieved an outstanding 74 % response rate and our collected score have allowed us to become certified as Great Place to Work®.

This result demonstrates how strongly we have built a workplace based on fairness, commitment and teamwork. We are proud to be among the selected group of companies worldwide that are Great Place to Work® certified.

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.

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 according to the standards of the parent company Vienna Insurance Group and in compliance with Solvency II requirements with well-defined organizational and operational structures, responsibilities, and risk management processes. The main objective of risk management is to ensure sustainability and solvency of the Company even under less favorable market conditions thus guaranteeing the fulfilment of obligations to the customers under any circumstances.

All key function holders comply with fit and proper requirements. The Company fosters a risk culture where every employee feels responsible for day-to-day risk management in daily work, informs promptly about emerging risks and incidents, understands the need for applicable control procedures and follows them.

The core competence of the Company is dealing professionally with risks. The insurance business consists of deliberate assumption of various risks and profitable management of them. Those risks include standard underwriting risks resulting from underwriting non-life and health insurance business as well as risks stemming from investments (market risks) and general risks, such as the counterparty default risk, concentration risk, operational risk or reputational risk. Those mentioned risks also cover ESG (environment, social and governance) related risks.

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

Accepted risks:

- The Company 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 stemming from financial insurance shall be held to a limited extent.

Risk mitigation 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 must 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 non-life business.
- Strict limits for market risks and investments well-matched to the liabilities of the Company.

Not accepted risks:

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

As far as ESG (Environmental, Social, Governance) risks are concerned, these risks appear in several different risk categories (e.g. market risk, operational risks, etc.). Consequently, these risks are partially accepted, conditionally accepted, need to be mitigated or not accepted (especially governance risks).

Company is not using any derivatives for the risk management purposes.

The Company's established reinsurance program allows controlling net retention on risk and event level. To increase counterparty risk diversification, the Company co-operates with more than 30 reinsurance companies. The main reinsurance partners in 2024 were Vienna Insurance Group (Austria), VIG Re (the Czech Republic), Polish Re (Poland) and Swiss Re (Switzerland).

Preparation of the sustainability report in compliance with the European Sustainability Reporting Directive (EU CSRD) and the Eu Taxonomy

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 the Company, 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 the Company is a subsidiary of the parent company **Vienna Insurance Group**, registered in Vienna, Austria. Pursuant to Article 23(1)(1) of the Law on Accounting of Companies and Company Groups of the Republic of Lithuania 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:** https://group.vig/en/investor-relations/results-reports/downloads
- **Publication date of the consolidated sustainability report:** May 2025

The Company confirms that the **VIG consolidated sustainability report will be published no later than 12 months after the end of the 2024 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 will serve 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.

Green economy and development of insurance services

In line with our sustainability agenda and recognizing the growing market interest in environmentally friendly solutions, we continued Green Equipment Insurance initiative, which was first introduced in Lithuania last year, to encourage more eco-friendly choices and help to protect them. Insurance coverages include protection for solar power plants, electric vehicle charging stations, and heat pumps, providing comprehensive solutions for environmentally conscious individuals and businesses.

In 2024, midyear, in Latvia we launched a stand-alone solar panel insurance product for private persons properties. As part of this initiative, we conducted a study revealing that one in five private homes in Latvia is equipped with solar panels, while 25 % of owners do not plan to insure them. To support the launch, we also implemented a media advertising campaign promoting solar panel insurance.

Fighting bullying both offline and online

In 2024, we continued to increase the awareness and promotion of the Neapykantai STOP (HATE STOP) service in the market, which can be applied as a separate coverage or together with the client’s accident insurance coverage. HATE STOP provides protection for children up to 18 years old against any form of bullying – direct and indirect – across all channels. The insured person is provided with a psychology specialist, legal and information assistance that are necessary to avoid, eliminate or reduce unwanted consequences of events. In September and October, we organized a campaign that allowed clients to purchase the HATE STOP product under very favorable conditions when combined with personal accident insurance. To enhance the impact of this campaign, we strengthened our digital advertising efforts, ensuring a wider reach and engagement with our target audience. Additionally, HATE STOP product was integrated into a new offering, insurance “Ramus“ (“Calm”) as an add-on for insuring family children, reinforcing our commitment to protecting what matters most to our customers.

More accessible transport insurance alternative

In response to the current economic situation, rising repair costs, increasing insurance service prices, and to meet the demand for older vehicles CASCO insurance, we continued to increase CASCO alternative insurance sales in 2024. This included enhancing accessibility through broader distribution channels and launching sales in our e-shop to reach an even wider audience interested in affordable and relevant insurance solutions.

CASCO alternative provides protection from the main risk – collisions involving another vehicle, a person, or an animal and includes even more severe car theft cases. This insurance provides the opportunity to protect older vehicles and offers an attractive option for those with limited driving experience or a history of traffic incidents at a competitive price.

Innovative insurance solutions for families

According to our slogan, protecting what matters, family protection remains one of our core priorities. In Estonia Seesam stands out as the only insurance company offering Family insurance. Launched in September, this product combines household and personal accident insurance into one comprehensive package. The campaign's goal was to raise awareness about family insurance and to highlight the wide range of insurance coverages.

In October 2024, responding to clients' needs in Lithuania, the Company introduced Insurance "Ramus" ("Calm") – a unique, all-in-one insurance solution tailored to families. This comprehensive product merges CASCO, property, personal accident and civil liability insurance into a single policy, addressing essential protection for households, cars, homes and family well-being. As the first product of its kind on the Lithuanian market, Insurance "Calm" sets a new benchmark for simplicity, accessibility and cost efficiency, empowering families to focus on what truly matters with confidence and peace of mind.

Streamlining post-accident processes: introducing the green corridor service

In April 2024, we introduced an innovative service designed to enhance our clients' experience in the aftermath of a traffic accident. The new solution provides a seamless process, allowing clients to register an incident and arrange for vehicle repairs through a streamlined digital platform. This "green corridor" approach significantly reduces the time and effort required to handle post-accident procedures, ensuring that clients can swiftly resume their daily routines. To support the launch of this innovation, a marketing campaign was implemented, utilizing digital advertising channels to maximize awareness and engagement. This initiative reflects our commitment to leveraging technology and innovation to deliver practical, user-focused solutions that simplify and improve the insurance process.

Best online environment among insurance companies in Estonia

When developing our e-shop and self-service, we're always guided by the desire to make the environment more intuitive so that it is easy for our customers to choose the best insurance package. Succeeding in this goal, Seesam got the award for the best online environment for the second year in a row among insurance companies in Estonia. And we also were the most recommended insurance company as well. The results of the study were revealed in April 2024.

According to a survey conducted by leading research company Kantar Emor, customers who have recently used online insurance services found Seesam's online environment to be the best. Seesam's online environment (www.seesam.ee) includes the website, e-shop, self-service, claims reporting and health insurance application.

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 2024, the Company had a goal to reach 65 % participation across the Baltic countries. The goal was achieved — 646 employees (71 %) took part in activities in Lithuania, Latvia, and Estonia.

In Lithuania employees volunteered in activities organized by the Company in cooperation with the Food Bank, the Order of Malta, the Mothers' Union, MC "Vorai", Caritas Lithuania, animal shelters and Kaunas Zoo.

In Latvia our colleagues actively participated in several initiatives. Employees visited a social care home, performing tasks such as cleaning furniture, painting terraces, planting trees, and spending time with seniors, dedicated time to wove camouflage nets for Ukrainian soldiers, contributed to the animal shelter by bringing supplies, chopping wood, walking dogs. In December employees engaged in the "Courage Box" month, where small, thoughtful items and gifts were collected for children in hospital.

In Estonia employees participated in four initiatives. They continued the tradition and did household chores at the Iru nursing home, volunteered at the Elistvere animal shelter, went to plant trees and made Christmas cards in Children and Youth Support Centre in Southern Estonia.

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.

Promoting risk literacy and supporting educational, environmental, and social responsibility initiatives

Individuals can effectively protect themselves from risks only when they are aware of them, can accurately assess their significance, possess sufficient knowledge about risk management tools (such as insurance coverage), and take appropriate actions. In other words, when they are risk-literate.

Therefore, one of the key goals of our Sustainability Program is to promote risk literacy in society. We place special emphasis on this area, focusing on developing and implementing effective risk literacy programs. This strategic priority enables us to contribute directly to building an informed and responsible society.

In 2024, we extended this mission by supporting the **Finance Olympiad** at VILNIUS TECH University, where 100 high school students tackled financial challenges. Simultaneously, we delivered a presentation to teachers on risk literacy management and resilience. To further empower participants, we gifted each of them personal accident insurance, ensuring their safety as they pursue their aspirations.

We proudly supported the **Save The Baltic Sea** initiative — a nine-month, 6,000-kilometer hike across eight Baltic Sea countries to raise awareness and reduce marine pollution. The expedition included educational activities and workshops with local communities. To support the team, we provided comprehensive travel insurance, including medical expense coverage, ensuring they could focus on their mission.

Moreover, in June, our Estonian branch continued its tradition of supporting the **Sober Driver campaign**, encouraging individuals to act as sober drivers for friends during Midsummer festivities. This year, the campaign saw a record-breaking 7,618 designated sober drivers, reinforcing the importance of road safety and highlighting its growing impact in Estonia.

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.

Support for sport and culture

The Company consistently emphasizes the importance of not only teamwork but also active social engagement. Therefore, contributing to projects and initiatives that hold significance for the country is one of our goals. In 2024, we continued our successful and inspiring partnership with the Lithuanian Basketball League. Additionally, we aim to contribute to the development of young talents. We also extended our cooperation, allowing the use of Compensa trademark at the Compensa Concert Hall in Vilnius, Lithuania.

In Latvia we maintained our long-standing partnership in supporting golf and initiated a new collaboration with the newly opened Padel Tennis Club, offering opportunities for both children and adults to enjoy and master this exciting sport. We were also honored to support the world-famous Vienna Boys‘ Choir. Their performance marked a unique event in Latvia‘s classical music scene, as it was the choir‘s first-ever appearance in Latvia.

In Estonia we continued to support the Tallinn International Festival Jazzkaar, which is one of the flagship music events in Estonian culture and the biggest jazz festival in the Baltic countries. We helped the Portuguese singer Maro‘s concert to take place.

We prioritize projects aligned with our business activities, that support them, and that help to offer additional value to our employees and clients.

D. Raipa
Chief Executive Officer and Chairman of the Management Board
28 March 2025

2024

Statement of financial position

STATEMENT OF FINANCIAL POSITION

Asset In €000	Notes	As at 31 December 2024	As at 31 December 2023
Cash and cash equivalents	10	8 431	7 408
Debt instruments at fair value through profit or loss	4	4 549	3 705
Debt instruments at fair value through other comprehensive income	5	206 144	175 369
Debt instruments at amortized cost	7	24 248	23 771
Investment in associates	8	1 818	1 818
Receivables		840	1 268
Insurance contract assets	9	130	54
Reinsurance contract assets	9	39 259	30 600
Property and equipment	3	1 281	1 111
Other asset		807	738
Goodwill	1	10 726	10 726
Intangible assets	1	4 794	4 764
Deferred tax asset	21	1 148	1 956
Right-of-use assets	2	2 487	2 555
Total assets		**306 661**	**265 844**
Liabilities			
Insurance contract liabilities	9	195 212	158 878
Liabilities and other payables	15	10 872	13 033
Current tax liabilities	21	1 182	1 190
Financial liabilities	14	25 598	25 668
Provisions	13	2 357	2 324
Other liabilities		1 067	1 094
Total liabilities		**236 288**	**202 187**
Equity			
Issued capital	**11**	35 846	35 846
Legal reserve		1 880	1 880
Retained earnings		46 190	45 240
Fair value reserve		(11 786)	(18 222)
Insurance/reinsurance finance reserve		(1 756)	(1 086)
Total equity		**70 374**	**63 657**
Total liabilities and equity		**306 661**	**265 844**

D. Raipa
General Manager

Ž. Kramarauskaitė
Chief Accountant

L. Petrošienė
Chief Actuary

2024

Statement of comprehensive income

Statement of comprehensive income

In €000	Notes	2024	2023
Insurance revenue	17	269 230	236 784
Insurance service expense	17	(248 848)	(224 479)
Insurance service result before reinsurance contracts held		**20 382**	**12 305**
Insurance service result reinsurance held		(7 139)	(1 626)
Insurance service result		**13 243**	**10 679**
Interest revenue calculated using the effective interest method	18	3 407	2 756
Net realized and non-realized gains and losses on financial assets at fair value through profit or loss	18	(17)	108
Net realized and non-realized gains and losses on financial assets measured at fair value through other OCI	18	(1 332)	(2 989)
Net realized and not realized gains/(losses) on financial assets at amortized cost	18	-	9
Impairment loss on financial assets	18	(23)	2 606
Net foreign exchange income/(expense)	18	(3)	(16)
Other result from investment activities	18	215	125
Total investment income	**18**	**2 248**	**2 600**
Insurance finance expenses for insurance contracts issued	18	(1 878)	(1 293)
Reinsurance finance income for reinsurance contracts held	18	625	542
Net insurance financial result		**(1 253)**	**(751)**
Result from associated companies		172	168
Financial result	20	(1 513)	(1 622)
Other income	19	749	465
Other expense	19	(5 331)	(3 370)
Profit before tax		**8 314**	**8 168**
Income tax expense	21	(1 600)	(1 177)
Profit for the year		**6 714**	**6 991**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Debt instruments at FVOCI	**18**	6 437	8 047
Net finance result from insurance contracts issued		(670)	(403)
Total comprehensive income for the year		**5 766**	**7 645**

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

2024

Statement of changes in equity

Statement of changes in equity

In €000	Issued capital	Share premium	Fair value	Insurance/Reinsurance reserve	Retained Earnings	Legal reserve	Total equity
Restated balance as of 1 January 2023	18 800	17 046	(26 269)	(684)	40 631	1 880	51 404
Profit for the year					6 991		6 991
Other comprehensive income for the year			8 047	(403)			7 645
Dividends payment					(2 383)		(2 383)
Restated balance as of 31 December 2023	18 800	17 046	(18 222)	(1 086)	45 240	1 880	63 657
Profit for the year					6 714		6714
Other comprehensive income for the year			6 437	(670)			5 766
Dividends payments					(5 763)		(5 763)
Balance as of 31 December 2024	18 800	17 046	(11 786)	(1 756)	46 191	1 880	70 374

D. Raipa
General Manager

Ž. Kramarauskaitė
Chief Accountant

L. Petrošienė
Chief Actuary

2024 Statement of cash flows

In €000	Note	Financial Year	Previous financial year
Cash flows from operating activities			
Premiums received from direct insurance		255 383	226 749
Claims paid for direct insurance		(141 337)	(134 988)
Payments received from ceded reinsurance		5 064	25 477
Payments made for ceded reinsurance		(19 371)	(40 451)
Operating expenses paid		(63 107)	(56 557)
Taxes paid on ordinary activities		(5 713)	(4 180)
Amounts paid or received on other operating activities of insurance		(2 215)	2 621
Net cash from / (used in) operating activities		**28 703**	**18 671**
Cash flows from investing activities			
Disposal of investments		15 992	8 498
Acquisition of investments		(42 382)	(18 556)
Deposits		2 035	(16 100)
Loans	6		249
Interest received from shares, debt and other non-current assets	6	3 404	366
Received dividends		215	168
Amounts from other investing activities		358	(29)
Net cash flows from / (used in) investing activities		**(20 378)**	**(25 404)**
Cash flows from financing activities			
Amounts received on issue of ordinary shares		-	-
Subordinated loan	6	-	-
Interest from loans	6	(1 538)	(1 562)
Paid dividend's		(5 763)	(2 383)
Net cash flows from / (used in) financing activities		**(7 301)**	**(3 945)**
Net increase / (decrease) in cash and cash equivalents		**1 024**	**(10 679)**
Cash and cash equivalents at the beginning of reporting year		**7 408**	**18 087**
Cash and cash equivalents at the end of reporting year		**8 431**	**7 408**

D. Raipa
General Manager

Ž. Kramarauskaitė
Chief Accountant

L. Petrošienė
Chief Actuary

2024

Explanatory notes

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 2024 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 2024 the ultimate parent of the Company was Vienna Insurance Group AG Wiener Versicherung Gruppe, company code 75687 f, address Schottenring 30, 1010 Vienna, Austria.

The Company is headquartered in Vilnius, Lithuania.

At 31 December of 2024, the Company had 912 employees (at 31 December 2023: 905), 427 of them work in Lithuania, 303 in Latvia and 182 in Estonia.

Country	31/12/2024	31/12/2023
Lithuania	427	427
Latvia	303	291
Estonia	182	187
Total	**912**	**905**

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 2024, the Company did not have subsidiaries.

The financial statement has been prepared as of and for the year ended 31 December 2024.

The audit in the Company has been performed by KPMG Baltics, UAB. Cost for audit services for year 2024 consist in amount of 137k EUR with VAT.

The Shareholders’ Meeting will be held on 30/04/2025.

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 were presented for authorization to management on 28 March. 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 euro (€000). Calculations, however, are done using exact amounts, which may lead to rounding differences.

BASIS OF MEASUREMENT

The financial statements are prepared on the historical cost basis except for the financial assets which are measured at their fair values via OCI or PL.

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 to simplify 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 Compensa 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 once per year in accordance with the methods explained in note 1. Estimates in this area primary concern the projected earnings of the CGU that the calculations are based on, and specific parameters, in particular the growth rates and discounting rates, In note 1. Sensitivity of Goodwill impairment presented in note 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).
- 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 POLICIES

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 limits 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 earned 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 2024	2023	3 years 2024	2023	5 years 2024	2023	10 years 2024	2023
Insurance contracts issued								
EUR	2.7%	3.8%	2.5%	2.8%	2.6%	2.7%	2.7%	2.8%
Reinsurance contracts held								
EUR	2.7%	3.8%	2.5%	2.8%	2.6%	2.7%	2.7%	2.8%

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 70th 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 70th 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. 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.

Current 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 2024 and 2023 the corporate tax rate was 15% in Lithuania. 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: 0.221%,
  - 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 0.39 per insurance contract, fixed monthly fee EUR 3 936 ,
  - Estonia 2.1% 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%.

As of 1 January this year, the EU directive transposing the OECD GloBE rules, introduced as part of the second pillar of the Base Erosion and Profit Shifting (BEPS) initiative ("Pillar 2"), entered into force. "Pillar 2" is a set of measures designed to ensure a uniform tax base and a minimum corporate tax rate of 15% worldwide for companies and groups of companies with a net income exceeding EUR 750 million. Baltic countries has already adopted a law implementing the mandatory provisions of the directive, but has postponed the introduction of tax rules. According to EU directive if tax rules not implemented locally, taxes should be calculated and paid to country where Group company is registered. Company made calculation of Global tax and or the year 2024Y was not calculated additional taxes.

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	5-10
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 though 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:

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**
Debt instruments at amortized cost	24 248				**24 248**
Debt instruments at fair value through profit or loss		4 549			4 549
Debt instruments 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 SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in subsidiaries and associated companies are accounted for using the cost method, less impairment.

Dividend income is recorded upon receipt.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT (LOSS)

Financial instruments measured at FVtP&L:

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

This category includes debt instruments 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.
- Cars 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 debt instruments 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.

ECLs are recognized in two stages. For credit exposures 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 those credit exposures 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 belong to stage 2. It is the Company's policy to measure ECLs on such instruments on a lifetime basis.

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 debt instruments at amortize costs is included in asset value (note 7), ECL for debt instruments 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. It 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 long term 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 debt instruments 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 the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference.

First treated as an addition to the allowance that is 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 AND RESERVES

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 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. Revaluation reserve reflects the increase in value of non-current (real estate) assets, as a result of revaluating of the assets. The revaluation reserve is decreased when revaluated assets are depreciated, written-off, depreciated or transferred to the ownership of other persons. 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.

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 the acquisition cost, i.e. at the value of assets or services received. Subsequently, they are measured at amortized cost using the effective interest method.

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 loss 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 flows statement, and paid dividends as financing activity. The received interest is shown in investing activity.

CHANGES IN ACCOUNTING POLICY

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

Changes in accounting policies

The following amended standards and interpretations which were adopted as of 1 January 2024 did not have a significant impact on the Company's financial statements:

- Non-Current Liabilities with Covenants-Amendment to IAS1
- Classification of Liabilities as Current or Non -current-Amendments to IAS1
- Lease Liability in as Sale and Leaseback- Amendments to IFRS16
- Supplier Finance Arrangements-Amendments to IAS7 and IFRS7

New Standards and Interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. However, the Company has not early adopted the new standards in preparing these financial statements. The following amended standards or amendments are not expected to have a significant impact on the Company's financial statements:

- Lack of Exchangeability - Amendments to IAS21 – implementation from 1st of January 2025
- Classification and Measurements of Financial Instruments- Amendments to IFRS9 and IFRS 17.- implementation from 1st of January 2026.
- Annual Improvements to IFRS Accounting Standards – Volume 11- implementation from 1st of January 2026.
- IFRS18 Presentation and Disclosure in Financial statements - implementation from 1st of January 2027
- IFRS19 Disclosure Initiative- Subsidiaries without Public Accountability: Disclosures- implementation from 1st of January 2027

RISKS AND RISK MANAGEMENT

Risk management in the Company is organized according to the standards of the parent company Vienna Insurance Group and in compliance with Solvency II requirements with well-defined organizational and operational structures, responsibilities, and risk management processes. The main objective of risk management is ensuring sustainability and solvency of the Company even under less favorable market conditions thus guaranteeing the fulfilment of obligations to the customers under any circumstances.

Effective system of governance forms the basis for effective risk management. The ultimate responsibility for the risk management lays on the Management Board of the Company who is responsible for the 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 roles are line managers who perform daily risk management and control activities in their area of responsibility. The second line role – risk management function holder (risk manager), who is responsible for establishing risk management and internal control systems and coordination of the risk management activities across the company, providing additional oversight and supporting Management Board and line managers with risk related issues and reports directly to the Management Board. Risk management activities are also coordinated by Vienna Insurance Group thus ensuring additional controls and sharing of the best practices and know-how between the group companies. The second line role is also performed by the compliance function that ensures compliance with laws, regulations and administrative provisions, assesses the potential impact of the changes in the legal environment, and manages compliance risks. The third line role is formed by internal audit function that provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management (including internal control). All key function holders comply with fit and proper requirements. The Company fosters risk culture where every employee feels responsible for day-to-day risk management, informs promptly about emerging risks and incidents, understands the need for applicable control procedures and follows them meticulously.

The main risk management documents are risk strategy and risk policy. The goal of the risk strategy is integration of risk awareness into the planning, business and decision-making processes, ensuring sustainability of the Company by maintaining sufficient solvency buffer and ensuring effective risk management within Compensa. The risk strategy is evaluated within annual own risk and solvency assessment process ("ORSA") and, if necessary, updated based on ORSA findings. The risk strategy describes risks the Company is taking, principles of risk management and defines limit for minimum solvency ratio. The risk management policy describes the Company's risk management system and main risk management processes, defines responsibilities and risk categories the Company's risks.

The Company has established remuneration policy to set up a general framework for establishing, implementing and maintaining remuneration practices in line with the Company's business and risk management strategy, its risk profile, objectives, risk management practices as well as long-term interest and performance.

The core competence of the Company is dealing professionally with risks. The insurance business consists of deliberate assumption of various risks and profitable management of them.

The Company defines ten risk categories. It is assumed that these risk categories are complete and do cover all possible sources of risk. Those mentioned risks also cover ESG (environment, social and governance) related risks (environmental, social and governance - they do not form a separate risk category within the risk management system but are mapped to the risk categories listed below depending on its risk). The risk categories are further split into subcategories during further 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 that are monitored on a regular basis and reported to the Management Board of the company. For the contracts in scope of IFRS 17 the following risks are assessed to be relevant: market risk (interest rate risk and currency exchange risk), counterparty default risk, insurance risk, operational risk. The exposure to those risks is reported to the Management Board of the company and is described in the chapters below for each of those risks individually.

In addition to the risk management principles described below, the Company's risk is managed by setting aside solvency capital.

'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.

As far as ESG (Environmental, Social, Governance) risks are concerned, these risks appear in several different risk categories (e.g. market risk, operational risks, etc.). Consequently, these risks are partially accepted, conditionally accepted, need to be mitigated or not accepted (especially governance risks).

An internal control system is one of the key components for Compensa risk management system. Internal control system is a continually operating process that provides an appropriate control environment with effective controls, and is not only relevant for compliance purposes, but also serves as important tool for sustainable business management. The internal control system must provide reasonable assurances of the effectiveness and efficiency of operations, reliability of financial and non-financial information, adequate control of risks, a prudent approach to business, compliance with laws and regulatory requirements, compliance with the Company's strategies, policies, processes and reporting procedures. The internal control responsibilities cover all levels of the organizational structure and every process starting from day-to-day activities to the assessment of the internal control system. The internal control system includes administration, accounting, control, and reporting procedures at each organizational level.

To ensure the maintenance of the existing control system and the environment, Compensa defines the following standards for the internal control system:

- The Company establishes and fosters a control culture and policies that support the maintenance of effective control at all organizational levels of the Company.

- The Company establishes organizational structure that is adequate in the scale and complexity to the area of business in which the Company operates.
- Roles and responsibilities of employees at each level of organization are well defined and prevent a conflict of interest. Proper segregation of duties ensures that the employee responsible for building up risk position is not at the same time directly or indirectly responsible for the monitoring or controlling the risk of that position. In case complete separation of duties is not possible or feasible, proper procedures are established to ensure that any intentional or unintentional mistakes have a reasonable chance to be detected before the loss or other damage occurs and the conflict of interests is avoided.
- The Company identifies and assesses risks associated with operating activities and business processes that could affect the Company's goals negatively. The Company establishes and maintains effective controls aligned to these risks to ensure the achievement of these goals.
- Controls are conducted at different levels of the organizational and operational structures, at different time periods and with different level of detail, as needed. The control activities are adequate to underlying risks;
- Effective channels of communication and information systems have to be established to ensure that the full staff clearly understands and adheres to policies and procedures affecting their duties and responsibilities, and that relevant information reaches the appropriate personnel.

The Company operates in a constantly changing environment. For this reason, the efficiency and effectiveness of internal control system can only be provided by regular review and adjustments of processes and control activities. Compensa has established a harmonized internal control system assessment process. It allows evaluating the effectiveness of existing internal control system on regular basis, with the respect to any material risks regularly. Moreover, the process of assessment allows for identification of possible weaknesses and control deficiencies within the internal control system, in order to take appropriate measures and action for remediation in timely manner. The assessment of internal control system is conducted at least annually.

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 by choosing an appropriate investment strategy and defining and monitoring investment limits with respect to asset classes, ratings, currencies, concentration, durations etc., taking into account characteristics of insurance liabilities (i.e. performing asset-liability management), risk appetite and return targets. The Company's investment strategy is subject to regular reviews. Keeping a substantial share of fixed income investments (bonds and loans) in the portfolio will lead to stable expected returns and generally lower volatility. The Company invests only in those assets, for which it can identify, measure, monitor, manage and control the related risks accordingly and which are approved by the Investment Committee.. Market risk is also managed by regular performance of sensitivity analysis, stress and scenario testing.

CURRENCY EXCHANGE RISK

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

The Company has exposure to currency risk arising from in non-EUR currencies. Limits for non-EUR currency exposure is defined in the investment and risk strategy and are constantly monitored. Exposure to currency on liability side could arise from the foreign claims or payables, which are generally not material to the Company. In case of material currency exposure would arise on liability side, financial assets denominated in the same currency could be purchased to offset currency risk.

Split of open currency positions is presented in the table below with largest positions in DDK 6 429 EUR from investments in Danish mortgage bonds. Currency risk related to DDK is low, since DDK is pegged to EUR through European Exchange Rate Mechanism.

The Company does not perform any speculative transactions which could increase currency exchange risk.

Split of assets and liabilities of currencies at the end of the year 2024 is following.

	2024			
In €000	**Euro**	**DKK**	**PLN**	**Total**
Financial assets	236 944	6 429	-	243 373
Cash and cash equivalents	8 431			8 431
Debt instruments at FVPL	4 549			4 549
Debt instruments at FVOCI	199 715	6 429		206 144
Debt instruments 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	38 719		-	38 719
Total liabilities	236 288	-	-	236 288
Open currency position	**42 703**	**6 429**	**-**	**49 132**

Split of assets and liabilities of currencies at the end of the year 2023 is following.

	2023			
In €000	**Euro**	**DKK**	**PLN**	**Total**
Financial assets	204 144	6109		210 253
Cash and cash equivalents	7 408			7 408
Debt instruments at FVPL	3 705			3 705
Debt instruments at FVOCI	169 260	6 109		175 369
Debt instruments at amortised cost	23 771			23 771
Investment in associates	1 818			1 818
Receivables	1 268			1 268
Insurance contract assets	54			54
Reinsurance contract assets	30 600			30 600
Total asset	**237 884**	**6 109**	**-**	**243 993**
Insurance contract liabilities	133 456			133 456
Provisions	2 324			2 324
Creditors	40 983		1	40 984
Total liabilities	176 763	0	1	176 764
Open currency position	**61 121**	**6 109**	**(1)**	**67 229**

The following sensitivity analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency-sensitive monetary assets. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.
Danish krone's (DKK) is part of the European Exchange Rate Mechanism (ERM II), so 2.25% change is used for sensitivity.

In €000		2024		2023	
	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%	2	145	2	138
Financial assets	(2.25%)	(2)	(145)	(2)	(138)

INTEREST RATE RISK

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

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

Company manages interest rates by setting duration limits for the financial assets in the investment and risk strategy. Interest rate risk is regularly monitored and adjusted via portfolio duration (asset-liability management).

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

The Company has no significant concentration of interest rate risk.

The Company is exposed to interest rate risk through its debt instruments held and through liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred. The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are as follows.

Undiscounted liability incurred claims amounts, which are exposed to sensitivities related to interest rate changes are presented below. Reinsurance deposit, reinsurance payables and receivables (which are part of asset incurred claims) are not included into Reinsurance held amount, as they are not exposed to interest rate sensitivities.

In €000	2024	2023
Insurance contract liabilities	**125 445**	**99 889**
Medical expenses insurance	3 772	3 617
Personal accident insurance	1 034	695
MTPL insurance	48 386	45 662
MOD insurance	9 134	7 999
Marine insurance	961	436
Property insurance	43 256	32 353
General third party liability insurance	17 057	6 477
Suretyship insurance	1 779	2 580

Miscellaneous financial loss insurance	67	69
Insurance contract assets	-	**-**
Reinsurance held	48 056	39 177
Debt instruments at FVOCI	**206 144**	**175 369**
Debt instruments at amortised cost	**24 248**	**23 771**

The following sensitivity analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period:

In €000		**2024**		**2023**	
	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	(404)	1 494	(494)	3 011
Debt instruments	+100 bps	495	(8 670)	135	(7 295)
Insurance and reinsurance contracts	- 100 bps	435	(1 687)	542	(3 537)
Debt instruments	- 100 bps	(495)	9 250	(135)	7 942

Higher interest rate environment had positive impact on the interest income of the company, since new investments are invested at a higher rate:

In €000	**2024**	**2023**
Interest income	3 407	2 756

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

In €000	**2024**	**2023**
Revaluation reserve change	6 437	8 047

PRICE RISK

Price risk – the risk that changes in market prices will influence the variation of value of financial instruments; these changes may affect the factors of the individual financial instruments or the factors of all the financial instruments traded in the market. Price risk arises when the Company chooses short-term and long-term position of the financial instruments.

The Company's main part of financial asset is financial asset measured via other comprehensive income assets are considered to be exposed to price risk (real estate and equity investments and property, equipment held for own use). Insurance and reinsurance assets and liabilities are considered to be not exposed to price risk. The Company reported changes in securities' price through comprehensive income. Changes of 5% in securities' price would have affected comprehensive income. The method used for deriving sensitivity information and significant variables has not changed from the previous period

Impact to Profit or Loss In €000	2024	2023
5 % increase security price	227	185
5 % decrease security price	(227)	(185)

Impact to Equity In €000	2024	2023
5 % increase security price	10 307	8 768
5 % decrease security price lesy	(10 307)	(8 768)

Risk is managed through asset allocation limits for assets sensitive for price risk defined in the Investment and Risk strategy and monitoring them.

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. 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. Such events include:

- 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 debt instruments measured at FVOCI/AC or equity suspended at the primary exchange because of rumors or facts about financial difficulties

The Company considers a 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

2024
In €000

Rating	Financial asset	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-	18 072	7 634	-
BBB+	21 897	695	-
BBB	15 714	5	-
BBB-	4 425	-	-
BB+	152	25	-
BB	1 829	1	-
Not rated	17 308	28	840
Total credit risk exposure	**234 942**	**8 431**	**840**

2023
In €000

Rating	Financial asset	Cash and cash equivalents	Receivables
AAA	31 532	-	-
AA+	5 742	-	-
AA	10 756	-	-
AA-	16 909	1 433	-
A+	14 043	634	-
A	51 906	0,3	-
A-	13 660	2 771	-
BBB+	20 719	2 220	-
BBB	13 952	-	-
BBB-	7 403	17	-
BB+	154	318	-
BB	-	1	-
Not rated	16 069	14	1 268
Total credit risk exposure	202 845	7 408	1 268

Debt instruments measured at FVOCI

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

Rating In €000	12mEC	LTECL	31/12/2024	12mEC	LTECL	31/12/2023
AAA	44 268		44 268	31 784		31 784
AA+	20 778		20 778	5 800		5 800
AA	7 968		7 968	10 852		10 852
AA-	16 930		16 930	11 370		11 370
A+	5 349		5 349	10 121		10 121
A	50 236		50 236	52 198		52 198
A-	15 444		15 444	11 746		11 746
BBB+	17 836		17 836	16 368		16 368
BBB	15 715		15 715	14 024		14 024
BBB-	4 425		4 425	5 714		5 714
BB+	152		152	157		157

Rating In €000	12mEC	LTECL	31/12/2024	12mEC	LTECL	31/12/2023
BB	1 829		1 829	-		-
Not rated	5 214		5 214	5 236		5 236
Total	**206 144**		**206 144**	**175 369**		**175 369**

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

Changes in the debts FVOCI

	2024			2023		
In €000	**12mEL**	**LTEL**	**Total**	**12mECL**	**LTEL**	**Total**
Fair value as at 1 January	**175 369**	**0**	**175 369**	**151 343**	**2 450**	**153 793**
New assets originated or purchased	39 561	0	39 561	14 750		14 750
Assets derecognised or matured	-17 526	0	-17 526		-2 450	-2 450
Accrued interest capitalised	1 879	0	1 879	1 222		1 222
Change in fair value (OCI)	6 863	0	6 863	8 055		8 055
Movement between 12mECL and LTECL	0	0	0			
At 31 December	**206 145**	**0**	**206 145**	**175 369**	**0**	**175 369**

In €000	**2024**			**2023**		
	12mECL	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
ECL as at 1 January	**(111)**		**(111)**	**(107)**	**(2 617)**	**(2 724)**
New assets originated or purchased	(18)		(18)			
Assets derecognised or matured (excluding write-offs)				(4)	2 617	**2 613**
Accrued interest capitalised						
Movement between 12mECL and LTECL						
At 31 December	**(129)**	**-**	**(129)**	**(111)**	**0**	**(111)**

Changes in the debt measurement at amortized costs

	2024			2023		
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Fair value as at 1 January	**23 771**		23 711	**6 375**		6 375
New assets originated or purchased	36 911		36 911	17 375		17 375
Assets derecognized or matured	(36 523)		(36 523)			
Accrued interest capitalized	94		94	28		28
ECL change	(5)		(5)	(7)		(7)

Movement between 12mECL and LTECL						
At 31 December	**24 249**		**24 249**	**23 771**		**23 772**

ECL AC

	2024			2023		
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
ECL as at 1 January	(27)		(27)	(20)		(20)
New assets originated or purchased	(6)		(6)	(7)		(7)
Assets derecognized or matured (excluding write-offs)	1		1			
Accrued interest capitalized						
Movement between 12mECL and LTECL						
At 31 December	**(32)**		**(32)**	**(27)**		**(27)**

COUNTERPARTY DEFAULT RISK

The scope of the counterparty default risk includes risk-mitigating contracts, such as reinsurance arrangements, and receivables from intermediaries, as well as any other credit exposures which are not covered by spread risk.

The risk is managed by careful selecting of counterparties, defining limits with respect to counterparties' rating and to the exposure for single counterparty for financial assets, and in case of reinsurance, defining and following reinsurer's selection criteria, efficient debt collection and policy cancellation process in case of receivables.

COUNTERPARTY DEFAULT RISK OF REINSURANCE ASSETS

To manage risk, the Company has an approved reinsurance program, which identifies principles of reinsurance and criteria of reinsurers selection. The management of the Company checks reinsurance program at least once a year and does corrections if needed.

Concentration risk could arise due to excessive exposure to a single counterparty. Concentration can arise out of several areas such as investments, underwriting or reinsurance. Therefore, every unit involved in the risk management system has to monitor and control and manage the concentration risk within its area of responsibility.

Table below presents split of reinsurance held contracts assets based on credit rating of reinsurer.

Rating **In €000**	**2024**	**2023**
Reinsurance recoverable		
A	3 431	1 431
A-	69	214
A+	28 348	22 561
AA	359	1 446
AA-	5 526	3 060
AA+	38	27
BBB	104	
Not rated	1 384	1 862
Total	**39 259**	**30 600**

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 thought profit or loss in amount of 210,6 million EUR, loans and deposits in in amount of 24,2 million EUR and cash at bank in amount of 8,4 million EUR, which company tread us highly liquid asset. In the event of a crisis of liquidity, Compensa 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 2024:

	Contractual undiscounted cash flows				
Items In €000	**Non-fixed term up to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Debt instruments at FV OCI	28 888	113 579	82 453	224 920	206 144
Debt instruments at FVPL	4 549			4 549	4 549
Debt instruments at amortised cost	185	689	267	1 141	24 248
Cash and cash equivalents	8 431			8 431	8 431
Reinsurance contract asset	28 865	8 959	12 047	49 871	39 389
Other receivables	840			840	840
Total assets	**71 758**	**123 227**	**94 767**	**289 752**	**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	75 723	32 902	21 098	129 723	195 212
Liabilities, other payables and tax liabilities	13 120			13 120	160 420
Financial liabilities	25 598			25 598	1 818
Provision	2 357			2 357	4 628
Total liabilities	**116 798**	**32 902**	**21 098**	**170 798**	**362 078**

Liquidity risk assessment as of 31 December 2023:

	Contractual undiscounted cash flows				
Items In €000	**Non-fixed term up to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Debt instruments at FV OCI	17 082	97 008	76 384	190 474	175 369
Debt instruments at FVPL	3 705			3 705	3 705
Debt instruments at amortised cost	188	17 419	7 697	25 303	23 771
Cash and cash equivalents	7 408			7 408	7 408
Reinsurance contract asset	24 003	5 529	9 645	39 177	30 600
Other receivables	1 268			1 268	1 268
Total assets	**53 654**	**119 956**	**93 726**	**267 336**	**242 122**

Items In €000	Non-fixed term up to 12 months	1 to 5 years	Over 5 years	Total	Carrying amount
Insurance contracts liabilities	61 944	19 294	18 651	99 889	158 878
Liabilities, other payables and tax liabilities	15 316			15 316	15 316
Financial liabilities	2 453	18 166	14 369	34 987	25 668
Provision	2 324			2 324	2 324
Total liabilities	**82 037**	**37 459**	**33 020**	**152 516**	**202 186**

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 which 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 color 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	**2024**	**2023**
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	650	500
Suretyship	625	475

- 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 gross liabilities, 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. Sensitivity analysis for claims provision as of 31 December 2024:

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)	(4 240)	-	-
Inflation rate	+ 1 %	(736)	(736)	-	-
Expected loss	- 1 %	4 240	4 240	-	-
Inflation rate	- 1 %	736	736	-	-

2023					
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 %	(2 446)	(2 446)	-	-
Inflation rate	+ 1 %	(535)	(535)	-	-
Expected loss	- 1 %	2 446	2 446	-	-
Inflation rate	- 1 %	535	535	-	-

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 2024:

Policy country In €000	2024-12-31 1%	-1%
Estonia	(890 973)	692 153
Lithuania	(273 020)	228 749
Latvia	(137 605)	121 377
Total	**(1 301 598)**	**1 042 280**

Policy country In €000	2023-12-31 1%	-1%
Estonia	(639 668)	518 237
Lithuania	(173 063)	145 133
Latvia	(162 459)	129 437
Total	**(975 191)**	**792 807**

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	2021	2022	2023	2024	Total
cumulative estimated claims - issued					
at the end of accident year	(42 386)	(142 269)	(165 716)	(177 517)	(527 888)
one year later	(12 670)	(142 672)	(172 124)		(327 466)
two years later	(12 045)	(140 997)			(153 042)
three years later	(9 419)				(9 419)
four years later					-
five years later					-
six years later					-
seven years later					-
eight years later					-
nine years later					-
Cumulative claims paid		(131 466)	(142 291)	(121 506)	(395 263)
Remaining estimated claims per accident year – issued	(9 419)	(9 531)	(29 834)	(56 011)	(104 794)
Remaining A/LIC PVFCF PAA < rep. year -10 years / including Rec/Pay - issued					(21 212)
effect of discounting PAA – issued					9 542
effect of risk adjustment - PAA - issued					(3 432)
Total					**(119 895)**

CAPITAL MANAGEMENT

The Company has a Capital management policy approved by the Management Board. The Company's objectives with respect to capital management are to ensure the continued existence of the Company as a going concern in order to continue providing shareholders with earnings and other stakeholders, in particular policyholders, with the payments to which they are entitled. Furthermore, the objective is to maintain an optimal capital structure with regard to the Solvency II requirements and capital costs.

For the purpose of the Company's capital management, capital includes issued capital, subordinated long-term liabilities and all other equity reserves attributable to the equity holders of the parent. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.The Company has met all of the regulatory requirements throughout the financial year.

When developing corporate management plans, it is analysed how much capital the Company needs presently and will need in the future. With regard to the capital level objectives, its consistency with the Company's risk profile and the situation surrounding the business is ensured.

Capital management process is performed together with financial planning and ORSA processes and includes capital adequacy assessment, capital planning and capital management measures.

The capital management process can be summarized by the following steps:

- **Capital Adequacy Assessment:** capital management process starts with an assessment of capital adequacy based on regulatory solvency capital requirements.
- **Capital Planning:** Management Board's views and plans regarding the future development of the business and investment activities are used when analysing the future capital requirement considering amount and

quality of the available capital. Within the planning process it is considered how changes either in business volumes and business mix or changes in existing risk factors may affect profitability, risks and capital needs. The outputs of the analysis from the adequacy assessment stage are then combined with business planning targets for the next 3 years in order to determine possible capital deficiencies and future capital allocation. Capital management plan shall provide evidence of sustainable capitalization, determines possible capital deficiencies and quantifies future capital requirements at an early stage.

- **Capital Management Measures:** a prudent assessment of capital adequacy and a careful capital planning are important phases when creating an understanding of the actions that maintain a proper balance between capital and risks. Analysis is performed of how any planned capital issuance, redemption or repayment, dividend distribution affects the capital structure, costs, compliance with the limits on tiers. In order to implement capital management plan, measures are proposed for approval from the Management and Supervisory Board.

Every quarter the deviations between planned and actual figures are evaluated.

OPERATIONAL RISK

The risk is managed by implementing effective internal control system, that includes proper segregation of duties, application of four-eye principle, access right control, business contingency planning, incident management, following established procedures, guidelines and policies etc., that is evaluated each year during internal control assessment process.

Operational Risk Management is part of the day-to-day activities of every organizational unit of Compensa.

Based on the fact, that operational risks can arise in every area and operating activity (including also insurance and reinsurance assets and liabilities in scope of IFRS17), Compensa follows the approach that operational risk management is not the task of one single department, but in the responsibility of each department within their own operational area.

To support the operational risk management and the monitoring of operational risks, Compensa uses the following two risk management processes:

- Assessment of the effectiveness of the internal control system
- Risk Inventory process
- Business continuity management
- Incident management process

Goal of these two processes is the identification and evaluation of operational risks, the evaluation of the adequacy of the control environment as well as the identification and evaluation of risk mitigating measures. During that process, each operational risk category is additionally assessed according to the heat map based on frequency-severity assessment.

The risk is managed by implementing effective internal control system described above. Business contingency plans, that describe action on how to continue critical business processes if one of the several defined critical scenarios materializes, are in place. In case of crisis, a Crisis Committee is formed by the Management Board that has the task to restore the business operations.

REINSURANCE AND OTHER TECHNIQUES FOR RISK MINIMIZATION

The approach to reinsurance within Compensa as a central tool to mitigate underwriting risk is defined in the reinsurance guidelines established by VIG Group (i.e. Security Guidelines) and described in the Underwriting policy of Compensa. Reinsurance and other Risk Mitigation techniques are regularly evaluated for their effectiveness. The responsibility and decision on other risk mitigating actions is defined by internal documents developed by the department responsible for the risk itself.

When selecting reinsurers, the Management Board chooses a reinsurer from a list prepared by the VIG Reinsurance Security Committee. Each quarter the VIG Reinsurance Security Committee prepares and publics a list of reinsurers that are automatically accepted (within the allowed range of quota limits) in case of obligatory and facultative agreements. Other reinsurers and their shares in agreements are decided individually if accepted by the VIG Reinsurance Security Committee.

A generally applicable VIG rule states, that reinsurers with a minimum rate of A, given by the rating agency Standard & Poor's, can take part in agreements covering risks with a long-term liability like third party. On the other hand, reinsurers with a minimum rate of BBB, given by the rating agency Standard & Poor's, can take part in agreements covering risks with short-term liability.

ASSET AND LIABILITY MANAGEMENT

The purpose of the asset-liability management process is to minimize risk arising from the mismatch between the investment portfolio and liability structure. This risk includes liquidity risk and market risk (currency and interest rate risk in particular).

Asset-liability management includes setting and monitoring strategic asset allocation limits, monitoring investment performance, conducting stress-tests, maintaining liquidity of investments, key risk indicators and their limits.

The currency and duration mismatch between assets and liabilities is monitored quarterly in order to control for the currency and interest rate risk.

In case the mismatch between assets and liabilities is evaluated to be material and inappropriate, the strategic asset allocation and limits set in the Investment and Risk policy must be changed.

NOTE 1. INTANGIBLE ASSETS (EUR)

In €000	Goodwill	Software	Other assets	Total
Balance at 2023.01	10 726	4 599	152	**15 478**
Acquired assets		1 212	162	**1 374**
Reclasification				**0**
Write off			2	**2**
Amortization of intangible asset		(1 289)	(75)	**(1 364)**
Balance at 2023.12	**10 726**	**4 522**	**242**	**15 490**
As at 31 December 2023				
Total acquisition cost	10 726	**11 061**	**446**	**22 232**
Total accumulated amortization	-	**(6 539)**	**(204)**	**(6 742)**
Net book amount as at december 2023	**10 726**	**4 522**	**242**	**15 490**
Balance at 2024.01	10 726	4 522	242	**15 490**
Acquired assets		951	67	**1 017**
Reclasification				
Write off		(4)		**(4)**
Amortization of intangible asset		(878)	(106)	**(983)**
Balance at 2024.12	**10 726**	**4 590**	**204**	**15 520**
As at 31 December 2024				
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**

The amortization expenses of intangible assets for the year 2024 was booked 983k EUR as administrative expenses (in 2023–1 364k EUR).

Goodwill is part of other intangible assets which are all acquired through business combinations or mergers.

GOODWILL

Goodwill was recognized as a result of the business transfer agreements concluded on 2 October 2015 with Compensa TU S.A. Vienna Insurance Group. The value of goodwill was booked as a difference of consideration paid and net value of assets and liabilities obtained. 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 2024. Recoverable amount of the 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 2024 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 2024 and 2023 are described further.

In current year impairment model, gross written premiums are forecasted to grow at compound average growth rate for the five years financial forecast (CAGR) 4,8% for 2023 (4,2%) over the next five years. Net earned premiums are forecasted to grow at compound average growth rate (CAGR) 5,4% for 2023 (4,6%) over the forecast period. Management expects growth above general GDP growth level due to growth of general insurance market, increasing insurance penetration, and increase of the Company’s brand awareness. Gross loss ratio is estimated at 61%-62% and net loss ratio is forecast at 61%-62% over 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 10,30 % in 2024 and 9,98% in 2023.

The assessment of the recoverable amount of the cash generating unit as of 31 December 2024 resulted in no impairment of goodwill at the end of 2024.

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 2024:

Items	Combined ratio	Growth rate
	+1%	+1%
Impairment needed, kEur	0	0

If used parameter was 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 2 487 For the calculation of lease liabilities, the Company used discount rates that depend on lifetime of contract which a varies from 0.073% to 3.64%.

RIGHT-OF-USE ASSET

In €000	Land and buildings	Cars	Total
2024			
Balance at 1 January	**2 512**	**43**	**2 555**
Depreciation charge for the year	(1 170)	(136)	(1 307)
Additions to right-of-use assets	1 075	163	1 238
Balance on 31 December	**2 417**	**70**	**2 487**

Leases as lessee (IFRS 16)

97 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 2 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.

Information about leases for which the Company is a lessee is presented above.

NOTE 3. PROPERTY AND EQUIPMENT (EUR)

In €000	Office and other equipment	Vehicles	Total
Balance at 2023.01	1 089	112	**1 202**
Acquired assets	241	208	**449**
Reclasification			**-**
Write off	(38)	(19)	**(57)**
Depresiation of tangible asset	(437)	(45)	**(482)**
Balance at 2023.12	**855**	**256**	**1 111**
As at 31 December 2023			
Total acquisition cost	**3 151**	**514**	**3 665**
Total accumulated depresiation	**(2 297)**	**(258)**	**(2 554)**
Net book amount as at december 2023	**855**	**256**	**1 111**
Balance at 2024.01	855	256	**1 111**
Acquired assets	494	251	**745**
Reclasification			**-**
Write off	(49)	(71)	**(120)**
Depresiation of tangible asset	(419)	(36)	**(455)**
Balance at 2024.12	**881**	**400**	**1 281**
As at 31 December 2024			
Total acquisition cost	**3 645**	**765**	**4 410**
Total accumulated depresiation	**(2 765)**	**(365)**	**(3 129)**
Net book amount as at December 2024	**881**	**400**	**1 281**

The depreciation expenses of property and equipment of the year 2024 were booked as administrative expenses in the amount of EUR 455k (in the year 2023 – respectively EUR 482k).

As of 31 December 2024, the Company had fully depreciated property and equipment which were still used in activity.

Office and other equipment:

Items (€000)	2024	2023
Acquisition price	73	58

NOTE 4. DEBT INSTRUMENT AT FAIR VALUE THOUGH PROFIT OR LOSS

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

	31 December	
In €000	**2024**	**2023**
Equity securities	35	35
Other debt instruments		
Financial institutions		
Funds	4 514	3 670
Total equity and debt instruments at FVPL	**4 549**	**3 705**

NOTE 5. DEBT INSTRUMENT MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The breakdown of debt instruments measured at FVOCI is, as follows.

In €000	31 December 2024	31 December 2023
Debt instruments measured at FVOCI		
Government debt instruments	117 985	87 471
Other debt instruments		
Financial institutions	46 968	43 264
Non-financial institutions	41 192	44 634
Total other debt instruments		
Total debt instruments measured at FVOCI	**206 144**	**175 369**

The loss allowance for debt investments at FVOCI of (129k EUR), (2023: 111k EUR) 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 debt instruments measured at FVOCI by credit risk, based on its internal credit rating system.

The fair value of the Company's debt instruments measured at FVOCI by credit risk

In €000	2024			2023		
Internal rating grade	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Investment grade	204 163		204 163	175 212		175 212
Non-investment grade	1 981		1 981	157		157
Default						
Total Net Amount	**206 144**		**206 144**	**175 369**	**-**	**175 369**

NOTE 6. FINANCIAL INSTRUMENTS 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.

Hierarchy as of 2024:

In €000	Level 1	Level 2	Level 3	Total
Fair value though OCI	156 386	44 544	5 214	206 144
Fair value though PL			4 549	4 549
Total	**156 386**	**44 544**	**9 763**	**210 693**

Hierarchy as of 2023:

In €000	Level 1	Level 2	Level 3	Total
Fair value though OCI	121 165	48 968	5 236	175 369
Fair value though PL			3 705	3 705
Total	**121 165**	**48 968**	**8 941**	**179 074**

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

In €000

Financial assets Level 3 as of 31 December 2022	**10 929**
Purchased	439
Gain included in OCI	23
Impairment	(2 450)
Financial assets Level 3 as of 31 December 2023	**8 941**
Purchased	922
Gain included in OCI	(22)
Impairment	(78)
Sold	-
Financial assets Level 3 as of 31 December 2024	**9 763**

In the beginning of reporting period ADB Compensa was invested to Eften Residential fund in amount of 3 078 k and this consist of 11.40% company capital. In reporting period the Company acquired additional shares of Eften Residential Fund in amount of 922k EUR. and share of company increase to 11.64%. The value of these units is determined by reference to the Net Asset Value of the Investee as at the reporting date, where the value of assets of this Investee is measured using valuation reports prepared by appraisers.

Shares of VIG are originally valued at their acquisitions cost and subsequently revaluated at fair value. For the determination of the fair value of the investment the net asset method was applied. VIG fund shares value is highly impacted by value of invested property and a change in the underlying inputs can therefore lead to fluctuations in the value of property.

Significant unobservable inputs used in fair value measurement categorized as level 3 of the fair value hierarchy of the Company's investment properties are:

- Equivalent yields
- Estimated rental

The applied yields for valuation ranges from 5.37%% to 9.13% % (from 5.25% to 8.92% in 2023, respectively). Rental levels vary between EUR 6.75 and EUR 40 per sqm per month (between EUR 6.75 and EUR 40 per sqm per month in 2023, respectively).

A change in the underlying inputs can therefore lead to fluctuations in the value of a property. An increase of rental income by 2.5% respectively 5% and unchanged yield will lead to an increase of the value of the properties by TEUR 5,530., respectively 11,060 TEUR. On the other side a decline of rental income would lead to an according reduction in the asset values. In case of a yield increase by 0.25% respectively 0.5% and leaving the rental income unchanged the values of the properties would decrease by 10,890 TEUR, respectively TEUR 20,940. A yield decrease would result in the opposite effect, namely accordingly higher asset values.

Combination of changes in rental income as well as yield changes and subsequent fair value of the property are shown in the table below. Sensitivity presented below reflects the total market value of VIG Fund's directly held properties where Compensa holds a share of 1,93%

In €000		Relative changes in rental income 2024				
		-5%	-2.50%	0%	2.50%	5%
Relative yield changes	-0.50%	291 170	297 310	303 440	309 570	315 690
	-0.25%	279 020	284 870	290 660	296 480	302 280
	0%	267 840	273 360	278 900	284 430	289 960
	0.25%	257 510	262 770	268 010	273 290	278 560
	0.50%	247 940	252 950	257 960	262 960	268 000

		Relative changes in rental income 2023				
		-5%	-2.50%	0%	2.50%	5%
Relative yield changes	-0,50%	287 105	283 966	289 827	295 687	301 547
	-0,25%	262 601	268 066	273 532	278 996	284 461
	0%	258 689	264 063	269 430	274 812	280 186
	0,25%	255 606	260 911	266 217	271 521	276 826
	0,50%	242 671	247 648	252 625	257 601	262 577

The table contains rounded figures.

Investment into Eften fund units are originally valued at their acquisitions cost and subsequently revaluated at fair value. For the determination of the fair value of the investment the net asset method was applied. Eften value is highly impacted by value of invested property and a change in the underlying inputs can therefore lead to fluctuations in the value of property. Significant unobservable inputs used in fair value measurement categorized as level 3 of the fair value hierarchy of the Company's investment properties are existing yield and estimated rental income per year.

The applied yields for valuation ranges from 5.5% to 6.5% (5.5% to 6.3% in 2023, respectively). Estimated rental levels vary between EUR 512 EUR, to EUR 1 077 per sqm per year (between 318 and 801 EUR per sqm per year in 2023, respectively).

The table below illustrates the sensitivity of the fair value of investment properties recognized in the Eften balance sheet as of 31.12.2024 to the most important valuation assumptions:

2024, In €000		Sensitivity to management estimates		
Investment properti	Fair value	Revenue +10%	Revenue - 10%	Discount rate +50bp
Kadaka Metsapark	14 360	1,52	-1,52	-0,3
Kaunas Residential	10 900	1,2	-1,3	-0,2
Rewo project	18 600	2,1	-2,2	-0,4
Living Dauguva	2 920	0,74	-0,74	-0,13
Total	46 780	5,56	-5,76	-1,03

2023, In €000		Sensitivity to management estimates		
Investment property	Fair value	Revenue +10%	Revenue -10%	Discount rate +50 bp
Kadaka Metsapark	14 270	1,51	-1,51	-0,3
Kaunas Residential	10 700	1,21	-1,21	-0,2
Rewo project	11 240	1,98	-1,98	-0,3
Total	36 210	4,7	-4,70	-0,9

NOTE 7. DEBT INSTRUMENT MEASURED AT AMORTISED COST

The breakdown of debt instruments measured at amortized cost is, as follows:

	31 December	
In €000	**2024**	**2023**
Debt instruments at amortized cost		
Deposits	**16 705**	**16 128**
Loans	7 575	7 670
ECL	(32)	(27)
Total debt instruments at amortized cost	**24 248**	**23 771**

The fair value of the Company's debt instruments measured at AC by credit risk

In €000	**2024**			**2023**		
Internal rating grade	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Investment grade	19 034		19 034	17 866		17 866
Non-investment grade	5 214		5 214	5 905		5 905
Default						
Total Net Amount	**24 248**		**24 248**	**23 771**	**-**	**23 771**

A. LOANS GRANTED

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

During 2023 Company granted loans in amount of 1,4 m. EUR. For the end of the year the Company calculated expected credit losses from loans in amount of 27k EUR.

LOAN AND INTEREST AMOUNTS RECEIVABLE

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

Items	**2024**		**2023**	
	Loans	**Future interest**	**Loans**	**Future interest**
Within 1 year	97	185	95	187
Within 2-5 years	641	521	738	707
Within 5-10 years	6 837	435	6 837	435
After 10 years				
ECL	(30)		(27)	
Total	**7 545**	**1 141**	**7 643**	**1 329**

Loan amount as of 31 December 2024 and 2023

	2024		2023	
Items	**ECL**	**Loans**	**ECL**	**loans**
Loans at the beginning of reporting year	**(27)**	**7 670**	**(20)**	**6 395**
Loans granted	(3)	0	(7)	1 358
Loans repayment		(95)		(83)
Loans at the end of reporting year	**(30)**	**7 575**	**(27)**	**7 670**

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 2024-2023

In 2021 the company invested into three associated real estate projects Gertrudes 121 SIA, Artilerijas 35 SIA and Alauksta 13/15 SIA. During 2021 the Company invested 0.3 m EUR to Artilerijas 35 SIA, 0,3 million EUR to Alauksta 13/15 SIA and to Gertrudes 121 SIA 1.0 m EUR. During 2024 no additional investments were made into these companies' equity. Companies acting like construction companies in Latvia and Lithuania.

As at the end of 2024 the associated companies are accounted using the cost method. Based on impairment analysis performed by managers as at 31.12.2024 no impairment need has been identified.

During 2024 dividends were paid in the amount of 153k EUR (in 2023 168k EUR).

The equity and total non audited assets as of 31 December 2024 and non audited result for the financial year then ended of the associated companies could be presented as follows:

Company name In €000	Company share	Investment 2024	Profit or loss	Equity	Total Asset	Total liabilities
SIA Global Assistance Baltic	33,33%	100	10	257	437	179
Artilerijas	33,33%	320	225	1 288	3 086	1 798
Gertudes	33,33%	1 059	(759)	2 746	8 671	5 925
Alauska	33,33%	304	(129)	1 025	2 722	1 697
AS EGCC	C, D categories	35				
Total	Shares	1 818	(653)	5 316	14 916	9 600

For the year 2023

Company name In €000	Company share	Investment 2023	Profit or loss	Equity	Total Asset	Total liabilities
SIA Global Assistance Baltic	33,33%	100	(17)	247	508	261
Artilerijas	33,33%	320	59	1 111	2 954	1 843
Gertudes	33,33%	1 059	205	3 587	9 687	6 100
Alauska	33,33%	304	61	1 154	2 897	1 743
AS EGCC	C,D categories	35			-	-
Total	Shares	1 818	308	6 099	16 046	9 948

Valuation method of these investments is cost less impairment. At the end of 2024, the net asset that is attributed to our Company is less than the investment, this indicates that there is a decrease in value. We have done the impairment test according to which the incoming cash flows are sufficient to cover the loss and to be profitable.

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

	2024			2023		
In €000	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Insurance contracts issued						
Medical expenses insurance		(9 893)	(9 893)		(8 072)	(8 072)
Personal accident insurance		(2 815)	(2 815)		(2 300)	(2 300)
MTPL insurance		(61 797)	(61 797)		(56 914)	(56 914)
MOD insurance		(24 676)	(24 676)		(21 274)	(21 274)
Marine insurance		(1 145)	(1 145)		(587)	(587)
Property insurance		(68 765)	(68 765)		(54 901)	(54 901)
General third party liability insurance		(19 436)	(19 436)		(8 470)	(8 470)
Suretyship insurance		(6 623)	(6 623)		(6 306)	(6 306)
Miscellaneous financial loss		(62)	(62)		(55)	(55)
Total insurance contracts issued		(195 212)	(195 212)		(158 878)	(158 878)
Insurance contracts assets	130		130	54		54
Total reinsurance contracts held	39 259		39 259	30 600		30 600

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

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
Changes in the statement of profit or loss and OCI						
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
Investment components						
Insurance service result	(199 364)	1 224	177 758	177 131	627	(20 382)
Net finance expenses from insurance contracts			1 878	1 822	56	1 878
Changes of OCI			898	846	52	898
Total amounts recognized in comprehensive income	(199 364)	1 224	180 534	179 799	735	(17 606)
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**

For the year 2023

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	**59 398**	**1 089**	**72 969**	**71 833**	**1 136**	**133 456**
Opening assets						
Opening liabilities	59 398	1 089	72 969	71 833	1 136	133 456
Changes in the statement of profit or loss and OCI						
Insurance revenue	(236 784)					(236 784)
Contracts under the modified retrospective approach						
Contracts under the fair value approach						
Other contracts	(236 784)					(236 784)
Insurance service expenses	35 762	(1 089)	189 806	188 161	1 645	224 479
Incurred claims and other insurance service expenses	-	-	173 523	173 523		173 523
Losses of onerous contracts and reversals of those losses		(1 089)				(1 089)
Changes to liabilities for incurred claims			16 282	14 638	1 645	16 282
Amortisation of insurance acquisition cash flows	35 762					35 762
Investment components						
Insurance service result	(201 022)	(1 089)	189 806	188 161	1 645	(12 305)
Net finance expenses from insurance contracts			1 293	1 293		1 293
Changes of OCI			765	849	(84)	765
Total amounts recognised in comprehensive income	(201 022)	(1 089)	191 864	190 304	1 561	(10 246)
Cash flows						
Premiums received	246 962					246 962
Claims and other insurance service expenses paid			(144 215)	(144 215)		(144 215)
Insurance acquisition cash flows	(37 769)		(29 308)	(29 308)		(67 078)
Considerations related to contracts transferred						
Total cash flows	209 192		(173 523)	(173 523)		35 669
Net closing balance	67 569		91 310	88 613	2 697	158 878
Closing assets						
Closing liabilities	67 569		91 310	88 612	2 697	158 878
Closing balance check	67 569		91 310	88 612	2 697	158 878

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 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						
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 service result	**50 216**	**-**	**(43 077)**	**(43 040)**	**(38)**	**7 139**
Reinsurance finance income or expenses			(625)	(598)	(26)	(625)
Changes of OCI			(228)	(184)	(44)	(228)
Total amounts recognised in comprehensive income	**50 216**	**-**	**(43 930)**	**(43 822)**	**(108)**	**6 287**
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)**

For the year 2023

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	**3 809**	**-**	**(18 615)**	**(18 003)**	**(612)**	**(14 806)**
Opening assets	3 809	-	(18 615)	**(18 003)**	(612)	(14 806)
Opening liabilities						-
Changes in the statement of profit or loss and OCI						
Allocation of reinsurance premiums (Reinsurance revenue)	**45 320**					**45 320**
Contracts under modified retrospective approach						
Contracts under fair value approach						
Other contracts	45 320					45 320
Amounts recoverable from reinsurers		**-**	**(43 715)**	**(43 033)**	**(682)**	**(43 715)**
Amounts recoverable for claims and other expenses incurred in the period			(37 044)	(37 044)		(37 044)
Changes in loss recovery component						-
Adjustments to assets for incurred claims			(6 671)	(5 989)	(682)	(6 671)
Effect of changes in non-performance risk of reinsurer			21	21		21
Investment components						
Reinsurance service result	**45 320**	**-**	**(43 694)**	**(43 012)**	**(682)**	**1 626**
Reinsurance finance income or expenses			(542)	(542)		(542)
Changes of OCI			(363)	(363)		(363)
Total amounts recognised in comprehensive income	**45 320**	**-**	**(44 599)**	**(43 918)**	**(682)**	**721**
Cash flows						
Premiums paid	(44 561)					(44 561)
Claims and other reinsurance service expenses received			28 046	28 046		28 046
Insurance acquisition cash flows and insurance service expenses paid						-
Total cash flows	**(44 561)**		**28 046**	**28 046**		**(16 515)**
Net closing balance	**4 568**	**-**	**(35 168)**	**(33 875)**	**(1 294)**	**(30 600)**
Closing assets	4 568	-	(35 168)	(33 875)	(1 294)	(30 600)
Closing liabilities						-
Closing balance check	**4 568**	**-**	**(35 168)**	**(33 875)**	**(1 294)**	**(30 600)**

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:

	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

	2023						
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	52	2	-	-	-	-	54

NOTE 10. CASH IN HAND AND AT BANK

Items, in €000	**2024**	**2023**
Cash in bank	8 410	7 400
Cash in hand	21	8
Total	**8 431**	**7 408**

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 a result of the merger, capital from Seesam AS in the amount of EUR 3 000 k. was transferred to the Company.

As at the end of 2024, the authorized share capital of the Company was EUR 18 800 k (as of 31 December 2023: EUR 18 800 k). The authorized share capital consists of 188 000 ordinary registered shares with the nominal value of EUR 100 each, and share premium of EUR 17 046 k. All shares are fully paid.

	2024		**2023**	
In €000 Items	**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 Wiener Versicherung Gruppe.

In €000 Items	**2024**		**2023**
Number of shares	**% of share capital**	**Number of shares**	**% of share capital**
188 000	100	188 000	100

NOTE 12. RESERVES

In the year 2024 the Company's shareholders approved a dividend payment in amount of 5,8 million EUR (31 EUR per share).

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 2024, the Company recognized revaluation reserve for financial assets in the amount -11 785k (which is net of deferred taxes in amount of 822k EUR).

Movement of revaluation reserve (In €000)	**2024**	**2023**
Balance at the beginning of the year on 2023	**(18 222)**	(26 269)
Fair value Gain/(Loss) recorded in OCI	6 437	8 047
Balance at the end of the year	**(11 785)**	**(18 222)**

Profit distribution.

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

NOTE 13. PROVISIONS

Items In €000	**2024**	**2023**
Provisions at the beginning of reporting year	2 324	2 294
Reserve created	2906	2 403
Reserve used	(2 873)	(2 373)
Provisions at the end of reporting year	2 357	2 324

For the year 2024 provisions in the amount EUR 2.3 m. were created for estimated staff-related liabilities.

The main part of provision company planning to pay during 2025Y.

NOTE 14. FINANCIAL LIABILITIES

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

In €000	**2024**	**2023**
Subordinated liabilities including accrued interest	23 070	23 070
Lease liabilities	2 529	2 599
Total	**25 598**	**25 668**

SUBORDINATED LIABILITY

During 2024 and 2023 the company has not received subordinated loans. All existing loans were received from the Company's shareholder Vienna Insurance Group AG Wiener Versicherung Gruppe.

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

In €000	2024		2023	
	Loans	Future interest	Loans	Future interest
Within 1 year		(1 522)		(1 522)
Within 2-5 years	(11 500)	(4 696)	(11 000)	(5 503)
Within 5-10 years	(11 000)	(2 148)	(11 500)	(2 864)
After 10 years				
Total	**(22 500)**	**(8 367)**	**(22 500)**	**(9 889)**

SUBORDINATED LOAN AMOUNT AS AT 31 DECEMBER 2024

In €000	2024	2023
Loans at the beginning of reporting year	**(22 500)**	**(22 500)**
Loans received		
Loans at the end of reporting year	**(22 500)**	**(22 500)**

In €000	2024	2023
Interest at the beginning of reporting year	**(570)**	**(570)**
Accrued interest	(1 535)	(1 535)
Interest payment	1 535	1 535
Accrued interest at the end of reporting year	**(570)**	**(570)**

LEASE LIABILITIES

leases under IFRS 16 In €000	2024	2023
Less than one year	974	931
One to five years	1 555	1 663
Five to ten years		**5**
Total	**2 529**	**2 599**

Interest expense on lease liabilities amounted to 50k EUR in year 2024 (36k EUR in year 2023). Total cash outflows for leases amounted to 1 359k EUR in 2024 (1 359k EUR in 2023).

The Company is using exceptions of IFRS 16 for the contracts valid less then one year and for contracts where expenses for the valid period are less than 5k EUR. During 2024 such expenses consist of 191k EUR and for 2023Y 491k EUR.

NOTE 15. LIABILITIES AND OTHER PAYABLES

In €000	2024	2023
Wages and salaries	1 444	1 576
Payments to employees	28	25
Liabilities from unpaid invoices	1 849	1 543
Liabilities from other taxes	288	239
Liabilities arising from social contributions	459	430
Received deposit	3 064	6 263
Liabilities to intermediaries	1 698	1 626
Pre- recognised liabilities	1 795	1 103
Other liabilities	248	228
Total	**10 872**	**13 033**

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	2024	2023
Remuneration to Management Board and Supervisory Board members	367	306
Bonuses to Management Board and Supervisory Board members	163	162

At the end of 2024 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.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. 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 2024, the Company recognised provision for expected credit losses of 30k EUR relating to amounts borrowed to related parties (2023: 27k EUR).

Outstanding balances with parent company are specified as follows:

In €000	2024	2023
Receivables from related companies for inward and outward reinsurance activities	122	215
Other receivables from related companies	167	103
Granted loans	7 575	7 670
Financial assets	6 975	6 975
Total	**14 840**	**14 963**

LIABILITIES TO PARENT COMPANY

In €000	2024	2023
Liabilities to related companies for inward and outward reinsurance activities		
Other liabilities to related companies	710	311
Liability for claims handling	165	138
Interest from subordinated liabilities (Shareholder)	570	570
Subordinated liabilities (Shareholder)	22 500	22 500
Total	**23 945**	**23 519**
Transactions with related parties		
From reinsurance activity	(3151)	(26 464)
Other transaction	480	(1 347)
Received interest	184	173
Received subordinated loan		
Granted loans		(1 358)
Subordinated loan interest	(1 538)	(1 535)
Received dividends	153	168
Total	**(3 872)**	**(30 363)**

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 2024 is presented below:

Insurance service result 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
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)
Amortization 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)

For the year 2023

Insurance service result 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
thereof revenue	**32 651**	**5 514**	**55 155**	**54 044**	**1 245**	**75 123**	**9 704**	**2 897**	**453**	**236 784**
thereof expense	**(28 077)**	**(4 802)**	**(51 405)**	**(50 826)**	**(636)**	**(80 689)**	**(4 221)**	**(3 438)**	**(385)**	**(224 479)**
Incurred claims and other expenses	(21 432)	(3 042)	(36 005)	(36 270)	(410)	(43 152)	(2 260)	(1 610)	(34)	(144 215)
Amortisation of insurance acquisition cash flows	(3 457)	(770)	(5 169)	(6 774)	(187)	(17 609)	(1 157)	(385)	(254)	(35 762)
Losses on onerous contracts and reversals of those losses	289	-	277	523	-	-	-	-	-	1 089
Changes to liabilities for incurred claims	(347)	(94)	(2 197)	(979)	114	(11 729)	135	(1 119)	(69)	(16 282)
incurred dir.attr.operating expenses direct	(3 130)	(896)	(8 312)	(7 326)	(153)	(8 200)	(939)	(324)	(28)	(29 308)

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 2024 came to EUR 2 248k EUR (In 2023 Y EUR 2 600k), which is not insurance related and not linked to insurance contracts. Net financial result from insurance contracts at the end of 2024Y come to –1 253k EUR (In 2023Y EUR - 751k).

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	
	2024	2023
Investment income		
Amounts recognized in the profit or loss		
Interest revenue calculated using the effective interest method – financial assets measured at amortised cost	553	380
Interest revenue calculated using the effective interest method – financial assets measured at fair value through OCI	2 854	2 376
Other interest and similar income		
Risk provision for financial asset measured at amortized costs	(11)	(11)
Impairment loss on financial assets measurement at fair value through OCI	(12)	2 618
Net realized and non-realized gains/(losses) from financial asset at fair value through profit or loss	(17)	108
Net realized and non- realized gains/(losses) from financial assets measured at fair value through OCI	(1 332)	(2 989)
Net realised and not realised gains/(losses) on financial asset at amortised costs	0	9
Net foreign exchange income/expenses	(3)	(16)
Other result from Investment activity	215	125
Total amounts recognised in the profit or loss	**2 248**	**2 600**
Amounts recognised in OCI	**6 437**	**8 047**
Total investment income	**8 684**	**10 647**
Insurance finance income/(expenses) from insurance contracts issued		
Interest accreted to insurance contracts using current financial assumptions	(1 878)	(1 293)
Total insurance finance income/(expenses) from insurance contracts issued	**(1 878)**	**(1 293)**
Represented by:		
Amounts recognised in profit or loss	(1 878)	(1 293)
Amounts recognised in OCI	(898)	(7 65)
Reinsurance finance income/(expenses) from reinsurance contracts held		
Interest accreted to reinsurance contracts using current financial assumptions	625	542
Reinsurance finance income/(expenses) from reinsurance contracts held	**625**	**542**
Represented by:		
Amounts recognised in profit or loss	625	542
Amounts recognised in OCI	228	363

Total net investment income, insurance finance expenses and reinsurance finance income	**(1 923)**	**(1 153)**
Represented by:		
Amounts recognised in profit or loss	(1 253)	(751)
Total net financial result from insurance contracts recognised in OCI	**(670)**	**(403)**

NOTE 19. OTHER INCOME AND EXPENSES

Items	**2024**	**2023**
Other income		
Income from claims handling activities	447	436
Other income	302	29
Total other income	**749**	**465**
Other expenses		
Not attributable expenditure	**(5 286)**	**(3 352)**
Other expenses	(46)	(17)
Total other expenses	**(5 331)**	**(3 370)**

NOTE 20. Financial income and expenses

Items	**2024**	**2023**
Other finance income	**32**	**(19)**
Other income related to currency exchange rate	(3)	(53)
Other interest income	36	34
Other finance costs	**(1 545)**	**(1 603)**
Interest from subordinated loan	**(1 538)**	**(1 535)**
Interest from car leasing	-	(1)
Currency exchange loss	(10)	(33)
Other finance costs	54	
Interest expenses	(51)	(34)
Total	**(1 513)**	**(1 622)**

NOTE 21. INCOME TAX AND DEFERRED INCOME TAX

The Company has calculated the deferred tax asset which as at 31 December 2024 amounts to EUR 1 148k EUR (1 956k EUR as at 31 December 2023).

Item In €000	**2024**	**2023**
Current income tax expenses	(1 219)	(1 235)
Withholding taxes	(21)	(4)
Total current tax expenses	**(1 240)**	**(1 240)**
Change in deferred tax	(360)	63
Total income tax expenses	**(1 600)**	**(1 177)**
Changes in deferred tax asset from FV (OCI)	**(449)**	**(566)**

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	2024		2023	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Accrued bonuses and other temporary differences	2 082	333	2 069	310
Tax losses carried forward	4 813	770	6 749	1 012
Revaluation of financial assets available for-sale	5 479	877	8 466	1 270
Not recognized asset	(478)	(76)		
Total Net deferred tax assets		**1 903**		**2 592**
Leases	(5)	1	11	2
Recognized deferred tax liabilities amortization of goodwill	(4728)	(756)	(4257)	(639)
Deferred tax, net		**1 148**		**1 956**

For the calculation of Corporate income taxes in Lithuania, the Company used accumulated tax losses in the amount of 1 936k EUR and calculated corporate income tax expense in the amount of 124k EUR.

At the end of 2024 the Company had deferred tax assets from accumulated losses in the amount of 770k EUR from ordinary activities and 877k EUR from revaluation reserve of investment allocated to Lithuania. At the end of 2023 calculated deferred tax assets from losses were 1 012k EUR. The Company expects to have enough profit for using the deferred tax assets according to the Company's business plan. Following Lithuanian legislation, tax losses can be carried forward for an indefinite period. Losses from investment activities can be carried forward for 5 years. As of 31 December 2024, the Company recognized deferred tax assets assuming that sufficient taxable profits will be generated based on the budget for 2025-2029. Based on the budget and the forecast, the Company plans to earn profit for covering of losses during the next 5 years. The company accounted deferred tax losses from negative revaluation reserve assuming that the biggest part of portfolio consists of bonds. Bond market values approach nominal value when maturity is reached. The company calculated that 5 years is enough to realize current losses.

Tax liability was recognized in relation to branches in Latvia 438k EUR and Estonia 657k EUR for the year 2024.

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	2024	Tax rate	2023
Profit before taxes		**8 314**		**8 168**
Income tax applying the Company's domestic tax rate (15%)	15%	1 247	15%	1 225
IFRS17 transition result adjustment	0%		(4%)	(319)
Not deductible expenses	(1)%	(49)	(1%)	(56)
Change in unrecognized temporary difference	(0,8)%	(68)	(0,5)%	(41)
Profit taxation on distribution*	6%	505	4%	356
Investment result	1%	86	3%	209
Utilised tax losses	(3)%	(290)	(1)%	(98)
Donation	(2,3)%	(191)	(0,4)%	(35)
Total tax expenses	**15%**	**1 240**	**15%**	**1 240**

- Corporate income taxes from results of branches in Estonia and Latvia are calculated from amount which is planned to distribute as dividends.

NOTE 22. POST BALANCE EVENTS

No events have taken place from the Statement of Financial Position date to the date of approval of these financial statements that could materially affect the annual performance, cash flows or the financial position or related disclosures of Compensa ADB as at end for the year ended on the reporting date.

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 (reelected 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 GLOBAL ASSISTANCE SLOVAKIA s.r.o. (Štefanovičova 4, Bratislava, Slovakia; code: 35903473);
- Member of the Supervisory Board SIA "Global Assistance Baltic" (Vienibas gatve 87H, Riga, Latvia; code: 40203278474);
- 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);
- Member 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);
- Member 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 other professional 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, Tallinn, Estonia).

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Independent Auditor's Report

To the Shareholders of ADB Compensa Vienna Insurance Group

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ADB Compensa Vienna Insurance Group ("the Company"). The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024,
- 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
- notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the European Union.

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 are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 an opinion on these matters. Each audit matter and our respective response are described below.

Company code: 111494971
VAT code: LT114949716

Goodwill impairment

The carrying amount of goodwill in the financial statements as at 31 December 2024 and 31 December 2023: EUR 11 million.

Reference to the financial statements: “Goodwill” on page 42 (Material accounting policies) and Note 1”Intangible assets” on page 67-68 (Notes to the financial statements).

Key audit matter	How the matter was addressed in our audit
The goodwill reported in the financial statements was recognised for ADB Compensa Vienna Insurance Group cash-generating unit (“CGU”) upon the acquisition of the insurance business in Lithuania and Latvia from Compensa TU S.A. Vienna Insurance Group in 2015. Pursuant to the relevant provisions of the financial reporting standards, annual impairment testing is required for CGUs to which goodwill has been allocated. As disclosed in Note 1, based on its current year’s test, the Company did not recognise any impairment in respect of the CGU. As discussed in Note 1, the recoverable amount of the cash generating unit as at 31 December 2024 was determined using the discounted cash flows projection (value-in-use), based on the five-year financial forecasts prepared by the Management and its estimate of terminal value. The determination of recoverable amount of the CGU is a process that requires the Management to make significant judgements and assumptions, including those in respect of future operating cash flows (including the assumptions on gross premiums written, development of volume of policies sold and loss ratios), growth rates and discount rates. Complex models using forward-looking assumptions tend to be prone to greater risk of management bias, error and inconsistent application. These conditions necessitate our additional attention in the audit, in particular to address the objectivity of sources used for assumptions, and their consistent application. Due to the above factors, we considered this area to be a key audit matter.	Our audit procedures, included, among other things: • Evaluating the quality of the Company’s budgeting process by comparing the actual results for the year with original prior period forecasts, and taking these observations into consideration in the sensitivity analysis performed; • Testing the design and implementation of the Company’s selected key impairment-related internal controls; • Assisted by our own valuation specialists: — assessing the compliance of the methodology applied in the Company’s impairment model against the requirements of the relevant financial reporting standards, and checking the mathematical accuracy and internal consistency of the impairment model; — challenging the key assumptions in the model by reference to the approved budgets, as discussed above, and also by comparing the gross premiums written, development of volume of policies sold and loss ratios to historical results and to industry data, comparing the forecasted growth rates, and the discount rate to the ones used in the insurance industry; — considering the sensitivity of the outcome of the impairment model to changes in key assumptions and assessing the effects of such changes on the recoverable amount and the resulting impairment loss, if any; • Assessing impairment-related disclosures in the financial statements against the requirements of the financial reporting standards.

Liability for incurred claims (LIC) for insurance contracts under the premium allocation approach (PAA)

The carrying amount of LIC - insurance contracts under PAA: EUR 119.9 million as at 31 December 2024 and EUR 91.3 million as at 31 December 2023.

Reference to the financial statements: paragraph of financial statements “Liability of incurred claims” on page 37-38 and Note 9 “Insurance and reinsurance contracts” on page 76-81.

Key audit matter	How the matter was addressed in our audit
Liability for incurred claims for insurance contracts under PAA (LIC) represents a significant element of insurance contract liabilities in the Company’s statement of financial position. In measuring the liability, the Management Board was required to establish present value of future cash flows (PVFCF) for claims that occurred until 31 December 2024 and risk adjustment for non-financial risk arising from uncertainty in the said cash flows. The estimation of PVFCF in part related to incurred but not reported claims (IBNR) and reported annuity claims (RBNP for annuities) requires the Management Board to apply professional judgment, as well as complex and subjective assumptions, especially for lines of business that are considered longer tail such as Motor Third Party Liability (MTPL). This is the case in particular for development of bodily injury claims, including annuities. Relatively insignificant changes in the key assumptions may have a material impact on the amount of the LIC. The key assumptions include: • ultimate claims; • mortality rates for annuities. Estimating IBNR and RBNP for annuities also requires applying complex actuarial methods. For the above reasons, obtaining sufficient and appropriate audit evidence in respect of the amount of liability for incurred claims under PAA was considered by us to be a significant risk in our audit, which required our increased attention. Accordingly, we considered the area to be a key audit matter.	Our audit procedures, performed with the assistance of our actuarial and IT audit specialists, included, among others: • Obtaining understanding of the methodology used when estimating the IBNR and RBNP for annuities applied by the Company and assessing its compliance with the relevant requirements of IFRS 17 standard and relevant legal and regulatory requirements. • Testing the design, implementation and operating effectiveness of selected controls within the process of estimating IBNR and RBNP for annuities. • For selected insurance contract groups - independent recalculation of the IBNR and RBNP for annuities and investigating any material differences in comparison to the Company’s estimate. • Performing a retrospective assessment of the Company’s estimation of IBNR and RBNP for annuities by comparing the prior year’s estimate with the actual outcomes. • Assessing the relevance and reliability of input data used by the Management Board in the estimation of IBNR and RBNP for annuities as well as challenging the key assumptions used by the Company, including ultimate claims and mortality rates by reference to historical data regarding reported and settled claims or available statistical and market data. Evaluating the accuracy and completeness of the liability for incurred claims under PAA disclosures in the financial statements by reference to the requirements of the applicable financial reporting framework.

Other Information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's management report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

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

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 IFRS Accounting 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, related safeguards.

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 auditors' 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

Under decision of the general shareholders‘ meeting we were appointed on 15 September 2015 for the first time to audit the Company‘s financial statements. Our appointment to audit the Company’s financial statements is renewed every two years under decision of the general shareholders‘ meeting, and the total uninterrupted period of engagement is 10 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report presented to the Company and its Audit Committee together with this independent auditor‘s report.

We confirm that in light of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In addition to the statutory audit services we provided to the Company, there were no services, which would not have been disclosed in the financial statements.

On behalf of KPMG Baltics, UAB

TOMA JENSEN
Digitally signed by TOMA JENSEN
Date: 2025.03.28 23:31:39 +02'00'

Toma Jensen
Partner pp
Certified Auditor

Vilnius, the Republic of Lithuania
28 March 2025

The electronic auditor’s signature applies only to the Independent Auditor’s Report on pages 96 to 101 of this document.

Aruande kinnitused

Aruande lõpetamise kuupäev on: 30.04.2025

Compensa Vienna Insurance Group, ADB Eesti filiaal (registrikood: 12970620) 01.01.2024 - 31.12.2024 imporditud majandusaasta aruande dokumendi õigsust on kinnitanud:

Kinnitaja nimi	Kinnitaja roll	Kinnituse andmise aeg
Andri Püvi	Filiaali juhataja	17.06.2025