Protector Forsikring ASA

– New target price 480

Updated 20.06.2025

We will always be

The Challenger

We will deliver through unique relationships, best in class decision-making and cost effective solutions

Main targets

Cost and quality leadership
Profitable growth
Top 3

Values

Credible
Innovative/Open
Bold
Committed

PROTECTOR

Disclaimer

We own a significant number of shares in Protector so you cannot trust us… or perhaps you can?

Buying shares is risky, do so at your own peril.

All opinions presented is Hvaler Invests own opinions

Sverre Bjerkeli is the Former CEO of Protector Forsikring

All analyses have been done by Hvaler Invest unless otherwise stated

The intrinsic value analysis was made June 20th, 2025

The long perspective

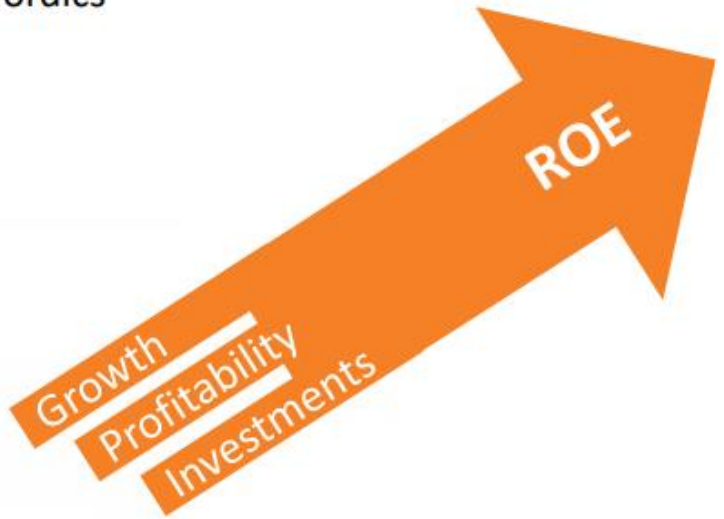
Updated 20.06.2025

Value creation in the long run

We have only just begun

PROTECTOR insurance

- Cost leader in the world – not good enough
- Quality leader in Scandinavia & UK
- Average CR last 10 years at 91.6 %
- Price increases still higher than claims inflation entering 2021, churn back to normal in Nordics
- Growing organically from 0 to > 5.5 BNOK in premiums; building a significant float
- UW discipline and Claims Handling are moments of truth
- Investment is core and delivers better than benchmark HTD
- It's also a story of capital consumption and risk

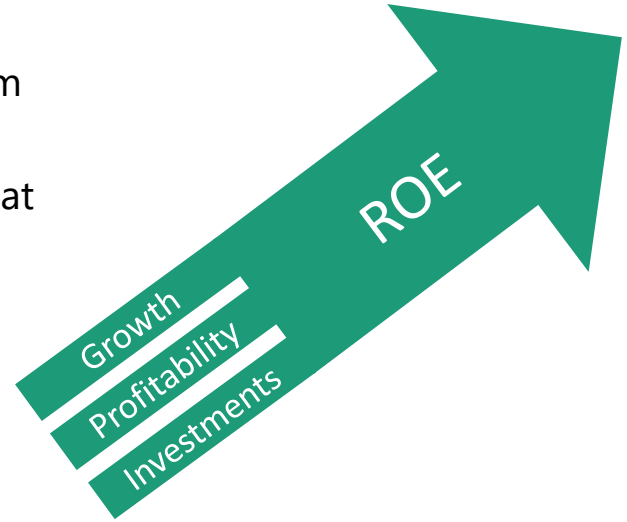


- HTD ROE at 19%
- HTD CAGR share price at 27%

Value creation Last 4 years

124% growth with a average CR at 87.8% - anyone better ?

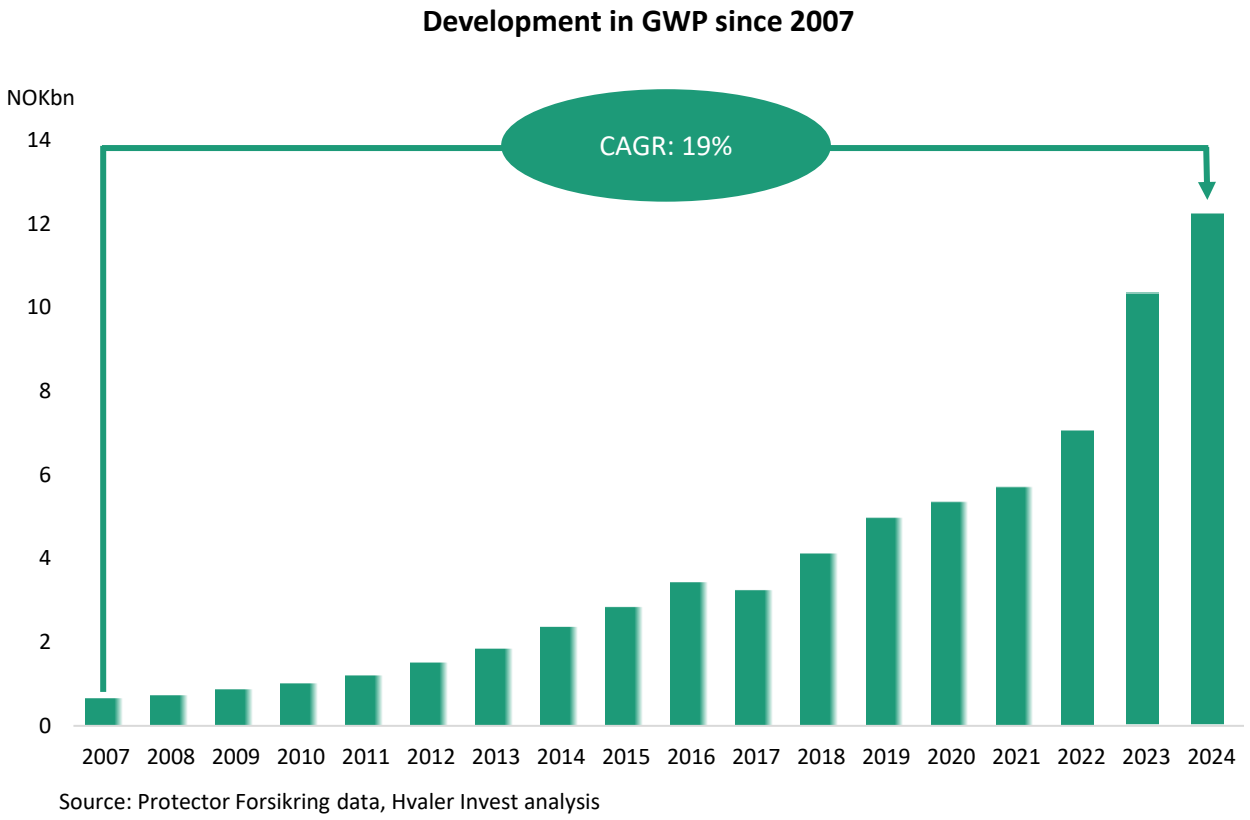
- Cost leader in the world – not good enough
- Quality leader in Scandinavia & UK. It sounds easy –it's not.
- Average CR last 4 years at 87.8%. It's very strong, it has been better historically, but you should not expect it to continue going forward.
- Price increases are still slightly higher than claims inflation entering 2025, churn moving from extremely low towards normal
- Growing organically from 5,5bn to 12,3bn in premiums last 4 years; building a significant float
- UW discipline and claims handling are moment of truth
- Investment is core and delivers better than benchmark HTD
- It's also a story of capital consumption and risk



- Average ROE last 4 years 36%, HTD at 22,3%
- CAGR shareholder return last 4 years 66,7%, HTD at 30,6% (or 36% from first capital raise Jan 1st, 2004)

Volume since first billion was reached

19% CAGR profitable organic growth since 2007 – anyone better ?



Source: Protector Forsikring data, Hvaler Invest analysis

2024 – Another strong year

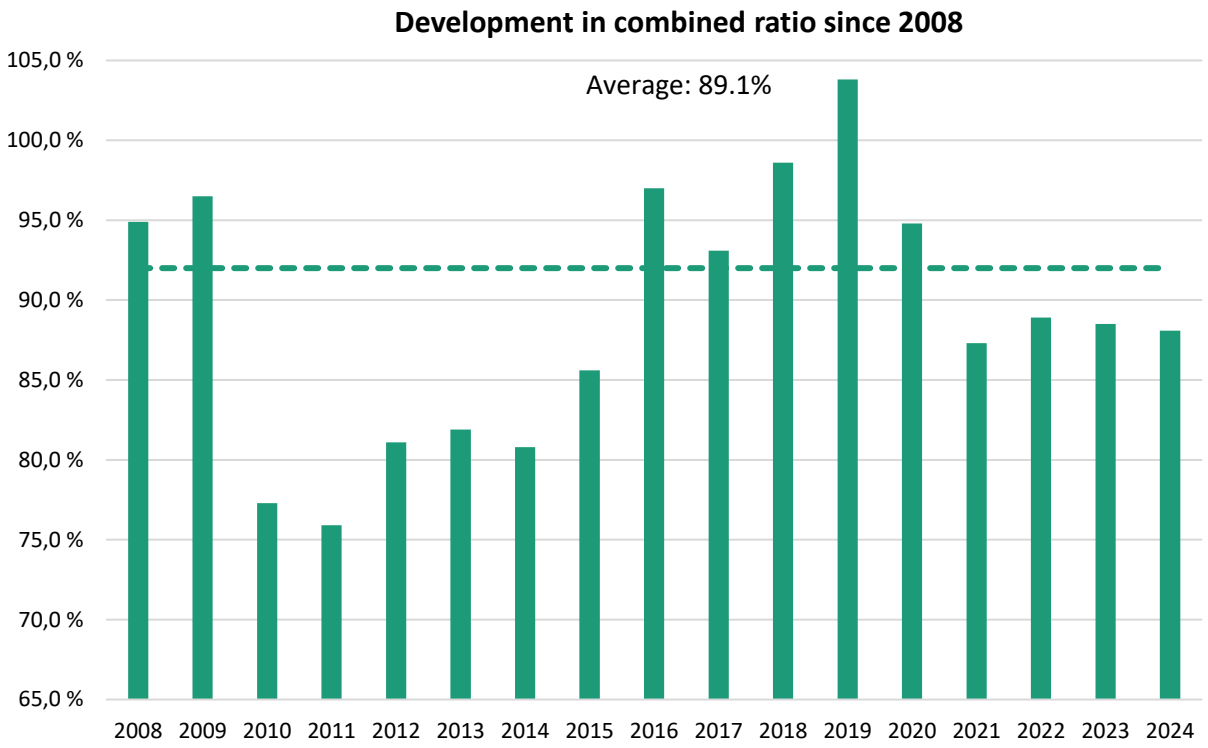
- 18% growth (16% in LCY)
- UK growth at 26%
- Combined ratio 88,1% - it's very strong
- EPS 18,7 - All time high

Q1 2025 - even better

- 19% growth (17 in LCY)
- France with 298 MNOK in first year
- Combined Ratio at 85,9 both formally and underlying
- EPS at 9.0 – All time high Q1

Combined ratio since 2008

Average 89.1% - everything below 92% is very good if combined with double digit growth



Source: Protector Forsikring data, Hvaler Invest analysis

2024 – Solid delivery despite regional variance

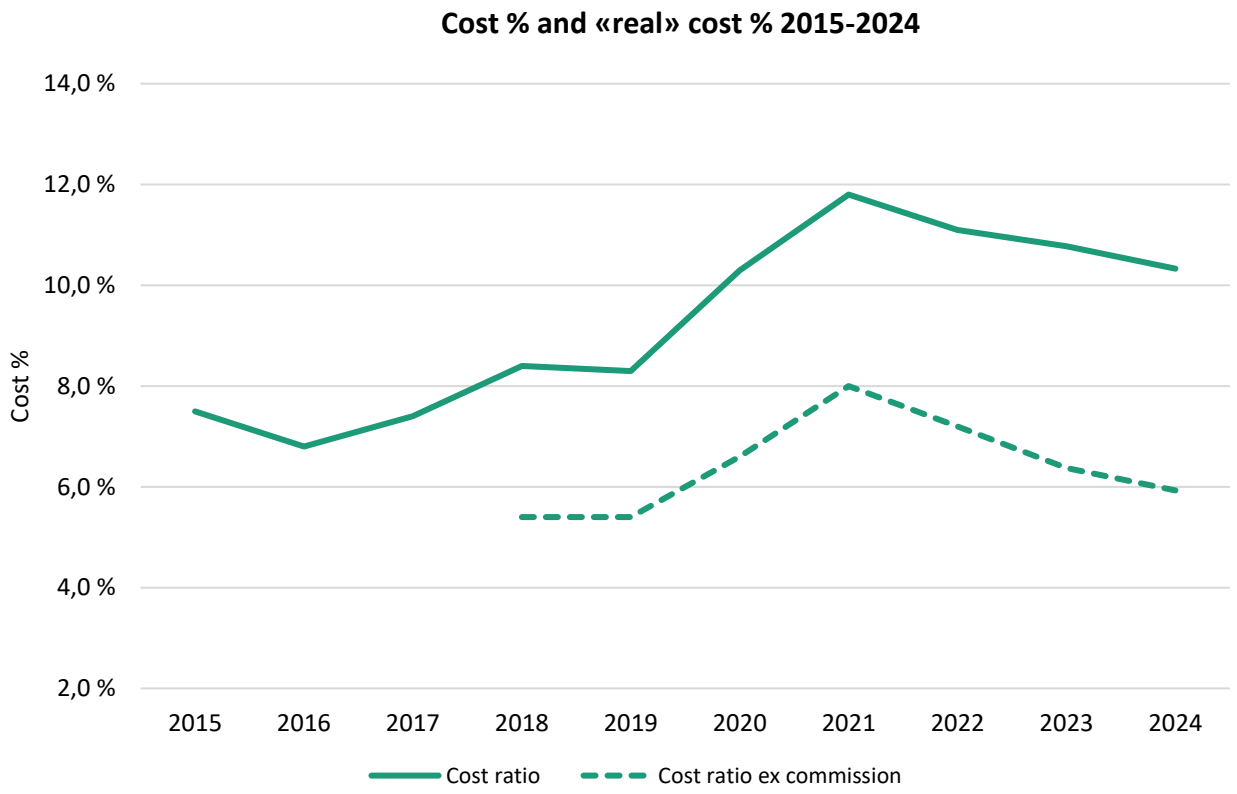
- Combined ratio of 88.1%
- UK at 81.0%
- Sweden + Finland at 85.5%
- Norway at 86.4%
- Denmark at 117.6%

Q1 2025 – CR trend further improves into 2025

- Combined ratio at 85.9%

Cost and real cost 2015-2024

World leading by far, 6% and moving down



Source: Protector Forsikring data, Hvaler Invest analysis

Cost ratio ex commissions at 6.0% is a lot better than nr 2 in the world

It's still possible to reduce to <5% due to scalability in UK/France and through optimising Scandinavia

"Cost the real way" includes Claims handling cost but relevant figures are not available, neither in Protector nor in most peers. It's a CMD topic.

Investments return in the longer run

Equities have delivered 15,9% on average last 10 years – why suggest only 8% going forward as most analyst do?

Bond return

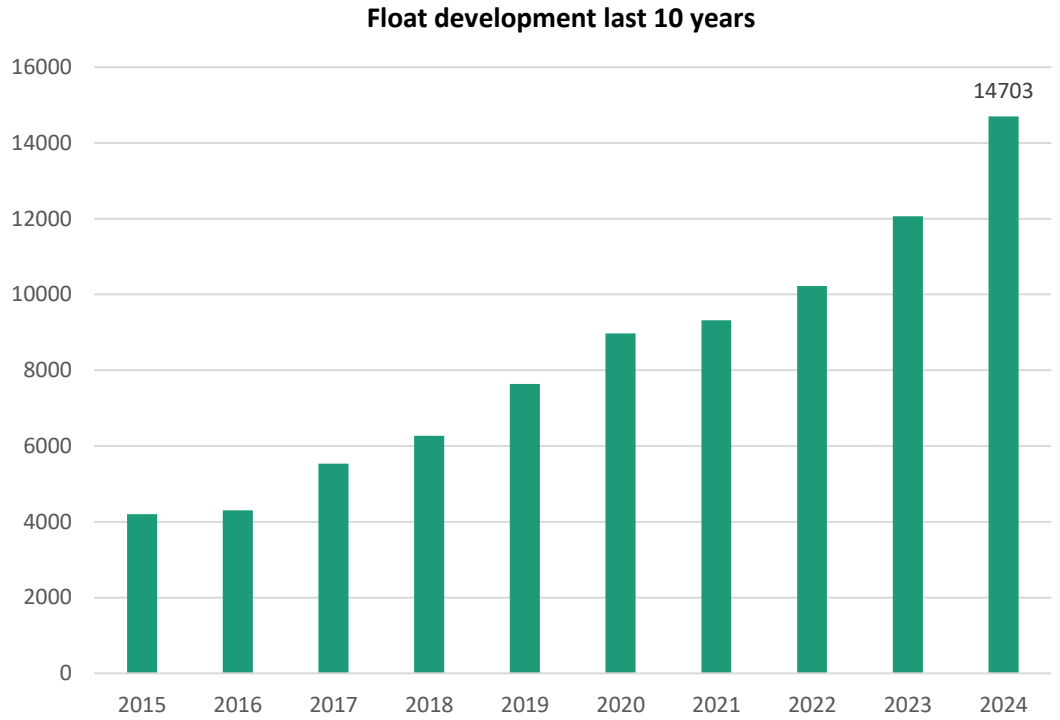
- High interest rates will translate to strong return on Protectors bond portfolio
- Remember higher risks consume more capital
- Quarter to quarter fluctuations to be expected due to bond swaps

Return on equity

- The investment team in Protector has a proven track record of superior returns on their equity investments
- We have raised our long-term expectations for equity return; to not be "overly cautious" (yes, we are in fact able to be conservative in some areas of our analyses 😁)
  - Our new long-term expectations is set to 10% annually (up from 8%)
- Protector is off to a very good start to 2025

Float

- Consider how much ROI you get from float (insurers are paid up front, and claims incur a lot later)
- You can easily estimate float value to about 214 which means that you are paying less than 196 for the insurance side of Protector at current share price



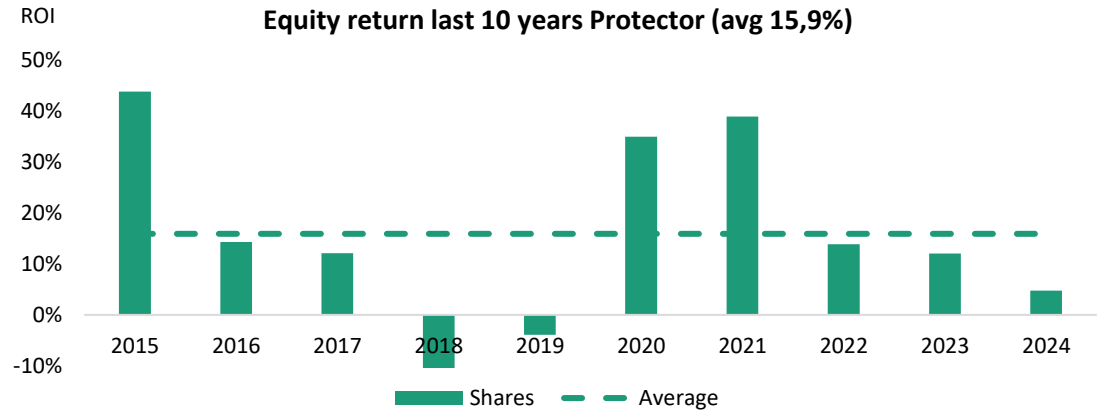
Equity return in the longer run

15,9% on average last 10 years – why suggest only 8% going forward?

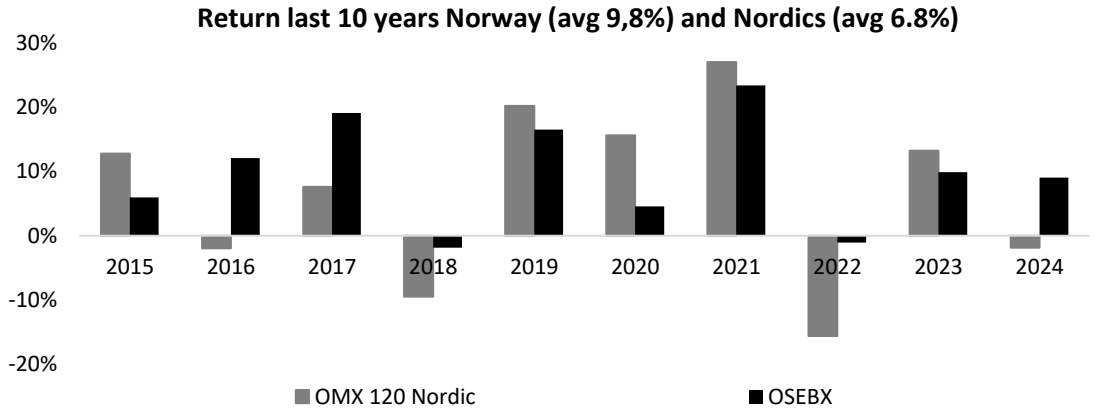
- Investment is core business like Insurance
- They are twins, but Insurance came first

- The investment team in Protector has a proven track record of superior returns on their equity investments
- The team has a long-term incentive plan linked to long term performance periode
- Average equity return last 10 years is 15,9% ROI
- Average OBX is 9,8% and OMX 120 Nordic is 6,8%
- You should expect volatility and significant deviation from index

- We have raised our long-term expectations for equity return to 10%, to not be "overly cautious" (yes, we are in fact able to be conservative in some areas of our analyses 😁)
- Protector is off to a good start to 2025 with 7,6% in Q1.



Source: Protector data, Hvaler Invest analysis

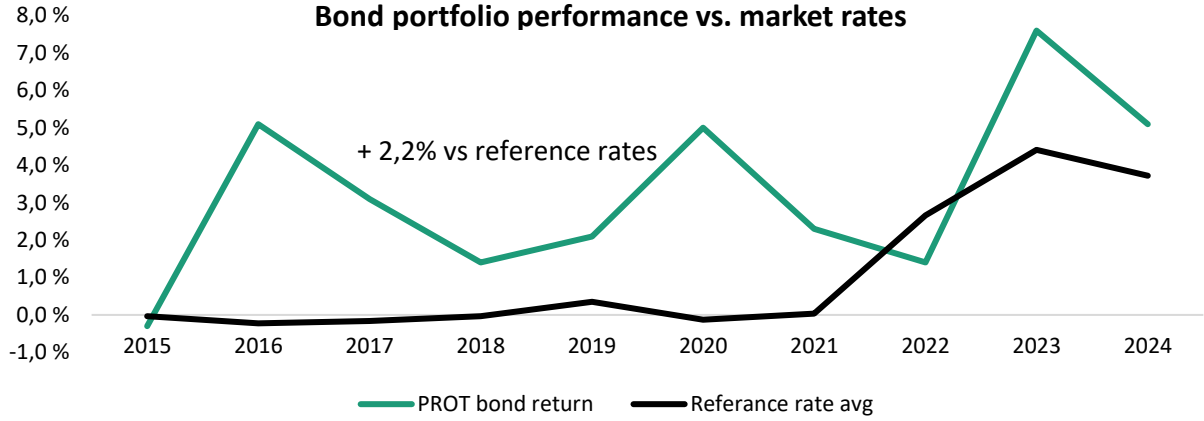


Source: Bloomberg, Hvaler Invest analysis

Bond return last 10 years

Protector is 1,6 % better than peers and have delivered 2,2 % above market rates

- Market rates last 10 years have been exceptionally low
- Protectors bond portfolio has delivered 2,2 pp above a market basket (Reference rates Nor, Swe, EU, GB) in the last 10 years
  - Protectors high yield allocation has varied a lot but typically been around 20-25%
- Protector have consistently outperformed the average benchmark performance with an average of 1,6 pp yearly since 2015, meaning **94%** above peers 💪😁.
- Remember higher risks consume more capital, you must follow up on return on capital invested. It's a CMD topic.
- We have based our future bond earnings on "market basket" pricing + 2,2 pp



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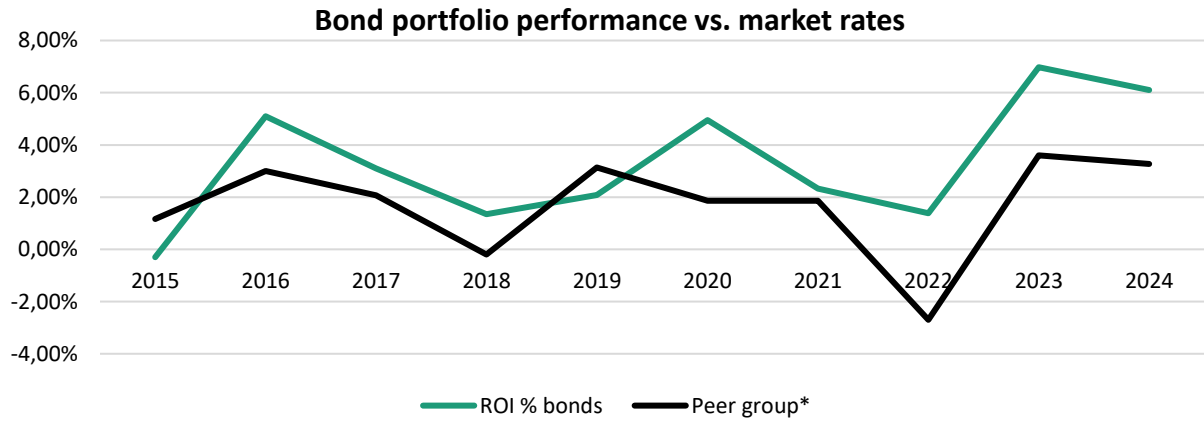


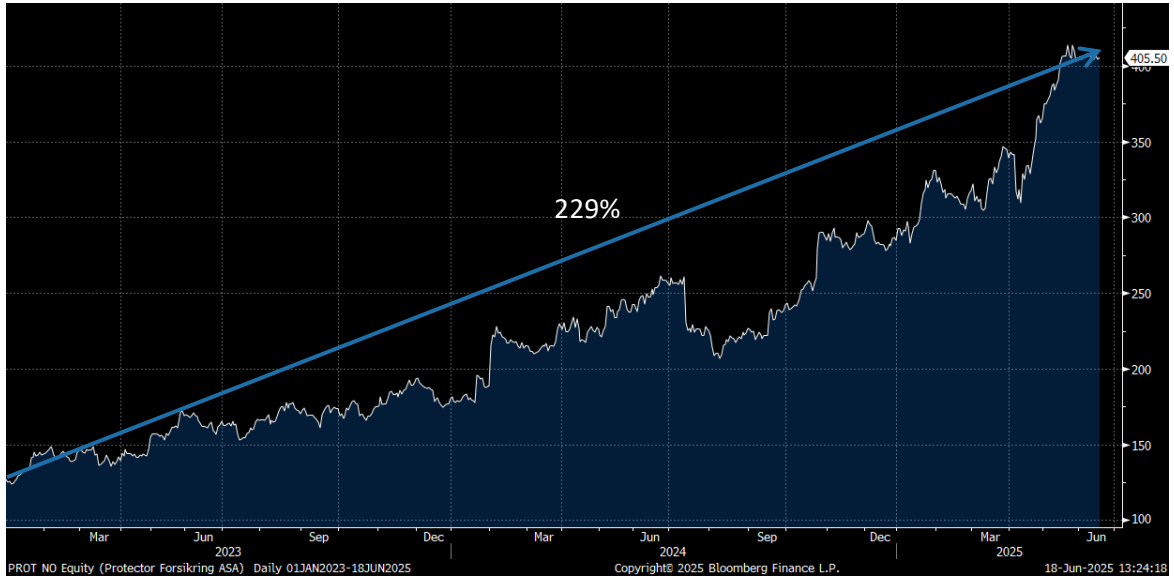
*Peer group is a simple avg of Gjensidige, Sampo and Tryg bond returns.
Source: Protector data, Hvaler Invest analysis, Sampo data, Gjensidige data, Tryg data

Share price development

Share price increase since Jan 1st, 2023: 229%!

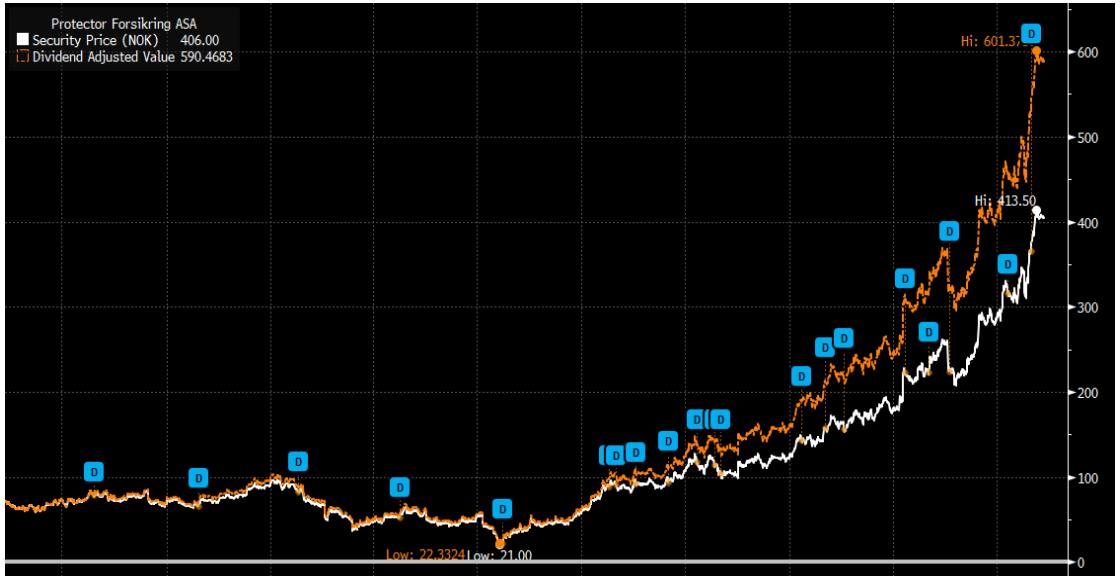
- From Jan 1st, 2023, the share price has gone up 229% (60,4% annualized)
- Last 10 years the annualized return on the share is 19,4%...
- … and if you reinvested the dividends in Protector the annualized return would be 23,9%

Share price from Jan 1st, 2023



Source: Bloomberg

Share price last 10 years inc and ex dividend



Source: Bloomberg

Q1, 2025e and Hvaler Invest vs Analysts

Updated 20.06.2025

Q1 2025 results 🔥 🔥 🔥 🔥

19% growth, CR at 85,9% and all-time high EPS at 9.0

- 19% growth (17% in LCY) with growth from all countries with France in lead
  - France moving faster than all other new start-up countries (so far)
- Combined ratio at 85,9% and underlying exactly at the same figure (85,9%)
  - Those who disagree are wrong ☺
- Price increases slightly above claims inflation
- Return on Investment at 2,3% - nobody better in the Nordics
- EPS at 9.0 NOK, all time high Q1
- Bullish Protector management (for once) 😊

Preview Q1'25 estimates	Reported	Hvaler
Gross written premiums	**5,271**	**5,394**
Insurance Revenue	**3,255**	**3,324**
Total insurance service result	**459**	**469**
Return on Investments	577	606
Net insurance finance income or expenses	*-41*	*-80*
PTP	**962**	**954**
Net profit	**740**	**791**
EPS (NOK)	**9.0**	**9.6**
Claims ratio, net	75.4 %	75.6 %
Cost ratio	10.5%	10.3%
Combined Ratio	**85.9%**	**85.9%**
ROI %	2.3%	2.4%

Q1 2025 Hvaler vs other analysts

Hvaler Nr 1 again, but Ulrik in Nordea came in close

Preview Q1'25 estimates	Reported	Hvaler	DNB	Pareto	Nordea	SEB
Gross written premiums	**5,271**	**5,394**	**5,293**			**5,152**
Insurance Revenue	**3,255**	**3,324**	**3,299**	**3,341**	**3,320**	**3,239**
Total insurance service result	**459**	**469**	**285**	**355**	**418**	**395**
Return on Investments	577	606	591	558	565	419
Net insurance finance income or expenses	*-41*	*-80*	*-72*	*-91*	*-117*	*-70*
PTP	**962**	**954**	**753**	**775**	**819**	**700**
Net profit	**740**	**791**	**645**	**652**	**695**	**588**
EPS (NOK)	**9.0**	**9.6**	**7.8**	**7.9**	**8.4**	**7.1**
Claims ratio, net	75.4 %	75.6 %	80.5 %	78.2 %	76.8 %	77.1 %
Cost ratio	10.5%	10.3%	10.8%	11.2%	10.6%	10.7%
Combined Ratio	**85.9%**	**85.9%**	**91.4%**	**89.4%**	**87.4%**	**87.8%**
ROI %	2.3%	2.4%	2.6%	2.4%	2.4%	1.8%

Source: Hvaler analysis, DNB, Pareto, Nordea, SEB

- Volume was basically preannounced from company
- Hvaler were “spot on” the important Combined Ratio figure, DnB were far off, I’m sorry Håkon. Were you already mentally in Stenshagen?
- SEB were way off on ROI as the only one – in Q1 you should be closer Thomas ☺
- Estimate upgrades have arrived, I’m sorry – all analysts are too low, again

Q1 Volume and Hvaler Invest 2025e

We expect 16% growth in LCY in 2025

- Now we know Q1
- The very important April 1st renewal date in public segment in UK came in at 369 MNOK growth
- Significant price hikes will continue to contribute to strong growth, client renewals at high 90ies are very prudent
- The Nordic market is stated to be good as insurers are still increasing prices, however with some challenges relative to bigger portfolios in Sweden (2 competitors act irrationally for now)
- UK market conditions are still good in Public sector and still challenging in Commercial sector
- France is "all about Q1" in 2025 since minor commercial volumes should be expected in "the first Underwriting year"

- We expect 16% growth in LCY in 2025

GWP NOK	Q1'24	Q1'25	2025e
Norway	1,349	1,580	2,722
Sweden	1,499	1,620	3,149
Denmark	1,152	1,297	1,826
UK	429	475	6,262
France	0	298	358
Total	**4,430**	**5,271**	**14,316**

GWP NOK growth y/y	Q1'24	Q1'25	2025e
Norway	16 %	17 %	16 %
Sweden	5 %	8 %	9 %
Denmark	18 %	13 %	12 %
UK	16 %	11 %	15 %
France			
Total	**12 %**	**19 %**	**16 %**

Q1 Combined Ratio and Hvaler Invest 2025e

We expect a Combined Ratio at 85.0% in 2025

- Super profit in UK continues
- Norway and Sweden returns to strong figures after 2 years with challenges relative to claims inflation and some significant clean ups in Swedish portfolios
- Denmark will improve but they might “stay behind” Norway and Sweden again. Yes, we are at 87% in our estimate but we might be wrong.
- France will be volatile and will not be important before at earliest in 2027/2028, but market is stated to be rational. Competitors will struggle to meet the Cost and Quality leader in the Insurance world 😊

- Our estimate is 85% in 2025 and then up to 87% in 2026 💰 💰

Combined ratio	Q1'24	Q1'25	2025e
Norway	100 %	88 %	88 %
Sweden	96 %	88 %	88 %
Denmark	95 %	87 %	87 %
UK	82 %	80 %	79 %
France		154 %	129 %
Total	**91 %**	**86 %**	**85 %**

Investments

We estimate a total return of 6.3% in 2025

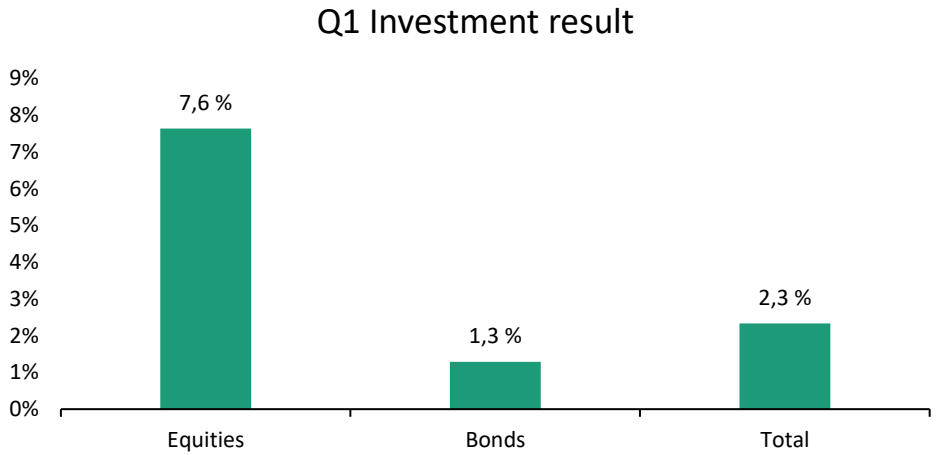
Q1’25

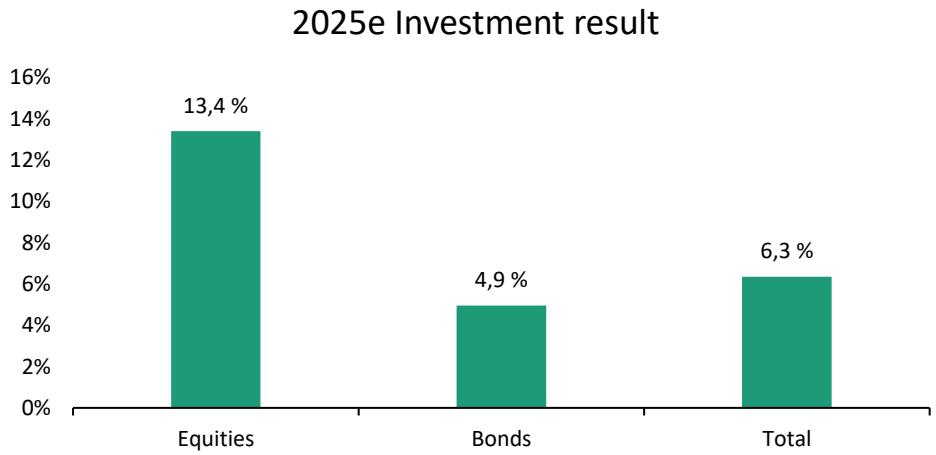
- Equity return of NOKm 311 (7.6% return)
- Bond return of NOKm 265 (1.3% return)

2025e

- Net income from interest of NOKm 1,006 (4.9% return)
  - Average market basket (Reference rates) is at 3,3%
- Net income from shares of NOKm 562 (13.4% return)

	Investment portfolio	
Bonds	Portfolio size (NOKm)	20,778
	Share of total portfolio	84 %
	Yield	5.1 %
	Duartion	2.1
	Average rating	A+
Equities	Portfolio size (NOKm)	3,976
	Share of total portfolio	16 %
	Number of companies	35





2025-2026 What to look for

Updated 20.06.2025

What to look for in 2025

Growth, UK, combined ratio and return on bond portfolio

Growth

- Communication from management is that there is no significant change in behaviour from competitors in the UK, but some competitors are starting to come back in public housing sector. UK April 1st public volume is communicated already.
- The Nordic market is "hard" (meaning market prices increase), resulting in favourable conditions for the cost leader but some irrational portfolio behaviour in Sweden.

Combined ratio:

- Analyst point to UK CR as the biggest uncertainty for the year…
  - … We expect UK CR to be best among all countries
- The volume won in 2024 is high frequency (Protectors best product type) and is won at solid price levels

Return on investments

- Pay attention to market rates and performance vs benchmark
- Equity return will be volatile as always

Summary key figures	2024e	2025e
Gross written premiums	**12 333**	**14 316**
Insurance Revenue	11 783	13 763
Total insurance service result	1 404	2 044
Return on Investments	1 059	1 561
Net insurance finance income or expenses	*-213*	*-265*
PTP	2 051	3 201
Net profit	**1 539**	**2 478**
EPS (NOK)	**18,7**	**30,1**
Claims ratio, net	77,5 %	74,8 %
Cost ratio	10,6%	10,4%
Combined Ratio	**88,1%**	**85,1%**
ROI %	5,0%	6,8%

Growth drivers

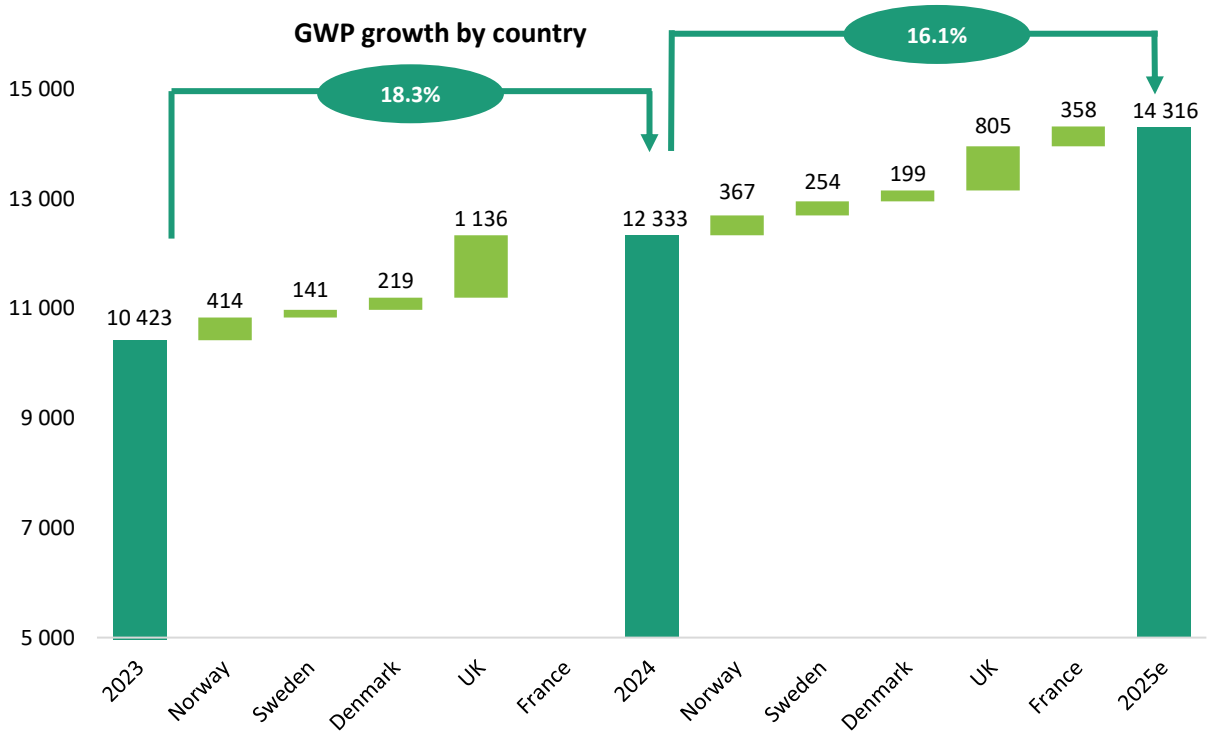
UK still the main growth driver – Nordics also contributing

UK

- 2024 growth at 26%
- 2025 will also be a strong growth year, and we expect 15%
- Commercial sector is the most exciting opportunity and still moving slowly.
- Market share in public sector is currently at about 25% and hence more difficult to grow rapidly for longer periods.
- Growth opportunities in commercial sector are huge

Nordics

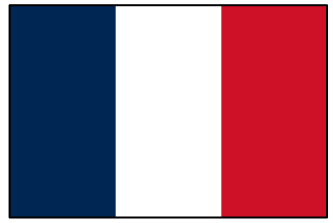
- Renewals will not be as "easy" going forward as inflation is moving downward
- Hardening market conditions on the other side should enable further strong growth in the Nordics



Source: Protector Forsikring data, Hvaler Invest analysis

France on volume and Combined ratio

Break even and 1 bill NOK in volume in 2027 – faster than other countries



Growth

- From 358 MNOK in 2025 to 1,124 MNOK in 2027
- 2027 is only a start since France is probably sized close to UK in premium. A gradual volume development to 4 bill Nok in 2032

Combined ratio

- Combined ratio is expected to improve substantially from 129% in 2025 to 97% by 2027, reaching breakeven and profitability
- Claims ratio drops steadily as the portfolio matures, and underwriting improves
- Cost ratio remains higher than in other markets due to the structure of French market and lack of critical mass first 3 years
    - Small claims (under EUR 20,000) are settled directly by brokers. These cost are recorded as commission and increases the cost ratio. You should look for cost development exclusive of commissions (and we will ☺)

	2025e	2026e	2027e
Gross written premiums	**358**	**681**	**1 124**
GWP y/y growth	na	63,4 %	50,0 %
Insurance Revenue	**326**	**654**	**1 076**
Insurance claims expenses	-323	-510	-785
Insurance operating expenses	-81	-150	-226
Total insurance service result	**-94**	**-28**	**35**
Loss ratio, net	103,9 %	81,3 %	75,7 %
Cost ratio	24,9 %	23,0 %	21,0 %
Combined Ratio	**128,8 %**	**104,3 %**	**96,7 %**

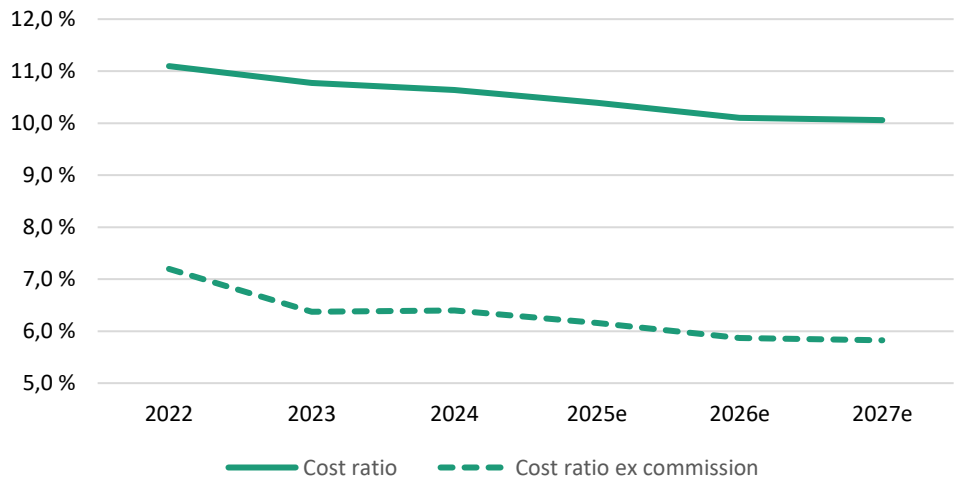
Protector is (still) the cost leader in the world

Cost % is still shrinking when share based compensation normalizes

Protector is continuing to prove that they have a scalable organization

- Since ’22 they have reduced “real” cost % by 1.0pp
- Will be further reduced 2025-20027 due to normalized share-based compensation and critical mass in France plus cost-optimization in Scandinavia
- Important to note:
  - In Q1, the bonus program added 1.5pp to the cost ratio. This is a non-recurring item tied to strong share price performance

Cost % and «real» cost % 2022-2027e



Source: Protector Forsikring data, Hvaler Invest analysis

Combined ratio

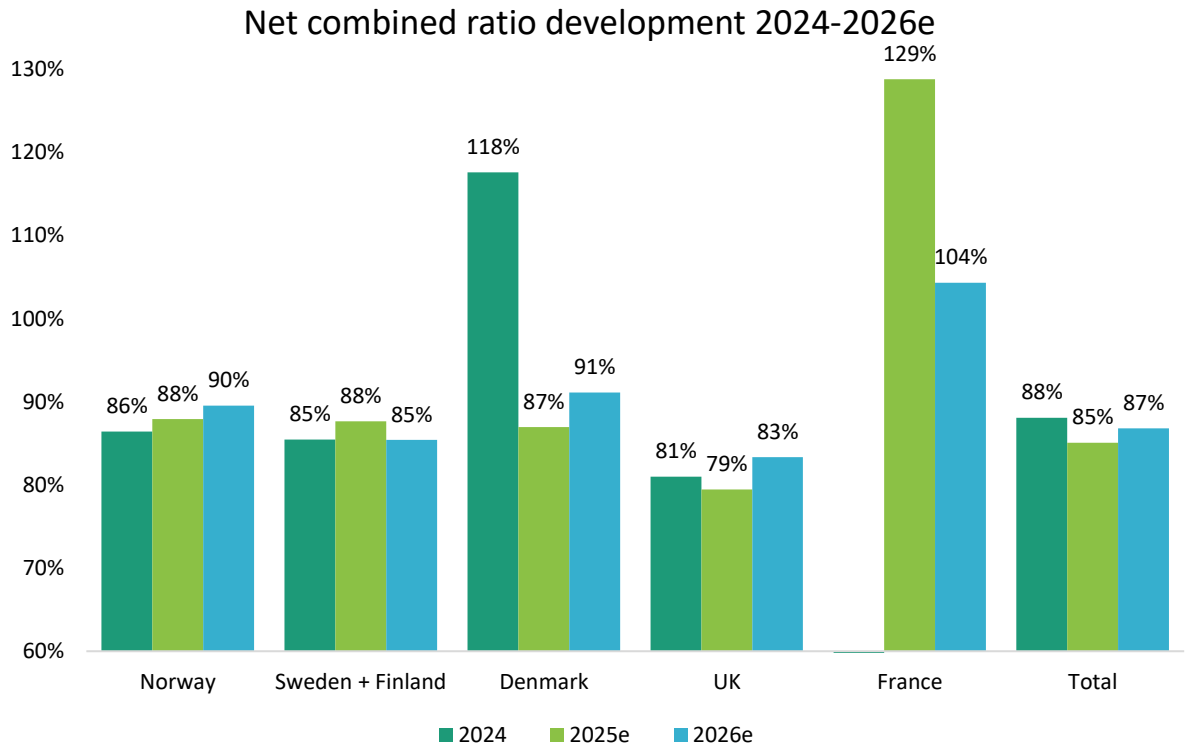
We estimate 85.1% 2025 CR – UK at 79.5% and Scandinavia improving

UK

- UK have two very strong CR years behind them, and we expect this trend to continue but super-profit will deteriorate in 2026 and 2027
- The growth in 2023 and 2024 (a lot of public housing) is a product that Protector is world class at pricing
- The market is mostly either favourable or rational

Scandinavia

- Auto portfolios in the Nordics will gradually improve and increasingly contribute positively to the overall CR development
- This improvement is expected to help offset any potential softening in UK performance beyond 2026/2027
- Overall, CRs in Norway, Sweden (ink Finland) remain solid. Cost advantage is very strong and will continue.



Source: Protector Forsikring data, Hvaler Invest analysis

Return on investments 2026-2029

Equities expected at 10% and bond portfolio benefit from a higher rate sentiment

Bond return

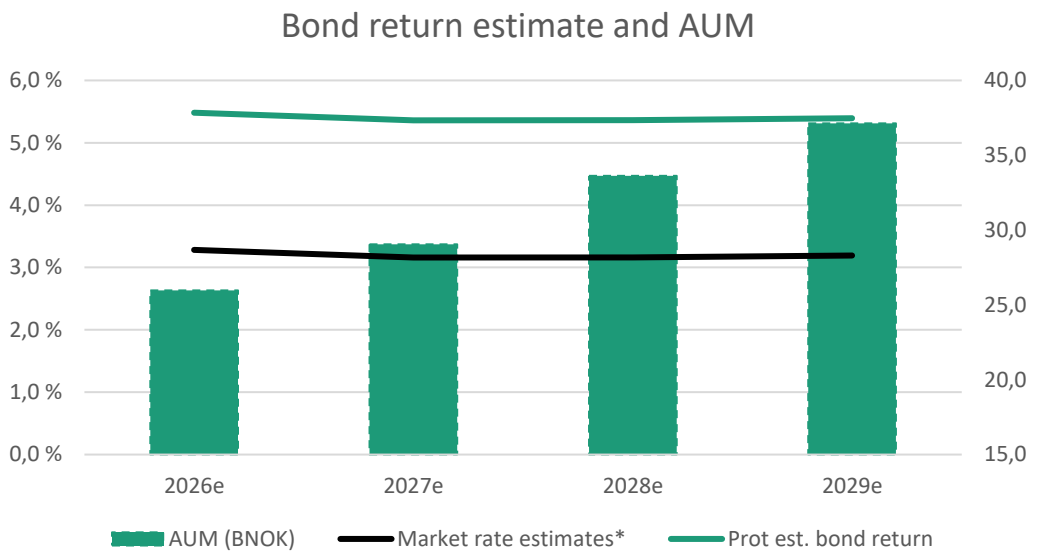
- Still acceptable interest rates will translate to strong return on Protectors bond portfolio
- Quarter to quarter fluctuations to be expected due to bond swaps

Return on equity

- The investment team in Protector has a proven track record of superior returns on their equity investments
- We have raised our long-term expectations for equity return to not be "overly cautious" (yes, we are in fact able to be conservative in some areas of our analyses 😁)
    - Our new long-term expectations is up from 8% to 10%

Asset under management

- AUM is expected to grow from 25 to 37 BNOK



* Based on a weighted avg. of market rates for the coming years in relevant countries
Source: Bloomberg, Hvaler Invest analysis

Intrinsic value and peer pricing
- New target price 480

Updated 20.06.2025

Assumptions for calculating intrinsic value

Realistic as always – A higher P/E is easily justified (look at ROE and growth 😊)

- Growth CAGR next 5 years is estimated to 12,1%
- We use «one bad year» in our estimates (2028) to account for unforeseen issues
- Ending multiple is set at 17x p/e, up from 15x
- Cost of capital at 10%, but could have been lower…

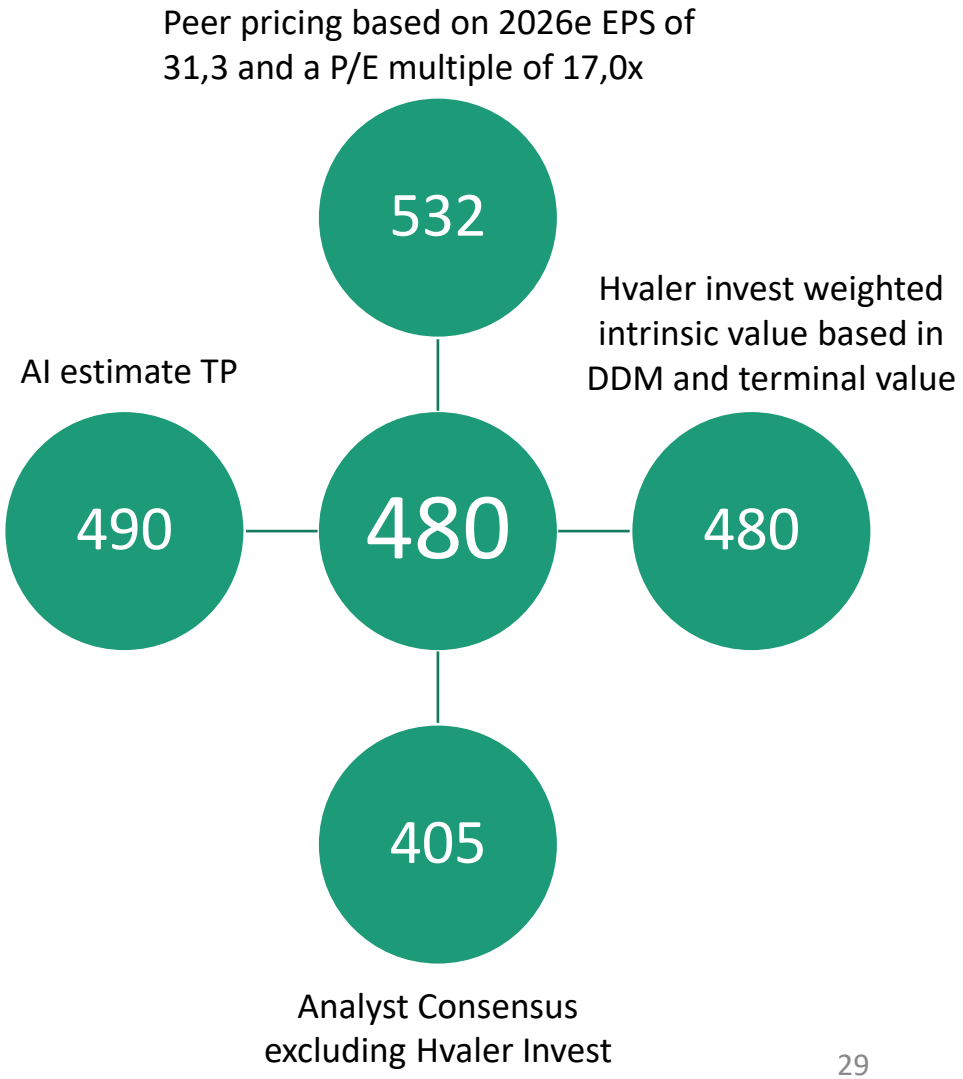
	2025	2026	2027	2028	2029	CAGR 5yr
GPW	14316	16292	18405	19671	21795	12,1 %
YoY Growth	*16,1%*	*13,8%*	*13,0%*	*6,9%*	*10,8%*	
Technical Result	*2044*	*2091*	*2362*	*796*	*2039*	
Investment income	1561	1651	1822	2041	2268	16 %
EBT	3201	3297	3733	2380	3842	
Tax	-723	-719	-815	-459	-810	
Net Profit	2478	2579	2918	1921	3033	15 %
Dividend	1464	1805	2043	1345	2123	

Ending multiple	17
COC	10 %

Investment case overview

Target price 480 (403)

- Hvaler Invest target price increased to 480 from 403
- Peer pricing estimates supports this price – Protector still not priced at same level as peers despite superior growth
- Other analysts see no upside…
- … Consensus at 405
  - DNB 380, Pareto 400, Nordea 400, SEB 440
- Note that only SEB have upgraded TP lately (June 18th). Other upgrades should be expected, either before Q2 or possibly after (some are always too late 😁)



Summary and highlights – TP 480 (403)

20 years of profitable double digit-growth will continue

- World cost leadership at 6% will continue down
- We expect 16% growth in 2025 and double digit in 2026. France will pass 1 BNOK in 2027 and support future growth.
- We expect a Combined ratio at 85% in 2025, slightly up in 2026 to 87%
  - Reduced CR volatility last 6-7 years will continue down due to I) geographical diversification, ii) reduced long tail exposure and iii) increased level of frequency business
- Strong growth in AUM, stable and "high" interest rates and bond ROI 2,2% above a basket of future market rates leads to a stable high ROE far above 25% (bond return is 40% of next 5 years company profit)
- Equity returns will be volatile as always, but we see few reasons why we should not expect 10% ROI going forward
- Cost and quality leadership is the DNA of the company - ***Culture eats strategy for breakfast***

What country is next?

The model works – should Protector "Go west" or continue in Europe

- It started in Norway Jan 1st, 2004
- Entered Sweden in 2011 and is bigger than Norway today
- Denmark followed in 2012 and has critical mass today
- Entered UK in 2016 after 2 years of studies and could pass Nordic in size in 2026
- Protector have, after studies, decided NOT to enter Canada, Spain or Netherlands for good reasons
- The model works – what country is next?

Target price 480 for now.... 😊

Updated 20.06.2025

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