

## LocalTapiola Group's financial statement presentation for 1 January–31 December 2025: Welfare society is eroding, households and businesses shoulder gaps – LocalTapiola to invest EUR 200 million more to put Finland on growth track

**The safety nets of society are eroding – Finns prepare for the future through insurance, saving and investment. In 2025, LocalTapiola Group's direct premiums written from non-life insurance increased 6.2 per cent, and direct premiums written from term life insurance increased 4.2 per cent. Asset management net commissions increased 4.7 per cent, and Seligson & Co grew to become the fourth-largest fund management company in Finland. A lack of economic growth is the greatest problem that Finnish society is facing – something we cannot afford to get used to. LocalTapiola will invest EUR 200 million more in Finnish growth companies, and will donate EUR 5.4 million to universities for projects that drive economic growth.**

<b>Key figures, LocalTapiola Group</b>	<b>1–12/2025</b>	<b>1–12/2024</b>
Operating result, EUR million	446	631
Total result, EUR million	577	836
Number of customers, thousand	1,840	1,819
Customer bonuses, EUR million	185	165
<b>Non-life insurance</b>		
Premiums written, direct non-life insurance, EUR million	1,604	1,511
Change, %	6.2	7.3
Combined ratio, %	91.2	96.2
Risk ratio, %	61.8	66.3
Cost ratio, %	29.4	29.9
<b>Life insurance, investment, motor vehicle finance</b>		
Premiums written, term life insurance, EUR million	154	147
Change, %	4.2	7.5
Net investment sales, EUR million	291	66
Assets under management (gross), EUR billion	35.2	32.3
Client assets under management (net), EUR billion	17.3	15.9
Finance portfolio, EUR billion	2.5	2.5

### Comment by President Sari Heinonen:

"The 2020s present us with one emergency after another: a pandemic, a war in Ukraine, Europe's energy crisis, inflation and geopolitical uncertainty have all shaped Finns' everyday life, economic playing field and optimism about the future. In the face of these developments, a long-awaited turnaround of Finland's economy has been delayed, and a weakening dependency ratio has eroded the safety nets of the welfare state. The public sector is

no longer able to meet citizens' all needs, and households and businesses are increasingly assuming responsibility for financial protection, health and wellbeing.

More and more Finns are compensating for the cuts in public-sector services through their own choices – by means of insurance policies, saving and investment. At LocalTapiola, this is evident as a rise in the demand for insurance policies, as an increasing popularity of asset management services and in a heightened focus by private investors on safe havens. Last year our non-life insurance premiums written increased 6.2 per cent, term life insurance premiums written increased 4.2 per cent, and asset management net commissions increased 4.7 per cent. Client assets under management increased to EUR 17.3 billion, and Seligson & Co grew to become the fourth-largest fund management company in Finland. Those with an opportunity to prepare for the future through insurance, saving and investment are doing so now increasingly actively.

The need for security and predictability is also reflected in how people and businesses are more committed to a reliable and financially sound insurer than before. Our customer retention rate in 2025 was good, and it has remained stable and stronger than before throughout the 2020s. As the second-largest non-life insurer in Finland, we were focused on our core mission also in the year gone by. The storm Hannes, which buffeted western Finland, served as a reminder that risks, even familiar ones, are getting stronger as the climate changes. The final cost of Hannes will become clear later, but it seems that, measured by the amounts paid in compensation, the storm is among the three biggest ones experienced this century. As a whole, however, in terms of claims the year was moderate: the increasing trend in the amount of claims that had continued since 2021 was broken, and the claims paid decreased 2.0 per cent.

As a lifelong security company, we meet Finns' need to prepare for the future, yet at the same time we express concern about the source of this need. A mood of lacking confidence has taken root in our society, with the future framed in terms of risk rather than opportunity. Funds on accounts have soared to records as households are compensating for assets depleted from their balance sheets and preparing for fiscal adjustments while anticipating that more of them will follow. People are filling gaps in public healthcare with health insurance policies, for which demand has started to slow down owing to rapid increases in policy prices. These price hikes are underpinned by the increased cost of private health services and the fact that insurance policies are used more than in the past. Our survey indicates that over one half of Finns have experienced personally or through a family member that they are unable to access public healthcare quickly enough. Private health insurance products were developed to supplement the primary healthcare system, but now they have become a way to avoid it.

Businesses, too, are compensating for the eroded safety net of society. There is more focus on risk management, and staff are being insured more keenly, for example by more extensive health insurance plans. As a result, we have become the market leader in workers' compensation insurance and developed remuneration services that bolster the ability of companies to hold on to skilled staff. The situation on the job market is difficult, but competition for top talents continues. The committing of key persons, preparing for life and health risks, and remuneration services are growing rapidly.

In an era of uncertainty, Finns cannot be blamed for being cautious. The replenishing of balance sheets and consumption curbing are sensible choices in a situation where household wealth has declined and the need to prepare for the future has increased. Yet although citizens are treading carefully, businesses and social actors, including LocalTapiola, must be bold and step on the gas. In the coming years, we will invest EUR 200 million more in Finnish growth companies, and will donate EUR 5.4 million to universities for projects that drive multisectoral economic growth. Furthermore, we will also continue investing significantly in our own digital

services. In 2025, we spent more than EUR 100 million on developing our digital services, making thousands of improvements and updates to them. Our aim is to deliver an improved service to our customers, and to do that more efficiently.

A lack of economic growth is the greatest problem that Finnish society is facing – something we cannot afford to get used to. Zero growth must not be the new normal. To change course, we need three things: financing, expertise and the right attitude. These ‘growth-triangle’ spearheads are nothing new, but we must redesign their content to work in the realities of the present day. Growth requires financing at its every stage – most of all when a company is about to leap into a new size category. It is exactly in this scaling-up phase that businesses need the crucial euros, which all too often fail to materialise in Finland. Renewal is born from excellence, and gaps in the university funding system must not prevent research from being refined into commercial innovations. Business owners should not withdraw their profits as dividends – rather, they should spur businesses to embrace risk, growth and scaling up. The overall mindset must foster a desire for growth and support bold risk-taking. The constant stalling has persisted long enough. Now is the time to step on the gas and invest in businesses that create growth for Finland.”

### LocalTapiola Group’s key outturn factors in January–December 2025

LocalTapiola Group’s total result including the change in the valuation differences of investments was EUR 577 million, and the group’s operating result was EUR 446 million. Premiums written increased year-on-year in both non-life and term life insurance, with the growth supported by the consistently high customer retention rate and the price adjustments made for 2025. Geopolitical tensions were reflected as increased uncertainty on the financial market, but in spite of this, 2025 proved a good year for investment. LocalTapiola Group’s investment income at fair value was 4.2 per cent, with a positive revenue from all asset classes. LocalTapiola Group’s solvency ratio remained strong, standing at 196 per cent at the end of December. As a mutual corporate group, we use our profit to strengthen solvency, to develop the products and services provided to our owner-customers, and to increase customer benefits.

#### Non-life insurance

The non-life insurance balance was EUR 112 million, improving significantly from the previous year due in particular to a growth in premiums earned and a decrease in claims incurred. Balance before the change in the equalisation provision is composed of earned premiums less the claims incurred and operating expenses.

LocalTapiola Group’s premiums written in direct non-life insurance were EUR 1,604 million, representing a year-on-year growth of 6.2 per cent. The growth in premiums written was supported by the consistently high customer retention rate and the price adjustments made for 2025. Growth in premiums written was strongest for the private customers segment, and with regard to the insurance lines, growth was highest in voluntary personal insurance, for which premiums written increased 9.5 per cent, and in motor casco insurance, for which premiums written increased 9.1 per cent. Sales were brisk, and the investments made in digital analytics were evident as a strong development of online sales.

We paid customers a total of EUR 1,015 million in non-life insurance claims, down 2.0 per cent from the previous year. Claims paid continued to increase in voluntary personal insurance and pet insurance lines, but in several other lines of business they decreased from the comparison period. Late in the year, the fierce Hannes storm resulted in a high number of property damage claims particularly around western Finland. Despite this, the risk ratio, which describes the profitability of the core insurance business, improved to 61.8 per cent.

Non-life insurance operating expenses were EUR 450 million, representing a year-on-year growth of 3.4 per cent. Operating expenses were increased by a rise in the volume of non-life insurance and by the investments made in operational development. The growth in operating expenses was more moderate than the growth of earned premiums, and as a result, the cost ratio improved from the comparison period to 29.4 per cent.

### Life insurance

LocalTapiola Life's operating result was EUR 130 million, and total result including the change in the valuation differences of investments was EUR 122 million. Life's solvency remained strong and equity ratio strengthened during 2025. At year-end, the solvency ratio was 254 per cent.

Premiums written for term life insurance continued to grow, strengthening LocalTapiola Life's position as the term life insurance market leader. The premiums written for term life insurance were EUR 154 million, reflecting a growth of 4.2 per cent. The customer retention rate remained good, and sales increased. In Life's other main business areas, savings life insurance and group pensions, premiums written remained at the level of the previous year. Life's total premiums written were EUR 419 million.

### Asset management

LocalTapiola Asset Management Group's turnover was EUR 62.5 million, and operating result was EUR -0.5 million. Operating result excluding amortisation of goodwill on consolidation was EUR 6.5 million (EUR 4.3 million). Net commissions were EUR 57.9 million, increasing 5 per cent year-on-year supported by a good net sales result and the tailwind enjoyed by investment markets. In spite of the business growth, operating expenses remained nearly at the level of the previous year.

During the financial year, client assets under management (net) increased more than 9 per cent to the year-end figure of EUR 17.3 billion. At the end of the review period, the assets under management (gross) by the LocalTapiola Asset Management Group companies totalled EUR 35.2 billion. Of these, EUR 16.7 billion was in assets in portfolio management, and EUR 14.3 billion was in fund capitals, EUR 2.8 billion in real estate and EUR 1.5 billion in other contractually managed assets.

The group structure was clarified by merging LocalTapiola Alternative Investment Funds Ltd to Seligson & Co Fund Management Company Plc, and the efficiency of activities was increased by harmonising processes.

### Motor vehicle finance

LocalTapiola Finance's result strengthened clearly from the year before, with operating profit being EUR 17.1 million (EUR 13.3 million). Despite the challenges faced by the economy and the automobile market, our balance sheet, new sales and the market share of our vehicle portfolio also continued to grow, driven by our strong dealership cooperation. Our finance portfolio increased to EUR 2.5 billion. Currently, our portfolio consists of more than 137,000 vehicles that we have financed to Finnish consumers and businesses. In 2025, our position as the second-largest motor vehicle finance company in Finland reinforced considerably. Despite Finland's weak economy, clear signs of improvement are on the horizon. Also, in the latter half of 2025, the solvency of customers developed positively and the amount of overdue receivables decreased.

## Claims and customer benefits

LocalTapiola Group paid its customers a total of EUR 1,015 million in non-life insurance claims. In addition, we credited our customers EUR 113 million in non-life insurance loyalty bonuses and EUR 45 million as S Group bonuses on insurance premiums.

Under life policies, we paid our customers a total of EUR 393 million in claims, and LocalTapiola Life's customer bonuses were EUR 27 million.

## Appointments

Sari Heinonen started as LocalTapiola Group's President on 1 May 2025.

Pekka Antikainen started as Chair of the Group's Management Group of LocalTapiola Group on 13 May 2025. In addition to this, Mr Antikainen continues in his post as Managing Director of LocalTapiola Services Ltd.

Antti Pulkkanen started as Managing Director of LocalTapiola General on 1 August 2025.

Soile Pusa started as Managing Director of LocalTapiola Savo on 19 September 2025.

## Key figures for 1 January–31 December 2025

The figures are unaudited.

<b>LocalTapiola Group</b>	<b>1–12/2025</b>	<b>1–12/2024</b>
<b>Group's result and solvency</b>		
Operating result, EUR million	446	631
Total result, EUR million	577	836
Solvency ratio at end of review period, %	196	202
<b>Non-life insurance</b>		
Premiums written, EUR million	1,621	1,533
Change, %	5.7	6.9
Direct premiums written, EUR million	1,604	1,511
Change, %	6.2	7.3
Combined ratio excl. unwinding of discount expense, %	91.2	96.2
Risk ratio, %	61.8	66.3
Cost ratio, %	29.4	29.9
<b>LocalTapiola General</b>		
Premiums written, EUR million	340	330
Change, %	3.0	2.5
Direct premiums written, EUR million	282	263
Change, %	7.3	3.4
Combined ratio excl. unwinding of discount expense, %	87.8	92.1
Risk ratio, %	62.6	64.9
Cost ratio, %	25.2	27.2
Net investment income at fair value, %	4.7	9.4
Operating result, EUR million	152	280
Total result, EUR million	194	325
Solvency ratio at end of review period, %	337	353
<b>LocalTapiola Life</b>		
Premiums written, EUR million	419	416
Change, %	0.7	24.8
Net investment income at fair value, %	2.1	6.1
Operating result, EUR million	130	218
Total result, EUR million	122	233
Solvency ratio at end of review period, %	254	273
<b>LocalTapiola Asset Management Group</b>		
Turnover, EUR million	62.5	60.0
Operating result, EUR million	-0.5	-2.7
Cost/income ratio, %	89.7	92.9
Assets (gross) managed at group companies, EUR billion	35.2	32.3
Client assets (net) under management, EUR billion	17.3	15.9
<b>LocalTapiola Finance</b>		
Operating result, EUR million	17.1	13.3
Finance portfolio at end of review period, EUR billion	2.5	2.5