



Financial Statements and Independent auditor's
report

EUROLINK Insurance Inc. Skopje

31 December 2025

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Independent Auditor's Report¹

To the Shareholders of
Eurolink Osiguruvanje AD Skopje

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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Eurolink Osiguruvanje AD Skopje (the "Company"), which comprise the Statement of financial position (Balance Sheet) as at December 31, 2025, and the Statement of comprehensive income (Income Statement), Statement of changes in equity and Statement of cash flows for the year then ended, and the notes to the financial statements, including information on material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended, in accordance with the regulation of the Insurance Supervision Agency of the Republic of North Macedonia.

Basis for opinion

We conducted our audit in accordance with the auditing standards applicable in the Republic of North Macedonia². Our responsibilities under these standards are described in the section Auditor's Responsibility for the Audit of the Financial Statements of this report. We are independent of the Company in accordance with the Handbook of the International Code of Ethics for Professional Accountants (including international independence standards) (the Code of Ethics) published in the Official Gazette of the Republic of North Macedonia no. 273/24 of 30.12.2024, together with the ethical requirements relevant to our audit of the financial statements in the Republic of North Macedonia, and we have fulfilled all other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Responsibility of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation of the Insurance Supervision Agency of the Republic of North Macedonia 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, where applicable, matters related to going concern, and using the going concern basis of accounting, unless management 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 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 the auditing standards applicable in the Republic of North Macedonia will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

¹ Translation of the original Independent Auditor's Report issued in Macedonian language

² International Standards on Auditing ("ISA") translated and published in the Official Gazette of the Republic of North Macedonia No. 273 of 2024, effective from January 1, 2025.

As part of the audit in accordance with the auditing standards applicable in the Republic of North Macedonia, we apply professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the individual 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 audit 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, misrepresentations, 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 our auditor's report to the related disclosures in the individual 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 our 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 individual financial statements, including the disclosures, and whether the individual 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.

Report on other legal and regulatory requirements

The management of the Company is also responsible for preparing the annual report on the operations of Eurolink Osiguruvanje AD Skopje for 2025 in accordance with Article 384 of the Law on Trade Companies. Our responsibility is to express an opinion on the consistency of the annual report with the historical financial information presented in the annual account and the audited financial statements of the Company as at and for the year ended December 31, 2025, in accordance with the auditing standards applicable in the Republic of North Macedonia, as well as in accordance with the requirements of Article 34, paragraph 1, point (d) of the Law on Auditing.

In our opinion the historical financial information presented in the Annual Report on the Company's operations as at and for the year ending December 31, 2025, are consistent, in all material respects, with the information included in the annual accounts and the audited financial statements of the Company as at and for the year ending December 31, 2025.



Suzana Stavrik
Director
Grant Thornton DOO, Skopje



Suzana Stavrik
Certified Auditor

Skopje, March 13, 2026

Financial Statements
31 December 2025

Statement of financial position (Balance sheet)

As at 31.12.2025

In MKD

Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
ASSETS				
A. INTANGIBLE ASSETS (002+003)	001	2.1	5.519.092	6.739.480
1. Goodwill	002		-	-
2. Other intangible assets	003		5.519.092	6.739.480
B. INVESTMENTS (005+013+021+041)	004		1.768.797.586	1.575.975.344
I. LAND, BUILDINGS AND OTHER TANGIBLE ASSETS (006+009)	005	2.2	-	-
1. Land and buildings used for Company's operations (007+008)	006		-	-
1.1 Land	007		-	-
1.2 Buildings	008		-	-
2. Land, buildings and other assets not used for Company's operations (010+011+012)	009		-	-
2.1 Land	010		-	-
2.2 Buildings	011		-	-
2.3 Other tangible assets	012		-	-
II. FINANCIAL INVESTMENTS IN COMPANIES IN A GROUP – SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES (014+015+016+017+018+019+020)	013	2.3	14.342.455	14.283.117
1. Shares, equity interests and other equity instruments of value in companies in a group – subsidiaries	014		-	-
2. Debt securities issued by companies in a group – subsidiaries and loans to companies in a group - subsidiaries	015		-	-
3. Shares, equity interests and other equity instruments in associates	016		-	-
4. Debt securities issued by associates and loans to associates	017		-	-
5. Other financial investments in companies in a group – subsidiaries	018		-	-
6. Other financial investments in associates	019		-	-
7. Investments in joint controlled entities	020		14.342.455	14.283.117
III. OTHER FINANCIAL INVESTMENTS (022+025+030+035+040)	021	2.4	1.754.455.131	1.561.692.227
1. FINANCIAL INVESTMENTS HELD TO MATURITY (023+024)	022	2.4.1	1.090.752.767	852.487.292
1.1 Debt securities with maturity up to one year	023		39.382.113	79.168.199

The accompanying notes included on pages from 17 to 91 are integral part of the financial statements
Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2025

Statement of financial position (Balance sheet) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3		
1.2 Debt securities with maturity over one year	024		1.051.370.654	773.319.093
2. Financial investments available-for-sale (026+027+028+029)	025	2.4.2	226.680.224	203.106.101
2.1 Debt securities with maturity up to one year	026		-	-
2.2 Debt securities with maturity over one year	027		-	-
2.3 Shares, equity interests and other equity instruments	028		-	-
2.4 Shares and equity interests in investment funds	029		226.680.224	203.106.101
3. Financial investments for trading (031+032+033+034)	030	2.4.3	76.090.101	70.732.698
3.1 Debt securities with maturity up to one year	031		-	-
3.2 Debt securities with maturity over one year	032		-	-
3.3 Shares, equity interests and other equity instruments	033		61.063.090	56.364.756
3.4 Shares and equity interests in investment funds	034		15.027.011	14.367.942
4. Deposits, loans and other placements (036+037+038+039)	035	2.4.4	360.932.039	435.366.136
4.1 Given deposits	036		360.932.039	435.366.136
4.2 Loans secured with mortgages	037		-	-
4.3 Other loans	038		-	-
4.4 Other placements	039		-	-
5. Derivative financial instruments	040		-	-
IV. DEPOSITS OF REINSURANCE COMPANIES AT CEDENTS, BASED ON REINSURANCE CONTRACTS	041		-	-
C. PART FOR CO-INSURANCE AND REINSURANCE IN GROSS TECHNICAL PROVISIONS (043+044+045+046+047+048+049)	042	2.5	723.910.331	159.038.419
1. Part for co-insurance and reinsurance in gross unearned premium reserve	043		669.964.760	113.146.895
2. Part for co-insurance and reinsurance in gross mathematical reserve	044		-	-
3. Part for co-insurance and reinsurance in gross claims reserve	045		53.945.571	45.891.524
4. Part for co-insurance and reinsurance in gross reserves for bonuses and discounts	046		-	-
5. Part for co-insurance and reinsurance in gross equalization reserve	047		-	-

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Financial Statements
31 December 2025

Statement of financial position (Balance sheet) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
6. Part for co-insurance and reinsurance in other gross technical provisions	048		-	-
7. Part for co-insurance and reinsurance in gross technical provisions for life insurance where the insurer takes over the investment risk	049		-	-
D. FINANCIAL INVESTMENTS WHERE THE INSURER TAKES OVER THE INVESTMENT RISK (INSURANCE CONTRACTS)	050		-	-
E. DEFERRRED AND CURRENT TAX ASSETS (052+053)	051	2.6	462.370	432.010
1. Deferred tax assets	052		455.316	428.107
2. Current tax assets	053		7.054	3.903
F. RECEIVABLES (055+059+063+067)	054	2.7	828.779.144	396.109.694
I. RECEIVABLES FROM DIRECT INSURANCE WORKS (056+057+058)	055		795.999.142	368.165.323
1. Receivables from insurers	056		795.999.142	368.165.323
2. Receivables from agents	057		-	-
3. Other receivables from direct insurance works	058		-	-
II. RECEIVABLES FROM DIRECT CO-INSURANCE AND REINSURANCE WORKS (060+061+062)	059		-	-
1. Receivables from co-insurance and reinsurance premium	060		-	-
2. Receivables from participation in claims fees from co-insurance and reinsurance	061		-	-
3. Other receivables from co-insurance and reinsurance works	062		-	-
III. OTHER RECEIVABLES (064+065+066)	063		32.780.002	27.944.371
1. Other receivables from direct insurance works	064		4.243.263	6.534.557
2. Receivables from financial investments	065		26.920.202	19.346.335
3. Other receivables	066		1.616.537	2.063.479
IV. RECEIVABLES BASED ON SUBSCRIBED BUT NOT PAID CAPITAL	067		-	-
G. OTHER ASSETS (069+072+077)	068		87.591.245	
I. TANGIBLE ASSETS USED FOR OPERATIONS (OTHER THAN LAND AND BUILDINGS) (070+071)	069	2.8	52.923.361	15.677.116
1. Equipment	070		16.074.240	14.840.753
2. Other tangible assets	071		36.849.121	836.363

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Financial Statements
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Statement of financial position (Balance sheet) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
II. CASH AND OTHER CASH EQUIVALENTS (073+074+075+076)	072	2.9	34.667.884	14.087.647
1. Cash in banks	073		34.481.750	13.897.202
2. Cash on hand	074		186.134	190.445
3. Restricted cash to cover mathematical reserves	075		-	-
4. Other cash and cash equivalents	076		-	-
III. INVENTORIES AND SMALL INVENTORY	077		-	-
H. PREPAIDS (079+080+081)	078	2.10	156.973.307	129.136.741
1. Accrued income based on interest and rents	079		-	-
2. Deferred acquisition costs	080		101.310.019	92.232.330
3. Other accrued income and deferred expenses	081		55.663.288	36.904.411
I. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	082		-	-
J. TOTAL ASSETS (A+B+C+D+E+F+G+H+I)	083		3.572.033.075	2.297.196.451
K. OFF-BALANCE SHEET – ASSETS	084	4	445.580.990	411.575.339
LIABILITIES				
A. EQUITY AND RESERVES (086+090+091+095+101-102+103-104)	085	2.11	909.606.636	794.623.198
I. SUBSCRIBED CAPITAL (087+088+089)	086	2.11	195.326.080	195.326.080
1. Subscribed capital from ordinary shares	087		195.326.080	195.326.080
2. Subscribed capital from preference shares	088		-	-
3. Subscribed and non-paid-in capital	089		-	-
II. PREMIUMS ON SHARES ISSUED	090		-	-
III. REVALUATION RESERVES (092+093+094)	091	2.11	612.202	(804.509)
1. Tangible assets	092		0	0
2. Financial investments	093		612.202	(804.509)
3. Other revaluation reserves	094		-	-
IV. RESERVES (096+097+098-099+100)	095	2.11	315.708.431	283.108.001
1. Legal reserves	096		315.708.431	283.108.001
2. Statutory reserves	097		-	-
3. Reserves for treasury shares	098		-	-

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Financial Statements
31 December 2025

Statement of financial position (Balance sheet) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
4. Purchase of treasury shares	099		-	-
5. Other reserves	100		-	-
V. RETAINED EARNINGS, NET	101		254.393.196	219.192.336
VI. LOSSES CARRIED FORWARD	102		-	-
VII. PROFIT FOR THE CURRENT ACCOUNTING PERIOD	103		143.566.727	97.801.290
VIII. LOSS FOR THE CURRENT ACCOUNTING PERIOD	104		-	-
B. SUBORDINATED LIABILITIES	105		-	-
C. GROSS TECHNICAL PROVISIONS (107+108+109+110+111+112)	106	2.12	1.934.163.485	1.278.030.491
I. Gross unearned premium reserves	107		1.230.115.258	645.185.684
II. Gross mathematical reserve	108		-	-
III. Gross claims reserve	109		692.116.146	623.779.707
IV. Gross reserves for bonuses and discounts	110		11.932.081	9.065.101
V. Gross equalization reserve	111		-	-
VI. Gross other technical provisions	112		-	-
D. GROSS TECHNICAL PROVISIONS RELATED TO CONTRACTS WHERE THE INSURER TAKES OVER THE INVESTMENT RISK	113		-	-
E. OTHER RESERVES (115+116)	114	2.13	7.855.302	14.273.194
1. Reserves for employees	115		7.855.302	6.472.025
2. Other reserves	116		-	7.801.169
F. DEFERRED AND CURRENT TAX LIABILITIES (118+119)	117	2.14	7.620.675	3.738.893
1. Deferred tax liabilities	118		1.090.594	555.793
2. Current tax liabilities	119		6.530.081	3.183.100
G. LIABILITIES ARISING FROM DEPOSITS OF COMPANIES FOR REINSURANCE AT CEDENTS, BASED ON INSURANCE CONTRACTS	120		-	-
H. LIABILITIES (122+126+130)	121	2.15	81.516.132	29.595.903
I. LIABILITIES FROM DIRECT INSURANCE WORKS (123+124+125)	122		-	-
1. Liabilities to insurers	123		-	-
2. Liabilities to agents	124		-	-

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Financial Statements
31 December 2025

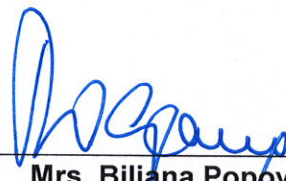
Statement of financial position (Balance sheet) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
3. Other liabilities from direct insurance works	125		-	-
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE WORKS (127+128+129)	126		9.031.285	4.977.660
1. Liabilities based on co-insurance and reinsurance premiums	127		9.031.285	4.977.660
2. Liabilities based on participation in coverage of claims	128		-	-
3. Other liabilities from co-insurance and reinsurance works	129		-	-
III. OTHER LIABILITIES (131+132+133)	130		72.484.847	24.618.243
1. Other liabilities from direct insurance works	131		3.394.647	7.059.530
2. Liabilities from financial investments	132		-	-
3. Other liabilities	133		69.090.200	17.558.713
I. ACCRUALS	134	2.16	631.270.846	176.934.772
J. NON-CURRENT LIABILITIES RELATED TO NON-CURRENT ASSETS HEL-FOR-SALE AND DISCONTINUED OPERATIONS	135		-	-
K. TOTAL EQUITY AND LIABILITIES A+B+C+D+E+F+G+H+I+J	136	4	3.572.033.075	2.297.196.451
L. OFF-BALANCE SHEET - LIABILITIES	137	4	445.580.990	411.575.339

These financial statements have been approved by the Supervisory Board of the Company on 27 February 2026.

Signed on its behalf by:


Mrs. Marija Tomeska
President of Management Board


Mrs. Maja Bogdanovska Stojanoska
Member of Management Board


Mrs. Biljana Popovska
Director of Accounting Department
licence no. 0111359

See accompanying notes to the financial statements

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Statement of Comprehensive Income (Income Statement)

For the year then ended on 31.12.2025

In MKD

Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
A. REVENUES FROM OPERATIONS (201+210+223a+224+225)	200		1.290.324.154	1.182.461.394
I. EARNED PREMIUM (NET PREMIUM INCOME) (202+203+204-205-206-207+208+209)	201	3.1	1.110.582.922	1.020.937.817
1. Gross policy insurance premium	202		2.137.547.261	1.489.752.423
2. Gross policy co-insurance premium	203		2.769.027	2.372.697
3. Gross policy reinsurance/ retrocession premium	204		-	-
4. Gross policy premium delivered in co-insurance	205		-	-
5. Gross policy premium delivered in reinsurance/retrocession	206		1.001.621.657	429.522.241
6. Change in gross unearned premium reserves	207		584.929.574	90.296.459
7. Change in gross unearned premium reserves– part for co-insurance	208		-	-
8. Change in gross unearned premium reserves– part for reinsurance	209		556.817.865	48.631.397
II. INCOME FROM INVESTMENTS (211+212+216+217+218+219+223)	210	3.2	86.623.511	82.093.321
1. Income from subsidiaries, associates and joint controlled entities	211		-	-
2. Income from investments in land and buildings(213+214+215)	212		-	-
2.1 Income from rents	213		-	-
2.2 Income from increasing the value of land and buildings	214		-	-
2.3 Income from sale of land and buildings	215		-	-
3. Interest income	216		53.521.119	41.569.607
4. Foreign exchange gains	217		1.634.917	3.677.993
5. Value adjustments (unrealized gains, reduction at fair value)	218		18.090.498	15.152.035
6. Realized gains from sale of financial assets-capital gains(220+221+222)	219		9.289.897	17.859.072
6.1 Financial investments available-for-sale	220		9.289.897	17.859.072
6.2 Financial investments for trading (at fair value)	221		-	-
6.3 Other financial investments	222		-	-
7. Other income from investments	223		4.087.080	3.834.614

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Financial Statements
31 December 2025

Statement of comprehensive income (Income statement) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
III. INCOME FROM REINSURANCE PROVISIONS	223a		74.095.720	61.022.050
IV. OTHER INSURANCE TECHNICAL INCOME, LESS FOR REINSURANCE	224	3.3	5.615.668	7.780.375
V. OTHER INCOME	225	3.4	13.406.333	10.627.831
B. EXPENSES FROM OPERATIONS (227+235+245+248+251+261+271+274+275)	226		1.121.422.122	1.069.057.767
I. CLAIMS INCURRED (Claims expenses, net) (228-229-230-231+232-233-234)	227	3.5	573.779.757	555.033.697
1. Gross paid claims	228		563.581.914	524.600.375
2. Income decrease from gross realized subrogation receivables	229		6.655.993	3.347.014
3. Gross paid claims – part for co-insurance	230		-	-
4. Gross paid claims – part for reinsurance/retrocession	231		43.428.569	15.283.533
5. Changes in gross claim s reserve	232		68.336.452	40.569.339
6. Changes in gross claim s reserve– part for co-insurance	233		-	-
7. Changes in gross claim s reserve– part for reinsurance	234		8.054.047	(8.494.530)
II. CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE (236+239+242)	235	3.6	2.866.980	(3.270.344)
1. Changes in mathematical reserve, net of reinsurance (237-238)	236		-	-
1.1 Changes in gross mathematical reserve	237		-	-
1.2 Changes in gross mathematical reserve – part for co-insurance/reinsurance	238		-	-
2. Changes in equalization reserve, net of reinsurance (240-241)	239		-	-
2.1. Changes in gross equalization reserve	240		-	-
2.2 Changes in gross equalization reserve – part for co-insurance/ reinsurance	241		-	-
3. Changes in other technical provisions, net of reinsurance (243-244)	242		2.866.980	(3.270.344)
3.1 Changes in other gross technical provisions	243		2.866.980	(3.270.344)
3.2 Changes in other gross technical provisions – part for co-insurance and reinsurance	244		-	-
III. CHANGES IN GROSS MATHEMATICAL RESERVE FOR LIFE INSURANCE WHERE THE INSURER TAKES OVER THE INVESTMENT RISK, NET OF REINSURANCE (246-247)	245		-	-
1. 0Changes in gross mathematical reserve for life insurance where the insurer takes over the investment risk	246		-	-

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Financial Statements
31 December 2025

Statement of comprehensive income (Income statement) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
2. Changes in gross mathematical reserve for life insurance where the insurer takes over the investment risk – part for co-insurance and reinsurance	247		-	-
IV. EXPENSES FOR BONUSES AND DISCOUNTS, NET OF REINSURANCE (249+250)	248	3.7	26.457.925	24.298.785
1. Expenses for bonuses (related to result)	249		-	508.722
2. Expenses for discounts (not related to result)	250		26.457.925	23.790.063
V. NET EXPENSES FOR INSURANCE IMPLEMENTATION (252+256)	251		467.286.547	438.447.715
1. Acquisition costs(253+253a+254+255)	252	3.8	231.395.077	217.783.705
1.1 Fees	253		94.932.405	90.443.487
1.2 Gross salaries for employees in the internal sales network	253a		142.884.750	130.766.361
1.3 Other acquisition costs	254		2.655.611	3.188.452
1.4 Change in Deferred acquisition costs (+/-)	255		(9.077.689)	(6.614.595)
2. Administration expenses (257+258+259+260)	256	3.9	235.891.470	220.664.010
2.1 Depreciation of tangible and intangible assets that serve in ordinary course of operations	257		24.820.834	5.668.471
2.2 Costs for employees (258a+258б+258в+258г+258д)	258		79.478.369	72.827.717
2.2.1 Salaries and compensations	258a		45.074.231	41.776.282
2.2.2 Expenses for taxes on salaries and compensations	258б		4.228.086	3.907.559
2.2.3 Contributions for mandatory social insurance	258в		19.173.075	17.766.005
2.2.4 Costs for additional pension insurance for employees	258г		-	-
2.2.5 Other costs for employees	258д		11.002.977	9.377.871
2.3 Charges for services of individuals who perform no operations (contracts, copyright agreements and other legal relations) all fees included	259		27.013.089	21.150.948
2.4 Other administration expenses (260a+260б+260в)	260		104.579.178	121.016.874
2.4.1 Costs for services	260a		80.112.713	90.216.828
2.4.2 Operating costs	260б		6.872.101	5.909.591
2.4.3 Costs for reservations and other operating costs	260в		17.594.364	24.890.455
VI. EXPENSES FROM INVESTMENTS (262+263+264+265+266+270)	261		14.391.592	10.901.410
1. Depreciation and value adjustments of tangible assets not used for operations	262		-	-
2. Interest expenses	263		15.527	4.290

The accompanying notes included on pages from 17 to 91 are integral part of the financial statements
Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2025

Statement of comprehensive income (Income statement) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
3. Foreign exchange losses	264		5.518.563	2.154.691
4. Impairment provision (unrealized losses, reduction at fair value)	265		8.857.502	8.742.429
5. Realized losses from sale of financial assets-capital loss (267+268+269)	266		-	-
5.1 Financial investments available-for-sale	267		-	-
5.2 Financial investments for trading (at fair value)	268		-	-
5.3 Other financial investments	269		-	-
6. Other expenses from investments	270		-	-
VII. OTHER INSURANCE TECHNICAL EXPENSES, LESS FOR REINSURANCE (272+273)	271	3.10	31.601.648	28.544.165
1. Expenses for prevention	272		-	-
2. Other insurance technical expenses, less for reinsurance	273		31.601.648	28.544.165
VIII. VALUE ADJUSTMENTS OF RECEIVABLES BASED ON PREMIUM	274	3.11	204.612	12.643.028
IX. OTHER EXPENSES, INCLUDING VALUE ADJUSTMENTS	275	3.12	5.242.285	2.459.311
X. PROFIT FOR THE YEAR BEFORE TAXATION (200-226)	276		168.902.032	113.403.627
XI. LOSS FOR THE YEAR BEFORE TAXATION (226-200)	277		-	-
XII. INCOME TAX (EXPENSE)	278	3.13	25.335.305	15.602.337
XIII. DEFERRED TAX	279		-	-
XIV. PROFIT FOR THE YEAR AFTER TAXATION (276-278-279)	280		143.566.727	97.801.290
XV. LOSS FOR THE YEAR AFTER TAXATION (277-278-279)	281		-	-
XVI. OTHER COMPREHENSIVE INCOME / (LOSS)			143.566.727	97.801.290
Changes at fair value of financial assets available-for-sale			1.416.711	(2.180.508)
Income tax on components from other comprehensive income				-
PROFIT / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS			144.983.438	95.620.782

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Financial Statements
31 December 2025

Statement of Cash Flows

For the year then ended on 31.12.2025

In MKD

Description	No. of Item	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. CASH INFLOWS FROM OPERATING ACTIVITIES (301+302+303+304+305)	300	1.804.020.778	1.482.786.985
1. Insurance and co-insurance premiums and advances received	301	1.760.592.209	1.467.503.452
2. Reinsurance and retrocession premium	302	-	-
3. Inflows from participation in coverage of claims	303	43.428.569	15.283.533
4. Interest received from insurance works	304	-	-
5. Other inflows from operating activities	305	-	-
II. CASH OUTFLOWS FROM OPERATING ACTIVITIES (307+308+309+310+311+312+313+314)	306	1.588.957.246	1.355.461.495
1. Paid claims, agreed insurance amounts, participation in coverage of claims from co-insurance and advances given	307	563.581.928	524.820.141
2. Paid claims and participation in coverage of claims from reinsurance and retrocession	308	-	-
3. Co-insurance, reinsurance and retrocession premiums	309	543.232.021	341.935.057
4. Fees and other personal expenses	310	222.363.119	203.594.078
5. Other expenses for insurance works	311	229.782.670	255.683.353
6. Interests paid	312	15.527	4.290
7. Income tax and other charges	313	21.543.221	14.993.495
8. Other outflows from regular activities	314	8.438.760	14.431.082
III. CASH INFLOW FROM OPERATING ACTIVITIES, NET (300-306)	315	215.063.533	127.325.490
IV. CASH OUTFLOWS FROM OPERATING ACTIVITIES, NET (306-300)	316	-	-
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. CASH INFLOWS FROM INVESTING ACTIVITIES (318+319+320+321+322+323+324+325)	317	115.476.507	76.798.664
1. Inflows from intangible assets	318	-	-
2. Inflows from tangible assets	319	-	-
3. Inflows from tangible assets not used for Company's operations	320	-	-
4. Inflows from investments in the companies in a group: subsidiaries, associates and joint controlled entities	321	-	-
5. Inflows from investments held-to-maturity	322	-	-
6. Inflows from other financial placements	323	65.442.175	41.453.828
7. Dividends received and other participation in income	324	4.087.080	3.834.614
8. Interest received	325	45.947.252	31.510.222

Statement of cash flows (continued)

In MKD

The accompanying notes included on pages from 17 to 91 are integral part of the financial statements
Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2025

DESCRIPTION	No. of Item	Amount	
		Current year	Previous year
1	2	3	4
II. CASH OUTFLOWS FROM INVESTING ACTIVITIES (327+328+329+330+331+332+333+334)	326	279.959.802	197.487.234
1. Outflows from intangible assets	327	(169.279)	3.053.134
2. Outflows from tangible assets	328	5.850.848	6.649.510
3. Outflows from tangible assets not used for Company's operations	329	36.012.758	-
4. Outflows from investments in the companies in a group: subsidiaries, associates and joint controlled entities	330	-	-
5. Outflows from investments held-to-maturity	331	238.265.475	187.784.590
6. Outflows from other financial placements	332		-
7. Outflows from dividends and other participation in income	333		-
8. Outflows from interests	334		-
III. CASH INFLOW FROM INVESTING ACTIVITIES, NET (317-326)	335	-	-
IV. CASH OUTFLOWS FROM INVESTING ACTIVITIES, NET (326-317)	336	164.483.295	120.688.570
C. CASH FLOWS FROM FINANCING ACTIVITIES			-
I. CASH INFLOWS FROM FINANCING ACTIVITIES (338+339+340)	337	-	-
1. Inflows from increase of share capital	338		-
2. Inflows from received long-term and short-term credits and loans	339		-
3. Inflows from other long-term and short-term liabilities	340		-
II. CASH OUTFLOWS FROM FINANCING ACTIVITIES (342+343+344)	341	30.000.000	30.000.000
1. Outflows from repayment of long-term and short-term credits and loans and other liabilities	342	-	-
2. Outflows from purchase of treasury shares	343	-	-
3. Outflows from dividends paid	344	30.000.000	30.000.000
III. CASH INFLOWS FROM FINANCING ACTIVITIES, NET (337-341)	345	-	-
IV. CASH OUTFLOWS FROM FINANCING ACTIVITIES, NET (341-337)	346	30.000.000	30.000.000
D. TOTAL CASH INFLOWS (300+317+337)	347	1.919.497.285	1.559.585.649
E. TOTAL CASH OUTFLOWS (306+326+341)	348	1.898.917.047	1.582.948.729
F. CASH INFLOWS, NET (347-348)	349	20.580.238	-
G. CASH OUTFLOWS, NET (348-347)	350	-	23.363.080
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE ACCOUNTING PERIOD	351	14.087.647	37.450.727
I. EFFECT ROM CHANGE IN FOREIGN EHXCHANGE CURRENCY IN CASH AND CASH EQUIVALENTS	352	-	-
J. CASH AND CASH EQUIVALENTS AT THE END OF THE ACCOUNTING PERIOD (349-350+351+352)	353	34.667.885	14.087.647

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Financial Statements
31 December 2025

Statement of Changes in Equity

In MKD	Share capital	Premiums from issued shares	Legal reserves	Statutory reserves	Reserves			Purchase of treasury shares	Revaluated reserves	Retained earnings (with + sign) or transferred losses (with - sign)	Profit (with + sign)/loss (with - sign) for the current year	Total equity and reserves
					Reserves of treasury shares	Other reserves	Total reserves					
As at 31 December 2024	195.326.080	-	283.108.001	-	-	-	283.108.001	-	(804.509)	219.192.336	97.801.290	794.623.198
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments in the previous period	-	-	-	-	-	-	-	-	-	-	-	-
As at 01 January 2025 – adjusted	195.326.080	-	283.108.001	-	-	-	283.108.001	-	(804.509)	219.192.336	97.801.290	794.623.198
Profit or loss for 2025	-	-	-	-	-	-	-	-	-	-	143.566.726	143.566.726
Profit or loss for 2025	-	-	-	-	-	-	-	-	-	-	143.566.726	143.566.726
Non-owners' changes in equity	-	-	-	-	-	-	-	-	1.416.711	-	-	1.416.711
Unrealized profit/loss from tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized profit/loss from financial investments available-for-sale	-	-	-	-	-	-	-	-	10.706.608	-	-	10.706.608
Realized profit/loss from financial investments available-for-sale	-	-	-	-	-	-	-	-	(9.289.897)	-	-	(9.289.897)
Other non-owners' changes in equity	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners	-	-	32.600.430	-	-	-	32.600.430	-	-	35.200.860	(97.801.290)	(30.000.000)
Increase / Decrease of share capital	-	-	-	-	-	-	-	-	-	-	-	-
Other payments made by owners	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(30.000.000)	-	(30.000.000)
Other allocation to owners	-	-	32.600.430	-	-	-	32.600.430	-	-	65.200.860	(97.801.290)	-
As at 31.12.2025	195.326.080	-	315.708.431	-	-	-	315.708.431	-	612.202	254.393.196	143.566.726	909.606.635

The accompanying notes included on pages from 17 to 91 are integral part of the financial statements
Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2025

Statement of changes in equity (continued)	Reserves							Pur- chase of treasury shares	Revalua- ted reserves	Retained earnings (with + sign) or transferred losses (with - sign)	Profit (with + sign)/loss (with - sign) for the current year	Total equity and reserves
	Share capital	Premiums from issued shares	Legal reserves	Statutory reserves	Reserves of treasury shares	Other reserves	Total reserves					
In MKD												
As at 31 December 2023	195.326.080	-	251.053.103	-	-	-	251.053.103	-	1.375.999	185.082.540	96.164.694	729.002.416
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments in the previous period	-	-	-	-	-	-	-	-	-	-	-	-
As at 01 January 2024 – adjusted	195.326.080	-	251.053.103	-	-	-	251.053.103	-	1.375.999	185.082.540	96.164.694	729.002.416
Profit or loss for 2024	-	-	-	-	-	-	-	-	-	-	97.801.290	97.801.290
Profit or loss for 2024	-	-	-	-	-	-	-	-	-	-	97.801.290	97.801.290
Non-owners' changes in equity	-	-	-	-	-	-	-	-	(2.180.508)	-	-	(2.180.508)
Unrealized profit/loss from tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized profit/loss from financial investments available-for-sale	-	-	-	-	-	-	-	-	15.678.564	-	-	15.678.564
Realized profit/loss from financial investments available-for-sale	-	-	-	-	-	-	-	-	(17.859.072)	-	-	(17.859.072)
Other non-owners' changes in equity	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners	-	-	32.054.898	-	-	-	32.054.898	-	-	34.109.796	(96.164.694)	162.329.388
Increase / Decrease of share capital	-	-	-	-	-	-	-	-	-	-	-	-
Other payments made by owners	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(30.000.000)	-	(30.000.000)
Other allocation to owners	-	-	32.054.898	-	-	-	32.054.898	-	-	64.109.796	(96.164.694)	192.329.388
As at 31.12.2024	195.326.080	-	283.108.001	-	-	-	283.108.001	-	(804.509)	219.192.336	97.801.290	794.623.198

The accompanying notes included on pages from 17 to 91 are integral part of the financial statements
Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

Notes to the financial statements

1. General information and disclosures

1.1 General information

Eurolink Insurance Inc. Skopje („the Company“) is a joint stock company registered and headquartered in the Republic of North Macedonia.

The address of the registered headquarters of the Company is:

ul. Pirinska No.23

1000 Skopje

Republic of North Macedonia

In March 2020, the ownership structure of the Company changed. Namely, Grazer Wechselfeitige Versicherung Aktiengesellschaft with headquarters at Herrengasse No.18-20, 8010 Graz, Republic of Austria, became the owner of 100% of the shares of the Company, thus becoming the new sole shareholder.

The company is registered to perform 18 classes of non-life insurance. The company performs its activities on the territory of the Republic of North Macedonia and as of December 31, 2025 employs 207 employees (2024: 208 employees).

1.2 Applied accounting policies and valuation techniques

Statement of compliance

The financial statements have been prepared in accordance with the Law on Trade Companies, the Law on Insurance Supervision, the accounting standards accepted in the Republic of North Macedonia published in the Rulebook on Accounting and the Rulebook on the Method for Valuation of Balance Sheet Items and Preparation of Financial Statements, and are presented in accordance with the Rulebook on the Form and Content of Financial Statements and the Detailed Content of the Annual Report of Insurance and/or Reinsurance Companies.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The Company's financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial assets available for sale, which are measured at fair value. The measurement bases for each individual class of asset, liability, income and expense are described in detail in the following sections of this Note.

The current and comparative figures presented in these financial statements are expressed in Macedonian denars. The Company's reporting and functional currency is the Macedonian denar (MKD)

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

Where necessary, the presentation of prior year figures has been adjusted to conform to the current year presentation.

New and amended IFRSs effective in the current period

On 3 April 2024, the Rulebook on Accounting was published in the Official Gazette No. 75, according to which accounting is maintained in accordance with International Financial Reporting Standards and International Financial Reporting Standards for Small and Medium-sized Entities.

International Financial Reporting Standards include International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), Interpretations of the Standing Interpretations Committee (SIC) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as issued by the International Accounting Standards Board (IASB).

This Rulebook became effective on 1 January 2025, upon which the previously applicable Rulebook on Accounting (Official Gazette of the Republic of Macedonia No. 159/09, 164/10 and 107/11) ceased to apply.

The following new and amended IFRSs are effective for the reporting period beginning on 1 January 2025:

IFRS 16 — Leases

IFRS 16 relates to the accounting treatment of operating lease contracts for lessees, including recognition of right-of-use assets and corresponding lease liabilities for lease contracts that were previously not recognised in the statement of financial position.

The adoption of IFRS 16 had a material impact on the Company's financial position through an increase in assets and liabilities, as well as on the presentation of expenses, whereby lease expenses were replaced by depreciation of right-of-use assets and finance costs on lease liabilities.

Detailed information regarding the application of IFRS 16, including the effects on assets, liabilities and results, is disclosed in Note 1.2.11, 2.8 and 2.15 to the financial statements — Right-of-use assets and lease liabilities (IFRS 16).

IFRS 15 — Revenue from Contracts with Customers

IFRS 15 introduces a single model for revenue recognition based on identification and satisfaction of performance obligations. The application of IFRS 15 does not have a significant impact on the financial statements.

The application of the remaining new and revised standards effective from 1 January 2025 did not have a material impact on the Company's financial position, financial performance or cash flows in the current reporting period.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

Standards issued but not yet effective

International Financial Reporting Standard 17 — Insurance Contracts and International Financial Reporting Standard 9 will become effective from 1 January 2028.

Taking into consideration the deferral of the application of these standards, and in accordance with the opinion of the Council for Advancement and Oversight of the Accounting Profession of the Republic of North Macedonia, IAS 39 — Financial Instruments and IFRS 4 — Insurance Contracts published in the Rulebook on Accounting (Official Gazette No. 159/09, 164/10 and 107/11) remain applicable.

The Company has not applied these standards in the current reporting period.

1.2.1 Use of estimates and judgments

The preparation of financial statements requires the Company to make judgments, estimates and assumptions that affect the application of policies and the amounts of assets and liabilities, income and expenses.

Estimates and related assumptions are based on past experience and various other factors that are considered reasonable given the circumstances, and are the basis for expressing the carrying amount of assets and liabilities, the value of which can not be determined otherwise. Actual results may differ from these estimates.

Estimates and underlying assumptions are constantly reviewed. Revisions in accounting estimates are recognized in the period in which the revision is made, if the revision affects only that period, or are recognized in future periods if the revision also affects future periods.

The judgments made by the Management that have a significant impact on the financial statements and estimates with a significant risk of material adjustments in the coming year are explained in Note 1.3.

1.2.2 Foreign currency transactions

Transactions denominated in foreign currencies are translated in Denars at the official exchange rates of the National Bank of the Republic of North Macedonia valid on the day of their occurrence.

Assets and liabilities denominated in foreign currencies are translated in Denars at the official exchange rates ruling as of the date of preparation of the statement of financial position, while all positive and negative exchange rate differences arising from the conversion of foreign currency amounts are included in The statement of comprehensive income in the period in which they occur. The average exchange rates that were applied to show the positions of the Financial Statements denominated in foreign currency are as follows:

	2025	2024
	MKD	MKD
1 EUR	61.4950	61.4950
1 USD	52.3050	58.8807
1 GBP	70.5865	74.1350
1 CHF	66.1735	65.1775

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

1.2.3 Intangible assets

Intangible assets related to acquired software for the needs of the Company are stated at procurement cost, less for accumulated depreciation and accumulated impairment losses if any.

Subsequent expenditures are capitalized only when there is a likelihood of an inflow of future economic benefits to the Company related to the item and when the procurement cost of the item can be reasonably measured. All other expenditures are recognized in profit or loss as expenses incurred.

Depreciation

Depreciation of intangible assets is calculated on a straight-line basis over the estimated useful lives of the assets during their useful life from the date they are available for use, so as to write-off the cost of the asset.

The annual depreciation rate according to the estimated useful life, for the current and previous period for the software is 25%.

1.2.4 Property and equipment

Recognition and measurement

Property and equipment are measured at cost less, accumulated depreciation and accumulated impairment losses if any.

Procurement cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of the item of property and equipment have different useful lives, they are recorded as separate items (main components) of the property and equipment.

Gains and losses on sales of property and equipment are determined by comparing the proceeds of the sale with the present value of property and equipment and are recognized on a net basis as "other operating income" from profit or loss.

Subsequent costs

Expenses incurred to replace an item of property and equipment are added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and its cost can be measured reliably. The present value of the replaced part is written off. The costs of day-to-day maintenance of property and equipment are recognized in current profit or loss as incurred.

Depreciation

Depreciation of property and equipment is calculated in a proportionate manner in order to write off the cost of assets over their useful lives. Leased assets are depreciated after the

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

shorter period of the lease term and the estimated useful life of the assets, unless it is probable that the Company will acquire ownership at the end of the lease term.

Depreciation rates, based on the estimated useful lives, for the current and comparative periods are as follows:

Computers	25 %
Furniture, equipment, vehicles and other assets	10-25 %

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

1.2.5 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, are assessed at Statement of financial position date to determine whether there is objective indicator of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets or asset groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell the asset and its value in use. In assessing value in use, estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are estimated at each reporting date to determine whether the loss has been reduced or may no longer exist. Impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. Impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

1.2.6 Financial instruments

Classification of financial assets

Financial assets are classified into four categories, depending on the purpose for which the they were acquired, the categories are as follows:

Financial assets at fair value through profit or loss are financial instruments that are acquired in order to be traded or that at initial recognition by the Company are classified as assets at fair value through profit or loss. As at 31 December 2025 and 2024 the Company classifies securities whose issuer is a country or legal entity in an EU Member State or OECD in this category.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

Held-to-maturity financial assets are non-derivative financial instruments with fixed repayment periods and a fixed maturity period that the Company intends and is able to hold to maturity. As at 31 December 2025 and 2024, the Company classifies government bonds as held-to-maturity financial assets.

Loans and receivables are non-derivative financial instruments with fixed repayment periods that are not quoted in the official markets, except those that the Company intends to sell short-term, those that the Company initially classified as fair value through profit or loss, or available for sale, or those for which the Company will not be able to repay the initial investment that is not the result of the credit investment. As at 31 December 2025 and 2024, the Company classifies money and cash equivalents, claims on insured persons and other receivables from direct business, time deposits in domestic banks, reinsurance assets as loans and receivables.

Available-for-sale financial assets are non-derivative financial instruments that are either classified in this category or not classified in any of the other categories. As at 31 December 2025 and 2024, the Company classifies equity investments and stakes in investment funds as available-for-sale financial assets.

Classification, initial recognition and subsequent measurement of financial liabilities

Financial liabilities are classified according to the substance of the contract. Financial liabilities at depreciated procurement cost consist of liabilities to reinsurers, liabilities based on insurance, financial leasing liabilities and other liabilities.

They are recorded at their fair value less for transaction costs and subsequently measured at their depreciated procurement cost using the effective interest method.

Financial lease liabilities are initially recorded at fair value. Consequently, finance lease liabilities are measured at their depreciated procurement cost using the effective interest method.

Initial recognition

The Company initially recognizes loans and receivables and deposits on the day they are incurred. All other financial assets and liabilities are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

All financial assets, except financial assets at fair value through profit or loss, are initially measured at their fair value plus transaction costs that can be attributed directly to the acquisition of the financial asset.

Derecognition

The Company derecognises the financial assets when it loses the rights under the cash flow agreement, or when it transfers the cash flow rights from the asset by a transaction in which all risks and rewards of ownership of the financial asset are transferred to another entity.

If the Company realizes interest on the transferred financial assets and keeps it, the interest is recognized as a separate asset or liability.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

The Company derecognizes financial liabilities when the liabilities specified in the contracts are settled, canceled or expired.

Off-setting

Financial assets and liabilities are offset and the net amount is reported in the Balance sheet only when the Company has the legal right to offset the recognized amounts and intends to settle the transactions on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for certain gains and losses arising from groups of similar transactions, such as trading activities.

Subsequent measurement of financial assets

Upon initial recognition, the Company measures available-for-sale financial assets at their fair value without any reduction in transaction costs that may arise from their sale.

The fair value of financial assets listed in the active market is based on their purchase price at the date of the Statement of Financial Position.

If the market in which the financial asset is listed is not active, the Company determines the fair value of the asset by applying valuation techniques. Valuation techniques include the use of normal, commercial transactions between familiar, willing parties, if available, a reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and alternative pricing models.

Held-to-maturity investments and loans and receivables are measured at depreciated procurement cost using the effective interest method less for any impairment losses.

Unrealized gains and losses arising from changes in the fair value of available-for-sale assets are recognized in comprehensive income, except for impairment losses, which are recognized in profit or loss in the period in which they arise.

In the event of a sale or impairment of available-for-sale financial assets, cumulative gains and losses previously recognized in comprehensive income are recognized in profit or loss. In the event that available-for-sale financial assets bear interest, interest calculated using the effective interest method is recognized in profit or loss.

Financial assets at fair value through profit or loss are measured at fair value and all changes are recorded in the Income statement through unrealized gains or losses depending on the change.

The effects of the sale of financial assets at fair value through profit and loss are recognized in profit or loss in the Income statement.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

1.2.7 Impairment of financial assets

Assets carried at amortized cost

As of 01 January 2021 the old Rulebook on the method of valuation of items in the balance sheet and preparation of financial statements started to be applied again, according to which adjustment of the receivables is determined in the following manner:

Group of receivables	Period of delays in payment in debtors liability settlement	Impairment provision (in % of total value of individual receivable)
A	Up to 30 days	0%
B	from 31 to 60 days	10%-30%
C	from 61 to 120 days	31%-50%
D	from 121 to 270 days	51%-70%
E	from 271 to 365 days	71%-90%
F	more than 366 days	100%

For receivables from legal entities, for which bankruptcy procedure is acknowledged, the Company recognizes impairment provision of 100%, as well as for those insurance agreements (policies) where the agreed maturity period is determined in the insurance contract i.e. annex to the insurance contract which is determined to be after the expiration of the contract, the Company recognizes 100% impairment only after the expiration of the insurance agreement.

1.2.7 Impairment of financial assets

Assets carried at fair value

The Company assesses at each date of the Statement of financial position, whether there is objective evidence that a financial asset is impaired. Significant or prolonged decline in the fair value of the financial asset below its cost is considered as objective evidence in determining whether the assets are impaired. If any such evidence exists for financial assets available – for – sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value is recognized in the current profits and losses. If, in a subsequent period, the fair value of a debt instrument classified as available – for – sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in current profits or loss, the impairment loss is reversed through profits and losses. For impaired available-for-sale equity securities any subsequent increase in the fair value is not canceled in the profit and loss but recognized in other comprehensive income.

1.2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with an original maturity of up to three months, where there is a negligible risk of changes in their fair value.

Cash and cash equivalents are carried at amortized cost in the Balance Sheet.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

1.2.9 Employee benefits

Defined contribution plans

The company pays contributions to the pension funds in accordance with the requirements of Macedonian legislation.

Contributions based on salaries, are made to the national organizations responsible for the payment of pensions.

The Company has no additional obligation to pay under these plans. Obligations for contributions to defined contribution pension plans are recognized as an expense in the profit or loss.

Short-term benefits for employees

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The Company recognizes a liability and expense for the amount that is expected to be paid under cash bonus or profit-sharing plans if the Company has a current legal or constructive obligation to make such payments as a result of services provided by the employee and the obligation can be estimated reliably.

Other long-term benefits for employees

In compliance with Macedonia legal regulations the Company pays two average salaries to employees upon retirement, as well as jubilee awards pursuant to criteria set in the Genal Collective Agreement. Long-term benefits for employees are discounted so that their net fair value is determined and they are at the same time recognized as obligation in the Balance Sheet and the Income Statement. The Company immediately recognizes all other expenses related to defined plans of benefits in other comprehensive income as expenses for employee benefits in the profit or loss. When plan benefits are changed, a portion of changes related to the past service of the employee is immediately recognized in the Income Statement when there is such change in the plan.

1.2.10 Current and deferred tax

Income tax is comprised of current and deferred tax. Income tax is recognized in the income statement except when it relates to items that are recognized directly to equity, and then the corresponding tax expense is recognized in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates of 10% (2024: 10%) on the day of the statement of financial position and any adjustment to tax payable in respect of previous years.

Deferred tax arises from temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied when the temporary differences based on the laws that have been enacted or substantively enacted at the reporting date are realized.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the amount for which it is probable that there will be future taxable profits against which the asset can be utilized. Deferred tax assets are assessed at the end of each reporting period and reduced to the extent that it is no longer likely that these tax revenues will be realized.

Any such reduction should be reversed to the extent that sufficient taxable profit will probably be available. Unrecognized deferred tax assets are assessed at the end of each reporting period and are recognized to the extent, it is probable that future taxable income against which the asset can be utilized will be sufficient.

Minimum Global Corporate Income Tax

On 3 January 2025, the Assembly of the Republic of North Macedonia adopted the Law on Minimum Global Corporate Income Tax ("MGCT"), which was published in the Official Gazette of the Republic of North Macedonia No. 3 dated 3 January 2025.

The Law applies to constituent entities of multinational enterprise groups ("MNE Groups") or large domestic groups with annual consolidated revenues of EUR 750 million or more in at least two of the four fiscal years preceding the tested fiscal year.

The MGCT Law introduces a Qualified Domestic Top-up Tax ("QD TT" or the "top-up tax"), which applies to MNE Groups operating in the territory of North Macedonia that have an effective tax rate of 10% or lower. Such entities are subject to additional taxation up to an effective tax rate of 15%.

The Law includes certain forms of exemptions, as well as provisions relating to mergers, demergers and acquisitions, and additional transitional measures for the treatment of deferred tax assets and liabilities and the application of safe harbour rules.

Based on the information obtained, the Company's management assessed that the Group is subject to the top-up tax under the above-mentioned MGCT legislation.

In accordance with the preliminary MGCT calculation performed, the Company recognised a top-up tax expense in the current income tax expense amounting to MKD 4.867.064 (note 2.7)

1.2.11 Leased assets – lessee

In accordance with the Company's accounting policy in effect until 31 December 2024, leases of assets under which the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. At initial recognition, a leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases are classified as operating leases, and leased assets are not recognized in the Company's statement of financial position.

From 1 January 2025, the Company applies the requirements of IFRS 16 — Leases to its lease contracts. In accordance with the standard, the Company recognises right-of-use

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

assets and corresponding lease liabilities for lease contracts that meet the criteria of IFRS 16.

Right-of-use assets and lease liabilities are presented as separate line items in the statement of financial position.

For existing contracts that were previously classified as operating leases under IAS 17, a lease liability is recognised at the date of initial application based on the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company applies an incremental borrowing rate of 3.5%, which represents the rate at which the Company would borrow funds to acquire a similar asset with a similar term and risk profile at the date of initial application.

The right-of-use asset at the date of initial application is recognised at an amount equal to the lease liability, adjusted for the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The application of IFRS 16 resulted in a change in the cost structure, whereby lease expenses were replaced by:

- depreciation of right-of-use assets; and
- finance costs on lease liabilities.

In the statement of cash flows:

- repayments of the principal portion of lease liabilities are presented within financing activities;
- interest is presented consistently with the Company's accounting policy for interest.

Lease liabilities are measured at amortised cost using the applicable interest rate described above and are presented as current and non-current liabilities in the statement of financial position.

Maturity analysis of lease liabilities

The effects arising from the application are disclosed in the table below and in Notes 2.8 and 2.15 to the financial statements.

	As at 31 December 2024	Effect of transition to IFRS 16	As at 1 January 2025
Buildings	-	54.724.416	54.724.416
Lease liabilities	-	54.724.416	54.724.416
Lease liabilities as at 31 December 2024			-
Lease liabilities as at 1 January 2025 – undiscounted amount			59.329.530
Discount effect from applying the incremental borrowing rate			(4.605.114)
Lease liabilities as at 1 January 2025			54.724.416

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

1.2.12 Provisions

A provision is recognized in the statement of financial position when the Company as a result of a past event has a present legal or derivative obligation that can be measured reliably and it is probable that there will be an outflow from the Company to settle the obligation. Provisions are checked on each reporting date and corrected as to reflect the best current assessment. When the effect of the temporary value of money is material, the amount of reserving is the current value of expenses expected to occur for settling the obligation.

1.2.13 Shareholders' capital, reserves and dividends payment

Ordinary shares

Ordinary shares are classified as equity.

Reserves

Reserves, which consist of revaluation and statutory reserves are created during the periods based on gains / losses from revaluation of available-for-sale financial assets, in the case of revaluation reserves as well as through the allocation of the retained earnings in accordance with the legislation and the decisions of the Management and Shareholders of the Company in the case of statutory reserves.

Dividends

Dividends are recognized as liabilities at the time they are declared.

1.2.14 Revenues

Earned premiums from insurance contracts

Gross policy premiums reflect the operations during the year and do not include taxes based on premiums.

Investment income

Investment income comprises interest and dividend income, net gains on financial assets classified as fair value through profit and loss, and realized gains on financial assets classified as available-for-sale.

Fee and commission income

Fee and commission income represent income from reinsurers based on the reinsurance contracts with sliding scale and agreed commission, as commission based on deciding service claims. Fee and commissions income are recognized when the related service is performed.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

1.2.15 Expenses

Expenses for subscribed premiums

Expenses for subscribed premiums consist of direct and indirect expenses from signed insurance contracts such as fees for agents, brokers and other distributive channels, as well as other expenses included in the sales.

Costs for bonuses and discounts

Costs for bonuses represent costs for accomplishing a good technical result in accordance with the conditions in the concluded insurance contracts.

Expenses for discounts include commercial discounts due to good business cooperation and discounts for payment on time according to the concluded insurance contract. In addition to these discounts, these costs also include the costs of approved discounts arising from concluded loyalty agreements (contracts where the contractor undertakes to renew insurance contracts within a period of three years). Approved discounts on these contracts are recognized in accordance with the recognition period of the premium income, i.e. according to the duration of the lease of these insurance contracts.

Rent expenses

Payments based on rents are recognized as expenses to profit and loss using the straight-line method during the rent period. Received discounts are recognized to profit and loss as integral part of the total rent expenses.

Finance expenses

Finance expenses consist of finance expenses for financial lease and profit and loss for foreign exchange differences of monetary assets and liabilities in foreign currencies.

1.2.16 Classification of insurance contracts

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event occur (the insured event) are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable which changes, in the case of a non-financial variable when the variable is not specific to a party of the contract. Insurance contracts may also transfer some financial risk.

Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

1.2.17 Insurance contracts

General insurance contracts

Premiums

Gross premiums written reflect the operations during the year, and exclude any taxes or duties based on premiums.

Earned proportion of premiums is recognized as revenue. Premiums are earned from the date of concluding the insurance contract until the reporting period, based on the “pro rata temporis” model. Outward reinsurance premiums are recognized as an expense in accordance with “pro rata temporis” method in the same accounting period as the premiums for the related direct insurance business.

Unearned premium reserve

Unearned premium reserve comprises the proportion of gross premiums written which is estimated to be earned in the following financial year, calculated separately for each insurance contract using the daily pro rata method.

For insurance contracts for which the amount of insurance coverage (risk) is increasing or decreasing linearly for the duration of the contract, the unearned premium reserve may be calculated separately for each separate contract with different method than the “pro-rata” method.

The Company uses only the “pro-rata” method for calculation of the unearned premium reserves for each separate insurance contract.

Claims

Claims incurred comprise the settlement and handling costs of paid claims arising from events covered with the insurance agreements, expenses for claims’ provisions and the compensation from reinsurers based on their participation in outstanding claims and provisions for incurred and reported claims.

Paid claims are recorded in the moment of processing the claims and are recognized in the amount to be paid to settle the claims. Claims paid are increased by claims settlement and handling costs.

Reserves for reported and non-reported incurred claims include reserves for claims that are allocated in the amount of estimated liabilities that the Company is obligated to pay, based on insurance contracts where the insured event occurred by the end of the accounting period, no matter whether it has been reported by the end of the accounting period. Reserves for outstanding claims are not discounted.

Anticipated reinsurance recoveries based on the participation of resolved claims and participation in reserves in incurred and reported claims as presented separately as assets. Fees from reinsurers and other fees are assessed on the same way as reported claims.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

The Company anticipates participation in reinsurance incurred reserves but non-reported claims and they are not expressed as assets in the balances.

The Management considers that the gross claims' provision and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and may result in adjustments to the amounts reserved. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

Reinsurance premiums are recognized as expenses in accordance with the basis for premiums recognition from related contracts with the insurer. For the basic insurance business, reinsurance premiums are recognized as expenses during the period covered by the reinsurance in accordance with the expected behavior of the reinsured risk.

The Company for property insurance, third party liability insurance and green card insurance has secured general contract for reinsurance such as XOL (disproportionate contracts for reinsurance such as excess claims contracts). For accident insurance, the Company has provided Treaty proportional reinsurance contract for a limited number of clients. Furthermore, for larger clients/risks, the Company provides re-insurance contracts where the risk is fully ceded.

Unearned premium reserve – part of the re-insurance

This type of reserve consists of part of the premium transferred to re-insurance recognized as deferred expense in the next year, calculated for each re-insurance contract separately, using the "pro-rata" method.

Deferred acquisition costs

Expenses incurred during signing of the general insurance contracts, which are deferred, include direct expenses such as fees and indirect expenses such as administrative cost related to the offers processing and policy issuance.

With general re-insurance contracts, the deferred acquisition costs are proportional to the expenses for written premiums corresponding to the gross policy premium not earned as at Balance sheet date.

In the course of 2019, Insurance Supervision Agency adopted a Rulebook on the form and content of the Financial Reports and detailed content of the Annual Report on the operations of insurance and/or reinsurance companies, published in the Official Gazette of the Republic of North Macedonia on 16 August 2019 (No.170/2019).

In accordance with this by-law, insurance companies which apply accounting policies of recognition, additional measurement and disclosure of acquisition costs different from the requirements contained in Annex 3 of the Instruction on filling in Financial Reports referred to in this Rulebook, are obliged to ensure application of changed accounting policies as late as the status of deferred acquisition costs on 01 January 2022.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.2 Applied accounting policies and valuation techniques (continued)

Liability adequacy test

Liability adequacy tests for unearned premiums reserves are performed in order to determine whether the unearned premiums reserves from the insurance contracts are enough for liability settlement in the next accounting period arising from expected future claims and future claims expenses.

The lack is recognized to profit and loss for the current year. During the calculation the assumption of unchanged development of claims in the following accounting period is used.

Receivables and liabilities from the insurance

The amounts due to and due from insurers, agents and other receivables represent financial instruments and are included in receivables and liabilities from insurance and not in insurance contracts reserves.

1.2.18 Related party transactions

In accordance with the Law on insurance supervision related parties are considered two or more legal entities or individuals that are mutually connected in one of the following manners:

- a) by management or capital, or in any other manner, when they mutually determine their business policy or work in coordination with each other in order to ensure customary commercial advantages;
- b) when one entity has significant influence over the adoption of the financial and business decisions of the other entity;
- c) the work or the results from the work of one entity has significant influence over the work and the results of the work of the other entity. The entities are also related when one legal entity or individual has participating interest in another legal entity.

Related entities include:

- a) close family members;
- b) members of the management body, supervisory body or procurator, as well as members of their close family;
- c) persons employed on the basis of an employment contract with special terms and conditions, as well as members of their close family;
- d) in a manner that one entity, that is, entities that are related entities, jointly, directly or indirectly has participating interest in another entity;
- e) in a manner that a same entity, that is, entities that are considered related has/have participating interest in both entities.

1.2.19 Events after the reporting date

Events after the reporting date that provide additional information about a Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when materialy significant.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.3 Accounting estimates and judgments

In the application of the accounting policies to these financial statements, the Management of the Company makes estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Presented below is information about the assumptions and uncertainties relating to insurance liability as well disclosure of the risk factors in these contracts.

Insurance contract provision

The assumptions used for reporting of insurance assets and liabilities are intended to result in provisions which are sufficient to cover any liabilities arising out of insurance contracts so far as can reasonably be foreseen.

However, given the uncertainty in establishing a provision for outstanding claims, it is likely that the final outcome will prove to be different from the original liability which has been determined.

General insurance contracts

Provision is made at the Balance Sheet date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid.

The provision for claims is not discounted for the time value of money.

The sources of data used as inputs for the assumptions are typically internal to the Company, using detailed studies that are carried out at least annually.

The assumptions are checked to ensure that they are consistent with observable information or other published information.

The Company pays particular attention to current trends.

Each notified claim is assessed on a separate case-by-case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises.

The provision estimation differs by class of insurance due for a number of reasons, including:

- Differences in the conditions of the insurance contracts;
- Differences in the complexity of claims;

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.3 Accounting estimates and judgments (continued)

- The severity of individual claims;
- Difference in the dynamic of every claim;
- Difference in the period between the occurrence and reporting of claims.

Significant delays can be experienced in the notification and settlement of certain type of general insurance claims, therefore the ultimate cost of which cannot be known with certainty at the Balance sheet date.

The basic statistical method used is a chain ladder method - (Chain Ladder Method) that uses historical data to estimate the expected outcome of future liabilities arising from insurance contracts based on incurred but not reported claims and provision for reopened claims. Depending on the characteristics of the insurance class, the insurance portfolio of the Company, the types and quality of the available data, the reserves for incurred but not reported claims are calculated using one or a combination of the following actuarial methods:

1. Basic Chain Ladder based on paid claims,
2. Basic Chain Ladder based on reported claims,
3. Expected claim method (Expected claim technique) ,
4. Bornhuetter – Ferguson method based on paid claims,
5. Bornhuetter - Ferguson method based on reported claims.

The application of the historical data means that development pattern of claims will occur again in the future. This is not always the case; methods of valuation vary depending on conditions. The reasons may be:

- Economic, legal, political and social trends (resulting, for example, in a difference in expected levels of inflation);
- Changes in the portfolio of insurance contracts;
- The impact of large losses.

Claims on general insurance contracts are payable on a claims-occurrence basis.

The contracts are concluded for short periods, mostly for one year for which the Company is being liable for all insured events that occurred during the term of the contract.

Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.3 Accounting estimates and judgments (continued)

Impairment of financial assets

The impairment of receivables is measured on the basis of the Rulebook on the method for valuation of items from the balance sheet and preparation of financial statements adopted by the Insurance Supervision Agency, according to which depending on the time of delay in fulfilling the obligations by the debtor, calculated from the due date of the receivable, the categories are determined: A (delay up to 30 days), B (delay from 31 to 60 days), C (from 61 to 120 days), G (from 121 to 270 days), D (from 271 to 365 days) and E (delay longer than 365 days). According to the categories, the insurance companies are obliged to determine an appropriate impairment - Reserve for bad and doubtful receivables as a percentage of the total value of each individual receivable, 0% for receivables with a delay of up to 30 days (or category A), minimum 10% for delays up to 60 days (or B category), 31% for category C, 51% for D, 71% for E and 100% for F. Additionally, the rulebook determines the obligation for calculation of impairment of not matured receivables in the amount of 100% if the annex to the contract (policy) determines agreed maturities after the expiration of the expiration date on the insurance contract, starting from the first day of expiration of the deadline and regardless of the period of delay in fulfilling the obligation by the debtor.

1.4 Insurance and financial risk management

Risk management objectives and policies for mitigating insurance risk

The Company's management of insurance risk is a critical aspect of the business. The objective is to select assets with duration and maturity value which matches the expected cash outflows from the insurance contracts claims.

The primary insurance activity carried out by the Company includes compensation of claims to persons or organizations – Company's' insurers, arising from the insured events. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under the contracts.

The Company manages its insurance risk through setting limits on amounts of insurance, approval procedures to accept the risks in insurance, pricing guidelines, procedures for application, assessment and decision regarding claims and centralized management of reinsurance.

Underwriting policy

The Company underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

The underwriting strategy is set out in an annual business plan that establishes the classes of business to be written, and the industry sectors in which the Company is prepared to underwrite. All general insurance contracts are annual in nature and the Company has the right to refuse renewal or to change the terms and conditions of the contract at renewal.

Reinsurance policy

The Company reinsures a portion of the insurance contracts in order to control its exposures to losses and protect capital resources.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

The Company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the insurance risk. In addition, the Company provides facultative reinsurance for certain specific insured risks. Facultative reinsurance is subject to pre-approval and the total expenditure on facultative reinsurance is regularly monitored.

The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company's management sets the minimum security criteria for acceptable reinsurance and monitors the purchase of reinsurance against those criteria. The Company's management also monitors the ongoing adequacy of the reinsurance programme. The Company utilizes a reinsurance agreement with non-affiliated reinsurers to control its exposure to losses resulting from one occurrence.

Assets/ liabilities matching

Assets covering technical provisions are those of the Company that serve to cover future liabilities arising from insurance contracts and possible losses in terms of those risks that the Company is obliged to set aside assets for covering technical provisions.

The Company actively manages its financial position using an approach that balances quality, diversification, liquidity and investment return, taking into consideration the limits prescribed by the Law on insurance supervision.

Presented below are assets/liabilities matching according to the local regulatory requirements, in relation to assets covering the technical provisions:

<i>In MKD</i>	2025	2024
Assets	395.599.924	422.087.648
Bank deposits and cash equivalents	1.023.090.680	787.625.449
Bonds and other securities guaranteed by RNM	226.680.224	203.106.101
Securities available-for-sale	76.090.101	70.732.698
Financial Investments for Trading	1.721.460.929	1.483.551.896
Liabilities (net technical reserves)		
Reserves for transferred premiums, net of the reinsurers part	560.150.498	532.038.789
Reserves for bonuses and discounts	11.932.081	9.065.101
Other technical reserves	638.170.575	577.888.183
Reserves for claims, net of the reinsurers part	1.210.253.153	1.118.992.072
	511.207.776	312.757.761
Asset / liability matching	2025	2024

Assets covering the technical reserves are calculated in accordance with the Rulebook on types and characteristics of assets covering the technical reserves and assets covering the mathematical reserves, as well as detailed placement and restriction of those investments and their valuation. In accordance with the Law on Insurance Supervision the Company is in compliance with prescribed indexes.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

Insurance against consequences of an accident (accident)

Characteristics

This type of insurance regulates the relation between the insurance parties in event of death as consequence of an accident, permanent disability (disability) as a consequence of an accident, impermanent disability to work and incurred health disorder that requires medical attention (medical expenses).

Risk Management

The elementary risks in this class of insurance are related with the type of operations of the prospective insurers, their age and gender. The biggest risk arises from the nature of this class of insurance that is unpredictable and happens unexpectedly.

The event causing damage usually happens unexpectedly and the cause of claim is easily determined. In this case the claim may be reported in delayed period, and it will be completed after treatment completion and finalization of the documentation. Accordingly, insurance against consequences of an accident (accident) is classified as long-term due to delayed time schedules.

Liability to third parties

Characteristics

The Company concludes insurance contracts for liability to third parties. Under these contracts compensation is paid for the occurrence of insured event. It may be of material or nonmaterial nature. The settlement period of the material claim is shorter than the period of the nonmaterial claim due to the nature of the claim.

The most of the insurance contracts with incurred material claim against liability to third parties are not subject to significant complexity so that the final outcome is less uncertain. For nonmaterial claims duration of the process of payment of claims from the reporting date of the claim to date of solving the same depends on several factors such as the nature of cover and the policy conditions.

Risk Management

Risks arising from liability of third parties are managed primarily through risk selection, appropriate investment strategy, estimation and reinsurance. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only risks which meet the Company's criteria are subject to insurance.

For liability contracts for nonmaterial claims, the key risk is the trend for courts to award higher levels of compensation which can significantly varies between court cases and courts.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

Property

Characteristics

The Company contracts property insurance in the Republic of North Macedonia. Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own property.

The event of damage to buildings or other property usually occurs unexpectedly (as for fire and burglary) and the cause is easily determinable. The claim will thus be promptly reported and can be settled without delay. Property insurance is classified as short-term, which means that increase in expenses and returns on investment are of minor importance.

Risk Management

The key risks associated with this product are insurance risk, competitive risk and claims experience risk (including the variable incidence of natural disasters).

The risk of these insurances is the risk that the Company may underestimate the insured risk. The risk on any policy will vary according to many factors such as location, safety measures and the characteristics of property. For insurance of property of individuals, it is expected that there will be large numbers of properties with similar risk profiles. However, for commercial business this will not be the case.

Many commercial property proposals comprise a unique combination of location, type of business, and safety measures in place. Calculating a premium commensurate with the risk for these policies will be subjective, and hence risky.

The Company reinsures risk of damage above the standard amount set aside by the Company.

Insurance of motor vehicles (Casco)

Characteristics

The Company concludes insurance contracts for vehicles on the Republic of North Macedonia. Fast payment protects the insured from loss of value of physical damage to vehicle and property at the time of occurrence of harmful events.

Risk Management

In general, claims reporting lags are minor, and claim complexity is relatively low, bearing moderate risk. The Company monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeal.

The frequency of claims is affected by adverse weather conditions. In addition, there is a correlation with the price of fuel and economic activity, which affect the amount of traffic activity.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

Health insurance

Characteristics

The Company concludes contracts for voluntary health insurance of insured persons in the territory of the Republic of North Macedonia. Voluntary health insurance covers all medical expenses of the insured, which include, but are not limited to, the following insured risks:

hospital treatment in private clinics, outpatient treatment of an aquatic or specialist health facilities, prescribed medication and preventive examinations.

Risk Management

The event that causes damage as a cause of damage is easily determined. In this case, the damage will be reported and can be resolved without delay.

The risk management of voluntary health insurance contracts is mainly done through risk selection, an appropriate investment strategy, assessment and reinsurance. The Company monitors and responds to changes in the general economic and commercial conditions in the environment in which it operates in order to ensure that only those risks that are in line with the Company's criteria are subject to insurance.

General responsibility

Characteristics

The Company concludes insurance contracts in the territory of the Republic of North Macedonia. Liability insurance covers the legal liability of the insured for damage caused, death, injury to the body or health, as well as damage or destruction of objects to a third party caused by a sudden and unexpected harmful event.

Risk Management

The risk of each individual policy will vary depending on a number of factors such as location, established security measures, and the characteristics of the entity and the type of activity of the entity. Risk management of liability insurance contracts is mainly done through risk selection, an appropriate investment, and valuation and reinsurance strategy. The Company monitors and responds to changes in the general economic and commercial conditions in the environment in which it operates in order to ensure that only those risks that are in line with the Company's criteria are subject to insurance.

Tourist assistance

Characteristics

Based on the insurance contracts, and depending on the type of insurance coverage, the Company provides services specified in the policy, arising from insured cases arising abroad and are associated with travel abroad, and healthcare and insurance, travel assistance and insurance, accident insurance, baggage insurance, business assistance and insurance, trip cancellation, additional insurance for ski package (with extra charge premiums) additional insurance against sport accidents (with extra charge premiums).

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

Risk Management

The frequency of these claims is directly related to the travel of insurers and the number of reported claims is higher during summer period.

The event causing claim usually is easily determined. In this case the claim will be reported and can be resolved without delays. Accordingly, the travel insurance is classified as short-term, which means that increase in expenses and returns on investment are of minor importance.

Claims development

Run off analysis is especially for provision for incurred and reported claims and provision for incurred but not reported claims, as well as on cumulative basis, is done in accordance with the Rulebook for minimum standards for the calculation of technical provision, that has been applied since 01 January 2011.

Concentrations of insurance risks

A key aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk which may exist where a particular harmful event could impact significantly upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it may arise from the accumulation of risks within a number of individual insurance classes.

Geographic and sector concentrations

The risks underwritten by the Company are located in the Republic of North Macedonia. The management believes that the Company has no significant concentrations of exposure to any group of policyholders measured by social, professional, age or similar criteria. These risks are managed through contracts for reinsurance. The Company enters into reinsurance contracts, as they are - excess of loss coverage over the following classes of insurance: property and liability to third parties as well as full reinsurance of individual classes of insurance which provides protection against total risk. The Company assesses the costs and benefits associated with the reinsurance programme on a regular basis.

Interest rate risk

The Company's exposure on interest rate risk is concentrated in the investment in securities portfolio.

The liabilities from insurance contracts are short-term and the interest rate risk is mitigated by investing in debt instruments that are mostly fixed-income (government bonds and bills).

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

The short-term liabilities for insurance and reinsurance are not directly sensitive on the market interest rates due to their non-interest bearing character.

The structure of assets and liabilities is given by residual maturity at the reporting dates.

Notes to the financial statements (continued)

As at and for the year then ended on 31 December 2025

As at 31 December 2025

In MKD	Total	Instruments with variable interest rate	Instruments with fix interest rate					Non-interest
			To 1 month	1 – 3 months	3 – 12 months	1 – 5 years	More than 5 years	
Assets								
Debt securities held to maturity	1.090.752.767	-	-	-	39.382.113	167.748.521	883.622.133	-
Trading Securities	76.090.101	-	-	-	-	-	-	76.090.101
Securities available-for-sale	226.680.224	-	-	-	-	-	-	226.680.224
Time deposits	360.932.039	-	-	-	357.000.000	-	-	3.932.039
Investments in joint controlled entities	14.342.455	14.342.455	-	-	-	-	-	-
Insurance receivables and other receivables from direct works	828.779.144	-	-	-	-	-	-	828.779.144
Cash and cash equivalents	34.667.885	-	-	-	-	-	-	34.667.885
Reinsurance assets	723.910.331	-	-	-	-	-	-	723.910.331
Liabilities								
Liabilities	(81.516.132)	-	-	-	-	-	-	81.516.132
	3.274.638.814	14.342.455	-	-	396.382.113	167.748.521	883.622.133	1.975.575.856

As at 31 December 2024

In MKD

Assets	852.487.292	-	-	-	-	164.046.466	688.440.826	-
Debt securities held to maturity	70.732.698	-	-	-	-	-	-	70.732.698
Securities available-for-sale	203.106.101	-	-	-	-	-	-	203.106.101
Time deposits	435.366.136	56.000.000	-	-	162.000.000	190.000.000	-	27.366.136
Investments in joint controlled entities	14.283.117	14.283.117	-	-	-	-	-	-
Insurance receivables and other receivables from direct works	396.109.694	-	-	-	-	-	-	396.109.694
Cash and cash equivalents	14.087.647	-	-	-	-	-	-	14.087.647
Reinsurance assets	159.038.419	-	-	-	-	-	-	159.038.419
Liabilities								
Liabilities	(29.595.903)	-	-	-	-	-	-	(29.595.903)
	2.115.615.201	70.283.117	-	-	162.000.000	354.046.466	688.440.826	840.844.792

1.4 Insurance and financial risk management (continued)

Sensitivity analysis of interest rates

Sensitivity analysis is determined based on the Company's exposure to changing interest rates on financial instruments at the Balance sheet date. As at 31 December 2025, if interest rates are 200 basis points higher/lower, and the other variables constant, the profit before tax of the Company for the year ended 31 December 2025 will be decreased/increased by approximately 35.375.952 MKD (2024: 31.519.507 MKD).

Credit risk

The Company is exposed to credit risk, which is the risk that the counterparties may not be able to pay the amounts in full when they are due. To control exposure to credit risk, the Company performs ongoing credit evaluations of the financial condition of these counterparties on a regular basis.

Insurance receivables

The Company is exposed to credit risk in the event where its customers from the provision of insurance services fail to meet their payment obligations. The Company's exposure to credit risk is limited to the carrying value of premium and other receivables. The premium receivables are owed by a large number of customers on normal credit terms and therefore there is minimal concentration of credit risk. The Company monitors premium receivables on an ongoing basis with the result that the Company's exposure to bad debts is controlled. Analysis of the age structure of due trade receivables for unpaid premiums is presented in Note 2.7.

Reinsurance assets

The Company has exposure to credit risk in relation to its reinsurance assets. Reinsurance is placed with high rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. The management of the Company performs assessment of the creditworthiness of reinsurers to update reinsurance strategy.

Securities available-for-sale and securities held to maturity

The Company is exposed to credit risk in respect of securities available-for-sale and securities held to maturity in terms of possible bad debts from other parties.

However, taking into account that the Company invests in government bonds, investment funds, listed companies and term deposits in domestic banks is not expected these investments will not be recovered.

Maximum exposure to credit risk

The maximum exposure of the Company to credit risk is limited to the carrying amount of the financial assets recognized at the date of the financial statement, which are presented in the following table:

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

In MKD	2025	2024
Financial investments available-for-sale	226.680.224	203.106.101
Debt securities held to maturity	1.090.752.767	852.487.292
Term deposits	360.932.039	435.366.136
Investments in jointly controlled entities	14.342.455	14.283.117
Reinsurance assets	723.910.331	159.038.419
Receivables from insureds and other receivables from direct operations	828.779.144	396.109.693
Cash and cash equivalents	34.667.885	14.087.648
	3.280.064.845	2.074.478.406

In terms of receivables from insureds and other receivables from direct operations the amount of 828.779.144 MKD (2024: 396.109.694 MKD) is included in undue receivables regarding which adjusted value is recorded amounting to 763.099 (2024: 713.307 MKD) pursuant to requirements set in the Rulebook on the Method of Valuation of Balance Sheet. Remaining amount of 709.644.329 MKD (2024: 272.224.492 MKD) represent undue, undepreciated receivables.

The Company does not take collaterals for securing the financial assets.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

Foreign exchange risk

The Company is exposed to risk in relation to the effects of fluctuations in the prevailing exchange rates that reflect the financial position and cash flow. The Company does not use hedging financial instruments due to the fact that these types of instruments are not in common use in the Republic of North Macedonia.

31 December 2025	MKD	EUR	USD	CHF	Other currencie	in MKD Total
Total assets	2.698.851.466	831.171.317	35.386.578	1.104.622		3.566.513.983
Investments	1.625.045.400	107.260.986	35.386.578	1.104.622	-	1.768.797.586
Part of co-insurance and reinsurance in the gross technical reserves	-	723.910.331	-	-	-	723.910.331
Financial investments for which the insured assumes the investment risk (insurance contracts)	-	-	-	-	-	-
Current and deferred tax assets	462.370	-	-	-	-	462.370
Receivables	828.779.144	-	-	-	-	828.779.144
Other Assets	87.591.246	-	-	-	-	87.591.246
Prepaid Expenses	156.973.307	-	-	-	-	156.973.307
Total liabilities	2.662.426.439	-	-	-	-	2.662.426.439
Subordinated liabilities	-	-	-	-	-	-
Gross technical reserves	1.934.163.484	-	-	-	-	1.934.163.484
Gross technical reserves of contracts in which the insured assumes the investment risk	-	-	-	-	-	-
Other reserves	7.855.302	-	-	-	-	7.855.302
Current and deferred tax liabilities	7.620.675	-	-	-	-	7.620.675
Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts	-	-	-	-	-	-
Liabilities from direct insurance, co-insurance and reinsurance, and other payables	81.516.132	-	-	-	-	81.516.132
Accruals	631.270.846	-	-	-	-	631.270.846
Difference – unreconciled currency structure	36.425.027	831.171.317	35.386.578	1.104.622	-	904.087.544

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

31 December 2024	MKD	EUR	USD	CHF	Other currencie -	In MKD Total
Total assets	1.916.337.755	339.151.443	33.933.108	1.034.664	-	2.290.456.970
Investments	1.360.894.547	180.113.024	33.933.108	1.034.664	-	1.575.975.343
Part of co-insurance and reinsurance in the gross technical reserves	-	159.038.419	-	-	-	159.038.419
Financial investments for which the insured assumes the investment risk (insurance contracts)	-	-	-	-	-	-
Current and deferred tax assets	432.010	-	-	-	-	432.010
Receivables	396.109.694	-	-	-	-	396.109.694
Other Assets	29.764.763	-	-	-	-	29.764.763
Prepaid Expenses	129.136.741	-	-	-	-	129.136.741
Total liabilities	1.494.937.314	7.501.396	134.543	-	-	1.502.573.253
Subordinated liabilities	-	-	-	-	-	-
Gross technical reserves	1.278.030.491	-	-	-	-	1.278.030.491
Gross technical reserves of contracts in which the insured assumes the investment risk	-	-	-	-	-	-
Other reserves	14.273.194	-	-	-	-	14.273.194
Current and deferred tax liabilities	3.738.893	-	-	-	-	3.738.893
Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts	-	-	-	-	-	-
Liabilities from direct insurance, co-insurance and reinsurance, and other payables	21.959.964	7.501.396	134.543	-	-	29.595.903
Accruals	176.934.772	-	-	-	-	176.934.772
Difference – unreconciled currency structure	421.400.440	331.650.047	33.798.565	1.034.664	-	787.883.717

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

Liquidity risk

The major liquidity risk confronting the Company is the daily call on its available cash resources in respect of claims arising from insurance contracts.

The Company owns / maintains a highly satisfactory level of funds at all time, for payment of matured liabilities for payment and potential liabilities as they fall due.

The Company manages the liquidity risk abiding by the legal regulations and the internally prescribed policies, regularly monitoring liquidity indicators. The Company plans expected (certain and uncertain) inflows and outflows of financial assets on a regular basis. To this end, the Company prepares monthly plans of expected inflows and outflows of financial assets – a Report on a monthly plan of expected inflows and outflows of assets. Liquidity Risk Management Commission is in charge of the goals of planning the inflows and outflows of assets. The Commission reports to the Company's Management Board on its operations.

The Commission meets at least once in a month and prepares a Report on a monthly plan of expected inflows and outflows of assets for the upcoming month. It is the Director of Financial Department that submits the Report to the President of the Management Board the following work day at the latest.

For the purpose of monitoring the inflows and outflow of the financial assets, the Company makes daily estimates the amount of liquid assets, amount of liabilities due or payable within seven days and liquidity ratio.

Liquidity gaps occur due to the Company's preference to invest in long-term investments with higher yields, which, in case there is a need of liquid assets can quickly be converted into money.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

31 December 2025	Up to 1 year	1-3 years	3-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total
Total Assets	2.515.143.333	127.724.693	40.023.828	216.776.500	605.626.910	-	61.218.723	3.566.513.987
Investments	717.426.936	127.724.693	40.023.828	216.776.500	605.626.910	-	61.218.723	1.768.797.590
Part of co-insurance and reinsurance in the gross technical reserves	723.910.331	-	-	-	-	-	-	723.910.331
Financial investments for which the insured assumes the investment risk (insurance contracts)	-	-	-	-	-	-	-	-
Current and deferred tax assets	462.370	-	-	-	-	-	-	462.370
Receivables	828.779.144	-	-	-	-	-	-	828.779.144
Other Assets	87.591.246	-	-	-	-	-	-	87.591.246
Prepaid Expenses	156.973.307	-	-	-	-	-	-	156.973.307
Total Liabilities	2.662.426.439	-	-	-	-	-	-	2.662.426.439
Subordinated liabilities	-	-	-	-	-	-	-	-
Gross technical	1.934.163.484	-	-	-	-	-	-	1.934.163.484
Gross technical provisions of contracts in which the insured assumes the investment risk	-	-	-	-	-	-	-	-
Other reserves	7.855.302	-	-	-	-	-	-	7.855.302
Current and deferred tax liabilities	7.620.675	-	-	-	-	-	-	7.620.675
Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts	-	-	-	-	-	-	-	-
Liabilities from direct insurance, co-insurance and reinsurance, and other payables	81.516.132	-	-	-	-	-	-	81.516.132
Accruals	631.270.846	-	-	-	-	-	-	631.270.846
Difference – unreconciled age structure	(147.283.106)	127.724.693	40.023.828	216.776.500	605.626.910	-	61.218.723	904.087.548

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

31 December 2024	Up to 1 year	1-3 years	3-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total
Total Assets	1.268.765.754	248.372.124	84.878.267	167.501.026	459.720.723	-	61.219.077	2.290.456.971
Investments	554.284.127	248.372.124	84.878.267	167.501.026	459.720.723	-	61.219.077	1.575.975.344
Part of co-insurance and reinsurance in the gross technical reserves	159.038.419	-	-	-	-	-	-	159.038.419
Financial investments for which the insured assumes the investment risk (insurance contracts)	-	-	-	-	-	-	-	-
Current and deferred tax assets	432.010	-	-	-	-	-	-	432.010
Receivables	396.109.694	-	-	-	-	-	-	396.109.694
Other Assets	29.764.763	-	-	-	-	-	-	29.764.763
Prepaid Expenses	129.136.741	-	-	-	-	-	-	129.136.741
Total Liabilities	1.502.573.253	-	-	-	-	-	-	1.502.573.253
Subordinated	-	-	-	-	-	-	-	-
Gross technical	1.278.030.491	-	-	-	-	-	-	1.278.030.491
Gross technical provisions of contracts in which the insured assumes the investment risk	-	-	-	-	-	-	-	-
Other reserves	14.273.194	-	-	-	-	-	-	14.273.194
Current and deferred tax liabilities	3.738.893	-	-	-	-	-	-	3.738.893
Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts	-	-	-	-	-	-	-	-
Liabilities from direct insurance, co-insurance and reinsurance, and other payables	29.595.903	-	-	-	-	-	-	29.595.903
Accruals	176.934.772	-	-	-	-	-	-	176.934.772
Difference – unreconciled age structure	(233.807.499)	248.372.124	84.878.267	167.501.026	459.720.723	-	61.219.077	787.883.718

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

Capital management

The Insurance Supervision Agency is a main regulatory body that monitors the capital adequacy of the Company as a whole. The Company is directly supervised by the regulatory body.

Company's capital

The Company's capital according the legislative requirements is consisted of core and additional capital and is calculated as follows:

When calculating the core capital of the Company, the following items are taken into considerations:

- Paid-in shareholders' capital excluding the paid-in shareholders' capital from cumulative preference shares;
- Reserves of the Company (legal and statutory) which do not arise from insurance contracts;
- Retained earnings carried forward;
- Retained earnings from the current year (after taxation and other contributions and the dividend payable), if the amount of the profit has been verified by a certified auditor.

When calculating the core of the Company for insurance, the following items are considered as deductible:

- Treasury shares own by the Company;
- Long-term intangible assets;
- Uncovered loss and loss from the current year carried forward.

The insurance Company is required to set aside reserves not less than one third of the profit shown in the annual accounts unless the profit is used to cover previous years' losses, until the level of the Company's safety provisions reaches 50% of the average insurance premiums collected over the last two years, whereby previous years' premiums are increased for the value of the retail price index growth, inclusive of the year for which the profit is distributed.

When calculating the additional capital of the insurance undertaking, the following items are taken into consideration:

- paid-up share capital from cumulative preference shares;
- subordinate debt instruments;
- securities with unlimited maturity;

When calculating the capital of the Company, the additional capital referred above is taken into consideration only up to the amount not higher than 50% of the core capital.

When calculating the capital of the Company, the amounts of core and additional capital shall be reduced by the following items:

- Investment made by the Company into shares or subordinate debt instruments issued by another insurance undertaking or other financial institution in which the Company holds a share of more than 10%, as well as other investments in those entities, which are included in the calculation of the respective capital of those entities;
- Investment made by the Company into shares or subordinate debt instruments issued by another insurance undertaking or other financial institution other than those referred above, which exceed 10% of the capital of the insurance undertaking calculated prior to the deduction of the items listed above.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)

Guarantee Fund of the Company

According to the requirements of the Law on insurance supervision the Guarantee Fund must not be less than one third of the required level of solvency margin of the Company. Also, the guarantee fund shall not be less than EUR 3.000.000 if the Company performs insurance operations in all classes of insurance in the group of non-life insurance. As at 31 December 2025 and 2024 the Company is in compliance with these legal requirements.

Required solvency margin

The capital of the insurance company engaged in non-life insurance and / or reinsurance at any time should be at least equal to the required level of solvency margin of the insurance company that is calculated using the Premium Rate Method and the Claims Rate Method, depending on which method provides a higher result.

The solvency margin for the year ended 31 December 2025 amounts to 327.096.166 MKD (2024: 243.499.156 MKD).

The Company's management policy is to maintain stability in the capital of the Company to maintain investor's confidence, market and to support future business development. Management of the Company monitors the return on equity, defined as earnings from operations. The Company also takes into consideration the impact that the level of capital has on the return to shareholders and the need to maintain a ratio between higher returns and security provided by a strong capital position.

The Company is not exposed to external influences on changes in equity. During the year there were no materially significant changes in the approach of the Company referring to the capital management.

In addition, such a determined solvency margin level secures compliance with the provision set in the Law, pursuant to which "equity of the insurance company shall be at any time at least equal to the company's required solvency margin level."

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4 Insurance and financial risk management (continued)
Capital management (continued)
Solvency Margin Required Level 2025:

in MKD

Description	Item	Non-life insurance except health		Health insurance to		Non-life insurance except	
		Current year	Previous year	Current	Previous	Current year	Previous year
Gross written premium	1	2.138.168.952	1.490.669.100				
Gross written premium < 10 mil Eur x 0.18	2	110.691.000	110.691.000				
Gross written premium > 10 mil Eur x 0.16	3	243.715.032	140.115.056				
Gross written premium < 10 mil Eur x 18/300	4			0	0		
Gross written premium > 10 mil Eur x 16/300	5			0	0		
Total amount of Gross written premium ([6]=[2] + [3] or [6]=[4] + [5])	6	354.406.032	250.806.056	0	0		
Gross paid claims	7	563.581.914	524.600.375			563.581.914	524.600.375
Net paid claims	8	520.153.345	509.316.842			520.153.345	509.316.842
Coefficient ([9]=[8]/[7] or 0.50, if smaller)	9	0,92	0,97	0,00	0,00	0,92	0,97
Solvency margin - Premium rate method ([10]= [6]*[9])	10	327.096.166	243.499.156	0	0		
Reference period (in years)	11	3	3			7	7
Gross paid claims in the reference period	12	1.530.117.314	1.339.801.460			0	0
Gross claim reserves at the end of the reference period	13	704.048.227	632.844.808			0	0
Gross claim reserves at the beginning of the reference period	14	544.563.497	595.545.814				0
Gross incurred claims ([15]=[12] + [13] - [14])/[11])	15	563.200.681	459.033.485	0	0	0	0
Gross incurred claims < 7 mil Eur x 0,26	16	111.920.900	111.920.900			0	0
Gross incurred claims > 7 mil Eur x 0,23	17	30.529.207	6.570.751			0	0
Gross incurred claims < 7 mil Eur x 26/300	18			0	0		
Gross incurred claims > 7 mil Eur x 23/300	19			0	0		
Total amount of Gross incurred claims ([20]=[16] + [17] or [20]=[18] + [19])	20	142.450.107	118.491.651	0	0	0	0
Solvency margin - Claim rate method ([21]= [20]*[9])	21	131.473.168	115.039.555	0	0	0	0
Required level of solvency margin ([22]=max([10],[21]))	22	327.096.166	243.499.156	0	0		

Description	Item	Current year	Previous year
Final calculation of required level of solvency margin	1	327.096.166	243.499.156

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

Solvency Margin Required Level 2024:

in MKD

Description	Item	Non-life insurance except health		Health insurance to which the		Non-life insurance except health	
		Current year	Previous year	Current year	Previous year	Current year	Previous year
Gross written premium	1	1.490.669.100	1.335.630.347				
Gross written premium < 10 mil Eur x 0.18	2	110.691.000	110.691.000				
Gross written premium > 10 mil Eur x 0.16	3	140.115.056	115.308.856				
Gross written premium < 10 mil Eur x 18/300	4			0	0		
Gross written premium > 10 mil Eur x 16/300	5			0	0		
Total amount of Gross written premium ((6)=[2] + [3] or [6]=[4] + [5])	6	250.806.056	225.999.856	0	0		
Gross paid claims	7	524.600.375	441.935.025			524.600.375	441.935.025
Net paid claims	8	509.316.842	441.518.764			509.316.842	441.518.764
Coefficient ((9)=[8]/[7] or 0.50, if smaller)	9	0,97	1,00	0,00	0,00	0,97	1,00
Solvency margin - Premium rate method ((10)=[6]*[9])	10	243.499.156	225.786.985	0	0		
Reference period (in years)	11	3	3			7	7
Gross paid claims in the reference period	12	1.339.801.460	1.177.248.906			0	0
Gross claim reserves at the end of the reference period	13	632.844.808	595.545.814			0	0
Gross claim reserves at the beginning of the reference period	14	595.545.814	510.490.101			0	0
Gross incurred claims ((15)=[12] + [13] - [14])/[11])	15	459.033.485	420.768.206	0	0	0	0
Gross incurred claims < 7 mil Eur x 0,26	16	111.920.900	109.399.734			0	0
Gross incurred claims > 7 mil Eur x 0,23	17	6.570.751	0			0	0
Gross incurred claims < 7 mil Eur x 26/300	18			0	0		
Gross incurred claims > 7 mil Eur x 23/300	19			0	0		
Total amount of Gross incurred claims ((20)=[16] + [17] or [20]=[18] + [19])	20	118.491.651	109.399.734	0	0	0	0
Solvency margin - Claim rate method ((21)=[20]*[9])	21	115.039.555	109.296.689	0	0	0	0
Required level of solvency margin ((22)=max([10],[21]))	22	243.499.156	225.786.985	0	0		

Description	Item	Current year	Previous year
Final calculation of required level of solvency margin	1	243.499.156	225.786.985

The policy of the Company's Management is to maintain the stability of the Company's capital and keep the confidence given by the investors and by the market and to support the future development of the business. The Company monitor the return on equity, defined as profit from regular operations. The Company also takes into account the influence of the level of capital on the shareholders' return, as well as the need to maintain the ration between high returns and security afforded by the sound capital position.

The Company is not exposed to external influences on changes in equity. During the year there were no materially significant changes in the approach of the Company referring to the capital management.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4. Calculation of Capital (continued)

Calculation of Capital 2025:

Description	No of position	Amount
Basic capital, article 69 (I1+I2+I3+I4+I5-I6-I7-I8-I9-I10-I11-I12-I13)	I	759.838.695
Paid in share capital excluding the share capital of the cumulative priority stocks	I1	195.326.080
Premiums from issuance of ordinary shares	I2	-
Legal and statutory reserves	I3	315.708.431
Accumulated undistributed profit	I4	254.393.196
Undistributed profit from current year	I5	-
Personal stocks owned by the insurance company (treasury shares)	I6	-
Long term intangible assets	I7	5.459.850
Accumulated uncovered losses and loss from current year	I8	-
Unrealized losses from AFS equity investments measured at fair value	I9	129.162
Unrealized losses from valuation of AFS financial instruments	I10	-
Net negative revaluation reserves and other differences from valuation arising from investments in associated companies or joint ventures valued at equity valuation method	I11	-
Other deductible items arising from incompliance with limits for investments of capital funds, as prescribed in article 73 from Law on insurance supervision	I12	-
Additional capital, article 71 (II1+II2+II3+II4+II5+II6), if not greater than 50% of basic capital	II	647.509
Paid in share capital from cumulative priority stocks	II1	-
Premium from issues cumulative priority shares	II2	-
Subordinated debt instruments	II3	-
Securities with undefined maturity	II4	-
Unrealized gains from revaluation of AFS equity instruments measured at fair value	II5	647.509
Unrealized gains from revaluation of AFS debt instruments measured at fair value	II6	-
Total basic and additional capital I.+II.	III	760.486.204
Deductible items , article 72 (IV1+IV2)	IV	-
Investments in shares in legal entities from article 72 of the Law	IV1	-
Investments in subordinated debts and other investments in legal entities from article 72 of the Law for Insurance Supervision	IV2	-
EQUITY I + II - IV	V	760.486.204

Required level of solvency margin (non-life insurance companies)	VI1	327.096.166
Required level of solvency margin (life insurance companies)	VI2	-
Equity	VI3	760.486.204
Guarantee fund*	VI4	184.485.000
Surplus/deficit of Equity compared to Guarantee Fund (VI5 = VI3 - VI4)	VI5	576.001.204
Surplus/deficit of Equity (for non-life) compared to required level of solvency margin (for non-life insurance companies)(VI6 = VI3 - VI1)	VI6	433.390.038
Surplus/deficit of Equity (for life) compared to required level of solvency margin (for life insurance companies)(VI7 = VI3 - VI2)	VI7	-

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4. Calculation of Capital (continued)

Calculation of Capital 2024:

		<i>in</i>	<i>MKD</i>
Description	No of position	Amount	
Basic capital, article 69 (I1+I2+I3+I4+I5-I6-I7-I8-I9-I10-I11-I12-I13)	I		694.234.129
Paid in share capital excluding the share capital of the cumulative priority stocks	I1		195.326.080
Premiums from issuance of ordinary shares	I2		-
Legal and statutory reserves	I3		283.108.001
Accumulated undistributed profit	I4		219.192.336
Undistributed profit from current year	I5		-
Personal stocks owned by the insurance company (treasury shares)	I6		-
Long term intangible assets	I7		2.101.315
Accumulated uncovered losses and loss from current year	I8		-
Unrealized losses from AFS equity investments measured at fair value	I9		1.290.973
Unrealized losses from valuation of AFS financial instruments	I10		-
Net negative revaluation reserves and other differences from valuation arising from investments in associated companies or joint ventures valued at equity valuation method	I11		-
Other deductible items arising from incompliance with limits for investments of capital funds, as prescribed in article 73 from Law on insurance supervision	I12		-
Additional capital, article 71 (II1+II2+II3+II4+II5+II6), if not greater than 50% of basic capital	II		317.659
Paid in share capital from cumulative priority stocks	II1		-
Premium from issues cumulative priority shares	II2		-
Subordinated debt instruments	II3		-
Securities with undefined maturity	II4		-
Unrealized gains from revaluation of AFS equity instruments measured at fair value	II5		317.659
Unrealized gains from revaluation of AFS debt instruments measured at fair value	II6		-
Total basic and additional capital I.+II.	III		694.551.788
Deductible items , article 72 (IV1+IV2)	IV		-
Investments in shares in legal entities from article 72 of the Law	IV1		-
Investments in subordinated debts and other investments in legal entities from article 72 of the Law for Insurance Supervision	IV2		-
EQUITY I + II - IV	V		694.551.788

Required level of solvency margin (non-life insurance companies)	VI1		243.499.156
Required level of solvency margin (life insurance companies)	VI2		-
Equity	VI3		694.551.788
Guarantee fund*	VI4		184.485.000
Surplus/deficit of Equity compared to Guarantee Fund (VI5 = VI3 -VI4)	VI5		510.066.788
Surplus/deficit of Equity (for non-life) compared to required level of solvency margin (for non-life insurance companies)(VI6 = VI3 - VI1)	VI6		451.052.632
Surplus/deficit of Equity (for life) compared to required level of solvency margin (for life insurance companies)(VI6 = VI3 - VI1)	VI7		-

*Guarantee Fund is defined in article 77 of the Law and represents 1/3 of required level of solvency margin, and can not be lower than the amount prescribed in article 77, paragraph (3) of the Law

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4. Calculation of Capital (continued)

Sensitivity analysis

The Company has estimated the impact of changes in certain key variables on the profit for the year, equity and the coverage coefficient.

Compared with the current equity position of the equity, profit for the year, equity, coverage index and solvency with own capital as at 31 December 2025 and 31 December 2024 is shown in the table below.

Sensitivity analysis

31 December 2025	Profit for the period	Equity and reserves	Required level of solvency margin	Coverage index	Change in coverage index.
Current equity position	143.566.727	909.606.636	327.096.166	278%	
Investment yield (+2%)	178.942.678	944.982.587	327.096.166	289%	11%
Investment yield (-2%)	108.190.775	874.230.684	327.096.166	267%	-22%
5% decrease in claims incurred	114.877.739	880.917.648	327.096.166	269%	2%
5% increase in claims incurred	172.255.715	938.295.624	327.096.166	287%	18%
2% decrease in admin. and insurance provision expenses	136.950.249	902.990.158	327.096.166	276%	-11%
2% increase in admin. and insurance provision expenses	150.183.204	916.223.113	327.096.166	280%	4%

31 December 2024	Profit for the period	Equity and reserves	Required level of solvency margin	Coverage index	Change in coverage index.
Current equity position	97.801.290	794.623.198	243.499.156	326%	
Investment yield (+2%)	129.320.797	826.142.705	243.499.156	339%	-2%
Investment yield (-2%)	66.281.783	763.103.691	243.499.156	313%	-26%
5% decrease in claims incurred	70.049.605	766.871.513	243.499.156	315%	2%
5% increase in claims incurred	125.552.975	822.374.883	243.499.156	338%	23%
2% decrease in admin. and insurance provision expenses	91.579.140	788.401.048	243.499.156	324%	-14%
2% increase in admin. and insurance provision expenses	104.023.440	800.845.348	243.499.156	329%	5%

The results from all simulations show good level of capitalization of the Company. Any potential change in investment income has the most significant impact on the profit for the period, equity and the coverage index.

This analysis has been prepared for a change in one variable with other assumptions remaining constant. It should be noted that the information in the table above has been produced using a deterministic approach, so is a distribution free analysis with no correlations between the key variables.

Where variables are considered to be non-material, no impact has been assessed for insignificant changes to these variables. Particular variables may not be considered material

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4. Calculation of Capital (continued)

at present, but if the materiality level of an individual variable change, assessment of changes to that variable in the future may be required.

Fair value

Financial instruments recognized at fair value

The financial assets measured according to the fair value in the statement of financial position are further categorized in accordance with the hierarchy of the fair value are shown in the next table. This hierarchy groups the financial assets and liabilities into three levels that are based on the significance of the incoming data used during the measurement of the fair value of the financial assets. Fair value hierarchy is as follows:

- Level 1: quoted prices (not adjusted) on the active markets for identical assets or liabilities;
- Level 2: other incoming data, aside from the quoted prices, included in Level 1 which are available for asset or liability observing, directly (i.e. as prices), or indirectly (i.e. made of prices) and
- Level 3: incoming data on the asset or liability that are not based on data available for market observing.

The financial assets that are recognized according to their fair values in the Statement of financial position are grouped according to the hierarchy level of the fair value, as follows:

2025	Level 1	Level 2	Level 3	Total
Assets				
Financial investments available-for-sale	-	226.680.224	-	226.680.224
Financial investments for trading	76.090.101	-	-	76.090.101
2024	Level 1	Level 2	Level 3	Total
Assets				
Financial investments available-for-sale	-	203.106.101	-	203.106.101
Financial investments for trading	70.732.698	-	-	70.732.698

Financial investments available-for-sale consists of investments in shares of companies listed on the Macedonian Stock Exchange and investments in stakes in investments funds. They are recognized at fair value based on their market price at the reporting date.

Financial investments for trading consists of investments in securities whose issuer is a country or a foreign legal entity from a European Union Member State or OECD, which are acquired for trading and which are classified at the initial recognition by the Company's financial investments at fair value through profit and loss.

They are recognized at fair value based on their market price at the reporting date.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4. Calculation of Capital (continued)

Financial instruments not carried at fair value

The following table summarizes the difference between the carrying values and the fair values to those financial assets and liabilities that are not recognized in the Balance Sheet at their fair value:

	2025		2024	
	Total carrying value	Total fair value	Total carrying value	Total fair value
Assets				
Debt securities held to maturity	1.090.752.767	1.090.752.767	852.487.292	852.487.292
Time deposits	360.932.039	360.932.039	435.366.136	435.366.136
Investments in joint controlled entities	14.342.455	14.342.455	14.283.117	14.283.117
Reinsurance assets	723.910.331	723.910.331	159.038.419	159.038.419
Insurance receivables and other receivables from direct works	828.779.144	828.779.144	396.109.694	396.109.694
Cash and cash equivalents	34.667.885	34.667.885	14.087.647	14.087.647
Total Assets	3.053.384.621	3.053.384.621	1.871.372.305	1.871.372.305
Liabilities	81.516.132	81.516.132	29.595.903	29.595.903
Total Liabilities	81.516.132	81.516.132	29.595.903	29.595.903

Assumptions used for determining the fair value of financial assets and liabilities

In view of the fact that there is no enough market experience and liquidity for buying and sellening financial assets and liabilities, as well as having mind that there are no market information published on disclosures related to fair value of the financial assets and liabilities, the Company applied the technics of the analysis of discounted cash flows. With this valuation technics, interest rate for similar financial instruments are applied with a view to obtaining relevant assessment of prices of current market transactions.

There is no significant discrepancy at short-term receivables and payables do not show significant divergence from their accounting values with respect to their fair value.

The fair value of financial assets is similar to their accounting book value, decreased by impairment made.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2025

1.4. Calculation of Capital (continued)

Financial instruments by category

	Loans and receivables	Held to maturity	Available- for-sale	Trading investments	Total
31 December 2025					
Assets according to the Statement of financial position					
Financial investments available- for-sale	-	-	226.680.224	-	226.680.224
Debt securities held to maturity	-	1.090.752.767	-	-	1.090.752.767
Deposits, loans and other placements	360.932.039	-	-	-	360.932.039
Financial investments for trading	-	-	-	76.090.101	76.090.101
Investments in joint controlled entities	14.342.455	-	-	-	14.342.455
Reinsurance assets	723.910.331	-	-	-	723.910.331
Insurance receivables and other receivables from direct works	828.779.144	-	-	-	828.779.144
Cash and cash equivalents	34.667.885	-	-	-	34.667.885
	1.962.631.854	1.090.752.767	226.680.224	76.090.101	3.356.154.946

	Liabilities at fair value through profits and losses	Other financial liabilities	Total
Liabilities according to the Statement of financial position			
Liabilities	-	81.516.132	81.516.132
	-	81.516.132	81.516.132

	Loans and receivables	Held to maturity	Available- for-sale	Trading investments	Total
31 December 2024					
Assets according to the Statement of financial position					
Financial investments available- for-sale	-	-	203.106.101	-	203.106.101
Debt securities held to maturity	-	852.487.292	-	-	852.487.292
Deposits, loans and other placements	435.366.136	-	-	-	435.366.136
Financial investments for trading	-	-	-	70.732.698	70.732.698
Investments in joint controlled entities	14.283.117	-	-	-	14.283.117
Reinsurance assets	159.038.419	-	-	-	159.038.419
Insurance receivables and other receivables from direct works	396.109.694	-	-	-	396.109.694
Cash and cash equivalents	14.087.647	-	-	-	14.087.647
	1.018.885.013	852.487.292	203.106.101	70.732.698	2.145.211.104

	Liabilities at fair value through profit and loss	Other financial liabilities	Total liabilities
Liabilities according to the Statement of financial position			
Liabilities	-	29.595.903	29.595.903
	-	29.595.903	29.595.903

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet)
As at and for the year ended 31 December 2025
(All amounts expressed in Denar, unless otherwise stated)

2. Information and disclosures to the Statement of financial position (Balance Sheet)

2.1. Intangible assets

	Software	Intangible assets under preparation	Total
Costs			
As at 01 January 2024	25.642.518	2.271.209	27.913.727
Purchase/sell (net)	686.178	2.366.956	3.053.134
As at 31 December 2024	26.328.696	4.638.165	30.966.861
Purchase/sell (net)	898.973	-	898.973
Transfer from intangible assets under preparation	4.578.923	(4.578.923)	-
As at 31 December 2025	31.806.592	59.242	31.865.834
Accumulated amortization			
As at 01 January 2024	23.176.271	-	23.176.271
Amortization for the year	1.051.110	-	1.051.110
As at 31 December 2024	24.227.380	-	24.227.380
Amortization for the year	2.119.362	-	2.119.362
As at 31 December 2025	26.346.742	-	26.346.742
Net carrying value			
As at 31 December 2024	2.101.315	4.638.165	6.739.480
As at 31 December 2025	5.459.850	59.242	5.519.092

2.2. Land, buildings and other assets not used in the main business operations

As at 31 December 2025 and 2024, the Company has no investments in land, buildings and other assets not used in the main business operations.

2.3. Investments in jointly controlled entities

As at 31 December 2025, investments in jointly controlled entities are to the amount of 14.282.455 MKD (2024: 14.238.117 MKD) relates to the founders share in National Insurance Bureau in accordance with the requirements of the Law on Insurance Supervision of the Republic of North Macedonia. National Insurance Bureau is a non-profit organization

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2025

(All amounts expressed in Denar, unless otherwise stated)

2.3. Investments in jointly controlled entities (continued)

founded by all domestic insurance companies whose purpose is to protect the interests of its members in international insurance of motor vehicles and represents members in front of the international insurance companies. Investments in joint controlled entities are invested interest bearing deposits held in a separate bank account. National Insurance Bureau is obliged not to invest and to return the deposit to each member in case of termination of their operations with insurance of motor vehicles.

2.4. Other financial investments

	2025	2024
Financial investments held to maturity (net value)	1.090.752.767	852.487.292
Financial investments available-for-sale - shares	-	-
Financial investments available-for-sale – stakes in investment funds	226.680.224	203.106.101
Deposits, loans and other placements, net	360.932.039	435.366.136
Financial investments for trading - shares, stakes and other equity instruments	61.063.090	56.364.756
Financial investments for trading - shares and stakes in investment funds	15.027.011	14.367.942
	1.754.455.131	1.561.692.227

2.4.1 Debt securities held to maturity

	2025	2024
Government bonds	1.090.752.767	852.487.292
	1.090.752.767	852.487.292
Quoted	1.090.752.767	852.487.292
Not quoted	-	-
	1.090.752.767	852.487.292
Government bonds with maturity within 1 year	39.382.113	79.168.199
Government bonds with maturity over 1 year	1.051.370.654	773.319.093
Debt securities held to maturity	1.090.752.767	852.487.292

2.4.2 Shares, stakes and other equity instruments

	2025	2024
Equity securities	-	-
Stakes in investment funds	226.680.224	203.106.101
	226.680.224	203.106.101
Quoted	-	-
Not quoted	226.680.224	203.106.101
	226.680.224	203.106.101

In the course of 2024 the Company recorded correction (increase) in the net amount of 10.706.608 MKD (note 2.11) (2024: increase amounting to 15.678.564 MKD) in the recorded value of investments to their fair value, which amount is recognized as other comprehensive profit in the framework of revalorization reserves that are a portion of the Company's capital. In addition in 2025, the Company recorded realized gain from selling of financial investments

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2025

(All amounts expressed in Denar, unless otherwise stated)

2.4. Other financial investments (continued)

available for sale (shares in investment funds and stocks) amounting to 9.289.897 MKD (note 2.11) (2024: realized gain amounting to 17.859.072 MKD), recorded as decrease within revalorization reserve and as a profit/loss in the framework of the Income Statement.

2.4.3 Financial investments for trading

	2025	2024
Shares, stakes and other equity instruments	61.063.090	56.364.756
Stakes in investment funds	15.027.011	14.367.942
	76.090.101	70.732.698

Starting as from the third quarter of 2019, the Company recognizes financial instruments issued by a European Union or OECD country or foreign legal entity acquired for trading and which at initial recognition by The Company's financial assets are classified as at fair value through profit or loss. The portfolio is consist of shares, stakes in investment funds, and mostly consists of an ETF or index fund. As at 31 December 2025, the Company has 21 securities out of which 7 in different ETF's totaling 43.942.599 MKD, 13 ordinary shares to the portfolio amount of 17.120.493 MKD and stakes in one investment fund to the amount of 15.027.011 MKD diversified in currency, geographically and in terms of sectors. Within this portfolio, as at the end of the year, the Company also recorded unrealized gain on the fair value of securities to the amount of 18.090.498 MKD (profit 2024: 15.152.035 MKD) (Note 3.2).

2.4.4 Deposits, loans and other placements

	2025	2024
Term deposits in domestic banks (with maturity to one year)	46.593.524	159.690.625
Term deposits in domestic banks (with maturity over one year)	317.323.112	279.257.124
Allowance for impairment on deposits	(2.984.597)	(3.581.613)
	360.932.039	435.366.136

Deposits maturing within a period not exceeding 12 months from the reporting date bear interest at rate of 3,25% to 3,3% annually (2024: 3,04% to 3,9% annually).

The Company does not possess deposits maturing within a period exceeding more than 12 months from the reporting date (2024: 1,7% to 3,9% annually). As at 31 December 2024, deposits with maturity of more than one year from the reporting date that cover technical reserves bear interest at annual rates ranging from 1.7% to 3.9%.

Out of the total deposits, deposits to the amount of 357.000.000 MKD are investments of funds that cover technical reserves, while six deposits to the amount of 3.932.039 MKD are investments of capital funds in specific purpose deposits given as collateral for approved bank guarantees by Komercijalna Banka AD Skopje.

In 2025, 597.016 MKD were paid in (2024: 1.549.954 MKD) based on distribution of bankruptcy estate of Eurostandard Bank to trustees, ie., a portion of the deposits that

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2025

(All amounts expressed in Denar, unless otherwise stated)

2.4. Other financial investments (continued)

remained in the bank when the bankruptcy was initiated amounting to 10.534.371 MKD and, accordingly, release of the impairment was made.

The movement in the allowance for impairment for 2025 and 2024 is as follows:

	2025	2024
At 1 January		
Impairment release/expense for the year	3.581.613	5.131.567
	(597.016)	(1.549.954)
At 31 December	2.984.597	3.581.613

2.5. Part for co-insurance and reinsurance in gross technical provisions

	2025	2024
Gross provision for unearned premiums		
As at 01 January	113.146.895	64.515.498
Movement for the period (Note 3.1)	556.817.865	48.631.397
As at 31 December	669.964.760	113.146.895
Gross provision for claims		
As at 01 January	45.891.524	54.386.054
Movement for the period (Note 3.5)	8.054.047	(8.494.530)
As at 31 December	53.945.571	45.891.524
Part for reinsurance in gross technical provisions	723.910.331	159.038.419

2.6. Deferred and current tax assets

	2025	2024
Deffered tax assets	455.316	428.107
Personal income tax receivables	7.054	3.903
Income tax receivables	-	-
Current tax assets	7.054	3.903
	462.370	432.010

As at 31 December 2025, the Company records deferred tax assets amounting to 455.316 MKD (2024: 428.107 MKD) based on calculated unrealized gain recognized and recorded as revaluation reserve from financial investments classified as available for sale.

2.7. Receivables

The receivables in the table below are shown in gross amount less impairment provision of receivables from insurance contracts, according to the Rulebook on the methods of evaluation of items on the balance sheet and preparation of financial statements, adopted by the Insurance Supervision Agency. According to the Rulebook, impairment of claims is

Notes to the financial statements (continued)
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2.7. Receivables (continued)

calculated for entities that have filed for bankruptcy and is 100% of the amount of the claim regardless of the period of delay in the fulfillment of the obligation, as well as for those claims where the agreed maturity date. The maturity set out in the insurance contract (policy) is determined after the expiry date. As at 31 December 2025, the Company recognizes impairment of receivables to the amount of 763.099 (2024: 713.307 MKD).

Analysis of the age structure of receivables from Insureds as at 31 December 2025 and 2024 is as follows:

	2025	2024
Receivables form insurers	916.692.680	491.167.586
Impairment provision of receivables from insurance contracts	(120.693.538)	(123.002.264)
	795.999.142	368.165.322
Other receivables from insurance direct operations	37.686.385	39.754.504
Impairment provision of other receivables from insurance direct operations	(33.443.122)	(33.219.947)
	4.243.263	6.534.557
Receivables for financial investments (Interest on deposits and government bonds, Dividends, NBIs etc.)	26.920.202	19.346.335
Impairment of the receivables for financial investments	-	-
	26.920.202	19.346.335
Receivables from the employees	3.113.995	3.781.829
Impairment provision of other receivables	(1.497.458)	(1.718.350)
	1.616.537	2.063.479
	828.779.144	396.109.693

Analysis of the age structure of receivables from the insureds as at 31 December 2025 and 2024:

	2025			2024		
	Receivables	Impairment provision	Present value of receivables	Receivables	Impairment provision	Present value of receivables
to 30 days	28.339.321	-	28.339.321	31.937.650	-	31.937.650
31-60 days	23.785.620	(2.378.562)	21.407.058	21.402.010	(2.140.201)	19.261.809
61-120 days	25.676.326	(7.959.661)	17.716.665	33.511.473	(10.388.556)	23.122.917
121-270 days	31.751.775	(16.193.405)	15.558.370	36.924.676	(18.831.584)	18.093.092
271 - 365 days	11.491.473	(7.394.975)	4.096.498	12.156.421	(7.917.752)	4.238.669
over 366 days	86.003.836	(86.003.836)	-	83.010.864	(83.010.864)	-
Matured receivables	207.048.351	(119.930.439)	87.117.912	218.943.094	(122.288.957)	96.654.137
Not matured receivables	709.644.329	(763.099)	708.881.230	272.224.492	(713.307)	271.511.185
	916.692.680	(120.693.538)	795.999.142	491.167.586	(123.002.264)	368.165.322

Notes to the financial statements (continued)
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2.7. Receivables (continued)

The analysis of movement of the total impairment provision for 2025 and 2024 is as follows:

	2025	2024
As at 01 January	157.940.561	145.859.924
Expense for the year (Note 3.11 and 3.12)	24.945.818	22.728.363
Release for the year (Note 3.11 and 3.12)	(24.730.168)	(9.093.909)
Write-off of previously fully impaired receivables	(2.522.093)	(1.553.817)
As at 31 December	155.634.118	157.940.561

On 31 December 2025, the Company reassessed the collectability of the balance of premium receivables from insurers, and made write-off due to bad debts of previously fully impaired receivables to the amount of 2.522.093 MKD (2024: 1.553.817 MKD).

The entire write-off is in accordance with the legal preconditions for permanent write-off, i.e. the written-off claims refer to claims from entities on which the bankruptcy procedure is closed, entities deleted from the Central Register in accordance with Article 552-b of the Law on Trade Companies or claims from natural persons deceased or obsolete claims.

2.7.1 Other receivables from insurance direct operations

As at December 31, 2025, the Company recognizes impairment on all other receivables for insurance direct operations (note 2.7). Their structure is as follows:

	2025	2024
Other receivables from insurance direct operations	25.841.727	26.111.479
Impairment provision of other receivables from insurance direct operations	(25.445.086)	(25.697.966)
	396.641	413.513
Recourse receivables	3.596.193	4.372.931
Impairment of recourse receivables	(2.099.930)	(1.509.658)
	1.496.263	2.863.273
Receivables UG claims	-	-
Impairment of receivables of UG claims	-	-
	-	-
Reinsurance fee receivables	6.986.423	7.047.532
Impairment provision of reinsurance fee receivables	(5.898.106)	(6.012.323)
	1.088.317	1.035.209
Receivables due to cession and other receivables	1.262.042	2.222.562
Impairment of insurance direct operations	-	-
	1.262.042	2.222.562
Other receivables from GF	37.686.385	39.754.504
Impairment of other receivables from GF	(33.443.122)	(33.219.947)
	4.243.263	6.534.557

Notes to the financial statements (continued)
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2.7. Receivables (continued)

The analysis of the age structure of other receivables from direct insurance operations at 31 December 2025 and 2024 is as follows:

	Receivables	Impairment provision	2025 Present value of receivables		Receivables	Impairment provision	2024 Present value of receivables
to 30 days	2.432.175	-	2.432.175	to 30 days	3.384.981	-	3.384.981
31-60 days	144.736	(14.474)	130.262	31-60 days	349.854	(34.985)	314.869
61-120 days	184.822	(57.295)	127.527	61-120 days	287.068	(88.991)	198.077
121-270 days	910.740	(464.477)	446.263	121-270 days	927.587	(473.069)	454.518
271 - 365 days	727.114	(516.251)	210.863	271 - 365 days	416.371	(273.474)	142.897
over 366 days	32.390.625	(32.390.625)	-	over 366 days	32.349.428	(32.349.428)	-
Matured receivables	36.790.212	(33.443.122)	3.347.090		37.715.289	(33.219.947)	4.495.342
Not matured receivables	896.173	-	896.173		2.039.215	-	2.039.215
	37.686.385	(33.443.122)	4.243.263		39.754.504	(33.219.947)	6.534.557

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
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2.8. Tangible assets used for operations

Tangible assets used in the operations of the Company, in the total amount of 52.923.360, consist of tangible assets owned by the Company with a net carrying amount of 16.910.602, as well as right-of-use assets with a net carrying amount of 36.012.758, as presented in the tables below:

2025

	Computers and telecom equipment	Furniture and office equipment	Motor vehicles	Other assets	Assets under preparation	Total
As at 01 January 2025 Net	6.542.388	1.098.825	2.834.151	2.362.531	2.839.221	15.677.115
Purchase	268.013	527.429	2.183.305	180.132	3.391.015	6.549.894
Aktiviranje na osnovno sredstvo	5.761.703	-	-	-	(5.761.703)	-
Sale	-	-	(2.286.599)	-	-	(2.286.599)
Write-off	(2.690.404)	(95.822)	-	(13.500)	-	(2.799.726)
Accumulated amortization	(3.287.298)	(412.161)	(1.258.561)	(344.888)	-	(5.302.908)
Depreciation write- off	2.690.404	95.822	2.286.599	-	-	5.072.825
As at 31 December 2025 Net	9.284.807	1.214.093	3.758.895	2.184.275	468.533	16.910.602
As at January 2025						
Purchase	28.653.507	9.396.754	7.684.284	5.987.194	2.839.221	54.560.960
Accumulated depreciation	(22.111.119)	(8.297.929)	(4.850.134)	(3.624.662)	-	(38.883.844)
Net carrying value	6.542.388	1.098.825	2.834.151	2.362.532	2.839.221	15.677.116
As at 31 December 2025						
Purchase	31.992.819	9.828.361	7.580.990	6.140.325	468.533	56.011.028
Accumulated depreciation	(22.708.013)	(8.614.268)	(3.822.096)	(3.956.050)	-	(39.100.426)
Net carrying value	9.284.807	1.214.093	3.758.895	2.184.275	468.533	16.910.602

2024

	Computers and telecom equipment	Furniture and office equipment	Motor vehicles	Other assets	Assets under preparation	Total
As at 01 January 2024 Net	6.248.783	941.413	3.788.978	2.665.793	-	13.644.967
Purchase	2.555.340	506.907	152.940	154.116	3.280.207	6.649.510
Aktiviranje na osnovno sredstvo	440.986	-	-	-	(440.986)	-
Sale	-	-	(132.900)	-	-	(132.900)
Write-off	(1.417.347)	(108.046)	-	(334.404)	-	(1.859.797)
Accumulated amortization	(2.702.721)	(349.495)	(1.107.767)	(457.379)	-	(4.617.362)
Depreciation write- off	1.417.347	108.046	132.900	334.404	-	1.992.697
As at 31 December 2024 Net	6.542.388	1.098.825	2.834.151	2.362.531	2.839.221	15.677.116
As at January 2024						
Purchase	27.074.527	8.997.893	7.664.244	6.167.482	-	49.904.146
Accumulated depreciation	(20.825.744)	(8.056.480)	(3.875.266)	(3.501.6890)	-	(36.259.179)

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Notes to the financial statements (continued)
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Net carrying value	6.248.783	941.413	3.788.978	2.665.793	-	13.644.967
As at 31 December 2024						
Purchase	28.653.507	9.396.754	7.684.284	5.987.194	2.839.221	54.560.960
Accumulated depreciation	(22.111.119)	(8.297.929)	(4.850.134)	(3.624.662)		(38.883.844)
Net carrying value	6.542.388	1.098.825	2.834.151	2.362.532	2.839.221	15.677.116

Impact of adoption of IFRS 16

The adoption of IFRS 16 had a material impact on the Company's financial position through an increase in assets and liabilities, as well as on the presentation of expenses; however, it did not have an impact on the overall result for the period.

	Buildings	Total
Value of leased property:		
Acquisition cost		
Balance as at 1 January 2025	54.724.416	54.724.416
Additions	-	-
(Disposals and write-offs)	(1.770.878)	(1.770.878)
Balance as at 31 December 2025	52.953.538	52.953.538
Accumulated depreciation and impairment		
Balance as at 1 January 2025	-	-
Depreciation for the year	17.398.565	17.398.565
(Disposals and write-offs)	(457.785)	(457.785)
Balance as at 31 December 2025	16.940.780	16.940.780
Carrying amount as at 31 December 2025	36.012.758	36.012.758

The Company leases real estate – office premises – for the purpose of conducting its operations. The most significant lease agreements relate to the rental of office premises where the Company's Headquarters are located, as well as the branches in Bitola, Prilep and Kumanovo, with an estimated lease term of 3 years.

For the period 01.01 – 31.12.2025, the Company recognized interest expense on lease liabilities, disclosed in Note 3.12 in the Statement of Comprehensive Income, in the amount of MKD 2.699.159.

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
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2.8. Tangible assets used for operations (continued)

Pledge over equipment

As at 31 December 2025 and 2024 the Company has no equipment under pledge.

2.9. Cash and cash equivalents

	2025	2024
Cash in bank	34.481.750	13.897.202
Cash on hand	186.135	190.446
	34.667.885	14.087.648

2.10. Prepaid

As at 31 December 2025 prepayments to the amount of 156.973.307 MKD consist of deferred acquisition costs amounting to 101.310.019 MKD and other accrued income amounting to 55.663.288 MKD (2024: 129.136.741 MKD out of which the amount of 92.232.330 MKD refers to deferred acquisition costs and the amount of 36.904.411 MKD refers to other accrued income).

Deferred acquisition cost

	2025	2024
Deferred premiums costs – acquisition (balance)	58.126.702	49.224.579
Deferred premiums costs – brokers (balance)	43.183.317	43.007.751
As at 31 December	101.310.019	92.232.330

Other accrued income and prepaid

	2025	2024
Accrued income for commission from reinsurance	44.880.142	26.895.136
Deferred Expenses - Invoices	554.328	889.402
Deferred Expense for discounts – policy commitment agreements (2-3 years)	8.242.792	7.850.253
Other deferred expenses	1.986.026	1.269.620
	55.663.288	36.904.411

2.11. Equity and reserves

On December 2025 shareholders' capital consists of 3.200 (2024: 3.200) ordinary shares with nominal value of EUR 1.000 per share, respectively to 195.326.080 MKD. As at 31 December 2025 shareholders of ordinary shares are entitled to receive dividends as follows:
As at 31 December 2025 the Company's shareholders structure is:

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2.11. Equity and reserves (continued)

	% of shares with voting right
Grazer Wechselseitige Versicherung Aktiengesellschaft	100%
	100%

In March 2020 a change in the Company's ownership structure was made. Namely, Grazer Wechselseitige Versicherung Aktiengesellschaft with a head office at Herrengasse No.18-20, 8010 Graz, Republic of Austria became the owner of 100% of the Company's shares, thus becoming the new sole shareholder. Ultimate owner of the Company is Grazer Wechselseitige Versicherung Aktiengesellschaft.

Statutory reserves

Safety reserve

Under local statutory legislation, the Company is required to set aside 1/3 of its net profit for the year (unless the profit is used to cover previous years' losses) in a statutory reserve at a level not lower than 50% of the average insurance premiums collected over the last two years, whereby previous years' premiums are increased for the value of the retail price index growth, inclusive of the year for which the profit is distributed.

The safety reserves are used for covering long term insurance liabilities.

As at 31 December 2025 the total statutory reserve amounts to 315.708.431 MKD (2024: 283.108.001).

Revaluation reserve

Revaluation reserve for financial assets available-for-sale includes the cumulative net effect of the changes in the fair value of investments available-for-sale until they are derecognized or impaired.

As at 31 December 2025 revaluation reserve increases the Company's capital amounting to 612.202 MKD (2024: -804.509 MKD).

	2025	2024
Opening balance	(804.509)	1.375.999
Decrease of revaluation reserve for realized losses from financial investments available for sale (Note 2.4.2 и 3.2)	(9.289.897)	(17.859.072)
Increase of revaluation reserve for unrealized gains from financial investments available for sale, net (Note 2.4.2)	10.706.608	15.678.564
	612.202	(804.509)

Net retained earnings

As at 31 December 2025, the Company has retained earnings to the amount of 254.393.196 MKD (2024: 219.192.336 MKD).

In the course of 2025 the Company paid dividends to the amount of 30 million MKD (2024: 30 million MKD).

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2.12. Gross technical reserves

As at 31 December 2025, gross technical reserves of the Company consist of the following types of provisions: gross provisions for unearned premiums, unexpected risk reserve, provisions for claims and provisions for bonuses and discounts.

	2025			2024		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
As at 01 January	1.278.030.493	(159.038.419)	1.118.992.074	1.150.435.039	(118.901.552)	1.031.533.487
Movement on gross provisions for claims	68.336.452	(8.054.047)	60.282.405	40.569.339	8.494.530	49.063.869
Movement on unearned premium	572.823.026	(556.817.865)	16.005.161	84.942.266	(48.631.397)	36.310.869
Unexpected risk reserve	12.106.533	-	12.106.533	5.354.193	-	5.354.193
Provisions for bonuses and discounts	2.866.980	-	2.866.980	5.329.656	-	5.329.656
Other technical reserves	-	-	-	(8.600.000)	-	(8.600.000)
As at 31 December	1.934.163.484	(723.910.331)	1.210.253.153	1.278.030.493	(159.038.419)	1.118.992.074
Provisions for claims and provisions	Gross	Reinsurance	Net	Gross	Reinsurance	Net
As at 01 January	632.844.808	(45.891.524)	586.953.284	595.545.813	(54.386.054)	541.159.759
Movement on provisions for incurred, reported claims	12.362.270	(503.987)	11.858.283	993.031	8.708.646	9.701.677
Movement on provisions for indirect costs	3.191.937	-	3.191.937	380.618	-	380.618
Movement on provisions for incurred, but not reported claims	52.782.232	(7.550.060)	45.232.172	39.195.690	(214.116)	38.981.574
Provisions for bonuses and discounts	2.866.980	-	2.866.980	5.329.656	-	5.329.656
Other technical reserves	-	-	-	(8.600.000)	-	(8.600.000)
As at 31 December	704.048.227	(53.945.571)	650.102.669	632.844.808	(45.891.524)	586.953.284
Unearned premium	Gross	Reinsurance	Net	Gross	Reinsurance	Net
As at 01 January	645.185.685	(113.146.895)	532.038.790	554.889.226	(64.515.498)	490.373.728
Policy premium for the current year	2.137.547.261	(1.001.621.657)	1.135.925.604	1.489.752.423	(429.522.241)	1.060.230.182
Costs for bonuses and discounts	(26.457.925)	-	(26.457.925)	(24.298.785)	-	(24.298.785)
Earned premiums in the current year	(1.526.159.763)	444.803.792	(1.081.355.971)	(1.375.157.179)	380.890.844	(994.266.335)
As at 31 December	1.230.115.258	(669.964.760)	560.150.498	645.185.685	(113.146.895)	532.038.790

Notes to the financial statements (continued)
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Movement in unearned premium, provision for claims and provisions for bonuses and discounts in 2025

	Insurance against accident	Health insurance	Insurance of motor vehicles	Insuranc e of aircrafts	Insuranc e of vessels	Insuranc e of goods in trans- port	Insurance of property against fire	Other insurance of property	Third party liability insurance	Aircraf t liability insuranc e	Vessels liability insuranc e	General liability insurance	Guarantee	Fin. losses	Tourist assistance	Total
Provisions for unearned premiums	38.214.830	86.334.252	80.314.076	208.366	15.833	507.000	389.385.371	241.960.053	236.409.061	33.990	489.048	118.485.086	241.607	286.513	12.923.430	1.205.808.517
Reinsurance unearned premiums	(6.537)	(4.604.608)	(1.071.287)	(208.366)	-	2	(351.432.863)	(215.930.208)	11	(22.430)	-	(96.688.474)	-	-	-	(669.964.760)
Unexpired risk reserve	4.192.333	17.734.950	-	-	-	-	-	-	-	-	-	-	-	-	2.379.458	24.306.741
Net unearned premiums (less reinsurance unearned premiums)	42.400.626	99.464.594	79.242.789	0	15.833	507.002	37.952.508	26.029.845	236.409.072	11.560	489.048	21.796.612	241.607	286.513	15.302.888	560.150.498
	42.391.165	26.457.282	45.912.159	-	-	25.344	51.606.590	14.565.276	495.704.811	-	-	8.111.696	-	-	7.341.823	692.116.146
Provision for claims	9.717.638	-	921.049	-	-	-	682.869	427.281	-	-	-	183.245	-	(1)	-	11.932.081
Provision for bonuses and discounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other technical reserves	(520.078)	-	-	-	-	-	(14.632.625)	-	-	-	-	-	-	-	-	(15.152.703)
Change in provisions for claims –IBNR – part for reinsurance	(105.000)	(511.396)	-	-	-	-	(16.379.660)	(6.150.000)	(15.646.812)	-	-	-	-	-	-	(38.792.868)
Change in provisions for claims – RBNS– part for reinsurance	51.483.725	25.945.886	46.833.208	-	-	25.344	21.277.174	8.842.557	480.057.999	-	-	8.294.941	-	(1)	7.341.823	650.102.656
Net provisions for claims (less reinsurance transferable part)	93.884.351	125.410.479	126.075.997	0	15.833	532.346	59.229.682	34.872.402	716.467.071	11.560	489.048	30.091.553	241.607	286.512	22.644.711	1.210.253.153

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Notes to the financial statements (continued)
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Movement in unearned premium, provision for claims and provisions for bonuses and discounts in 2024:

	Insurance against accident	Health insurance	Insurance of motor vehicles	Insurance of aircrafts	Insurance of vessels	Insurance of goods in trans-port	Insurance of property against fire	Other insurance of property	Third party liability insurance	Aircraft liability insuranc e	Vessels liability insuranc e	General liability insurance	Guarantee	Fin. losses	Tourist assistance	Total
Provisions for unearned premiums	40.838.182	107.400.159	70.561.250	207.797	15.833	399.420	99.701.954	45.486.651	214.612.035	33.796	376.484	40.266.271	18.808	290.281	12.776.570	632.985.491
Reinsurance unearned premiums	(5.692)	(4.897.265)	(970.613)	(207.797)	-	-	(66.908.487)	(21.351.561)	-	(22.367)	-	(18.783.113)	-	-	-	(113.146.895)
Unexpired risk reserve	-	6.140.889	3.660.794	-	-	-	-	-	-	-	-	-	-	-	2.398.510	12.200.193
Net unearned premiums (less reinsurance unearned premiums)	40.832.490	108.643.783	73.251.431	-	15.833	399.420	32.793.467	24.135.090	214.612.035	11.429	376.484	21.483.158	18.808	290.281	15.175.080	532.038.789
Provision for claims	28.980.813	25.914.596	39.089.756	-	-	37.587	45.303.372	5.946.149	460.239.851	-	-	10.296.444	-	-	7.971.139	623.779.707
Provision for bonuses and discounts	8.576.353	-	5.192	-	-	-	264.536	178.329	-	-	-	35.973	-	4.718	-	9.065.101
Other technical reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in provisions for claims –IBNR – part for reinsurance	(420.489)	-	-	-	-	-	(7.182.154)	-	-	-	-	-	-	-	-	(7.602.643)
Change in provisions for claims –RBNS– part for reinsurance	(105.000)	(180.178)	-	-	-	-	(20.040.500)	-	(17.963.203)	-	-	-	-	-	-	(38.288.881)
Net provisions for claims (less reinsurance transferable part)	37.031.677	25.734.418	39.094.948	-	-	37.587	18.345.254	6.124.478	442.276.648	-	-	10.332.417	-	4.718	7.971.139	586.953.284
	77.864.167	134.378.200	112.346.379	-	15.833	437.007	51.138.721	30.259.568	656.888.683	11.429	376.484	31.815.575	18.808	294.999	23.146.219	1.118.992.072

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
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2.13. Other reserves

	2025	2024
Reserves for employee severance pay	2.262.830	1.948.278
Reserves for employee jubilee rewards	5.592.472	4.523.747
Other reserves (global tax) (note 3.9)	-	7.801.169
	7.855.302	14.273.194

In 2025, the Company estimated expenses for employee reserves to the total amount of 7.855.302 MKD (2024: 6.472.025 MKD), out of which reserves for severance pays to the employees amounting to 2.262.830 MKD (2024: 1.948.278 MKD) and for jubilee rewards amounting to 5.592.472 MKD (2024: 4.523.747 MKD).

2.14. Deferred and current tax liabilities

	2025	2024
Deffered tax liabilities	1.090.594	555.793
Current tax liabilities	5.955.181	2.533.767
Other current tax liabilities	574.900	649.333
	7.620.675	3.738.893

As regards financial investments classified as available for sale in accordance with IAS 39, in 2021 the Company started to implement IAS 12 for the purpose of financial reporting, i.e., recording of deferred tax assets and deferred tax liabilities arising from deductible or taxable temporary differences between accounting value of a given asset /liability and its tax basis.

As at 31 December 2025, the Company recorded deffered tax liabilities in amount of 1.090.594 MKD, out of which 523.338 MKD are liabilities from calculated non-realized profit represented in revaluation reserve from the adjustment of the value of financial assets available-for-sale.

2.15. Liabilities

The Company has recorded liabilities from immediate insurance business

	2025	2024
Liabilities based on coinsurance and reinsurance premiums	9.031.285	4.977.660
Obligations towards insureds	-	-
Direct liabilities in insurance	-	-
Net wage obligations, wage contributions and other employee liabilities	10.331.680	6.322.526
Obligations towards suppliers	5.765.365	7.521.923
Other liabilities from direct insurance business		
- liabilities to GF	1.017.598	558.358
- Commitment Fees Obligations	508.862	3.295.048
- fire contribution obligations, etc. legal obligations	524.648	2.149.727
- other liabilities	1.343.539	1.056.397
Lease liabilities	37.074.174	-
Other liabilities	15.918.981	3.714.265
	81.516.132	29.595.904

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
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2.15. Liabilities (continued)

Maturity analysis of lease liabilities

The Company's non-current lease liabilities recognised in accordance with IFRS 16 — Leases mature in the following time intervals based on the remaining maturity from the reporting date (31 December 2025):

	2025	2024
Lease liabilities by maturity period		
- up to 1 year	17.611.990	-
- over 1 to 2 years	18.698.271	-
- over 2 to 3 years	763.913	-
- over 3 to 4 years	-	-
- over 4 to 5 years	-	-
- over 5 years	-	-
Total lease liabilities	37.074.174	-

Non-current lease liabilities have a final maturity date up to 2027.

2.16. Accruals

	2025	2024
Accruals for reinsurance	581.470.078	138.542.822
Accruals for brokers	37.760.570	32.476.924
Deffered income	1.317.544	2.070.436
Other accruals	10.722.654	3.844.590
	631.270.846	176.934.772

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income)
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3. Information and disclosures to the Income Statement (the statement of comprehensive income)

3.1 Earned premium

Earned premiums as at 31 December 2025:

	Gross policy insurance premiums	Gross coinsurance premiums	Change in gross provisions for unearned premiums	Change in gross unexpired	Gross reinsurance policy premiums	Change in gross provisions for unearned premiums – Part for reinsurance (Note 2.5)	Net income from insurance premiums
Insurance against consequences of an accident	103.878.160	1.853.932	2.623.352	(4.192.333)	(3.088.237)	845	101.075.719
Health insurance	222.869.113	915.095	21.065.907	(11.594.061)	(9.038.093)	(292.657)	223.925.304
Insurance of motor vehicles	159.676.064	-	(9.752.826)	3.660.794	(2.374.790)	100.674	151.309.916
Insurance of aircrafts	76.231.792	-	(569)	-	(76.231.775)	569	17
Insurance of vessels	30.576	-	-	-	-	-	30.576
Insurance of goods in transport	5.995.077	-	(107.580)	-	(286.470)	(2)	5.601.025
Insurance of property against fire	538.180.395	-	(289.683.417)	-	(474.699.075)	284.524.376	58.322.279
Other insurance of property	308.915.278	-	(196.473.402)	-	(267.373.831)	194.578.647	39.646.692
Third party liability insurance	478.207.707	-	(21.797.026)	-	(21.902.697)	(11)	434.507.973
Aircraft liability insurance	8.843.487	-	(194)	-	(8.828.166)	63	15.190
Vessels liability insurance	947.100	-	(112.564)	-	-	-	834.536
General liability insurance	177.941.239	-	(78.218.814)	-	(137.798.523)	77.905.361	39.829.263
guarantees	278.252	-	(222.799)	-	-	-	55.453
Financial losses	502.616	-	3.768	-	-	-	506.384
Insurance for tourist assistance	55.050.405	-	(146.861)	19.052	-	-	54.922.596
Total	2.137.547.261	2.769.027	(572.823.026)	(12.106.548)	(1.001.621.657)	556.817.865	1.110.582.922

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income)
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(All amounts expressed in Denar, unless otherwise stated)

3.1 Earned premium (continued)

Earned premiums as at 31 December 2024:

	Gross policy insurance premiums	Gross coinsurance premiums	Change in gross provisions for unearned premiums	Change in gross unexpired	Gross reinsurance policy premiums	Change in gross provisions for unearned premiums – Part for reinsurance (Note 2.5)	Net income from insurance premiums
Insurance against consequences of an accident	97.531.253	1.151.169	3.588.685	-	(6.455.996)	(187.738)	95.627.373
Health insurance	233.860.541	814.705	(9.906.746)	(580.889)	(11.888.728)	(3.288.456)	209.010.427
Insurance of motor vehicles	136.791.771	406.823	(15.614.840)	(3.660.794)	(1.951.952)	112.019	116.083.027
Insurance of aircrafts	76.325.685	-	6.176	-	(76.325.740)	(6.176)	(55)
Insurance of vessels	47.513	-	35.788	-	-	-	83.301
Insurance of goods in transport	5.704.325	-	(210.355)	-	(121.104)	-	5.372.866
Insurance of property against fire	239.622.556	-	(36.542.222)	-	(181.869.996)	32.531.102	53.741.440
Other insurance of property	102.863.083	-	(14.552.809)	-	(62.886.785)	14.641.492	40.064.981
Third party liability insurance	439.624.488	-	(1.220.460)	-	(21.131.338)	-	417.272.690
Aircraft liability insurance	8.720.241	-	(5.176)	-	(8.704.739)	5.103	15.429
Vessels liability insurance	715.000	-	(88.030)	-	-	-	626.970
General liability insurance	99.394.238	-	(9.158.454)	-	(58.185.863)	4.824.051	36.873.972
guarantees	28.800	-	(16.765)	-	-	-	12.035
Financial losses	537.438	-	(16.164)	58.000	-	-	579.274
Insurance for tourist assistance	47.985.491	-	(1.240.894)	(1.170.510)	-	-	45.574.087
Total	1.489.752.423	2.372.697	(84.942.266)	(5.354.193)	(429.522.241)	48.631.397	1.020.937.817

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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3.2 Investment income

	2025	2024
Investment income		
Interest income from government bonds and government bills	37.804.394	31.042.297
Interest income from term deposits in banks	14.204.333	9.911.516
Interest income from current accounts in banks	1.023.602	163.782
Interest income from GF	488.790	452.012
Interest income	53.521.119	41.569.607
Foreign exchange gains		
Other investment income	1.634.917	3.677.993
Unrealized gains on the fair value of trading investments	18.090.498	15.152.035
Realized gains from investments sold (investment funds) available for sale	9.289.897	17.859.072
Interest income from government bills	2.825.052	-
Dividends	1.262.028	3.834.614
Other investment income	4.087.080	3.834.614
Total investment income	86.623.511	82.093.321

3.3 Other insurance technical income, less reinsurance

	2025	2024
Income from Guarantee Fund from realized subrogation receivables and fee for processing claims	3.313.576	3.698.144
Income from companies for processing claims – service claims	1.078.015	1.658.763
Other	1.224.077	2.423.468
	5.615.668	7.780.375

3.4 Other income

	2025	2024
Capital income from tangible assets sale	589.187	20.000
Interest income and income from court collected receivables	4.087.742	3.994.522
Income from foreign exchange gains	7.270.265	1.939.946
Other income	1.459.139	4.648.504
	13.406.333	10.602.972

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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3.5 Incurred claims

	2025	Gross 2024	2025	Reinsurance 2024	2025	Net 2024
Incurring, paid claims in the current year	563.581.914	524.600.375	43.428.569	15.283.533	520.153.345	509.316.842
Changes in provisions of incurred, reported claims	15.554.220	1.373.649	503.987	(8.708.646)	15.050.233	10.082.295
Changes in provisions of incurred, but not reported claims	52.782.232	39.195.690	7.550.060	214.116	45.232.172	38.981.574
Income from subrogation receivables	(6.655.993)	(3.347.014)	-	-	(6.655.993)	(3.347.014)
Incurred claims (expenses for claims, net)	625.262.373	561.822.700	51.482.616	6.789.003	573.779.757	555.033.697

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2025

(All amounts expressed in Denar, unless otherwise stated)

3.5 Incurred claims (continued)

Analysis of incurred claims as at 31 December 2025:

	Total paid claims	Changes in gross provisions for claims	Participation of reinsurers in paid claims	Participation of reinsurers in changes in provisions for claims	Income from gross realized subrogation receivables	Net
Insurance against consequences of an accident	67.796.127	13.410.364	(289.660)	(99.589)	-	80.817.242
Health insurance	152.294.130	542.686	(3.126.359)	(466.218)	-	149.244.239
Insurance of motor vehicles	69.015.060	6.822.403	-	-	(1.019.121)	74.818.342
Insurance of aircrafts	-	-	-	-	-	-
Insurance of vessels	-	-	-	-	-	-
Insurance of goods in transport	-	(12.243)	-	-	-	(12.243)
Insurance of property against fire	50.186.443	6.303.218	(31.909.137)	(3.744.631)	-	20.835.893
Other insurance of property	5.020.995	8.619.127	(3.075.000)	(6.150.000)	-	4.415.122
Third party liability insurance	196.799.047	35.464.962	(3.502.534)	2.316.391	(5.601.030)	225.476.836
Aircraft liability insurance	-	-	-	-	-	-
Vessels liability insurance	-	-	-	-	-	-
General liability insurance	5.380.334	(2.184.748)	(1.525.879)	90.000	-	1.759.707
Loan insurance	-	-	-	-	(35.842)	(35.842)
Financial losses insurance	-	-	-	-	-	-
Insurance for tourist assistance	17.089.778	(629.317)	-	-	-	16.460.461
Total	563.581.914	68.336.452	(43.428.569)	(8.054.047)	(6.655.993)	573.779.757

Analysis of incurred claims as at 31 December 2024:

	Total paid claims	Changes in gross provisions for claims	Participation of reinsurers in paid claims	Participation of reinsurers in changes in provisions for claims	Income from gross realized subrogation receivables	Net
Insurance against consequences of an accident	52.570.260	(63.242)	(1.877.379)	160.184	-	50.789.823
Health insurance	164.504.870	(1.435.527)	(4.820.078)	(1.002.140)	-	157.247.125
Insurance of motor vehicles	67.862.229	(3.659.308)	-	-	(198.242)	64.004.679
Insurance of aircrafts	-	-	-	-	-	-
Insurance of vessels	-	-	-	-	-	-
Insurance of goods in transport	33.039	32.902	-	-	-	65.941
Insurance of property against fire	35.365.819	(6.336.498)	(6.149.000)	9.000.000	-	31.880.321
Other insurance of property	5.974.333	152.530	-	-	-	6.126.863
Third party liability insurance	166.737.864	58.261.661	(2.437.076)	(263.514)	(3.009.031)	219.289.904
Aircraft liability insurance	-	-	-	-	-	-
Vessels liability insurance	-	-	-	-	-	-
General liability insurance	8.334.414	(5.012.565)	-	600.000	-	3.921.849
Loan insurance	-	-	-	-	(139.741)	(139.741)
Financial losses insurance	15.345	(20.000)	-	-	-	(4.655)
Insurance for tourist assistance	23.202.202	(1.350.614)	-	-	-	21.851.588
Total	524.600.375	40.569.339	(15.283.533)	8.494.530	(3.347.014)	555.033.697

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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3.6 Change in other technical provisions, net reinsurance

In accordance with the Rulebook on Minimum Standards for Calculation of Technical Provisions, the Company allocates bonus and discounts reserves equal to the amounts insured are entitled to receive on the basis of entitlement to profit, as well as other rights arising from insurance contracts, the right to partial reduction of premiums (discounts) and the right to return part of the premium. During 2025, an increase in the other technical provisions was made in the amount of 2.866.980 MKD (2024: reduction (release) of 3.270.344 MKD).

3.7 Costs for bonuses and discounts, net reinsurance

During 2025, total expenses for bonuses and discounts amounted to 26.457.925 MKD (2024: 24.298.785 MKD, of which 508.722 MKD relate to bonus expenses for good business cooperation), of which 26.457.925 MKD represent expenses for discounts granted for timely payment of premiums (2024: 23.790.063 MKD).

3.8 Insurance acquisition costs, net

Acquisition costs

	2025	2024
Salaries for employees – sale	142.884.750	130.766.361
Commission	94.932.405	90.443.487
Printed policies	2.655.611	3.188.452
Change in deferred acquisition costs	(9.077.689)	(6.614.595)
	231.395.077	217.783.705

In 2019 the Company calculated deferred acquisition costs on 31.12.2019 and assessed the effects of full application of the requirements of the Rulebook regarding the recognition of deferred acquisition costs. As at 31 December 2020, the Company made a complete harmonization with the Guidelines for application of the chart of accounts for insurance and reinsurance companies (Official Gazette of RSM 170/2020) regarding the calculation of deferred acquisition costs.

According to the changes of the Rulebook on the Chart of Accounts for insurance and reinsurance companies, the provision cost includes the amounts that are related to all insurance contracts in the current period realized through the intermediaries, regardless they fully or partially refer to the next accounting period.

Recording of the provision is done at the same time when the Company records the gross written premium which refers to the concrete contract/agreement (policy) realized through the intermediaries, regardless of the time of the payment and transfer of the premium by the intermediaries.

Notes to the financial statements (continued)
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3.8 Insurance acquisition costs, net (continued)

The table below shows the change in deferred acquisition costs for the years ended 31 December 2025 and 2024:

	2025	2024
Deferred costs for premiums – acquisition (movement)	(8.902.123)	1.337.575
Deferred costs for premiums – brokers (movement)	(175.566)	(7.952.170)
Movement of deferred acquisition costs for policy premiums	(9.077.689)	(6.614.595)

3.9 Administrative costs

	2025	2024
Employees costs	79.478.369	72.827.717
-administration salaries	68.475.392	63.449.846
-other employee's costs	11.002.977	9.377.871
Rent	490.392	18.861.570
Rent of assets for operations	1.816.119	1.911.160
Phone costs	6.941.706	7.540.507
Sponsorship and representation (Advertisement)	26.608.080	23.696.083
Depreciation of tangible and intangibles assets	24.820.834	5.668.471
Services to individuals	27.013.089	21.150.948
Fee for use of own vehicle	9.791.980	9.332.910
Utilities	4.402.875	3.505.599
Bank charges	5.122.997	5.745.074
Office materials and consumables	1.333.016	1.346.341
Insurance premium costs (managerial insurance, health insurance for LU, MA etc.)	9.663.874	9.041.363
Maintenance costs	17.747.652	13.085.223
Costs for lawyers, notary services and enforcement agents	3.275.336	2.603.398
Shipping costs and business trips	2.865.947	2.981.107
reserved expenses for severance payments and jubilee rewards	1.383.277	1.698.324
Reservations for minimum global profit tax* (note 2.13)	-	7.801.169
Other administrative costs	13.135.927	11.867.040
Administrative costs	235.891.470	220.664.010

* As at 31 December 2024, the Company recognized a Provision for Minimum Global Corporate Income Tax in the amount of MKD 7,801 thousand, relating to additional corporate income tax determined through the application of a 15% tax rate. This tax has been calculated in accordance with the Law on Minimum Global Corporate Income Tax, published in the Official Gazette of the Republic of North Macedonia No. 3 dated 03.01.2025, which establishes a global minimum level of taxation for multinational enterprise groups and large domestic groups.

The Law on MGCT introduces a Qualified Domestic Top-up Tax (QD TT), which affects multinational groups operating in the territory of North Macedonia whose effective tax rate is 10% or lower. These entities are subject to additional taxation up to an effective tax rate of 15%. The law also contains certain exemptions, as well as provisions related to mergers, demergers and acquisitions, and additional transitional measures regarding the treatment of deferred tax assets and liabilities and the application of Safe Harbour rules.

Employee expenses

Salaries expenses in the Company are separately recorded, the part of the salaries in sales is part of the acquisition costs and the salaries for the employees in the administration in valuation and in liquidation of claims are presented as administrative costs.

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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3.9 Administrative costs (continued)

Liabilities related to salaries and contributions of the Company are presented in total.

	2025	2024
Net salaries	139.401.432	128.125.431
Contributions	71.958.710	66.090.776
	211.360.142	194.216.207

3.10 Other insurance technical expenses, less reinsurance

	2025	2024
Expenses for claims paid to GF for NN vehicles	5.457.266	6.297.665
Fire fight contribution	5.418.844	4.950.717
Health insurance contribution	4.863.755	4.376.250
Insurance Supervision agency contribution	10.712.676	9.002.584
Expenses for National Insurance Bureau	3.569.502	3.149.668
Subrogation costs from NIB	722.737	585.950
Other expenses	856.868	181.331
	31.601.648	28.544.165

3.11 Impairment provision of receivables based on premium

	2025	2024
Impairment provision of receivables from insureds (Note 2.7)	1.268.173	19.568.600
Release of impairment provision of receivables from insureds (Note 2.7)	(3.576.899)	(8.381.592)
Complete write-off	2.147.336	1.499.264
Collected written-off receivables	(43.222)	(43.244)
	(204.612)	12.643.028

3.12 Other expenses, including value adjustments

	2025	2024
Impairment provision of insurance direct operations (Note 2.7)	(220.892)	1.605.946
Release of impairment provision of insurance direct operations (Note 2.7)	223.175	(712.317)
Write-off (Note 2.7)	374.757	54.553
Release of impairment provision of deposits (note 2.4.4)	(597.016)	(1.549.954)
Release of impairment provision of cash and cash equivalents (Note 2.9)	-	-
Foreign exchange loss	2.196.623	3.021.584
Other financial expenses	2.699.159	-
	566.378	39.499
	5.242.285	2.459.311

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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3.13 Tax expense

	2025	2024
Current tax expenses (income tax)	25.335.305	15.602.337
Deferred income tax	-	-
	25.335.305	15.602.337

The reconciliation of the total tax expense in the Income Statement for the years ended 31 December 2025 and 2024 is as follows:

	2025	2024
Profit before tax	168.902.031	113.403.627
Deductible expenses for tax purposes	40.780.378	43.305.924
Tax base	209.682.409	156.709.552
Decrease of tax base		
- Dividends	-	-
- Amount of paid portion of loan regarding which tax base was increased in the previous period	-	-
- Amount of carried investments out of profit (reinvested)	5.000.000	686.178
Tax after deductions	204.682.409	156.023.374
Calculated income tax 10%	20.468.241	15.602.337
Calculated additional tax – minimum global tax	4.867.064	-
Total tax	25.335.305	15.602.337
Effective tax rate	15,00%	13,76%

Based on the information collected, the Company's management assessed that the Group is subject to a "top-up" tax under the above-mentioned Global Minimum Tax (GMT) legislation. In accordance with the preliminary GMT calculation as at 31 December 2025, the Company recognized in the current tax expense an "additional" tax amounting to MKD 4.867.064.

3.14 Earnings per share

The basic earnings per share are calculated by dividing the profit attributable to shareholders of ordinary shares by the weighted average number of ordinary shares during the year:

	2025	2024
Earning attributable to shareholders	143.566.727	97.801.290
Less: dividends for preference shares	-	-
Net earnings attributable to holders of ordinary shares	143.566.727	97.801.290
Weighted average number of ordinary shares	3.200	3.200
Basic earnings per share (MKD per share)	44.865	30.563

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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4. Off- balance sheet items

As at 31 December 2025 and 2024 the structure of off-balance sheet items is as follows:

	2025	2024
Unrealized recourse receivables	110.822.555	102.568.172
Bank guaranties	14.778.623	14.778.623
Reserves for claims-GF	22.691.858	29.506.174
Reserve for income- policy commitment agreements (2-3 years) and discount for policy commitment agreements (2-3 years)	297.287.954	264.722.370
	445.580.990	411.575.339

Reserve for income- policy commitment agreements and discount for policy agreement amounting to 297.287.954 MKD (2024: 264.722.370 MKD) refer to discounts granted for long-term loyalty agreements (most usually 3 or 5 years). Pursuant to provisions of the agreements, should the client early terminate the agreement, the Company is entitled to a collection of discount previously granted to the client.

5. Receivables and liabilities from companies in a group – subsidiaries, associates and joint controlled entities

The shareholder of Grazer Wechselseitige Versicherung Aktiengesellschaft AG is also a shareholder in other legal entities, including companies and financial institutions, which jointly comprise “GRAWE Group”.

All transactions with related parties are carried out in the regular and ordinary course of business and under market terms.

As at 31 December 2025 and transactions with related parties in the course of reporting year were as follows:

Transactions with related parties

	Key management personnel	Transactions with parent company	Other related parties	Total
Total Assets	975.834	-	-	975.834
Receivables	975.834	-	-	975.834
Receivables from insurers based on insurance premiums	712.934	-	-	712.934
Other receivables	262.900	-	-	262.900
Investments	-	-	-	-
Off-balance sheet records	-	-	-	-

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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(All amounts expressed in Denar, unless otherwise stated)

Subrogation receivables

Total Liabilities	-	28.291.341	353.474	28.644.815
Liabilities	-	28.291.341	353.474	28.644.815
Liabilities towards insurers for claims, insurance amounts and other agreed amounts	-	-	-	-
Other liabilities	-	28.291.341	123.085	28.414.426
Off-balance sheet records	-	-	-	-
- Subrogation receivables	-	-	230.389	230.389
Total Revenues	920.578	1.076.868	284.218	2.281.664
Total Expenses	-	27.041.685	565.271	27.606.956
Lease Payments	-	-	14.786.721	14.786.721
Short-term benefits for key management personnel	45.939.158	-	-	45.939.158

As at 31 December 2024 transactions with related parties in the course of reporting year were as follows:

	Key management personnel	Transactions with parent company	Other related parties	Total
Total Assets	519.295	-	230.389	749.684
Receivables	519.295	-	230.389	749.684
Receivables from insurers based on insurance premiums	454.926	-	-	454.926
Other receivables	64.369	-	-	64.369
Investments	-	-	-	-
Off-balance sheet records	-	-	230.389	230.389
Subrogation receivables	-	-	230.389	230.389
Total Liabilities	-	-	23.504.418	23.504.418
Liabilities	-	-	23.504.418	23.504.418
Liabilities towards insurers for claims, insurance amounts and other agreed amounts	-	-	-	-
Other liabilities	-	23.201.774	72.255	23.274.029
Off-balance sheet records	-	-	-	-
- Subrogation receivables	-	-	230.389	230.389
Total Revenues	671.168	1.367.842	1.440.890	3.479.900
Total Expenses	-	14.655.726	21.441.245	36.096.971
Short-term benefits for key management personnel	40.721.181	-	-	40.721.181

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2025

(All amounts expressed in Denar, unless otherwise stated)

5. Receivables and liabilities from companies in a group – subsidiaries, associates and joint controlled entities (continued)

Transactions with the National Insurance Bureau

	2025	2024
Investments in joint controlled entities	14.282.455	14.223.117
Receivables from the National Insurance Bureau	1.262.042	2.222.562
Liabilities to the National Insurance Bureau	-	-
Income from investments	488.790	452.012
Income from gain	-	-
Income from claims proceedings	258.300	359.775
Income from realized subrogation receivables	3.055.276	3.338.369
Expenses	9.749.505	10.033.283

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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6. Data for index of claims, index of expenses and combined index of claims – by classes of insurance

In accordance with the Rulebook on minimal standards for calculation of the technical reserves issued by the Insurance Supervision Agency of the Republic of North Macedonia, the Company calculates the index of claims, the index of expenses and the combined index.

Index of claims

The annual index of claims under class of insurance represent the ratio between claims incurred and net earned premiums for certain class of insurance, expressed as decimal rounded to four decimals. The following table shows the index of claims for 2025.

Combined Index, gross

31 December 2025	Index of claims, gross	Index of expenses, gross	Combined Index, gross
Total	41,27%	32,72%	73,99%
accident	81,26%	35,77%	117,02%
health	67,41%	29,03%	96,44%
motor vehicles (Casco)	48,75%	49,26%	98,01%
railways vehicles (Casco)	0,00%	0,00%	0,00%
aircrafts (Casco)	0,00%	0,05%	0,05%
vessels (Casco)	0,00%	45,24%	45,24%
goods in transport (Cargo)	-0,20%	21,09%	20,88%
property against fire and other dangers	22,73%	15,82%	38,55%
property other	12,25%	25,73%	37,98%
AO (total)	50,38%	44,92%	95,30%
aircraft liability	0,00%	1,55%	1,55%
vessel liability	0,00%	71,20%	71,20%
general liability	1,62%	26,50%	28,11%
loans	0,00%	0,00%	0,00%
guarantees	0,00%	219,30%	219,30%
financial losses	-0,99%	55,78%	54,80%
legal protection	0,00%	0,00%	0,00%
tourist assistance	29,94%	47,38%	77,32%

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
As at and for the year ended 31 December 2025
(All amounts expressed in Denar, unless otherwise stated)

31 December 2024	Index of claims, gross	Index of expenses, gross	Combined Index, gross
Total	40,31%	35,02%	75,33%
accident	56,95%	35,85%	92,81%
health	69,23%	33,33%	102,56%
motor vehicles (Casco)	56,01%	51,15%	107,16%
railways vehicles (Casco)	0,00%	0,00%	0,00%
aircrafts (Casco)	0,00%	0,00%	0,00%
vessels (Casco)	0,00%	31,59%	31,59%
goods in transport (Cargo)	1,18%	69,07%	70,25%
property against fire and other dangers	14,32%	17,13%	31,45%
property other	6,87%	35,93%	42,80%
AO (total)	51,04%	44,85%	95,89%
aircraft liability	0,00%	0,10%	0,10%
vessel liability	0,00%	71,27%	71,27%
general liability	1,42%	28,29%	29,71%
loans	0,00%	0,00%	0,00%
guarantees	0,00%	100,91%	100,91%
financial losses	-6,25%	49,04%	42,79%
legal protection	0,00%	0,00%	0,00%
tourist assistance	49,25%	53,59%	102,85%

Combined Index, net

31 December 2025	Index of claims, net	Index of expenses, net	Combined Index, net
Total	53,03%	39,09%	92,12%
accident	83,30%	36,06%	119,37%
health	68,62%	29,45%	98,07%
motor vehicles (Casco)	49,50%	50,02%	99,52%
railways vehicles (Casco)	0,00%	0,00%	0,00%
aircrafts (Casco)*	0,00%	-10102146,67%	-10102146,67%
vessels (Casco)	0,00%	45,24%	45,24%
goods in transport (Cargo)	-0,21%	18,79%	18,57%
property against fire and other dangers	35,24%	44,38%	79,63%
property other	11,50%	35,50%	47,00%
AO (total)	52,60%	47,14%	99,74%
aircraft liability	0,00%	-21610,61%	-21610,61%
vessel liability	0,00%	71,20%	71,20%
general liability	-0,15%	45,80%	45,65%
loans	0,00%	0,00%	0,00%
guarantees	0,00%	219,30%	219,30%
financial losses	-0,99%	31,08%	30,09%
legal protection	0,00%	0,00%	0,00%
tourist assistance	29,94%	47,38%	77,32%

* Class 5 aircraft insurance represents a specific line of business with limited volume and significant dependence on reinsurance.

The gross and net loss ratios (after reinsurance) are zero, while the reported net combined ratio is driven by the net expense ratio, which is significantly influenced by the reinsurance commission included in the net calculation.

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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31 December 2024	Index of claims, net	Index of expenses, net	Combined Index, net
Total	54,61%	42,07%	96,68%
accident	59,14%	36,67%	95,81%
health	71,88%	35,02%	106,90%
motor vehicles (Casco)	56,87%	51,94%	108,81%
railways vehicles (Casco)	0,00%	0,00%	0,00%
aircrafts (Casco)	0,00%	0,00%	0,00%
vessels (Casco)	0,00%	31,59%	31,59%
goods in transport (Cargo)	1,21%	69,89%	71,10%
property against fire and other dangers	57,77%	41,03%	98,80%
property other	14,97%	66,09%	81,06%
AO (total)	52,83%	47,08%	99,92%
aircraft liability	0,00%	-22814,65%	-22814,65%
vessel liability	0,00%	71,27%	71,27%
general liability	5,93%	55,74%	61,67%
loans	0,00%	0,00%	0,00%
guarantees	0,00%	100,91%	100,91%
financial losses	-6,25%	49,04%	42,79%
legal protection	0,00%	0,00%	0,00%
tourist assistance	49,25%	53,59%	102,85%

7. Commitments and contingencies

Legal litigations

The Company, in the course of its operations, is subject to legal proceedings arising from its regular business activities, specifically claims for indemnification under insurance policies. For these, the Company has recognized an appropriate level of claims reserves in its financial statements, based on an assessment of claim amounts as of 31 December 2025.

Management believes that the final outcome of these proceedings will not materially differ from the established and recorded claims reserves and, accordingly, will not have a material impact on the Company's results as of 31 December 2025.

The Company is not involved in legal proceedings that do not arise from insurance contracts.

Tax risk

Financial statements and the accounting records of the Company are subject to tax control by the tax authorities in the period of 5 years after the submission of the tax report for the financial year and they can cause additional tax liabilities. According the evaluation of the Management of the Company and at the date of these statements no additional terms and conditions exist that may cause contingent liabilities of material significance on such basis.

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
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7. Commitments and contingencies (continued)

Commitments for procurement of tangible and intangible assets

There are no commitments for procurement of tangible and intangible assets as of the reporting date that are not already recognized in the financial statements.

Pension plans

In 2025, the Company recorded provisions for employees in the total amount of 7.855.302 denars (2024: 6.472.025 denars), of which provisions for severance pay in the amount of 2.262.830 (2024: 1.948.278 denars) and provisions for jubilee awards in the amount of 5.592.472 denars (2024: 5.523.747 denars).

8. Events after the reporting period

During 2026, increased geopolitical instability has been observed in connection with the military conflict in the Middle East, including Iran. Management is closely monitoring the potential indirect economic effects; however, as of the date of approval of these financial statements, no material impact on the Company's operations has been identified.

After 31 December 2025 – the reporting date until the approval of these financial reports, except for the above, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.