

INSURANCE COMPANY ELSIG SH.A.

**Independent Auditors' Report and
Financial Statements for the year
ended December 31, 2023**

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INDEPENDENT AUDITORS' REPORT

For management and shareholders of ELSIG SH.A.

Opinion

We have audited the accompanying financial statements of ELSIG SH.A. (hereafter referred as "the Company") which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other 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 significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Insurance Company as at December 31, 2023 and of its financial performance, changes in funding and its cash flows for the year then ended in accordance with the regulatory requirements of the central bank of the Republic of Kosovo as disclosed in note 3 of these financial statements

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 Branch in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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.

Reporting on other information

Management is responsible for 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 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We therefore cannot conclude whether the other information contains material errors as a result of these issues.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and the regulations of the Central Bank of Kosovo (CBK regulations), and for the internal control which the management determines as necessary to enable the preparation of the financial statements without material errors, due to fraud or errors. 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 skepticism throughout the audit. We also:

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

We confirm that:

We have not provided prohibited non-audit services referred to in Article 5 of the administrative instruction no 02/2019 and that we have remained independent of the Company in conducting the audit.

This report is translation version of report in Albanian language, if there are any inconsistencies the original in Albanian will prevail.

Amir Dërmala
Engagement Partner
BDO Kosova L.L.C.

April 29, 2024

Str. Ukshin Hoti, Ob. C4/3, Ent. A, floor II,
Prishtina, Kosovo

INSURANCE COMPANY ELSIG SH.A.
Statement of Financial Position
As at December 31, 2023

	Notes	As at December 2023 (in EUR'000)	As at December 2022 (in EUR'000)
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,118	1,625
Term deposits	8	10,096	9,022
Investments in financial instruments	9	10,849	10,915
Reinsurance share of insurance liabilities		1,659	1,209
Deferred acquisition costs	10	1,012	887
Insurance accounts receivable	11	1,511	1,682
Other current assets	12	999	1,198
TOTAL CURRENT ASSETS		28,244	26,538
Non-Current Assets			
Property and equipment	13	493	403
Intangible assets	14	6	6
The right of use assets	15	250	608
TOTAL NON-CURRENT ASSETS		749	1,017
TOTAL ASSETS		28,993	27,555
EQUITY AND LIABILITIES			
Equity			
Share capital	20	4,333	4,333
Accumulated profit		2,193	2,570
TOTAL EQUITY		6,526	6,903
Liabilities			
Gross claims liabilities	16	11,405	9,696
Provision for unearned premiums	17	7,953	7,738
Liabilities from insurance	18	1,073	1,011
Other liabilities	19	1,774	1,584
Lease liabilities	15	262	624
TOTAL LIABILITIES		22,467	20,653
TOTAL EQUITY AND LIABILITIES		28,993	27,556

Authorized for issue on behalf of the Management of the Company on April 29, 2024.

Rexhep Idrizaj
General Director

Valdete Cikaqi
Financial Director

The accompanying notes from 1 to 28 form an integral part of these financial statements.

INSURANCE COMPANY ELSIG SH.A.
Statement of Comprehensive Income
For the year ended December 31, 2023

	Notes	For the year ended December 31, 2023 (in EUR'000)	For the year ended December 31, 2022 (in EUR'000)
Gross written premiums	21	15,808	14,267
Less: Premiums ceded to reinsurers		<u>(1,922)</u>	<u>(1,569)</u>
Net premiums written		<u>13,886</u>	<u>12,698</u>
Net change in reserves for unearned premiums		<u>155</u>	<u>(663)</u>
Net earned premiums		<u>14,041</u>	<u>12,035</u>
Commission from reinsurer		399	237
Financial income		589	464
Interest expenses from leases		(22)	(37)
Other income	22	<u>264</u>	<u>269</u>
Total revenues		<u>15,271</u>	<u>12,968</u>
Claims incurred	16	(8,064)	(7,113)
Share of expenses of KIB		(440)	(218)
The cost of getting insurance and policy acquisition costs		126	232
Depreciation and amortization expenses	13,14	(96)	(66)
Depreciation of the right to use the asset	15	(358)	(339)
Administrative expenses	24	<u>(5,439)</u>	<u>(4,554)</u>
Total expenses		<u>(14,271)</u>	<u>(12,058)</u>
Profit before tax		<u>1,000</u>	<u>910</u>
Corporate tax	25	<u>(377)</u>	<u>(303)</u>
Profit for the year		<u>623</u>	<u>607</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>623</u>	<u>607</u>

The accompanying notes from 1 to 28 form an integral part of these financial statements.

INSURANCE COMPANY ELSIG SH.A.
Statement of Changes in Equity
For the year ended December 31, 2023

	Share Capital (in EUR'000)	Accumulated Profit (in EUR'000)	Total Equity (in EUR'000)
As at January 2022	4,333	1,963	6,296
Profit for the year	-	607	607
Other comprehensive income	-	-	-
As at December 31, 2022	4,333	2,570	6,903
As at January 2023	4,333	2,570	6,903
Profit for the year	-	623	623
Dividend payment	-	(1,000)	(1,000)
Other comprehensive income	-	-	-
As at December 31, 2023	4,333	2,193	6,526

The accompanying notes from 1 to 28 form an integral part of these financial statements.

INSURANCE COMPANY ELSIG SH.A.
Statement of Cash Flow
For the year ended December 31, 2023

	Notes	For the year ended December 31, 2023 (in EUR'000)	For the year ended December 31, 2022 (in EUR'000)
Cash flow from operating activities			
Net profit for the year		623	607
Adjustment for:			
Depreciation and amortization	13,14	96	66
Depreciation of the right to use the asset		358	339
Financial income		(589)	(464)
Interest expenses		22	37
Provision for doubtful debts		682	350
Operating profit before changes in operating assets and liabilities		1,192	935
Changes in operating assets and liabilities			
Increase in deferred acquisition costs		(125)	(233)
Increase in insurance accounts receivable		(359)	(324)
Increase in reinsurance share in insurance liabilities		(450)	(606)
Decrease in other assets		47	321
Increase in gross claims liabilities		1,709	1,785
Increase in provision for unearned premiums		215	1,113
Increase in liabilities from insurance		62	266
(Decrease)/increase in other liabilities		192	690
Net cash generated in operating activities		2,483	3,947
Cash flow from investing activities			
Purchase of property, equipment and intangible assets		(186)	(99)
Increase in term deposits		(1,074)	(801)
Change in investments in financial instruments		66	(2,194)
Interest received		589	464
Cash flow used in investing activities		(605)	(2,630)
Cash flow from financial activities			
Lease liabilities		(385)	(365)
Dividend payment		(1,000)	-
Cash flow used in financial activities		(1,385)	(365)
Net increase in cash and cash equivalents		493	953
Cash and cash equivalents at the beginning of the year		1,625	672
Cash and cash equivalents at the end of the year	7	2,118	1,625

The accompanying notes from 1 to 28 form an integral part of these financial statements.