Summary of material accounting principles

Sampo plc (business ID 0142213-3) is a Finnish public company listed in Helsinki Nasdaq. Sampo has a dual listing in Nasdaq Stockholm and in Nasdaq Copenhagen. It is domiciled in Helsinki and the headquarters are at Fabianinkatu 27, 00100 Helsinki, Finland. The consolidated financial statements of Sampo Group include Sampo plc together with its subsidiaries and associates as of 31 December 2024. The group subsidiaries have insurance and financing activities in Finland, Sweden, Norway, Denmark, the Baltic countries, and the United Kingdom.

A copy of the Group's financial statements is available at the internet address **www.sampo.com**.

Basis of preparation

Sampo Group has prepared the consolidated financial statements for 2024 in compliance with the International Financial Reporting Standards (IFRSs). In preparing the financial statements, Sampo has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective on 31 December 2024.

The annual improvements or other amendments to the standards, adopted at the beginning of 2024, had no material impact on the Group's financial statements reporting.

In preparing the notes to the consolidated financial statements, attention has also been paid to the Finnish accounting and company legislation and applicable regulatory requirements.

The going concern accounting assumption has been assessed by the Board and used in the preparation of the financial statements.

The consolidated financial statements are presented in euro (EUR), rounded to the nearest million, unless otherwise stated.

The Board of Directors of Sampo plc accepted the financial statements for issue on 12 March 2025. In accordance with Limited Liability Companies Act, the Annual General Meeting has the right to approve or reject the consolidated financial statements or change the statements after they have been issued.

Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Sampo plc and all its subsidiaries. Companies in which the Group has control are consolidated as subsidiaries. Control exists when the Group has more than half of the voting power or it has power over the entity together with exposure to variable returns from its involvement there, and the ability to use its power to affect the amount of these returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. Acquisition-related costs are recognised through profit or loss. Possible non-controlling interest of the acquired entity is measured either at fair value or at proportionate interest in the acquiree's net assets. The acquisition-specific choice affects both the amount of recognised goodwill and non-controlling interest. The excess of the aggregate of consideration transferred, non-controlling interest and possibly previously held equity interest in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired, is recognised as goodwill.

The accounting policies used throughout the Group for the purposes of consolidation are consistent with respect to similar business activities and other events taking place in similar conditions. All intra-group transactions and balances are eliminated upon consolidation.

Non-controlling interests

The technical division of profit for the financial year and the total comprehensive income to the owners of the parent and non-controlling interests is presented after the statement of comprehensive income. The share of profits is attributed to non-controlling interests even if it should be negative.

Non-controlling interests are presented in the balance sheet separately as part of equity.

Non-controlling interests in an acquiree are measured either at fair value or as a proportionate share of net assets of the acquiree. The choice is made for each acquisition separately.

At the end of the financial year, due to the acquisition of non-controlling interests in Topdanmark, the total equity of consolidated financial statements did not include the non-controlling interest share.

At the end of financial year, as the proportion of equity held by non-controlling interests changed, the carrying amounts of both the equity owners of the parent and the non-controlling interests were adjusted to reflect the changes. The difference between the book value of the NCI and the consideration paid was recognised directly in equity (retained earnings), and attributed to the owners of the parent company.

Going forward, Sampo will allocate all of Topdanmark's profits, after the completion of the acquisition, to the owners of the parent company. During the financial year, the NCI's share of the profit was calculated as weighted average on their remaining share of ownership.

Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the Group and the parent company. Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the Group operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of transactions or the average rate for a month. The balance sheet items denominated in foreign currencies are translated into the functional currency, at the rate prevailing at the balance sheet date.

Exchange differences arising from the translation of transactions and monetary balance sheet items denominated in foreign currencies into functional currency are recognised as translation gains and losses in profit or loss.

The income statements of Group entities whose functional currency is other than euro are translated into euro at the average rate for the period, and the balance sheets at the rates prevailing at the balance sheet date. The resulting exchange differences are included in equity and their change in other comprehensive income. When a subsidiary is divested entirely or partially, the cumulative exchange differences are included in the income statement under sales gains or losses.

Goodwill and fair value adjustments arising from an acquisition of a foreign entity are treated as if they were assets and liabilities of the foreign entity. Exchange differences resulting from the translation of these items at the exchange rate of the balance sheet date are included in equity, and their change in other comprehensive income.

Exchange rate differences arising from a monetary item, accounted for as Sampo's net investment in a foreign operation (subsidiary), are recognised in other comprehensive income.

A monetary item included in the net investment in a foreign operation may be denominated in the functional currency of Sampo (reporting entity), in the functional currency of the foreign operation or in a currency other than the functional currency of either the reporting entity or the foreign operation. When a foreign subsidiary is divested entirely or partially, the cumulative exchange differences are reclassified from equity to profit or loss.

The following exchange rates were applied in the consolidated financial statements:

1 euro (EUR) =	Balance sheet date	Average exchange rate
Swedish krona (SEK)	11.4590	11.4345
Danish krona (DKK)	7.4578	7.4589
Pound sterling (GBP)	0.8292	0.8467

Segment reporting

The Group's segmentation is based on business areas whose risks and performance bases as well as regulatory environment differ from each other. The control and management of business and management reporting are organised in accordance with the business segments. The Group's business segments are If, Topdanmark, Hastings, and Holding.

Geographical information has been given on income from external customers and non-current assets. The reported areas are Finland, Sweden, Norway, Denmark, United Kingdom, and the Baltic countries.

In the inter-segment and inter-company pricing, for both domestic and cross border transactions, market-based prices are applied. The pricing is based on the Code of Conduct on Transfer Pricing Documentation in the EU and OECD guidelines.

Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements.

Non-current assets held for sale and discontinued operations

Non-current assets and the assets and liabilities related to discontinued operations are classified as held for sale, if their carrying amount will be recovered principally through sales transactions rather than from continuing use. For this to be the case, the sale must be highly probable, and the asset or disposal group must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets. In addition, the management must be committed to a plan to sell, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. The classification, presentation, and measurement requirements of non-current assets or disposal groups held for sale also apply to those that are held for distribution to owners acting in their capacity as owners.

Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset shall be measured in accordance with applicable IFRSs. If the fair value less costs to sell is the lower, the Group recognises an impairment loss at initial reclassification. Gains for subsequent increases in fair value are recognised through profit or loss. Once reclassified, any depreciation or recognition of associates' share of profit or loss on such assets ceases.

Income and expense recognition principles related to insurance contracts

The introduction of IFRS 17 changed the structure of the statement of profit or loss to reflect the key sources of profit. The insurance service result, comprising of insurance revenue, insurance service expenses, and reinsurance result, reflects the result relating to underwriting and servicing insurance policies. The net financial result reflects the impacts arising from financial components of insurance contracts.

Insurance revenue

Insurance revenue reflects the compensation that Sampo receives from the policyholder in return for the transfer of risk (insurance contract services) on an earned basis. The insurance revenue recognised in the reporting period is based on premium receipts and expected premium receipts, allocated linearly over the underlying terms of the insurance contracts, i.e. based on the passage of time. The liability for remaining coverage is reduced with a corresponding amount as the insurance revenue.

Insurance service expenses

The insurance service expenses comprise of both claims incurred and operating expenses.

Claims incurred for the reporting period include claims payments during the period and changes in the liability for incurred claims. The change in liability for the incurred claims includes the changes in undiscounted best estimate, discounted risk adjustment, and the changes in discounting effect due to changes in underlying best estimate or changes in payment patterns. The claims incurred also include claims handling expenses and changes in the loss component.

Operating expenses reported in the insurance service result relate to administrative expenses arising from the handling of insurance contracts. Additionally, the operating expenses include the acquisition cash flows recognised in profit or loss, where the liability for remaining coverage changes with a corresponding amount.

Reinsurance result

Reinsurance result comprises both reinsurance premium expenses and reinsurer's share of claims incurred. Reinsurance premium expenses related to reinsurance contracts held are recognised similarly to insurance revenue and reflect the premium payments attributable to the reporting period for the reinsurance contract services received. Any commissions received reduce the reinsurance premium expenses. The reinsurers' share of claims incurred is reported consistently with direct insurance expenses, including changes in the risk of non-performance.

Insurance finance income or expense

The insurance finance income or expenses included in the net financial result reflect the impacts arising from financial components. These include changes in the liability for incurred claims related to changes in discount rates and time value of money (unwinding). Therefore, the effect from changes in interest rates, as well as interest expense, is presented in its entirety as insurance finance income or expenses. The effect of changes in indexation of annuities is also presented within insurance finance income or expenses. Amounts related to reinsurance contracts are presented separately. The option to present changes in discounting effect in other comprehensive income is not applied.

In 2024, Sampo updated the accounting policy for the presentation of the change in discounting effect relating to risk adjustment. The change in discounting effect is now allocated between the insurance service expenses and insurance finance income and expense.

Net investment income

Interest and dividends

Interest income and expenses are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity. Dividends on equity securities are recognised as revenue when the right to receive payment is established.

Fees and commissions

The fees and transaction costs of financial instruments measured at fair value through profit or loss are recognised in profit or loss when the instrument is initially recognised.

Revenue from contracts with customers

Other income consists of income from insurance-related services provided, that do not involve a transfer of significant insurance risk, and are therefore accounted for under IFRS 15 *Revenue from contracts with customers*. Such income is primarily attributable to sales commission and services for administration, claims settlement, etc. in insurance contracts on behalf of other parties.

Furthermore, If Group's subsidiary Viking Assistance Group AS provides roadside assistance. Income from these services is recognised when roadside assistance has been provided.

The subsidiary Hastings has revenue from broker activities in accordance with IFRS 15 *Revenue from Contracts with Customers*. The revenue consists principally of fees and commissions relating to the arrangement of third party underwritten insurance contracts and ancillary products.

Revenue from insurance brokerage activities is recognised at the point of sale to the customer, and revenue from other retail services is recognised when the service has been completed. Revenue arising from insurance broking activities is measured on an agency basis, net of cost, at the fair value of the income receivable after adjusting for any allowance for expected future cancellation refunds. Hastings may also provide contracts for the provision of other ad hoc, point-in-time services to customers. Such income is recognised when the performance obligation has been satisfied at the expected value of consideration.

In the consolidated financial statements, the fees and commissions from external broker activities are included in Other income or Other expenses.

Financial assets and liabilities

Initial recognition and derecognition

Financial assets and liabilities are measured at the initial recognition at fair value. If the acquired financial assets and liabilities are not measured at fair value, transaction costs directly attributable to acquisition or issue are added or deducted respectively.

Purchases and sales of financial assets at fair value through profit or loss are recognised and derecognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and other receivables are recognised when cash is advanced.

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts, and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Group has substantially transferred all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Classification and measurement principles of financial assets

Financial assets are classified as being subsequently measured either at amortised cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVPL). The majority of Sampo Group's financial assets are classified at fair value through profit or loss, and only a limited amount of financial assets is measured at amortised cost. No financial assets are classified as FVOCI.

The classification of financial assets into these measurement categories is based on Sampo Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's business model reflects how the portfolios of financial assets are managed to achieve business objectives and to generate cash flows. The factors considered in determining the portfolio's business model include how the financial assets' performance is evaluated and reported to management, how risks are assessed and managed, past experience of how the cash flows have been collected, and how compensation is linked to performance.

Financial assets at fair value through profit or loss

Financial assets classified as at fair value through profit or loss include mainly investments in equity instruments and funds, debt instruments, and other loans.

Equity instruments are classified and measured at fair value through profit or loss.

Debt instruments, such as bonds and other interest-bearing securities, are classified as measured at fair value through profit or loss when the business model reflects the assets being managed and evaluated on a fair value basis. The instruments are initially recognised and subsequently measured at fair value. Transaction costs that are directly attributable to the issue or acquisition of the assets are expensed in profit or loss.

Gains and losses arising from changes in fair value, or realised on disposal, together with related interest income and dividend, are recognised in the income statement under net investment income.

Derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as financial assets at fair value through profit or loss. Derivatives are initially recognised at fair value. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are recognised at fair value, and gains and losses arising from changes in fair value, together with realised gains and losses, are recognised in the income statement under net investment income.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost only if the objective of the business model is to hold a financial asset in order to collect contractual cash flows, and the contractual cash flows of the financial asset meet the SPPI criteria (solely payments of principal and interest - criteria, SPPI), i.e. it is consistent with the basic lending arrangement. SPPI criteria is met when the financial instrument's contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost comprise mainly debt instruments, loans, and receivables.

Financial assets measured at amortised costs are initially recognised at their fair value, including transaction costs directly attributable to the acquisition of the asset. Loans and other receivables are subsequently measured at amortised cost using the effective interest rate method.

Interest revenue is calculated using the effective interest rate method. Under IFRS 9, financial assets subsequently measured at amortised cost are subject to loss allowance, that is, expected credit losses (ECL) requirements.

Financial liabilities

Financial liabilities, including subordinated debt securities, debt securities in issue, and other financial liabilities, are subsequently measured at amortised cost using the effective interest rate method. Interest expenses and gains or losses on derecognition are recognised in the income statement.

Derivative financial liabilities are measured at fair value through profit or loss.

If debt securities issued are redeemed before maturity, they are derecognised and the difference between the carrying amount and the consideration paid at redemption is recognised in profit or loss.

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Instruments are measured either at a bid price or at the last trade price, if there is an auction policy in the stock market of the price source. An exception are the syndicated loans, which are measured at a mid-price because of the lower liquidity. The financial derivatives are also measured at the last trade price. If the financial instrument has a counter-item that will offset its market risk, the same price source is used in assets and liabilities to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined based on the relevant market prices of the component parts.

Fair values of financial assets are based on either published price quotations or valuation techniques based on market observable inputs, where available. If these are not available, the fair value is established by using generally accepted valuation techniques, including recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. For a limited amount of assets, the value needs to be determined using these other techniques.

The carrying amount of cash and cash equivalents, as well as settlement receivables included in other assets is used as an approximation of fair value.

The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on, e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

On level 3, the measurement is based on other inputs rather than observable market data.

In level 3 equity investment is valued by using the excess return model, in which the value of a company is the sum of capital currently invested in the company and the present value of excess returns that the company expects to make in the future.

For private equity funds the valuation of the underlying investments is conducted by the fund manager who has all the relevant information required in the valuation process. The valuation is usually updated quarterly based on the value of the underlying assets and the amount of debt in the fund. There are several valuation methods, which can be based on, for example, the acquisition value of the investments, the value of publicly traded peer companies, the multiple based valuation or the cash flows of the underlying investments.

Impairment of financial assets

Sampo assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset, other than those at fair value through profit or loss, may be impaired. A financial asset is impaired, and impairment losses are recognised based on the estimated future cash flows of the financial asset if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact that can be reliably estimated.

There is objective evidence of impairment, if, for example, an issuer or debtor encounters significant financial difficulties that will lead to insolvency, and to estimation that the customer will probably not be able to meet the obligations to the Group. When there is objective evidence of impairment of a financial asset carried at amortised cost, the amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the receivable's original effective interest rate. The difference is recognised as an impairment loss in profit or loss. In Sampo Group the impairment is assessed individually for each asset.

Financial assets measured at amortised cost

In accordance with IFRS 9, Sampo applies a forward-looking ECL model, which in Sampo Group is mainly applicable to financial assets measured at amortised cost. Impairment requirements do not apply to equity instruments or other financial instruments measured at FVPL. Expected credit losses reflect past events, i.e. historical loss experience, current conditions, and forecasts of future economic conditions.

Sampo applies a general approach for impairment in which a loss allowance is calculated either for 12-month expected credit losses or a lifetime expected credit losses. A three-staged model is used to determine the ECL at each reporting date. In stage 1, the credit risk has not increased significantly. Loss allowance is measured at an amount equal to 12-month expected credit losses. In stages 2 and 3, the credit risk has increased significantly since initial recognition and the loss allowance is measured at an amount equal to the lifetime expected credit losses. In stage 3, the financial asset is assessed to be credit-impaired (at default), and the interest is calculated on the credit-impaired amount instead of gross carrying amount.

In Sampo Group, the general approach is based on three components, namely probability of default (PD), loss given default (LGD), and exposure at default (EAD).

Derivative financial instruments and hedge accounting

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, credit risk derivatives, foreign exchange derivatives, equity derivatives and commodity derivatives. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative.

Derivatives held for trading

Derivative instruments that are not designated as hedges are treated as held for trading. They are measured at fair value and the change in fair value, together with both realised gains and losses and interest income and expenses, is recognised in profit or loss.

Hedge accounting

Sampo Group may hedge its operations against interest rate risks, currency risks, and price risks through fair value hedging and cash flow hedging. Cash flow hedging is used as a protection against the variability of the future cash flows. During the financial year, cash flow hedging has been applied in Hastings.

Hedge accounting applies to hedges that are effective in relation to the hedged risk and meet the hedge accounting requirements of IFRS 9. The hedging relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for undertaking the hedge, are documented at the inception of the hedge.

Cash flow hedging

Cash flow hedging is used to hedge the interest cash flows of individual floating rate debt securities or other floating rate assets or liabilities. The hedging instruments used include currency forward contracts. Derivative instruments which are designated as hedges and are effective as such, are measured at fair value. The effective part of the change in fair value is recognised in other comprehensive income.

The cumulative change in fair value is transferred from equity and recognised in profit or loss in the same period that the hedged cash flows affect profit or loss.

When a hedging instrument expires, is sold, terminated, or the hedge no longer meets the criteria for hedge accounting, the cumulative change in fair value remains in equity until the hedged cash flows affect profit or loss.

Leases

Group as lessee

All lease contracts are primarily recognised in the balance sheet in accordance with IFRS 16 *Leases*. The only optional exemptions include certain short-term contracts with a duration under 12 months or low-value contracts, for which the lease payments can be recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets related to lease contracts (right to use an underlying asset) are recognised in the asset side as part of Property, plant and equipment and the corresponding lease liabilities in the liability side, as part of Other liabilities. A right-of-use asset is recognised at the commencement date of the lease and measured at cost that includes the amount of the initial measurement of the liability and potential prepaid rents to the lessor. Right-of-use assets are amortised on a straight-line basis over the lease period. Lease liability is also recognised at the commencement date and measured at the present value of the lease payments.

Depreciations on right-of-use assets and interests on lease liabilities are recognised in the income statement.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition (made after 1 January 2004) over the fair value of the Group's share of net identifiable assets, liabilities, and contingent liabilities of the acquired entity at the date of acquisition. Goodwill on acquisitions before 1 January 2004 is accounted for in accordance with the previous accounting standards, and the carrying amount is used as the deemed cost in accordance with the IFRS.

Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised. Instead, it is tested at least annually for impairment.

Other intangible assets

IT software and other intangible assets, whether procured externally or internally generated, are recognised in the balance sheet as intangible assets with finite useful lives if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognised as expenses in profit or loss as they are incurred. Costs arising from the development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the above-mentioned requirements for being recognised as assets in the balance sheet.

Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the estimated useful life of the asset. The estimated useful lives by asset class are as follows:

- IT software 3-10 years
- Other intangible assets 3-10 years

Intangible assets with an indefinite useful life, such as brands and trademarks acquired in business combinations, are not amortised. Instead, they are tested at least annually for impairment.

Amortisations and impairment losses are recognised in the statement of profit or loss in other expenses.

Property, plant and equipment

Property, plant and equipment comprise properties occupied for Sampo's own activities, office equipment, fixtures and fittings, and furniture.

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses.

Improvement costs are added to the carrying amount of a property when it is probable that the future economic benefits that are attributable to the asset will flow to the Group. Costs for repairs and maintenance are recognised as expenses in the period in which they were incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. In most cases, the residual value is estimated at zero. Land is not depreciated. Estimates of useful life are reviewed at financial year-ends and the useful life is adjusted if the estimates change significantly. The estimated useful lives by asset class are as follows:

- Buildings 20-50 years
- Components of buildings 15-20 years
- Property and leasehold improvements 4-10 years
- IT equipment and motor vehicles 2-5 years
- Other equipment 3-15 years

Depreciations and impairment losses are recognised in the statement of profit or loss in other expenses.

Depreciation of property, plant or equipment will be discontinued if the asset in question is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Impairment of intangible assets and property, plant and equipment

At each reporting date, the Group assesses whether there is any indication that an intangible asset or an item of property, plant or equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. In addition, goodwill, intangible assets not yet available for use, and intangible assets with an indefinite useful life will be tested for impairment annually, independent of any indication of impairment. For impairment testing the goodwill is allocated to the cash-generating units of the Group from the date of acquisition. In the test, the carrying amount of the cash-generating unit, including the goodwill, is compared with its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

The impairment loss is reversed if there has been a change in circumstances and the recoverable amount has changed after the recognition of the impairment loss, but no more than to the carrying amount that it would have been without recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed.

Insurance contracts

Sampo Group has applied IFRS 17 *Insurance Contracts* from 1 January 2023. Sampo Group's operations are focused on the P&C business and Sampo primarily uses the premium allocation approach (PAA) under IFRS 17.

The risks involved in insurance contracts are widely elaborated in the Group's **note 34**.

P&C operations

Scope

In the Group's P&C insurance contracts, insurance risk is considered significant. Insurance contracts issued by third party underwriters (panel underwriters), which do not transfer any insurance risk to the Group companies, are not in the scope of IFRS 17 but instead accounted for under IFRS 15 *Revenue from Contracts with Customers*.

Insurance contracts containing one or more components within the scope of different accounting standards are accounted for separately. Sampo evaluates the insurance contracts to identify components from the contracts. For example, an insurance contract may include an investment component or a component for services other than insurance contract services (or both).

Level of aggregation

Insurance contracts are aggregated into portfolios of insurance contracts. The portfolios comprise contracts with similar risks that are managed together. These portfolios are further divided into annual cohorts, i.e. contracts not issued more than one year apart.

In Sampo Group's P&C operations, portfolios are determined based on a segmentation of business, or a combination of line of business (as defined by the management), business area and country. Portfolios are determined separately for each legal entity or based on product lines.

Sampo Group has identified some onerous contracts, but, all in all, their amount is insignificant.

The carrying amount of the portfolios of insurance and reinsurance contracts determines their presentation as assets or liabilities in the balance sheet.

Contract boundary

The initial measurement of a group of insurance contracts includes all future cash flows arising within the contract boundary. In determining which cash flows fall within the contract boundary, substantive rights and obligations arising from the terms of the contract, together with applicable laws and regulations, are considered.

In Sampo Group's P&C operations, the majority of contracts have a one-year contract boundary, typically until the next renewal date, i.e. the contract has one-year coverage period during which there are substantive rights and obligations.

Measurement

In accordance with IFRS 17, a general measurement model (GMM) is applicable to all insurance contracts to measure insurance contract liabilities. Under the general measurement model, insurance contracts are measured based on future cash flows, adjusted to reflect the time value of money, including a risk adjustment, and a contractual service margin (CSM).

When certain eligibility criteria are met, insurers may apply a simplified approach, the premium allocation approach (PAA), for the measurement of insurance contracts. PAA is eligible for insurance contracts with a coverage period of one year or less. This approach is also available for contracts where the PAA would not materially differ from the results of the GMM. In Sampo Group's P&C operations, PAA is applied to all insurance contracts, because the coverage period for most of the insurance contracts is one year or less, and for longer insurance contracts the qualifying eligibility criteria are fulfilled.

The measurement of insurance liabilities consists of the liability for remaining coverage (LRC) and acquisition cash flow asset, and liability for incurred claims (LIC), the latter including both reported but not settled claims, as well as incurred but not reported claims (IBNR).

On the initial recognition of P&C operations' groups of insurance contracts, the carrying amount of LRC is measured as the premiums initially received less insurance acquisition cash flows. In case of onerous contracts, a loss component is recognised.

The acquisition cash flows reducing the carrying amount of LRC mainly include staff costs related to sales personnel and commissions, as well as certain costs related to selling policies through price comparison websites. Any overhead costs are expensed immediately. Sampo Group's P&C operations in the private business area have elected to recognise acquisition cash flows as an expense at the date when they are incurred. For other business areas, the acquisition costs are deferred over the coverage period of the contracts, generally one year, or longer in case of expected renewals.

Any acquisition cash flows paid relating to a group of insurance contracts not yet recognised, are presented as a separate acquisition cash flow asset and included in the related portfolio's total carrying amount.

The liability for remaining coverage relates to the obligation to investigate and pay valid claims that have not yet occurred. At subsequent reporting periods, the carrying amount of LRC is increased by premiums received during the period and decreased by the amount recognised as insurance revenue for services provided in the period, which for most products is based on the passage of time (straight line basis). Consequently, any premium receipts pertaining to insurance services to be provided after the closing date remain in this liability. The carrying amount is also increased for any premiums received in subsequent periods, less additional insurance acquisition cash flows paid. The carrying amount of LRC is not discounted or adjusted with the effect of financial risk, as the time between providing services and the related premium due date generally is no more than a year.

For groups of onerous contracts, a loss component is part of the liability for remaining coverage. The loss component is calculated as the difference between the liability measured with the general measurement model and with the premium allocation approach.

The liability for incurred claims (LIC) is intended to cover the future payments of all claims incurred, including claims not yet reported to the company and all claims handling expenses. Sampo Group measures the liability for incurred claims (LIC) for the group of insurance contracts at the amount of estimated fulfilment cash flows relating to incurred claims. Fulfilment cash flows consist of three components, namely expected cash flows, discounting and risk adjustment. The estimated future cash flows (best estimate) are calculated with the aid of statistical methods or through individual assessments of individual claims.

Both the best estimate and risk adjustment are discounted to present value using standard actuarial methods and applying market-based yield curves. The curves are constructed based on a risk-free rate and an illiquidity premium for each of the main currencies.

Discounting

Sampo Group's P&C operations have determined the discount rates based on a bottom-up approach. The interest rate curve includes a risk-free rate (excluding credit risk adjustment) and an illiquidity premium for each currency. The illiquidity premium is mainly derived based on a portfolio of high-rated bonds for the liquid part of the interest rate curve. Beyond this, the curve converges to the ultimate forward rate, consistent with the EIOPA curves. Discount rates are constructed separately for the main currencies applied in Sampo Group's subsidiaries.

The discounting effect of current-year liabilities for incurred claims and changes in the cash flows is recognised in the insurance service result. Unwinding of interest rates, effect of changes in interest rates, and other financial assumptions are presented as insurance finance income or expense in profit or loss. Sampo Group has elected not to apply the OCI option allowed under IFRS 17.

Risk adjustment

In accordance with IFRS 17, an explicit risk adjustment is included in the measurement of insurance liabilities. The risk adjustment reflects the cost of uncertainty associated with the amount and timing of cash flows arising from non-financial risk and the degree of risk aversion. The risks typically considered in P&C operations, when assessing risk adjustment, are reserve risk, longevity risk, inflation risk, and premium risk.

In Sampo Group, the risk adjustment is derived through a confidence level technique whereby management determines the appropriate quantile. The risk adjustment is calculated at the subsidiary level and aggregated into the consolidated Sampo Group level risk adjustment, without any diversification effects assumed. Under the premium allocation approach, the risk adjustment is only included in LIC, unless a group of insurance contracts is onerous.

Reinsurance contracts

The PAA model is applied to reinsurance contracts held. The corresponding accounting policies as for measuring the insurance contracts issued are applied when measuring the reinsurance contracts held. Thus, correspondingly to insurance liabilities for issued insurance contracts, the reinsurance assets for reinsurance contracts held consist of asset for remaining coverage and asset for incurred claims. The asset for incurred claims also takes into consideration the effect of the risk of non-performance by the issuer of the reinsurance contract.

Investment components are included in the reinsurance contracts held for cash flows repaid to a policyholder in all circumstances, i.e. regardless of whether an insured event occurs or not. Identified amounts of investment components are excluded from recognised amounts for reinsurance result in the statement of profit and other comprehensive income.

Life operations

Sampo Group's life operations were reclassified as discontinued operations during the first quarter of comparative period 2023.

Employee benefits

Post-employment benefits

Post-employment benefits include pensions and life insurance.

Sampo has defined benefit plans in Sweden and Norway, and defined contribution plans in other countries. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TyEL) in Finland.

In the defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. The obligations arising from a defined contribution plan are recognised as an expense in the period to which the obligation relates.

In the defined benefit plans, the company still has obligations after paying the contributions for the financial period and bears their actuarial and/or investment risk. The obligation is calculated separately for each plan using the projected unit credit method. In calculating the amount of the obligation, actuarial assumptions are used. The pension costs are recognised as an expense for the service period of employees.

Defined benefit plans are both funded and unfunded. The amounts reported as pension costs during a financial year consist of the actuarially calculated earnings of old-age pensions during the year, calculated straight-line, based on pensionable income at the time of retirement. The calculated effects in the form of interest expense for crediting/appreciating the preceding years' established pension obligations are then added. The calculation of pension costs during the financial year starts at the beginning of the year and is based on assumptions about such factors as salary growth and price inflation throughout the duration of the obligation and on the current market interest rate adjusted to take into account the duration of the pension obligations.

The current year pension cost and the net interest of the net liability is recognised through profit or loss in pension costs. The actuarial gains and losses and the return of the plan assets (excluding net interest) are recognised as a separate item in other comprehensive income.

The fair value of the plan assets covered by the plan is deducted from the present value of future pension obligations and the remaining net liability or net asset is recognised separately in the balance sheet.

The Group has also certain voluntary defined benefit plans, which have no material significance.

Termination benefits

An obligation based on the termination of employment is recognised as a liability when the Group is verifiably committed to terminating the employment of one or more persons before the normal retirement date, or to granting benefits payable upon termination as a result of an offer to promote voluntary redundancy. As no economic benefit is expected to flow to the employer from these benefits in the future, they are recognised immediately as expenses. Obligations maturing more than 12 months later than the balance sheet date are discounted. The benefits payable upon termination at Sampo are the monetary and pension packages related to redundancy.

Share-based payments

During the financial year, Sampo had four valid share-based incentive schemes settled in cash (the long-term incentive schemes 2020 I, 2020 II, 2020 III, and 2024 for the management and key employees).

Topdanmark had a share-based incentive scheme that was converted to a phantom equity plan in the last quarter of the financial year. Hastings had a share-based incentive scheme settled in cash during the financial year. More information on the different incentive schemes of the Group companies can be found in note 26 Incentive schemes.

The schemes have been measured at fair value at the grant date and at every reporting date thereafter.

In the schemes settled in cash, the valuation is recognised as a liability and changes are recognised through profit or loss. In the schemes settled in shares, the strike amounts received on the exercise of the options are recognised in the shareholder's equity.

The fair value of the schemes has to a large extent been determined using the Black-Scholes-pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of incentive units to be paid as a reward. The effects of non-market-based terms are not included in the fair value of the incentive; instead, they are considered in the number of those incentive units that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of incentive units at every interim or annual balance sheet date.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation.

If it is expected that some or all of the expenditure required to settle the provision will be reimbursed by another party, the reimbursement will be treated as a separate asset only when it is virtually certain that the Group will receive it.

Income taxes

Item Tax expenses in the income statement comprise current and deferred tax. Tax expenses are recognised through profit or loss, except for items recognised directly in equity or other comprehensive income, in which case the tax effect will also be recognised for those items. Current tax is calculated based on the valid tax rate of each country. Tax is adjusted for any tax related to previous periods.

Deferred tax is calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is not recognised on non-deductible goodwill impairment, nor is it recognised on undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities and assets are offset in individual companies if, and only if, they relate to income taxes levied by the same taxation authority and the company has a legally enforceable right of offset them.

Deferred tax is calculated using the enacted tax rates prior to the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which a temporary difference can be utilised.

Share capital

The incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are included in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised in equity in the period when they are approved by the Annual General Meeting. When the parent company or other Group companies purchase the parent company's equity shares, the consideration paid is deducted from equity as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in equity.

Treasury shares

The purchase price paid for the buy-back of treasury shares (own shares) is directly deducted from equity. No gains or losses are recognised from purchase, sale, or cancellation of own shares. If own shares are re-issued, the difference between purchase price and consideration received is recognised in the premium reserve.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits (3 months).

Sampo presents cash flows from operating activities using the indirect method, in which the profit (loss) before taxation is adjusted for the effects of transactions of a non-cash nature, deferrals and accruals, and income and expense associated with investing or financing cash flows.

In the cash flow statement, interest received and paid is presented in cash flows from operating activities. In addition, the dividends received from other than associated companies are included in cash flows from operating activities. Dividends received from associates are presented in cash flows from investments. Dividends paid are presented in cash flows from financing.

Accounting policies requiring management judgement and key sources of estimation uncertainties

Preparation of the accounts in accordance with the IFRS requires management estimates and assumptions that have affected the revenue, expenses, assets, liabilities and contingent liabilities presented in the financial statements. Judgement is also required in the application of accounting policies. The estimates made are based on the best information available at the balance sheet date. The estimation is based on historical experience and the most probable assumptions concerning the future at the balance sheet date. The actual outcome may deviate from results based on estimates and assumptions. Any changes in the estimates will be recognised in the financial year during which the estimate is reviewed in all subsequent periods.

Insurance contracts

Sampo Group management applies judgement regarding the determination of discount rates and risk adjustment.

The interest rate curve includes a risk-free rate and an illiquidity premium determined by Management, which in Sampo Group is mainly based on a portfolio of high-rated bonds.

Risk adjustment is determined separately for all Sampo Group's companies and aggregated at the Group level. Management considers this to reflect the compensation that different entities would require for bearing non-financial risk and their degree to risk aversion. The confidence level approach is applied in the Group companies. The confidence level applied in calculating the risk adjustment is varying between group companies from 75 per cent to 85 per cent. If Group applies a confidence level of 85 per cent, and Hastings 75 per cent, respectively.

Actuarial assumptions

Evaluation of insurance liabilities always involves uncertainty, as technical provisions are based on estimates and assumptions concerning future claims costs. The estimates are based on statistics on historical claims available to the Group on the balance sheet date. The uncertainty related to the estimates is generally greater when estimating new insurance portfolios, or portfolios where the clarification of a loss takes a long time because complete claims statistics are not yet available. In addition to historical data, estimates of insurance liabilities take into consideration other matters such as claims development, the amount of unpaid claims, legislative changes, court rulings and the general economic situation.

A substantial part of the Group's P&C insurance liabilities concerns statutory accident and traffic insurance. The most significant uncertainties related to the evaluation of these liabilities are assumptions about inflation, mortality, discount rates and the effects of legislative revisions and legal practices.

Defined benefit plans as intended in IAS 19, are also estimated in accordance with actuarial principles. As the calculation of a pension plan reserve is based on expected future pensions, assumptions must be made not only about discount rates, but also about matters such as mortality, employee turnover, price inflation and future salaries.

Determination of fair value

The fair value of any non-quoted financial assets is determined using valuation methods that are generally accepted in the market.

Impairment tests

Goodwill, and intangible assets with an indefinite useful life are tested for impairment at least annually. The recoverable amounts from cash-generating units have mainly been determined by using calculations based on the value in use. These require management estimates on matters such as future cash flows, the discount rate, and, general economic growth and inflation.

Acquisition of Topdanmark's non-controlling interest

On 17 June 2024, Sampo announced that Sampo and Topdanmark had entered into a combination agreement, based on which Sampo made a recommended best and final public exchange offer to acquire all of the outstanding shares in Topdanmark not already owned by Sampo. The transaction was completed by the compulsory acquisition of the remaining Topdanmark minority shares on 25 October 2024. Following the acquisition of NCI, Sampo plc sold all the issued shares in Topdanmark A/S to If P&C Insurance Holding Ltd. For more detailed description of the acquisition, please see **note 28**.

In accordance with IFRS 10 *Consolidated Financial Statements*, after the control of a subsidiary has been gained, any subsequent change in the ownership, not resulting in a loss of control, is treated as an equity transaction between the non-controlling interests and the owners of the parent company (IFRS 10.23). The acquisition of non-controlling interest of Topdanmark was accounted for as an equity transaction between the

NCI and the owners of the parent. Transaction costs, which were incremental and directly related to equity transaction, were deducted directly from equity. The original purchase price allocation calculation (PPA), prepared at the time of the original acquisition in 2017, and including goodwill, remained unchanged.

Measurement of acquired Topdanmark shares

Sampo has determined that the measurement of acquired Topdanmark A/S shares was based on the compensation given as an exchange of those shares. The issue price was determined based on the closing price of the Sampo class A shares on Nasdaq Helsinki Ltd on the last full trading day prior to the Sampo Board resolving upon the directed issuance of shares. For shares acquired via compulsory acquisition, the value of acquired shares was determined based on the compensation paid in cash.

Sale of Topdanmark A/S shares to If P&C Insurance Holding Ltd

As the sale transaction of Topdanmark's shares was an intra-group transaction, all impacts, including the sales gain of the shares, were eliminated on the Sampo Group level. The sales gain was due to the previously owned shares being on balance sheet at historical value. The transaction was completed at arm's length basis. The intra-group sale of shares met the definition of a common control transaction as both If P&C Insurance Holding Ltd and Topdanmark A/S are under control of Sampo plc before and after the acquisition.

As part of the intra-group sales transaction, Sampo granted If P&C Insurance Holding loans denominated partly in currencies other than functional currencies either in Sampo or in If Group. IAS 21 *The Effects of Changes in Foreign Exchange Rates* enables to recognise exchange rate differences arising from a loan (monetary item) in other comprehensive income when that loan is included as part of the net investment in a foreign operation. Sampo has assessed that in its consolidated accounts, the long-term loan receivable forms a part of Sampo's net investment in foreign operation i.e. investment in subsidiary shares in If P&C Insurance Holding Ltd.

Segment presentation

At the end of the financial year, Sampo Group's business segments were If, Topdanmark, Hastings and Holding. Topdanmark continued to be presented as a business segment regardless of the intra-group sale of Topdanmark A/S shares. As Sampo presents reporting segments unchanged for the financial year 2024 reporting, no changes have been done to the allocation of goodwill to Topdanmark segment.

Restructuring reserve

Following the acquisition of non-controlling interests in Topdanmark, Sampo plc sold the shares of Topdanmark A/S to If P&C Insurance Holding Ltd for further integration into If Group's structure. In connection with the acquisition and the integration of Topdanmark into If Group, the one-off restructuring costs incurred amounted to approximately EUR 150 million. If and Topdanmark have estimated that requirements set in the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* for a recognition of a provision were met at the end of the reporting period. The restructuring provision is recognised as it is probable that the restructuring costs will incur while carrying out the integration. The costs relate mainly to redundancies, decommissioning and sunsetting of systems as well as rebranding.

On Sampo Group level, the restructuring provision amounted to approximately EUR 150 million, of which EUR 77 million was recognised in If's segment and EUR 73 million in Topdanmark's segment. In Sampo Group's balance sheet, the restructuring provision is presented under other liabilities.

Pillar II

Sampo Group is within the scope of Pillar II regulations (EU Minimum Tax Directive and OECD Safe Harbour rules). Sampo Group companies have applied a temporary mandatory relief from deferred tax accounting for any potential impacts of the top-up tax and account for it as a current tax should it occur. Sampo Group will, as of fiscal year 2024, be subject to the global minimum top-up tax rules either at the ultimate parent entity level, by Sampo plc in Finland, or domestic top-up tax in the countries where Sampo Group companies operate and where such rules are enacted. At the reporting date, Sampo Group has identified that Hastings' operations in Gibraltar are subject to the global minimum top-up tax rules.

Discontinued operations in 2023

In order to segregate the Mandatum subgroup in the demerger of Sampo plc, Mandatum's assets and liabilities were reclassified as a disposal group held for distribution to owners and related liabilities on 31 March 2023. In the statement of profit and other comprehensive income, the result of Mandatum is reported as a single line item as profit from the discontinued operations.

The partial demerger was completed on 1 October 2023, and the first trading day for Mandatum on Nasdaq Helsinki was 2 October 2023. In the demerger, all the shares in Mandatum Holding Ltd (a wholly owned direct subsidiary of Sampo plc) and the related assets and liabilities were transferred without a liquidation procedure to Mandatum plc, a company incorporated in the demerger on the effective date.

In addition, EUR 102 million of Sampo's general liabilities, not allocated to any specific business operations, were allocated to Mandatum plc. These liabilities cannot be legally transferred due to their nature, and therefore Sampo and Mandatum agreed on forming an equivalent debt relationship between them on 2 October 2023.

Application of new or revised IFRSs and interpretations

The Group will apply new or amended standards and interpretations related to the Group's business in the financial years when they become effective, or if the effective date is other than the beginning of the financial year, during the financial year following the effective date. The new IFRSs coming into effect in the financial year 2025 will not have any significant influence on the Group's financial reporting.