



28/07/2025

Elama Kindlustus AS

**Interim Report
2nd Quarter 2025**



Interim report

Start of the financial year

January 01, 2025

End of the financial year

December 31, 2025

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Elama Kindlustus AS

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Main area of activity:

non-life insurance

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Management report

Elama Kindlustus AS (hereinafter referred to in this report as Elama) is an insurance company operating in non-life insurance in Estonia since 1992.

As at the end of June 2025, Elama's range of insurance services included motor third party liability insurance, motor casco insurance, home insurance, financial loss insurance, travel insurance, health insurance, carrier's and freight forwarder's liability insurance and, to a lesser extent, crop insurance and machinery insurance.

Elama's general strategy is to offer insurance services through all sales channels on the market. Elama services can be purchased through Elama insurance advisors, from the self-service on the Elama website, and in addition, Elama services are offered by 26 active insurance brokers and 33 insurance agents. We make insurance simple, clear and affordable. We offer a reliable and customer-friendly insurance service that is modern and flexible and accessible to everyone. Elama's solvency ratio as of 30.06.2025 was 176%, which allows the development of services and the growth of the insurance portfolio to follow the agreed strategy.

In the second quarter of 2025, the company continued to actively expand the provision of insurance services. In cooperation with the Estonian Chamber of Agriculture and Commerce and Europe's leading reinsurer, crop insurance was launched on the market. The new insurance solution offers protection against damage caused by unexpected and increasing natural phenomena, such as hail, heavy rain and storms. From April, financial loss insurance is offered. The insurance service provides cover for financial loss due to loss of employment, incapacity for work due to an accident or death as a result.

At the beginning of the year, a carefully selected claims handling manager started work. At the beginning of the second quarter, a claims handling lawyer joined the team and an additional partner relationship manager was added to the sales area to support the growing sales volumes. At the end of the second quarter, Elama's sales team was further strengthened with 2 insurance advisors and a risk manager for vehicle and property insurance joining us. As at the end of the quarter, Elama's team had 30 employees.

In the second quarter, Elama was the first in Estonia to introduce a digital claims handling booking system, which allows customers to immediately book an appointment to show the vehicle at a repair company when reporting a vehicle damage through the website. The new solution allows claims handling to be organised faster and more transparently than before. Through the booking system, the customer can choose a suitable car dealership or repair company and quickly move forward with claims handling activities.

The efficiency of claims handling has improved significantly. The handling time of traffic claims has decreased by 30% compared to the same period last year, and the handling time of motor casco insurance has improved by 56%. The positive development has been supported by the introduction of additional functionalities of the software and the creation of a solution-oriented and collaborative work culture in the claims management team.

Customers are satisfied with Elama's service and the customer satisfaction index is on the rise. The survey sent to customers after claims handling has been answered with an average score of 4.68 (5-point system).

In the first half of 2025, Estonian Financial Supervisory Authority carried out an on-site inspection in Elama with a focus on determining the insurance interest, claims handling process and the functioning of Elama's management system. During the inspection, Elama's key employees were interviewed, various internal rules and documentation related to claims handling and sales activities were checked. The observations made by the FSA in the second quarter as a result of the audit were mainly related to the more detailed documentation of the company's

activities, and most of the desired changes have already been made to the processes and the level of detail of documentation.

In the second quarter, the first steps were taken to promote a new international business direction and cross-border activity licences were started within the framework of the first projects.

Insurance business

Elama has been able to successfully realize its strategic goal of increasing the insurance premium volume and at the same time diversifying the range of products. The largest increase in the premium volume was achieved in motor casco insurance and financial loss insurance. To a lesser extent, the sales of travel insurance and home insurance have increased. The share of motor third party liability insurance in the portfolio has decreased as planned, which has significantly reduced the vulnerability of Elama's portfolio.

In the second quarter of 2025, Elama collected 4,530 thousand euros in insurance premiums, increasing the volume of insurance premiums by 68.2% compared to the corresponding period in 2024.

31.2% of the insurance premiums came from motor third party liability insurance, 30.2% from motor casco insurance, 35.0% from financial loss insurance and 1.9% from travel insurance. The share of other products was less than 1%.

In the second quarter of 2025, 715 loss events were registered in the total amount of 1,379 thousand euros, which is 482 thousand euros more than in the same period of 2024. The increase in losses is mainly due to the rapidly growing motor casco insurance in the portfolio. The gross loss ratio for the second quarter was 18.3%, which is a significantly better indicator than in the comparable period of 2024 (70.9%). The loss ratio was affected by the closure of one large loss.

There are 13 insurance companies and the Estonian Motor Insurance Fund operating on the Estonian non-life insurance market. The volume of the six-month non-life insurance market in 2025 was 300 million euros, which is 0.7% less than in the same period in 2024. The decline in the market is mainly due to the decrease in the premium volumes of motor third party liability insurance and motor casco insurance. Market participants have become more aggressive in pricing in the second quarter, competition is intensifying, and the market contraction in the second half of the year is deepening. The premium volumes of motor casco insurance have decreased by 9% and in motor third party liability insurance by 8%. These two products continue to account for more than half of the total market volume and shape the dynamics of the entire market. Decreasing insurance premiums, an increase in input prices and value added tax, as well as the new Motor Third Party Liability Insurance Act, will increase the pressure on the profitability of vehicle-related types of insurance. Elama's market share in the first six months of 2025 was 2.3%, compared to 1.5% in the same period in 2024.

Investment activities

In the second quarter of 2025, Elama acquired bonds from various issuers as new financial investments. This year's goal is to diversify the investment portfolio and diversify risks. The volume of Elama financial investments as of 30.06.2025 was 12,319 thousand euros (as of 31.12.2024: 12,626 thousand euros).

Assets and liabilities from insurance contracts and equity

As at the end of the quarter, Elama's balance sheet total was 20,126 thousand euros. As at the end of 2024, it was 21,320 thousand euros. Liabilities from insurance activities decreased by 549

thousand euros in the second quarter, while assets from reinsurance contracts decreased by 1,075 thousand euros. In the first six months of 2025, liabilities from insurance contracts have decreased by 1,464 thousand euros and assets from reinsurance contracts by 1,386 thousand euros. The changes in liabilities are primarily due to reduced estimates of loss provisions, changes in the structure of the insurance portfolio and indemnities paid.

Elama equity as of 30.06.2025 was 6,206 thousand euros (31.12.2024: 6,005 thousand euros).

Financial results

Elama earned a profit of 72 thousand euros in the second quarter (25 thousand euros in the second quarter of 2024). Profit increased primarily due to improved technical result and higher income from investment activities. The profit for the first half of the year was 201 thousand euros (127 thousand euros in 2024).

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Jaanus Seppa

Member of the Management Board

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Tanel Kurs

Member of the Management Board

Interim financial statements

Statement of comprehensive income (quarterly)

	Q2 2025	Q2 2024
Revenue from insurance contracts	2 362 873	1 738 017
Insurance service expenses	-1 310 190	-1 829 816
Insurance service result before reinsurance	1 052 682	-91 799
Expense of reinsurance premiums	-668 161	-613 955
Amounts recoverable from reinsurance	-418 289	447 527
Net expense from reinsurance	-1 086 450	-166 429
Net insurance service result	-33 768	-258 227
Income (expense) from investment activities	137 136	173 856
Financial income (expense) from insurance contracts	-27 654	-9 828
Financial income (expense) from reinsurance contracts	13 575	152 285
Net financial result	123 056	316 313
Other income and expenses	-17 558	-32 814
Operating profit (loss)	71 731	25 271
Other comprehensive income	0	0
Comprehensive profit (loss) for the reporting period	71 731	25 271

Statement of comprehensive income

	Lisa	First half of 2025	First half of 2024
Revenue from insurance contracts	3,8	4 185 018	3 298 367
Insurance service expenses	4,8	-2 929 097	-3 504 334
Insurance service result before reinsurance		1 255 921	-205 967
Expense of reinsurance premiums	8	-1 364 865	-967 562
Amounts recoverable from reinsurance	8	-152 805	953 874
Net expense from reinsurance		-1 517 670	-13 687
Net insurance service result		-261 749	-219 654
Income (expense) from investment activities		355 050	337 495
Financial income (expense) from insurance contracts		390 558	-102 182
Financial income (expense) from reinsurance contracts		-209 185	-194 302
Net financial result		536 424	429 615
Other income and expenses	5	-73 265	-82 729
Operating profit (loss)		201 409	127 231
Other comprehensive income		0	0
Comprehensive profit (loss) for the reporting period		201 409	127 231

Statement of financial position

	Lisa	30.06.2025	31.12.2024
Assets			
Cash and cash equivalents		2 463 422	1 982 408
Assets from reinsurance contracts	8	4 283 355	5 669 652
Other receivables		270 214	287 096
Prepaid expenses and accruals		40 451	75 210
Financial assets	6	12 319 287	12 625 794
Property, plant and equipment	7	268 575	284 948
Intangible fixed assets	7	480 809	394 973
Total assets		20 126 113	21 320 081
Liabilities			
Liabilities from insurance contracts	8	13 253 736	14 717 845
Other liabilities		666 442	597 709
Total liabilities		13 920 178	15 315 555
Equity			
Share capital		4 012 392	4 012 392
Share Premium		1 619	1 619
Reserve capital		1 294 454	1 294 454
Retained earnings		696 061	0
Profit (loss) for the financial year		201 409	696 061
Total equity		6 205 935	6 004 526
Total liabilities and equity		20 126 113	21 320 081

Statement of changes in equity

	Share capital	Share premium	Reserve capital	Retained earnings	Total
Balance as at 31.12.2024	4 012 392	1 619	1 294 454	696 061	6 004 526
Profit/loss for the reporting period	0	0	0	201 409	201 409
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	201 409	201 409
Balance as at 30.06.2025	4 012 392	1 619	1 294 454	897 470	6 205 935

Cash flow statement

	30.06.2025	30.06.2024
Cash flows from operating activities		
Insurance premiums received	4 456 490	3 479 908
Acquisition costs paid	-464 259	-262 803
Insurance services expenses paid	-2 638 631	-2 506 750
Net cash flows from reinsurance	-340 538	588 813
Operating expenses paid	-1 058 263	-557 375
Interest received	259 632	110 741
Placed in term deposits	-500 000	0
Placed in bonds	-1 832 300	-110 000
Invested in shares	-457 920	-290 500
Received from the term deposits	3 000 000	0
From the sale of received shares	159 656	0
Receipts from other operating income and other operating expenses paid	82 451	133 125
Total cash flows from operating activities	666 319	585 159
Cash flows from investing activities		
Acquisition of intangible fixed assets	-138 155	-107 194
Acquisition of property, plant and equipment	0	-31 309
Total cash flows from investing activities	-138 155	-138 503
Cash flows from financing activities		
Rent payments	-46 429	-3 593
Total cash flows from financing activities	-46 429	-3 593
Total cash flows	481 735	443 063
Cash and cash equivalents at the beginning of the period	1 982 408	1 918 995
Change in cash and cash equivalents	481 735	443 063
Change in exchange rate difference	-721	-671
Cash and cash equivalents at the end of the period	2 463 422	2 361 387

Notes to the interim accounts

Annex 1. Accounting principles used in the preparation of the abridged interim report

Elama Kindlustus AS (hereinafter also Elama) is a company registered in Estonia on 29.10.1996 (registry code: 10089395), with its registered office at Liivalaia 45, Tallinn (Estonia). Elama offers non-life insurance services in Estonia, incl. compulsory motor third party liability insurance.

In the opinion of the Management Board of Elama, the interim report accurately and fairly reflects the financial results and financial position of Elama.

Declaration of Conformity

The interim financial statements of Elama have been prepared in accordance with the requirements of the International Accounting Standard IAS 34 "Interim Reporting" as established in the European Union and include condensed financial statements and explanatory notes to the selection.

Basics of compilation

The accounting currency of Elama is the euro and the figures of the report are presented in euros without a decimal place (unless otherwise indicated).

Elama has adopted IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" standards. The bases for the preparation of the report, including the standards used and their interpretations, as well as the accounting principles of Elama have not changed compared to the last published annual report.

In accordance with IFRS 16, Elama recognises the lease asset, property, plant and equipment and the corresponding lease liabilities in the other liabilities section of the statement of financial position.

Events after the reporting date

There were no significant circumstances affecting the valuation of assets and liabilities that would have emerged between the balance sheet date of 30.06.2025 and the date of preparation of the report.

Annex 2. Accounting Assessments and Judgments

In the preparation of the reports, a number of accounting estimates and judgments have been used, which affect the assets and liabilities recorded in the report and the notes to the disclosed potential assets and liabilities. Although these decisions have been made to the best of the management's knowledge, they may not coincide with the actual result later.

Annex 3. Income from insurance contracts

	6 months 2025	6 months 2024
Motor third party liability insurance	2 684 880	3 119 310
Motor casco Insurance	1 051 929	81 237
Travel insurance	165 598	44 001
Carrier liability insurance	64 690	53 014
Other lines of business	217 921	806
Total income from insurance contracts	4 185 018	3 298 367

Annex 4. Insurance service expenses

	6 months 2025	6 months 2024
Total damages and handling costs, incl.	-1 259 022	- 2 343 506
Motor third party liability insurance	-351 977	-2 272 557
Motor casco Insurance	-813 146	-71 200
Travel insurance	-11 445	-2 506
Carrier liability insurance	-62 894	24 655
Other lines of business	-19 561	-21 898
Acquisition expenses	-506 997	-262 803
Allocated fixed expenses	-1 163 077	-898 025
Total insurance service expenses	-2 929 097	-3 504 334

Annex 5. Other income and expenses

	6 months 2025	6 months 2024
Marketing costs	-55 560	-13 332
Audit expenses	-41 751	-103 352
Internal audit service	-7 392	-6 149
Other outsourced services	-17 710	-33 627
Rent interest expenses	-8 606	-785
Other costs	-37 308	-81 832
Compensation for handling costs received from the mediation of a foreign company	40 314	22 860
Compensation for handling costs received from the mediation of an Estonian society	27 446	45 850
Other revenue	27 300	87 638
Total	-73 267	-82 729

Annex 6. Financial assets

The breakdown of financial assets by the recognition method reflected in the statement of financial position of Elama as at 30.06.2025 is presented in the following table.

	30.06.2025	31.12.2024
Assets recognised at adjusted cost		
Deposits	4 602 277	7 056 178
Bonds	3 525 887	2 017 862
Total assets at adjusted acquisition cost	8 128 163	9 074 040
Assets recognised at fair value through profit or loss		
Bonds	3 107 779	2 757 310
Stocks and equity funds	1 083 344	794 444
Total assets at fair value	4 191 123	3 551 754
Total financial investments	12 319 287	12 625 794

Annex 7. Tangible and intangible fixed assets

	Right-of-use property	Buildings	Other property, plant and equipment	Total
Cost				
Acquisition cost as of 31.12.2023	0	287 346	23 720	311 066
Sale of asset	0	-287 346	0	-287 346
Acquisition of asset	322 583	0	0	322 583
Write-off of asset	0	0	-23 720	-23 720
Acquisition cost as at 31.12.2024	322 583	0	0	322 583
Acquisition of asset	16 154	0	0	16 154
Acquisition cost as at 30.06.2025	338 737	0	0	338 737
Accumulated depreciation				
Accumulated depreciation 31.12.2023	0	-217 263	-2145	-219 408
Depreciation expense for the reporting period	-37 635	-4 310	-0	-41 945
Accumulated depreciation of sold fixed assets	0	221 573	116 986	116 986
Accumulated depreciation of written off fixed assets	0	0	2 145	2 145
Accumulated depreciation 31.12.2024	-37 635	0	0	-37 635
Depreciation expense for the reporting period	-32 528	0	0	-32 528
Accumulated depreciation 30.06.2025	-70 162	0	0	-70 162
Residual value				
Residual value as at 31.12.2023	0	70 083	21 575	91 658
Residual value as at 31.12.2024	284 948	0	0	284 948
Residual value as at 30.06.2025	268 575	0	0	268 575

	Intangible fixed assets	Total
Cost		
Acquisition cost as of 31.12.2023	0	0
Acquisition of intangible fixed assets	429 882	429 882
Acquisition cost as at 31.12.2024	429 882	429 882
Acquisition of intangible fixed assets	138 155	138 155
Acquisition cost as at 30.06.2025	568 037	568 037
Accumulated depreciation		
Accumulated depreciation 31.12.2023	0	0
Depreciation expense for the reporting period	-34 909	-34 909
Accumulated depreciation 31.12.2024	-34 909	-34 909
Depreciation expense for the reporting period	-52 318	-52 318
Accumulated depreciation 30.06.2025	-87 162	-87 162
Residual value		
Residual value as at 31.12.2023	0	0
Residual value as at 31.12.2024	394 973	394 973
Residual value as at 30.06.2025	480 809	480 809

Annex 8. Analysis of insurance contracts by the liability for remaining coverage and the liability for incurred claims

The following comparison of opening and closing balances shows how the amounts recognised in the income statement resulted in a change in the book value of the liability for remaining coverage and the liability for incurred losses by the end of the second quarter of 2025.

	Liability for remaining coverage (LRC)		Loss for incurred claims (LIC)		
	Excluding the loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment	Total
Opening balance of insurance contract liabilities 01.01.2025	2 269 842	0	11 479 661	968 343	14 717 845
Opening balance of insurance contract assets 01.01.2025	0	0	0	0	0
Net liabilities under insurance contract 01.01.2025	2 269 842	0	11 479 661	968 343	14 717 845
Income from insurance activities	-4 185 018	0			-4 185 018
Insurance service costs	501 782	0	2 559 868	-140 128	2 921 522
Insurance service result	-3 683 236	0	2 559 868	-140 128	-1 263 496
Financial cost of insurance contracts			-319 280		-319 280
Total changes in the statement of comprehensive income	-3 683 236	0	2 168 589	-140 128	-1 654 776
Cash flow					
Insurance premiums received	4 456 490	0			4 456 490
Costs of insurance services paid	-464 259	0	-3 801 564		-4 265 823
Total cash flows	3 992 213	0	-3 801 564	0	190 667
Net liabilities under insurance contract 30.06.2025	2 578 836	0	9 846 685	828 215	13 253 736
Final balance of insurance contract liabilities 30.06.2025	2 578 836	0	9 846 685	828 215	13 825 376
Final balance of insurance contract assets 30.06.2025	0	0	0	0	0

The following comparison of opening and closing balances shows how the amounts recognised in the income statement and cash flow statement resulted in a change in the book value of the assets from remaining coverage and asset for incurred claims by the end of the second quarter of 2025.

	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding the loss-absorbing component	Loss Absorption Component	Estimate of the present value of future cash flows	Risk adjustment	Total
Opening balance of reinsurance assets 01.01.2025	0	0	5 731 380	479 816	5 669 652
Opening balance of the reinsurance liability 01.01.2025	541 544	0	0	0	0
Net assets of the reinsurance contract as of 01.01.2025	-541 544	0	5 731 380	479 816	5 669 652
Reinsurance premiums	-1 364 865	0			-1 364 865
The role of reinsurance in claims for claims			-95 377	-57 428	-152 805
Net reinsurance income or expenses	-1 364 865	0	-95 377	-57 428	-1 517 670
Financial income from reinsurance contracts			-209 165		-209 165
Impact of changes in the default risk of reinsurers			0		0
Total changes in the statement of comprehensive income	-1 364 865	0	-304 542	-57 428	-1 726 835
Cash flow					0
Reinsurance premiums paid	764 565	0			764 565
Receipts from reinsurance contracts			-424 027		-424 027
Total cash flows	764 565	0	-424 027	0	340 538
Net assets of the reinsurance contract as at 30.06.2025	-1 141 844	0	5 002 811	422 388	4 283 355
Final balance of reinsurance assets 30.06.2025	0	0	5 002 811	422 388	4 283 355
Final balance of the reinsurance liability on 30.06.2025	1 141 844	0	0	0	0

Annex 9. Transactions in shares

In the second quarter of 2025, the ownership structure of Elama did not change and no transactions were made with the company's shares.

Annex 10. Transactions with related parties

The related parties are the members of the management board and supervisory board of Elama, their close relatives and other persons over whom the said persons have a significant influence.

Transactions	6 months 2025	12 months 2024
Calculated insurance premiums for the members of the management board	3 214	3 767
Indemnities paid to members of the management board	0	0
Calculated insurance premiums for the members of the Supervisory Board	1 565	1 872
Damages paid to the members of the Supervisory Board	0	0
Calculated insurance premiums for companies related to members of the management board or supervisory board	1 635	745
Indemnities paid to companies related to a member of the supervisory board	0	0

Insurance indemnities were not paid to members of the management board or supervisory board or to companies related to them.

Elama has not entered into service contracts with the members of the company's supervisory board, or the companies related to them.