

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

ILLYRIA LIFE SH.A.

31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of ILLYRIA LIFE SH.A

Opinion

We have audited the financial statements of **Illyria Life Sh.a** (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the statement profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Rules and Regulations of the Central Bank of Kosova.

Basis for Opinion

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

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2A Basis of Preparation, which explains that these financial statements have been prepared in accordance with Rules and Regulations of the Central Bank of Kosova.

Other Information

Management is responsible for the other information disclosed in the Annex 1 of the notes to the financial statements. The other information comprises supplementary schedules as prescribed by the rules and regulations of the Central Bank of the Republic of Kosova that include the "Solvency Margin", "Capital calculation" and "Adequacy of investments of assets covering mathematical reserves".

Our opinion on the financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Rules and Regulation of Central Bank of the Republic of Kosovo, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Kosova sh.p.k.
Deloitte Kosova Sh.p.k.
Str. Ukshin Hoti
Prishtina, Republic of Kosovo
Unique Identification No.: 810468373
April 10, 2026



Arta Limani
Engagement Partner:
Arta Limani

ILLYRIA LIFE Sh.a
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

	Note	2025	2024
Assets			
Cash and cash equivalents	8	839,322	670,639
Term deposits	9	5,378,353	4,320,923
Available for sale financial assets	9	12,963,437	13,775,288
Reinsurance share of insurance liabilities	10	122,966	89,822
Property and equipment, and intangible assets	11	747,693	819,324
Premium receivables and other assets	12	706,520	369,444
Deferred tax asset	24	750	750
Total Assets		20,759,041	20,046,190
Liabilities			
Insurance liabilities for losses and loss adjustment expenses	13	14,764,941	13,812,605
Unearned premium insurance liabilities	14	349,884	393,353
Deferred revenue	15	13,329	10,736
Leases liabilities	16	18,775	46,250
Income tax payable	17	12,742	54,359
Other liabilities	17	430,317	250,487
Total Liabilities		15,589,988	14,567,790
Equity			
Share capital	18	3,285,893	3,285,893
Fair value reserves		1,020	210,173
Retained earnings		1,371,333	1,271,854
Current year profit		510,807	710,480
Total Equity		5,169,053	5,478,400
Total Liabilities and Equity		20,759,041	20,046,190

The financial statement were authorized for issue on April 10, 2026.

Albin Podvorica

General Director

Zamira Ibrahim

Head of Accounting and Finance

The notes on pages 5 to 47 are an integral part of these financial statements.

ILLYRIA LIFE Sh.a
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

	Note	2025	2024
Gross written premium	19	4,594,933	4,448,629
Change in the gross provision for unearned premium	14	43,469	(110,944)
Net Written Premium		4,638,402	4,337,685
Premiums ceded to reinsurer	20	(252,627)	(176,233)
Change in reinsurer share of provision for unearned premium	10	33,144	35,829
Net Insurance Premium Revenue		4,418,919	4,197,281
Interest income	9	671,993	631,309
Interest expenses		(1,000)	(5,374)
Reinsurance commission	21	20,587	15,186
Total Revenues		5,110,499	4,838,402
Change in Losses and loss adjustment liabilities	13	(952,337)	(1,128,891)
Policy acquisition costs	22	(1,060,546)	(670,227)
Claims expenses paid	13	(1,326,647)	(1,172,080)
Administrative expenses	23	(1,198,578)	(1,055,674)
Total Losses and Expenses		(4,538,108)	(4,026,872)
Profit before income tax		572,391	811,530
Income tax expense	24	(61,584)	(101,050)
Profit for the year		510,807	710,480
Other comprehensive income			
Net fair value (loss)/gain/ on available-for-sale financial assets during the year		(209,153)	118,403
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year		-	-
Total comprehensive income for the year		301,654	828,883

The notes on pages 5 to 47 are an integral part of these financial statements.

ILLYRIA LIFE Sh.a
STATEMENT OF CHANGES IN EQUITY
As at and for the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

	Share Capital	Retained Earnings	Fair Value Reserve of AFS	Total
Balance on 01 January 2024	3,285,893	1,771,854	91,770	5,149,516
<i>Comprehensive Income for the Period</i>				
Net profit for the year	-	710,480		710,480
Gain on revaluation of available for sale financial assets	-		118,403	118,403
Total Comprehensive Income	-	710,480	118,403	828,883
Dividend paid	-	(500,000)	-	(500,000)
Total Transactions with Owners Reported Directly in Equity	-	(500,000)	-	(500,000)
Balance on 31 December 2024	3,285,893	1,982,333	210,173	5,478,399
Balance on 1 January 2025	3,285,893	1,982,333	210,173	5,478,399
<i>Comprehensive Income for the Period</i>				
Net profit for the year	-	510,807		510,807
Loss on revaluation of available for sale securities	-		(209,153)	(209,153)
Total Comprehensive Income	-	510,807	(209,153)	301,654
Dividend paid	-	(611,000)	-	(611,000)
Total Transactions with Owners Reported Directly in Equity	-	(611,000)	-	(611,000)
Balance on 31 December 2025	3,285,893	1,882,140	1,020	5,169,053

The notes on pages 5 to 47 are an integral part of these financial statements.

ILLYRIA LIFE Sh.a
STATEMENT OF CASH FLOWS
As at and for the year ended 31 December 2025
(All amounts expressed in EUR, unless otherwise stated)

	Note	2025	2024
Cash flows from operating activities			
Profit for the period		572,391	811,530
<i>Adjustments for:</i>			
Depreciation and amortization	11	103,580	114,987
Increase in losses and loss adjustment insurance liabilities	13	952,337	1,128,891
(Decrease)/ Increase in unearned premium insurance liabilities	14	(43,469)	110,944
Impairment of trade receivables	23	3,311	57,507
Interest expenses		1,000	5,374
Investment income	9	(671,993)	(631,309)
Cash flows from operating activities before changes in operating		917,156	1,597,924
<i>Changes in operating assets and liabilities</i>			
(Decrease) in reinsurance share of insurance liabilities	10	(33,144)	(35,829)
(Increase) in other assets, excluding accrued interest	12	(337,077)	(17,000)
Increase/ (Decrease) in deferred revenue	15	2,593	(26,355)
Increase/ (Decrease) in other liabilities, excluding income tax payable	17	184,129	(14,347)
Cash flows generated from operations		733,657	1,504,393
Income tax paid		(113,622)	(58,191)
Net cash generated from operating activities		620,036	1,446,202
Cash flows from investing activities			
Purchase of property and equipment	11	(31,949)	(161,013)
(Increase) in term deposits	9	(1,003,030)	(1,730,915)
Increase in Debt and other Fixed Income Securities	9	602,698	483,831
Interest received		620,403	577,597
Net cash from investing activities		188,122	(830,500)
Cash Flows from Financing Activities			
Dividend Paid	7	(611,000)	(500,000)
Repayment of borrowings and leasing liabilities	7	(27,475)	(26,671)
Interest paid		(1,000)	(5,374)
Net Cash from Financing Activities		(639,475)	(532,045)
Net increase in cash and cash equivalents		168,684	83,657
Cash and cash equivalents at the beginning of the year	8	670,639	586,982
Cash and cash equivalents at 31 December	8	839,322	670,639

The notes on pages 5 to 47 are an integral part of these financial statements.

ILLYRIA LIFE Sh.a
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

1. REPORTING ENTITY

Illyria Life Sh.a. (formerly “Dukagjini Life”, hereafter “Illyria Life” or “the Company”) is a joint-stock company registered by the Kosovo Business Registration Agency on 28 August 2008. Illyria Life was the first licensed life insurance company in Kosovo and was established under UNMIK regulation 2001/25 and Rule 31 of the Central Company of Kosova on licensing of life insurance companies in Kosovo.

The Company is a wholly owned subsidiary of Pozavarovalnica Sava d.d. “Save Re Group”, a Slovenian company which is present in Kosovo through K.S. Illyria, Sh.a. and K.S.J. Illyria Life, Sh.a.

The Company operates from one building located at Mother Theresa Boulevard, no. 33, Prishtina, Kosovo. At 31 December 2025, the Company employed 66 staff and senior management (2024: 66).

2. BASIS OF PREPARATION

a. Statement of compliance

These financial statements have been prepared in accordance with Article 71 of the Law No. 05/L -045 on Insurances, dated 30 November 2015 and Central Bank of Kosova decision dated December 12, 2023 to postpone adoption of IFRS 17 Insurance Contracts until January 1, 2026. These financial statements are prepared for statutory purposes and reflect the accounting rules and regulations adopted by the Central Bank of the Republic of Kosova (“CBK Rules”) as of reporting date. The principal accounting policies applied in the preparation of these financial statements are set out below and are based on the International Financial Reporting Standards, with exception of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments that will be adopted for the reporting period starting January 1, 2026. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements are prepared as of and for the years ended 31 December 2025 and 2024. Current and comparative data stated in these financial statements are expressed in Euros, unless otherwise stated.

b. Basis of measurement

Financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

c. Functional and presentation currency

The financial statements are presented in Euro (“EUR”), which is the Company’s presentation and functional currency.

d. Critical judgments in applying the accounting policies and key sources of estimation uncertainty

The preparation of financial statements 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, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

ILLYRIA LIFE Sh.a
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

d. Critical judgments in applying the accounting policies and key sources of estimation uncertainty (continued)

Recognition and measurement of insurance liabilities, technical reserves

Note 14 and 15 and note 6 (*Reserves and actuarial assumptions adequacy test*) and the respective accounting policy note 3.c (i) contain information about the assumptions and uncertainties related to insurance liabilities.

The most significant estimates in the financial statements of the Company relate to technical provisions. The Company has a reasonably cautious approach to provisioning. Management believes that the current level of technical reserves is sufficient.

Impairment losses on receivables

The Company reviews its insurance to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the profit or loss, the management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

Estimation of fair values of Investment Securities

The fair value of investment securities is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 6.

ILLYRIA LIFE Sh.a
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

a. Adoption of new and revised international financial reporting standards

I. New standards and interpretations adopted in the current period

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- No new standard effective for the accounting period that begin on or after 1 January 2025.

II. Impact of the New Standards IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”

On 25 June 2020, the International Accounting Standards Board (IASB) issued the final accounting standard for insurance contracts IFRS 17, with an effective date of 1 January 2023. The new IFRS 17 accounting standard will replace the existing accounting standard IFRS 4.

At the same time, IFRS 9 “Financial Instruments”, which replaces IAS 39, will enter into force for the Insurance Companies Reporting in Kosova on 1 January 2026.

The Insurance Companies in Kosova, Illyria Life as well, will therefore apply IFRS 17 and IFRS 9 for the first time in its financial statements as of 1 January 2026.

Comparative financial information for the year 2025 will be presented and restated in accordance with IFRS 17 and IFRS 9. The impact of IFRS 17 and IFRS 9 on retained earnings, financial instruments classifications, and insurance liabilities as of the transition date will be reflected as adjustments to opening retained earnings on 1 January 2025 and will be carried forward into the 2025 financial statements for comparatives.

III. Impact Assessment of the Implementation of IFRS 9 and IFRS 17

The following is an assessment of the impact of the adoption of IFRS 9 and IFRS 17 on the Company’s equity at the date of transition, 1 January 2025, and represents the effect that will be recorded in retained earnings.

Impact assessment table:

	EUR
Impact assessment of adoption of IFRS 17	1,944,029
Impact assessment of adoption of IFRS 9	(76,561)
Impact of IFRS 17 and IFRS 9 on retained earnings	1,867,468

III.I IFRS 17 re-classification impacts

As of the transition date (1 January 2025), liabilities for insurance contracts will be measured in accordance with IFRS 17 and consist of the following components:

- Risk Adjustment – see table below
- CSM (Contractual Service Margin) – see table below

CSM and RA as per end of 2024 and 2025 related to IFRS17 are at this amount:

	31.12.2024	31.12.2025
CSM	4,934,357	4,226,096
RA	551,886	487,457

ILLYRIA LIFE Sh.a
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

II.III IFRS 9 reclassification and remeasurement impacts

At the transition date, the Company assessed the classification of its financial assets in accordance with IFRS 9 on the basis of the relevant business models and the contractual cash flow characteristics of the instruments. Based on this assessment, debt instruments supporting technical reserves and life insurance liabilities are classified under a hold-to-collect-and-sell business model and measured at fair value through other comprehensive income (“FVOCI”) (previously classified as AFS), provided that they meet the SPPI criterion. In addition, the portion of own funds maintained for regulatory coverage purposes is classified under a hold-to-collect business model and measured at amortised cost (“AC”) (previously classified as HTM). At the transition date, the Company does not hold equity instruments.

Accordingly, the transition to IFRS 9 did not result in a broad change in the overall measurement basis of the Company’s debt investment portfolio, but mainly affected the classification of certain portfolios in line with the identified business models and the recognition of expected credit losses (“ECL”) on assets measured at AC and FVOCI. The ECL model under IFRS 9 applies a forward-looking impairment approach for relevant financial assets, based on Stage 1, Stage 2 and Stage 3 credit risk classification. The ECL lowers the book value of debt instruments, measured at AC and the effect at the time of transition is EUR 73,042. The total gross transition effect recognised on 1 January 2025 amounts to EUR 90,972. This effect is partially offset by deferred tax in the amount of EUR 14,411, resulting in a net negative effect on opening retained earnings of EUR 76,561. The table below presents the transitional effect recognised at the date of transition.

IFRS9_ Deferred tax receivables Financial investments_ECL_L	(1,793)
Deferred tax assets arising from change of standards	14,411
IFRS9 - Deposits/impairment ECL/Own Fund/L/AC	(6,043)
IFRS9 - Deposits/impairment ECL/Liability Fund/AC	(66,999)
IFRS9 - Government bonds/impairment ECL/Own Fund/L	(4,356)
IFRS9 - Government bonds/impairment ECL/Liability Fund	(13,574)
IFRS9 - Government bonds/impairment ECL Deferred tax/Own Fund/L	1,793

Description	TRANSITIONAL EFFECT ON 01.01.2025
Gross transition effect under IFRS 9	(90,972)
Deferred tax effect	14,411
Net effect on opening retained earnings	(76,561)

II.II Potential Changes to the Estimates

The stated assessment of the value impact of both standards on equity and profit after taxes on 1 January 2026 and for the year 2025 may change mainly due to:

- i.* Adjustments to methodologies, accounting policies, and accounting estimates, including input data required for preparing the final version of the financial statements.
- ii.* Methodologies and accounting policies are in process of defining and approving.
- iii.* Adjustments to accounting processes and the introduction of additional internal controls within these processes.
- iv.* Uncertainties regarding tax treatment of the effects of the transition.

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

III.III A qualitative description of changes in accounting policies under IFRS 17

IFRS 17 implements a completely new concept of accounting for insurance contracts, which significantly changes the existing long-standing practices. The standard also fundamentally changes the way in which financial statements are prepared and the information they provide.

The most important changes in the measurement of insurance and reinsurance contracts under the new standard are as follows:

- the introduction of new measurement models: - the general measurement model of insurance contracts issued and reinsurance contracts held, based on the prospective method; - the premium allocation approach, which is primarily designed to measure contracts with a duration of one year or less; - the mandatory model for measuring insurance contracts with direct participation features – variable fee approach;
- the use of current, explicit, unbiased assumptions that reflect the entity's point of view to measure insurance contract liabilities,
- taking into account the time value of money (discounting),
- introducing a non-financial risk adjustment to explicitly capture uncertainty in cash flows on the performance of insurance contracts,
- introduction of contractual service margins (CSM) for unearned future profit of a group of insurance contracts, which are allocated over the duration of the group of insurance contracts,
- separate measurement of insurance contracts and reinsurance contracts held by the entity,
- elimination of investment components from income and expenses,
- separate presentation of the insurance service result, which only includes costs directly attributable to insurance contracts,
- a separate presentation of the insurance finance result,
- the introduction of the other comprehensive income option to be used for measuring insurance liabilities, which reduces some volatility in profit or loss for insurers where financial assets are measured at amortised cost or fair value through other comprehensive income, in accordance with IFRS 9.

The standard has a significant effect on profit or loss dynamics, especially for long-term contracts, and disclosures are made on the current and expected profitability by type of insurance contract. The implementation of the standard required significant changes in processes, actuarial models and redefinition of the classification of insurance contracts from all the different perspectives required by IFRS 17.

In accordance with IFRS 17, the Company applies the standard to insurance contracts it issues and to reinsurance contracts it holds. The Company's current portfolio consists primarily of endowment, endowment with critical illness, term, term with critical illness and credit life products, including riders such as accidental death, permanent disability, temporary incapacity for work and medical treatment costs. All incepted contracts have been assessed and classified as insurance contracts under IFRS 17. For risk protection purposes, the Company also holds one surplus reinsurance contract, which has been classified as a reinsurance contract held.

The Company assessed whether insurance contracts contain components that should be separated and accounted for under another standard. Based on this assessment, the Company has not identified any distinct investment components, distinct service components or embedded derivatives that require separate accounting. Certain products, such as endowment and scholarship contracts, include non-distinct investment components, for example surrender values, but these are highly interrelated with the insurance component and are therefore measured together with the host insurance contract under IFRS 17.

For measurement purposes, the Company segments contracts into portfolios of contracts subject to similar risks and managed together. Each portfolio is further divided into groups of contracts that are onerous at initial recognition, contracts that have no significant possibility of becoming onerous subsequently, and the remaining contracts in the portfolio, with further separation by annual cohorts. The main portfolios identified

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

III.III A qualitative description of changes in accounting policies under IFRS 17 (Continued)

by the Company include individual term and credit life, group credit life, endowment and reinsurance. The Company has one reinsurance contract held, which forms its own portfolio/group.

The contract boundary is determined based on the period during which substantive rights and obligations exist. For life insurance contracts, the legal and contractual environment in which the Company operates does not allow the insurer to unilaterally reprice the main insurance cover so as fully to reflect reassessed risk during the term of the contract. Accordingly, the contract boundary for life insurance contracts is generally the full duration of the coverage. Riders that are not distinct are recognised in the same group as the host contract and have the same contract boundary. For the Company's surplus reinsurance treaty, the contract boundary reflects the period during which the reinsurer accepts the transferred risk, although the coverage period may extend beyond that date because of the duration of the underlying contracts.

Groups of insurance contracts are recognised from the beginning of the coverage period. Although IFRS 17 refers to the earliest of the coverage start date, the date the first premium becomes due or the date the group becomes onerous, the Company applies a practical policy of recognising insurance contracts issued at the beginning of the coverage period. This deviation is used for operational practicality and is considered non-material for the IFRS 17 financial statements. Reinsurance contracts held are recognised in accordance with the relevant IFRS 17 rules for reinsurance held.

The Company measures its insurance contracts primarily using the general model, also referred to as the building block approach ("BBA"). Measurement is based on fulfilment cash flows, which include current and unbiased estimates of future cash flows, an adjustment for the time value of money and financial risk, a risk adjustment for non-financial risk, and a contractual service margin ("CSM"). The Company has not applied the premium allocation approach ("PAA"), because it primarily issues long-term contracts, and it has not applied the variable fee approach ("VFA"), because its contracts were not assessed as eligible for that approach. For contracts with discretionary participation features, the Company applies a modified version of the general model. For reinsurance contracts held, the general model is adapted to reflect the characteristics of such contracts, including net gain or net cost recognition and, where applicable, the loss-recovery component.

The CSM represents the unearned profit of a group of contracts and is recognised in profit or loss as insurance contract services are provided. The Company releases the CSM over coverage units, which are determined by reference to the quantity of insurance services provided under the relevant contracts. Coverage units are determined by product type, for example by reference to the sum insured, the decreasing insured amount for credit life contracts, or paid reinsurance premiums for reinsurance contracts. Contracts that are onerous at initial recognition are identified separately, and any loss is recognised immediately in profit or loss through a loss component. The Company performs onerous contract testing at initial recognition and continues to monitor onerous groups at subsequent measurement.

The Company recognises insurance revenue, insurance service expenses and insurance finance income or expenses in accordance with the IFRS 17 measurement model. The liability for remaining coverage comprises fulfilment cash flows related to future service and the CSM, while the liability for incurred claims comprises fulfilment cash flows related to past service. The methodology also provides for disaggregation of insurance finance income or expenses between profit or loss and other comprehensive income for relevant contracts, in line with the Company's selected accounting policy and measurement approach for contracts with discretionary participation features.

ILLYRIA LIFE Sh.a
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

III.III A qualitative description of changes in accounting policies under IFRS 17 (Continued)

	31.12.2024	31.12.2025
Insurance contracts issued	11,248,065	11,151,017
Liability for remaining coverage (LRC) - PVFC	5,458,473	5,634,187
Liability for remaining coverage (LRC) - RA	539,970	526,278
Contractual service margin	5,087,085	4,682,356
Liability for incurred claims (LIC) - PVFC	150,621	294,374
Liability for incurred claims (LIC) - RA	11,916	13,822
Reinsurance contracts held	45,282	24,903
Liability for remaining coverage (LRC) - PVFC	198,009	533,806
Liability for remaining coverage (LRC) - RA	-	(52,643)
Contractual service margin	(152,727)	(456,260)

II.IV A qualitative description of changes in accounting policies under IFRS 9

In accordance with IFRS 9, the Company classifies financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of those assets. Financial assets are measured at amortised cost (“AC”), at fair value through other comprehensive income (“FVOCI”) or at fair value through profit or loss (“FVTPL”). These measurement categories replace the previous IAS 39 categories of held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets, while the FVTPL category remains available under IFRS 9.

The business model is determined at portfolio level, taking into account the nature of the liabilities supported by the relevant investment portfolio, the objectives of portfolio management, the way in which performance is monitored and reported, the risks affecting performance, the legislative and regulatory framework, and the manner in which management is compensated. Based on this assessment, the Company applies different business models to different debt investment portfolios.

Debt instruments supporting technical reserves and life insurance liabilities are managed under a hold-to-collect-and-sell business model. These assets are held in order to collect contractual cash flows and, when necessary, to sell assets in order to maintain liquidity, manage duration and support the matching of assets and liabilities. Where the contractual terms of such instruments give rise on specified dates to cash flows that are solely payments of principal and interest, these instruments are measured at FVOCI.

A part of the Company’s own funds is maintained in order to meet regulatory capital and guarantee fund requirements. For the portion of own funds maintained for regulatory coverage purposes, including the amount subject to restrictions under the applicable CBK requirements, the Company applies a hold-to-collect business model. These assets are maintained primarily to preserve capital and ensure continuous regulatory compliance, and they are not freely available for sale, transfer, withdrawal or reinvestment without prior regulatory approval. Since selling is not an integral part of how this part of the portfolio is managed, debt instruments in this portfolio that pass the SPPI test are measured at amortised cost.

The Company performs an assessment of the contractual cash flow characteristics of debt instruments before acquisition through the SPPI test. The purpose of the SPPI test is to confirm that contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

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NOTES TO THE FINANCIAL STATEMENTS
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(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

II.IV A qualitative description of changes in accounting policies under IFRS 9 (Continued)

The assessment includes, among other matters, a review of leverage, subordination, prepayment features, modified time value of money elements, non-basic lending risks and any clauses linked to foreign currency or other variables inconsistent with a basic lending arrangement. For more complex debt instruments, including subordinated instruments, the assessment is supported by a broader review of contractual documentation and prospectus terms. The Company performs the SPPI assessment in its investment system, and the result is documented with an audit trail. Debt instruments that do not meet the SPPI condition are measured at FVTPL.

At the transition date, the Company does not hold equity instruments. If equity instruments are acquired in the future, they will be recognised and measured at FVTPL in accordance with the Company's methodology. Other investments such as units in collective investment undertakings, ETF funds, alternative funds and derivative financial instruments are also measured at FVTPL.

The classification requirements for financial liabilities remain substantially unchanged compared with IAS 39. Financial liabilities continue to be measured primarily at amortised cost, unless IFRS 9 requires or permits measurement at fair value through profit or loss. The Company does not expect material changes in accounting for its financial liabilities as a result of the adoption of IFRS 9.

IFRS 9 introduces a forward-looking expected credit loss ("ECL") model for financial assets measured at AC or FVOCI. Under this model, the Company recognises a loss allowance based on expected credit losses rather than only incurred losses. The amount of the loss allowance depends on whether the financial asset is classified in Stage 1, Stage 2 or Stage 3.

Stage 1 includes financial assets for which credit risk has not increased significantly since initial recognition. For such assets, the Company recognises a 12-month ECL. Stage 2 includes financial assets for which credit risk has increased significantly since initial recognition, in which case lifetime ECL is recognised. Stage 3 includes credit-impaired or defaulted financial assets, for which lifetime ECL continues to be recognised, with impairment measured on the net carrying amount where applicable.

In assessing whether credit risk has increased significantly, the Company applies both quantitative and qualitative indicators. Financial assets that are considered to have low credit risk at the reporting date, including investment-grade exposures, remain in Stage 1. Assets are transferred to Stage 2 when credit risk deteriorates significantly, including where exposures migrate from investment grade to speculative grade or where there is a material deterioration in credit quality in accordance with the Company's methodology. Stage 3 is used for defaulted or credit-impaired assets, including cases where at least one relevant credit rating agency assesses the issuer or issue as being in default or where contractual payments of principal or interest are overdue by more than 90 days, unless the contractual terms provide otherwise and such delay does not represent default.

The Company determines expected credit losses using probability of default ("PD") and loss given default ("LGD") parameters, together with exposure profiles and discounting based on the effective interest rate. PD estimates are derived from externally available credit risk information, including migration matrices and default statistics published by credit rating agencies, and are adjusted, where appropriate, for forward-looking macroeconomic information. Separate approaches are applied to government bonds and corporate bonds. LGD assumptions are determined by reference to the type and seniority of the instrument and are based on generally accepted market practice and available external data. The Company's methodology distinguishes, among other categories, between secured, senior unsecured and subordinated debt instruments.

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

II.IV A qualitative description of changes in accounting policies under IFRS 9 (Continued)

The adoption of IFRS 9 therefore changes the basis for classification and measurement of financial assets and introduces a forward-looking impairment model. In the Company's case, the most significant accounting policy changes relate to: (i) the classification of debt instruments according to the relevant business model and SPPI assessment; (ii) the recognition of ECL on AC and FVOCI assets; and (iii) the use of documented credit risk staging criteria and forward-looking information in measuring impairment.

II.V Transition options being evaluated, along with reasoning for the chosen method.

II.V.I Implementation and transition date

The implementation of IFRS 17 is prescribed by the standard as of 1 January 2026, and the company decided on the latest possible transition date as at 1 January 2025 due to preparation of comparative information from a transition year, that is for the year 2026.

II.V.II IFRS 17 requirements at a transition date

The transition methodology applies to all insurance and reinsurance contracts in force at the transition date. At the transition date, the following is determined for each group of contracts:

- the carrying value of the liability (or asset) for remaining coverage, with separate measurement of the present value of future cash flows, risk adjustment for non-financial risk, and, where applicable, the CSM or loss component,
- the carrying value of the liability for incurred claims, with separate measurement of the present value of future cash flows and the risk adjustment for non-financial risk,
- the "locked-in discount rate", being the discount rate used for CSM accretion in case of the BBA method,
- the value of accumulated OCI (if the OCI option is elected),
- the balance of unamortised insurance acquisition cash flows for groups recognised at the transition date (unless FVA is used), and
- any asset for insurance acquisition cash flows paid before the transition date but allocated to groups or contracts that are expected to be recognised after the transition date (but the Company is not required to assess recoverability of these assets).

On the date of transition to the new standard, the Company may use one of the following three methods:

- full retrospective approach (FRA), in which Company shall:
 - identify, recognise and measure each group of insurance contracts as if IFRS 17 had always applied;
 - identify, recognise and measure any assets for insurance acquisition cashflows as if IFRS 17 had always applied;
 - derecognise any existing balances that would not exist had IFRS 17 always applied; and
 - recognise any resulting net difference in equity.
- modified retrospective approach (MRA), who's objective is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. Accordingly, in applying this approach, the Company shall:
 - use reasonable and supportable information. If the Company cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it shall apply the fair value approach;

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

II.V.II IFRS 17 requirements at a transition date (Continued)

- maximise the use of information that would have been used to apply a fully retrospective approach, but need only use information available without undue cost or effort;
- determine the loss-recovery component by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at the transition date and the percentage of claims for the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held.
- fair value approach (FV), in which the Company shall determine:
 - the contractual service margin or loss component of the liability for remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cashflows measured at that date;
 - the loss-recovery component of the asset for remaining coverage at the transition date by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at the transition date and the percentage of claims for the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held.

The fair value (liabilities) depends on the agreement between the two market participants and is determined by the price that the participants charge for the transfer of liabilities. Consequently, it should be noted that the buyer is unlikely to buy the obligation under unprofitable (burdensome) terms, while the seller is unlikely to sell the business if the price is too profitable for the buyer. If no market prices are available for insurance liabilities, fair value can be determined using a model approach by estimating future cashflows associated with insurance liabilities.

The modified retrospective approach method and the fair value approach can only be used when the use of full retrospective approach is not feasible.

II.V.III Application of transition rules in the company

The company applied the modified retrospective approach for contracts with the beginning date up to 31 December 2021, using simplifications, listed below. For contracts after that date, the full retrospective approach was applied.

The modified retrospective approach was used to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. Accordingly, the company:

- used reasonable and supportable information, where data were available, and
- maximised the use of information that would have been used to apply a fully retrospective approach.

To modified retrospective method was used for cash flows determination, as to the extent permitted the company estimated the future cash flows at the date of initial recognition of a group of insurance contracts as the amount of the future cash flows at the 31.12.2021, adjusted by the cash flows that are known to have occurred between the date of initial recognition of a group of insurance contracts and the 31.12.2021. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before 31.12.2021.

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

***II.V.III* Application of transition rules in the company (Continued)**

The company made also other simplifications in the period before transition to achieve the closest outcome to full retrospective method using reasonable and supportable information without undue costs and efforts, which are shown in the continuation.

- Classification, level of aggregation and initial recognition:
 - The company concluded that all contracts that were recognized as insurance contracts under IFRS 4 are also insurance contracts under IFRS 17 and shall be, as a result, properly included in the transition assessment.
 - No embedded derivatives nor distinct investment and service components were identified, which would require separation from the insurance contract.
 - Portfolios and groups of contracts for years before transition were identified in the same way as after transition with the simplification, that for each year cohort all contracts were included in the same group of contracts without testing profitability. No reliable information was identified that would further allow the split unit of accounts into profitability buckets and it was estimated that attempting to identify past samples of onerous contracts would be too complex and impracticable in the current preparatory phase. Combining onerous and non-onerous contract under company opinion shall lead to more conservative results at transition (lower CSM).
 - OCT was implemented in year 2023 and used at initial recognition of group of contracts, recognised from year 2023 on.
 - Date of initial recognition of cohort was 1st January of each year till 31.12.2021. This means that yield curves from 31.12. of previous year were used.
 - Reinsurance contract held was recognised in the year 2024, where cash flows for underlying contracts from previous years were recognised as change cash flows. Like unlocking CSM.
 - Term group insurance contracts are yearly contracts and were included in IFRS 17 calculations in 2023Q4.
- Initial recognition measurement and subsequent measurements were performed till 1.1.2022 on actual cash flows because the company did not have enough data to estimate assumptions for expected cash flows for years before 2022. After that full retrospective method was used. The company prepared actual cash flows from its database for accrued premium and claim, while data for costs were estimated:
 - The company prepared commission data on contract level for all years.
 - The total amount of annual costs was reduced by the commission accrued during the year, and the resulting amount was allocated between attributable and non-attributable expenses in the same proportion as determined at the end of year 2021, when a more detailed allocation of costs was made between commission, other attributable administrative expenses, and non-attributable expenses. The share of attributable administrative expenses was determined based on the Annual Premium Equivalent (APE).
 - Risk adjustment for non-financial risk was determined on 31.12.2021 and the same percentages/parameters were used also for previous years using the same type of risk adjustment drivers as of 31.12.2021.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Adoption of new and revised international financial reporting standards (continued)

II.V.III Application of transition rules in the company (Continued)

- Additionally, after 1.1.2022 the company implemented also the following:
 - In 2023Q4 Group Term Life (190112G1) was included in IFRS17 calculation.
 - In 2024Q3 Group Credit Life (200103G1) was included in IFRS17 calculations.
 - In 2024 it changed actual cash flows of premiums and claims from accrued to paid and added receivables and impairments in expected cash flows. No material effect was recognized.
 - In 2024 reinsurance business was included in IFRS17 calculations.
 - In 2025Q4 it implemented TVOG in cash flows in the amount of 254.445 EUR.
 - DFIN was additionally added in cash flows in 2023Q4 in the amount of 48.435 EUR throughout the entire period of the portfolios, which shows non-materiality.

The Grawe portfolio (endowment contracts) is not included in the IFRS 17 measurement because contracts are in run-off, and transferring them into IFRS 17 statements would involve undue cost and effort, while the impact on the company's overall financial statements would be minimal.

The company prepares interim financial statements applying IAS 34 Interim Financial Reporting. The company has chosen the annual reporting period accounting policy that applies to all groups of (re)insurance contracts it issues and to all groups of reinsurance contracts it holds till the date 31st December 2021.

III. Standards and interpretations in issue not yet effective

At the date of authorization of these financial statements the following standards, amendments to existing standards and new interpretation were in issue, but not yet effective or were not adopted by the Company as of their effective date:

- **IFRS 19 Subsidiaries without Public Accountability:** Disclosures - Amendments to catch up with new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued. Annual periods beginning on or after 1 January 2027
- **IAS 21 The Effects of Changes in Foreign Exchange Rates** - Amendments regarding translations to a hyperinflationary presentation currency. Annual periods beginning on or after 1 January 2027
- **IFRS 18 Presentation and Disclosures in Financial Statements** - Original issue - Annual periods beginning on or after 1 January 2027
- **IFRS 9 Financial Instruments** - Amendments regarding the classification and measurement of financial instruments - Annual periods beginning on or after 1 January 2026
- **IFRS 7 Financial Instruments:** Disclosures - Amendments regarding the classification and measurement of financial instruments - Annual periods beginning on or after 1 January 2026
- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments:** Disclosures - Contracts Referencing Nature-dependent Electricity

b. Foreign currency

Foreign currency transactions, if any, are transactions undertaken by the Company other than in its functional currency. Foreign currency transactions are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Classification of insurance and investment contracts (liabilities)

Contracts under which the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder against a specified uncertain future event (the insured event) which adversely affects the policyholder are classified as insurance contracts. Insurance risk is the risk other than financial risk. Financial risk is the risk of a possible future change in one or more of specified interest rate, security price, commodity price, foreign exchange rate, indexes of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable when the variable is not specific to a party to the contract. Contracts under which the transfer of insurance risk to the Company from the policy holder is not significant are classified as investment contracts. All contracts currently written by the Company involve the transfer of significant insurance risk.

d. Insurance contracts (liabilities)

i. Recognition and measurement

General insurance contracts

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

Mathematical reserves

Mathematical provisions for life insurance contracts represent the actuarial value of obligations arising from policyholders' guaranteed entitlements. In most cases, they are calculated using the net Zillmer method with the same parameters as those used for premium calculation, except for the discount rate applied, which was a technical interest rate not exceeding 2.75%. Other parameters are the same as those used in the premium calculation. Calculated negative liabilities arising out of mathematical provisions are set to nil. The Zillmer method was used for amortising acquisition costs. The calculation of mathematical provisions is based on the assumption that the full agent commission was paid at conclusion of the contract, while agents actually receive the commission within two to five years depending on the policy term. The mathematical provision includes all deferred commission. The Company sets aside deferred acquisition costs, showing them under assets in the event of commission prepayments, or shows the difference between the positive Zillmerised mathematical provision and the Zillmerised mathematical provision.

Revenue

Gross premiums on insurance contracts are recorded on written premium basis and are accreted to earnings on a pro-rata basis over the term of the related policy coverage. Gross written premium reflect business written during the year, and include applicable taxes or duties based on premiums. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of the risks underwritten.

Unearned premiums

The provision for unearned premium comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using pro-rata basis.

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Insurance contracts (liabilities) (continued)

Claims (loss adjustments)

Claims incurred comprise the settlement and handling costs of paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims provisions.

Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as the changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior years are reflected in the financial statements of the period in which the adjustments are made and disclosed separately if material.

Whilst the Board of Directors considers that the insurance liabilities for claims and the related reinsurance recoveries are fairly stated, the ultimate liability may differ as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of the insurance liabilities are reflected in the financial statements for the period in which the adjustments are made. The life insurance provision has been computed by the Company's actuary, having due regard to principles laid down in the regulation for the calculation of the mathematical provision for life assurers, issued by the Insurance Regulator.

ii. Reinsurance assets

The Company cedes insurance premiums and risk in the normal course of business with net loss potential through the diversification of its risk. Assets and liabilities arising from ceded reinsurance contracts are presented separately as assets and liabilities from related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligation to its policy holders. The Company's reinsurance policy is established in order to limit its potential losses arising from longer exposures to Life insurance policies. Such reinsurance includes all insurance policies above certain limits of insured amounts.

Reinsurance premiums for ceded reinsurance are recognized as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts. For general insurance business, reinsurance premiums are expensed over the period that the reinsurance coverage is provided based on the pattern of the reinsured risk. The unexpended portion of the ceded reinsurance premiums is included in the reinsurance assets. The amounts recognized as reinsurance assets are measured on a basis that is consistent with the measurement of the provision held in respect of the related insurance contracts.

Reinsurance receivables include reinsurance commission in respect of premiums ceded to the reinsurer. These are classified as receivables and are disclosed separately, if any.

Reinsurance assets are assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and that the event has a reliable measurable impact on the amounts that the Company will receive.

iii. Insurance receivables and payables

Amounts due to and from policyholders, agents and reinsurers are financial instruments and are included in insurance receivables and payables, and not in insurance contract provisions or reinsurance assets.

e. Financial instruments

Recognition

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

Classification

See accounting policy 3. (e), (f) and (g).

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (continued)

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all risk or rewards of the transferred assets or a portion of them.

If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Offsetting

Financial assets and liabilities are set off and the net amount presented when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Fair Value measurement. Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. As at 31 December 2025, the Company used Level 1 and Level 2 information to measure the value of Investment Securities (see note 6).

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

Identification and measurement of impairment

At each reporting date the Company assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For debt financial assets classified as available for sale, objective evidence of impairment includes observation of indications for default from debt instrument holders or any delay on payment of related interest income.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reserved in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of the AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of the AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

f. Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with Banks and short-term highly liquid investments with maturities of three months or less when purchased.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Term deposits

Term deposits are stated at the amount of principal outstanding and are classified according to their maturities. Term deposits with maturities less than three months are classified as cash equivalents, those with maturities greater than three months are classified as term deposits. Interest is calculated on an accrual basis and interest receivable is reflected in other assets.

h. Other receivables

Other receivables are stated at their costs less impairment losses (see accounting policy 3.d.).

i. Property, plant and equipment

Property, plant and equipment are initially recognised at cost, including cost directly attributable to acquisition of the asset. Subsequently, the cost model is applied: assets are carried at cost, less any accumulated depreciation and any impairment losses.

Property and equipment assets are first depreciated upon their availability for use. Depreciation is calculated for each item separately, on a straight-line basis. Depreciation rates are determined so as to allow writing off the cost of property and equipment assets over their estimated useful life.

Depreciation and amortization

Depreciation and amortization on all categories of fixed assets is calculated on a straight-line basis over the estimated useful lives of the assets. The annual depreciation rates are:

Buildings and premises	1.30%
Computer equipment	33.33%
Office and other furniture	10%
Other equipment	20%
Software	20%

The Company assesses annually whether there is any indication of impairment. If there is, it starts the process of estimating the recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell.

If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired.

Gains and losses on the disposal of items of property and equipment, calculated as the difference between sales proceeds and carrying amounts, are included in profit or loss. The costs of property and equipment maintenance and repairs are recognised in profit or loss as incurred. Investments in property and equipment assets that increase future economic benefits are recognised in their carrying amount.

j. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.

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

k. Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Provision (continued)

Provisions are determined by discounting the expected future cash flows at pre tax rate. Provisions reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l. Revenue recognition

Earned Premiums from insurance contracts

The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 3.c.(i).

Interest income

Interest income represents income from financial assets and is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

m. Employee benefits

Compulsory social security contributions

The Company makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The Company's contributions to the pension plan are charged to profit or loss as incurred.

n. Policy acquisition costs

Acquisition costs are defined as the costs arising on the acquisition of new insurance contracts, including direct costs, such as acquisition commissions and the cost of drawing up the insurance document, and apportioned administrative expenses connected with processing of proposals and issuing of policies. Policy acquisition costs are expensed as incurred.

o. Right-of-use assets

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

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

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

p. Lease liabilities

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

(All amounts expressed in EUR, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Lease liabilities (continued)

termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

q. Income tax

Corporate income tax

Effective 5 August 2019 in accordance with Law no. 06/L-105 “On Corporate Income Tax” insurance companies are required to pay a corporate income tax at 10 % at their taxable profits. The tax rate on taxable corporate income is fixed at 10%.

Current tax is calculated on the basis of the expected taxable profit for the financial year. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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NOTES TO THE FINANCIAL STATEMENTS
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4. INSURANCE RISK MANAGEMENT

a. Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Company assumes the risk of loss from persons or organizations that are directly subject to the risk. Such risks may relate to life or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Company also has exposure to market risk through its insurance and investment activities.

Insurance risk relates to the uncertainty in the insurance business. The significant components of insurance risk are premium risk and reserve risk. These risks affect the adequacy of insurance premium rates, insurance liability provisions and the capital base.

Premium risk is present when the policy is issued before any insured event has occurred. The risk is that expenses and incurred losses will be higher than the premium received. Reserve risk represents the risk that the absolute level of the technical provisions is incorrectly estimated.

Underwriting risk components of the life assurance business include biometric risk (comprising mortality and disability) and lapse risk. Lapse risk relates to unanticipated higher or lower rate of policy lapses, terminations, changes to paid-up status (cessation of premium payments) and surrenders. Mortality rates and guaranteed interest rates have the largest impact on the risk that the premium will not be sufficient to cover the expenses and incurred losses.

Guaranteed interest rates are capped, while the Company utilizes the most recent mortality rate tables available in Kosovo, which were produced by UNMIK in 2003 and adjusted in 2018 to reflect regional & group experience. They include separate statistics for both the male and female population.

Life assurance provisions are computed by the Company's actuary for all long-term active insurance policies and those capitalized, pursuant to the Company's internal policies and regulatory requirements. Provisions are computed utilizing the gross Zillmer method and are separately calculated for each policy. In applying the gross Zillmer method to calculate life assurance provisions, the Company includes acquisition costs, including alpha expenses within the limits prescribed by the Insurance regulator. Policy acquisition costs are not included in calculating life assurance provisions for insurances policies in which the insuring party is no longer required to pay premiums, such as capitalized insurance or single-premium insurance policies. Use of the gross method does not affect the disbursement of the agreed sum insured. The assumptions used for calculation of premiums are the same ones that are used for calculation of provisions.

b. Underwriting strategy

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing, product design and management of reinsurance.

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

c. Reinsurance Strategy

The Company reinsures a portion of the risks it underwrites in order to control its exposure to losses and protect capital resources. The Company buys proportionate reinsurance treaties to reduce the net exposure for an individual risk to less than EUR 15,000 for all traditional life products & two riders, pertaining to accidental death and disability for policies written until 31 December 2020. The aforementioned retention is EUR 20,000 for policies written from 31 January 2021.

Ceded reinsurance contains credit risk and such reinsurance recoverable is reported after deductions for known uncollectible items. The Company monitors the financial condition of its reinsurer on an ongoing basis and reviews its reinsurance arrangements periodically.

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4. INSURANCE RISK MANAGEMENT (CONTINUED)

d. Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below.

Products

The products offered by the Company are:

Mix Life, which is an endowment policy that pays the sum insured on the earlier of death of the insured or at the maturity date of the policy, which event occurs first.

Scholarship, which is an endowment policy that pays a fixed term annuity starting on the maturity date of the policy.

Term Life, which is a term policy that pays the sum insured on the earlier of death of the insured person.

Additional Death Coverage, a death benefit which is paid at the occurrence of death of the insured person. Not contracted separately, but only as a rider to the above noted Scholarship product.

Group Term Life, which provides coverage for death only during the term of the policy; and

Personal accidents (accidental death, invalidity, medical expenses, daily allowances), the benefit for which is payable upon the occurrence of any of the above listed events. Personal accident products are not sold separately, but are sold as riders to the main covers.

Credit Life, which provides coverage for death benefit if death happens during the term of the policy, which decreases with term according to policy stipulations.

The Company does not offer unit-linked products.

Mix Life with Critical Illness, which is an endowment policy that pays the sum insured on the earlier of death of the insured or in case of the insured person being diagnosed with one of the critical illnesses covered by the product, or at the maturity date of the policy which event occurs first.

Term Life with Critical Illness, which is a term policy that pays the sum insured on the earlier of death of the insured person or in case of the insured person being diagnosed with one of the critical illnesses covered by the product.

Premiums

The premiums are paid in regular installments (monthly, quarterly, semi-annual and yearly premiums), but also as a lump sum. Premiums are denominated in EUR, and the Company is not exposed to currency risk.

Indexation is the increase of the sum insured during the term of insurance validity. Indexation is optional and can be purchased for an additional premium. For contracts that include the indexation option, indexation is performed every five years, unless the retail price index increased cumulatively by at least 10%. Indexation can only be performed up to five years before the expiry of the insurance contract. No indexation is performed during the last five years of the insurance contract.

Profit sharing

Policyholders of classical Mix Life (endowment policies) are entitled to a share of up to 85% of the profits generated by the Company while managing assurance funds. The remaining 15% of profits generated remain with the Company. The policyholder profit result is calculated based on the current year experience after deduction of investment income from capital fund and income tax. Due to a negative profit result, no profit will be allocated for year- ended 31 December 2025 (2024: 91,727 EUR).

Profit is calculated for each and every life insurance policy, which in accordance with the general conditions is eligible for participation in profit. Profit for policies which do not participate in profit sharing, remain with the Company. Profit allocated to policy holders are not paid out, instead it is included in the insured sum.

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4. INSURANCE RISK MANAGEMENT (CONTINUED)

e. Concentration of insurance risks

An aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk, which determines the extent to which a particular event or series of events could impact significantly upon the Company's liabilities. Concentrations of risk can arise in situations where the Company is exposed to unexpected changes in trends, for example, unexpected changes in human mortality or in policyholder behavior. The risks underwritten by the Company are located in the Republic of Kosovo. The Company is exposed to concentration risk through its Group Term Life policies. Management does not consider that there is a significant insurance risk concentration as of 31 December 2025.

Exposure relating to catastrophic events

The Company considers that in its major insurance activity it has not accumulated exposures related to catastrophic events.

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NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT

Transactions in financial instruments may result in the Company undertaking more financial risks. These include credit risk, market risk, currency risk and liquidity risk. Each of these financial risks is described below.

Determination of fair values

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments, if any, valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;

Level 3: Valuation techniques using significant unobservable inputs. In addition, in this level are included investments in subsidiaries, associates and other equity shares stated at cost, that do not have reliable market value, if any.

Below is an analysis of financial instruments measured at or given disclosure of fair value according to valuation methods used in 2025 and 2024:

As of 31 December 2025:	Level 1:	Level 2:	Level 3:	Total
Investment securities	300,399	12,663,038	-	12,963,437
Total	300,399	12,663,038	-	12,963,437

As of 31 December 2024:	Level 1:	Level 2:	Level 3:	Total
Investment securities	-	13,775,288	-	13,775,288
Total	-	13,775,288	-	13,775,288

Financial assets not measured at fair value

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

As of 31 December 2025	Carrying Value	Fair value
Cash Equivalents	839,322	839,322
Term Deposits	5,378,353	5,378,353
Premium Receivables	579,930	579,930
TOTAL	6,797,605	6,797,605

As of 31 December 2024		
Cash Equivalents	670,639	670,639
Term Deposits	4,320,923	4,320,923
Premium Receivables	331,886	331,886
TOTAL	5,323,448	5,323,448

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

In the normal course of its business, as premiums are received, they are invested to pay for future policy holder obligations. The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of financial position.

	2025	2024
Cash Equivalents in Banks	838,455	670,521
Term Deposits	5,378,353	4,320,923
Available for sale financial assets	12,963,437	13,775,288
Premium receivables and other assets	707,270	370,194
As of 31 December	19,887,515	19,136,926

	2025	2024
Premium Ceded in Reinsurance	96,591	45,254
Reinsurance Commission	8,142	4,372
Receivables due from reinsurers for shares in reinsurance claims	-	-
Reinsurance share in unearned premium	122,966	89,822
Unearned commission	10,853	8,739

Terms Deposits and Cash and cash equivalents. All term deposits and cash held in current account are with Republic of Kosovo licensed banks. However, exposure to single bank should not exceed 30% of terms deposits according to Company policy and CBK regulations.

Investment in Government Bonds. The Company has a significant concentration in investments in securities, as the portfolio consists mainly of government bonds issued by the Government of Kosovo, as well as one government bond issued by The Kingdom of Belgium.

Premium receivable. The Company actively manages its product mix to ensure that there is no significant concentration of credit risk. The aging structure is presented under note 12.

Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates.

Interest rate risk

Interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest-bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets.

The length of time for which the rate of interest is fixed on a financial instrument indicates to what extent it is exposed to interest rate risk. The financial assets and liabilities of the Company carry market interest rates.

Risk Arising from Changes in Interest Rates

The Company's exposure to risks arising from changes in interest rates is relatively limited. The Company is not a borrower, and its investments are primarily focused on fixed interest rate instruments. The Company's exposure to risks from changes in interest rates is greater when considering future cash flows from interest bearing instruments if the returns from those investments fall below the guaranteed technical interest rate over a prolonged period of time.

Investments in available for sale financial assets and term deposits are at fixed interest rates.

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NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2025					
Type of Financial Instrument	Non-Interest bearing	Fixed interest up to 1 year	Fixed interest 1 up to 5 years	Fixed interest over 5 years	Total
Cash Equivalents	838,455	-	-	-	838,455
Term Deposits	320,000	5,058,353	-	-	5,378,353
Available for sale financial assets	-	1,922,904	6,391,394	4,649,139	12,963,437
Premium receivables and other assets	707,270	-	-	-	707,270
Total	1,865,725	6,981,257	6,391,394	4,649,139	19,887,515

31 December 2025					
Type of Financial Instrument	Non-Interest bearing	Fixed interest up to 1 year	Fixed interest 1 up to 5 years	Fixed interest over 1 year	Total
Insurance liabilities for Losses and loss adjustment expenses	14,764,941	-	-	-	14,764,941
Lease Liability	-	18,775	-	-	18,775
Other liabilities	430,317	-	-	-	430,317
Total	15,195,258	18,775	-	-	15,214,033

31 December 2024					
Type of Financial Instrument	Non-Interest bearing	Fixed interest up to 1 year	Fixed interest 1 up to 5 years	Fixed interest over 5 years	Total
Cash Equivalents	670,521	-	-	-	670,521
Term Deposits	320,000	4,000,923	-	-	4,320,923
Available for sale financial assets	-	2,174,410	7,298,848	4,302,030	13,775,288
Premium receivables and other assets	370,194	-	-	-	370,194
Total	1,360,715	6,175,333	7,298,848	4,302,030	19,136,926

31 December 2024					
Type of Financial Instrument	Non-Interest bearing	Fixed interest up to 1 year	Fixed interest 1 up to 5 years	Fixed interest over 1 year	Total
Insurance liabilities for Losses and loss adjustment expenses	13,812,605	-	-	-	13,812,605
Lease Liability	-	25,461	20,789	-	46,250
Other liabilities	250,487	-	-	-	250,487
Total	14,063,092	25,461	20,789	-	14,109,342

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

The Company undertakes transactions mainly in Euro to satisfy regulatory and self-imposed capital requirements. Currency risk in the investment portfolio is managed using assets/liabilities matching principles.

Liquidity risk

Liquidity risk is moderately inherent to the Company's business as certain assets purchased and liabilities sold could have liquidity characteristics that are specific. If the Company requires significant amounts at short notice, in excess of normal cash requirements, it may face difficulties to obtain attractive prices. The Company monitors its liquidity on a daily basis in order to manage its obligations when they fall due.

Maturity Structure

The Company has to meet potential daily calls on its cash resources, notably from claims arising on its insurance contracts. This gives rise to the risk that cash will not be available to settle liabilities when due at a reasonable cost. The Company manages this risk by setting minimum limits on the proportion of maturing assets that will be available to settle these liabilities. The maturity structure of the financial assets of the Company presented below is based on the remaining term to maturity.

31 December 2025	No	Up to 1	Over 1 to	Over 5	Total
Type of Financial Instrument	Maturity	Year	5 Years	Years	
Cash Equivalents	-	838,455	-	-	838,455
Term Deposits	320,000	5,058,353	-	-	5,378,353
Investment securities	-	1,922,904	6,391,394	4,649,139	12,963,437
Premium receivables and other assets	-	707,270	-	-	707,270
Total	320,000	8,526,983	6,391,394	4,649,139	19,887,515

Financial items under no maturity are items deposited in the Central Bank of Kosovo in accordance with the regulation.

31 December 2025	No	Up to 1	Over 1	Over 5	Total
Type of Financial Instrument	Maturity	Year	Year	Years	
Insurance liabilities for Losses and loss adjustment expenses	-	283,555	298,407	14,182,979	14,764,941
Lease Liability	-	18,775	-	-	18,775
Other liabilities	-	430,317	-	-	430,317
Total		732,647	298,407	14,182,979	15,214,033

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2024	No	Up to 1	Over 1 to	Over 5	Total
Type of Financial Instrument	Maturity	Year	5 Years	Years	
Cash Equivalents	-	670,521	-	-	670,521
Term Deposits	320,000	4,000,923	-	-	4,320,923
Investment securities	-	2,174,410	7,298,848	4,302,030	13,775,288
Premium receivables and other assets	-	370,194	-	-	370,194
Total	320,000	7,216,048	7,298,848	4,302,030	19,136,926

Financial items under no maturity are items deposited in the Central Bank of Kosovo in accordance with the regulation.

31 December 2024	No	Up to 1	Over 1	Over 5	Total
Type of Financial Instrument	Maturity	Year	Year	Years	
Insurance liabilities for Losses and loss adjustment expenses	-	481,879	1,804,516	11,526,210	13,812,605
Lease Liability	-	25,461	20,789	-	46,250
Other liabilities	-	250,487	-	-	250,487
Total		757,827	1,825,305	11,526,210	14,109,342

Liquidity risk

31 December 2025	Up to six	6 months	Over 1 Year	Non-	Total
Type of Financial Instrument	months	to one		interest	
		year		bearing	
Cash Equivalents	838,455	-	-	-	838,455
Term Deposits	951,329	2,466,112	1,960,912	-	5,378,353
Debt And Other Fixed Income Securities	-	-	12,963,437	-	12,963,437
Premium receivables and other assets	707,270	-	-	-	707,270
Total	2,497,054	2,466,112	14,924,349	-	19,887,515

31 December 2025	Up to six	6 months	Over 1 Year	Non-	Total
Type of Financial Instrument	months	to one		interest	
		year		bearing	
Insurance liabilities for Losses and loss adjustment expenses	258,568	24,987	14,481,386	-	14,764,941
Lease Liability	9,388	9,387	-	-	18,775
Other liabilities	430,317	-	-	-	430,317
Total	698,273	34,374	14,481,386	-	15,214,033
Liquidity gap	1,798,781	2,431,738	442,963	-	4,673,482

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2024	Up to six months	6 months to one year	Over 1 Year	Non-interest bearing	Total
Type of Financial Instrument					
Cash Equivalents	670,521	-	-	-	670,521
Term Deposits	829,792	437,132	3,053,999	-	4,320,923
Debt And Other Fixed Income Securities	-	-	13,775,288	-	13,775,288
Premium receivables and other assets	370,194	-	-	-	370,194
Total	1,870,507	437,132	16,829,287	-	19,136,926

31 December 2024	Up to six months	6 months to one year	Over 1 Year	Non-interest bearing	Total
Type of Financial Instrument					
Insurance liabilities for Losses and loss adjustment expenses	235,131	246,748	13,330,726	-	13,812,605
Lease Liability	12,731	16,195	17,324	-	46,250
Other liabilities	250,487	-	-	-	250,487
Total	498,349	262,943	13,348,050	-	14,109,342
Liquidity gap	1,372,158	174,189	3,481,237	-	5,027,584

Reserves and actuarial assumptions adequacy test

The Company calculates and charges a life insurance reserve (mathematical reserve) to provide for future payments under long term insurance policies. Many factors affect the calculation of these reserves including, mortality, cancellations and technical interest. Life insurance reserve is calculated based on current assumptions for the basic parameters. The liability adequacy test is limited to analysis of the main parameters that have the most significant impact on the reserve calculation.

“Mortality” is the risk covered by all insurance products, underwritten by the Company.

“Mortality” risk occurrence data for 2025 including estimations used are as follows:

Number of people currently insured susceptible to the risk of death	22,987 people
Average age of people susceptible to the risk of death	47 years
Number of payments following deaths of insured in 2025	24 cases
Estimated number of deaths per 1000 people	5.22 cases
Actual number of deaths per 1000 people	1.044 deaths

Therefore, the actual “Mortality” risk occurrence shown on this table is below the expectation levels during 2025.

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Surrender

Surrenders can take place for the Mix and Scholarship Life Product. When the premium is calculated, the probability of surrender is taken into account. The estimated probability for surrender is highest in the third year at 5%, while leveling off in year twenty at 1%.

The Company's product allows for surrender costs after the second year, if the policy term is shorter or equal to 15 years, and after the third year, if the policy term is greater than 15 years. In the year 2025, 540 (2024: 433) insured persons surrendered their policies, with the corresponding surrender value of EUR 821,491 (2024: EUR 808,714).

Technical Interest

The technical interest rate of 2.75% p.a is used for older policies written until 30 June 2018; 1.75% p.a for policies written from 1 July 2018 until 31 December 2020; and 1% p.a. for new policies written from 1 January 2021, which are also used when calculating the reserve. The technical interest rate is the minimum guaranteed return for every life insurance contract. There is a risk that income from investments will not cover the minimum guaranteed return. In 2025, the generated book return on investments (including mathematical reserves) does not cover the minimum guaranteed income, resulting in a negative policyholder profit.

The analysis of the actuarial parameters used in the calculation of the tariffs and life insurance reserves shows that the assumptions made are reliable and prudent. The favorable development of the risks compared to the expected values, guarantees that the reserves are adequately charged.

Reinsurance Risk

The Company cedes insurance risk to limit exposure to underwriting losses under separate agreements for each type of insurance. These reinsurance agreements spread the risk and minimize the effect of losses. The amount of each risk retained depends on the Company's evaluation of the specific risk, subject in certain circumstances to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

When selecting a reinsurer, the Company considers their credit quality. The credit quality of the reinsurer is assessed from public rating information and from internal investigations. The current reinsurer has a Standard and Poor's rating of A with a positive outlook, and an AM Best rating of A with a stable outlook.

Sensitivity Analysis

The main factors affecting the profit of the company are the level of claims ratio and expenses.

Simulation as at 31 December 2025	Profit / (Loss)	Net Equity	Required Guarantee Fund
Current	510,807	5,169,053	3,200,000
Claims Increase by (+13%)	493,511	5,151,797	3,200,000
Expenses Increase by (+14%)	343,006	5,001,252	3,200,000

Simulation as at 31 December 2024	Profit / (Loss)	Net Equity	Required Guarantee Fund
Current	710,480	5,478,400	3,200,000
Claims Increase by (+32%)	669,384	5,437,305	3,200,000
Expenses Increase by (+24%)	457,118	5,225,038	3,200,000

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity Analysis (continued)

The table above presents a simulation, taking into account changes to certain claims incurred or increases in expenses, and its effect on the Net Equity of the Company and the available solvency margin.

Operational Risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational risk may arise with inadequate information system, technological errors, breach in the internal control, frauds, unforeseen circumstances and other problems having operational character in result of which there is a possibility of unexpected losses.

Operational risks arise from all operations of the Company. The purpose of the Company is to manage the operational risk in a way to achieve a balance between avoiding financial losses and reputation risk and the Company's effective cost management.

Other risks

Changes in governmental regulations in the business segments in which the Company operates may affect profitability. The insurance business is subject to comprehensive and developing supervision in Kosovo. The primary purpose of such regulations is to protect policyholders.

Changes in existing insurance laws and regulations may affect the way in which the Company conducts its business and the products offered. Additionally, the insurance laws or regulations adopted and amended from time to time may be more restrictive or may result in higher costs than current requirements.

Disclosures and estimation of fair values

Fair value estimates, if any, are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments.

6. FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

	Loans and receivables	Held to maturity	Available for sale	Fair value through profit or loss
<i>Financial assets</i>				
Cash and cash equivalents	839,322	-	-	-
Term deposits	5,378,353	-	-	-
Investment in government bonds	-	-	12,963,437	-
Premium receivable and other assets	707,270	-	-	-
As at December 31, 2025	6,924,945	-	12,963,437	-
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss		
<i>Financial liabilities</i>				
Borrowings		-		-
Lease liabilities		18,775		-
Other liabilities		430,317		-
As at December 31, 2025		449,092		-

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6. FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES (CONTINUED)

	Loans and receivables	Held to maturity	Available for sale	Fair value through profit or loss
<i>Financial assets</i>				
Cash and cash equivalents	670,639	-	-	-
Term deposits	4,320,923	-	-	-
Investment in government bonds	-	-	13,775,288	-
Premium receivable and other assets	370,194	-	-	-
As at December 31, 2024	5,361,756	-	13,775,288	-
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss		
<i>Financial liabilities</i>				
Borrowings	-	-	-	-
Lease liabilities	-	46,250	-	-
Other liabilities	-	250,487	-	-
As at December 31, 2024	-	296,737	-	-

7. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2025	Additions to IFRS 16	Cash flows	Declaration of Dividends	31 December 2025
Lease Liabilities	46,250	-	(27,475)	-	18,775
Dividends payable	-	-	(611,000)	611,000	-
Total liabilities from financing activities	46,250	-	(638,475)	611,000	18,775
	1 January 2024	Additions to IFRS 16	Cash flows	Declaration of Dividends	31 December 2024
Lease Liabilities	72,921	-	(26,671)	-	46,250
Dividends payable	-	-	(500,000)	500,000	-
Total liabilities from financing activities	72,921	-	(526,671)	500,000	46,250

8. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash on hand	867	118
Cash equivalent at Banks	838,455	670,521
Total	839,322	670,639

Cash equivalent at Banks includes current accounts of EUR 839,322 (2024: EUR 670,521) at local banks.

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9. TERM DEPOSITS, DEBT AND AVAILABLE FOR SALE FINANCIAL ASSETS

The breakdown of term deposits with maturities exceeding three months is as follows:

	31-Dec-25	31-Dec-24
Term deposits at local banks	4,930,801	3,927,771
Accrued interest	127,552	73,152
Cash Restricted at CBK	320,000	320,000
Total	5,378,353	4,320,923

The annual deposit interest rates with respect to 2025 term deposits ranged from 1.50% to 3.50% (2024: 1.50% to 3.48%).

Interest income from term deposits of EUR 143,290 (2024: EUR 83,728) was earned from term deposits. Withholding tax of 10% (2024: 10%) is applied to interest income and is withheld by the banks upon payment of interest to the Company. Interest income from term deposits is included in investment income.

The Company has assessed whether there are any impairment indications on the term deposits held as of December 31, 2025. No such indications were noted, considering that these investments are held at reputable commercial banks with a long history of stable credit standing in the market. At 31 December 2025 the company has a vast majority of its assets in Sovereign Debt Securities, held in custody with NLB Prishtina and NLB Ljubljana, as follows:

	31 December 2025	31 December 2024
KS Government Bonds – Available for Sale	12,663,038	13,775,288
Foreign Government Bonds – Available for Sale	300,399	-
Total	12,963,437	13,775,288

The Sovereign Debt Securities classified as Available for Sale have a stated Yield to Maturity of 2.11% - 6.39%. The Debt Securities have remaining maturities from 15 months up to 120 months.

The Company has assessed whether there are any indicators of impairment in respect of the debt securities held. The securities consist mainly of government bonds issued by the Government of Kosovo, as well as one government bond issued by The Kingdom of Belgium. Considering that these instruments are government securities and the issuers are considered to have sound credit standing, no indication of impairment has been identified, except for changes in fair value which have been recognized in the financial statements.

The debt securities have been classified within the fair value hierarchy as Level 1 and Level 2. The government bond issued by The Kingdom of Belgium has been classified as Level 1, as its fair value is based on quoted prices in an active market for an identical instrument. Government bonds issued by the Government of Kosovo have been classified as Level 2, as their valuation is based on observable market inputs and valuation techniques, but not on quoted prices in an active market for identical instruments.

The decrease in the fair value for the year ended 31 December 2025 amounted to EUR 209,153. The fair value of debt securities for the year ended 31 December 2024 increased by EUR 118,403.

Interest income of EUR 528,713 (2024: EUR 547,620) was earned from Sovereign Debt Securities.

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10. REINSURER SHARE OF INSURANCE LIABILITIES

At year end, the reinsurer's share of insurance liabilities is as follows:

	31 December 2025	Change for the period	31 December 2024
Reinsurer's share on insurance liability on unearned premium			
Capital life	116,130	34,935	81,195
Riders	6,836	(1,791)	8,627
	122,966	33,144	89,822
Reinsurance share on insurance liability on claims reserves	-	-	-
Total	122,966	33,144	89,822

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11. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

	Buildings and Premises	Computer Equipment	Office and other Furniture	Other Equipment	Vehicles	Software	Right-of-use- assets Buildings	Total
Cost								
Balance at 1 January 2024	660,951	38,142	47,212	10,449	207,183	154,816	132,158	1,250,911
Derecognition	-	-	-	-	(17,000)	-	-	(17,000)
Additions	-	3,790	-	3,741	88,890	63,128	-	159,549
Balance at 31 December 2024	660,951	41,932	47,212	14,190	279,073	217,944	132,158	1,393,460
Balance at 1 January 2025	660,951	41,932	47,212	14,190	279,073	217,944	132,159	1,393,460
Derecognition	-	-	-	-	-	-	-	-
Additions	-	8,518	180	299	-	22,952	-	31,949
Balance at 31 December 2025	660,951	50,449	47,392	14,489	279,073	240,897	132,159	1,425,409
Accumulated depreciation and amortization								
Balance at 1 January 2024	(117,605)	(30,293)	(21,312)	(6,394)	(89,904)	(136,218)	(61,673)	(463,399)
Charge for the year	(8,593)	(2,098)	(3,364)	(2,836)	(51,346)	(20,318)	(26,432)	(114,987)
Derecognition	-	-	-	-	4,250	-	-	4,250
Balance at 31 December 2024	(126,198)	(32,391)	(24,676)	(9,230)	(137,000)	(156,536)	(88,105)	(574,136)
Balance at 1 January 2025	(126,198)	(32,391)	(24,676)	(9,230)	(137,000)	(156,536)	(88,105)	(574,136)
Charge for the year	(8,592)	(4,986)	(3,331)	(748)	(42,312)	(17,179)	(26,432)	(103,580)
Balance at 31 December 2025	(134,790)	(37,377)	(28,007)	(9,978)	(179,312)	(173,715)	(114,537)	(677,716)
Carrying amounts								
Balance at 31 December 2024	534,753	9,539	22,537	4,961	142,073	61,409	44,053	819,324
Balance at 31 December 2025	526,161	13,072	19,385	4,511	99,761	67,181	17,622	747,693

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12. PREMIUM RECEIVABLES AND OTHER ASSETS

	31-Dec-25	31-Dec-24
Premium receivables	832,254	580,900
Provision for impairment	(252,324)	(249,013)
	579,930	331,887
Other		
Prepayments	85,012	1,884
Other assets	31,793	29,141
Due from Sava Re	8,142	4,372
Receivables from Employees	83	283
Deferred Acquisition Cost	2,310	2,627
	127,340	38,307
Total	707,270	370,194

Deferred Acquisition Cost (“DAC”) is created only for rider products. DAC is calculated consistent with the unearned premium reserve using the pro-rata temporis method, for agents’ commissions and CBK fees.

The age structure of insurance receivables as of 31 December 2025 and 2024 and related impairment is as follows:

	31-Dec-25		31-Dec-24	
	Gross amount	Impairment provision	Gross amount	Impairment provision
Up to 30 days	416,427	41,337	153,095	22,938
31 to 60 days	92,141	20,475	76,992	12,238
61 to 90 days	49,592	20,421	60,016	21,885
91 to 180 days	94,884	40,058	101,710	44,697
181 to 270 days	67,299	29,629	63,187	29,538
More than 270	111,911	100,403	125,900	117,717
	832,254	252,324	580,900	249,013

Movement of the impairment provision account for the periods considered is as follows:

	2025	2024
As at 01 January,	249,013	191,505
Impairment charge for the year (Note 23)	3,311	57,508
As at 31 December,	252,324	249,013

Impairment allowance for premium receivable is calculated as follow:

- Number of days past due, for every individual policy, whereas the days past due shall be calculated as the number of days the policy is in arrears.
- Historical observation of payment default for each grouping for the last two year.

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12. PREMIUM RECEIVABLES AND OTHER ASSETS (CONTINUED)

Based on the analyses above, the % of unpaid premium receivable per each aging group is used to determine impairment per each group as summarized below:

Days in arrears	Provision rate
0-30 days	39%
31-60 days	31%
61-90 days	49%
91-180 days	46%
181-270 days	47%
Over 270 days	94%

13. INSURANCE LIABILITIES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

	2025	2024
Insurance liabilities for losses and loss adjustment expenses as of 1 January	13,812,604	12,683,714
Losses and loss adjustment expenses incurred	2,276,773	2,299,082
Reserves related to acquired insurance portfolios	2,211	1,889
Losses and loss adjustment expenses paid	(1,326,647)	(1,172,080)
Insurance liabilities for losses and loss adjustment expenses as at December 31	14,764,941	13,812,605

The insurance liabilities for losses and loss adjustment expenses consist of following:

	31 December 2025	31 December 2024
Life assurance provision	14,482,903	13,660,210
IBNR Reserves	153,451	131,448
RBNS Reserve	128,588	20,947
Total	14,764,941	13,812,605

The life insurance provision is recorded on a per policy basis using standard computation factors based on actuarial formulae, pricing assumptions on mortality and interest rates used.

A significant measure of experience and judgment is involved in assessing outstanding insurance liabilities; the ultimate costs cannot be assessed with certainty as at the reporting date. The insurance liabilities for losses and loss adjustment expenses are determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

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14. UNEARNED PREMIUM INSURANCE LIABILITIES

Unearned premium reserve by product is comprised as follows:

Product	31 December 2025	Change for the period	31 December 2024
<i>Capital life:</i>			
Mix life assurance	115,458	(10,883)	126,341
Credit life assurance	207,891	(33,590)	241,481
Term life assurance	9,491	2,705	6,786
Scholarship	917	(414)	1,331
Group life assurance	5,213	218	4,995
<i>Riders:</i>			
Accidental death	4,828	(569)	5,397
Disability from accident	4,181	(663)	4,844
Daily compensation	28	-	28
Medical expense	1,877	(273)	2,150
Total	349,884	(43,469)	393,353

Product	31 December 2024	Change for the period	31 December 2023
<i>Capital life:</i>			
Mix life assurance	126,341	(1,306)	127,647
Credit life assurance	241,481	115,809	125,672
Term life assurance	6,786	(747)	7,533
Scholarship	1,331	(726)	2,057
Group life assurance	4,995	(812)	5,807
<i>Riders:</i>			
Accidental death	5,397	(542)	5,939
Disability from accident	4,844	(528)	5,373
Daily compensation	28	(70)	99
Medical expense	2,150	(134)	2,282
Total	393,353	110,944	282,409

15. DEFERRED REVENUE

	31 December 2025	31 December 2024
Premiums collected in advance	2,475	1,997
Unearned reinsurance commission	10,854	8,739
Total	13,329	10,736

Premiums collected in advance, represents payments by clients which are not due until after 31 of December 2025. Unearned reinsurance commission relates to commissions for unearned premiums at the reporting date.

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16. LEASE LIABILITIES

	31 December 2025	31 December 2024
Current	18,775	28,024
Non-current	-	18,226
Total	18,775	46,250

	31-Dec-24	Cash flow	Non-cash changes	31-Dec-25
Lease Liability	46,250	(27,475)	-	18,775
TOTAL	46,250	(27,475)	-	18,775

The Company has one building for office space. The lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The depreciation charged to profit and loss the year ended 31 December 2025 amount to EUR 26,432 whereas interest expenses charged in profit and loss amount to EUR 1,000.

As at 31 December 2025 and 2024, there are no restrictions or covenants imposed by leases. The extension option is included in the initial measurement of the lease liabilities. Leases have no specific extension options that are not already included in lease maturity determination.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of use of asses	No of Right of Use of assets leased	Range of remaining term	Average remaining lease term
Building	1	0.5 years	0.5 years

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2025 were as follows:

Minimum lease payments due				
31 December 2025	Within 1 Year	1-2 Years	Over 3 Years	Total
Lease payments	21,338	-	-	21,338
Finance charges	(2,563)	-	-	(2,563)
Net present values	18,775	-	-	18,775

Minimum lease payments due				
31 December 2024	Within 1 Year	1-2 Years	Over 3 Years	Total
Lease payments	28,024	22,592	-	50,616
Finance charges	(2,563)	(1,803)	-	(4,366)
Net present values	25,461	20,789	-	46,250

17. OTHER LIABILITIES

Other liabilities comprise of:

	31 December 2025	31 December 2024
Due to Tax Authorities (see below)	6,706	8,959
Due to employees and pension contributions	105,870	77,888
Due to SAVA Re	96,591	45,254
Due to Illyria	2,586	-
Due to CBK	19,762	15,474
Other payables	198,802	102,912
Total	430,317	250,487

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17. OTHER LIABILITIES (CONTINUED)

Due to Tax Authorities relates to the following:

	2025	2024
VAT Payable	625	4,422
Income Tax payable	12,742	54,359
Personnel income tax	6,081	4,537
Total	19,448	63,318

Other payables relate to certain administrative expenses, and payments made which at the 31st of December 2025, have been recognized, but have yet to be paid.

18. SHARE CAPITAL

The authorized, issued and fully paid-up share capital of the Company is EUR 3,285,000, comprised of 6,570 ordinary shares with a nominal value of EUR 500 each of which EUR 500 was paid by the reporting date. Share capital as at 31 December 2025 and 2024 consists of:

Shareholder	Number of shares	Nominal value per share	Paid capital per share	Nominal amount (EUR)	Paid amount (EUR)	Percentage
Sava RE	6,570	500	500	3,285,000	3,285,893	100.00%
Total	6,570	500	500	3,285,000	3,285,893	100.00%

During 2025 the Company has declared and paid dividend in amount of 611,000 EUR (2024: EUR 500,000)

19. GROSS WRITTEN PREMIUMS

Gross written premiums (GWP) and premium tax by product at year end are comprised as follows:

Product	31 December 2025	31 December 2024
	GWP	GWP
<i>Capital life:</i>		
Mix life assurance	2,325,116	2,498,518
Credit life assurance	1,739,020	1,458,290
Term life assurance	53,860	48,137
Scholarship	47,315	52,044
Group life assurance	184,269	202,312
Mix Life with Critical illness assurance	47,055	133
Term Life with Critical illness assurance	1,312	134
<i>Riders:</i>		
Accidental death	81,343	82,385
Disability from accident	64,028	66,974
Daily compensation	909	350
Medical expense	35,678	37,815
Additions on term life	15,028	1,537
Total	4,594,933	4,448,629

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20. PREMIUMS CEDED TO REINSURERS

Premiums as per products ceded to reinsurers at year end are comprised as follows:

	31 December 2025	31 December 2024
Product		
<i>Capital life:</i>		
Mix life assurance	18,704	19,539
Credit life assurance	200,062	127,852
Term life assurance	13,622	3,710
Scholarship	15	17
Group life assurance	2,200	4,594
Critical illness assurance	138	-
<i>Riders:</i>		
Accidental death	10,300	12,043
Disability from accident	7,440	8,478
Additions on term life	146	-
Total	252,627	176,233

21. REINSURANCE COMMISSION

Reinsurance commission by product at year end is comprised as follows:

	31 December 2025	31 December 2024
<i>Capital life:</i>		
Mix life assurance	1,427	1,465
Credit life assurance	14,844	9,590
Term life assurance	1,020	345
Scholarship	1	278
Group life assurance	175	-
Mix Life with Critical illness assurance	9	-
Term Life with Critical illness assurance	2	-
<i>Riders:</i>		
Accidental death	3,013	3,613
Disability from accident	2,211	2,543
Total reinsurance commission calculated	22,701	17,834
Unearned part of reinsurance commission	(2,114)	(2,648)
Total reinsurance commission	20,587	15,186

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22. POLICY ACQUISITION COSTS

Policy acquisition costs at year end are comprised as follows:

	31 December 2025	31 December 2024
Agent commission, including tax and social expense	194,730	136,371
Agent- commissions Credit life product	801,168	471,289
Broker commission	-	-
CBK fees	64,331	62,384
Net movement of DAC	317	183
Total	1,060,546	670,227

During 2021 the Company introduced a new product “Credit Life” and signed an agreement with a Bank to sell insurance policies on the Company’s behalf. By 2024, the Company further expanded its distribution network, for the aforementioned product, by signing an agreement with Raiffeisen Insurance Broker, who now also sells company products to Raiffeisen Bank clients on the Company's behalf.

23. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Administrative expenses at year end are comprised as follows:

	31 December 2025	31 December 2024
Payroll and related expenses (See note 23b)	724,105	604,112
Professional service fees	42,109	29,313
Core System Maintenance	68,741	49,563
Depreciation and amortization	103,580	114,987
Travel and accommodation	52,175	45,951
Office supplies	11,583	12,117
Phone and postage expenses	3,856	4,213
Representation expenses	23,394	16,366
Bad debt release/expense	3,311	57,507
Other	165,724	121,545
Total	1,198,578	1,055,674

In the note below, 23a and 23b present details of audit fees and payroll and related expenses, respectively.

23a. AUDIT FEES

For the year ended December 31, 2025, contracted fees for the audit services were as follows:

	2025	2024
Audit fees for statutory reporting	15,500	9,100
Other audit related fees for group purposes	15,500	9,100
Review report for regulatory purposes	-	-
Other fees related to permissible NAS	-	-
Total	31,000	18,200

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23. ADMINISTRATIVE AND OTHER OPERATING EXPENSES (CONTINUED)

23b. PAYROLL AND RELATED EXPENSES

	31 December 2025	31 December 2024
Net salaries	547,354	459,082
Withholding income tax	62,957	52,719
Social insurance	59,333	41,735
Accrued Expenses for Bonuses	54,461	50,576
Total	724,105	604,112

24. INCOME TAX

	31 December 2025	31 December 2024
Income tax expense	61,584	101,050
Deferred tax (credit)/expense	(750)	(750)
Total	60,834	100,300

Corporate income tax

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

The Company is required to pay income tax on the taxable profit, as calculated in the annual Income Tax Return Statement. The charge for the year can be reconciled to the profit and loss as follows:

	31 December 2025	31 December 2024
Profit for the year	572,391	811,530
Tax rate at 10%	57,239	81,153
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	71,545	83,032
Tax effect of amounts which are exempt in calculating taxable income	(67,200)	(63,135)
Income tax expenses for the period	61,584	101,050

Differences between the IFRS financial statements and the Kosovo taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for reporting purposes and for tax purposes. The tax effect of these temporary differences is calculated at the income tax rate of 10%.

	1 January 2025	Charged/(Credited) to profit or loss	31 December 2025
Tax effect of deductible/(taxable) temporary difference			
Property plant and equipment	-	-	-
Lease liabilities	-	-	-
Right-of-use assets	-	-	-
Net deferred tax asset/(liability)	750	-	750

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25. COMMITMENT AND CONTINGENCIES

Legal

The Company is currently involved in two litigation cases arising in the normal course of its operations. These cases are new and did not exist in prior years. Management has assessed the legal position of the Company in consultation with both internal and external legal counsel and believes that the claims are without merit. As at 31 December 2025, both cases remain outstanding; however, no material losses are expected to arise in connection with these legal proceedings.

26. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its shareholders, sister company, board of directors and management. The following are the Company's related parties and the respective relationships:

- Sava RE. – Parent Company (100%);
- Jasna Kajtazovič, Chairwoman of the Board of Directors (BoD);
- Milan Viršek, member of the BoD;
- Ilirijana Dzeladini, member of the BoD;
- Maja Jerič, member of the BoD;
- Albert Lumezi, member of the BoD;
- Albin Podvorica, member of the BoD and General Director of the Company.

Transactions with related parties

A summary of related party transactions, conducted on an arm's length basis, for the years ended 31 December 2025 and 2024 are as follows:

	31 December 2025	31 December 2024
Key management personnel remuneration	210,138	164,515
Due to Sava RE	96,591	45,254
Due from Sava RE	8,142	4,372
Due to Illyria	2,586	-
Due from Illyria	3,190	196

Transactions with parent company

The Company has a reinsurance contract with Sava Re which is also the Company's 100% shareholder. During 2025 the Company ceded EUR 252,627 (2024: EUR 176,234) to Sava Re related to gross written premiums contracted during 2025. The amount for the last quarter remains outstanding to be paid to SAVA RE as at 31 December 2025. See note 20 for details of premiums ceded to SAVA RE by life assurance products.

27. SUBSEQUENT EVENTS

In light of escalating geopolitical tensions in Iran and the wider Middle East, management has performed an assessment of the Company's exposure to the region based on information available up to the date of issuance of these financial statements. The assessment indicates that the Company does not have significant business exposure in the affected region.

The potential impact of these developments on global financial markets remains uncertain and cannot be reliably estimated at this time. As of the reporting date, no material effects on the Company's equity or financial position have been identified.

Accordingly, these developments are considered external in nature and are treated as non-adjusting events for the reporting period.

ILLYRIA LIFE Sh.a
SUPPLEMENTARY SCHEDULES
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

ANNEX 1 Supplementary Schedules

ILLYRIA LIFE Sh.a
SUPPLEMENTARY SCHEDULES
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

Table 1: Solvency Calculation

Description	2025	2024
Available Solvency Margin (Table 2)	5,101,871	5,416,990
Guarantee Fund	3,200,000	3,200,000
I. Insurance Products Prescribed by Section 12(2)		
First Result	579,311	543,102
Second Result	760,408	519,983
Required Solvency Margin	1,339,719	1,063,085
II. Insurance Products Prescribed by Section 12(3)		
Premium Result	35,728	34,267
Claims Result	7,205	6,486
Required Solvency Margin	35,728	34,267
Total Required Solvency Margin	1,375,447	1,097,352
Excess/Deficit of Solvency	3,726,423	4,319,639
Guarantee Fund	3,200,000	3,200,000
Excess/Deficit Of Guarantee Fund	1,901,871	2,216,990

ILLYRIA LIFE Sh.a
SUPPLEMENTARY SCHEDULES
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

Table 2: Available Solvency Margin

Description	2025	2024
Section 11.2		
Paid-Up Share Capital	3,285,893	3,285,893
Treasury Shares (-)	-	-
Reserves	1,020	210,173
<i>Revaluation Reserves</i>	1,020	210,173
<i>Reserves For Deferred Tax Assets</i>	-	-
<i>Other Reserves</i>	-	-
Retained Earnings	1,371,333	1,271,854
Net Profit To Be Paid:	510,807	710,480
Total Section 11.2	5,169,053	5,478,400
Section 11.3		
Preferential Share Capital And Subordinated Loan Capital:	-	-
<i>Preferred Share Capital With Fixed Maturity</i>	-	-
<i>Preferred Share Capital Without Fixed Maturity</i>	-	-
<i>Subordinated Loan Capital With Fixed Maturity</i>	-	-
<i>Subordinated Loan Capital Without Fixed Maturity</i>	-	-
Securities With No Specified Maturity Date And Other Instruments	-	-
Total Section 11.3	-	-
Deductions		
Intangible Assets	67,182	61,409
Total Deductions	67,182	61,409
Available Solvency Margin	5,101,871	5,416,990
Guarantee Fund	3,200,000	3,200,000

ILLYRIA LIFE Sh.a
SUPPLEMENTARY SCHEDULES
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

Table 3: Required Solvency Margin

Description	2025	2024
I. Insurance Products Prescribed by Section 12(2)		
Gross Mathematical Provisions	14,482,782	13,577,536
Gross Mathematical Provisions (Ceded Reinsurance)	-	-
First Result	579,311	543,101
Capital At Risk		
Temporary Insurance of Death with Term: < 3Yrs	30,739,849	30,293,075
Temporary Insurance of Death with Term: 3-5 Yrs	82,712,996	63,334,539
All Other Except Temporary Insurance of Death with Term < 5 Yrs	246,596,266	162,150,012
Capital At Risk (Reinsurance Recoverable)		
Temporary Insurance of Death with Term: < 3Yrs	4,610,977	4,543,961
Temporary Insurance of Death with Term: 3-5 Yrs	12,406,949	9,500,181
All Other Except Temporary Insurance of Death with Term < 5 Yrs	36,989,440	24,322,502
Second Result	760,408	519,983
II. Insurance Products Prescribed By Section 12(3)		
Incurred Claims		
<i>Current Year N</i>	43,205	14,190
<i>Current Year N-1</i>	19,790	20,135
<i>Current Year N-2</i>	20,135	40,515
Reinsurance Recoveries		
<i>Current Year N</i>	-	-
<i>Current Year N-1</i>	-	-
<i>Current Year N-2</i>	-	-
Retention Ratio	100%	100%
Premium Basis		
Gross Premiums Written	196,985	189,061
(Change) Reserves For Unearned Premiums	1,505	1,313
Taxes and Levies	-	-
Total Premium Basis	198,490	190,374
Premium Result	35,728	34,267
Claims Result	7,205	6,486

ILLYRIA LIFE Sh.a
SUPPLEMENTARY SCHEDULES
For the year ended 31 December 2025

(All amounts expressed in EUR, unless otherwise stated)

Table 4: Assets Covering Technical Provisions

Description	Actual Investment	% allowed	Regulatory Allowance
Bank Deposits, with a maturity of > than 3 months	5,378,353	Unlimited	5,378,353
Government Securities (Excluding the charter capital)	9,763,437		9,763,437
Government of Kosovo	9,763,437	Unlimited	9,763,437
Treasury Bills	9,763,437		9,763,437
Bonds	-		-
Other	-		-
EU Member States, with a rating of >= BBB	-	30% in total 5% in each investment	-
Treasury Bills	-		-
Bonds	-		-
Other	-		-
Land and Buildings	526,160	30% in total, 10% from each investments	526,160
For Own Use	526,160		526,160
For Investment Purposes	-		-
Cash and Cash Equivalents	839,322	3%	453,445
Deposits with a maturity of <= 3 months	-		-
Current Accounts	838,455		838,455
Cash on Hand	867		867
Receivable from Reinsurers	2,627		8,142
Credit Rating >= BBB	8,142	Unlimited	8,142
Credit Rating < BBB	-	25%	-
Reinsurers Share in Technical Provisions	122,966		122,966
Credit Rating >= BBB	122,966	Unlimited	122,966
Credit Rating < BBB	-	25%	-
Interest Accrued from Investments	283,128	5%	283,128
Insurance Receivable, up to 90 days	475,926	Limited till 20% of UPR	69,977
From Policyholders	475,926		475,926
Other Fixed Assets, not included in point 3.	99,761	5%	99,761
Total Assets Covering Technical Provisions	17,497,195		16,705,368

Table 4.1: Coverage of Technical Provisions

Technical Provisions on 31 December 2025	Amount
Provisions for Unearned Premiums and Unexpired Risk	349,884
Provisions for Claims and Mathematical Reserves	14,482,903
Other Technical Provisions (RBNS and IBNR)	282,039
Total Amount Required to Cover Technical Provisions	15,114,826
Assets Covering Technical Provisions	16,705,368
Total Technical Provisions	15,114,826
Difference	1,590,542
Coverage Level	111%