

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

INSURANCE COMPANY SIGURIA SH.A.

31 DECEMBER 2025

CONTENTS

Page

Independent Auditor's Report	1
Statement of financial position	3
Statement of profit or loss and other comprehensive income	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
ANNEX 1 Supplementary schedules	37

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Insurance Company Siguria Sh.a.

Opinion

We have audited the financial statements of Insurance Company Siguria Sh.a ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies disclosed in note 2A.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 27b to the financial statements, which describes the legal proceedings involving the Kosovo Insurance Bureau (KIB), a professional, non-profit organisation established by insurance companies licensed in Kosovo, including the Company. As disclosed in this note, on 23 July 2025, the Court of Appeal issued a decision against KIB in relation to this matter. Subsequently, by its decision dated 20 January 2026, the Supreme Court of Kosovo set aside the second-instance judgment and returned the case to the Court of Appeal for reconsideration. As a result, the legal proceedings remain ongoing and the final outcome is subject to uncertainty.

As further disclosed in Note 27b and Note 25, based on the information available and following the recognition of a provision by KIB in its financial statements, management has estimated and recognised a provision of EUR 146 thousand in the accompanying financial statements, representing the Company's share of the potential obligation arising from this litigation. The provision has been recognised based on management's best estimates at the reporting date. However, the exact amount of the ultimate financial obligation cannot be determined with certainty at this stage, as it depends on the final outcome of the ongoing court proceedings. Accordingly, the recognised provision is subject to significant estimation uncertainty, and the final amount may differ from the amount currently recognised.

Other matter

The financial statements of Insurance Company Siguria Sh.a. for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements on 7 April 2025.

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Other Information

Management is responsible for the other information. The other information comprises supplementary schedules that include the "Solvency Margin", "Capital Calculation", and "Adequacy of Investments of Assets Covering Technical Reserves". Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. In relation to this and based on our procedures performed, we report that:

- other information is, in all material respects, consistent with the audited financial statements;
- and based on our knowledge and understanding of the Company and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies disclosed in note 2A, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 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.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

RSM Kosovo Sh.p.k.

RSM Kosovo Sh.p.k
Prishtina, Republic of Kosovo

17 April 2026

A handwritten signature in blue ink, appearing to read "Sadik Berisha".

Sadik Berisha
Statutory Auditor

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RSM KOSOVO SH.P.K which is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025 EUR '000	31 December 2024 EUR '000
ASSETS			
Cash and cash equivalents	6	1,082	870
Term Deposits	7	14,505	11,682
Investments in securities	7	4,125	5,082
Insurance receivables	8	1,753	1,299
Deferred acquisition costs	9	625	601
Property, equipment, Right of Use of Assets	10 11	3,183 342	2,975 311
Intangible assets	12	97	39
Investment property	13	895	895
Reinsurance assets	14	1,098	2,058
Income tax prepayment		40	-
Other assets	15	656	640
TOTAL ASSETS		28,401	26,452
EQUITY AND LIABILITIES			
EQUITY			
Shareholder's capital	16	19,503	19,503
Revaluation reserve		534	534
Accumulated Losses		(11,992)	(12,846)
TOTAL EQUITY		8,045	7,191
LIABILITIES			
Outstanding claims provision	17	12,431	11,545
Provision for unearned premium	18	6,636	6,427
Subordinated debt	19	214	200
Income tax liability		-	164
Lease liabilities	20	356	324
Insurance and other liabilities	21	573	601
Provision for litigations	27b	146	-
TOTAL LIABILITIES		20,356	19,261
TOTAL EQUITY AND LIABILITIES		28,401	26,452

These financial statements have been approved by the Board of Directors of the Company on 03 April 2026 and signed on its behalf by:



 Mr. Fitim Rexhepaj
 General Director



 Mr. Adhurim Kastrati
 Financial Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025 EUR '000	31 December 2024 EUR '000
Gross written premiums	22	14,801	14,460
Less: Re-insurers' share of gross written premium	22	(896)	(2,055)
NET WRITTEN PREMIUMS		13,905	12,405
Change in the Gross Provision for Unearned Premiums	18	(209)	(1,258)
Change in Reinsurer Share of Provision for Unearned Premiums	18	(859)	770
NET EARNED PREMIUMS		12,837	11,917
Net financial income	23	390	355
Other income	24	230	411
TOTAL REVENUES		13,457	12,683
Losses and loss adjustment expenses	17	(7,612)	(6,641)
Change in deferred acquisition cost	11	23	70
Contribution to KIB for administrative expenses		(239)	(257)
Other operating and administrative expenses	25	(4,560)	(4,828)
TOTAL EXPENSES		(12,388)	(11,656)
PROFIT BEFORE TAX		1,069	1,027
Income tax expenses	26	(215)	(269)
PROFIT FOR THE YEAR		854	758
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		854	758

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2025

	Shareholder's capital EUR '000	Revaluation Reserve EUR '000	Accumulated losses EUR '000	Total EUR '000
AT 01 JANUARY 2024	19,503	534	(13,604)	6,433
<u>Transactions with owners</u>	-	-	-	-
Total transactions with owners	-	-	-	-
Profit for the year	-	-	758	758
Revaluation of property & building	-	-	-	-
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE PROFIT	-	-	758	758
AT 31 December 2024	19,503	534	(12,846)	7,191
AT 01 JANUARY 2025	19,503	534	(12,846)	7,191
<u>Transactions with owners</u>	-	-	-	-
Total transactions with owners	-	-	-	-
Profit for the year	-	-	854	854
Revaluation of property & building	-	-	-	-
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE PROFIT	-	-	854	854
AT 31 December 2025	19,503	534	(11,992)	8,045

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025 EUR'000	31 December 2024 EUR'000
OPERATING ACTIVITIES			
Profit before taxation		1,069	1,027
<i>Adjusted for non-cash items:</i>			
Depreciation and amortization	10,11,12	339	295
Impairment of insurance receivables	25	140	70
Provision for litigations	25	146	-
Gain from sale of vehicles		(13)	-
Interest income	23	(419)	(378)
Interest expenses	23	29	23
		1,291	1,037
<i>Changes in working capital:</i>			
Insurance receivables		(594)	239
Deferred acquisition cost		(24)	(69)
Other assets including reinsurance assets		944	(473)
		1,617	734
<i>Changes in operating liabilities:</i>			
Outstanding claims provision		886	324
Provision for unearned premium		209	1,258
Insurance and other payables and lease liabilities		4	(401)
Income tax paid		(417)	225
Interest paid		(29)	(23)
Net cash generated from operating activities		2,270	2,117
INVESTING ACTIVITIES			
Purchase of property and equipment and intangibles		(464)	(144)
Proceeds from sale of vehicles		23	-
Increase/Decrease in deposits		(2,823)	(1,768)
Increase/Decrease in securities		957	2
Interest received		419	378
Net cash used in investing activities		(1,888)	(1,532)
FINANCING ACTIVITIES			
Lease payments	12	(170)	(184)
Net cash used in financing activities		(170)	(184)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning	6	870	469
CASH AND CASH EQUIVALENTS AT END	6	1,082	870

1 GENERAL INFORMATION

IC Siguria Sh.a. (the "Company") was incorporated under the laws of the Republic of Kosovo and registered with the Ministry of Trade and Industry under registration no. 70167671 as a joint stock company. The Company is 100% owned by Banka Ekonomike SH.A

The Company is licensed as a non-life insurance company. The main business activity of the Company is motor third-party liability insurance and other classes of insurance such are:

- Property insurance;
- Construction All Risk (CAR);
- Travel health insurance;
- Personal accidents;
- Comprehensive Motor Vehicle Insurance, etc.

The address of the Company's head office is str Qamil Hoxha Nr., 51, 10000, Prishtina, Kosovo

As at 31 December 2025 the Company has total of 120 staff and senior management (31 December 2024: 129 staff and senior management).

The financial statements of the Company for year ended December 31, 2025, were approved by the Board of Directors on 03 April 2026.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

A. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH IFRS

These financial statements have been prepared on a going concern basis and in accordance with the accounting policies as disclosed further within this note. The accounting policies applied are substantially based on the International Financial Reporting Standards ("IFRS"), except for non-applying IFRS 17: Insurance contracts and IFRS 9: Financial instruments. These standards were not implemented as at 31 December 2025 and 31 December 2024, based on the Central Bank of Kosovo's notice dated 29 December 2023 on the extension of the deadline for implementation of these standards. The implementation of IFRS 17 shall be in force for the annual reporting period commencing on 1 January 2026.

Thus, these financial statements cannot be read as being prepared in accordance with IFRS accounting standards. The measurement bases are more fully described in the accounting policies below.

The financial statements have been prepared on an historical cost basis, except for land, buildings and investment properties that have been measured at fair value. The financial statements are presented in Euro (€) rounded to the nearest thousand (€000), unless otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective note.

The preparation of financial statements in conformity with the accounting policies disclosed further within this Note, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3: Significant judgements and key sources of estimation uncertainty.

The financial statements are prepared as of 31 December 2025 and 31 December 2024. Current and comparative data stated in these financial statements are expressed in thousands of Euros, unless otherwise stated. Where necessary, comparative figures have been reclassified to conform to changes in presentation for the year.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Implementation of new IFRS requirements effective for the current year

The Company has implemented all new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period except for IFRS 17 and IFRS 9. These standards are not implemented, based on the Central Bank of Kosovo' notice dated 29 December 2023 on the extension of the deadline for implementation of these standards. The application of these standards other than IFRS 17 and IFRS 9 and interpretations did not have a material impact on the Company's financial statements.

The following new standards and amendments became effective on 1 January 2025:

- . Lack of Exchangeability (Amendments to IAS 21)

The Company is currently in the final stages of evaluating the potential impact of IFRS 17 Insurance Contracts on its Financial Statements. At this juncture, based on our initial assessment, management does not anticipate a material impact on the Company's financial position or performance. However, given the complexity and ongoing evaluation of the implementation process, it cannot be definitively concluded that there will be no material impact. Therefore, we recognize the importance of disclosing this uncertainty. Accordingly, we acknowledge that the effects of the implementation cannot be determined with absolute certainty at this time.

With the exception of IFRS 17 and if not disclosed above, new standards, changes and interpretations are not expected to have a material effect on the Company's financial statements.

New IFRS requirements issued but not yet effective or enforced by the Company

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Other Standards and amendments that are not yet effective and have not been adopted early by the Company include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)- effective 1 January 2026.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)- - effective 1 January 2026.
- Annual Improvements to IFRS Accounting Standards—Volume 11 – effective 1 January 2026.
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'- effective 1 January 2027.

These Standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). These financial statements are presented in Euro, which is the Company's functional and presentation currency.

C. PROPERTY AND EQUIPMENT

Recognition and measurement

The equipment is carried at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenses that are directly attributable to the acquisition of the asset. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (expenses)/income' in the profit or loss.

Land and buildings are carried at their revalued amounts if a revaluation results in an increase in value, it is credited to other comprehensive income and accumulated in the revaluation reserve unless it represents the return of a revaluation decrease of the same asset previously recognized as a loss in which case it is recognized in profit or loss.

A decrease that arises as a result of a revaluation is recognized as a loss to the extent that it exceeds any amount previously credited to the revaluation reserve in respect of the same asset.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation of property, plant and equipment is calculated using declining straight-line basis to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Computers and related equipment	5 years
Furniture, fixtures and other equipment	5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed and adjusted if necessary, at each statement of financial position date.

D. INVESTMENT PROPERTY

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee. Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

E. RIGHT-OF-USE ASSET

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

F. IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of property, plant and equipment and of intangible assets with finite useful lives

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of the asset / unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

G. FINANCIAL INSTRUMENTS

Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument. Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

The Company recognises financial assets using settlement date accounting, thus an asset is recognised on the day it is received by the Company and derecognised on the day that it is delivered by the Company.

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition. The Company classifies financial assets in one of the following two categories:

G FINANCIAL INSTRUMENTS (continued)

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Insurance receivables, cash and cash equivalents and deposits are classified in this category.

(b) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Company's management has the positive intention and ability to hold to maturity. These assets are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debt securities held to maturity is established when there is objective evidence that the Company will not be able to collect all amounts due according to their original terms. The Company has classified in this category term deposits and investment securities.

Impairment of financial assets

At the end of each reporting period, the Company assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (Company of) financial asset(s) have been affected. Objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract, probability that the borrower will enter bankruptcy, disappearance of an active market for that financial asset because of financial difficulties, etc.

In addition, for insurance receivables that are assessed not to be impaired individually, the Company assesses them collectively for impairment, based on the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc. Only for insurance receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly, or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

Derecognition

Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by IAS 39. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Whether the assets are recognised / derecognised in full or recognised to the extent of the Company's continuing involvement depends on accurate analysis which is performed on a specific transaction basis.

Subsequent measurement of financial liabilities

Financial liabilities are carried at amortised cost using the effective interest method.

Typically, trade and other payables are classified in this category. Items classified within trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

G. FINANCIAL INSTRUMENTS (continued)

Derecognition of financial liabilities

A financial liability is removed from the Company's statement of financial position only when the liability is discharged, cancelled or expired (i.e. extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

H. LEASE LIABILITY

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

I. PRODUCT CLASSIFICATION

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Ko Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

J. INSURANCE CONTRACTS LIABILITIES

Recognition and measurement

General insurance contracts

Insurance liabilities are calculated separately for all insurance products and are composed of premium contingency (unearned), risk contingency (unexpired), and loss contingency (not paid as at the closing date of the financial year). Insurance liabilities (provisions) represent estimates of future payments for reported and unreported claims. The Company does not discount its insurance liabilities. Any changes in estimates are reflected in results of operations in the period in which estimates are changed. Insurance liabilities estimation is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments.

Gross premiums written are recorded on the accrual basis according to insurance contracts and policies issued during the year and are credited to earning on a pro-rata basis over the term of the related policy coverage. Gross written premiums reflect business written during the year, and exclude any taxes or duties based on premiums. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of the risks underwritten.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

J. INSURANCE CONTRACTS LIABILITIES (continued)

Unearned premiums

The provision for unearned premium comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

Insurance contracts liabilities

Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not. The liability is derecognised when the contract expires, is discharged or is cancelled.

The reserve for unearned premiums includes premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income.

At each reporting date, a liability adequacy test is performed. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the provision for outstanding claims. The provision for unexpired risk is increased to the extent that future claims in respect of current insurance contracts exceed future premiums plus the current unearned premium provision.

Claims arising from general insurance business

Claims incurred in respect of general business consist of claims paid to policyholders during the financial year together with the changes in the valuation of the liabilities for outstanding claims.

Claims outstanding comprise provisions for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses and a prudential margin.

While Management considers that the insurance liabilities for claims and the related reinsurance recoveries are fairly stated based on the information currently available to them, the ultimate liability may differ as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of the insurance liabilities are reflected in the financial statements for the period in which the adjustments are made.

The provision represents the estimated ultimate cost of settling all claims including direct and indirect settlement costs, arising from events that occurred up to the reporting date. Unpaid losses and loss adjustment expenses consist of estimates for reported losses and provisions for losses not reported. The method used to determine the provisions for claims, is based on the applicable statutory rules but is also supported by actuarial valuations.

The technical provisions have been computed by the Company's actuary, having due regard to principles laid down in the regulation for the calculation of the technical provision for non-life insurers, issued by the Insurance Regulator Central Bank of Kosovo.

Reported but not settled claims ("RBNS") are set case by case. The reserve is calculated as the expected amount to be paid and the estimates are adjusted when the new information becomes available.

On 31 December 2025 the technical reserves for IBNR for MPTL are determined using the "a-priori analysis using an expected loss ratio approach (the a-priori ratio)" Under this approach, an expected ultimate loss ratio is determined for each underwriting year using internal historical claims experience and, where relevant, external market and benchmark information. The expected loss ratio is applied to earned premiums to estimate the expected ultimate claims cost for each underwriting period, from this amount is subtracted the reported but not settled claims.

For the insurance lines Personal Accident (01), Health (02), Casco (03) and Travel Health (18), the IBNR reserve is determined using actuarial method (Chain Ladder method) based on historical claims development. For all other lines of business the IBNR reserve is calculated as 10% of the gross written premiums for the respective year, reflecting the nature and claims development characteristics of these insurance lines.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Liability adequacy test/"LAT"

At each reporting date the Company performs test to ensure the adequacy of claim reserves. The primary tests performed are Claim Ratio Analysis and Run-off analysis of claim reserves.

The claim ratio analysis is performed annually on the major lines of business individually. The calculation is performed on claims alone as well as claims including acquisition costs and any other external claim handling costs. In performing this analysis, the Company considers current estimates of cash outflows. The Company does not discount these estimated cash flows because most claims are expected to be settled within one year.

J. INSURANCE CONTRACTS LIABILITIES (continued)

In addition, the Company performs annually a run-off analysis of claim reserves to assess its reserving methodology. The run-off analysis is performed on RBNS and IBNR separately as well as on combined basis. In case the analysis shows major discrepancies, proper adjustments are made to the reserving methodology.

If a deficiency is identified it will be charged immediately to profit or loss by establishing an unexpired risk provision from losses arising from Liability Adequacy Test.

Reinsurance

The Company ceded reinsurance in the normal course of business for the purpose of limiting its potential net loss through the diversification of its risks arising from MTPL, Property, and personal Accidents lines of business.

Such reinsurance includes facultative and treaty agreements. Only contracts that give rise to a significant transfer of instance risk and timing risk are accounted for as insurance. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. Reinsurance liabilities comprise payable for outlands reinsurance contracts and are recognized as an expense based on the whole amount agreed with the reinsurer.

Benefits reimbursed are presented in the statement of profit and loss and other comprehensive income and statement of financial position on a gross basis.

Participated reinsurance recoveries are disclosed separately as assets in the statement of financial position. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of the reinsurance contract.

Deferred acquisition costs

Acquisition costs are defined as the costs arising on the acquisition of new insurance contracts, including direct costs such as agent commissions and amounts paid to the Central Bank of Kosovo.

Deferred acquisition costs and deferred origination costs are amortized systematically over the existence of the contract and tested for depreciation on the reporting date. Any amount that is not recoverable is expensed, derecognized when the related contracts are settled or disposed of.

Claims handling costs

Claims handling costs consist of internal and external costs related to the assessment, handling and evaluation of claims by company personnel as well as external costs such as legal fees and other costs. Management has estimated the cost of handling claims of 1.2% (2024: 1.2%) of total RBNS and IBNR reserves, excluding claims (claims) of border policies and costs of handling the guarantee fund which are determined from the Kosovo Insurance Bureau.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

K. REVENUE RECOGNITION

Premium Income

General business written premiums comprise the premiums on contracts incepting in the financial year, irrespective of whether they relate in whole or in part to a later accounting period. Written premiums are disclosed gross of commission payable to intermediaries. The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following financial year, using the daily pro - rata basis 1/365, adjusted, if necessary, to reflect any variation in the incidence of risk during the period covered by the contract. However, for all the products in force by the Company have linear risk and no adjustments for variation of risks have been currently made.

Fees and commission income

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees and charges are recognized as revenue over the period in which the related services are performed.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to net carrying value of the assets.

L. BENEFIT CLAIMS AND EXPENSES RECOGNITION

Benefits and claims

Gross benefits and claims consist of benefits and claims paid to policyholders, as well as changes in the gross valuation of insurance and investment contract liabilities, except for gross changes in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling cost that are directly related to the processing and settlement of claims. Insurance claims are recorded on the basis of notifications received.

M. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

N. TERM DEPOSITS

Term deposits are stated in the statement of financial position at amortised cost and are classified according to their maturities. Term deposits with maturities less than three months are classified as cash equivalents, those with maturities over three months are classified as investments in term deposits. Interest is calculated on an accrual basis.

O. EQUITY

Share capital represents the nominal value of shares issued. Shares are classified as equity when there is no obligation to transfer cash or other assets.

Revaluation reserve

Reserves have been accounted for in the Company's books as a difference between the carrying value of land and buildings and the value as determined by independent valuation.

Accumulated losses

Accumulated losses include all current and prior period profit and losses.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

P. TAXATION

Corporate income tax

Effective from 5 August 2019 in accordance with Law no. 06 / L-105 "On corporate income tax", insurance companies are required to pay corporate income tax at the rate of 10% on their taxable profits. The corporate income tax rate is fixed at 10%.

Current tax is the amount expected to be paid to, or recovered from, the taxation authority in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses. Taxable profit differs from accounting profit either because certain income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible varies between tax law and their accounting treatment.

Tax expense for the period includes current and deferred tax if any. Tax is recognized in profit or loss unless it arises from transactions or events recognized in other comprehensive income or directly in equity. In this case, the tax is recognized in other comprehensive income or directly in equity, respectively. When tax arises from the initial calculation for a business combination, it is included in the accounting for the business combination. Taxes other than income tax are recorded within operating expenses.

P. TAXATION (continued)

Deferred tax is recognized on the differences between the carrying amounts of the assets and liabilities in the separate financial statements and the relevant tax bases used in calculating the taxable profit and are calculated using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow for all or part of the assets to be retained, recovered.

Deferred tax is calculated on the tax rates that are expected to be applied in the period in which the obligation is settled or the asset realized. The deferred tax is charged or credited to profit or loss, except in the case of items charged or credited directly to equity, in which case deferred tax is also treated as equity.

Deferred tax assets and liabilities are offset when there is a legally binding right to offset current tax assets against current tax liabilities and when they relate to income taxes imposed by the same tax authority and the Company intends to settle its assets and liabilities, current tax on a net basis.

Interest income received by the Company is also subject to withholding tax at the rate of 10% (2023: 10%).

Q. EMPLOYEE BENEFITS

Retirement benefits cost

The Company makes no provision and has no obligation for employee pensions over and above the contributions paid into the state pension plan, Kosovo Pension Saving Trust (KPST).

R. PROVISIONS

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

S. LEASES

Short-term leases and leases for low-value assets are recognized as an expense in the statement of profit and loss. Short-term leases are leases of 12 months or less.

T. EXPENSES RECOGNITION

Operating lease payments

Payments under operating leases are recognized in the profit or loss on a straight-line basis over the term of the lease. The company does not capitalize leases with an annual payment below 5,000 euro or with a maturity of less than one year.

Finance cost

Interest paid is recognised in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest-bearing financial liability.

U. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

The amount of a contingent loss is recognized as a provision if it is probable that future events will confirm that, a liability incurred as at the statement of financial position date and a reasonable estimate of the amount of the resulting loss can be made.

V. RELATED PARTY TRANSACTIONS

Related parties consist of shareholder and directors of the Company, together with entities which they control, who can exert significant influence over the operations and management of the Company. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

W. EVENTS AFTER THE REPORTING PERIOD

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

X. GOING CONCERN

As at 31 December 2025, the Company reported net assets of EUR 8,045 thousand (2024: EUR 7,191 thousand) and a profit for the year of EUR 854 thousand (2024: EUR 758 thousand), while accumulated losses amounted to EUR 11,992 thousand (31 December 2024: EUR 12,846 thousand). The Company has generated profits in recent years and management forecasts that profitability will continue in the foreseeable future. In addition, the Company meets all applicable regulatory capital requirements, including solvency margins and adequate coverage of technical (mathematical) reserves with eligible assets.

Based on the above, management has concluded that there are no material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue its operations is not dependent on financial support from its shareholder. Nevertheless, should additional support be required, the shareholder has demonstrated in the past its ability and willingness to provide financial support.

3 SIGNIFICANT JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances. Actual results may differ from those estimated. The estimates and underlying assumptions are reviewed on an ongoing 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 revision and future periods if the revision affects both current and future periods.

Valuation of insurance contract liabilities

For non-life insurance contracts, estimates should be made for both the expected final cost of claims reported at the date of the financial position and the expected final cost of claims incurred but not yet reported in the statement of financial position date (IBNR). The final cost of outstanding claims is estimated using a range of standard actuarial claims design techniques.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project the development of future claims and thus the ultimate claims costs. As such, these methods highlight the development of paid and incurred losses, the average cost of a claim and the numbers of claims based on the observed developments of previous years and the expected loss reports. The development of historical claims is mainly analyzed by years of accident but can also be further analyzed by geographical area as well as by important business lines and types of claims. Additional qualitative assessment is used to assess the extent to which past trends cannot be applied in the future, in order to arrive at the final estimated cost of claims representing the potential outcome from the range of potential outcomes, taking into account all uncertainties involved.

Impairment losses on receivables

The Company reviews its insurance and non-insurance receivables to assess impairment on at least on annual basis. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from an individual debtor. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtor.

Estimation of fair values of Investment Property and Owner-Occupied Property

Company's investment properties and owner-occupied properties are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Company works closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis etc.). Prices determined then by the valuers are used by the Company without adjustment. Changes in the fair value of assets and their causes are analysed by the company management. Such valuations require the Company to select among a range of different valuation methodologies and to make estimates about expected future cash flows and discount rates, market prices etc.

4 INSURANCE AND FINANCIAL RISK

A. Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The board of directors approves the Company risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

B. Regulatory framework

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy, solvency margin requirements) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

C. Reinsurance strategy

The majority of insurance business ceded is placed on an excessive loss base. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists in relation to the insurance provided, to the extent that any reinsurer is unable to meet its obligations under the reinsurance agreements. The Company's placement of reinsurance is diversified such that it is not dependent on a single reinsurer.

D. Insurance Risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risk's mitigation program. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Company principally issue following types of insurance contracts: motor third party liability insurance, health insurance, property insurance, professional indemnity insurance and other insurance contracts.

For motor third party liability insurance, the most significant risk are material and not material damages caused due to accidents. For property insurance and healthcare insurance most significant risks are; natural disaster, fire, terrorist activities, epidemics, medical science and technology improvements.

4 INSURANCE AND FINANCIAL RISK (CONTINUED)

D. Insurance Risk (continued)

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The maximum insurance retentions are 10% of minimum share capital.

The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

31 December 2025			
	Gross Liabilities	Reinsurance of liabilities	Net Liabilities
Motor Third party liability	8,357	187	8,170
KIB	987	52	935
Compensation Fund	922	-	922
Property insurance	739	503	236
Health insurance	385	-	385
Other Products	1,041	39	1,002
TOTAL	12,431	781	11,650
31 December 2024			
	Gross Liabilities	Reinsurance of liabilities	Net Liabilities
Motor Third party liability	7,513	200	7,313
KIB	880	53	827
Compensation Fund	915	-	915
Property insurance	757	503	254
Health insurance	500	-	500
Other Products	980	126	854
TOTAL	11,545	882	10,663

E. Credit Risk

The company does not have a significant concentration of credit risk. The company has policies that limit the amount of credit risk for each single counterparty. The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

	31 December 2025	31 December 2024
	EUR'000	EUR'000
Cash and cash equivalents	1,082	870
Term deposits	14,505	11,682
Investments in securities	4,125	5,082
Insurance receivables	1,753	1,299
MAXIMUM EXPOSURES TO CREDIT RISK	21,465	18,933

Terms deposits and Cash and cash equivalents.

All term deposits and cash held in current account are with Republic of Kosovo licensed banks. However, exposure to single bank should not exceed 30% of term deposits for minimum capital 3.2 million euro according to CBK regulations and Company policy.

Investments in securities are in securities issued by the Republic of Kosovo and have no credit rating.

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

4 INSURANCE AND FINANCIAL RISK (CONTINUED)

E. Credit Risk (continued)

Insurance receivable

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk. The age structure of insurance receivables as of 31 December 2025 and 31 December 2024 is as follows:

	31 December 2025	31 December 2024
	EUR'000	EUR'000
Up to 30 days	727	360
From 1 to 3 months	346	115
From 3 to 6 months	269	446
Above 6 months	386	189
Above 1 year	491	515
	2,219	1,625
Less: impairment provision	(466)	(326)
INSURANCE RECEIVABLES, NET	1,753	1,299

Movements in the provision for impairment of premium receivables that are assessed for impairment collectively are as follows:

	31 December 2025	31 December 2024
	EUR'000	EUR'000
At 1 January	326	256
Recognized during the year	140	70
At 31 December	466	326

4 INSURANCE AND FINANCIAL RISK (CONTINUED)

F. Market Risk

The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Interest Rate Risk

The Company's exposure to interest risk relates to deposits placed in local commercial banks. Outstanding claims and provision for unearned premiums are not directly sensitive to market interest rates because are not discounted and non-interest bearing.

31 December 2025	Financial Instruments with Fixed interest rate					Non bearing interest EUR'000
	Total	<1 month	1-3 months	3-12 months	12>months	
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	
ASSETS						
Cash and cash equivalents	1,082	-	-	-	-	1,082
Term deposit	14,505	323	1,094	6,337	6,751	-
Investments in securities	4,125	-	1,005	-	3,120	-
Insurance receivables	1,753	-	-	-	-	1,753
TOTAL	21,465	323	2,099	6,337	9,871	2,835
LIABILITIES						
Outstanding claims provisions	(12,431)	-	-	-	-	(12,431)
Subordinated debt	(214)	-	-	-	(214)	-
Insurance and other liabilities	(573)	-	-	-	-	(573)
Lease liabilities	(356)	(12)	(25)	(108)	(211)	-
TOTAL	(13,574)	(12)	(25)	(108)	(425)	(13,004)
MATURITY GAP	7,891	311	2,074	6,229	9,446	(10,169)

31 December 2024	Financial Instruments with Fixed interest rate					Non bearing interest EUR'000
	Total	<1 month	1-3 months	3-12 months	12>months	
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	
ASSETS						
Cash and cash equivalents	870	-	-	-	-	870
Term deposit	11,682	322	411	2,711	8,238	-
Investments in securities	5,082	-	-	-	5,082	-
Insurance receivables	1,299	-	-	-	-	1,299
TOTAL	18,933	322	411	2,711	13,320	2,169
LIABILITIES						
Outstanding claims provisions	(11,545)	-	-	-	-	(11,545)
Insurance and other liabilities	(765)	-	-	-	-	(765)
Subordinated debt	(200)	-	-	-	(200)	-
Lease liabilities	(324)	-	-	-	(322)	-
TOTAL	(12,834)	-	-	-	(524)	(12,310)
MATURITY GAP	6,099	322	411	2,711	12,796	(10,141)

4
 INSURANCE AND FINANCIAL RISK (CONTINUED)

G. Foreign currency risk

The Company is not exposed to foreign currency risk since all of its transactions are performed in local currency.

H. Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, then, availability of funds through adequate credit facilities and ability to collect timely, within the terms established the amounts due from the deposits.

The table below analyses the financial assets and liabilities of the Company at 31 December 2025 and 31 December 2024 into relevant remaining contractual maturity.

31 December 2025	Up to 1 month EUR'000	1-3 months EUR'000	3-12 months EUR'000	Over 1 year EUR'000	Total EUR'000
ASSETS					
Cash and cash equivalents	1,082	-	-	-	1,082
Term deposit	323	1,094	6,337	6,751	14,505
Investments in securities	-	1,005	-	3,120	4,125
Insurance receivables	727	346	562	118	1,753
TOTAL	2,132	2,445	6,899	9,989	21,465
LIABILITIES					
Outstanding claims provisions	(12,431)	-	-	-	(12,431)
Insurance and other liabilities	(573)	-	-	-	(573)
Subordinated debt	-	-	-	(214)	(214)
Lease liabilities	(12)	(25)	(108)	(211)	(356)
TOTAL	(13,016)	(25)	(108)	(425)	(13,574)
MATURITY GAP	(10,884)	2,420	6,791	9,564	7,891
31 December 2024					
31 December 2024	Up to 1 month EUR'000	1-3 months EUR'000	3-12 months EUR'000	Over 1 year EUR'000	Total EUR'000
ASSETS					
Cash and cash equivalents	870	-	-	-	870
Term deposit	322	411	2,711	8,238	11,682
Investments in securities	-	-	947	4,135	5,082
Insurance receivables	339	69	867	24	1,299
TOTAL	1,531	480	4,525	12,397	18,933
LIABILITIES					
Outstanding claims provisions	(11,545)	-	-	-	(11,545)
Insurance and other liabilities	(765)	-	-	-	(765)
Subordinated Debt	-	-	-	(200)	(200)
Lease liabilities	-	-	(47)	(277)	(324)
TOTAL	(12,310)	-	-	(477)	(12,834)
MATURITY GAP	(10,779)	480	4,478	11,920	6,099

5 FAIR VALUE ESTIMATION

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values have been based on management assumptions according to the profile of the asset and liability base.

A. Financial instruments measured at fair value

The financial assets measured according to the fair value in the Statement of financial position are presented in accordance with the hierarchy of the fair value. 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:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting dates, the Company does not have financial instruments measured at fair value.

Financial assets not measured at fair value

The difference between carrying value and fair value of those financial assets and liabilities which are not presented in the Statement of financial position at their fair value are as follows:

31 December 2025	Carrying value EUR'000	Fair value EUR'000
ASSETS – at amortized cost		
Cash and cash equivalents	1,082	1,082
Term deposits	14,505	14,505
Investments in securities	4,125	4,125
Insurance receivables	1,753	1,753
TOTAL	21,465	21,465
LIABILITIES – at amortized cost		
Lease liabilities	356	356
Subordinated debt	214	214
Insurance and other liabilities	573	573
TOTAL	1,143	1,143
31 December 2024	Carrying value EUR'000	Fair value EUR'000
ASSETS – at amortized cost		
Cash and cash equivalents	870	870
Term deposits	11,682	11,682
Investments in securities	5,082	5,082
Insurance receivables	1,299	1,299
TOTAL	18,933	18,933
LIABILITIES – at amortized cost		
Insurance and other liabilities	765	765
Subordinated Debt	200	200
Lease liabilities	324	324
TOTAL	1,289	1,289

The management assessed that cash and term deposits, insurance receivables, insurance and other payable and claim provisions approximate their carrying amounts largely due to the short-term maturities of these instruments.

5 FAIR VALUE ESTIMATION (CONTINUED)

The estimated fair value of long-term deposits is based on discounted contractual cash flows, taking into consideration market interest rates.

Kosovo government securities are not traded actively in secondary markets. Management estimates the current required market yield based on the latest primary auction of securities. Subsequently it estimates fair value of securities by comparison with the trading price of the instruments with the most similar maturity to the remaining maturity of the instruments held.

Fair value measurement of non-financial assets

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. The Company classified land in the level 2.

31 December 2025	Level 1	Level 2	Level 3	Total
Buildings and land	-	2,718	-	2,718
Investment Property	-	895	-	895
TOTAL NON-FINANCIAL ASSETS	-	3,613	-	3,613

31 December 2024	Level 1	Level 2	Level 3	Total
Buildings and land	-	2,777	-	2,777
Investment Property	-	895	-	895
TOTAL NON-FINANCIAL ASSETS	-	3,672	-	3,672

Valuation techniques used to determine level 2 and level 3 fair values

The company obtains independent valuations for its investment properties on yearly bases.

Land and Buildings

Land and buildings are revalued on a non-recurring basis. The most recent revaluation was performed as at 31 December 2022, at which date management updated its assessment of the fair value of each property, taking into consideration the most recent independent valuation reports. Management determines the fair value of properties within a range of reasonable and supportable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalized income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

The level 2 fair value of land and buildings has been derived using the sales comparison approach. The key inputs under this approach are the price per square meter from current year sales of comparable lots of lands and buildings in the area (location and size).

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

6 CASH AND CASH EQUIVALENTS

	31 December 2025 EUR'000	31 December 2024 EUR'000
Current accounts with local bank	1,082	869
Cash at hand	-	1
TOTAL CASH AND CASH EQUIVALENTS	1,082	870

7 TERM DEPOSITS AND INVESTMENT SECURITIES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Deposits with banks	14,182	11,360
Investment securities	4,125	5,082
Restricted cash with Central Bank of Kosovo (CBK)	323	322
TOTAL TERM DEPOSITS AND INVESTMENT SECURITIES	18,630	16,764

Maturity of deposits and securities

	31 December 2025 EUR'000	31 December 2024 EUR'000
Maturity within one year	8,771	3,444
Maturity after one year	9,859	13,320
TOTAL TERM DEPOSITS AND INVESTMENT SECURITIES	18,630	16,764

Deposits consist of time deposits held by local banks. These deposits as at 31 December 2025 are term deposits and interest carried at a rate of 0.9 % to 3.8% per annum (31 December 2024: 0.9 % to 3.8% per annum).

Investment securities, five years bonds, are issued by the Republic of Kosovo. These bonds have remaining contractual maturities ranging from three to five years, and interest carried at a rate of 2% to 3.3% per annum. They are classified as amortized cost.

8 INSURANCE RECEIVABLES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Due from customers	2,185	1,593
Due from agents	34	32
Less: Impairment provision	(466)	(326)
TOTAL INSURANCE RECEIVABLES	1,753	1,299

Insurance receivables are amount due from customers for insurance premium for insurance contracts sold during the ordinary course of business. Collection of amounts is expected in one year or less. For insurance receivable aging and movement in impairment provision refer to note 4E.

9 DEFERRED ACQUISITION COSTS

As of 31 December 2025, the deferred acquisition expenses (DAC) amount to 625 thousand euros (31 December 2024: 601 thousand euros) and represent the deferred commissions of agents, and CBK fee.

Deferred acquisition costs at year-end comprise:

	31 December 2025 EUR'000	31 December 2024 EUR'000
Commissions for agents	532	507
Commission for CBK	93	94
Total	625	601

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

9 DEFERRED ACQUISITION COSTS (CONTINUED)

Commission paid to agents and CBK is based on premium written and therefore included as part of the acquisition cost.

COMMISSION FOR CBK	31 December 2025	31 December 2024
	EUR'000	EUR'000
Balance at 1 January	94	76
Increase	20	37
Decrease	(21)	(19)
Balance at 31 December 2025	93	94

COMMISSION FOR AGENTS	31 December 2025	31 December 2024
	EUR'000	EUR'000
Balance at 1 January	507	456
Increase	119	126
Decrease	(94)	(75)
Balance at 31 December 2025	532	507

10 PROPERTY AND EQUIPMENT

	Land	Buildings	Computers	Vehicles	Total
	EUR'000	EUR'000	and equipment	EUR'000	EUR'000
			EUR'000		
COST					
At 01 January 2024	530	2,365	1,281	626	4,802
Additions during the year	-	-	106	11	117
Disposals during the year	-	-	-	(22)	(22)
AT 31 December 2024	530	2,365	1,387	615	4,897
At 01 January 2025	-	-	209	175	384
Additions during the year	-	-	-	(65)	(65)
Disposals during the year	-	-	-	-	-
AT 31 December 2025	530	2,365	1,596	725	5,216
ACCUMULATED DEPRECIATION					
At 01 January 2024	-	(59)	(1,139)	(603)	(1,801)
Depreciation for the year	-	(59)	(68)	(16)	(143)
Disposals during the year	-	-	-	22	22
AT 31 December 2024	-	(118)	(1,207)	(597)	(1,922)
Depreciation for the year	-	(59)	(75)	(32)	(166)
Disposals during the year	-	-	-	55	55
AT 31 December 2025	-	(177)	(1,282)	(574)	(2,033)
NET CARRYING AMOUNT					
AT 31 December 2024	530	2,247	180	18	2,975
AT 31 December 2025	530	2,188	314	151	3,183

As of 31 December 2025, and 31 December 2024, the Company has no property, equipment or intangible assets mortgaged or pledged as collateral. All assets are used for the Company's operating activities

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

11 RIGHT OF USE OF ASSETS

The right to use the assets and depreciation for the year divided by classes are presented in the table below:

	Buildings EUR'000	Total EUR'000
COST		
At 01 January 2024	840	840
Additions during the year	14	14
AT 31 December 2024	854	854
At 01 January 2025		
Additions during the year	182	182
AT 31 December 2025	1,036	1,036
ACCUMULATED DEPRECIATION		
At 01 January 2024	(402)	(402)
Depreciation for the year	(141)	(141)
AT 31 December 2024	(543)	(543)
Depreciation for the year	(151)	(151)
AT 31 December 2025	(694)	(694)
NET CARRYING AMOUNT		
AT 31 December 2024	311	311
AT 31 December 2025	342	342

The Company had total cash outflows for leases of EUR 170 (2024: EUR 184). Lease liabilities and interest expenses related to lease are presented in note 19.

12 INTANGIBLE ASSETS

	Intangible assets	TOTAL
	Software and License EUR'000	Total EUR'000
COST		
At 01 January 2024	44	44
Additions during the year	27	27
AT 31 December 2024	71	71
At 01 January 2025		
Additions during the year	80	80
AT 31 December 2025	151	151
ACCUMULATED AMORTIZATION		
At 01 January 2024	(21)	(21)
Amortization for the year	(11)	(11)
AT 31 December 2024	(32)	(32)
Amortization for the year	(22)	(22)
AT 31 December 2025	(54)	(54)
NET CARRYING AMOUNT		
AT 31 December 2024	39	39
AT 31 December 2025	97	97

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

13 INVESTMENT PROPERTY

	31 December 2025 EUR'000	31 December 2024 EUR'000
Land in Hajvali, Prishtina	895	895
TOTAL INVESTMENT PROPERTY	895	895

Valuation of investment property

Investment property is carried based on the fair value model. The revalued amounts are determined on yearly basis based on the valuation performed by an independent professional appraiser using comparable prices method.

14 REINSURENC ASSETS

	31 December 2025 EUR'000	31 December 2024 EUR'000
Reinsurer's share of claims provisions – TPL	187	200
Reinsurer's share of claims provisions – Other	594	682
Reinsurer's share in unearned premium	317	1,176
TOTAL REINSURER'S PART IN CLAIMS PROVISIONS	1,098	2,058

15 OTHER ASSETS

	31 December 2025 EUR'000	31 December 2024 EUR'000
Prepayments	30	22
Advances to employees	11	11
Receivables from reinsurance for claims	153	101
Other receivables	3	3
	197	137
Receivables from KIB (Kosovo Insurance Biro)	459	503
	459	503
TOTAL OTHER ASSETS	656	640

16 EQUITY

On 31 December 2025 and 31 December 2024, the company is 100% owned by Banka Ekonomike SH.A.

Share Capital

At 31 December 2025 and 31 December 2024, share capital consists of 100 shares with a nominal value of 195,025 euros per share.

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

17	OUTSTANDING CLAIMS PROVISION	31 December	
		2025	2024
		EUR'000	EUR'000
	Reported but not settled (RBNS)	7,864	7,191
	Claims incurred but not reported (IBNR)	4,377	4,178
	Claims handling cost reserve	190	176
	TOTAL OUTSTANDING CLAIMS PROVISION	12,431	11,545

Following table summarizes the movement in the claims provision account:

	KIB – Border insurance	KIB – Compensation fund	Excluding KIB and Compensation Fund operations	31 December 2025
	EUR'000 A	EUR'000 B	EUR'000 C	EUR'000 D= A+B+C
At 01 January	880	915	9,750	11,545
Incurred (release) during the year	329	350	6,933	7,612
Paid during the year	(222)	(357)	(6,147)	(6,726)
AT 31 December	987	908	10,536	12,431

	KIB – Border insurance	KIB – Compensation fund	Excluding KIB and Compensation Fund operations	31 December 2024
	EUR'000 A	EUR'000 B	EUR'000 C	EUR'000 D= A+B+C
At 01 January	765	910	9,546	11,221
Incurred (release) during the year	216	368	6,057	6,641
Paid during the year	(101)	(363)	(5,853)	(6,317)
AT 31 December	880	915	9,750	11,545

The Compensation Fund aims to pay claims in the territory of the Republic of Kosovo, pursuant to the provisions of Articles 18, 19, 20, 21, and 22 of Law no. 04 / L-018 on compulsory third party insurance of motor vehicles. Its role is to pay claims insurance in connection with accidents caused by uninsured vehicles, unknown vehicles or other specified events. During period ended 31 December 2025 and 31 December 2024, the financing of the compensation fund was made based on the regulation approved by the CBK on December 28, 2017.

For the period ended 31 December 2025 and year end 31 December 2024, the Company was required to contribute to the Compensation Fund an amount of 357 thousand euros and 363 thousand euros, respectively. Furthermore, insurance companies have assumed collective responsibility to provide the Compensation Fund with sufficient funds to be able to meet all future claims in the event that the claims and costs incurred by the Compensation Fund exceed the surplus held. The amount payable to the compensation fund in relation to liabilities period ended 31 December 2025 and year end 31 December 2024 amounts to 8 thousand euros and 44 thousand euros, respectively.

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

18 PROVISION FOR UNEARNED PREMIUM

31 December 2025	Gross provision for unearned premiums EUR'000	The reinsurer's share in the unearned premium EUR'000	Net provision for unearned premiums EUR'000
Third party motor vehicle insurance (TPL)	4,058	-	4,058
Share of KIB income	70	-	70
Health and Travel	330	-	330
Contract insurance	279	(196)	83
Personal accident	307	-	307
Property insurance	360	(121)	239
Third party motor vehicle insurance (TPL+)	256	-	256
General liability insurance	78	-	78
CIS & CIT	-	-	-
Casco	772	-	772
Other insurance	126	-	126
TOTAL PROVISION FOR UNEARNED PREMIUM	6,636	(317)	6,319

31 December 2024	Gross provision for unearned premiums EUR'000	The reinsurer's share in the unearned premium EUR'000	Net provision for unearned premiums EUR'000
Third party motor vehicle insurance (TPL)	3,534	-	3,534
Share of KIB income	65	-	65
Health and Travel	240	-	240
Contract insurance	1,102	(1,074)	28
Personal accident	139	-	139
Property insurance	312	(102)	210
Third party motor vehicle insurance (TPL+)	222	-	222
General liability insurance	74	-	74
CIS & CIT	-	-	-
Casco	625	-	625
Other insurance	114	-	114
TOTAL PROVISION FOR UNEARNED PREMIUM	6,427	(1,176)	5,251

Movement of provision for unearned premium

	31 December 2025 EUR'000	31 December 2024 EUR'000
As at 1 January	6,427	5,168
Premiums written during the period / year (note 20)	14,801	14,460
Less: premiums earned during the period / year	(14,592)	(13,201)
Balance at 31 December 2025	6,636	6,427

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

PROVISION FOR UNEARNED PREMIUM (CONTINUED)

	31 December 2025	31 December 2024
	EUR'000	EUR'000
Gross change in provision for unearned premium	(209)	(1,258)
Change in reinsurers share	(859)	770
Change in provision for unearned premium, net	(1,068)	(488)

19 SUBORDINATED DEBT

	31 December 2025	31 December 2024
Subordinated debt		
ISDIAR LLC	214	200
Total	214	200

During the year 2024, the Company entered into a subordinated loan agreement with ISDIAR LLC in the amount of EUR 200 thousand. The loan bears interest rate of 7% per annum, payable on six instalments, five payments at the end of each year at 31st of December and the last payment on 31st of January 2030, and the principal is payable in one single installment on December 31, 2030.

20 LEASE LIABILITIES

	31 December 2025	31 December 2024
	EUR'000	EUR'000
Lease liability maturity		
Payment within a year	145	47
Payment after one year	211	277
TOTAL LIABILITIES AT 31 DECEMBER	356	324

The company has lease agreements for eighteen offices. The lease contracts are fixed payments and have maturity of up to 4 years. Each lease is reflected in the balance as a right -of- use asset and a lease liability. The Company classifies its right -of- use assets in a consistent manner with its property and equipment (see Note 11). For Lease liabilities as at 31 December 2025 and 31 December 2024 interest rates were 6% per annum.

The recognized interest expenses related to the offices lease liabilities for period ended 31 December 2025 are in the amount of 15 thousand euros, while for year ended 31 December 2024 were in the amount of 12 thousand euros.

21 INSURANCE AND OTHER PAYABLES

	31 December 2025	31 December 2024
	EUR'000	EUR'000
Trade payables	172	189
Tax payables (VAT, personal income tax and pension contributions)	292	251
Reinsurance payable	95	92
Payable to KIB-Compensation fund	8	44
Other payables	6	25
TOTAL INSURANCE AND OTHER PAYABLES	573	601

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

22 GROSS WRITTEN PREMIUMS

	31 December 2025 EUR'000	31 December 2024 EUR'000
Third party motor vehicle insurance (TPL)	8,006	6,989
Share of KIB income	883	786
Health and Travel	2,286	2,501
Contract insurance	351	1,508
Personal accident	732	362
Property insurance	437	411
Third party motor vehicle insurance (TPL+)	570	503
Public liability insurance	58	73
CIS & CIT	273	273
Casco	1,532	1,303
Other insurance	14	13
	15,142	14,722
Less: Returned premiums	(341)	(262)
TOTAL GROSS WRITTEN PREMIUMS	14,801	14,460

RE-INSURERS' SHARE OF GROSS WRITTEN PREMIUM

	31 December 2025 EUR'000	31 December 2024 EUR'000
Third party motor vehicle insurance (TPL)	(131)	(97)
Contract insurance	(222)	(1,424)
Casco Insurance	(34)	(26)
Insurance for financial losses	(219)	(219)
Property insurance	(290)	(289)
Less: Re-insurers' share of gross written premium	(896)	(2,055)

23 FINANCIAL INCOME AND EXPENSES

	31 December 2025 EUR'000	31 December 2024 EUR'000
Interest income	419	378
Interest expenses on leases	(15)	(23)
Interest expenses on subordinated debt	(14)	-
TOTAL NET FINANCIAL INCOME	390	355

24 OTHER INCOME

	31 December 2025	31 December 2024
Income from commissions to the reinsurer from MTPL (ceded premium)	-	56
Income from commissions to the reinsurer from Contract insurance (ceded premium)	69	65
Other income	161	290
TOTAL OTHER INCOME	230	411

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

25 OTHER OPERATING AND ADMINISTRATIVE EXPENSES	31 December 2025 EUR'000	31 December 2024 EUR'000
Payroll and bonuses	2,382	2,249
Professional and consulting services	383	314
Depreciation expenses	338	295
Other expenses	269	286
Insurance costs	262	336
CBK expenses	208	222
Provision for impairment of insurance receivables	140	70
Temporary agreements and BoD compensations	69	35
Advertising and marketing expenses	68	71
Maintenance and service expenses	60	93
Office supply	57	38
Security services	43	33
Fuel expenses	27	18
Electricity expenses	23	17
Municipality and other taxes	22	20
Telephone and communications expenses	21	25
Training and education	21	8
Representation	16	22
Donation expenses	5	-
Provision for litigations	146	-
Expenses for litigations	-	676
TOTAL OTHER OPERATING AND ADMINISTRATIVE EXPENSES	4,560	4,828

PAYROLL AND BONUSES	31 December 2025 EUR'000	31 December 2024 EUR'000
Payroll	2,164	1,620
Contributions	118	82
Bonuses	100	12
TOTAL PAYROLL AND BONUSES	2,382	1,714

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

26 INCOME TAX

	31 December 2025 EUR'000	31 December 2024 EUR'000
Incometax	215	269
TOTAL INCOME TAX EXPENSE	215	269

Income tax. Insurance Companies are liable to tax on profit with the Law no. 06/L-105 "On Corporate Income Tax" which is effective from 5 August 2019. In accordance with the Law insurance companies are required to pay the corporate income tax at 10 % at their taxable profits.

	31 December 2025 EUR'000	31 December 2024 EUR'000
Profit before tax	1,069	1,027
Tax rate at 10%	107	103
Adjustment for tax purposes:		
Changes in technical reserves	90	150
Other non-deductible expenses	18	16
Income tax expenses	215	269

27 COMMITMENTS AND CONTINGENCIES

a) Litigation

The company is exposed to various damages and legal actions in the ordinary course of business. In the opinion of management, the ultimate settlement of these matters is not expected to have a material adverse effect on the Company's financial position or changes in net assets. Legal cases are common when claimants do not agree with the claim valuation performed by the Company. Management evaluates claims using internal expertise including legal advice. The Company believes that these estimates are appropriate however acknowledges that the final outcome may be higher or lower than the amount provided. As at 31 December 2025, there are 876 legal issues, with a reserve in the amount of 2,022 thousand euros. (31 December 2024: 750 legal issues with a reserve in the amount of 1,981 thousand euros.)

b) Litigations against Kosovo Insurance Bureau

The Company is a member of the Kosovo Insurance Bureau (KIB), a professional, non-profit organisation established by insurance companies licensed in Kosovo. KIB is involved in ongoing legal proceedings initiated by certain insurance companies concerning the allocation of premiums derived from the sale of border insurance policies.

On 24 July 2025, the Court of Appeal issued a decision against KIB in relation to this matter. Subsequently, the Supreme Court of Kosovo, by its decision dated 20 January 2026, set aside the second-instance judgment and returned the case to the Court of Appeal for reconsideration. As a result, the legal proceedings remain ongoing, and the final outcome is subject to uncertainty.

The Kosovo Insurance Bureau taking into account the existing court decisions and the current status of the litigation, has recognised a provision in its financial statements in respect of this matter. As at 31 December 2025, KIB has estimated a gross obligation of approximately EUR 1,700 thousand, expected to be settled by 31 December 2027. This amount has been discounted using a legal discount rate of 8%, resulting in a present value of EUR 1,460 thousand which was recognised as a provision in the financial statements of KIB.

INSURANCE COMPANY SIGURIA SH. A
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

In accordance with the Statute of Kosovo Insurance Bureau, the Company is an equal member of Kosovo Insurance Bureau and participates with a 10% share in expenses arising from Kosovo Insurance Bureau, excluding obligations related to the Compensation Fund, which is regulated separately by law. Accordingly, based on the provision recognised by Kosovo Insurance Bureau, the Company has recognised a provision in the amount of EUR 146 thousand in this financial statements representing its proportional share of the estimated obligation.

Management believes that the recognised provision represents the best estimate of the Company's obligation at the reporting date, based on the information currently available. However, due to the ongoing nature of the court proceedings and the remand of the case to the Court of Appeal, the ultimate amount and timing of any outflows may differ from the amounts currently recognised, and any such differences will be recognised in the period in which they become known.

c) Tax liabilities

The Company's financial statements year ended 31 December 2025 and 31 December 2024 may be subject to inspection by local tax authorities. The Company has followed all tax rules and regulations in calculating tax liabilities, however tax interpretations as per tax authorities may differ from those used by the Company.

28 RELATED PARTY TRANSACTIONS

A party is related to an entity if, directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the entity, the party has an interest in the entity that gives it significant influence over the entity, the party has joint control over the entity, the party is an associate or the party is a member of the key management personnel of the entity or its parent.

The company has transactions with related parties during normal business activities. The table below presents the volume and balances from related party transactions period ended 31 December 2025, and 31 December 2024.

31 December 2025	Deposits	Receivables	Payables	Revenues	Costs
Key management and BoD short term benefits	-	-	-	-	370
Banka Ekonomike (Parent company)	5,873	-	25	477	-
Other related parties	-	206	47	524	-
Total	5,873	206	72	1,001	370
31 December 2024	Deposits	Receivables	Payables	Revenues	Costs
Key management short term benefits	-	-	-	-	399
Banka Ekonomike	4,879	-	49	484	-
Other related parties	-	125	78	1,812	-
Total	4,879	125	127	2,296	399

29 Events after the reporting period

There are no significant events after the date of the financial statements that would require adjustments or disclosures in the financial statements.

ANNEX I

INSURANCE COMPANY SIGURIA SH. A

SUPPLEMENTARY SCHEDULES FOR PERIOD ENDED 31 DECEMBER 2025

1 TABLE 1–SOLVENCY MARGIN

	2022	2023	2024	2025
1 Claims-based requirement				
1.1 Outstanding claims at the beginning of the period	11,208	11,065	11,221	11,545
1.2 Claims paid during the period	6,066	6,085	6,340	6,812
1.3 Outstanding claims at the end of the period	11,065	11,221	11,545	12,431
1.4 Claims incurred(gross)	5,924	6,241	6,664	7,699
1.5 Average of incurred claims (gross)			6,276	6,868
2 Reinsurance share in claims				
2.1 Outstanding claims at the beginning of the period (reinsurers 'share)	3,545	1,457	963	882
2.2 Reinsurers 'share of claims paid	1,049	464	104	187
2.3 Outstanding claims at the end of the period(reinsurers 'share)	1,457	963	882	781
2.4 Reinsurance share in incurred claims	(1,039)	(30)	23	87
2.5 Net incurred claims	6,962	6,271	6,641	7,612
2.6 Average of net incurred claims			6,625	6,841
2.7 Average retention ratio(%)			10%	10%
3 Premium-based requirement			2024	2025
3.1 Gross written premiums(excludingclasses11,12,13)			11,018	14,801
3.2 Gross written premiums(classes11,12,13)≤15			-	-
3.3 Change in gross written premiums(+/-)			(334)	(195)
3.5 Gross earned premiums			10,684	14,606
3.6 Maximum of(3.1+3.2+3.5)			11,018	14,801
3.7 First layer			10,000	10,000
3.8 Second layer			684	4,606
3.9 First layer percentage(fixed)			18%	18%
3.1 Second layer percentage(fixed)			16%	16%
3.1 Premium-based result			2,072	2,558
3.1 Maximum between (50%and result from 2.7)	50%	50%	106%	100%
3.1 Solvency result based on premiums			2,072	2,558
4 Claims-based calculation			2024	2025
4.1 Gross claims requirement			6,664	7,699
4.2 First layer			7,000	7,000
4.3 Second layer			-	-
4.4 <i>First layer percentage(fixed)</i>			26%	26%
4.5 <i>Second layer percentage(fixed)</i>			23%	23%
4.6 Claims-based result			1,722	1,779
4.7 Maximum between(50%andresultfrom2.7)			106%	100%
4.8 Minimum retention requirement(%)			50%	50%
5 Required solvency margin			1,722	1,779

ANNEX I
INSURANCE COMPANY SIGURIA SH. A
SUPPLEMENTARY SCHEDULES FOR PERIOD ENDED 31 DECEMBER 2025
(Amounts in thousands of EUR, unless otherwise stated)

5	Required solvency margin	2024	2025
5.1	Premium-based result	2,653	2,558
5.2	Claims-based result	1,722	1,779
5.3	Required solvency margin	2,653	2,558
5.4	Required solvency margin(previous year)	2,653	2,653
5.5	Solvency margin based on 150% growth	3,980	3,980

ANNEX I
 INCURANCE COMPANY SIGURIA SHA
 SUPPLEMENTARY SCHEDULES FOR PERIOD ENDED 31 DECEMBER 2025
 (Amounts in thousands of EUR, unless otherwise stated)

Table 2 – CAPITAL CALCULATION

DESCRIPTION		2024 EUR '000	2025 EUR '000
I	BASE CAPITAL (Article 4: 1 + 2 + 3 + 4)	20,261	20,357
1	Paid-up share capital (cash and in-kind contributions)	19,503	19,503
2	Capital reserves (statutory and other reserves)	-	-
3	Retained earnings from prior periods	-	-
4	Profit for the current financial year (audited)	758	854
II	DEDUCTIONS FROM BASE CAPITAL (Article 4: 1 + 2 + 3 + 4)	(13,604)	(12,846)
1	Treasury shares	-	-
2	Investments in intangible (non-material) assets;	-	-
3	Accumulated losses and current year losses	(13,604)	(12,846)
4	Differences between discounted and undiscounted claims provisions	-	-
III	ADDITIONAL CAPITAL (Article 5: 1 + 2 + 3 + 4)	534	694
1	Paid-up preference share capital (at nominal value, cash-funded)	-	-
2	Subordinated liabilities (subordinated debt instruments)	-	160
3	Reserves related to preference shares	-	-
4	Other eligible capital instruments	534	534
IV	REGULATORY CAPITAL (I – II + III)	7,191	8,351
V	DEDUCTIONS IN CAPITAL CALCULATION (Article 6: 1 – 2)	-	-
1	Participations in other undertakings	-	-
2	Investments in subordinated instruments	-	-
VI	NON-ADMISSIBLE ASSETS (Article 6: up to 9)	2,437	2,442
1	Premiums receivable and debtors from the reinsurance for more than 180 days	451	411
2	Borrowings and receivables with related parties	-	-
3	Other receivables not arising from insurance operations	-	-
4	Receivables from agents and brokers	-	-
5	Prepaid expenses and deferred tax assets (100%)	-	30
6	Encumbered or restricted assets	-	-
7	Assets not readily convertible into cash	1,820	1,820
8	Intangible assets	39	97
9	Other	127	84
VII	NET ASSETS / AVAILABLE CAPITAL (IV – V – VI)	4,754	5,763
VIII	GUARANTEE FUND (as per legislation)	3,200	3,200
IX	CAPITAL REQUIREMENT BASED ON GUARANTEE FUND	1,554	2,563
X	SOLVENCY CAPITAL REQUIREMENT	774	1,783
XI	FINAL CAPITAL REQUIREMENT	-	-

2 TABLE 3 – ASSETS /INVESTMENTS IN COVERING TECHNICAL PROVISIONS AS OF 31 DECEMBER 2025

	Content of Investments	Actual amount invested	% Of assets allowed to cover technical provisions	The amount allowed by regulation
1	Deposits in foreign currency (Euro) in licensed banks in Kosovo for more than 3 months (excluding regulatory capital)	11,287	Without restriction	11,287
2	Government securities and bonds	4,125	Without restriction	4,125
3	Land and buildings	1,793	20% in total, 10% in investments individually	1,793
4	Current accounts	1,082		572
4	Cash and cash equivalents	1,082	3%	572
5	Accounts receivable with reinsurers	68	Without restriction	68
6	Reinsurance share in technical provisions	1,098	Without restriction	1,098
7	Interest accrued from investments	303	5%	303
8	Premium receivables, up to 90 days	1,065	Up to 20% of the unearned premium	1,065
9	Tangible assets other than (land and buildings)	212	5%	212
10	Total assets invested to cover technical provisions	21,033		20,523
Nr	TECHNICAL PROVISIONS	2025 EUR '000		
1	Provisions for unearned premium and unsuccessful risk	6,636		
2	Provisions for Loss and Loss adjustments	12,431		
3	Other technical provisions	-		
4	TOTAL AMOUNT REQUIRED TO COVER TECHNICAL PROVISIONS	19,067		
5	Assets Covering Technical Provisions	20,523		
6	Total Technical Provisions	19,067		
7	DIFFERENCE	1,456		
	COVERAGE RATIO (%)	108%		