

# ALANDIA FÖRSÄKRING ABP

FINANCIAL STATEMENTS AND ANNUAL REPORT FOR 2025,  
CONDENSED VERSION

## MANAGING DIRECTOR'S REVIEW

### Profit for 2025 in line with the previous year

**After-tax profit for Alandia in 2025 amounted to EUR 11.5 million (11.7). The profits were in line with the previous year. The investment business performed slightly better than expected, compared to the previous year. Insurance operations, however, experienced a slight decline and did not meet the long-term target.**

Throughout the year, the company's customer portfolio has grown in the commercial sector, while it has declined slightly in the leisure boat segment. Despite this, insurance revenue decreased in 2025. The primary reasons for the decline are a marked weakening of the U.S. dollar, increasing competition in the international marine insurance market, and a shrinking market for war risk insurance premiums, as the Red Sea was effectively closed to traffic for most of the year. The strengthening of the Swedish krona had a positive impact on premium volumes.

The total cost ratio weakened from 98.5% to 99.3%. Despite the weakening, we see an improvement in the underlying business, which has become more balanced over the year as individual risk exposures have decreased slightly in size while the number of risks has increased across several insurance products. The portfolio has become more balanced.

Competition in the comprehensive auto insurance segment remained intense during the year, driven by new insurance capacity that has entered the market over the past three years. Premiums have continued to decline, and no change is in sight even at the end of the year. However, since the risk premiums are now relatively low in relation to increasing damage costs for damage events, normalisation will sooner or later take place.

New sales of leisure boats in both Finland and Sweden have remained at a relatively low level this year, causing the fleet to age and values to decline. In this challenging market, Alandia has slightly reduced the number of insured items while the premium volume has been maintained due to necessary premium adjustments. Market research conducted by Alandia has shown that the company holds a very strong position in the Finnish market, while there is still some room for improvement in the Swedish market.

Growth in the renewable energy insurance sector has remained strong and has even exceeded expectations. Alandia's premium volume for its own account is still relatively small, but its profitability is strong.

The loss ratio at the company level increased to 71.3% (67.4%) during the year. It is worth noting that the comparison year included a single large recovery that reduced the loss ratio but increased the reinsurance ratio, as the recovery in its entirety benefited the reinsurers. Similarly, the reinsurance ratio decreased to 8.6% (13.3%). Over the year, no single loss has affected the non-proportional reinsurance portfolio, which is why significantly better rates have been achieved in the renewal of reinsurance coverage for 2026.

As a result of declining insurance revenue and increasing operating costs, the operating cost ratio during the year has increased to 19.5% (17.8%). As operating costs are largely driven by personnel costs that are difficult to reduce as a result of a high degree of specialist roles, the volume of insurance needs to be increased to reduce the operating cost ratio.

The return on investment activities for the fiscal year was 5.3% (5.8%), which was in line with expectations. All asset classes except real estate generated positive returns in local currency, with the highest returns coming from listed equities and exposure to gold. However, the sharp weakening of the U.S. dollar meant that returns in euros across several asset classes turned negative or remained modest. Since Alandia has no active currency positions, the weakening of the dollar was offset by a decrease in the value of its currency liabilities. Earnings have been impacted by challenges in the real estate market, which have led to write-downs of a single real estate fund and certain directly owned properties.

Despite a positive earnings trend, the solvency position has declined as risk-taking in investment activities increased during the year. The solvency ratio according to Solvency II remains good 234% (242%) taking into account the dividend proposed by the Board. In October 2025, the rating agency S&P Global confirmed the company's rating, which continues to be A- with stable prospects.

As a result of the change in the EU Commission's position on the requirements for companies to report under the CSRD acquis, the requirement for Alandia to report for 2025 disappeared. On the other hand, the annual sustainability report that Alandia has committed to publish through UN PSI was published on the company's website in June 2025.

I would like to thank all of Alandia's staff, our customers, partners, board members and owners for continued good cooperation in 2025.

# BOARD OF DIRECTOR'S ANNUAL REPORT FOR 2025

Alandia Försäkring Abp is the parent company of the Alandia Group. 2025 marked the company's 88th financial year.

Alandia is an insurance company focused on marine, transport, energy, and leisure boat insurance. With over 80 years of experience, Alandia offers the best marine insurance solutions and claims services to its customers in a committed and responsible way.

The company's main market areas are the Nordic and Baltic countries, but operations are also growing in the rest of Europe and the world.

The company's risk management is managed in accordance with the risk management policy adopted annually by the board, which is described in section 4 Risks and Risk Management, as well as in the Progress Report on Solvency and Financial Position. Risk management forms a part of the corporate governance system and its proper functioning is overseen by the internal audit process. The risk management policy covers the group's entire operations and is revised and supplemented annually.

Alandia's A- rating at Standard & Poor's was confirmed in October 2025 with Stable Outlook.

The solvency ratio in Alandia Försäkring Abp is very good and amounts to 234 (242) per cent at the closing date.

## CONSOLIDATED RESULTS

In addition to the parent company, the Group includes the wholly owned subsidiaries Bostads Ab Sandåsvägen 4, Alandia Kapitalförvaltning Ab, and Alandia Fonder Ab. The latter two companies did not conduct any business operations in 2025. In addition, the parent company owns 50% of Fastighets Ab Kubiken, which is consolidated in the group as an associated company. The parent company also has branches in Sweden and Norway. The average number of employees in the Group during the year was 129 (129).

## KEY FIGURES

EUR 1,000	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Insurance revenue	75 904	79 540
Gross claims incurred	-54 087	-53 635
Reinsurance result	-6 527	-10 580
Operating expenses in insurance business	-14 769	-14 157
Insurance service result	521	1 167
Net investment income	13 590	17 788
<b>Comprehensive income for the period</b>	<b>11 472</b>	<b>11 692</b>

EUR 1,000	31.12.2025	31.12.2024
Shareholders' equity	168 615	166 090
Dividends paid	8 947	5 965
Loss ratio	71,3 %	67,4 %
Expense ratio	19,5 %	17,8 %
Reinsurance ratio	8,6 %	13,3 %
Combined ratio	99,3 %	98,5 %
Return on equity (adjusted for dividends paid)	6,9 %	6,9 %

The group's profit for the year amounts to EUR 11.5 (11.7) million.

## REINSURANCE

In order to protect the capital and maintain a balanced level of risk, the group buys reinsurance. The group has a reinsurance policy for the purpose of limiting the risk associated with reinsurance ceded. The policy means, among other things, that the group sets minimum requirements for the creditworthiness of its reinsurance partners, and that too large a share of reinsurance is not concentrated with the same reinsurer. The main rule is that counterparties have at least credit quality 2 in accordance with the credit quality scale issued by the European Commission (2016/1800).

The group's reinsurance program consists of a combination of proportional cover and excess of loss cover. The program is renewed for one year at a time and adjusted according to the company's strategy. The Board sets the maximum degree of retention.

## OPERATING COSTS

Operating costs in the insurance business amounted to EUR 14.8 million (14.2), and the operating cost ratio was 19.5 per cent (17.8). A more detailed description of the costs can be found in notes to the income statement.

## INVESTMENT OPERATIONS

The return on the investment portfolio was 5.3% (5.8%), including foreign exchange gains. The return has been stable throughout the year, in line with the targets, and slightly exceeded the expected return. All asset classes generated a positive return, with the exception of real estate. The largest contributions to the profit came from the equity portfolio, the fixed-income portfolio, and a commodity position in gold. The real estate sector was hampered by a weak housing market in Finland.

## EVENTS AFTER THE CLOSING DATE

There are no significant events after the closing date to be reported.

## OUTLOOK FOR 2026

Alandia strives to achieve its financial targets of a ten (10) per cent return on equity, a total cost ratio of no more than 90 per cent, and real premium growth of at least five (5) per cent over time. However, the company is aware that annual fluctuations may be significant given the nature of the risks to which its operations are exposed.

Marine insurance is a line of business where volatility from year to year can be significant, given the relatively small number of relatively large individual risks in the portfolio. The objective is to increase the number of risks through growth in the insurance portfolio and to limit the maximum loss expense for the company's own share through reinsurance solutions. Over the years, the goal is to achieve a total cost ratio of less than 90 percent, but there may be significant variations from year to year.

Given Alandia's strong solvency position, the company's investment portfolio may include investment assets where the expected return is significantly higher than the risk-free rate, but where the annual volatility in market prices may also be high. Our objective is to maintain a portfolio of long-term investments that generate a risk-adjusted return higher than the market, while keeping volatility to a minimum. The Company's investment strategy is mainly focused on liquid investments.

Considering the nature of the company's operations where annual variations may vary greatly, Alandia does not provide a forecast of the full-year financial outcome of the operations for 2026.

## **SUSTAINABILITY WORK**

Over the past year, Alandia has actively worked toward the sustainability targets set for its operations in accordance with the UN Principles for Sustainable Insurance (UN PSI). In accordance with these principles, the company published its fourth sustainability report during the year.

The company's sustainability profile is largely focused on social sustainability, which in 2025 was addressed through work with gender equality and diversity.

## **EQUALITY AND DIVERSITY**

In 2025, Alandia continued to develop its work on gender equality and diversity through a number of targeted efforts aimed at strengthening an inclusive and equitable work environment for all employees.

As part of this, mandatory training sessions were conducted within DEI (Diversity, Equity & Inclusion) for the entire organisation. The training was led by an external diversity expert. The first session included a review of the activities in Alandia's Equal Treatment and Gender Equality Plan, as well as an employee survey focusing on two areas: equal opportunities for women and men to advance, and the opportunity to unite work and private life through flexible work arrangements.

The survey responses were analysed by the external expert and formed the basis for an action plan prepared in collaboration with the management team. The action plan was presented at a follow-up training session for all employees, and the defined actions will be implemented and followed up in 2026.

In 2025, Alandia conducted a salary survey covering employees in Finland and another covering employees in Sweden. The survey is based on a systematic review of job titles, job duties, and the salary structure. The purpose was to analyse the salary structure, identify any unjustified salary differences between women and men, assess the gender neutrality of salary-setting principles and their application, and identify concrete measures that promote gender equality and fairness in salary determination and benefits. Based on the analysis, measures were identified and implemented during the year.

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<b>TECHNICAL ACCOUNT OF INSURANCE OPERATIONS</b>		
Insurance revenue	75 904	79 540
Insurance service expenses	-68 856	-67 792
Reinsurance result	-6 527	-10 580
<b>Insurance service result</b>	<b>521</b>	<b>1 167</b>
<b>NON-TECHNICAL ACCOUNT</b>		
<b>Net investment income</b>		
Investment income	17 933	24 577
Unrealised gains	9 467	5 421
Investment expenses	-13 810	-12 210
<b>Net investment income, total</b>	<b>13 590</b>	<b>17 788</b>
Financial income/expense from insurance contracts	2 352	-3 719
Financial income/expense from reinsurance contracts	152	261
<b>Net financial income, total</b>	<b>16 094</b>	<b>14 330</b>
Other income	7	822
Other expenses	19	-4
Capital loan costs	-1 642	-1 988
Share in associated companies' results	114	-166
<b>Profit/loss before taxes</b>	<b>15 113</b>	<b>14 161</b>
Income tax	-3 640	-2 469
<b>PROFIT/LOSS FOR THE FINANCIAL PERIOD</b>	<b>11 472</b>	<b>11 692</b>
Attributable to the parent company's owners	11 472	11 692

## CONSOLIDATED BALANCE SHEET

EUR 1,000	31.12.2025	31.12.2024
<b>ASSETS</b>		
<b>Intangible and other assets</b>		
Intangible assets	541	782
Right-of-use assets	1 775	1 429
Other tangible assets	792	743
<b>Investment assets</b>		
Investments in property	32 175	33 610
Shares in associates	582	2 287
Other investments	252 159	260 531
<b>Reinsurance contract assets</b>	11 078	16 818
<b>Receivables</b>		
Other receivables	316	1 187
Prepayments and accrued income	5 367	850
Deferred tax assets	13	11
<b>Cash and bank balances</b>		
Cash and bank	19 203	27 147
<b>TOTAL ASSETS</b>	<b>324 001</b>	<b>345 394</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	20 000	20 000
Statutory reserve	98	98
Retained earnings	148 518	145 992
<b>Total equity</b>	<b>168 615</b>	<b>166 090</b>
<b>Insurance contract liabilities</b>	73 599	88 736
<b>Other liabilities</b>		
Capital loans	49 931	59 924
Lease liabilities	1 820	1 486
Other liabilities	1 323	3 479
Prepayments and accrued income	3 222	3 539
Deferred tax liability	25 490	22 142
<b>Total other liabilities</b>	<b>81 787</b>	<b>90 569</b>
<b>Total liabilities</b>	<b>155 386</b>	<b>179 305</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>324 001</b>	<b>345 394</b>

# SIGNATURES

Mariehamn, 25 March 2026

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Stefan Björkman  
Chair

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Jan Hanses  
Vice Chair

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Espen Husstad  
Board member

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Björn Nilsson  
Board member

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Peter Wiklöf  
Board member

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Mats Engblom  
Board member

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Tony Karlström  
Managing Director

A report of the audit conducted has been presented today.

Helsingfors, 27 March 2026

Ernst & Young Ab  
Auditors

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Erika Grönlund, CGR

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Fredric Mattsson, CGR