

AS "SINCERA INSURANCE"

(REGISTRATION NUMBER 40203597938)

**ANNUAL REPORT FOR THE PERIOD
FROM OCTOBER 22ND 2024 (INCEPTION DATE)
TO DECEMBER 31ST 2025**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS
AND INDEPENDENT AUDITORS' REPORT**

Riga, 2026

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General information

Name of the Company	AS "Sincera Insurance"
Type of merchant	Joint Stock Company (AS)
Number, place and date of registration	40203597938, registered in Latvia on October 22nd 2024
Registered office	Kārļa Ulmaņa gatve 2, Rīga, Latvia, LV-1004
Sole shareholder	Joint Stock Company (AS) "Discover Car Hire"
Management Board	Inna Viļenska, member of the Management board from October 22nd 2024 Pāvels Miķaels Maksimovs, member of the Management board from October 22nd 2024
Supervisory Board	Artjoms Boļšakovs, chairman of the Supervisory board from December 13th 2024 Dmitrijs Zaznovs, deputy chairman of the Supervisory board from December 13th 2024 Iļja Arefjevs, member of the Supervisory board from October 22nd 2024
Chief accountant	Dace Freidenfelde
Auditors	Sabiedrība ar ierobežotu atbildību "Ieva Liepiņa birojs" Reg.No.40003747546 Kalpaka bulvāris 10-1, Rīga, Latvia, LV-1050 Licence No.139 Ieva Liepiņa Sworn auditor Certificate No. 161

Management report

AS "Sincera Insurance" (hereafter – the Company) is a joint stock company registered in Latvia on October 22nd 2024. On April 2nd 2025, the Company received a license to operate as a non-life insurance company from Latvijas Banka, the local supervisory authority in Latvia. The Company obtained permission to provide its insurance services in all countries of the European Union and European Economic Area by way of the freedom to provide services and organized its business as a single operating segment.

The main business focus of the Company is embedded insurance, in which insurance coverage is seamlessly integrated into the purchase of a product or service, allowing customers to obtain protection at the point of need – rather than through a separate process of buying insurance – with the aim to provide customers with more personalized and convenient coverage.

Business development and key financial indicators

The Company commenced its insurance operations on June 4th 2025, in Latvia with its first insurance product named Full Coverage. Full Coverage protects individuals who rent a car during their travel against losses that may arise from damage to the rental vehicle due to a road accident or other causes not covered by mandatory insurance. During the reporting period the Company offered Full Coverage to customers of DiscoverCars.com – a leading international car rental booking platform. As of December 31st 2025, the Company provided its insurance services in 29 countries, primarily countries of the European Union and European Economic Area under the freedom to provide services regime. As at December 31st 2025, the Company had no foreign branches or representative offices.

During the reporting period the Company served more than 189 thousand customers. The Company views customer satisfaction as its top priority and foundation for business success. In year 2025 the Company handled insurance claims in 2.5 days on average and approved 96% of the claims received for reimbursement. The Company closed the year with a nearly perfect score of 4.9 at TrustPilot based on customer reviews. These indicators support management's view that the Company's operational model and customer service standards contributed positively to market acceptance and brand reputation in the first year of insurance operations.

In 2025, the Company received gross insurance premiums of 13.7 million EUR and recognized insurance service revenue in the amount of 10.7 million EUR. Gross written premiums were generated in two Solvency II lines of business: EUR 12.6 million in land vehicle insurance and EUR 1.1 million in miscellaneous financial loss insurance. Efficient and scalable processes and IT solutions allowed the Company to make profit during its first year of operations in the amount of 1.247 million EUR.

The Company's business was geographically diversified across European regions. Based on gross written premiums, the largest premium volume came from Western Europe, Northern Europe, Eastern Europe and Southern Europe. At the same time, the Company remained exposed to concentration risk arising from its early-stage business model, including reliance on one core product and one principal distribution partner. Management continues to monitor this concentration closely and intends to reduce it over time through gradual diversification of products and partnerships.

Capital adequacy

The Company's financial position remained sound during the reporting period. The Company has implemented prudent risk management policies to ensure that it is consistently able to fulfil the Solvency II capital requirement.

Business development during the reporting period exceeded initial expectations. To support business growth and maintain adequate capitalisation, the Company increased its share capital twice during the reporting period. As at December 31st 2025, ordinary share capital amounted to EUR 7.65 million, while eligible own funds amounted to EUR 8.28 million. At the end of the reporting period the Company's Solvency ratio – the ratio of the Company's own funds eligible to meet Solvency capital requirement over the Solvency capital requirement – was 122%, demonstrating continued compliance with prudential capital requirements.

Risk management

The principal risks and uncertainties faced by the Company include underwriting risk, market risk, credit risk, liquidity risk, operational risk, strategic risk, market conduct risk and reputational risk. The Company's risk management system covers all material areas of activity, and risks are documented in the risk register. Material risks are monitored at least quarterly, while a full risk assessment is performed at least annually. The Company also performs stress testing and scenario analysis as part of its Own Risk and Solvency Assessment (ORSA) process. In management's view, the most significant uncertainties at this stage of the Company's development are underwriting performance in a newly launched portfolio, operational resilience in a digital cross-border environment, regulatory developments, and business concentration in one product and one key partner relationship.

Management report (continued)

Risk management (continued)

The use of financial instruments is significant for the assessment of the Company's assets, financial position and result. Financial risk management is aimed at preserving capital, ensuring liquidity, maintaining a stable and predictable return on investments, and aligning the asset portfolio with the nature and duration of insurance liabilities. The Company is exposed primarily to market risk, credit risk, liquidity risk and cash flow risk. Market risk mainly arises from interest rate movements affecting government bond prices, while credit and concentration risks are limited through issuer quality requirements, diversification and internal limits. The Company invested only in financial instruments whose risks it could properly identify, measure, monitor, manage, control and report.

During the reporting period the Company invested in government bonds of the member states of the European Union with relatively short duration. Bonds with credit rating of AAA by S&P or equivalent represent 76% of the Company's investment portfolio, while AA rated bonds represent the remaining 24% of bonds. The Company does not engage in speculative transactions and does not invest in derivatives, securitization instruments, loans or other complex instruments that would be difficult to value.

The Company managed liquidity risk conservatively. The Company's business model provides for receipt of premiums in full at policy inception, while claims are generally settled over a short period. In addition, a substantial portion of assets is held in highly liquid instruments and cash balances. Management therefore believes that, as at the reporting date, the Company had sufficient liquidity to meet its obligations as they fall due.

Operational risk management is integrated into the Company's internal control system. The Company uses segregation of duties, the four-eyes principle, employee training, automated IT controls, sample-based checks, internal policies and procedures, and audits and legal reviews. Given the Company's digital business model, particular attention is paid to system availability, cyber security, data quality, outsourced service provider oversight and conduct-of-business controls.

The Company also takes environmental, social and governance considerations into account, particularly in investment management. According to the investment policy, when choosing between instruments with comparable risk, liquidity and return profiles, preference may be given to instruments supporting environmental protection or issued by entities with stronger social responsibility and governance profiles. The Company also excludes certain sectors and activities from its investment universe in accordance with internal policy.

Future developments

Looking ahead, the Company intends to continue the development of its embedded insurance business in the European market, while maintaining prudent underwriting, disciplined capital management and a conservative investment strategy. Management expects to focus on further improvement of digital processes, customer experience, claims handling efficiency, data-driven pricing and risk selection, and gradual diversification of products and distribution partnerships. Management will continue to monitor solvency, profitability, operational resilience and regulatory developments closely.

During the reporting period, the Company did not carry out formal research and development activities.

During the reporting period, the Company did not acquire, dispose of, or hold its own shares.

Proposal regarding the distribution of the Company's profit

The Management Board recommends to the Shareholders retain the net profit for 2025 without distributing it as dividend and to transfer to the Company's retained earnings to further strengthen the Company's financial position.

Subsequent events

Subsequent events to December 31st 2025, the security situation in the Middle East deteriorated significantly following a material escalation of military hostilities in late February 2026. The conflict has affected regional stability and contributed to disruptions in energy markets and transport routes, increasing uncertainty in the broader economic environment.

The Company's direct exposure to this region is limited, as less than 3% of the Company's business in 2025 related to clients travelling to the Middle East. Accordingly, management has not identified any substantial direct effect of these events on the Company's financial position or 2025 operating results as at the date of approval of these financial statements. However, the conflict may indirectly affect the Company through continued volatility in energy prices and through potential adverse effects on the travel industry, including higher fuel costs and changes in travel demand. Management continues to monitor developments closely and will assess the need for any further actions should the situation materially affect the Company's operations, counterparties or customers.

Management report (continued)

Subsequent events (continued)

During the period from the last day of the reporting period to the date of signing these financial statements, there have been no other significant events that would require adjustments to or disclosure in these financial statements.

Inna Viļenska
Member of the Management board

Pāvels Miķaels Maksimovs
Member of the Management board

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP

Statement of the management's responsibility

The Supervisory Board and the Management Board of AS "Sincera Insurance" confirm that the financial statements for the year ended December 31st 2025 have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union, and that the accounting policies applied have been used consistently.

The Supervisory Board and the Management Board of AS "Sincera Insurance" are responsible for the preparation of these financial statements based on the accounting records and underlying documentation of the Company. They further confirm that the financial statements present fairly, in all material respects, the financial position of AS "Sincera Insurance" as at December 31st 2025, and its financial performance and cash flows for the year then ended.

In preparing these financial statements, the Supervisory Board and the Management Board have made judgments and estimates that are prudent and reasonable in the circumstances.

The Supervisory Board and the Management Board of AS "Sincera Insurance" are also responsible for maintaining proper accounting records, safeguarding the assets of the Company, and for the prevention and detection of fraud and other irregularities. In addition, they are responsible for ensuring that the Company operates in compliance with the laws and regulations of the Republic of Latvia.

Inna Vļeņska
Member of the Management board

Pāvels Miķaels Maksimovs
Member of the Management board

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Statement of profit or loss

	Note	October 22nd 2024 - December 31st 2025
Insurance revenue	4.1	10 743
Insurance service expenses	4.1	(9 579)
Insurance service result		1 164
Net gains on FVTPL investments	6	83
Net investment income		83
Net insurance and investment result		1 247
Profit before income tax		1 247
Income tax expense	9	-
Profit for the period		1 247
Profit attributable to		
Sole shareholder Joint Stock Company (AS) "Discover Car Hire"		1 247
Earnings per share for profit attributable to the ordinary shareholders (in EUR per share)		
Basic earnings per share		16,3

The above statement of profit or loss should be read in conjunction with the accompanying notes.

Inna Vļjenska
Member of the Management board

Pāvels Miķaels Maksimovs
Member of the Management board

Dace Freidenfelde
Chief accountant

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Statement of comprehensive income

	Note	October 22nd 2024 - December 31st 2025
Profit for the period		1 247
<i>Items that may be reclassified to profit or loss</i>		
Net gains on investments in debt securities measured at FVOCI	6	(10)
Other comprehensive income for the period, net of tax		(10)
Total comprehensive income for the period		1 237
Total comprehensive income attributable to		
Sole shareholder Joint Stock Company (AS) "Discover Car Hire"		1 237

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Inna Viļenska
Member of the Management board

Pāvels Miķaels Maksimovs
Member of the Management board

Dace Freidenfelde
Chief accountant

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Statement of financial position

	Note	As at 31 December 2025
Assets		
Cash and cash equivalents	10	1 338
Investment assets	12	9 589
Other assets	7	733
Intangible assets	8	675
Total assets		12 335
Liabilities		
Insurance contract liabilities	13	2 968
Insurance tax liabilities	15	292
Other liabilities	11; 16	188
Total liabilities		3 448
Equity		
Share capital	14	7 650
Securities fair value reserve	6	(10)
Retained earnings		1 247
Total equity		8 887
Total equity and liabilities		12 335

The above statement of financial position should be read in conjunction with the accompanying notes.

Inna Viļenska
Member of the Management board

Pāvels Miķaels Maksimovs
Member of the Management board

Dace Freidenfelde
Chief accountant

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Statement of changes in equity

	Share capital	Retained earnings	Securities fair value reserve	Total equity
Balance – October 22nd 2024	25	-	-	25
Profit for the year	-	1 247	-	1 247
Other comprehensive income	-	-	(10)	(10)
Total comprehensive income for the year	25	1 247	(10)	1 262
Increase of share capital	7 625	-	-	7 625
Balance – December 31st 2025	7 675	1 247	(10)	8 887

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Inna Vļenska
Member of the Management board

Pāvels Miķaels Maksimovs
Member of the Management board

Dace Freidenfelde
Chief accountant

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Statement of cash flows**October 22nd
2024 - December
31st 2025**

Cash flows from operating activities	
Premiums received from direct insurance	12 454
Claims paid from direct insurance	(1 761)
Statutory payments	(9)
Payments to employees	(562)
Payments to intermediaries	(6 227)
Other taxes paid	(707)
Payments to other suppliers	(210)
Other cash paid	(20)
Other cash received - foreign taxes	912
Net cash outflow from operating activities	3 870
Cash flows from investing activities	
Acquisition of investments in securities	(9 568)
Proceeds from sale of investments in securities	19
Income from investments in securities	17
Net cash outflow from investing activities	(9 532)
Cash flows from financing activities	
Proceeds from issuance of ordinary shares	7 000
Net cash from financing activities	7 000
Net increase in cash and cash equivalents during the year	1 338
Cash and cash equivalents – Beginning of year	-
Cash and cash equivalents – End of year	1 338

The above statement of cash flows should be read in conjunction with the accompanying notes.

Inna Viļenska
Member of the Management board

Pāvels Miķaels Maksimovs
Member of the Management board

Dace Freidenfelde
Chief accountant

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Notes to the financial statements

1. General information

AS "Sincera Insurance" (hereinafter referred to as the Company) was registered in Riga, Republic of Latvia, on October 22nd 2024 as an insurance joint-stock company.

Company name:	AS "Sincera Insurance"
Registered office address:	Kārļa Ulmaņa gatve 2, Riga, Latvia, LV-1004
Taxpayer identification number:	40203597938
Sole shareholder:	Akciju sabiedrība "Discover Car Hire"

The Company's shares are not publicly traded. The Company is part of a group and is included in the parent company's consolidation.

2. Segment reporting

The Company is a licensed insurer that underwrites non-life insurance risks.

During the reporting period the Company offered an embedded insurance product providing insurance coverage for accident related damage to rental vehicles. The insurance product combines elements of motor own damage (casco) insurance and financial risk insurance.

In year 2025 the Company distributed its insurance product through DiscoverCars.com, a leading global car rental platform. The Company's customers are predominantly residents of European countries.

During the reporting period the Company organized its business activities as a single operating segment, monitoring performance and allocating resources at the overall Company level.

3. Basic of preparation of the financial statements and significant accounting policies and estimation methods

3.1. Basis of preparation of the financial statements

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

These financial statements were approved by the Management Board of the Company. The shareholders have the right to reject the financial statements prepared and submitted by the management and to request the preparation of new financial statements.

Functional and presentation currency, foreign currency's

All amounts included in the financial statements and notes are presented in thousands of euros (EUR), which is the Company's functional currency, unless stated otherwise.

Transactions denominated in foreign currencies are translated into euros at the foreign exchange reference rate published by the European Central Bank prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the foreign exchange reference rate published by the European Central Bank prevailing at the reporting date. Foreign exchange gains and losses are recognised in profit or loss.

The Company is exposed to foreign currency risk arising from insurance liabilities denominated in foreign currencies. The Company manages this exposure by maintaining cash balances in the corresponding currencies, which serves as a natural hedge against exchange rate movements.

The Company's exposure to foreign currency risk is insignificant.

Measurement basis

The financial statements have been prepared on the basis of the historical cost principle, except for financial instruments measured at fair value through other comprehensive income. The items in the financial statements have been measured on a going concern basis.

3. Basic of preparation of the financial statements and significant accounting policies and estimation methods (continued)

Reporting period

The reporting period is the Company's first year of operations and covers the period from October 22nd 2024 to December 31st 2025.

Use of estimates

In preparing the financial statements in accordance with IFRS as adopted by the EU ("IFRS"), it is necessary to make significant assumptions. In addition, the preparation of the financial statements requires management to make judgments and estimates in applying the Company's accounting policies. Note 4 discloses information about the areas that involve a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

3.2. New standards and interpretations

Several new standards, amendments to standards and interpretations become effective for periods beginning after 1 January 2025 and have not been applied in preparing these financial statements. Standards and interpretations applicable to the Company - Amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7); Annual Improvements to IFRS Accounting Standards – Volume 11; IFRS 18 Presentation and Disclosure in Financial Statements.

4. Insurance operations

4.1. Summary of significant accounting policies for insurance contracts

Summary of measurement approaches

The Company measures insurance contracts in accordance with IFRS 17 – Insurance Contracts using the Premium Allocation Approach (PAA).

The PAA is a simplified measurement model permitted for insurance contracts with a coverage period of one year or less, or when it provides a reasonable approximation of the measurement under the General Measurement Model (GMM). All insurance contracts issued by the Company have a coverage period of one year or less. Accordingly, the Company has assessed that the PAA provides a reasonable approximation of the measurement that would be obtained under the GMM.

Under the PAA, the liability for remaining coverage is initially measured based on premiums received and is subsequently recognized as insurance revenue over the coverage period as insurance services are provided. Due to the short-term nature of the insurance contracts, the Company does not adjust the liability for remaining coverage for the time value of money.

The Company does not apply the General Measurement Model (GMM), as all issued contracts qualify for measurement under the PAA. The Company also does not hold reinsurance contracts, and therefore no reinsurance assets or liabilities are recognized.

Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Unit of account

For insurance contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

The Company does not have any contracts that require further separation or combination of insurance contracts.

4. Insurance operations (continued)

Recognition and derecognition

Groups of insurance contracts issued are initially recognised at the earliest of the following:

- ✓ the beginning of the coverage period;
- ✓ the date when the first payment from the policyholder is due, or when it is received if there is no due date; and
- ✓ the date when the Company determines that a group of contracts becomes onerous.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. Contracts that meet the recognition criteria after the reporting date are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts requirement.

In practice, for the Company's insurance contracts the coverage period generally begins when the premium payment is received.

Accounting for contract modification and derecognition

An insurance contract is derecognised when the obligations specified in the contract expire, are discharged or cancelled. If the terms of an insurance contract are modified, the Company assesses whether the modification results in derecognition of the original contract and recognition of a new contract. If the modification does not result in derecognition, changes in cash flows arising from the modification are treated as changes in estimates.

In the normal course of business, the Company does not modify insurance contracts. If a policy is cancelled, the contract is derecognised and any related premium received is refunded to the policyholder in accordance with the policy terms.

Any resulting adjustments are recognised in profit or loss.

Measurement

The Company measures insurance contracts using the Premium Allocation Approach (PAA), which is a simplified measurement model permitted under IFRS 17 for insurance contracts with a coverage period of one year or less, or when it provides a reasonable approximation of the General Measurement Model.

All insurance contracts issued by the Company have a coverage period of one year or less. Accordingly, the Company has concluded that the PAA provides a reasonable approximation of the measurement that would be obtained under the General Measurement Model.

Under the PAA, insurance contracts are initially measured as the liability for remaining coverage (LRC) based on premiums received.

Subsequently, the liability for remaining coverage is reduced as insurance revenue is recognised over the coverage period as insurance services are provided.

Due to the short-term nature of the contracts, the Company does not adjust the liability for remaining coverage for the time value of money.

Fulfilment cash flows

A. Fulfilment cash flows within contract boundary

Fulfilment cash flows represent current estimates of future cash flows within the contract boundary that the Company expects to collect from premiums and pay for claims and related expenses.

These estimates reflect the timing and uncertainty of the expected cash flows and are based on information available at the reporting date.

For insurance contracts measured under the Premium Allocation Approach (PAA), the fulfilment cash flows are primarily relevant for the measurement of the liability for incurred claims.

Insurance premiums are received in full at the inception of the contract and no instalment payments are permitted.

All insurance contracts issued by the Company have a coverage period of one year or less. Due to the short-term nature of the contracts, the Company does not adjust the cash flows for the time value of money.

The Company does not hold reinsurance contracts.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

4. Insurance operations (continued)

B. Contract boundary

The measurement of an insurance contract includes only the cash flows that arise within the contract boundary. The contract boundary separates future cash flows related to existing insurance contracts from those related to future insurance contracts.

The Company sets the start of the contract boundary at the date of initial recognition of the insurance contract.

The contract boundary ends when the Company no longer has a substantive obligation to provide insurance coverage or when it has the practical ability to reassess the risks of a particular policyholder and fully reflect those risks in the price of the contract.

As the Company's insurance contracts have a coverage period of one year or less and premiums are received at the inception of the contract, the contract boundary generally corresponds to the coverage period of the policy.

C. Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- ✓ to that group; and
- ✓ to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the Company could pay (or recognise a liability, applying a standard other than IFRS 17) for directly attributable acquisition costs to originate them. Such balances, which for the Company are typically limited to non-refundable costs prepaid for insurance contracts measured under PAA, are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised (in full or to the extent that insurance contracts expected to be in the group have been recognised at that date) when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

The recoverability assessment is performed in two steps, as follows:

- a) an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;
- b) in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised in step (1) above.

4. Insurance operations (continued)

D. Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued.

E. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from nonfinancial risk as the Company fulfils insurance contracts.

To estimate the risk adjustment for nonfinancial risk, the Company is using the Cost-of-capital method. Risk Adjustment is calculated by applying 6% cost of capital rate. The capital used in the cost of capital calculation is set at the 99.5% confidence level.

Initial measurement – Groups of contracts not measured under the PAA

The General Measurement Model (GMM) is the default measurement model under IFRS 17 for insurance contracts. However, the Company applies the Premium Allocation Approach (PAA), which is a simplified measurement model permitted for insurance contracts with a coverage period of one year or less or when it provides a reasonable approximation of the measurement under the GMM.

All insurance contracts issued by the Company have a coverage period of one year or less. Accordingly, the Company has concluded that the PAA provides a reasonable approximation of the measurement that would be obtained under the GMM.

As a result, the Company does not measure any groups of insurance contracts using the General Measurement Model.

Initial and subsequent measurement – Groups of contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less. This approach is applied to all insurance contracts issued by the Company, as each contract has a coverage period of one year or less.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of the related group of contracts.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any insurance acquisition cash flows paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a) the LRC; and
- b) the LIC, representing claims incurred but not yet settled.

For insurance contracts issued, at each subsequent reporting date, the LRC is:

- a) increased for premiums received in the period;
- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for amounts recognised as insurance revenue for services provided in the period; and
- d) increased for the amortisation of insurance acquisition cash flows recognised as insurance service expenses.

There are no investment components within insurance contracts issued that are measured under the PAA.

The Company does not adjust the liability for incurred claims (LIC) for the effect of the time value of money, as the settlement of claims is expected to occur within 12 months.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous, the Company recognises a loss component within the liability for remaining coverage and recognises the loss in insurance service expenses.

This assessment is performed at each reporting date. No onerous contracts were identified during the reporting period.

4. Insurance operations (continued)**Amounts recognised in comprehensive income**

Due to the short-term nature of the insurance contracts, all of which have a coverage period of one year or less, and the fact that claims are generally settled within three months, the Company does not adjust the measurement of insurance liabilities for the time value of money.

Insurance revenue and expenses

Insurance revenue and insurance service result

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

- a) incurred claims and benefits, excluding investment components reduced by loss component allocations;
- b) other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- c) insurance acquisition cash flows amortisation;
- d) changes that relate to past service – changes in the FCF relating to the LIC; and
- e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
- f) insurance acquisition cash flows assets impairment, net of reversals.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss. An analysis of insurance revenue and insurance service expenses for the reporting period and additional information on amounts recognised in profit or loss is included in the insurance contract balances reconciliation notes below.

Insurance revenue from contracts measured under the PAA - Property and Casualty

	October 22nd 2024 - December 31st 2025
Insurance revenue	10 743
Insurance service expenses, including:	(9 579)
Incurred claims and other directly attributable expenses	(4 207)
Changes that relate to past service – changes in the FCF relating to the LIC	-
Insurance acquisition cash flows amortisation	(5 372)
Insurance acquisition cash flows assets impairment, net of reversals	(-)
Total insurance service result:	1 164
Received premiums:	
Eastern Europe	3 122
Northern Europe	3 403
Southern Europe	2 773
Western Europe	4 448
TOTAL:	13 746

4. Insurance operations (continued)

4.2. Insurance finance income or expenses

Due to the short-term nature of the insurance contracts, all of which have a coverage period of one year or less, and as claims are typically settled within three months, the effect of the time value of money is not material.

Accordingly, the Company does not recognise any insurance finance income or expenses.

5. Interest income and expenses

Interest income and expenses are recognised in the statement of profit or loss for all financial instruments that bear interest, in accordance with the accrual basis, using the effective interest rate method. Interest income includes interest earned on fixed-rate debt securities, bank deposits and other loans.

6. Financial instruments

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified and measured in accordance with IFRS 9 based on the Company's business model and the contractual cash flow characteristics of the financial instruments.

The Company classifies debt securities as financial assets measured at fair value through other comprehensive income (FVOCI), as they are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets, and meet the SPPI criterion.

Financial assets are initially recognised at fair value. Transaction costs directly attributable to the acquisition of financial assets measured at FVOCI are included in the initial carrying amount. Subsequently, such financial assets are measured at fair value, with changes in fair value recognised in other comprehensive income. Upon derecognition, cumulative gains or losses are reclassified to profit or loss.

The Company assesses at each reporting date whether there is objective evidence of impairment of financial assets. Impairment losses are recognised in profit or loss.

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

7. Trade receivables

No impairment allowances are recognised for receivables that are not yet past due.

8. Intangible assets

Intangible assets (including software) are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method, allocating the cost to their residual value over the estimated useful life, using the following rates determined by management:

Computer software – 10% per annum

Other intangible assets - 20% per annum

9. Corporate income tax

The tax payable for the reporting period comprises the expected tax payment on the taxable income for the year, calculated using the tax rates enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

From 1 January 2018, in accordance with the requirements of the Corporate Income Tax Law, the tax rate is set at 20% of the taxable base, which is equal to the taxable amount, such as distributed profit (calculated dividends), divided by a coefficient of 0.8.

The Corporate Income Tax Law also requires applying a 20% tax rate to the taxable base consisting of deemed distributed profit (e.g. expenses not related to economic activity and other cases specified in the law). In accordance with IAS 12 Income Taxes, income taxes include only those taxes that are based on taxable profit; therefore, corporate income tax calculated on a taxable base consisting of deemed or theoretical profit distribution is presented under Other expenses.

10. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances in current bank accounts and other short-term highly liquid investments with original maturities of up to three months. The statement of cash flows has been prepared using the direct method.

11. Accrued liabilities for unused vacation leave

The amount of accrued liabilities is determined by multiplying the employees' average daily remuneration over the last six months of the reporting period by the number of unused accrued vacation days at the end of the reporting period, additionally including the employer's mandatory state social insurance contributions.

12. Fair value hierarchy

The Company categorises a financial asset or a financial liability measured at fair value at the same level of fair value hierarchy as the lowest-level input that is significant to the entire measurement.

The Company ranks fair value measurements based on the type of inputs, as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equities, bonds and derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

	31 December 2025	Stage 1
Government bonds at FVOCI (Based on S&P ratings)		
AAA		7 325
AA- to AA+		2 264
Loss allowance		(-)
Amortised costs		9 575
Carrying amount – fair value		<u>9 589</u>

13. Property and Casualty – Insurance contracts issued

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Insurance contracts issued (measured under the PAA)	LRC	LIC – PV of future cash flows	LIC – risk adjustment	Total
Insurance contract liabilities as at 22 October 2024	-	-	-	-
Insurance revenue	(10 743)	-	-	(10 743)
Insurance service expenses				-
Incurred claims and other directly attributable expenses	-	9 219	360	9 579
Insurance acquisition cash flows amortisation	(1 502)	-	-	(1 502)
Insurance service expenses	(1 502)	9 219	360	8 077
Insurance service result	(12 245)	9 219	360	(2 666)
Finance expenses from insurance contracts issued	-	-	-	-
Total amounts recognised in comprehensive income	(12 245)	9 219	360	(2 666)
Cash flows				-
Premiums received	13 747	-	-	13 747
Claims and other directly attributable expenses paid	-	(8 113)	-	(8 113)
Total cash flows	13 747	(8 113)	-	5 634
Insurance contract liabilities as at 31 December 2025	1 502	1 106	360	2 968

14. Equity

a) Issued and fully paid share capital

The total number of authorised ordinary shares is 76,500. The nominal value per share as at 31 December 2025 is EUR 100. All issued shares are fully paid. The Company's share capital as at 31 December 2025 amounts to EUR 7,650,000.

The Company's shares are not publicly traded.

Holders of ordinary shares are entitled to receive dividends as declared and have voting rights at the Company's general meeting of shareholders in proportion to the number of shares held, as well as rights to the residual equity of the Company.

b) Sole shareholder

As at 31 December 2025, the Company's sole shareholder, holding 76,500 shares, i.e. 100% of the shares, is JSC "Discover Car Hire" (Latvia).

c) Fair value reserve of debt securities measured at FVOCI

The fair value reserve includes the cumulative net changes in the value of debt securities measured at FVOCI. This amount is adjusted for impairment losses. When a financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income and presented in the fair value reserve is reclassified from equity to profit or loss. The fair value reserve is not distributable to shareholders.

15. Taxes and mandatory state social insurance contributions - paid

	As at 31 December 2025
Mandatory state social insurance contributions	82
Personal income tax	103
Foreign insurance taxes	707
Total:	<u>892</u>

16. Accrued liabilities

	As at 31 December 2025
Accrued liability for unused annual leaves by employees	9
Other accrued liabilities for invoices received after the end of the reporting period	18
Total:	<u>27</u>

Other liabilities

	As at 31 December 2025
Other financial creditors	10
Liabilities for commission payments	9
Liabilities to employees	1
Other non-financial creditors	16
Liabilities to the Bank of Latvia	16
Total:	<u>26</u>
Long-term	-
Short-term	26

17. Dividends per share

The Management Board recommends to the Shareholders retain the net profit for 2025 without distributing it as dividend and to transfer to the Company's retained earnings to further strengthen the Company's financial position.

18. Mandatory payments

Breakdown of mandatory payments made during the reporting period by type:

	As at 31 December 2025
To the Bank of Latvia	8
Total:	8

In accordance with the requirements of Latvian laws and regulations, the Company is obliged to make payments to the Bank of Latvia.

The Company makes a payment to the Bank of Latvia amounting to 0.184% of gross written insurance premiums.

The Company recognises mandatory payments as insurance service expenses in accordance with the requirements of IFRS 17, based on insurance premiums earned (received) during the reporting period.

At the same time, the actual calculation and payment are carried out in accordance with the regulations of the Bank of Latvia, which provide for the calculation of mandatory contributions based on gross written insurance premiums.

As a result, timing differences or discrepancies may arise between the expenses recognised in the financial statements and the actual payments made, due to the application of different calculation bases (IFRS 17 versus regulatory requirements).

19. Sensitivity analysis to underwriting risk variables***Property and Casualty contracts***

The following table presents information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact Property and Casualty insurance liabilities, excluding the run-off business (note 4) and profit or loss and equity before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA and, thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

Non-life Technical Provisions	base case	ELR +5%	ELR -5%	ΔELR +5%	ΔELR -5%
Total IBNR	966	1 525	430	559	(536)
Risk Adjustment	360	363	357	3	(3)

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. No changes were made by the Company in the methods and assumptions used in preparing the above analysis.

20. Insurance acquisition cash flows asset

Reconciliation of insurance acquisition cash flows asset

Property and Casualty – Insurance contracts issued	October 22nd 2024 - December 31st 2025
Opening asset	-
Cash flows recognised as an asset during the year	6 873
Amounts derecognised on initial recognition of groups of insurance contracts	(5 371)
Impairment losses recognised during the year	-
Reversal of impairment losses recognised in prior periods	-
Closing asset	1 502
Cumulative impairment, net of reversals, recognised at the end of the period	

20. Insurance acquisition cash flows asset (continued)

Expected timing of derecognition of insurance acquisition cash flows asset

	1 year	2 years	3 years	Total
As at 31 December 2025	1 502	-	-	1 502
As at 22 October 2024	-	-	-	-

21. Claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a gross of reinsurance basis as at 31 December 2025.

Gross claims development (undiscounted)

	October 22nd 2024 - December 31st 2025
Accident year	
Estimate of ultimate claims costs (undiscounted)	3 274
At the end of the year	-
1 year later	-
Claims paid during the year	(1 808)
Gross LIC at the end of the period	1 466

Gross claims development

	October 22nd 2024 - December 31st 2025
Estimate of ultimate claim costs (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management):	
At end of accident year	2 914
Cumulative gross claims and other directly attributable expenses paid	(1 808)
Effect of the risk adjustment margin for non-financial risk	360
Gross LIC for the contracts originated	1 466

The Company provides information on the gross and net claims development for the current reporting period and five years prior to it. The Company considers that there is no significant uncertainty with regard to claims that were incurred more than five years before the reporting period.

22. Other information

At the end of 2025, the Company employed 24 employees.

The remuneration paid to the certified audit firm Sabiedrība ar ierobežotu atbildību "Ievas Liepiņas birojs" for the audit of the 2025 financial statements amounts to EUR 18 thousand, including VAT: EUR 3 thousand.

23. Transactions and balances with related parties

Related parties are legal and natural persons related to the Company in accordance with the criteria set out below.:

- a) A person or a close member of that person's family is related to the Company if:
 - a. the person has control or joint control over the Company;
 - b. the person has significant influence over the Company; or
 - c. the person is a member of the key management personnel of the Company or its parent company.
- b) An entity is related to the Company if it meets the following conditions:
 - a. the entity and the Company are members of the same group (which means that the parent, subsidiaries and fellow subsidiaries are related to each other).
 - b. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - c. both entities are joint ventures of the same third party.
 - d. one entity is a joint venture of a third party and the other entity is an associate of the same third party.
 - e. the entity is a post-employment benefit plan for the employees of the Company or of an entity related to the Company; if the Company itself is such a plan, the sponsoring employers are also related parties.
 - f. the entity is controlled or jointly controlled by a person identified in point (a).
 - g. a person identified in point (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of its parent company).
 - h. The Company or any member of the group to which it belongs provides key management personnel services to the reporting entity or to its parent company.

The Company's parent company is AS "Discover Car Hire" (Latvia).

The control of the ultimate beneficial owner (natural person) over AS "Sincera Insurance" arises solely from shareholder status.

The Company's transactions with AS "Discover Car Hire" were primarily related to the distribution of insurance. Such transactions are concluded and settled under terms that are available to customers who are not related parties.

During the reporting period, the following transactions were carried out with related parties:

a) Transactions with a related company:

	October 22nd 2024 - December 31st 2025
Insurance intermediation services	14 726
Support services	(59)
Total:	14 667

b) Balances arising from transactions with related parties

At the balance sheet date, the following balances arising from transactions with related parties were outstanding:

	As at 31 December 2025
Other assets	728
Other liabilities	(59)
Total:	669

c) Management remuneration

During the reporting period, the Company accrued remuneration to the Management Board in the amount of EUR 203 thousand and mandatory state social insurance contributions in the amount of EUR 42 thousand. No remuneration is paid to the members of the Supervisory Board.

24. Off-balance sheet commitments

a) General requirements

In the ordinary course of business, customers continuously submit claims to the Company. The Company's management has reviewed these claims and believes that no material losses will be incurred for which adequate claims provisions have not been established.

b) Litigation

At the balance sheet date, no claims have been brought against the Company and it is not involved in any litigation proceedings.

c) Capital commitments

As at 31 December 2025, the Company has not undertaken any capital commitments.

d) Contingent tax liabilities

The tax authorities are entitled to review the Company's tax calculations for the previous three years (five years in respect of transfer pricing). The Company's management believes that the outcome of such reviews will not have a material impact on the Company's results, operations or financial position. The Company's management is not aware of any actual or potential litigation related to tax matters.

e) Guarantees and sureties

As at 31 December 2025, the Company has not issued any guarantees or sureties.

25. Subsequent events

Subsequent events to 31 December 2025, the security situation in the Middle East deteriorated significantly following a material escalation of military hostilities in late February 2026. The conflict has affected regional stability and contributed to disruptions in energy markets and transport routes, increasing uncertainty in the broader economic environment.

The Company's direct exposure to this region is limited, as less than 3% of the Company's business in 2025 related to clients travelling to the Middle East. Accordingly, management has not identified any substantial direct effect of these events on the Company's financial position or 2025 operating results as at the date of approval of these financial statements. However, the conflict may indirectly affect the Company through continued volatility in energy prices and through potential adverse effects on the travel industry, including higher fuel costs and changes in travel demand. Management continues to monitor developments closely and will assess the need for any further actions should the situation materially affect the Company's operations, counterparties or customers.

During the period from the last day of the reporting period to the date of signing these financial statements, there have been no other significant events that would require adjustments to or disclosure in these financial statements.

Inna Vļjenska
Member of the Management board

Pāvels Mikaelis Maksimovs
Member of the Management board

Dace Freidenfelde
Chief accountant

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP

Independent Auditor's Report

To the shareholder of AS "Sincera Insurance"

Report on the Audit of the Financial Statements

Our Opinion on the Financial Statements

We have audited the financial statements of AS "Sincera Insurance" (the "Company") included in the accompanying annual report on pages 8 to 25. The accompanying financial statements comprise:

- ✓ the statement of financial position as at 31 December 2025,
- ✓ the statement of comprehensive income for the year ended 31 December 2025,
- ✓ the statement of changes in equity for the year ended 31 December 2025,
- ✓ the statement of cash flows for the year ended 31 December 2025, as well as
- ✓ the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AS "Sincera Insurance" as at 31 December 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the Audit Services Law, we conducted our audit in accordance with International Standards on Auditing as recognised in the Republic of Latvia (hereinafter – the "LR") (hereinafter – "ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and the independence requirements included in the Audit Services Law of the LR that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other ethical responsibilities and objectivity requirements in accordance with the IESBA Code and the Audit Services Law of the LR.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Insurance contract liabilities for incurred claims

The Company's insurance contract liabilities for incurred claims as at 31 December 2025 amount to EUR 1,466 thousand (including a risk adjustment for non-financial risk of EUR 360 thousand).

The audited financial statements relate to the Company's first reporting period; therefore, we were not able to perform a retrospective analysis of management's estimates.

Reference to the financial statements: Note 19 "Sensitivity analysis of insurance risk assumptions", Note 21 "Claims development", and sections "Initial and subsequent measurement – groups of contracts measured under the PAA" and "Insurance revenue from contracts measured under the PAA – non-life insurance" of Note 4 "Insurance operations"

Key Audit Matter

The Company's liabilities for incurred claims ("LIC"), as a non-life insurer, are a component of insurance contract liabilities recognised in the liabilities section of the Company's statement of financial position and involve the most significant judgments.

Audit procedures performed

Our audit procedures were performed, where necessary, with the involvement of an external actuarial specialist and information systems (IS) specialist, and included, among other things:

Management applies several complex and subjective actuarial methods to determine the best estimate of LIC at the end of the reporting period, both in relation to the estimation of the present value of future cash flows and the risk adjustment for non-financial risk.

The estimation of the present value of future cash flows involves significant management judgment, primarily with respect to assumptions about future events and the development of fulfilment cash flows and their present value. Fulfilment cash flows are determined based on estimated cash flows relating to incurred and reported claims and incurred but not reported claims. Relatively small changes in these assumptions may have a significant impact on the estimated amount of LIC. The assumptions most subject to estimation uncertainty include those relating to loss ratios, claim frequency, average claim amounts, claims handling expenses, and the expected payment period.

Due to the complexity of the models applied, errors may arise from inaccurate or incomplete input data or from the design or use of the models. Accordingly, as part of our audit, we also focused on the completeness and accuracy of the data underlying the actuarial projections.

Taking into account the factors described above, we determined the valuation of insurance contract liabilities for incurred claims to be a key audit matter.

- ✓ testing the design, implementation and operating effectiveness of key controls related to the process of determining and remeasuring liabilities for incurred claims, including relevant management oversight controls, accounting and actuarial controls, including the reconciliation of key data underlying actuarial calculations (including reports on insurance claims and other insurance service expenses and insurance revenue), as well as testing general IT controls over data extraction and validation.
- ✓ evaluating the actuarial methods and assumptions applied by the Company in determining the present value of future cash flows and the risk adjustment for non-financial risk, by comparing them with the methods and assumptions applied by the Company in the reporting period and with industry practice, as well as considering applicable legal and regulatory requirements and the requirements of the relevant financial reporting standards, in particular including assumptions regarding loss ratios, claim frequency and average claim amounts, the development of future cash flows for incurred but not reported claims, and the expected payment period.
- ✓ for the Company's single portfolio of contracts, assessing the appropriateness and reliability of the input data and key assumptions used in the estimates by testing, on a statistical sample basis, the cash flows of incurred and reported claims.
- ✓ assessing whether the disclosures made by the Company regarding insurance contract liabilities are in accordance with the requirements of the applicable financial reporting standards.

Other Information Reporting

Management is responsible for the other information. The other information comprises:

- ✓ Information about the Company, as presented on page 3 of the accompanying annual report;
- ✓ The Management Report, as presented on pages 4 to 6 of the accompanying annual report;
- ✓ The Statement of Management's Responsibility, as presented on page 7 of the accompanying annual report.

Our opinion on the financial statements does not cover the other information included in the annual report, and we do not express any form of assurance thereon, except as described in the section of our report "Other reporting responsibilities in accordance with the requirements of the legislation of the Republic of Latvia."

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained during the audit, we conclude that there are material misstatements in the other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Requirements of the Legislation of the Republic of Latvia

In addition, in accordance with the Audit Services Law of the Republic of Latvia, our responsibility is to express an opinion on whether the Management Report has been prepared in accordance with the requirements of Regulation No. 328 of the Bank of Latvia dated 21 October 2024, "Regulations on Accounting, Preparation of Annual Reports and Consolidated Annual Reports of Insurance and Reinsurance Companies and Branches of Foreign Insurers."

Based solely on the procedures performed in the course of our audit of the financial statements, in our opinion, in all material respects:

- ✓ the information given in the Management Report for the reporting year for which the financial statements have been prepared is consistent with the financial statements; and
- ✓ the Management Report has been prepared in accordance with the requirements of Regulation No. 328 of the Bank of Latvia dated 21 October 2024, "Regulations on Accounting, Preparation of Annual Reports and Consolidated Annual Reports of Insurance and Reinsurance Companies and Branches of Foreign Insurers."

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ✓ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control;
- ✓ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ✓ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ✓ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ✓ evaluate the overall presentation, structure and content of the financial statements, including the disclosures and notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, the actions taken and safeguards applied to eliminate such threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or, in extremely

rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other statements and confirmations to be included in the auditor's report in accordance with the requirements of the laws and regulations of the Republic of Latvia and the European Union when providing audit services to public interest entities

The extraordinary shareholders' meeting held on 31 October 2025 appointed us to audit the financial statements of AS "Sincera Insurance" for the year ended 31 December 2025. Our total uninterrupted period of engagement is 18 years and covers reporting periods from 31 December 2007 to 30 September 2025.

We confirm that:

- ✓ our auditor's opinion is consistent with the additional report submitted to the Supervisory Board of the Company, which performs the functions of the Audit Committee;
- ✓ as stated in Section 37.6 of the Audit Services Law of the Republic of Latvia, we have not provided the Company with prohibited non-audit services (NAS) referred to in Article 5(1) of Regulation (EU) No 537/2014. In conducting the audit, we have also remained independent of the audited entity.

During the period covered by our statutory audit, we have not provided the Company with any services other than audit services, except for those disclosed in the Management Report or in the Company's financial statements.

SIA "Ievas Liepiņas birojs"
License No. 139

Ieva Liepiņa
Member of the Board
Certified auditor of Latvia
Certificate No. 161

Riga, Latvia
Prepared on 29 April 2026

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP