

**JOINT STOCK COMPANY FOR INSURANCE AND REINSURANCE
MAKEDONIJA SKOPJE AD - VIENNA INSURANCE GROUP**

DRAFT Financial statements

With Report of the Auditors thereon

For the year ended 31 December 2024

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Content

Independent Auditor's Report

Financial statements

Statement of comprehensive income (Income statement)	1
Statement of financial position (Balance Sheet)	4
Statement of changes in equity	8
Cash flow statement	10
Notes to the financial statements	12

Independent auditor's report

DRAFT

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Income statement

Description	Note	Amount in MKD thousands	
		2024	2023
A. OPERATING INCOME		1.905.431	1.015.087
I. NET INSURANCE PREMIUM REVENUE	6	1.477.222	753.652
1. Gross written premium from insurance		2.284.809	1.136.239
2. Gross written premium from co-insurance		21.171	21.030
3. Gross written premium for reinsurance / retrocession		-	-
4. Gross written premium delivered in co-insurance		(10.809)	(6.171)
5. Written premium ceded to reinsurers		(901.757)	(343.564)
6. Change in the gross provision from unearned premium		23.903	(56.278)
7. Change in the gross provision from unearned premium – co-insurance share		(3.128)	(1.330)
8. Change in gross reserve for unearned premium – reinsurance share		63.033	3.726
II. Investment income		110.951	85.978
1. Income from subsidiaries. associates and jointly controlled entities		-	-
2. Income from investments in land and buildings		35.529	38.050
2.1 Rent income		33.277	29.977
2.2 Income from increasing of the land and buildings value		-	-
2.3 Income from sale of land and buildings		2.252	8.073
3. Interest income		74.336	34.678
4. Positive foreign exchange differences		971	1.053
5. Impairment (unrealised gains. measurement of fair value)		-	-
6. Realised gains from sale of financial assets – capital gain		-	11.697
6.1 Financial assets available for sale	17	-	11.697
6.2 Financial assets held for trading (with fair value)		-	-
6.3 Other financial asset		-	-
7. Other investment income		115	500
III. REINSURANCE COMMISSION RECOVERIS INCOME		199.961	90.187
IV. OTHER INSURANCE TECHNICAL INCOME. NET OF REINSURANCE	7	94.997	61.186
V. OTHER INCOME	8	22.301	24.084

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Income statement (continued)

Description	Note	Amount	
		in MKD thousands	
		2024	2023
B. OPERATING EXPENSES		1.912.338	971.111
I. NET INSURANCE CLAIMS AND BENEFITS INCURRED	9	727.631	332.623
1. Gross claims paid		981.609	497.417
2. Decrease for the income from gross realized recourse receivables		(2.411)	(558)
3. Gross claims paid – co-insurance share		-	-
4. Gross claims paid– reinsurance share		(354.899)	(164.581)
5. Change in gross reserves for claims		221.382	(1.982)
6. Change in gross reserves for claims - part for co-insurance		-	-
7. Change in gross reserves for claims – part for reinsurance		(118.050)	2.327
II. CHANGES IN OTHER TECHNICAL RESERVES. NET OF REINSURANCE		31.237	-
1. Changes in the mathematical reserve. net of reinsurance		-	-
1.1 Change in gross mathematical reserve		-	-
1.2 Change in gross mathematical reserve – part for co-insurance/ reinsurance		-	-
2. Changes in equalization reserve. net of reinsurance		-	-
2.1. Changes in gross equalization reserve		-	-
2.2 Changes in gross equalization reserve – part for co-insurance/reinsurance		-	-
3. Changes in other technical reserves. net of reinsurance		31.237	-
3.1 Changes in other gross technical reserves		31.237	-
3.2 Changes in other gross technical reserves – part for co-insurance and reinsurance		-	-
III. CHANGE IN GROSS MATHEMATICAL RESERVE FOR LIFE INSURANCE WHERE INVESTMENT RISK IS BORNE BY INSURED. NET OF REINSURANCE		-	-
1. Changes in gross mathematical reserve for life insurance where the investment risk is borne by insured, net of reinsurance		-	-
2. Changes in gross mathematical reserve for life insurance where the investment risk is borne by insured, net of reinsurance – part for co-insurance and reinsurance		-	-
IV. EXPENSES FOR BONUSES AND DISCOUNTS. NET OF REINSURANCE		46.966	35.219
1. Expenses for bonuses (depending from the profit)		24.310	14.812
2. Expenses for discounts (not depending from profit)		22.656	20.407
V. NET EXPENSES FOR INSURANCE EXPENSES	10	959.715	513.249
1. Acquisition costs		602.555	293.948
1.1 Commission		496.225	241.071
1.2 Gross salary for sale network		123.598	54.262
1.3 Other acquisition costs		18.548	12.105
1.4 Movement in DAC		(35.816)	(13.490)
2. Administrative expenses		357.160	219.301
2.1 Depreciation of tangible assets used for operating purposes		33.611	23.972
2.2 Staff costs		182.527	114.566
2.2.1 Salaries and contributions		110.125	68.932
2.2.2 Salary taxes		17.629	13.853
2.2.3 Contributions for obligatory social insurance		38.882	21.004
2.2.4 Expenses for pension insurance		707	382
2.2.5 Other expenses for employees		15.184	10.395
2.3 Expenses for services from individuals		10.451	6.295
2.4 Other administrative expenses		130.571	74.468
2.4.1 Other administrative expenses		85.823	40.730
2.4.2 Material expenses		29.107	24.015
2.4.3 Provisioning expenses and other expenses		15.641	9.723

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Income statement (continued)

	Note	Amount in MKD thousands	
		2024	2023
I. INVESTMENT COSTS		18.807	18.613
1. Depreciation and impairment for tangible assets not used for operating purposes		16.755	17.263
2. Interest expenses		-	-
3. Negative foreign exchange differences		2.052	1.199
4. Value adjustment (non-realised loss, measurement with fair value)		-	-
5. Realized loss from sale of financial assets – capital loss		-	21
5.1 Financial assets available for sale		-	21
5.2 Financial assets held for trading (fair value)		-	-
5.3 Other financial assets		-	-
6. Other investment costs		-	130
VII. OTHER INSURANCE TECHNICAL EXPENSES, NET OF REINSURANCE	11	94.130	42.796
1. Prevention costs		-	-
2. Other insurance technical expenses, net of reinsurance		94.130	42.796
VIII. IMPAIRMENT OF INSURANCE PREMIUM RECEIVABLES		(1.915)	27.178
IX. OTHER EXPENSES INCLUDING OTHER IMPAIRMENT	12	35.766	1.433
X. PROFIT BEFORE TAX		-	43.976
XI. LOSS BEFORE TAX		6.907	-
XII. INCOME TAX	13	5.270	6.870
XIII. DEFERRED TAX		-	-
XIV. PROFIT FOR THE YEAR		-	37.106
XV. LOSS FOR THE YEAR		12.177	-

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Balance Sheet

Description	Note	Amount in MKD thousands	
		2024	2023
ASSETS			
A. INTANGIBLE ASSETS			
1. Goodwill	14	10.170	3.017
2. Other intangible assets		10.170	3.017
B. INVESTMENTS		2.713.757	1.759.211
I. LAND, BUILDINGS AND OTHER TANGIBLE ASSETS		509.229	538.161
1. Land and buildings for operating activities		216.716	226.195
1.1 Land		11.248	11.248
1.2 Buildings	16	205.468	214.947
2. Land and buildings not for operating activities	15	292.513	311.966
2.1 Land		1.714	1.714
2.2 Buildings		290.799	310.252
2.3 Other tangible assets		-	-
II. FINANCIAL INVESTMENTS IN GROUP ENTITIES, SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES		28.971	9.144
1. Stocks, shares and other equities securities in companies in a group – subsidiaries		-	-
2. Debt securities issued from group entities, subsidiaries and loans of group entities – subsidiaries		-	-
3. Stocks, shares and other equities in associates		-	-
4. Debt securities issued from associates and loans of associates		-	-
5. Other financial investments in group entities - subsidiaries		-	-
6. Other financial investments in associates		-	-
7. Investments in National Insurance Bureau		28.971	9.144
III. OTHER FINANCIAL INVESTMENTS	17	2.175.557	1.211.906
1. Financial assets held to maturity		255.502	79.813
1.1 Debt securities with maturity less than one year		48.819	79.813
1.2 Debt securities with maturity more than one year		206.683	-
2. Financial assets available for sale		1.093.550	585.544
2.1 Debt securities with maturity less than one year		-	-
2.2 Debt securities with maturity more than one year		1.093.294	585.288
2.3 Stocks, shares and other equities		256	256
2.4 Stocks and shares in investment funds		-	-
3. Financial assets held for trading		-	-
3.1 Debt securities with maturity less than one year		-	-
3.2 Debt securities with maturity more than one year		-	-
3.3 Stocks, shares and other equities		-	-
3.4 Stocks and shares in investment funds		-	-
4. Deposits loans and other placements		826.505	546.549
4.1 Deposits		826.104	546.549
4.2 Collateralized loans		-	-
4.3 Other loans		-	-
4.4 Other placements		401	-
5. Derivative financial instruments		-	-

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Balance Sheet (continued)

Description	Note	Amount in MKD thousands	
		2024	2023
IV. DEPOSITS IN ASSIGNORS OF REINSURANCE ENTITIES, BASED ON REINSURANCE CONTRACTS		-	-
C. CO-INSURANCE AND REINSURANCE SHARE IN GROSS TECHNICAL RESERVES		633.267	202.574
1. Co-insurance and reinsurance share in the gross reserve of unearned premium		78.556	47.933
2. Co-insurance and reinsurance share in the gross mathematical reserve		-	-
3. Co-insurance and reinsurance share in gross claims reserves		554.711	154.641
4. Co-insurance and reinsurance share in gross reserves for bonus and discounts		-	-
5. Co-insurance and reinsurance share in gross equalization reserve		-	-
6. Co-insurance and reinsurance share in other technical reserve		-	-
7. Co-insurance and reinsurance share in gross technical reserve for life insurance where the investment risk is borne by the insured		-	-
D. FINANCIAL INVESTMENT IN WHICH INSURED ASSUMES THE INVESTMENT RISK (INSURANCE CONTRACT)		-	-
E. DEFERRED AND CURRENT TAX ASSETS		3.427	-
1. Deferred tax assets			
2. Current tax assets		3.427	
F. RECEIVABLES		860.816	422.512
I. RECEIVABLES FROM DIRECT INSURANCE	18	765.593	357.889
1. Insurance receivables		746.440	340.245
2. Receivables from brokers		-	-
3. Other receivables from insurance		19.153	17.644
II. REINSURANCE AND CO-INSURANCE RECEIVABLES		30.876	50.053
1. Premium receivables from co-insurance and reinsurance		8.985	7.265
2. Receivables from claims paid for co-insurance and reinsurance		21.165	42.325
3. Other receivables for co-insurance and reinsurance		726	463
III. OTHER RECEIVABLES		64.347	14.570
1. Other receivables from direct insurance	19	34.590	11.291
2. Receivables from financial investments	20	1.774	1.054
3. Other receivables	21	27.983	2.225
IV. RECEIVABLES FROM CALLED NOT PAID CAPITAL		-	-
G. OTHER ASSETS		242.482	136.671
I. TANGIBLE ASSETS FOR OPERATIONS		42.246	31.224
1. Equipment	16	39.354	28.616
2. Other tangible assets	16	2.892	2.608
II. CASH AND CASH EQUIVALENTS	22	199.182	104.187
1. Cash at banks		198.474	104.180
2. Cash on hand		555	7
3. Cash formathematical reserve coverage		-	-
4. Other cash and cash equivalents		153	-
III. INVENTORIES		1.054	1.260

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Balance Sheet (continued)

Description	Note	Amount in MKD thousands	
		2024	2023
H. ACCRUALS AND PREPAID EXPENSES		355.535	164.265
1. Accrued interest income and rent s		43.446	-
2. Deferred acquisition costs		266.510	116.155
3. Other prepayments and deferrals		45.579	48.110
3. NON CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUING OPERATIONS		-	-
I. TOTAL ASSETS		4.819.454	2.688.250
J. OFF BALANCE SHEET ITEMS – ASSETS	27	231.509	14.516
LIABILITIES AND EQUITY		-	-
A. EQUITY AND RESERVES	26	1.948.017	1.562.525
I. SHARED CAPITAL		1.135.345	888.308
1. Shared capital from ordinary shares		1.135.345	888.308
2. Shared capital from preference shares		-	-
3. Called but not paid capital		-	-
II. PREMIUM FOR ISSUED SHARES		-	-
III. REVALORISATION RESERVE		174.419	165.225
1. Tangible assets		159.861	159.861
2. Financial investments		11.544	5.749
3. Other revalorisation reserves		3.014	(385)
IV. RESERVES		477.860	331.715
1. Legal reserves		469.173	323.028
2. Statutory reserves		-	-
3. Reserves for equity shares		-	-
4. Repurchased equity shares		-	-
5. Other reserves		8.687	8.687
V. UNDISTRIBUTED NET PROFIT		172.570	140.171
VI. ACCUMULATED LOSS		-	-
VII. PROFIT FROM THE YEAR		-	37.106
VIII. LOSS FROM THE YEAR		12.177	-
B. SUBORDINATED LIABILITIES		-	-
C. GROSS TECHNICAL RESERVES	23	2.155.239	796.860
I. Gross reserves for unearned premium		996.823	440.118
II. Gross mathematical reserve		-	-
III. Gross claims reserve		1.109.282	338.845
IV. Gross reserve for bonus and discounts		49.134	17.897
V. Gross equalization reserve		-	-
VI. Gross other technical reserves		-	-
D. GROSS TECHNICAL RESERVES FOR CONTRACTS IN WHICH THE INSURED BORNE THE INVESTMENT RISK		-	-
E. OTHER RESERVES		10.032	5.661
1. Employment benefits		9.493	5.661
2. Other reserves		539	-
F. DEFERRED AND CURRENT TAX LIABILITIES		22.615	20.406
1. Deferred tax liabilities		19.045	18.401
2. Current tax liabilities		3.570	2.005
G. LIABILITIES FROM REINSURANCE ENTITY DEPOSITS IN ASSIGNOR, BASED ON REINSURANCE CONTRACTS		-	-

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Balance Sheet (continued)

Description	Note	Amount <i>in MKD thousands</i>	
		2024	2023
H. LIABILITIES		149.683	110.611
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS		-	-
1. Claims payable		-	-
2. Liabilities to agents and dealers		-	-
3. Other liabilities from direct insurance operations		-	-
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE		63.656	66.025
1. Reinsurance premium payable		57.509	64.338
2. Liabilities for participation in claims paid		-	-
3. Other liabilities from co-insurance and reinsurance		6.147	1.687
III. OTHER LIABILITIES	24	86.027	44.586
1. Other liabilities from direct insurance operations		27.389	16.894
2. Liabilities from financial investments		7.893	7.534
3. Other liabilities		50.745	20.158
3. ACCRUALS AND PREPAID REVENUES	25	533.868	192.187
S. NON CURRENT LIABILITIES FOR NON CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUING OPERATIONS		-	-
K. TOTAL LIABILITIES AND EQUITY		4.819.454	2.688.250
L. OFF BALANCE SHEET ITEMS – LIABILITIES AND EQUITY	27	231.509	14.516

Financial statements are approved by the Management board on 27 February 2024 and adopted by the Supervisory Board on 24 April 2025.

Signed on behalf of Makedonija Insurance AD Skopje – Vienna Insurance Group:

Mr. Bosko Andov

General Manger

Ms Margareta Popovska - Goseva

Financial Manager / Certified Accountant
(license number 0100428)

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Statement of changes in equity

Description	Note	Share capital	Share premium	Reserves					Treasury shares	Revaluation reserves	Accumulated/ profit/ loss	Profit for the year	Total capital and reserves
				Legal reserves	Statutory reserves	Reserves for treasury shares	Other reserves	Total reserves					
Balance as at 1 January 2023		888.308	-	309.683	-	-	8.687	318.370	-	169.227	176.619	40.034	1.592.558
Balance as at 1 January previous year corrected		888.308	-	309.683	-	-	8.687	318.370	-	169.227	176.619	40.034	1.592.558
Profit or loss for previous year corrected		-	-	-	-	-	-	-	-	-	-	37.106	37.106
Profit or loss for current year		-	-	-	-	-	-	-	-	-	-	37.106	37.106
Non ownership changes in equity		-	-	-	-	-	-	-	-	(4.002)	-	-	(4.002)
Un-realized gains/losses from tangible assets		-	-	-	-	-	-	-	-	-	-	-	-
Un-realized gains/losses from Available for sale financial assets		-	-	-	-	-	-	-	-	8.250	-	-	8.250
Realized gains/losses from Available for sale financial assets		-	-	-	-	-	-	-	-	(12.252)	-	-	(12.252)
Other non ownership changes in equity		-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity		-	-	13.345	-	-	-	13.345	-	-	(36.448)	(40.034)	(63.137)
Increase/Decrease of share capital		-	-	-	-	-	-	-	-	-	-	-	-
Other payment by shareholders		-	-	-	-	-	-	-	-	-	-	-	-
Paid dividends		-	-	-	-	-	-	-	-	-	(63.137)	-	(63.137)
Other transfers by shareholders		-	-	13.345	-	-	-	13.345	-	-	26.689	(40.034)	-
Balance as at 31 December 2023		888.308	-	323.028	-	-	8.687	331.715	-	165.225	140.171	37.106	1.562.525

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Statement of changes in equity (continued)

Description	Note	Share capital	Share premium	Reserves					Treasury shares	Revaluation reserves	Accumulated/ profit/ loss	Profit for the year	Total capital and reserves
				Legal reserves	Statutory reserves	Reserves for treasury shares	Other reserves	Total reserves					
Balance as at 1 January 2024		888.308	-	323.028	-	-	8.687	331.715	-	165.225	140.171	37.106	1.562.525
Effect from merger		247.037	-	133.033	-	-	-	133.033	-	4.744	31.833	2.230	418.876
Balance as at 1 January previous year corrected		1.135.345	-	456.061	-	-	8.687	464.748	-	169.969	172.004	39.336	1.981.401
Profit or loss for previous year corrected		-	-	-	-	-	-	-	-	-	-	(12.177)	(12.177)
Profit or loss for current year		-	-	-	-	-	-	-	-	-	-	(12.177)	(12.177)
Non ownership changes in equity		-	-	-	-	-	-	-	-	4.450	-	-	4.450
Un-realized gains/losses from tangible assets		-	-	-	-	-	-	-	-	-	-	-	-
Un-realized gains/losses from Available for sale financial assets		-	-	-	-	-	-	-	-	1.051	-	-	1.051
Realized gains/losses from Available for sale financial assets		-	-	-	-	-	-	-	-	3.399	-	-	3.399
Other non ownership changes in equity		-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity		-	-	13.112	-	-	-	13.112	-	-	567	(39.336)	(25.657)
Increase/Decrease of share capital		-	-	-	-	-	-	-	-	-	-	-	-
Other payment by shareholders		-	-	-	-	-	-	-	-	-	-	-	-
Paid dividends		-	-	-	-	-	-	-	-	-	(25.657)	-	(25.657)
Other transfers by shareholders		-	-	13.112	-	-	-	13.112	-	-	26.224	(39.336)	-
Balance as at 31 December 2024		1.135.345	-	469.173	-	-	8.687	477.860	-	174.419	172.570	(12.177)	1.948.017

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Cash flow statement

Description	Note	Amount in MKD thousands	
		2024	2023
A. CASH FLOW FROM OPERATING ACTIVITIES			
I. CASH INFLOWS FROM OPERATING ACTIVITIES		2.938.048	1.379.779
1. Re-insurance and co-insurance premium and prepayments received		2.183.643	1.036.658
2. Re-insurance premium and retrocession		-	-
3. Inflows from share in paid claims		308.317	167.164
4. Received interest from insurance operations		-	-
5. Other inflows from operating activities		446.088	175.957
II. CASH OUTFLOWS FROM OPERATING ACTIVITIES		3.067.323	1.447.253
1. Claims paid. contractual insurance amounts, share in paid claims from co-insurance and prepayments		966.362	485.651
2. Claims paid and share in share in claims paid from reinsurance and retrocession		-	-
3. Co-insurance. reinsurance and retrocession premiums		880.472	343.991
4. Other personal expenses		299.833	172.468
5. Other insurance expenses		491.840	226.937
6. Interest paid		-	-
7. Income tax and other tax payables		44.375	26.118
8. Other outflows from operating activities		384.441	192.088
III. NET CASH INFLOWS FROM OPERATING ACTIVITIES		-	-
IV. NET CASH OUTFLOWS FROM OPERATING ACTIVITIES		129.275	67.474
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. CASH INFLOWS FROM INVESTING ACTIVITIES		768.529	341.535
1. Inflows from intangible assets		-	-
2. Inflows from material assets		73	23.388
3. Inflows from material assets not used for main activities (Investment property)		50.776	55.437
4. Inflows from investments in associates. subsidiaries and joint ventures		-	-
5. Inflows from Investments in held to maturity (HTM)		-	-
6. Inflows from other financial investments		641.426	232.321
7. Dividends received and other share in profit		-	500
8. Interest received		76.254	29.889

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Cash flow statement (continued)

Description	Note	Amount in MKD thousands	
		2024	2023
II. CASH OUTFLOWS FROM INVESTING ACTIVITIES		559.179	229.490
1. Outflow from intangible assets		-	-
2. Outflow from material assets		12.783	12.257
3. Outflows from material assets not used for main activities (Investment property)		1.881	2.396
4. Outflows from investments in associates, subsidiaries and joint ventures		-	-
5. Outflows from Investments in held to maturity (HTM)		48.819	79.813
6. Outflows from other financial investments		495.696	135.024
7. Dividends paid and other share in profit		-	-
8. Interest paid		-	-
III. NET CASH INFLOWS FROM INVESTING ACTIVITIES		209.349	112.044
IV. NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. CASH INFLOWS FROM FINANCING ACTIVITIES		-	-
1. Inflows from increase in share capital		-	-
2. Inflows from received long term and short term borrowed funds		-	-
3. Inflows from other long term and short term liabilities		-	-
II. CASH OUTFLOWS FROM FINANCING ACTIVITIES		25.657	62.364
1. Outflows from repayment of short term and long term borrowed funds and other liabilities		-	-
2. Outflows from repurchase of own shares		-	-
3. Dividends paid		25.657	62.364
III. NET CASH INFLOWS FORM FINANCING ACTIVITIES		-	-
IV. NET CASH OUTFLOWS FROM FINANCING ACTIVITIES		25.657	62.364
D. TOTAL CASH INFLOWS		3.706.577	1.721.314
		3.652.159	1.739.107
E. TOTAL CASH OUTFLOWS		54.418	-
F. NET CASH INFLOWS		-	17.793
G. NET CASH OUTFLOWS		104.187	121.980
H. CASH AND CASH EQUIVALENTS AT 1 JANUARY		40.578	-
I. EFFECT ON CASH AND CASH EQUIVALENTS FROM CHANGES IN FOREIGN EXCHANGE RATES		-	-
J. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	22	199.183	104.187

Financial statements are approved by the Management board on 26 February 2025 and adopted by the Supervisory Board on 24 April 2025.

Signed on behalf of Makedonija Insurance AD Skopje – Vienna Insurance Group:

Mr. Bosko Andov

General Manager

Ms Margareta Popovska - Goseva

Financial Manager / Certified Accountant
(license number 0100428)

1. General Information

Joint stock company for insurance and reinsurance Makedonija Skopje - Vienna Insurance Group (thereon the Company) is Joint Stock Company incorporated in Republic of Macedonia Operating activities of the Company include:

- Personal Accident Insurance;
- Medical Insurance;
- Land vehicle Casco insurance;
- Rail vehicle insurance;
- Aircraft insurance;
- Sea. Lake & river shipping insurance;
- Transport insurance;
- Fire explosion & other natural risks insurance;
- Other property insurance;
- Land vehicle MTPL insurance;
- Aircraft liability insurance;
- Sea. Lake & river shipping liability insurance;
- General liability insurance;
- Credit insurance;
- Guarantee insurance;
- Several financial losses insurance;
- Legal expenses insurance and Assistance insurance and
- Travel health insurance.

The Company operates in one Head office and 75 representative offices within the country. As of 31 December 2024 the Company performs its activities with 150 administrative employees and 144 sales agents (2023: 172 administrative employees and 139 sales agents).

The address of its registered office is as follows:

Str.11 Oktomvri No. 25
1000 – Skopje
Republic of Macedonia

2. Basis of preparations

(a) Statement of compliance

The financial statements have been prepared in accordance with the Law on Commercial Companies (Official Gazette of the Republic of Moldova 28/2004 99/2022). The Law on Supervision of Insurance (Official Gazette of the Republic of Macedonia 27/02.....173/22), the Accounting Standards accepted in the Republic of Macedonia published in the Accounting Regulations (Official Gazette of the Republic of Macedonia 159/2009, 164/2010 and 107/2011 valid from January 1, 2012), Rulebook on the method for valuation of balance sheet items and preparation of business balance sheets Official Gazette of the Republic of Moldova 169/2010... 107/2020 and the Rulebook on the form and content of financial statements and detailed content of the annual report on the operations of insurance and/or reinsurance companies. (Official Gazette of the Republic of Moldova 5/2011... 188/22), the Rules for the Account Plan 148/2010... 303/2021 and other positive legal regulations.

Financial statements for year end 31 December 2024 were approved for publishing by the Company's Management Board on 26 February 2025 and were adopted by the Supervisory Board on 24 April 2025.

2. Basis of preparations (continued)

(b) Operating Environment of the Company

The merger agreement with Winner – Vienna Insurance Group AD Skopje (the "Absorbed Company") was signed on 20 December 2023. Upon the necessary approval from the Agency for Insurance Supervision, the process of merging Winner – Vienna Insurance Group AD Skopje into Macedonia Insurance AD Skopje – Vienna Insurance Group ("Absorbing Company") was officially completed on 27 June 2024 with the registration in the Central Registry with an effective date of 1 January 2024.

The assets and liabilities of the Absorbed Company were transferred to the Absorbing Company through a universal transfer, in accordance with the terms of the Merger Agreement and in compliance with applicable legislation.

The accounting for the merger has been performed in accordance with the Decision on the methodology for recording and valuing accounting items and for preparing financial statements - Official Gazette of the Republic of Macedonia No. 83/17 and the additional instructions provided by the Agency for Insurance Supervision.

Based on the above, the comparative financial information as of 31 December 2023 represents solely the Absorbing Company's balances. The assets and liabilities of the Absorbed Company were recognized by the Absorbing Company in the current year financial statements as of 1 January 2024. Furthermore, book-value accounting method was used to reflect the effects of the merger in the Absorbing Company's financial statements.

As part of the merger agreement, the parties have established a share exchange ratio to determine the conversion of shares held by the shareholder of the Absorbed Company into the shares of the Absorbing Company. The agreed-upon share exchange ratio is 2:1, whereby the shareholder of the Absorbed Company received 1 share of the Absorbing Company for every 2 shares they held in the Absorbed Company.

The amounts of the major classes of assets, liabilities and equity transferred from the Absorbed Company to the Absorbing Company and recognized by the Absorbing Company as at 1 January 2024 are as follows:

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

Balance sheet on 1 January 2024

	Amount in MKD'000
ASSETS	
A. INTANGIBLE ASSETS	14,364
B. INVESTMENTS	1,089,166
I. LAND, BUILDINGS AND OTHER TANGIBLE ASSETS	799
II. FINANCIAL INVESTMENTS IN GROUP ENTITIES, SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	24,528
III. OTHER FINANCIAL INVESTMENTS	1,063,839
C. CO-INSURANCE AND REINSURANCE SHARE IN GROSS TECHNICAL RESERVES	518,320
D. FINANCIAL INVESTMENT IN WHICH INSURED ASSUMES THE INVESTMENT RISK (INSURANCE CONTRACT)	-
E. DEFERRED AND CURRENT TAX ASSETS	1,957
F. RECEIVABLES	345,686
G. OTHER ASSETS	55,448
H. ACCRUALS AND PREPAID EXPENSES -DAC	114,538
I. NON CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUING OPERATIONS	-
J. TOTAL ASSETS	2,139,479
K. OFF BALANCE SHEET ITEMS - ASSETS	170,453

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

	Amount in MKD'000
LIABILITIES AND EQUITY	
A. SHAREHOLDER'S EQUITY	418,876
B. SUBORDINATED LIABILITIES	-
C. GROSS TECHNICAL RESERVES	1,129,665
D. GROSS TECHNICAL RESERVES FOR CONTRACTS IN WHICH THE INSURED BORNE THE INVESTMENT RISK	-
E. OTHER RESERVES	7,106
F. DEFERRED AND CURRENT TAX LIABILITIES	1,019
G. LIABILITIES FROM REINSURANCE ENTITY DEPOSITS IN ASSIGNOR. BASED ON REINSURANCE CONTRACTS	-
H. LIABILITIES	138,866
I. ACCRUALS AND PREPAID REVENUES	443,947
J. NON CURRENT LIABILITIES FOR NON CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUING OPERATIONS	-
K. TOTAL LIABILITIES AND EQUITY	2,139,479
L. OFF BALANCE SHEET ITEMS – LIABILITIES AND EQUITY	170,453

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

2. Basis of preparations (continued)

(c) Basis for measurement

The financial statements have been prepared on the historical cost basis, except for the asset classified as available for sale- which are measured by its fair value.

(d) Functional and reporting 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'). The financial statements are presented in MKD, which is the Company's functional and presentation currency, rounded to the nearest thousand.

(e) Use of estimates and judgement

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. They are used in determination of accounting value of assets and liabilities when it can't be determined otherwise.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimate is changed, if the change affects only that year, or in the year of the change and future years, if the change affects both current and future periods.

Judgments made by Management in the application of accounting policies that have significant effect on the financial statement and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

(f) Compliance with legislation

On December 31, 2023, the Company is in compliance with the requirements of the Insurance Supervin Law regarding the coverage of the solvency margin, the prescribed limits for capital investments determined in accordance with the Insurance Supervision Law, as well as the funds covering technical reserves. The company has sufficient assets to cover the technical reserves and cover the capital in full.

(g) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates valid at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in MKD at the beginning of the period, adjusted for effective interest and payments during the period and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into Macedonian MKD at the exchange rate at the date that the fair value was determined.

2. Basis of preparations (continued)

(g) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss for the differences arising on the retranslation of available-for-sale equity instruments, which are recognised directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated by using the exchange rate at the date of the transaction.

Foreign currency that Company deals with is predominantly Euro (EUR) based. The exchange rates used for translation as at 31 December 2024 and 2023 were as follows:

	2024	2023
	MKD	MKD
USD	58.88	55.65
EUR	61.50	61.50

Significant accounting policies used for preparation of the financial statements for the year ended 31 December 2024 are used consistently for all periods and are presented below:

3. Significant accounting policies

3.1 Contracts for insurance and reinsurance

(i) Insurance

Contracts under which the insurer (company) accepts material insurance risk from third party or other beneficiary (insured) to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

In the Financial statements are presented information that identifies and explains the amounts that arise from insurance contracts. On the date of acquisition of the insurance assets and liabilities the Company will measure them at fair value.

In the Financial statements are disclosed information which will enable:

- To assess the nature and extent of risk arising from insurance contracts, goals, policies and processes for risk management arising from insurance contracts and methods used for management of those risks, like credit risk, liquidity and market risk.

The Insurer presents information through sensitivity analysis which shows the impact on the profit/loss and equity if there is a significant risk change.

(ii) Reinsurance

Reinsurance contract is a contract for insurance issued by one Insurer (Reinsurer) to offset the losses of another Insurer (Cedent) occurred on a basis of a one or more contracts issued by the cedent. Reinsurer is a party with an obligation according to the reinsurance contract to compensate the cedent if an insured event takes place. Reinsurance premiums are recognised as an expense in the income statement on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts. Reinsurance recoveries are recognised as an income in the profit and loss statement. An asset is impaired if there is objective evidence, that the Company may not recover all amounts under the contract for reinsurance.

Because the Company carries out international transactions related to reinsurance it is exposed to market risk arising from fluctuations in exchange rates. The Company does not use financial instruments to reduce these risks.

3. Significant accounting policies (continued)

3.1 Contracts for insurance and reinsurance (continued)

3.1.1 Recognition and measurements

Premiums

Gross premiums written reflect businesses written during the year and exclude any taxes or premium payables.

The earned part of premiums is recognised as revenue. Premiums are earned from the inception date, over the indemnity period, based on the pattern of the risks underwritten. The share from written premium which matures in the year that follows is allocated in the following accounting periods as unearned premium.

Outward reinsurance premiums are recognised as an expense in accordance with the pattern of reinsurance service received in the same accounting period as the premiums for the related direct insurance business. A portion of outward reinsurance premium is treated as an expense and it reduces the premium income.

Unearned premium provision

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

Claims

Claims incurred comprise the settlement and handling costs of paid and outstanding claims arising from events occurred during the financial year together with adjustments to prior year claims provisions, but do not includes the expenses for appraisal of claims made by employed appraisers within the Company.

Claims paid are recorded in the moment of processing the claim and are recognised (determined) as the amount to be paid to settle the claim. Claims paid in non-life business are increased by claims handling costs.

Collected claims recoverable from third parties and claims recoverable from third parties that are anticipated to be collected are deducted from claims settled.

Claims outstanding comprise provision for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. and related internal handling expenses and appropriate prudential margin.

Liability adequacy test

Liability adequacy test is performed to determine if the unearned premium provisions, less deferred acquisition cost and any related intangible assets, such as those acquired in a business combination or portfolio transfer are adequate.

If a shortfall is identified, unexpired risk provision is established. The deficiency is recognised in profit or loss for the year.

At each balance sheet date, an assumption is made that claims development in the remaining term of portfolio at the balance sheet date will be the same as the claims development during the respective year or as the historical experience on this portfolio.

3. Significant accounting policies

3.1 Contracts for insurance and reinsurance (continued)

3.1.1 Recognition and measurements (continued)

Insurance receivables and payables

Amounts due to and from policyholders, agents and other receivables are financial instruments and are included in insurance receivables and payables.

3.2 Revenue

Revenues are measured at fair value of the consideration received or are required. Revenue is recognised if assets are increased or liabilities are decreased.

Revenue is recognised only when it is probable that economic benefits from a transaction will represent an inflow for the Company. When there is uncertainty referred to the collection of an amount already included in revenue, the uncollectible amount or amount for which the compensation is unlikely is recognised as an expense, and not as an adjustment to the amount already recognised as inflow.

3.2.1 Underwriting result

The underwriting result of the non-life insurance is determined on an annual basis.

Written premiums are stated as income for the year when incurred. The share of the premium income that matures in the following year deferred in the forthcoming periods through the provision from unearned premium.

3.2.2 Investment income

Interest income and expense for all interest-bearing financial instruments, except for those classified as available for sale or designated at fair value through profit or loss are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

3.2.3 Fees and commission income

Fees and commission income includes fees received on the basis of passive reinsurance as well as on the basis of assessed and paid out claims.

3. Significant accounting policies (continued)

3.3 Expenses

In recognition of expenses the Company applies the following principles:

- Expenses can result in reduction of assets or increase of liabilities and it can be measured with certainty;
- Expenses have a direct connection with the incurred costs and special items of revenue;
- When a revenue realisation is expected in the following accounting periods, then expenses recognition is performed with a procedure of reasonable allocation in accounting periods;
- The expense is recognised in the accounting period when no future economic benefits from it are expected and there are no conditions for it to be recognised as an item in the balance sheet;
- The expense is recognised in the accounting period when the liability for it occurred and there are no conditions to be recognised as an item in the balance sheet.

All costs and expenses that refer to the accounting period must be included in the financial statements.

3.3.1 Deferred acquisition costs ("DAC")

Costs incurred in acquiring general insurance contracts are deferred to the extent that they are recoverable out of future margins. Acquisition costs include direct costs such as commission to brokers and other direct costs.

Deferred acquisition costs are amortised over the period in which the costs are expected to be recoverable out of future margins in the revenue from the related contracts. The rate of amortisation is consistent with the pattern of emergence of such margins.

Based on the changes of the Bylaw published in Official Gazette 170/2019 and the Amended Manual for the chart of accounts of the Insurance Company (Official Gazette 303/2021) and the Rulebook on Account Plan for Insurance and Reinsurance Companies (Official Gazette 303/2021), the Insurance Agency Supervision prescribed a new method for calculation of DAC which should be applied prospectively from 1 January 2022.

Method for DAC calculation involves clarifying the types of costs that can be used to calculate it. Under the new method, the company has to recognize the commission on a contractual basis in accordance with the contracted Gross Written Premium. The Company adjusts the Commission liability in proportion to the recognized Gross Written Premium income as well as for the amount that would not be collected according to the agreements that the Company has concluded with the intermediaries (agents, brokers, etc.) by which the Commission is paid on the basis of a collected premium. Previously, the commission expense was recognized based on the collected premium.

3. Significant accounting policies (continued)

3.4 Employee benefits

(i) Pension plans

The Company is obliged to calculate pension contributions for the pension funds in accordance with the Macedonian law. Pension contributions that are individually determined with the employees' salaries are paid to the pension funds that further are responsible for pension payments.

The Company has no additional obligation for payment regarding these pension plans. Liabilities that arise from these pension plan payments are recognized as expense in the Income Statement. Beside pension contributions they are furthermore contributions that are paid: health contributions, professional additional contributions, employment contribution in case of unemployment, contribution to seniority insurance with increased duration.

(ii) Employee benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized when the relevant service is received. Short-term employee benefits include: salaries, compulsory social security contributions, short-term paid absences (paid annual leave, paid sick leave) and non-monetary benefits (health care).

(iii) Other long-term employee benefits

In accordance with the Macedonian legislation regarding retiring employees, the Company is paying two average monthly net salaries paid in general in RM during the last three months of the retiree employment. Jubilee awards are being paid also in accordance with the general collective agreement.

In accordance with ISA 19 pensions are defined defined benefits after meeting certain criteria. Booked value of all employee benefits liabilities are calculated at the end of the reporting period. The balances of these liabilities at the end of the reporting period are representing the discounted payment that will be done in future.

3. Significant accounting policies (continued)

3.5 Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. According to the provisions of the Income tax law, the tax base is the profit generated during the fiscal year increased for non-deductible expenses and reduced for deductible revenue (i.e. dividends already taxed at the payer) and the income tax rate is 10%. In line with this law, income tax for the year was calculated and recorded in the Statement of comprehensive income.

Deferred income tax

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Global minimum tax

On 3.1.2025, the Law on a Minimum Global Corporate Tax was published, with application for the fiscal year starting on 1 January 2024. The law aligns with Council Directive (EU) 2022/2523 of 14 December 2022 and implements the OECD Model Rules against Base Erosion, i.e. ensuring a global minimum level of taxation for multinational enterprise groups (MNEs) and large domestic groups of the Union.

The minimum effective taxation of MNE profits is ensured by applying the following additional tax rules:

1. Qualified Domestic Top-up Tax (QDMTT);
2. Income Inclusion Rule (IRR);
3. Undertaxed Payment Rule (UTPR).

By applying the rules, the amount of the minimum global tax is determined, which ensures that the effective taxation of profit is at least 15%.

Since the Company incurred a loss in 2024, no global profit tax was recorded.

3. Significant accounting policies (continued)

3.6 Intangible assets

a) Classification

Intangible assets include software licences.

b) Initial recognition

Intangible assets are recognized only if it is probable that future economic benefits, attributable to the asset will flow to the company and if the cost of the asset can be measured reliably. If an intangible asset does not meet the criteria for recognition, the expense incurred should be recognized as an expense when incurred.

Research expenses cannot be recognised as an asset.

Costs incurred in acquiring a license for software as well as other long-term rights are amortized by straight-line method over the expected or contractual life, but not longer than 5 years.

Cost that significantly improves and extends the benefits of the software in terms of their original value is recognized as an additional investment and increase the initial cost of the software. Smaller improvements are regarded as costs of maintenance and are considered expenses in the current period.

The basis for recognition of intangible assets includes: 1) manner of acquisition, 2) the expected period of economic benefit and 3) ability to be sold, Intangible asset are initially measured by cost. Book value includes purchase costs and other necessary costs needed intangible asset to be in function.

c) Measurement after initial recognition

After initial recognition the asset is measured by cost less accumulated amortization and impairment loss, if any.

d) Useful life

Intangible assets are amortized according to their expected useful life, but no longer than 5 years. Intangible assets are written off at the moment of sale or when they are no longer in use and no economic benefits are expected.

Gains or losses resulting from the withdrawal from use of the assets is determined as the difference between the estimated net gain/loss from sale of the asset and its carrying amount and is recognised as income or expense for the period in which it incurred.

3. Significant accounting policies (continued)

3.7 Property, plant and equipment

a) Classification

Land and buildings are stated at historical cost. After initial recognition the Company does not perform valuation of the land and land is not depreciated.

Tangible assets are consisted out of property, plant and equipment, furniture, vehicles, construction in progress and other tangible assets.

Tangible assets are assets that:

- Are kept for providing products and services, for rental to others or for administrative purposes;
- Are expected to be used for more than one year period.

b) Initial recognition and useful life

At the date of acquisition, PPE is recognised at the lower of the purchase cost and estimated fair value, if it is probable that the future economic benefits from use of the assets will be cash inflow to the company and if can be reliably measured. The purchase value of the asset, is the amount of paid cash or cash equivalents, to acquire the tangible asset at the time of its acquisition or construction. Cost of the assets includes the purchase price, including import duties and non-refundable taxes and all expenses that can be directly attributed to bringing the asset in condition to be use. All trade discounts and rebates are deducted to calculate the purchase price.

Maintaining expenses of the assets are not recognised in the carrying amount of the asset. but as an expense in the income statement.

c) Subsequent measurement

Based on the Rulebook enacted by the Insurance Agency for Supervision and based on the received clarification in this respect the Company starting from 2019 recognized its previous revaluated amount of PPE as its new cost (i.e. it becomes the new gross carrying amount). Subsequently, the Company recognizes PPE at the gross carrying amount less accumulated depreciation and accumulated impairment loss.

The Company shall at the end of each period determine whether there is any indication of impairment. If there is any indication of impairment, an estimate of the recoverable amount shall be made.

The Company recognizes an impairment loss in case the estimated fair value obtained from the independent valuation specialist is lower than its carrying amount. To the extent that the Company have positive revaluation reserve arising from its previous revaluation model, the impairment loss is recognized in other comprehensive income. Any sbusuquent impairment is recognized in the income statement.

In case the estimated value obtained from independent valuation specialist is higher than the carrying amount than Company discloses the estimated fair value amount in Note 16.

All other tangible assets (furniture, equipment, computers and vehicles) the cost model was used for subsequent valuation. The asset is recognised at cost less accumulated depreciation and accumulated loss due to impairment.

3. Significant accounting policies (continued)

3.7 Property, plant and equipment (continued)

Depreciation of other material investments is calculated with the straight line method. Constructions in progress are recognised by cost for construction including costs for expenses for third persons. For constructions in progress depreciation is not calculated. At the end of the process, all accumulated expenses are transferred to the appropriate material asset and equipment with appropriate depreciation rate.

Depreciation is calculated separately for each asset within the group according annual depreciation rates of assets until the value of assets is fully depreciated. The applied annual depreciation rates are as follows:

Buildings	2,5% (40 years)
Furniture and equipment	5-20% (5-20 years)
Computers	25% (4 years)
Vehicles	25% (4 years)

When the value of the asset used as basis for calculation of depreciation is offset, depreciation is no longer calculated even though the asset is still in use. Depreciation for property, plant and equipment terminates when they are written off or reclassified as an asset held for sale.

d) Leasehold improvements

Leasehold improvements are recognised as separate items of non-current assets and these kinds of investments are undertaken by the Company in its own name and for its own purposes in accordance with the contract for lease with the owner of the leased asset.

Depreciation of leased assets is calculated on a systematic basis over the estimated useful life of the asset, which can be equal or shorter than the contract for lease.

3. Significant accounting policies (continued)

3.8 Investment property

Investment property is property (land and buildings or part of building or both) held by the Company to earn rentals or for capital appreciation or both. Property used by the company in operational activities is not part from investment property.

Due to the change in the regulation, starting from August 2019, and in accordance with the amendments by the Insurance Supervision Agency, construction facilities, regardless of whether they are for the performance of an activity or not, are measured according to their purchase value, reduced by accumulated depreciation and accumulated impairment losses. Subsequently, investments in real estate are recognized at gross present value less accumulated depreciation and accumulated impairment losses.

Depreciation of investment property is calculated by using the straight line method and with the determined depreciation rates.

The useful life of building is estimated at 40 years at an annual rate of depreciation 2,5%.

Investments in property generate cash inflows independently from the other assets possessed by the Company.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The criteria to distinguish investment property that is used for business operations and property that is not used to perform the activity is net usable area of property according to the used space and available space for rent. Review of percentages will be performed annually.

The Company shall at the end of each period determine whether there is any indication of impairment. If there is any indication of impairment, an estimate of the recoverable amount shall be made. The Company hires an independent appraiser in order to determine the estimated fair value of the investment in real estate for determining the recoverable amount of the investment in real estate as well as for disclosure purposes.

The Company recognizes an impairment loss in case the estimated fair value obtained from the independent valuation specialist is lower than its carrying amount. In accordance with the regulation of the Insurance Supervision Agency, to the extent that the Company have positive revaluation reserve arising from its previous revaluation model on the PPE, the impairment loss is recognized in other comprehensive income. Any subsequent impairment is recognized in the income statement.

3. Significant accounting policies (continued)

3.9 Financial investments

The Company classifies its financial investments as assets held to maturity, assets available for sale and deposits, loans and other receivables.

a) Assets held to maturity

As assets as held to maturity the Company qualifies:

- asset that has fixed or determinable payments;
- assets that has fixed date of maturity ;
- assets for which the Company has a positive intention and ability to keep them to maturity;
- assets which at initial recognition are not recognised at fair value through the profit or loss;
- assets that are not recognised as available for sale;
- assets that are not classified as loans and receivables.

Assets held to maturity include government bills issued by the Ministry of Finance.

The Company recognises the assets as held to maturity in the balance sheet on the day of acquisition. Initial recognition of held to maturity, is at its fair value plus transaction costs for acquisition of the asset.

Subsequently assets held to maturity are measured at amortised cost by using the effective interest method.

Gain or loss from subsequent measurement is recognised in profit or loss when the asset is derecognised or impaired.

b) Assets available for sale

As assets available for sale the Company classifies:

- non-derivative financial instruments that are classified as available for sale;
- assets not classified as loans and receivables, held to maturity investments or financial assets at their fair value through profit or loss;
- any other financial asset classified in this category at its initial recognition.

The Company initially recognises assets available for sale in the balance sheet at the trading date at fair value which is the cash consideration including any transaction costs. As available for sale assets the company has equity instruments.

3. Significant accounting policies (continued)

3.9 Financial instruments (continued)

b) Assets available for sale (continued)

After the initial recognition financial assets are measured at their fair value without any deduction for transaction costs that may occur when asset is sold / disposed.

Gains and losses arising from changes in the fair value of available for sale are recognised directly in equity (revaluation reserve) until their derecognising or impairment. At this time the cumulative gain or loss previously recognised in equity as well as the difference between book value and the purchased value is recognised in profit or loss. The fair values of quoted investments in active markets are based on current bid prices except instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, less impairment losses.

The Company measures investments in securities which are not quoted on an active market and whose maturity is not significant by using individual assessment of the financial position of the issuer. The financial position is determined based on the following criteria whose importance decreases subsequently:

- Solvency of the issuer;
- Liquidity of the issuer;
- Previous period cash inflow and expected future cash inflows;
- Profitability of the issuer;
- General market conditions and future perspectives of the issuer and his market position;
- Timely settlement of the due liabilities as per contract;
- Management quality and expertise.

The Company should write off the financial asset when and only when:

- a) the cash flows from the financial asset and contractual rights are expired;
- b) when the financial asset is allocated.

Financial assets available for sale issued by Republic of Macedonia that do not have quoted market price on active market are measured with the method of effective interest rate. Investments in security for which fair value cannot be objectively determined are carried at cost.

c) Deposits, loans and other receivables

Deposits, loans and other receivables are presented in the balance sheet in amount of not w/o principal and interest less impairment for bad and doubtful debts. Impairment of receivables is determined by Management when there is obvious evidence that the Company will not be able to collect all due amounts under previously established conditions.

d) Impairment of financial assets

i) Assets carried at amortized cost

At each balance sheet date the Company assesses whether there is objective evidence that a financial asset or group of financial assets which are not measured at fair value are impaired. A financial asset is impaired and impairment losses are incurred if and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

3. Significant accounting policies (continued)

3.9 Financial instruments (continued)

d) Impairment of financial assets (continued)

Objective evidence that financial assets are impaired may include delays in contractual payments, redefinition of receivables by the Company under conditions otherwise not considered, initiation of bankruptcy proceedings, disappearance of an active market for the financial asset, other observable data for a group of assets like adverse changes in the payment status of the owner or issuer of the financial asset, or economic conditions that leads to insolvency in the group.

The amount of loss due to impairment is measured as the difference between the asset's book value and the present value of estimated future cash flows, discounted for the effective interest rate.

Losses due to impairment are recognised in the income statement and are reflected in the accounts for loans corrections, receivables corrections and other receivables.

If in future period amount of impairment loss decreases than loss is adjusted through the income statement.

ii) Assets classified as available for sale

At each balance sheet date the Company assesses whether there is objective evidence that a financial asset or group of financial assets are impaired.

If any such evidence exists for available-for-sale financial assets than the cumulative loss (measured as a difference between acquisition cost and the fair value less any impairment loss on that financial asset) previously recognised in equity is removed from equity and recognised in income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

In the case of investments classified as available for sale, a significant or prolonged decrease in the fair value of the security below its cost is considered in determining whether the assets are impaired. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

e) Derecognition

The Company derecognizes financial assets when the contractual rights to the cash inflows from the financial asset expire, or if rights over the cash flows from the asset with a transaction in which all risks and rewards from ownership of the asset are transferred to third party. Every part from the transferred financial assets which the Company will retain is recognised as a separate asset or liability. The Company derecognizes financial liabilities when the contractual liabilities are settled, cancelled or expired.

3.10 Short term receivables

Receivables, receivables from customers, receivables from employees, receivables from government and other institutions, are booked at nominal value increased for the interest in accordance with the signed contract or payment decision.

The receivables amount is decreased for impairment of bad and doubtful receivables in accordance with their aging structure.

3. Significant accounting policies (continued)

3.11 Cash and cash equivalents

Cash and cash equivalents are highly liquid assets. Cash equivalents are short term, highly liquid investments that are readily convertible to cash and have insignificant risk of changes in their value. Cash and cash equivalents are reported at amortised cost in the balance sheet, usually nominal value.

Cash and cash equivalents of the Company comprise of:

- a) Cash on giro accounts in MKD and foreign currency in domestic banks;
- b) Petty cash (in MKD and foreign currency).

Cash flows are inflows and outflows of cash and cash equivalents.

The Company reports cash flows from operating activities by using direct method.

3.12 Prepaid expenses

Prepaid expenses are presented as expenses for goods or services that Company will receive in near future and are calculated as expenses for current reporting period. The reason for deferral of the expense and the amounts that refer to future periods must be appropriately accounted for.

3.13 Equity and Reserves

a) Equity

The Company's equity comprises share capital and additional capital.

Subscribed share capital is stated on a separate account in amount that is written in the central registry during the founding of the Company, or during change of the value of the shared capital.

The acquired own shares do not reduce the number of issued shares, but only decrease the number of shares in circulation.

The equity of the Company comprises:

- Share capital which is equal to the nominal value of issued shares (subscribed and paid-in capital);
- A capital increase based on realized difference between the nominal value of shares and the amounts for which they are sold (share premium);
- A capital increase based on distributed revaluation reserve (accounted for revalorisation reserve from previous years) and
- Retained earnings/losses from previous years.

b) Reserves

According to local legislation, the Company is obliged to create statutory reserve. Statutory reserves are intended to cover the liabilities from the insurance contracts for a longer period of time. The Company is required to set aside at least 1/3 of the net profit for the year presented in the financial statement, if the profit is not used to cover losses from previous years. A Company that has set aside a safety reserve in the amount of at least 50% from the average earned insurance premium in the last two years and these insurance premiums from previous years could be increased for the consumer price index, taking into account also the year in which the profit is distributed, is not obliged to allocate amounts from the profit to the safety reserve.

3. Significant accounting policies (continued)

3.13 Equity and Reserves (continued)

For Insurance Companies article No.485 from the Trading Law. considering the mandatory reserves is not applied.

In revalorisation reserve gains and losses from changes in the fair value of assets available for sale and noncurrent assets are presented. This results in increase or decrease of equity (except for losses due to impairment and gains and losses from exchange differences. which are presented in the income statement).

Transfer of revaluation reserve to retained earning

The revaluation reserve which arises based on revaluation on properties is transferred to retained earnings in the year when the asset is written off. However the transfer of revaluation reserve to retained earnings could be made while the asset is still in use. In that case, the amount of realised revaluation reserve which is transferred to retained earnings represents difference between the amount of depreciation calculated on the revaluated amount of the asset and the depreciation that would have been calculated if the asset has been measured under the cost method. New regulation from August 2019 states that revaluation reserve is not transferred to retained earnings as the Company applies the cost model of accounting PPE and Investment Property. Any impairment loss recognised on PPE and Investment property is recognised in revaluation reserve in accordance with accounting policy 3.7 and 3.8 presented above.

c) Profit or loss

Profit or loss for the current year is determined in accordance with local legislation. The realised profit for the period is transferred and allocated in the next year in accordance with the Shareholders Assembly's decision.

(i) Recognition of retained earnings/losses

Retained earnings are presented separately from retained losses.

The loss from operational activities may be covered with the retained gains only with a decision from the Board of Directors and in accordance with the Law on trading companies.

If loss occurs it is covered from the equity. Shareholders are not bound by statute to cover losses with additional investments.

Dividend is paid out based on a decision from the Shareholders Assembly and in accordance with the Law on trading companies.

(ii) Recognition of profit or loss for the current year

Profit or loss for the current year is presented in the income statement as profit/loss before tax.

When presenting the profit or loss for the year, all items from the income and expenses must be included, with an exception of adjustments and changes in accounting policies.

Profit or loss from operational activities is presented from operational and non-operational activities.

3. Significant accounting policies (continued)

3.14 Reserves

3.14.1 Technical reserves

In order to enable permanent settlement of liabilities arising from insurance contracts, the insurance company calculates technical reserves as follows:

- 1) Unearned premium reserves (UPR);
- 2) Reserve for bonuses and discounts;
- 3) Claims reserve;
- 4) Other technical reserve.

(i) Unearned premiums reserves

Unearned premiums reserves are allocated for the portion of premium that is going to be earned in the following accounting period, in proportion between the expired insurance period and the remaining period to expiry of the insurance contract. The unearned premium is calculated based on a pro rata temporis for the calendar year with 360 days. The Company allocates reserves for unexpired risks if the expected amount of claims and costs past the reporting date are higher than the unearned premium reserve.

(ii) Reserves for bonuses and discounts

Reserves for bonuses and discounts are allocated in the amount that is equal to the amount that insurers are entitled to receive based on:

1. The rights of share of profit and other rights arising from insurance contracts (bonuses);
2. Right for partially reducing the premium (discounts);
3. Right to return a portion of the premium that refers to the unused period of insurance due to premature termination of the insurance contract (cancellation).

(iii) Claims reserves

Claim reserves are allocated in the amount of estimated liabilities that the insurance company is obliged to pay, based on insurance contracts where the insured event occurred at the end of the accounting period, whether the event is reported or not, including all costs that will result from untimely settlement of liabilities by the insurance company for the request based on a completed claim. The claim reserves, besides the estimated liabilities for reported but not settled claims (RBNS), include estimated liabilities for incurred, but not reported claims (IBNR). The reserve for claims handling costs, include reserve for direct and indirect expenses.

(iv) Other technical reserves

The Company will allocate the technical reserves for unexpired risks.

The calculation of other technical reserves is performed in accordance with the Rulebook for minimum standards for calculation of technical reserves.

3. Significant accounting policies (continued)

3.14 Reserves (continued)

3.14.2 Impairment of insurance premium receivables

Due to real assessment of the receivables based on insurance premium and interest, recourse receivables and the risk assessment of uncollectable receivables, the Company creates a special reserve. Special reserve is created based on the matured unpaid premium receivables, interest and reprogrammed receivables. Maturity refers to the last day on which the client was supposed to pay a certain amount of money, in accordance with the insurance contract. On the maturity date on outstanding premium balance special reserve is calculated.

Reprogrammed receivables with new debtors are classified in accordance with the due date of the new contract. For clients that are bankrupted or in a process of liquidation, a 100% of reservation is calculated.

Special reserve is determined in accordance with the classification of due premium receivables categorised in different categories:

- A Category - Premium receivables and interest with maturity from 0 to 30 days;
- B Category - Premium receivables and interest with maturity from 31 to 60 days;
- C Category - Premium receivables and interest with maturity from 61 to 120 days;
- D Category - Premium receivables and interest with maturity from 121 to 270 days;
- E Category - Premium receivables and interest with maturity from 271 to 365 days;
- F Category - Premium receivables and interest with maturity longer than 365 days.

Special reserve for insurance premiums, interest and receivables based on recourse are formed by using the following percentages:

Category	Days in arrears	Impairment (in % from the total value of the individual receivable)
A	up to 30 days	0%
B	from 31 to 60 days	10%-30%(10%)
C	from 61 to 120 days	31%-50%(31%)
D	from 121 to 270 days	51%-70%(51%)
E	from 271 to 365 days	71%-90%(71%)
F	longer than 365 days	100%

The calculated special reserve which is formed due to outstanding receivables for insurance premium and interest is being recognised through the income statement and is presented in the balance sheet on a special account.

For all other receivables a reserve is determined based on the Rulebook for valuation of assets from the balance sheet and preparation of the business accounts. The determined amounts of reserve are recognised in the income statement.

3. Significant accounting policies (continued)

3.14 Reserves (continued)

3.14.2 Impairment of insurance premium receivables (continued)

Write off of receivables

The Company in accordance with corporate policies writes off receivables older than 36 months (previously those receivables were 100% provided and all legal measures were undertaken).

Written off receivables will be recorded as off balance sheet items in balance sheet and all started activities related to their collection will remain.

3.15 Accrued expenses

In the current accounting period accrued expenses are calculated as expenses for which appropriate supporting documentation does not exist so that they could be recognised as a liability and for which with certainty can be determined that they refer to the current accounting period. When documents will be obtained for recognition of the liability, an adjustment will be made for the accrued expense.

3.16 Comparatives

In order to maintain consistency in the current year presentation, certain items may have been reclassified for comparative purposes. Material changes in disclosures, if any, are described in details in the relevant notes.

4. Accounting estimates

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 under the circumstances.

(i) Technical reserve for contracts from non-life insurance

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

However, given the uncertainty in establishing RBNS and IBNR, it is likely that the final outcome could be different from the original liability established.

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

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

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimates of claims already notified, where more information is available. IBNR claims may often not be apparent to the Company until several years after the occurrence of the event giving rise to the claim.

Reserves for claims include:

- estimated liabilities for reported but not settled claims (RBNS);
- estimated liabilities for incurred but not reported claims (IBNR);
- estimated liabilities for claims handling cost.

(a) Reported but not settled ('RBNS' - Reported but not settled)

The reserve amount for reported but not settled amounts is based on the expect amount that will be paid, for each claim individually in accordance with available documentation for the claim.

The reserve is calculated permanently with inventory count of all claims for all types of insurance.

In determining the reserved amount the following calculations are used from:

- Claims adjusters for all types of claims; and
- When a non-material damage is in question, the liquidator will determine the amount of reserve based on the available medical documentation. If the documentation is not considered as sufficient an opinion will be requested from a censor or another expert whose specialties are derived from the nature of the work and are correlated with the insurance and judicial practice.

In determining the reserve amount for other material damages arising from non-material damages (life-long instalments, lost earnings, benefits for social insurance, etc). opinions from doctors, lawyers, actuaries and other persons with specialties in the domain will be used.

Reported but not settled claims which are paid out in a form of life-long installments are provisioned and capitalised with the following amounts:

- Current value; and
- Estimate of future annuity payment.

4. Accounting estimates (continued)

In calculation of reserves for claims with life-long installments, the use of tables for determining the liabilities for payment of life-long installments is compulsory and it can be used for calculation of reserves for life-long installments.

The calculation of the reserved amount for life-long installments is calculated by determining the yearly amount of installment and it is multiplied by the appropriate factor from the Table of factors for determining of reserve and the liability for the gender and the age for the time in which the conditions for payment exist.

Claims that were reported and reserved at the end of the year and were not liquidated or totally liquidated in the next year, will be reserved for the unpaid amount.

The amount of reserve is determined on the following basis:

1. Determination of the amount of reserve for claims at the end of the year;
2. Determination of the amount of reserve for claims at the end of the accounting period shorter than one year.

(b) Reserve for Incurred but not reported ('IBNR' - Incurred but not reported)

Reserve for incurred but not reported claims is calculated on the basis of statistical data for the number and amount of incurred and reported claims, with technology for processing and payment of claims and with other available data.

The reserve for incurred but not reported claims depending from the class of insurance and insurance portfolio will be calculated by using one of the following actuarial methods:

- Triangulation of claims (Basic Chain Ladder);
- Triangulation of claims adjusted for inflation (Chain Ladder adjusted for triangulation);
- Method of average value of the claim - provision in accordance with this method is calculated as a product of projected average amount of claim and projected expected number of claims;
- Method of expected claim coefficient – expected claim coefficient is determined by the Agency;
- Bornhuetter – Ferguson method and
- Other actuarial methods.

The Company in calculation of the reserve for incurred but not reported claims uses the method of triangulation (basic or adjusted for inflation) as a primary method, except in cases when no historical data is available. Historical data needed includes data about the number and amount of incurred and reported, respectively liquidated claims on a yearly basis, at least for five previous years. An exception can be applied for risk with a shorter tail and historical data needed could include data about the number and amount of incurred and reported, respectively liquidated claims on a yearly basis, at least for three previous years.

(c) Reserve for claims handling costs

Claims handling costs reserves includes reserve for direct and indirect costs.

The reserves for direct costs as part of claims handling costs are an integral part of RBNS and IBNR reserves.

Reserve for indirect costs is created as coverage for expenses for claims handling in case of termination of Company operations.

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

4. Accounting estimates (continued)

The minimal coefficient for its calculation is 1,1% 2024 (1,5% 2023) from the sum of the reserves for incurred and reported claims, reserves for incurred but not reported and reserves for direct expenses.

(d) Sensitivity analyses

The Company has estimated the impact on profit for the year, equity and the coverage coefficient at the end of the year of changes in key variables that have a material effect on them. The Company also considered highly adverse scenario and presented its impact.

In line for current equity position the current result for the profit for the period, equity, coverage coefficient and solvency coefficient with own capital as at 31 December 2024 and 31 December 2023 are shown in the tables below:

31 December 2024	Profit for the period	Equity	Required level of margin of solvency	Coverage coefficient	Change in coverage coefficient
Current equity position	-	1.948.017	243.413	800%	-
Investment yield (+100 b.p.)	11.095	1.959.112	243.413	805%	5%
Investment yield (-100 b.p.)	(11.095)	1.936.922	243.413	796%	(5%)
10% increase in total expenses	(3.577)	1.944.440	243.413	799%	(1%)
10% decrease in total expenses	3.577	1.951.594	243.413	802%	1%
10% increase in claims incurred	(72.763)	1.875.254	243.413	770%	(30%)
10% decrease in claims incurred	72.763	2.020.780	243.413	830%	30%

31 December 2023	Profit for the period	Equity	Required level of margin of solvency	Coverage coefficient	Change in coverage coefficient
Current position	37.106	1.562.525	132.127	1183%	-
Investment yield (+100 b.p.)	45.704	1.571.123	132.127	1189%	7%
Investment yield (-100 b.p.)	28.509	1.553.927	132.127	1176%	(7%)
10% increase in claims incurred	36.963	1.562.382	132.127	1182%	0%
10% decrease in claims incurred	37.250	1.562.668	132.127	1183%	0%
10% increase in total expenses	3.844	1.529.263	132.127	1157%	(25%)
10% decrease in total expenses	70.369	1.595.787	132.127	1208%	25%

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

5. Insurance and financial risk management

The Company is exposed to a variety of risks issues insurance agreements that bear insurance or financial risk or both. The Company's risk management approach is focused on unpredictability of the financial market and seeks to minimise potential adverse effects. Risk management is carried out under policies approved by the Management Board.

5.1 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. Experience shows that the larger portfolio of similar insurance contracts is, the smaller relative volatility on expected outcome is. In addition a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the volatility of the expected outcome. Factors which impact the increase of insurance risk include a lack of diversification of risks relating to different insurance events as well as geographic and sector concentration.

Risk management objectives and policies for mitigating insurance risk

This control ensures effective risk management in the underwriting process and ensuring adequate premium. Through formal procedures which are well known by each employee the Company underwrites premiums with clients that are going to ensure maintaining of the business profitability and in the same time providing quality service to them.

The Company has implemented formal procedures and protocols for insurance risk management. Also there are implemented levels of authorisation for all employees in the Underwriting department and for all agents. The profitability is monitored continuously for each product individually through detecting segments that could negatively impact on the result. The integrated system and data processing enables monitoring of the results for each client individually which on other hand enables selection of clients with high quality and creating client portfolios for individual type of insurance that will provide positive results in accordance with Company's policies. In line with the day to day activities based on analysis if necessary changes are made to the current terms conditions and insurance tariffs.

Reinsurance strategy

The Company reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. Also the company buys facultative reinsurance in certain specified circumstances which is subject to pre-approval and the total expenditure on facultative reinsurance is regularly monitored.

Ceded reinsurance contains credit risk and such reinsurance recoverable is reported after impairment provisions as a result of occurred recognition asset.

The Company continuously monitors the reinsurance programme and its ongoing adequacy.

The company concludes reinsurance agreement with the parent company and non-affiliated reinsurers in order to control its exposure to losses resulting from one occurrence.

5. Insurance and financial risk management (continued)

5.1 Insurance Risk (continued)

5.1.1 Concentrations of insurance risks

The risk of concentration may arise from a single insurance contract or through a small number of related contracts and relate to circumstances where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it may arise from the accumulation of risks within a number of individual classes. Therefore the Company puts special emphasis on the importance on management of the concentration risk, through diversification of the portfolio in terms of concentration of types of insurance contracts geographical and industry sector concentration.

Important aspect of concentration risk is that it may arise through risk accumulation of more separate classes of insurance.

Concentrations of risk can also arise in both high-severity, low frequency events, such as natural disasters and in situations where underwriting is based towards a particular group such as a particular geography.

(a) Geographic and industry sector concentration

The majority of the risk to which the Company is exposed is located in the Republic of Macedonia. Nevertheless there is diversification of the risk in different regions and cities though the country and diversification in terms of different types of insurance contracts. The company closely monitors the risk arising from geographic concentration and accordingly and timely undertakes appropriate strategy of issuing or not insurance contracts, in cases where the risk is low, i.e. high respectively.

The management believes that the Company does not have significant exposure to concentration risk to any group of policy holders measured by social, professional, age or similar criteria.

(b) High-severity, low-frequency concentrations

By their nature, the timing and frequency of these events are uncertain. They represent a significant risk to the Company because the occurrence of an event, while unlikely in any given accounting period, would have a significantly adverse effect on the Company's cash flows.

The Company has special strategy for insurance and reinsurance of such risk according to which in order to issue insurance or reinsurance contract among other procedures a special approval from the Management is necessary.

The Company continuously monitors the reinsurance program as well as the expenses related to the same.

5.2 Financial risk management

The Company is exposed to financial risk through its financial assets, financial liabilities, its reinsurance assets, insurance liabilities and reinsurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The financial risk comprises interest rate risk, currency risk, liquidity risk and credit risk.

The Company's objective is to match insurance contract liabilities with assets subject to identical or similar risks. This policy ensures that the Company is able to meet its obligations under its contractual liabilities as they fall due.

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.1 Credit risk

The company is exposed to credit risk, which represents the risk of client's inability to settle its contractual obligations towards the Company, when they fall due.

Credit exposures of the company are composed of investments and deposits in banks, securities, premium receivables and claims recoveries. This risk is defined as the potential loss in market value resulting from adverse charges in a borrower's ability to repay the debt.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Primarily, MAKEDONIJA INSURANCE S.C. SKOPJE- VIENNA INSURANCE GROUP manages the credit risk through analysing client's solvency before it is accepted as such. Premium receivables are monitored regularly on a monthly basis. Based on established condition of the clients an appropriate provisioning level is determined and relevant measures for collection of receivables are undertaken by the control receivables department.

In accordance with the Law on Insurance Supervision, especially limits as regard to investment which covers technical reserves and capital. MAKEDONIJA INSURANCE S.C. SKOPJE- VIENNA INSURANCE GROUP is diversifying the risk with placing deposits in various banks.

The active market of Securities is regularly monitored and the investments are properly measured in accordance with the changes in the market.

Maximum exposure to credit risk before collateral held or other credit enhancement

	2024	2023
Financial assets		
- Debt securities - held to maturity	255.502	79.813
- Debt securities -available for sale	1.093.294	585.288
- Term deposits	826.505	546.549
Reinsurance assets	633.267	202.574
Insurance receivables	796.469	407.942
Other receivables	64.347	14.570
Cash and cash equivalents	199.182	104.187
Total	3.868.566	1.940.923

The above table presents the worst case scenario of credit risk exposure to the company as at 31 December 2024 and 2023 without taking account of any collateral held or other credit enhancements attached. The Company does not have any collateral held as at 31 December 2024 (2023: nil). For on-balance-sheet items the exposure set out above are based on net carrying amounts as reported in the balance sheet.

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.1 Credit risk (continued)

As shown above, 20,59% (2023: 21,02%) of the total maximum exposure is derived from premium receivables from non-life insurance while 21,36% (2023: 28,16%) represents term deposits.

The investment securities consist of financial instruments that are available for sale and debt securities that are held to maturity, i.e. government bonds / bills issued by the Republic of Macedonia.

The company has invested its term deposits from non-life insurance in big banks MKD 608.279 thousands and MKD 218.226 thousands in middle banks in the Republic of Macedonia. The bank classification is in accordance with statutory regulation as defined by NBRM. The reinsurance assets are receivables from reinsurance companies with credit rating A+ assigned by Standard and Poor's.

Management is confident in its ability to continue to control and sustain minimum exposure to credit risk to the company resulting from premium receivables, receivables from claims and deposits in banks.

Aging analysis of the premium insurance receivable and recourse receivables (regress) is presented in the table below:

	Total receivables	Impairment	Carrying amount	% of impairment
Undue	440.743	-	440.743	0%
0-30 days	127.963	-	127.963	0%
31-60 days	76.273	7.627	68.646	10%
61-120 days	69.374	21.506	47.868	31%
121-270 days	141.445	72.137	69.308	51%
271-365 days	38.156	27.091	11.065	71%
Over 365 days	85.614	85.614	-	100%
Recourses*	60.207	60.207	-	100%
31 December 2024	1.039.775	274.182	765.593	26,37%
31 December 2023	502.778	144.889	357.889	28,82%

*All recourses are over 365 days.

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.1 Credit risk (continued)

Receivables from claims recoveries – reinsurance

The reinsurance is used to limit liability on a specific risk, to stabilize loss experience, to protect themselves and the insured against catastrophes, and to increase their capacity. In 2024 Company has reinsurance claims recoveries from VIG Holding / VIG, VIG Re zajistovna a.s. and WSTV WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group. VIG Group has A+ credit rating from S&P as at 31 December 2024.

5.2.2 Market risk

Market risk is the risk that changes in market prices, such as the interest rate, equity prices, and foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

5.2.2.1 Interest rate risk

The Company's exposure in interest rates is concentrated in the investment portfolio.

According to the Management the insurance contracts concluded by the Company are mainly short term insurance contracts and the interest risk is mitigated by matching the insurance liabilities with a portfolio of debt securities. The debt securities are exposed to interest rate risk, though most of them are fixed interest bearing instruments (government bonds and term deposits).

Short-term insurance and reinsurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest-bearing.

Joint investment

The Company has a deposit in the National Insurance Bureau in respect of the Company's share in MTPL claims arising from unknown or uninsured vehicles. Additionally, the Company, as well as other participants in MTPL business on the market, is liable for a share of unsettled MTPL claims in the event of the liquidation of any insurance company on the market, in accordance with the Insurance Law on insurance supervision.

MAKEDONIJA Insurance s.c. Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.2 Market risk (continued)

5.2.2.1 Interest rate risk (continued)

Interest rate gap analysis of financial assets and liabilities – Non-life insurance

31 December 2024	Total	Up to 1 month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Noninterest bearing
Assets							
Financial assets							
- Debt securities - held-to-maturity	255.502	19.996	-	48.819	-	186.687	-
- Debt securities - available for sale	1.093.550	-	-	33.625	105.037	954.632	256
- Term deposits	826.505	72.825	160.000	265.000	328.279	-	401
Reinsurance assets	633.267	-	-	-	-	-	633.267
Insurance receivables	796.469	-	-	-	-	-	796.469
Other receivables	64.347	-	-	-	-	-	64.347
Cash and cash equivalents	199.182	199.182	-	-	-	-	-
Liabilities							
Gross technical reserves	(2.155.239)	-	-	-	-	-	(2.155.239)
Reinsurance payables	(60.026)	-	-	-	-	-	(60.026)
Coinsurance payables	(3.630)	-	-	-	-	-	(3.630)
Other payables	(86.027)	-	-	-	-	-	(86.027)
Net interest rate gap	1.563.900	292.003	160.000	347.444	433.316	1.141.319	(810.182)

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance s.c. Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.2 Market risk (continued)

5.2.2.1 Interest rate risk (continued)

Interest rate gap analysis of financial assets and liabilities – Non-life insurance (continued)

31 December 2023	Total	Up to 1 month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Noninterest bearing
Assets							
Financial assets							
- Debt securities - held-to-maturity	79.813	9.665	19.293	50.855	-	-	-
- Debt securities - available for sale	585.544	-	-	92	60.382	524.814	256
- Term deposits	546.549	66.270	30.000	90.000	360.279	-	-
Reinsurance assets	202.574	-	-	-	-	-	202.574
Insurance receivables	407.942	-	-	-	-	-	407.942
Other receivables	14.570	-	-	-	-	-	14.570
Cash and cash equivalents	104.187	104.187	-	-	-	-	-
Liabilities							
Gross technical reserves	(796.860)	-	-	-	-	-	(796.860)
Reinsurance payables	(62.939)	-	-	-	-	-	(62.939)
Coinsurance payables	(3.086)	-	-	-	-	-	(3.086)
Other payables	(44.586)	-	-	-	-	-	(44.586)
Net interest rate gap	1.033.708	180.122	49.293	140.947	420.661	524.814	(282.129)

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.2 Market risk (continued)

5.2.2.1 Interest rate risk (continued)

As at 31 December 2024 the company has interest bearing term deposits in amount of MKD 826.505 thousands (2023: MKD 546.549 thousands,) government bills and MKD 1.093.549 thousands (2023: MKD 585.544 thousands) government bonds. The remaining balance sheet items are non-interest bearing.

Interest rate sensitivity analysis focuses on the exposure of the Company's financial instruments to movements in interest rates at the balance sheet date. In case interest rates on deposits were higher/lower by 0,5%. and all the remaining variables stayed unchanged, the Company's profit before tax as for the year ended 31 December 2024 would be higher/lower by MKD 3.851 thousands (2023: the profit before tax would be higher/lower by MKD 1.929 thousands).

5.2.2.2 Foreign exchange risk

The Company is exposed to currency risk through transactions in foreign currencies and through its assets and liabilities denominated in foreign currencies.

For avoiding the losses from movements with negative impact from the exchange rate, the Company diversifies its risk by having assets and liabilities in EUR and USD. However mainly assets and liabilities are denominated in EUR. The MKD is pegged to the Euro and the monetary projections for 2024 form NBRM envisage stability of the exchange rate of the MKD against Euro.

The tables below summarize the Company's exposure to foreign currency exchange rate risk. The Company's assets and liabilities at carrying amounts are included in the table. categorized by currency at their carrying amount:

31 December 2024	MKD	EUR	Other	Total
Debt securities - held to maturity	48.819	206.683	-	255.502
Debt securities - available for sale	653.477	440.073	-	1.093.550
Term deposits	826.505	-	-	826.505
Reinsurance assets	633.267	-	-	633.267
Insurance receivables	775.304	21.165	-	796.469
Other receivables	57.655	5.998	694	64.347
Cash and cash equivalents	190.827	7.857	498	199.182
Total assets	3.185.854	681.775	1.192	3.868.822
Gross technical reserves	2.155.239	-	-	2.155.239
Reinsurance payables	393	51.938	7.695	60.026
Coinurance payables	3.630	-	-	3.630
Other payables	72.954	13.073	-	86.027
Total liabilities	2.232.216	65.011	7.695	2.304.922
Net position	953.638	616.764	(6.502)	1.563.900

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.2 Market risk (continued)

5.2.2.2 Foreign exchange risk (continued)

31 December 2023	MKD	EUR	Other	Total
Debt securities - held to maturity	79.813	-	-	79.813
Debt securities - available for sale	301.555	283.989	-	585.544
Term deposits	546.549	-	-	546.549
Reinsurance assets	202.574	-	-	202.574
Insurance receivables	365.617	42.325	-	407.942
Other receivables	9.156	5.264	150	14.570
Cash and cash equivalents	96.730	7.014	443	104.187
Total assets	1.601.994	338.592	593	1.941.179
Gross technical reserves	796.860	-	-	796.860
Reinsurance payables	303	58.953	3.683	62.939
Coinurance payables	3.086	-	-	3.086
Other payables	43.005	1.581	-	44.586
Total liabilities	843.254	60.534	3.683	907.471
Net position	758.740	278.058	(3.090)	1.033.708

The Company's functional currency is the Macedonian Denar. The Company has foreign receivables and payables mainly in EUR and USD. The Company operates internationally in relation to reinsurance and Mother Company, therefore the Company is exposed to foreign exchange risk arising from local currency exposure to various major foreign currencies.

The sensitivity analysis of fluctuation of foreign exchange rates of different currencies is based on statistical data which show stability of the foreign exchange rate of the EUR towards MKD.

As at 31 December 2024, if the exchange rate between the MKD and EUR increased or decreased by 0,5%, the pre-tax profit for the twelve months period will approximately get higher or lower for MKD 3.084 thousands (2023: MKD 1.389 thousands).

5.2.3 Equity price risk

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of equity investments and other instruments that derive their value from a particular equity investment or index of equity prices. The primary exposure to equity prices arises from available for sale investments. The Company holds available for sale investments which are subject to equity price risk. The Company manages equity price risk by maintaining a diversified portfolio of equity investments.

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.4 Liquidity risk

The liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments and obligations. Liquidity risk can result from inability to sell financial assets on its fair value in the shortest period, inability to settle the obligations arising from agreements, liabilities matured earlier than expected or inability to generate cash funds according to the forecast.

Companies mitigate liquidity risk by managing assets and liabilities in a manner that will allow on time payments on liabilities in normal and extraordinary circumstances. According to the Law for Insurance supervision Company is obliged to calculate liquidity ratio and minimum liquidity, that is proportion between liquid assets and due liabilities, i.e. liabilities that will mature.

Planning expected cash inflows and outflows is a continuous control for maintaining stable liquidity. Based on this, the Company undertakes measures for mitigating or removing the reasons for possible insolvency.

The Company is obliged to maintain its liquidity in accordance with the Law for Insurance supervision, which requires that the required level of equity for insurance company that non-life insurance or reinsurance, in each moment has to be at least equal to the required limit of solvency, calculated using the premium method or claims method, depending on which gives the more favorable outcome. The Company regularly monitors its liquidity gap up to one year. The liquidity gap can be also further improved with the investments which are with contractual maturity above one year however for liquidity purposes can be used in a shorter period based on management liquidity purposes.

The Company has cash in banks and other high liquid assets, at any moment, in order to protect itself from unnecessary risk concentration and to be able settle its liabilities that are due to payment, as well as contingent liabilities.

Maturities of the financial assets and liabilities

The following table provides an analysis of the financial assets and liabilities of the Company into relevant maturity groupings based on the maturity date. While the contractual maturity for technical reserves are considered to be up to one year the Company presented the Gross technical reserves using the expected maturity date.

:

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.4 Liquidity risk (continued)

Liquidity analysis - Non-life insurance

31 December 2024	Up to 1 month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Assets						
Financial assets						
- Debt securities - held-to-maturity	19.996	-	48.819	-	186.687	255.502
- Debt securities - available for sale	-	-	33.625	105.037	954.888	1.093.550
- Term deposits	73.226	160.000	265.000	328.279	-	826.505
Reinsurance assets	36.069	71.137	302.056	201.159	22.846	633.267
Insurance receivables	597.769	116.515	81.188	997	-	796.469
Other assets	36.451	3.367	13.448	10.241	840	64.347
Cash and cash equivalents	199.182	-	-	-	-	199.182
	962.693	351.019	744.136	645.713	1.165.261	3.868.822
Liabilities						
Gross technical reserves	99.148	185.584	1.372.201	432.303	66.003	2.155.239
Reinsurance payables	17.153	9.947	32.926	-	-	60.026
Coinsurance payables	-	-	3.630	-	-	3.630
Other payables	73.370	2.666	2.456	2.600	4.935	86.027
	189.671	198.197	1.411.213	434.903	70.938	2.304.922
Liquidity gap	772.022	152.822	(667.077)	210.810	1.094.323	1.563.900

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.4 Liquidity risk (continued)

Liquidity analysis - Non-life insurance (continued)

31 December 2023	Up to 1 month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Assets						
Financial assets						
- Debt securities - held-to-maturity	9.665	19.293	50.855	-	-	79.813
- Debt securities - available for sale	-	-	92	60.382	525.070	585.544
- Term deposits	66.270	30.000	90.000	360.279	-	546.549
Reinsurance assets	11.571	23.545	106.333	57.591	3.534	202.574
Insurance receivables	291.809	85.380	30.753	-	-	407.942
Other assets	8.232	2.511	1.534	905	1.388	14.570
Cash and cash equivalents	104.187	-	-	-	-	104.187
	491.734	160.729	279.567	479.157	529.992	1.941.179
Liabilities						
Gross technical reserves	39.440	69.214	539.949	136.644	11.613	796.860
Reinsurance payables	42.089	5.608	15.242	-	-	62.939
Coinsurance payables	-	-	3.086	-	-	3.086
Other payables	33.343	-	4.258	6.985	-	44.586
	114.872	74.822	562.535	143.629	11.613	907.471
Liquidity gap	376.862	85.907	(282.968)	335.528	518.379	1.033.708

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

Fair value

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arm's length basis. As verifiable market prices are not available for a significant proportion of the Company's financial assets and liabilities, fair values have been based on management assumptions.

The fair value of quoted securities is measured at market price. The fair value of unlisted investment securities are based on the available financial statements. Securities issued by the government classified as available for sale that are unquoted the Company values by applying effective interest rate.

Premium debts and advances are shown net of specific and other provisions for impairment. The estimated fair value of premium debts, loans and advances represents the collectible amount derived by valuation of debtors' repayment history and capability as well as debtors' current financial position and status.

Fair values in respect of premium debts, loans and advances, as well as investments in shares and other securities approximate to their carrying amounts less impairment.

MAKEDONIJA Insurance s.c. Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.5 Fair value

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values for non-life insurance:

	Loans and receivables	Held-to-maturity	Available for sale	Amortised cost	Total carrying amount	Fair value
31 December 2024						
Financial assets						
- Debt securities - held-to-maturity	-	255.502	-	-	255.502	255.502
- Debt securities - available for sale	-	-	1.093.294	-	1.093.294	1.093.294
- Equity securities available for sale	-	-	256	-	256	256
- Term deposits	-	-	-	826.505	826.505	826.505
Reinsurance assets	633.267	-	-	-	633.267	633.267
Insurance receivables	796.469	-	-	-	796.469	796.469
Other assets	64.347	-	-	-	64.347	64.347
Cash and cash equivalents	-	-	-	199.182	199.182	199.182
	1.494.082	255.502	1.093.550	1.025.687	3.868.822	3.868.822
Gross technical reserves	-	-	-	2.155.239	2.155.239	2.155.239
Reinsurance payables	-	-	-	60.026	60.026	60.026
Coinsurance payables	-	-	-	3.630	3.630	3.630
Other payables	-	-	-	86.027	86.027	86.027
	-	-	-	2.304.922	2.304.922	2.304.922
31 December 2023						
Financial assets						
- Debt securities - held-to-maturity	-	79.813	-	-	79.813	79.813
- Debt securities - available for sale	-	-	585.288	-	585.288	585.288
- Equity securities available for sale	-	-	256	-	256	256
- Term deposits	-	-	-	546.549	546.549	546.549
Reinsurance assets	202.574	-	-	-	202.574	202.574
Insurance receivables	407.942	-	-	-	407.942	407.942
Other assets	14.570	-	-	-	14.570	14.570
Cash and cash equivalents	-	-	-	104.187	104.187	104.187
	625.086	79.813	585.544	650.736	1.941.179	1.941.179
Gross technical reserves	-	-	-	796.860	796.860	796.860
Reinsurance payables	-	-	-	62.939	62.939	62.939
Coinsurance payables	-	-	-	3.086	3.086	3.086
Other payables	-	-	-	44.586	44.586	44.586
	-	-	-	907.471	907.471	907.471

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.6 Capital management

The company is obliged to hold at any time capital that is appropriate with the scope of its work and the classes in which it performs its insurance work as well as the risks on which the Company is exposed in performing such work.

The company's capital should at any time be at least equal to the necessary level of the solvency margin.

The Company's objectives regarding capital management are:

- To comply with the capital requirements according to the legislative regulation of the Ministry of Finance;
- To safeguard the Company's ability to provide dividends for the shareholders;
- To maintain a strong capital base to support the Company's development.

The Company is in compliance with the legislative regulation if the capital is adequate to the solvency margin. The solvency margin and the usage of the Company's own assets is regularly monitored by the company's management by using techniques prescribed by the Ministry of Finance and reports are issued on quarterly basis.

The Company's assets are comprised of the main capital which includes: ordinary and preference shares, reserves, revaluation reserves and retained earnings or accumulated losses.

According to the legislative regulation the Company's share capital should be at least as high as the Guarantee Fund.

According to the solvency margin calculations the minimum capital that MAKEDONIJA INSURANCE S.C. SKOPJE- VIENNA INSURANCE GROUP needs to maintain as at 31 December 2024 is as follows:

Solvency margin	2024	2023
Solvency margin	243.413	132.127
Guarantee capital	276.728	276.728

The Insurance Company's solvency margin is calculated by using the Premium Rate Method or the Claims Rate Method, depending on which method provides higher results.

- According to the premium rate method the total amount of gross written premium for insurance and reinsurance for the last business year is reduced for the amount of canceled premium in the same year and the result is multiplied with specified coefficients.
- According to the claims rate method the total amount of gross paid claims for insurance and reinsurance in the last three business years is increased for the amount of gross claim reserves for insurance and reinsurance at the end of the last business year of the period and decreased for gross claim reserves for insurance and reinsurance at the beginning of that period and the result is divided by three and then multiplied with specified coefficients.

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.6 Capital management (continued)

5.2.6 A Required level of solvency margin for non-life insurance

		Non-life insurance except health insurance in MKD	
		2024	2023
Gross written premium	1	2.305.980	1.157.270
Gross written premium < 10 million EUR x 0.18	2	110.691	110.691
Gross written premium > 10 million EUR x 0.16	3	270.565	86.771
Gross written premium < 10 million EUR x 18/300	4	-	-
Gross written premium > 10 million EUR x 16/300	5	-	-
Total Gross written premium ([6]=[2] + [3] or [6]=[4] + [5])	6	381.256	197.462
Gross claims paid	7	981.609	497.417
Net claims paid	8	626.709	332.835
Coefficient ([9]=[8]/[7] or 0.50. if smaller)	9	0,64	0,67
Solvency margin - Premium rate method ([10]= [6]*[9])	10	243.413	132.127
Reference period (in years)	11	3	3
Gross claims paid in the reference period	12	2.701.921	1.263.750
Gross claims reserves at the end of the reference period	13	1.109.282	338.845
Gross claims reserves at the beginning of the reference period	14	794.282	356.857
Gross incurred claims ([15]=[12] + [13] - [14])/[11])	15	1.005.640	415.246
Gross incurred claims < 7 million EUR x 0.26	16	111.921	107.964
Gross incurred claims > 7 million EUR x 0.23	17	132.290	-
Gross incurred claims < 7 million EUR x 26/300	18	-	-
Gross incurred claims > 7 million EUR x 23/300	19	-	-
Total Gross incurred claims ([20]=[16] + [17] or [20]=[18] + [19])	20	244.211	107.964
Solvency margin – Claims rate method ([21]= [20]*[9])	21	155.917	72.242
Required level of solvency margin ([22]=max([10].[21]))	22	243.413	132.127

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.7 Asset/liability matching

The Law on insurance supervision prescribes certain limits regarding Company's asset/liability matching policy, i.e. limits up to which the Company may invest the assets that are used as coverage for the technical reserves.

The Company manages its financial position using an approach that balances quality, liquidity and investment return, taking into consideration the limits prescribed by the Law on insurance supervision. The main think is to match the timing of cash flows from the respective assets and liabilities.

In the schedule are presented technical reserves of the Company and whole assets which are used for coverage of Technical reserves and the equity:

	2024	2023
Assets		
Cash and cash	199.182	104.187
Government bills issued by RNM	255.502	79.813
Government bonds and other securities issued by RNM	1.093.294	585.288
Shares	256	256
Bank deposits which have licence from NBRM	826.505	546.549
	2.374.739	1.316.093
Liabilities (Technical reserves)		
Gross insurance contract reserves	2.155.239	796.860
Unearned premium net of reinsurance (reinsurance share)	(633.267)	(202.574)
Total net technical reserves	1.521.972	594.286

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.7 Asset/liability matching

According to the amendments to the Rulebook on the types and descriptions of items taken into account when calculating the capital of insurance and reinsurance companies in 2023, the Company has made a change in the calculation of total capital.

Capital is calculated as presented below:

		2024	2023
Core capital. art 69 (I1+I2+I3+I4+I5-I6-I7-I8-I9-I10-I11-I12)	I	1.767.763	1.358.300
Paid up share capital other than paid up share capital from cumulative preferred shares	I1	1.135.345	888.308
Share premiums	I2	-	-
Legal and statutory reserves	I3	477.860	331.715
Profit brought forward	I4	172.570	140.171
Profit from the financial year	I5	-	-
Own shares	I6	-	-
Long-term intangible assets	I7	10.170	3.017
Loss brought forward and loss from the financial year	I8	6.907	-
Unrealized loss on equity instruments available for sale	I9	291	(291)
Unrealized loss on available for sale financial assets	I10	935	(833)
Net negative revaluation reserves and other valuation differences arising from investments in associates or joint ventures that are valued using the equity method	I11	-	-
Other deductible items for failure to comply with capital investment restrictions provided for in Article 73-a of the ISA	I12	-	-
Supplementary capital. art. 71 (II1+II2+II3+II4). cannot be in excess of 50% of the core capital	II	253	6.009
Paid up shareholders capital from cumulative preferred shares	II1	-	-
Share premiums	II2	-	-
Subordinated debt instruments	II3	-	-
Securities whose maturity is not defined	II4	-	-
Unrealized gain on revaluation of equity instruments available for sale at fair value	II5	-	-
Unrealized gains on revaluation of available for sale debt securities at fair value	II6	253	6.009
Total core and supplementary capital I.+II.	III	1.768.016	1.364.309
Adjustments of the available capital for the items listed in art. 72 (IV1+IV2)	IV	-	-
Investments in shares in legal entity under article 72 of the ISL	IV1	-	-
Investments in subordinated debt instruments and other investments in legal entity under article 72 of the ISL	IV2	-	-
AVAILABLE CAPITAL I + II – IV	V	1.768.016	1.364.309
Required solvency margin (for non-life insurance undertakings)	VI1	243.413	132.127
Required solvency margin (for life insurance undertakings)	VI2	-	-
Available capital	VI3	1.768.016	1.364.309
Guarantee fund*	VI4	276.728	276.728
Surplus/Deficit of available capital compared to the Guarantee fund (VI5 = VI3 -VI4)	VI5	1.491.288	1.087.583
Surplus/Deficit of available capital (for non-life insurance) compared to the required solvency margin (for non-life insurance undertakings) (VI6 = VI3 - VI1)	VI6	1.524.602	1.232.182
Surplus/Deficit of available capital (for life assurance) compared to the required solvency margin (for life assurance undertakings) (VI6 = VI3 - VI1)	VI7	-	-

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

5. Insurance and financial risk management (continued)

5.2 Financial risk management (continued)

5.2.7 Asset/liability matching (continued)

Investments that cover technical and mathematical reserves

In accordance with Rules on types and characteristics of assets that cover technical & mathematical reserve and detailed placement/restriction on those investments the Company as at 31.12.2024 invested its assets as stated below:

Investments that covers technical reserves 2024	Allowed %	Amount	Realized in %
Allowed investments			
Cash in hand and at bank	3%	18.674	1,2%
Bank (licensed by the NBRM)	60%	747.000	49,1%
Securities issued by the NBRM	80%	-	0,0%
Bonds and other debt securities	80%	756.042	49,7%
Shares traded on a regulated market	25%	256	0,0%

Total allowed investments in assets 1.521.972

Total net technical reserves	1.521.972
Unearned premium reserves	918.267
Provisions for bonuses and rebates	49.134
Claims provisions	554.572
Other technical provisions	-
Equalization reserve	-
Difference	-

Investments that covers technical reserves 2023	Allowed %	Amount	Realized in %
Allowed investments			
Cash in hand and at bank	3%	10.761	1,8%
Bank (licensed by the NBRM)	60%	339.000	57,0%
Securities issued by the NBRM	80%	-	0,0%
Bonds and other debt securities	80%	244.269	41,1%
Shares traded on a regulated market	25%	256	0,0%
Total allowed investments in assets		594.286	
Total net technical reserves		594.286	
Unearned premium reserves		392.185	
Provisions for bonuses and rebates		17.897	
Claims provisions		184.204	
Other technical provisions		-	
Equalization reserve		-	
Difference		-	

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

6. Net earned premium

Insurance class	Gross written premium	Written premiums ceded to reinsurers	Change in the gross provision for unearned premiums	Reinsurers' share of change in the provision for unearned premiums	Net earned premium
Accident	114.382	(1.733)	2.779	-	115.428
Health	250.866	-	(36.749)	-	214.117
Motor vehicles	187.582	(28.346)	8.672	(12.544)	155.364
Aircraft insurance	166	-	8.931	-	9.097
Marine	181	(1.456)	50	-	(1.225)
Cargo	23.015	(3.032)	537	1	20.521
Property-fire	228.309	(98.341)	(22.127)	(929)	106.912
Property-other	439.517	(152.226)	10.595	(43.476)	254.410
Motor vehicle liability insurance	930.707	(568.698)	44.519	115.562	522.090
Aircraft liability insurance	5.685	(5.570)	11.467	-	11.582
Marine liability insurance	734	(641)	28	-	121
General liability insurance	61.092	(26.889)	1.650	1.185	37.038
Credit insurance	17.927	(8.214)	(9.132)	3.397	3.978
Guarantees	-	-	2	-	2
Financial loss	10.497	(6.611)	(504)	(163)	3.219
Travel assistance	24.511	-	57	-	24.568
Total	2.295.171	(901.757)	20.775	63.033	1.477.222

In GWP for 2024 in amount of MKD 2.295.171 thousands are included: gross premium in amount of MKD 2.284.809 thousands, coinsurance in amount of MKD 21.170 thousands and gross written premium delivered in co-insurance in amount of MKD (10.809) thousands. The amount of changes in the gross reserve for transferable premium of MKD (20.772) thousand includes: changes in the gross reserve for transferable premium in the amount of MKD (23.903) thousand and changes in the gross reserve for transferable premium part for co-insurance in the amount of MKD (3.128) thousand.

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

6. Net earned premium (continued)

Insurance class	Gross written premium	Written premiums ceded to reinsurers	Change in the gross provision for unearned premiums	Reinsurers' share of change in the provision for unearned premiums	Net earned premium
Accident	64.448	(610)	(722)	-	63.116
Health	151.547	-	(33.919)	-	117.628
Motor vehicles	72.215	(244)	(4.833)	-	67.138
Marine	9	-	-	-	9
Cargo	22.923	(3.164)	(257)	21	19.523
Property-fire	165.830	(72.146)	(8.905)	3.646	88.425
Property-other	320.176	(100.375)	(11.443)	2.483	210.841
Motor vehicle liability insurance	284.834	(132.050)	4.267	(2.136)	154.915
Marine liability insurance	316	-	(72)	-	244
General liability insurance	45.005	(22.054)	(2.131)	(403)	20.417
Credit insurance	2.430	(2.225)	-	-	205
Guarantees	3	-	-	-	3
Financial loss	9.244	(10.696)	684	115	(653)
Travel assistance	12.118	-	(277)	-	11.841
Total	1.151.098	(343.564)	(57.608)	3.726	753.652

In GWP for 2023 in amount of MKD 1.151.098 thousands are included: gross premium in amount of MKD 1.136.239 thousands, coinsurance in amount of MKD 22.030 thousands and gross written premium delivered in co-insurance in amount of MKD (6.171) thousands. The amount of changes in the gross reserve for unearned premium of MKD (57,608) thousand includes: changes in the gross reserve for unearned premium in the amount of MKD (56,278) thousand and changes in the gross reserve for unearned premium part for coinsurance in the amount of MKD (1,330) thousand.

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

7. Other insurance technical income net of reinsurance

	2024	2023
Collected written off receivables	4.776	36.973
Recinciliation of commisiion liabilities	35.324	-
Release of commission obligations	21.592	14.192
Compensation for claims paid	17.341	1.476
Income from guarantee fund for resources	6.920	1.841
Commission on claims paid	3.480	-
Resources from previous years	3.112	6.526
Liabilities write off	1.972	-
Others	480	178
Total	94.997	61.186

8. Other income

	2024	2023
IT service income	9.069	17.338
Rent income	5.375	6.016
Income from disposal fixed assets	3.145	188
Income from write off of liabilities – fire insurance	2.469	-
Other	2.243	542
Total	22.301	24.085

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

9. Claims incurred

	2024		2023	
	Gross claims paid	Change in gross reserve for claims	Gross claims paid	Change in gross reserve for claims
Accident	53.844	6.986	35.513	(204)
Health insurance	181.411	5.016	112.196	8.455
Motor vehicles	120.673	21.464	36.393	2.048
Aircraft	-	-	-	-
Marine	-	-	-	-
Cargo	247	288	668	(559)
Property-fire	31.129	64.269	62.913	(54.553)
Property-other	90.827	65.503	106.882	33.318
Motor vehicles liability insurance	487.639	40.867	132.976	5.908
Aircraft liability insurance	-	-	-	-
Marine liability insurance	-	-	-	-
General liability	9.240	15.755	6.526	3.748
Loans	487	162	9	-
Guarantees	-	-	-	-
Financial loss	69	657	95	-
Travel assistance	6.043	415	3.246	(143)
Claims from active insurance			-	-
Total	981.609	221.382	497.417	(1.982)
Decrease of income for resources	(2.411)		(558)	-
Change in gross reserves for claims				
- Reinsurance part	(472.949)	-	(162.254)	-
Gross claims paid	727.631	-	332.626	-

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024
(All amounts in MKD thousands unless otherwise stated)

9. Claims incurred (continued)

Claims ratio, cost ratio and combined ratio-Non-life

Insurance class	2024 Ratios			2023 Ratios		
	Claims	Cost	Combined	Claims	Cost	Combined
Accident	51%	41%	92%	56%	49%	105%
Health	87%	37%	124%	103%	46%	149%
Casco	64%	52%	117%	57%	49%	106%
Aircraft	0%	(10%)	(10%)	0%	96%	96%
Cargo	3%	36%	39%	1%	48%	48%
Property – fire	50%	62%	111%	10%	60%	70%
Property – other	12%	51%	62%	21%	66%	88%
MTPL	51%	67%	118%	47%	80%	127%
Marine liability insurance	0%	286%	286%	0%	47%	47%
General liability insurance	64%	61%	125%	46%	71%	117%
Credit insurance	1%	101%	101%	(179%)	117%	(62%)
Guarantees	0%	(2160%)	(2160%)	0%	86%	86%
Financial loss	19%	27%	45%	(15%)	11%	(4%)
Travel assistance	26%	53%	80%	25%	73%	100%
Total	49%	54%	103%	44%	62%	106%

10. Net expenses for insurance

	2024	2023
Commission	496.225	241.071
Salaries for administration and agents	306.126	168.828
Depreciation	33.610	23.972
Heat and electrical energy	30.581	17.128
Other administrative expenses	19.387	18.422
Current and investment maintenance	15.651	1.774
Marketing	13.344	8.403
Utility costs	11.997	5.905
Expenses for individuals	11.871	5.892
Representation	11.032	7.508
Intercompany expenses	10.461	7.407
Security	10.451	6.295
Mobile phone and internet	7.724	2.460
Administrative court expenses	6.198	3.440
Insurance premium	4.891	4.409
Mailing costs	3.531	1.842
Rental costs	2.450	1.983
Change in deferred acquisition cost	(35.816)	(13.490)
Total	959.715	513.249

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

11. Other insurance technical expenses net for reinsurance

	2024	2023
Legal fees	25.780	16.365
Contribution for fire prevention	25.531	10.135
Expenses for Supervisory Authority	15.888	7.262
Expenses for claims payment of uninsured and unknown vehicles	10.467	4.015
Health contribution	8.827	2.719
National Biro for insurance financing	7.637	2.300
Total	94.130	42.796

12. Other expenses including other impairment

	2024	2023
Impairment of other receivables	12.575	-
Impairment of recourse debts	7.710	(80)
Merger court costs	7.562	-
Fines/Penalties	4.246	-
Court costs	1.911	-
Impairment of intangible assets	1.645	-
Other expenses	947	2.690
Value adjustment of recourse receivables	(829)	(1.177)
Total	35.766	1.433

13. Income Tax

	2024	2023
Income tax	5.270	6.870
Total	5.270	6.870

Reconciliation of effective tax rate

	%	2024	%	2023
Profit before tax		-		43.976
Loss before tax		(6.907)		-
Income tax using the domestic corporation tax rate	10,0%	(691)	10,0%	4.398
Non-deductable expenses	86,3%	5.961	5,7%	2.522
Tax credit	0,0%	-	0,1%	(50)
Income tax	76,3%	5.270	15,6%	6.870

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

14. Investment in intangible assets

	Intangible assets
Cost value	
As at 1 January 2023	40.309
Additions	182
Disposals	<u>(6.511)</u>
Balance as at 31 December 2023	<u>33.980</u>
As at 1 January 2024	33.980
Additions	33.746
Effect from merger	1.487
Disposals	<u>(2.193)</u>
Balance as at 31 December 2024	<u>67.020</u>
Depreciation	
As at 1 January 2023	33.446
Depreciation for 2023	4.028
Disposals	<u>(6.511)</u>
Balance as at 31 December 2023	<u>30.963</u>
As at 1 January 2024	30.963
Effect from merger	19.381
Depreciation for 2023	<u>6.506</u>
Balance as at 31 December 2024	<u>56.850</u>
Book value	
As at 31 December 2023	<u>3.017</u>
As at 31 December 2024	<u>10.170</u>

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

15. Investment property - Buildings

	2024	2023
Gross book amount	678.035	702.418
Accumulated depreciation	(367.783)	(363.692)
Net book amount on 1st of January	310.252	338.726
Opening net book amount	310.252	338.726
Cost value – effect from merger	1.107	-
Accumulated depreciation – effect from merger	(308)	-
Additions	2.936	2.936
Assets in course of construction buildings	-	-
Disposals and write-off	(11.798)	(26.779)
Effect from disposals and write - off - accumulated depreciation	5.366	13.172
Depreciation charge	(16.755)	(17.263)
Closing net book amount as at 31 December	290.800	310.252
Cost value	670.280	678.035
Accumulated depreciation	(379.480)	(367.783)
Net book amount as at 31 December	290.800	310.252

The estimated fair value of the total Investment property is in the amount of 763.857 MKD thousands (2023: 731.749 MKD thousands).

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

16. Property and equipment

	Buildings	Land	Computer	Furniture & Equipment	Motor vehicles	Assets in course of construction	Other	Total
Gross book amount as at 1 January 2023	517.756	11.248	28.395	80.144	11.297	692	2.608	652.140
Accumulated depreciation	(302.809)	-	(22.395)	(61.664)	(7.853)	-	-	(394.721)
Net book amount as at 31 December 2023	214.945	11.248	6.000	18.480	3.444	692	2.608	257.418
Opening net book amount as at 1 January 2024	214.945	11.248	6.000	18.480	3.444	692	2.608	257.418
Gross book amount - effect from merger	-	-	31.740	36.249	34.402	-	284	102.676
Accumulated depreciation – effect from merger	-	-	(29.114)	(34.859)	(23.834)	-	-	(87.807)
Additions	3.507	-	3.282	5.348	1.093	-	-	13.320
Transfers from assets in course of construction	-	-	-	107	-	(107)	-	-
Elimination and disposal	-	-	(233)	(23.743)	(5.300)	-	-	(29.276)
Accumulated depreciation - Elimination and disposal	-	-	233	23.743	5.300	-	-	29.276
Depreciation charge	(12.986)	-	(3.697)	(3.486)	(6.387)	-	-	(26.556)
Closing net book amount at 31 December 2024	205.466	11.248	8.210	21.840	8.719	585	2.892	258.961
Gross book amount	521.263	11.248	63.184	98.105	41.492	585	2.892	738.769
Accumulated depreciation	(315.795)	-	(54.973)	(76.265)	(32.774)	-	-	(479.808)
Net book amount as at 31 December 2024	205.466	11.248	8.210	21.840	8.719	585	2.892	258.961

The estimated fair value of the total Property plant is in the amount of 354.211 MKD thousands (2023: 335.576 MKD thousands).

*The line item computers, furniture and equipment, motor vehicles and assets in course of construction equipment are presented on total in the balance sheet in Equipment

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

17. Other financial investments

	2024	2023
Financial assets available for sale (AFS)	1.093.550	585.544
Deposits	826.505	546.549
Financial assets hold to maturity (HTM)	255.502	79.813
Total	2.175.557	1.211.906

As at 31.12.2024 the Company has investments in deposits in domestic banks that have maturity from 12 to 60 months (2023: from 24 to 60 months) with interest rates from 1,5% to 4% (2023: from 1,2% to 4%).

Financial assets available for sale (AFS)

	2024	2023
Government bonds	1.093.294	585.288
Shares	256	256
Total	1.093.550	585.544
Unlisted – Bonds	843.141	399.642
Listed – Bonds	250.153	185.646
Listed – Shares	256	256
Total	1.093.550	585.544

As at 31.12.2024, the Company has financial investments in Government Bonds available for sale that due from 2 to 30 years (2023: from 3 to 30 years) with interest rates from 2% to 5,9% (2023: from 2% to 5,9%).

Financial assets held to maturity	2024	2023
T – Bills	48.819	79.813
Bonds	206.683	0
Total	255.502	79.813
Unlisted - T – Bills	255.502	79.813
Total	255.502	79.813

As of December 31 2024, the Company has held-to-maturity financial investments in treasury bills with a maturity of up to 15 year (2023: 1 year) and an interest rate of 3,5% to 4% (2023: 3.5% to 4,25%).

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

18. Receivables from direct insurance

	2024	2023
Insurance receivables	939.817	440.857
Other receivables from insurance	37.749	37.941
Total	979.566	478.798
Impairment	(213.973)	(120.909)
Total	765.593	357.889

Movement of impairment of receivables from direct insurance

	2024	2023
Balance as at 1 of January	120.909	103.188
Effect from merger	80.820	-
Additional impairment	107.645	44.280
Release of impairment	(32.592)	(17.540)
Write off	(62.808)	(9.019)
Balance as at 31 of December	213.973	120.909

19. Other receivables from direct insurance operations

	2024	2023
Recourse receivables	60.207	23.980
Receivables from the National Bureau	19.981	3.398
Receivables for service claims paid	19.160	5.068
Advances given	5.415	5.415
Receivables from reinsurance commission	3.111	4.363
Receivables for claims	17	17
Total receivables	107.891	42.241
Impairment	(73.301)	(30.950)
Total	34.590	11.291

Movement of impairment of other receivables

	2024	2023
Balance as at 1 of January	30.950	31.879
Effect from merger	37.056	-
Increase of impairment recourses & service claims	7.710	680
Release of impairment recourses & service claims	(1.586)	(431)
Release of impairment	(829)	(1.178)
Balance as at 31 of December	73.301	30.950

20. Receivables from financial investments

	2024	2023
Rent receivables	737	1.035
Interest receivables	1.040	213
Total	1.777	1.248
Impairment	(3)	(194)
Total	1.774	1.054

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

21. Other receivables

	2024	2023
Deposit and advance receivables	34.842	-
Suppliers receivables	3.575	1.044
Other receivables	1.814	2.168
Receivables from employees	1.275	27
Total receivables	41.506	3.239
Impairment	(13.523)	(1.014)
Net receivables	27.983	2.225

Movement of impairment of receivables - other

	2024	2023
Balance as at 1 of January	1.014	1.342
Release of Impairment	12.509	(328)
Balance as at 31 of December	13.523	1.014

22. Cash and cash equivalents

	2024	2023
Cash in banks		
-in MKD	190.118	96.723
- in foreign currency	8.355	7.457
Cash on hand	555	7
Other	153	-
Total	199.182	104.187

23. Technical reserves

	2024	2023
Gross reserves for unearned premium	996.823	440.118
Gross reserves for incurred reported claims	708.531	181.875
Gross reserves for incurred but not reported claims	388.682	151.962
Reserves for bonuses and discounts	49.134	17.897
Other technical reserves	12.069	5.008
Gross technical reserves	2.155.239	796.860

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

23. Technical reserves (continued)

Class of insurance	UPR		RBNS		IBNR		Reserve for bonuses and discounts		Other reserves	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Accidents	52.403	29.949	12.712	2.654	25.716	16.217	2.910	3.508	423	283
Health										
insurance	113.954	67.636	3.551	2.021	14.190	9.115	-	-	195	167
Motor										
vehicles	96.909	37.688	45.654	9.245	14.515	3.693	1.262	152	662	194
Other	62.578	31.796	28.579	3.868	9.187	4.816	652	83	415	130
Property fire	85.346	53.312	77.944	17.945	3.510	5.172	14.107	5.437	896	347
Property										
other	146.851	86.033	164.993	69.429	26.079	19.599	30.203	8.717	2.102	1.335
Third party										
liability	438.782	133.704	375.098	76.713	295.485	93.352	-	-	7.376	2.551
Total	996.823	440.118	708.531	181.875	388.682	151.962	49.134	17.897	12.069	5.008

24. Other liabilities

	2024	2023
Liabilities towards employees	26.835	15.523
Liabilities towards VIG	13.073	1.581
Fees for agents	11.534	9.436
Received insurance advances	9.788	3.139
Dividend liabilities	7.893	7.534
Other liabilities	5.897	516
Liabilities for contributions and membership	5.773	1.844
Suppliers of working capital	3.812	2.285
Suppliers of material assets	1.128	2.430
Liabilities towards the National Bureau	294	298
Total	86.027	44.586

25. Accrued expenses

	2024	2023
Calculated liabilities for reinsurance	346.765	96.763
Accrued expense for Gross Written Commission	212.615	112.343
Other	8.169	3.354
Liabilities for contribution to fire brigade	6.572	3.548
Provisioning of commission from uncollected receivables	(40.253)	(23.821)
Total	533.868	192.187

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

26. Shareholders equity and reserves

Shareholders' equity

In number of shares	2024	2023
Issued and fully paid at 1 January	717.462	717.462
Issued during the year	-	-
Effect from merger	201.700	-
Issued and fully paid at 31 December	919.162	717.462

At 31 December 2024 the authorised share capital comprises 919.162 ordinary shares with nominal value of EUR 20.084 per share (2023: 717.462 ordinary shares with nominal value of EUR 20.084 per share). The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid.

The calculation of the basic/diluted profit per share at 31 December 2024 is calculated by dividing the net profit/(loss) for the year attributable to the ordinary equity holders amounting 12.177 thousand denars (2023: 37.106 thousand denars) and the number of ordinary shares in the year ended 31 December 2024 of 919.162 (2023: 717.462), as presented below:

	2024	2023
Profit attributable to ordinary equity holders		
(Loss)/Profit attributable to ordinary equity holders	(12.177)	37.106
Weighted average number of ordinary shares for basic EPS		
Number of ordinary shares	919.162	717.462
Shares issued as at 1 January		
Weighted average number of ordinary shares for basic EPS as at 31 December	919.162	717.462
Basic/diluted (loss)/earnings per share	(13,25)	51,72

On 27.06.2024, an application was made for the registration of share capital in the Central Register in the amount of 201,700 shares, as a result of the merger disclosed in Note 2 (b). The Company's capital consists of 919,162 shares with a nominal value of EUR 20.084 per share. The total capital of the Company amounts to EUR 18,460,416.

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

26. Shareholders equity and reserves (continued)

The shareholders' structure as at 31 December 2024 of the Company is as follows:

	% of voting share capital
Vienna Insurance Group AG Wiener Versicherung Gruppe	95,71%
Other legal entities and individuals	4,29%

Dividends

In 2024, the Shareholders assembly on 31 May 2024 a decision was adopted to pay a dividend for the business year 2023 in the amount of 24.394 thousand denars and for the business year 2023 in the amount of 24.394 thousand denars. On May 29, 2024, the Supervisory Board of the Company proposed a decision to pay a dividend for the business year 2023 in the amount of 1.263 thousand denars.

The Supervisory Board of the Company on 24.04.2025 proposed to the Shareholder's Assembly the payment of a dividend for 2024 in the amount of 90.078 thousand, or 98 MKD per share.

27. Off balance sheet evidence - liabilities

According to the adopted Guidelines for the operation between the National biro and insurance companies, the Company recorded off balance sheet provision for reported claims based on unknown or uninsured motor vehicles. On 31 December 2024 contingent liability for claims is in amount of MKD 45.491 thousands and MKD 31.713 thousands in guarantees (2023: MKD 10.201 thousands contingent liability for claims and MKD 4.315 thousands for guarantees)

28. Related parties transactions

Parent and ultimate parent of the Company

The Company is owned by Vienna Insurance Group AG Wiener Versicherung Gruppe, which is an Ultimate Parent of the Company.

Related party transactions with the Parent Company

At the yearend 31.12.2024 the balances from transactions with the Parent company - reinsurance were as follows:

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

28. Related parties transactions (continued)

Receivables	2024	2023
Receivables from claims paid for reinsurance	455	478
Receivables from commission paid for reinsurance	1.879	4.020
Receivables		
Reinsurance premium payable	20.601	18.016
Deposits on ceded reinsurance business	331.501	85.053
Other payables	6.147	1.687
Reserve		
Reinsurance share in the gross reserve of unearned premium	12.634	14.465
Reinsurance share in gross claims reserves	338.405	85.829
Expenses and incomes		
Written premium ceded to reinsurers	574.171	152.188
Change in gross reserve for unearned premium - reinsurance share	110.693	2.523
Reinsurance commission recoveries income	161.072	54.395
Gross claims paid – reinsurance share	246.963	68.871
Change in gross reserves for claims – part for reinsurance	16.959	6.047
Interest on deposit for ceded re-insurance	21.872	4.904

Related party transactions and balances with companies under common control

As at 31 December 2024 and for the year ended the balances from transactions with Companies under common control - reinsurance were as follows:

Receivables	2024	2023
Receivables from claims paid for reinsurance	20.710	41.847
Receivables from commission paid for reinsurance	1.233	343
Payables		
Reinsurance premium payable	25.127	35.514
Deposits on ceded reinsurance business	15.265	11.710
Reserves		
Reinsurance share in the gross reserve of unearned premium	52.405	20.361
Reinsurance share in gross claims reserves	216.306	68.812
Expenses and incomes		
Written premium ceded to reinsurers	311.428	175.375
Change in gross reserve for unearned premium - reinsurance share	(48.164)	1.791
Reinsurance commission recoveries income	60.630	40.614
Gross claims paid - reinsurance share	107.936	95.711
Change in gross reserves for claims - part for reinsurance	101.091	(8.374)

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

28. Related parties transactions (continued)

Related party transactions and balances with companies under common control (continued)

	2024	2023
Winner Life AD Skopje		
Receivables	796	1.089
Income	3.777	3.289

Sigma InterAlbanian VIG

Receivables	3.577	1.045
Income	7.630	5.490

Transactions with the Parent Company

	2024	2023
Intercompany services	13.084	1.591

Transactions with key management personnel

Total remuneration to the Company's key management personnel, included in administrative expenses are as follows:

	2024	2023
Short-term benefits	72.570	50.984
	72.570	50.984

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA

29. Contingencies and commitments

Until reporting date of these financial statements, the Company have no significant commitments.

Legal proceedings

In the ordinary course of business, the Company is involved in various claims and legal actions. In the opinion of Management, the ultimate settlement of these matters will not 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 external and internal expertise including legal advice. Management 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 2024 the provision of these legal claims were recorded in the Claims reported but not settled of MKD 211.056 thousands (2023: 36.361 thousands). The provision with respect to these claims was made based on legal advice obtained received by management and reflects the expectation on the resolution of these cases. The timing of the resolution is not certain. The cases relate mainly to MTPL and accident claims.

Until the date of preparation of the financial statements, the Company has not undertaken any obligations.

The financial statements and accounting records of the Company are subject to tax control by the tax authorities for a period of 5 years from the submission of the tax return for the financial year and may cause additional tax liabilities which at this stage cannot be determined with reasonable accuracy. However, the management of the Company believes that there are no additional conditions that could result in materially significant obligations on this basis.

30. Operating segments

Products, services and major consumers

The basic activity of the Company is non-life insurance, and the most significant activities of the Company are fire, natural forces and other damage to property insurance, accident insurance, health motor vehicles insurance, aircraft insurance, travel insurance etc. In these areas the Company offers a wide range of products to meet the increasing demand of the insurance market in North Macedonia.

The income of the Company is composed of insurance premiums income, investments income and other insurance income including fees and commission from reinsurance.

The Company provides insurance services to some of the biggest local companies in the field of production and distribution of energy, transport and logistics, as well as information services.

Geographical areas

During the presentation of the information based on the geographic areas, income is presented on the basis of the geographical location of the consumers, and, the incomes are shown based on the geographical location of the assets.

Income from segments

The income from the segments consists of the net premium income from insurance, income from financial assets, income from fees and commissions and other income.

MAKEDONIJA Insurance AD Skopje- Vienna Insurance Group
Notes to the financial statements for the year ended 31 December 2024

(All amounts in MKD thousands unless otherwise stated)

30. Operating segments (continued)

	Republic of North Macedonia	Europe	Total
2024			
Gross written premium from insurance	2.305.980	-	2.305.980
Investment income	110.951	-	110.951
Reinsurance commission income	-	199.961	199.961
Other income	117.298	-	117.298
Total assets	4.163.397	656.056	4.819.454
Total liabilities	2.451.562	419.875	2.871.436
2023			
Gross written premium from insurance	1.157.269	-	1.157.269
Investment income	85.978	-	85.978
Reinsurance commission income	-	90.187	90.187
Other income	85.270	-	85.270
Total assets	2.688.250	-	2.688.250
Total liabilities	1.125.725	-	1.125.725

31. Post balance sheet events

A new Rulebook on the manner of keeping accounts was published in the Official Gazette, No. 75/24, dated April 3, 2024. The new Rulebook entered into force on April 4, 2024, and will begin to be applied on January 1, 2025, with the exception of the international financial reporting standards 17 - Insurance Contracts and the international financial reporting standard and 9 - Financial Instruments, which will be applied on January 1, 2028. With the date of commencement of the application of this Rulebook, January 1, 2025, the current Rulebook on keeping accounts ("Official Gazette", No. 159/09, 164/10 and 107/11) ceases to be valid.

The Company is in the process of assessing the impact of the new Rulebook on keeping accounts on the financial statements, but no significant effects on the financial statements are expected.

On 24.04.2025, Mr. Klime Poposki resigned from the position of member and vice president of the Board of Directors of the Company, effective from 01.06.2025.

Except as stated above, after the date of the Statement of Financial Position and until the date of signing the financial statements, no other material events have occurred that require disclosure.

Notes are integral part of these financial statements

TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN MACEDONIA