The Hanover Insurance Group, Inc.

Third Quarter 2025 Results

October 29, 2025

To be read in conjunction with the press release dated October 29, 2025, and conference call scheduled for October 30, 2025.

Please also see important information regarding forward-looking statements and additional risks and uncertainties at the end of this presentation.

Excellent Third Quarter 2025 Operating Results

- Record third quarter net and operating income(1) per diluted share of $4.90 and $5.09, respectively; net and operating return on equity(2) of 21.5% and 21.1%, respectively
- Combined ratio of 91.1%; combined ratio, excluding catastrophes(3), of 88.1%
- Catastrophe losses of $46.2 million, or 3.0 points of the combined ratio
- Net premiums written increase of 4.5%*
- Renewal price increases(4) of 10.5% in Personal Lines, 9.9% in Core Commercial, and 8.3% in Specialty
- Rate increases(4) of 8.7% in Core Commercial, 6.8% in Personal Lines, and 5.8% in Specialty
- Loss and loss adjustment expense (LAE) ratio of 59.8%, 4.7 points below the prior-year quarter, primarily reflecting lower catastrophe losses
- Current accident year loss and LAE ratio, excluding catastrophes(5), of 57.6%, 0.6 points below the prior-year quarter, led by improvement in Personal Lines
- Net investment income of $117.0 million, up 27.5% from the prior-year quarter, driven primarily by higher earned yields and higher cashflows
- Book value per share of $96.00, up 7.1% and 21.2% from June 30, 2025 and December 31, 2024, respectively
- Book value per share, excluding net unrealized depreciation on fixed maturity investments, net of tax(6), of $100.13, increased 4.1% and 10.8% from June 30, 2025 and December 31, 2024, respectively

(1) See information about this and other non-GAAP measures and definitions used throughout this presentation on the final pages of this document.
*Unless otherwise stated, net premiums written growth and other growth comparisons are to the same period of the prior year.
The Hanover Insurance Group, Inc. may also be referred to as “The Hanover” or “the company” interchangeably throughout this presentation.

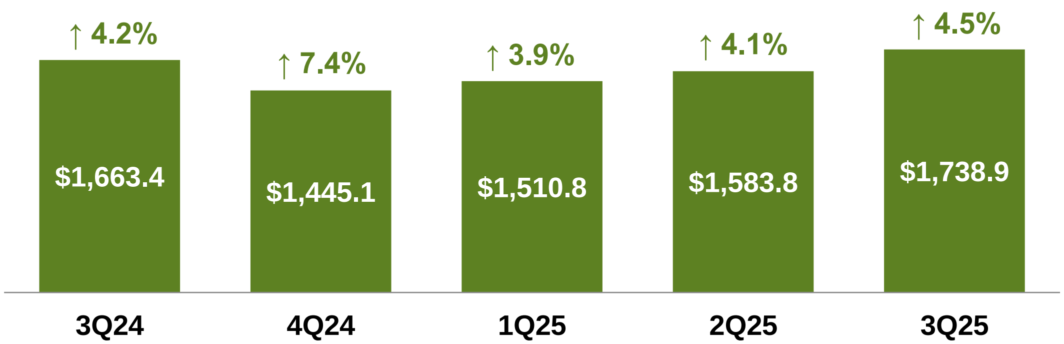
Consolidated Financial Results

($ in millions, *except per share amounts)*	Three months ended		Nine months ended	
	September 30, 2024	**September 30, 2025**	**September 30, 2024**	**September 30, 2025**
Net income	**$102.1**	**$178.7**	**$258.1**	**$464.0**
Per diluted share	*$2.80*	*$4.90*	*$7.10*	*$12.70*
Operating income before interest expense and income taxes	$150.6	$247.7	$395.7	$644.0
Operating income after income taxes	**$111.3**	**$185.6**	**$291.3**	**$486.1**
Per diluted share	*$3.05*	*$5.09*	*$8.01*	*$13.31*
Book value per share	***$79.90***	***$96.00***	***$79.90***	***$96.00***
Book value per share, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	*$86.81*	*$100.13*	*$86.81*	*$100.13*
Shareholders' equity	$2,877.7	$3,426.3	$2,877.7	$3,426.3
Debt	$783.9	$1,279.8	$783.9	$1,279.8
Total capital	$3,661.6	$4,706.1	$3,661.6	$4,706.1
Debt/total capital	21.4%	27.2%	21.4%	27.2%
Total assets	$15,367.0	$16,774.2	$15,367.0	$16,774.2
Net income return on average equity	15.0%	21.5%	13.2%	19.8%
Operating income return on average equity	14.4%	21.1%	12.8%	19.1%

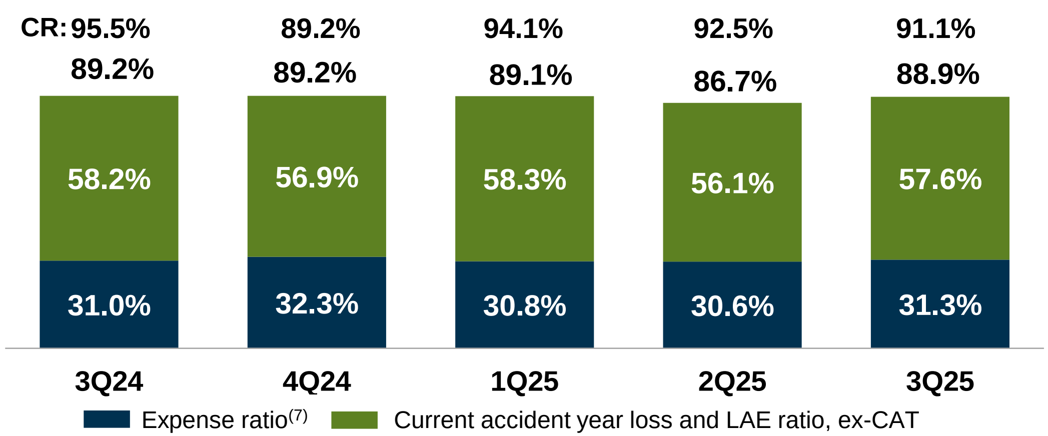
This page contains non-GAAP financial measures. For reconciliation to the closest GAAP measures, please refer to the endnotes in this presentation starting on page 17.

Third Quarter 2025 Underwriting Results

($ in millions) **Net premiums written and growth**



Current accident year combined ratio, ex-CAT(3)



- Combined ratio (CR) of 91.1%, 4.4 points improved from the prior-year quarter
- Catastrophe losses of $46.2 million, or 3.0 points, favorable to third quarter assumption and historical averages
- Combined ratio, ex-CAT, of 88.1%, improved 0.2 points from the prior-year quarter, driven by a 0.6-point improvement in the current accident year loss and LAE ratio, ex-CAT
- Favorable prior-year reserve development, ex-CAT, of $12.1 million, or 0.8 points, with favorability in each segment
- Expense ratio of 31.3%, slightly above the company's expectations, primarily reflecting higher variable agency compensation due to better-than-expected year-to-date results
- Net premiums written growth of 4.5%, an acceleration from the second quarter of 2025
- Net investment income of $117.0 million, up 27.5% from the prior-year quarter, primarily driven by higher earned yields and higher cashflows

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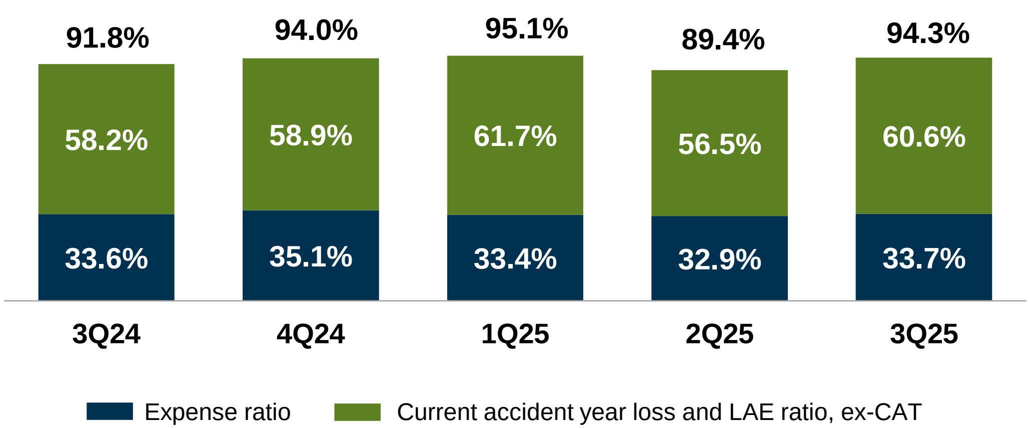
Core Commercial Underwriting Highlights

($ in millions)	Three months ended September 30		Nine months ended September 30	
	2024	2025	2024	2025
Net premiums written	$599.2	$620.3	$1,695.0	$1,760.9
Growth	*1.7%*	*3.5%*	*3.3%*	*3.9%*
Net premiums earned	$533.3	$554.2	$1,599.6	$1,649.5
Combined ratio	97.0%	97.3%	94.2%	97.8%
Catastrophe ratio	5.9%	3.2%	4.3%	5.2%
Combined ratio, ex-CAT	91.1%	94.1%	89.9%	92.6%
Prior-year development ratio	(0.7)%	(0.2)%	(0.9)%	(0.3)%
Current accident year combined ratio, ex-CAT	91.8%	94.3%	90.8%	92.9%

Current accident year combined ratio, ex-CAT



- Combined ratio, ex-CAT, of 94.1%, compared to 91.1% in the prior-year quarter
- Net favorable prior-year reserve development, ex-CAT, of $1.2 million, or 0.2 points, with favorability across multiple coverages partially offset by increased reserves in commercial auto in response to increased severity
- Current accident year loss and LAE ratio, ex-CAT, increased 2.4 points compared to the prior-year quarter, reflecting prudently increased picks in commercial auto, as well as a couple of larger claims in workers' compensation

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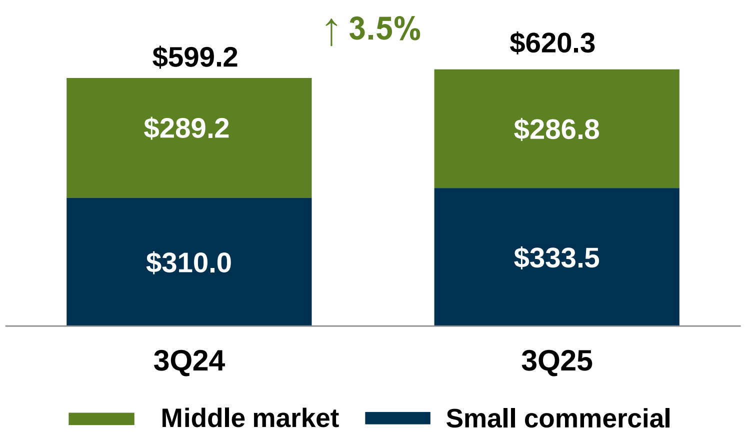
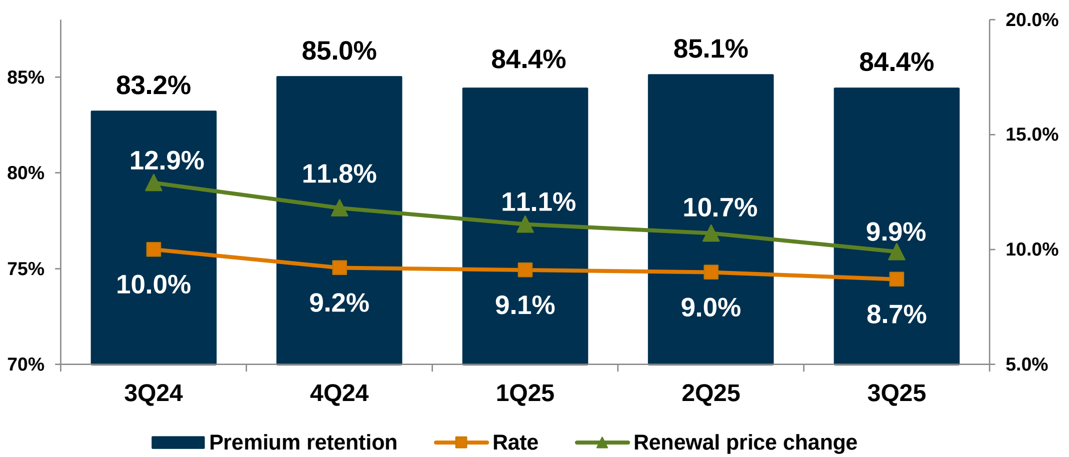
Core Commercial Growth Highlights

($ in millions) **Net premiums written and growth**



Retention* **Rate/RPC**



*Retention is defined as the ratio of net retained premium for the noted period to the premium available to renew over the same period.

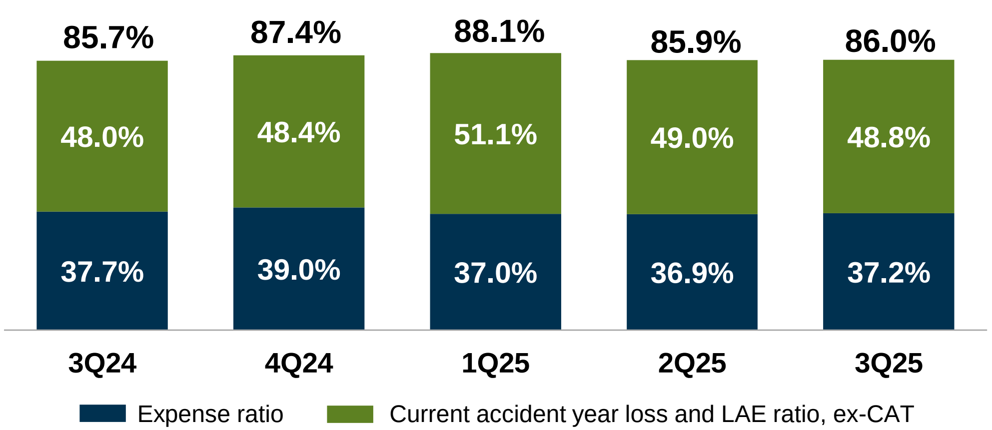
- Net premiums written increased 3.5% in the third quarter:
  - Growth of 7.6% in small commercial was an acceleration from the second quarter of 2025, reflecting robust new business growth and healthy retention; remain encouraged with the momentum and growth trajectory of the business
  - Middle market premium decline of 0.8%, impacted by a handful of large-account non-renewals, reflecting heightened competition in the larger property space
- Renewal price increases remained robust at 9.9%, with stable rate increases outpacing loss trends
- Retention remained strong at 84.4%

Specialty Underwriting Highlights

($ in millions)	Three months ended September 30		Nine months ended September 30	
	2024	2025	2024	2025
Net premiums written	$350.2	$379.2	$1,042.1	$1,105.7
Growth	*3.4%*	*8.3%*	*5.4%*	*6.1%*
Net premiums earned	$331.2	$353.9	$982.6	$1,049.4
Combined ratio	83.9%	84.9%	88.2%	86.3%
Catastrophe ratio	1.3%	1.7%	3.4%	3.4%
Combined ratio, ex-CAT	82.6%	83.2%	84.8%	82.9%
Prior-year development ratio	(3.1)%	(2.8)%	(2.3)%	(3.7)%
Current accident year combined ratio, ex-CAT	85.7%	86.0%	87.1%	86.6%

- Combined ratio, ex-CAT, of 83.2%, compared to 82.6% in the prior-year quarter
- Current accident year loss and LAE ratio, ex-CAT, was favorable to the company's expectations and 0.8 points above the prior-year quarter, reflecting favorable property results, with liability within expectations
- Net favorable prior-year reserve development, ex-CAT, of $10.0 million, or 2.8 points, with widespread favorability, led by professional and executive lines claims-made business

Current accident year combined ratio, ex-CAT



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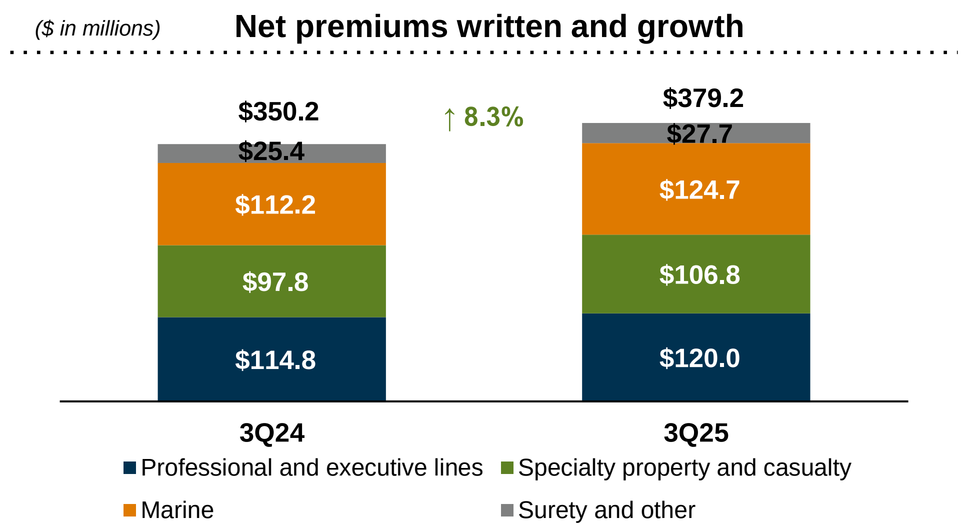
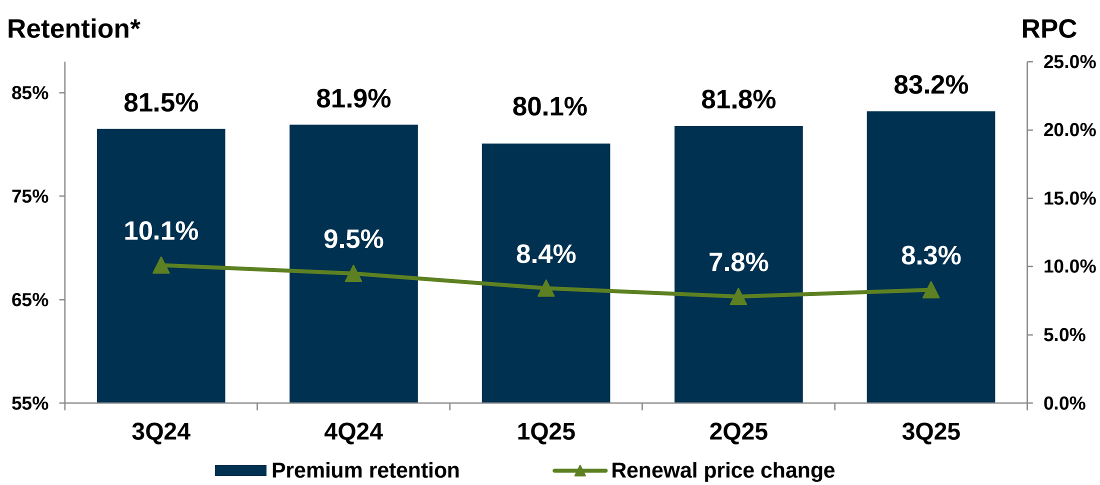
Specialty Growth Highlights





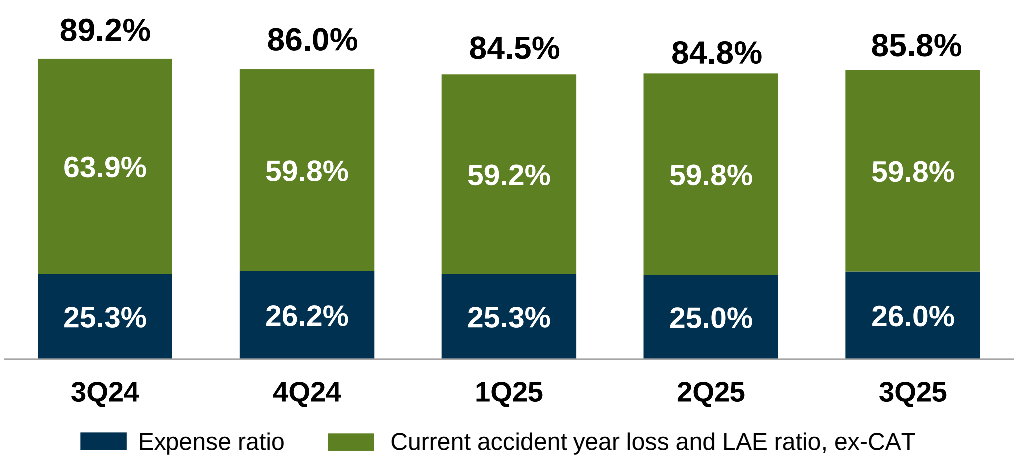
*Retention is defined as the ratio of net retained premium for the noted period to the premium available to renew over the same period.

- Net premiums written growth of 8.3% in the third quarter, a significant acceleration from the second quarter, as expected:
  - Delivered strong, broad-based growth across a number of lines, including marine, healthcare, and E&S
  - The company's emphasis on the small account space continues to yield attractive growth opportunities with strong profitability
- Renewal price increases remained strong at 8.3%, including rate increases of 5.8%
- Well-positioned to capture profitable opportunities and continue delivering strong growth, supported by investments in talent and technology

Personal Lines Underwriting Highlights

($ in millions)	Three months ended September 30 2024	Three months ended September 30 2025	Nine months ended September 30 2024	Nine months ended September 30 2025
Net premiums written	$714.0	$739.4	$1,901.4	$1,966.9
Growth	*6.8%*	*3.6%*	*3.6%*	*3.4%*
Net premiums earned	$614.7	$642.6	$1,818.8	$1,905.6
Combined ratio	100.6%	89.2%	103.5%	91.4%
Catastrophe ratio	11.4%	3.5%	13.6%	6.7%
Combined ratio, ex-CAT	89.2%	85.7%	89.9%	84.7%
Prior-year development ratio	0.0 %	(0.1)%	(0.2)%	(0.3)%
Current accident year combined ratio, ex-CAT	89.2%	85.8%	90.1%	85.0%

Current accident year combined ratio, ex-CAT



- Combined ratio, ex-CAT, of 85.7%, compared to 89.2% in the prior-year quarter
- Current accident year loss and LAE ratio, ex-CAT, improved 4.1 points from the prior-year quarter
  - Auto improved 0.7 points compared to the prior-year quarter, benefitting from earned pricing increases and lower loss frequency across multiple coverages, notably collision
  - Homeowners and Other improved 8.5 points compared to the prior-year quarter, driven by the benefit of rate earning in, as well as lower frequency, partially attributable to quiet weather in the quarter
- Prior-year reserve development, ex-CAT, was favorable $0.9 million, or 0.1 points, driven by Homeowners and Other

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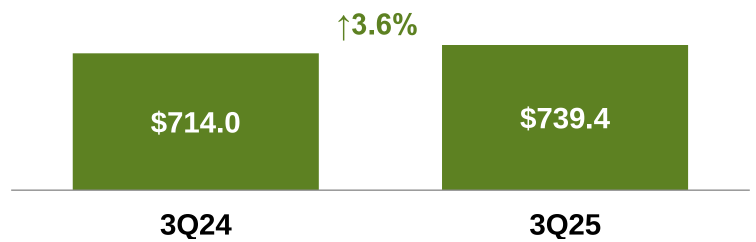
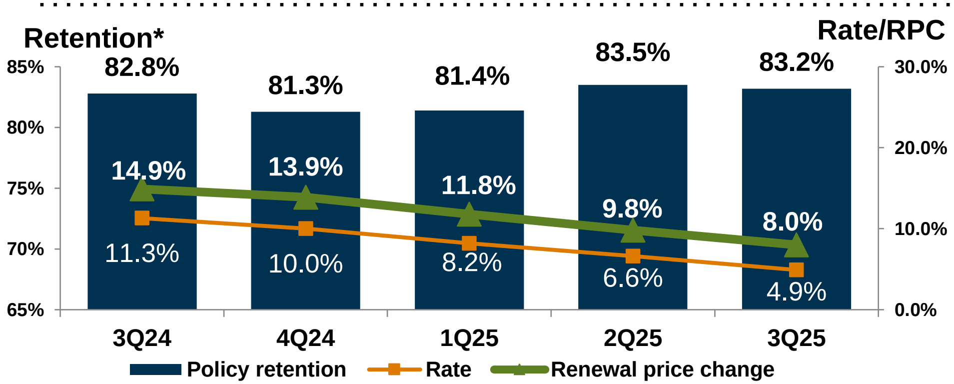
Personal Lines Growth Highlights

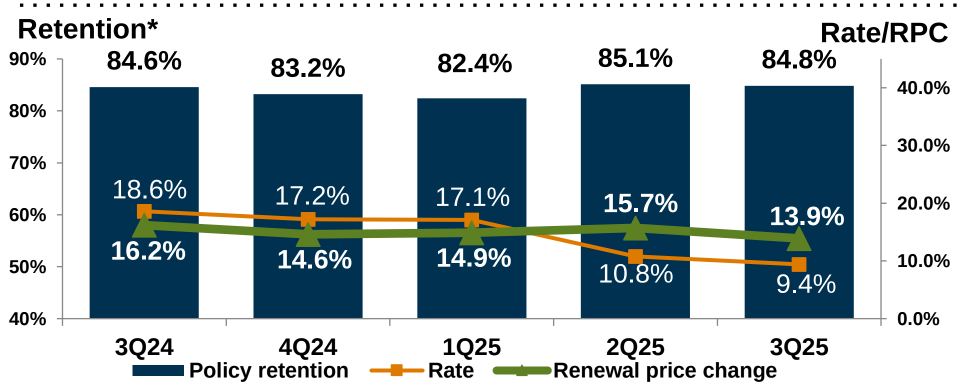
($ in millions) **Net premiums written and growth**



Personal auto



Homeowners

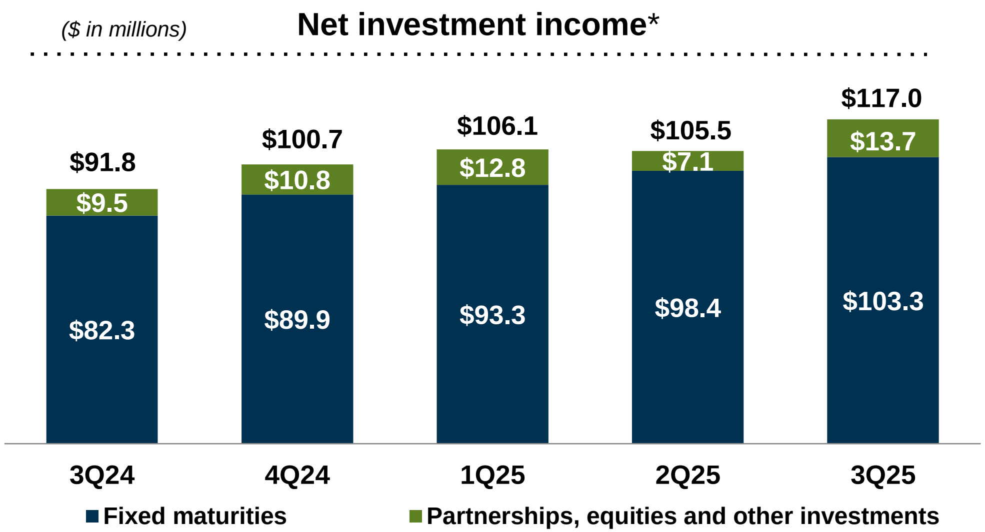


*Retention is defined as the ratio of net retained policies for the noted period to those policies available to renew over the same period and includes policies that were canceled and rewritten.

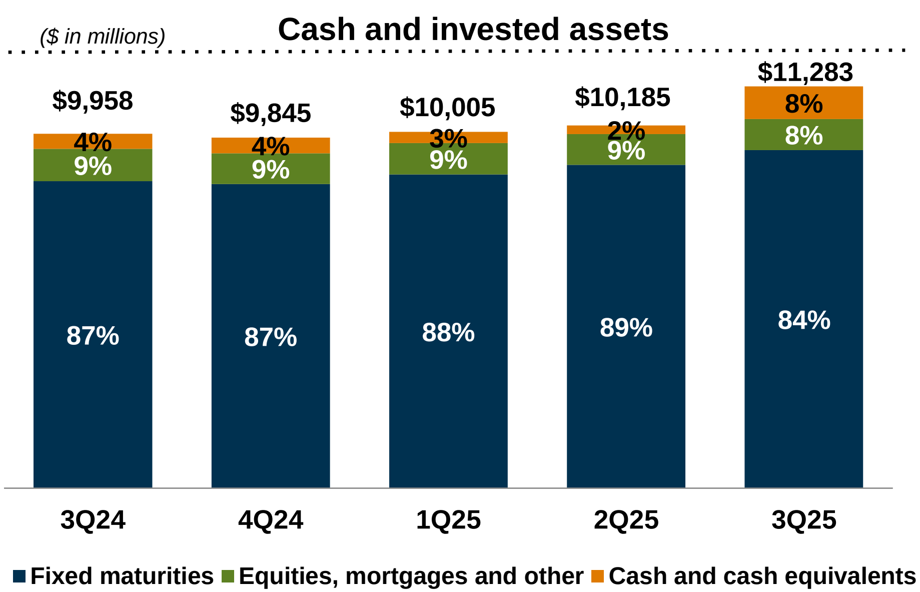
- Net premiums written growth of 3.6% in the third quarter, driven by strong pricing increases and new business momentum
  - New business is high-quality, with bundled customers representing over 90%
  - Delivered growth of approximately 9% in target diversification states
  - Successful execution of margin improvement and CAT mitigation initiatives enables a shift toward accelerating growth
- Renewal price increases of 10.5%, including 13.9% in homeowners and 8.0% in auto, and achieved increases of over 20% in umbrella; pricing remains healthy and above loss trend
- PIF declined only 0.8% sequentially; achieved sequential PIF growth in diversification states

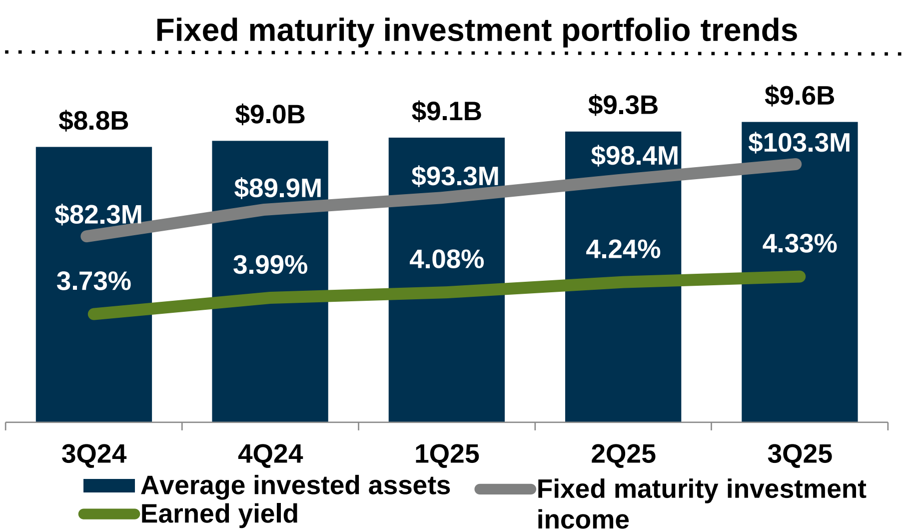
The Hanover Insurance Group®

Net Investment Income Trends



- Net investment income of $117.0 million in the third quarter, up 27.5% from the prior-year quarter, reflecting higher earned yields, as well as the continued investment of cashflows
- Third quarter NII included a temporary benefit of approximately $2 million from the investment of funds from the company's recent $500 million debt issuance; expect a benefit in the fourth quarter of approximately $4 million



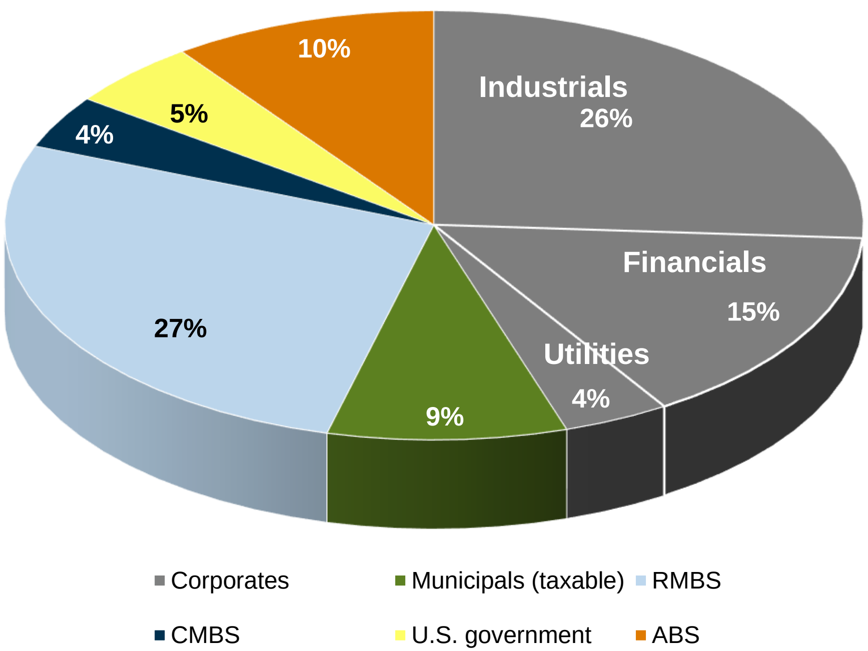


*Net investment income from partnerships, equities and other investments also includes net investment expenses.

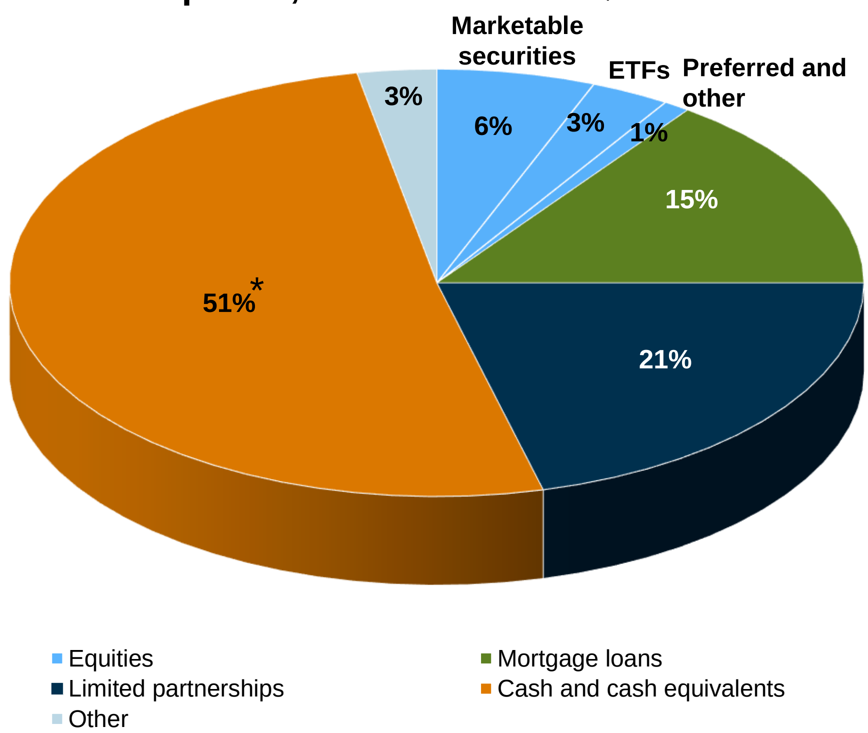
Investment Portfolio – Total Invested Assets and Cash of $11.3 Billion
As of September 30, 2025

High-quality, well-diversified investment portfolio

Fixed maturities: $9.5 billion



Equities, cash and other: $1.8 billion



<u>High-quality, well-laddered fixed income portfolio</u>

- 95% of fixed maturity securities are investment grade
- Weighted average quality: A+
- Duration: 4.4 years

*Higher-than-usual cash and cash equivalents reflects $500 million debt issuance in the third quarter of 2025.

About The Hanover

The Hanover Insurance Group, Inc. is the holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the United States. The company provides exceptional insurance solutions through a select group of independent agents and brokers. Together with its agent partners, The Hanover offers standard and specialized insurance protection for small and mid-sized businesses, as well as for homes, automobiles, and other personal items. For more information, please visit hanover.com.

Forward-Looking Statements

Certain statements in this document and comments made by management may be “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as, but not limited to, “believes,” “anticipates,” “expects,” “intends,” “may,” “projects,” “projections,” “plan,” “likely,” “potential,” “targeted,” “forecasts,” “should,” “could,” “continue,” “outlook,” “guidance,” “modeling,” “target profitability,” “target margins,” “confident,” “optimistic,” “committed,” “will,” “line of sight,” “clear visibility to,” “designed,” "position us," and other similar expressions are intended to identify forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. The company cautions investors that any such forward-looking statements are estimates, beliefs, expectations and/or projections that involve significant judgment, and that historical results, trends and forward-looking statements are not guarantees and are not necessarily indicative of future performance. Actual results could differ materially from those anticipated.

These statements include, but are not limited to, the company’s statements regarding:

- The company’s outlook and its ability and confidence in achieving components or the sum of the respective period guidance and/or long-term targets for future results of operations including: the combined ratio, excluding catastrophe losses; catastrophe losses; net investment income; growth of net premiums written, net premiums earned and/or pricing increases in total or by line of business; expense ratio; operating return on equity; interest rate assumptions and investment portfolio management, renewal price change, rate, and/or the effective tax rate;
- The company’s ability and timing to deliver on expectations set forth related to target margins, target returns and/or return to target profitability in total or by line of business;
- The impacts of general economic and socioeconomic conditions on the company’s operating and financial results, including, but not limited to, the impact on the company’s investment portfolio and capital planning, changes in claims frequency as a result of fluctuations in economic activity, the potential impacts of inflation and other economic factors, and/or claims severity from higher cost of repairs due to, among other things, supply chain disruptions, tariffs and inflation;
- Ability to manage the impact of inflationary pressures, global market disruptions, economic conditions, geopolitical events or otherwise, including, but not limited to, supply chain disruptions, tariffs, trade policy, labor shortages, and increases in cost of goods, services, labor, and materials;
- Uses, including the timing of uses, of capital for share repurchases, special or ordinary cash dividends, business investments or growth, debt maturities, or otherwise, and outstanding shares in future periods as a result of various share repurchase mechanisms, capital management framework, and overall comfort with liquidity and capital levels;
- Catastrophe modeling and variability of catastrophe losses due to risk concentrations, changes in weather patterns, severe weather including hurricanes, tornadoes and other windstorms, hail, flood, earthquakes, fire, explosions, severe winter weather and other convective storms, or pandemics, terrorism, civil unrest, riots or other events, as well as the complexity in estimating losses from large catastrophe events due to delayed reporting of the existence, nature or extent of losses or where “demand surge,” regulatory assessments, litigation, coverage and technical complexities or other factors may significantly impact the ultimate amount of such losses;
- Current accident year losses and loss selections (picks), excluding catastrophes, and prior accident year loss reserve development patterns, particularly in complex “longer-tail” liability lines, as well as the inherent variability in short-tail property and non-catastrophe weather losses;
- Changes in frequency and loss severity trends in Core Commercial, Specialty and/or Personal Lines;
- The confidence or concern that the current level of reserves is adequate and/or sufficient for future claim payments, whether due to losses that have been incurred but not reported, circumstances that delay the reporting of losses, business complexity, adverse judgments or developments with respect to case reserves, the difficulties and uncertainties inherent in projecting future losses from historical data, changes in replacement and medical costs, as well as complexities including legislative, regulatory or judicial actions that expand the intended scope of coverages, or other factors;
- Characterization of some business as being “more profitable” in light of inherent uncertainty of ultimate losses incurred, especially for “longer-tail” liability businesses;
- Efforts to manage expenses, including the company’s long-term expense savings targets, while allocating capital to business investment, which is at management’s discretion;
- Our ability to retain profitable policies in force and attract profitable policies, and to increase rates commensurate with, or in excess of, loss trends;
- The positive impact of mix improvement, underwriting initiatives, coverage restrictions, non-renewals, changes in terms and conditions, and pricing segmentation, among others, on the company’s results;
- The ability to generate growth in targeted businesses, segments, and/or geographies through new agency appointments, rate increases, retention improvements, new business, expansion into geographies, new product introductions, or otherwise, the ability to balance rate actions and retention, as well as the ability to reduce premiums attributable to products, lines of business, or geographies believed to be less profitable;
- The ability to offset long-term and/or short-term loss trends due to increased frequency and/or severity; increased “social inflation” from a more litigious environment, lawsuit abuse and higher average cost of resolution; increased property replacement or repair costs; and/or social movements; and
- Investment returns and the effect of macro-economic interest rate trends and overall security yields, including the macro-economic impact of governmental and/or central banking initiatives taken in response to inflationary pressures, and geopolitical circumstances, on new money yields, as well as individual investment and overall investment returns.

Additional Risks and Uncertainties

Investors are further cautioned and should consider the risks and uncertainties in the company's business that may affect such estimates and future performance that are discussed in the company's most recently filed reports on Form 10-K and Form 10-Q and other documents filed by The Hanover Insurance Group, Inc. with the Securities and Exchange Commission (SEC) and that are also available at www.hanover.com under "Investors." These risks and uncertainties include, but are not limited to:

- Changes in regulatory, legislative, economic, market and political conditions, particularly with respect to rates, competition, the use of data, technology, artificial intelligence (AI), cybersecurity, policy terms and conditions, restrictions on cancellations and/or non-renewals, payment flexibility, and regions where the company has geographical concentrations;
- Heightened financial market volatility, fluctuations in interest rates (which have a significant impact on the market value of our investment portfolio and thus our book value), inflationary pressures, default rates, tariffs, difficult economic, market and political conditions, and other factors that affect investment returns from the investment portfolio;
- Recessionary economic periods that may inhibit the company's ability to increase pricing or renew business, or otherwise impact the company's results, and which may be accompanied by higher claims activity in certain lines;
- Data security and privacy incidents, including, but not limited to, those resulting from malicious cybersecurity attacks on the company or its business partners and service providers, or intrusions into the company's information network systems, including cloud-based data information storage, or data sources;
- Adverse claims experience, including those driven by large or increased frequency and/or severity of catastrophe events, including those related to hurricanes, tornadoes and other windstorms, hail, flood, earthquakes, fire, explosions, severe winter weather and other convective storms, or due to terrorism, civil unrest, riots, or cybersecurity events (including from products not intended to provide cyber coverage);
- The limitations and assumptions used to model non-catastrophe property and casualty losses (particularly with respect to products with longer-tail liability lines, such as casualty and bodily injury claims, or involving emerging issues related to losses incurred as the result of new lines of business or reinsurance contracts and reinsurance recoverables), leading to potential adverse development of loss and loss adjustment expense reserves;
- Impacts of changing climate conditions and weather patterns causing higher levels of losses from weather events to persist and leading to new or enhanced regulations;
- Litigation and the possibility of adverse judicial decisions, including those which expand policy coverage beyond its intended scope and/or award "bad faith" or other non-contractual damages, and the impact of "social inflation" and third-party litigation funding affecting judicial awards and settlements;
- The ability to increase or maintain insurance rates in line with anticipated loss costs and/or governmental action, including mandates by state departments of insurance to either raise or lower rates, or provide credits or return premium to insureds;
- Investment impairments, which may be affected by, among other things, the company's ability and willingness to hold investment assets until they recover in value, as well as credit and interest rate risk, and general financial and economic conditions;
- Disruption of the independent agency channel or its operating model, including the impact of competition and consolidation in the industry and among agents and brokers, and the impact of AI tools;
- Competition, particularly from competitors who have resource and capability advantages, including the advancing use of AI technology;
- The global macroeconomic environment, including inflation, recessionary effects, global trade disputes, war, energy market disruptions, equity price risk, tariffs, and interest rate fluctuations, which, among other things, could result in reductions in market values of fixed maturities and other investments, and/or increases in loss costs;
- Adverse state and federal regulation, legislative and/or regulatory actions (including significant revisions to Michigan's automobile personal injury protection system and related litigation, and various regulations, orders and proposed legislation regarding bad faith, premium grace periods and returns, changes to policy terms and conditions, and rate actions);
- Financial ratings actions, in particular, downgrades to the company's ratings;
- Operational and technology risks and evolving technological and product innovation, including risks created by remote work environments, the evolving use of AI, and cybersecurity threats;
- Uncertainties in estimating indemnification liabilities recorded in conjunction with obligations undertaken in connection with the sale of various businesses and discontinued operations; and
- The ability to collect from reinsurers, reinsurance availability and pricing, reinsurance terms and conditions, and the performance of the run-off voluntary property and casualty pools business (including those in the Other segment or in discontinued operations).

Investors should not place undue reliance on forward-looking statements, which speak only as of the date they are made and should understand the risks and uncertainties inherent in or particular to the company's business. The company does not undertake the responsibility to update or revise such forward-looking statements, except as required by law.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

As discussed on page 39 of the company's Annual Report on Form 10-K for the year ended December 31, 2024, the company uses non-GAAP financial measures as important measures of its operating performance, including operating income, operating income before interest expense and income taxes, operating income per diluted share, and components of the combined ratio, both excluding and/or including catastrophe losses, prior-year reserve development and the expense ratio. Management believes these non-GAAP financial measures are important indications of the company's operating performance. The definition of other non-GAAP financial measures and terms can be found in the 2024 Annual Report on pages 62-65.

Operating income and operating income per diluted share are non-GAAP measures. They are defined as net income excluding the after-tax impact of net realized and unrealized investment gains (losses), gains and/or losses on the repayment of debt, other non-operating items, and results from discontinued operations. Net realized and unrealized investment gains (losses), which include changes in the fair value of equity securities still held, are excluded for purposes of presenting operating income, as they are, to a certain extent, determined by interest rates, financial markets and the timing of sales. Operating income also excludes net gains and losses from disposals of businesses, gains and losses related to the repayment of debt, costs to acquire businesses, restructuring costs, the cumulative effect of accounting changes, and certain other items. Operating income is the sum of the segment income from: Core Commercial, Specialty, Personal Lines, and Other, after interest expense and income taxes. In reference to one of the company's four reporting segments, "operating income" is the segment income before both interest expense and income taxes. The company also uses "operating income per diluted share" (which is after both interest expense and income taxes). Operating income per share is calculated by dividing operating income by the weighted average number of diluted shares of common stock. Operating loss per share is calculated by dividing operating loss by the weighted average number of basic shares of common stock due to antidilution. The company believes that metrics of operating income in relation to its four reporting segments provide investors with a valuable measure of the performance of the company's continuing businesses because they highlight the portion of net income attributable to the core operations of the business. Income from continuing operations is the most directly comparable GAAP measure for operating income (and operating income before income taxes) and measures of operating income that exclude the effects of catastrophe losses and/or prior-year reserve development. These non-GAAP measures should not be misconstrued as substitutes for income from continuing operations or net income determined in accordance with GAAP. A reconciliation of operating income to income from continuing operations and net income for the relevant periods is included on page 17 of this presentation and in the Financial Supplement.

Operating return on average equity (ROE) is a non-GAAP measure. See end note (2) for a detailed explanation of how this measure is calculated. Operating ROE is based on non-GAAP operating income. In addition, the portion of shareholder equity attributed to unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is excluded. The company believes this measure is helpful in that it provides insight to the capital used by, and results of, the continuing business exclusive of interest expense, income taxes, and other non-operating items. These measures should not be misconstrued as substitutes for GAAP ROE, which is based on net income and shareholders' equity of the entire company and without adjustments.

Book value per share is total shareholders' equity divided by the number of common shares outstanding. Book value per share excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is a non-GAAP measure and is total shareholders' equity excluding the after-tax effect of unrealized appreciation (depreciation) on fixed maturities and market risk divided by the number of common shares outstanding.

The company may provide measures of operating income and combined ratios that exclude the impact of catastrophe losses (which in all respects include prior accident year catastrophe loss development). A catastrophe is a severe loss, resulting from natural or manmade events including, but is not limited to, hurricanes, tornadoes and other windstorms, hail, flood, earthquakes, fire, explosions, severe winter weather and other convective storms, riots, and terrorism. Due to the unique characteristics of each catastrophe loss, there is an inherent inability to reasonably estimate the timing or loss amount in advance. The company believes a separate discussion excluding the effects of catastrophe losses is meaningful to understand the underlying trends and variability of earnings, loss and combined ratio results, among others.

Prior accident year reserve development, which can either be favorable or unfavorable, represents changes in the company's estimate of costs related to claims from prior years. Calendar year loss and loss adjustment expense (LAE) ratios determined in accordance with GAAP, excluding prior accident year reserve development, are sometimes referred to as "current accident year loss ratios." The company believes a discussion of loss and combined ratios excluding prior accident year reserve development is helpful since it provides insight into both estimates of current accident year results and the accuracy of prior-year estimates.

The loss and combined ratios in accordance with GAAP are the most directly comparable GAAP measures for the loss and combined ratios calculated excluding the effects of catastrophe losses and/or prior-year reserve development. The presentation of loss and combined ratios calculated excluding the effects of catastrophe losses and/or prior-year reserve development should not be misconstrued as substitutes for the loss and/or combined ratios determined in accordance with GAAP.

End notes

(1) Operating income and operating income per diluted share are non-GAAP measures. These and other non-GAAP measures are used throughout this document. See the disclosure on the use of this and other non-GAAP measures under the headings “Forward-Looking Statements” and “Non-GAAP Financial Measures.” The following table provides the reconciliation of operating income and operating income per diluted share to the most directly comparable GAAP measures, income from continuing operations and income from continuing operations per diluted share, respectively.

The Hanover Insurance Group, Inc.

	Three months ended September 30				Nine months ended September 30			
	2025		2024		2025		2024	
($ in millions, except per share data)	$ Amount	Per Share (Diluted)	$ Amount	Per Share (Diluted)	$ Amount	Per Share (Diluted)	$ Amount	Per Share (Diluted)
Operating income								
Core Commercial	$ 65.1		$ 55.9		$ 175.8		$ 210.6	
Specialty	78.2		73.0		214.0		174.4	
Personal Lines	101.1		21.7		252.7		10.2	
Other	3.3		-		1.5		0.5	
Total	247.7		150.6		644.0		395.7	
Interest expense	(11.6)		(8.5)		(28.7)		(25.6)	
Operating income before income taxes	236.1	$ 6.48	142.1	$ 3.89	615.3	$ 16.84	370.1	$ 10.18
Income tax expense on operating income	(50.5)	(1.39)	(30.8)	(0.84)	(129.2)	(3.53)	(78.8)	(2.17)
Operating income after income taxes	185.6	5.09	111.3	3.05	486.1	13.31	291.3	8.01
Non-operating items:								
Net realized losses from sales and other	(20.3)	(0.56)	(23.5)	(0.64)	(43.7)	(1.20)	(55.2)	(1.52)
Net change in fair value of equity securities and other	11.4	0.31	11.7	0.32	17.4	0.48	19.3	0.53
Impairments on investments:								
Credit-related impairments	-	-	(0.1)	-	(2.5)	(0.07)	(3.3)	(0.09)
Losses on intent to sell securities	(0.1)	-	(0.5)	(0.01)	(0.5)	(0.01)	(2.2)	(0.06)
Total impairments on investments	(0.1)	-	(0.6)	(0.01)	(3.0)	(0.08)	(5.5)	(0.15)
Other non-operating items	-	-	-	-	-	-	(2.4)	(0.07)
Income tax benefit on non-operating items	2.0	0.06	3.2	0.08	6.9	0.19	10.5	0.29
Income from continuing operations, net of taxes	178.6	4.90	102.1	2.80	463.7	12.70	258.0	7.09
Discontinued operations (net of taxes):								
Income from discontinued life businesses	0.1	-	-	-	0.3	-	0.1	0.01
Net income	$ 178.7	$ 4.90	$ 102.1	$ 2.80	$ 464.0	$ 12.70	$ 258.1	$ 7.10
Dilutive weighted average shares outstanding		36.4		36.5		36.5		36.4
Basic weighted average shares outstanding		35.8		36.0		35.9		35.9

End notes continued

(2) Operating return on average equity (operating ROE) is a non-GAAP measure. Operating ROE is calculated by dividing annualized operating income after tax for the applicable period (see end note (1)), by average shareholders' equity, excluding unrealized appreciation (depreciation) on fixed maturity investments, net of tax, for the period presented. Total shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is also a non-GAAP measure. Total shareholders' equity is the most directly comparable GAAP measure and is reconciled below. For the calculation of operating ROE, the average of beginning and ending shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is used for the period as shown in the table below.

	Period Ended							
($ in millions)	December 31 2023	March 31 2024	June 30 2024	September 30 2024	December 31 2024	March 31 2025	June 30 2025	September 30 2025
Total shareholders' equity (GAAP)	$ 2,465.6	$ 2,522.7	$ 2,552.2	$ 2,877.7	$ 2,841.8	$ 3,044.4	$ 3,216.3	$ 3,426.3
Less: net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	(462.4)	(495.5)	(488.7)	(248.8)	(401.1)	(290.9)	(234.7)	(147.1)
Total shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	$ 2,928.0	$ 3,018.2	$ 3,040.9	$ 3,126.5	$ 3,242.9	$ 3,335.3	$ 3,451.0	$ 3,573.4
Quarter Averages								
Average shareholders' equity (GAAP)				$ 2,715.0				$ 3,321.3
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax				$ 3,083.7				$ 3,512.2
Year-to-date Averages								
Average shareholders' equity (GAAP)				$ 2,604.6				$ 3,132.2
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax				$ 3,028.4				$ 3,400.7

	Three months ended		Nine months ended	
($ in millions)	September 30		September 30	
Net Income ROE	2024	2025	2024	2025
Net income (GAAP)	$ 102.1	$ 178.7	$ 258.1	$ 464.0
Annualized net income*	408.4	714.8	344.1	618.7
Average shareholders' equity (GAAP)	2,715.0	3,321.3	2,604.6	3,132.2
Return on equity	15.0 %	21.5 %	13.2 %	19.8 %
Operating Income ROE (non-GAAP)				
Operating income after income taxes	$ 111.3	$ 185.6	$ 291.3	$ 486.1
Annualized operating income, net of tax* (end note (1))	445.2	742.4	388.4	648.1
Average shareholders' equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	3,083.7	3,512.2	3,028.4	3,400.7
Operating return on equity	14.4 %	21.1 %	12.8 %	19.1 %

*For three months ended September 30, 2025, and 2024, annualized net income and operating income after taxes is calculated by multiplying three months ended net income and operating income after taxes, respectively, by 4. For nine months ended September 30, 2025, and 2024, annualized net income and operating income after taxes is calculated by dividing nine months ended net income and operating income after taxes, respectively, by 3 and multiplying by 4.

End notes continued

(3) Combined ratio, excluding catastrophes, and current accident year combined ratio, excluding catastrophes, are non-GAAP measures. The combined ratio (which includes catastrophe losses and prior-year loss reserve development) is the most directly comparable GAAP measure. A reconciliation of the GAAP combined ratio to the combined ratio, excluding catastrophes, and to the current accident year combined ratio, excluding catastrophes, is shown below.

	Three months ended					Nine months ended	
Consolidated	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025	September 30, 2024	September 30, 2025
Total combined ratio (GAAP)	95.5%	89.2%	94.1%	92.5%	91.1%	96.7%	92.6%
Less: Catastrophe ratio	7.2%	1.7%	6.3%	7.0%	3.0%	8.0%	5.4%
Combined ratio, excluding catastrophe losses (non-GAAP)	88.3%	87.5%	87.8%	85.5%	88.1%	88.7%	87.2%
Less: Prior-year reserve development ratio	(0.9)%	(1.7)%	(1.3)%	(1.2)%	(0.8)%	(0.9)%	(1.1)%
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	89.2%	89.2%	89.1%	86.7%	88.9%	89.6%	88.3%
Core Commercial							
Total combined ratio (GAAP)	97.0%	95.0%	103.4%	93.0%	97.3%	94.2%	97.8%
Less: Catastrophe ratio	5.9%	1.5%	8.5%	4.1%	3.2%	4.3%	5.2%
Combined ratio, excluding catastrophe losses (non-GAAP)	91.1%	93.5%	94.9%	88.9%	94.1%	89.9%	92.6%
Less: Prior-year reserve development ratio	(0.7)%	(0.5)%	(0.2)%	(0.5)%	(0.2)%	(0.9)%	(0.3)%
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	91.8%	94.0%	95.1%	89.4%	94.3%	90.8%	92.9%
Specialty							
Total combined ratio (GAAP)	83.9%	81.6%	87.7%	86.5%	84.9%	88.2%	86.3%
Less: Catastrophe ratio	1.3%	1.2%	4.3%	4.1%	1.7%	3.4%	3.4%
Combined ratio, excluding catastrophe losses (non-GAAP)	82.6%	80.4%	83.4%	82.4%	83.2%	84.8%	82.9%
Less: Prior-year reserve development ratio	(3.1)%	(7.0)%	(4.7)%	(3.5)%	(2.8)%	(2.3)%	(3.7)%
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	85.7%	87.4%	88.1%	85.9%	86.0%	87.1%	86.6%
Personal Lines							
Total combined ratio (GAAP)	100.6%	88.1%	89.7%	95.5%	89.2%	103.5%	91.4%
Less: Catastrophe ratio	11.4%	2.2%	5.6%	11.1%	3.5%	13.6%	6.7%
Combined ratio, excluding catastrophe losses (non-GAAP)	89.2%	85.9%	84.1%	84.4%	85.7%	89.9%	84.7%
Less: Prior-year reserve development ratio	0.0 %	(0.1)%	(0.4)%	(0.4)%	(0.1)%	(0.2)%	(0.3)%
Current accident year combined ratio, excluding catastrophe losses (non-GAAP)	89.2%	86.0%	84.5%	84.8%	85.8%	90.1%	85.0%

End notes continued

(4) Renewal price changes in Core Commercial and Specialty represent the average change in premium on renewed policies caused by the estimated net effect of base rate changes, discretionary pricing, specific inflationary changes or changes in policy level exposure or insured risks. Rate increases in Core Commercial and Specialty represent the average change in premium on renewed policies caused by the base rate changes, discretionary pricing, and inflation, excluding the impact of changes in policy level exposure or insured risks. Renewal price change in Personal Lines represents the average change in premium on policies charged at renewal caused by the net effects of filed rate, inflation adjustments or other changes in policy level exposure or insured risks, regardless of whether or not the policies are retained for the duration of their contractual terms. Rate change in Personal Lines is the estimated cumulative premium effect of approved rate actions applied to policies at renewal, regardless of whether or not policies are actually renewed. Accordingly, rate changes do not represent actual increases or decreases realized by the company. Personal Lines rate changes do not include inflation or changes in policy level exposure or insured risks.

(5) Current accident year loss and LAE ratio, excluding catastrophe losses, is a non-GAAP measure, which is equal to the loss and LAE ratio (loss ratio), excluding prior-year reserve development and catastrophe losses. The loss ratio (which includes losses, LAE, catastrophe losses and prior-year loss reserve development) is the most directly comparable GAAP measure. A reconciliation of the GAAP loss ratio to the current accident year loss and LAE ratio, excluding catastrophe losses is shown below.

	Three months ended					Nine months ended	
Consolidated	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025	September 30, 2024	September 30, 2025
Total Loss and LAE ratio (GAAP)	64.5%	56.9%	63.3%	61.9%	59.8%	65.8%	61.7%
Less: Prior-year reserve development ratio	(0.9)%	(1.7)%	(1.3)%	(1.2)%	(0.8)%	(0.9)%	(1.1)%
Less: Catastrophe ratio	7.2%	1.7%	6.3%	7.0%	3.0%	8.0%	5.4%
Current accident year loss and LAE ratio, excluding catastrophes (non-GAAP)	58.2%	56.9%	58.3%	56.1%	57.6%	58.7%	57.4%
Core Commercial							
Total Loss and LAE ratio (GAAP)	63.4%	59.9%	70.0%	60.1%	63.6%	60.8%	64.5%
Less: Prior-year reserve development ratio	(0.7)%	(0.5)%	(0.2)%	(0.5)%	(0.2)%	(0.9)%	(0.3)%
Less: Catastrophe ratio	5.9%	1.5%	8.5%	4.1%	3.2%	4.3%	5.2%
Current accident year loss and LAE ratio, excluding catastrophes (non-GAAP)	58.2%	58.9%	61.7%	56.5%	60.6%	57.4%	59.6%
Specialty							
Total Loss and LAE ratio (GAAP)	46.2%	42.6%	50.7%	49.6%	47.7%	51.1%	49.3%
Less: Prior-year reserve development ratio	(3.1)%	(7.0)%	(4.7)%	(3.5)%	(2.8)%	(2.3)%	(3.7)%
Less: Catastrophe ratio	1.3%	1.2%	4.3%	4.1%	1.7%	3.4%	3.4%
Current accident year loss and LAE ratio, excluding catastrophes (non-GAAP)	48.0%	48.4%	51.1%	49.0%	48.8%	50.0%	49.6%
Personal Lines							
Total Loss and LAE ratio (GAAP)	75.3%	61.9%	64.4%	70.5%	63.2%	78.2%	66.0%
Less: Prior-year reserve development ratio	0.0 %	(0.1)%	(0.4)%	(0.4)%	(0.1)%	(0.2)%	(0.3)%
Less: Catastrophe ratio	11.4%	2.2%	5.6%	11.1%	3.5%	13.6%	6.7%
Current accident year loss and LAE ratio, excluding catastrophes (non-GAAP)	63.9%	59.8%	59.2%	59.8%	59.8%	64.8%	59.6%

End notes continued

(6) Book value per share, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, is a non-GAAP measure. Book value per share is the most directly comparable GAAP measure and is reconciled in the table below.

	Period ended			
	September 30 2024	December 31 2024	June 30 2025	September 30 2025
Book value per share	$ 79.90	$ 79.18	$ 89.62	$ 96.00
Less: Net unrealized appreciation (depreciation) on fixed maturity investments, net of tax, per share	(6.91)	(11.17)	(6.54)	(4.13)
Book value per share, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	$ 86.81	$ 90.35	$ 96.16	$ 100.13
Versus prior quarter				
Change in book value per share				7.1 %
Change in book value per share, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax				4.1 %
Versus prior-year end				
Change in book value per share				21.2 %
Change in book value per share, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax				10.8 %

(7) Here, and throughout this document, the expense ratio is reduced by installment and other fee revenues for purposes of the ratio calculation.