

Instructions - Appendix D3**Audit report on account balances / disclosures –
Clean opinion****Independent Auditors' Report on the Audit of Special Purpose Financial Information
prepared for Consolidation Purposes**

To the Zaharinova Nexia OOD – Sofia 1309, 157-159 K. Velichkov Blvd.
To the Mazars OOD – Sofia 1000, 2 Tsat Osvoboditel Blvd

In accordance with your instructions, we have audited, for purposes of your audit of the consolidated financial statements of Euroins Insurance Group AD, current and non-current assets, liabilities, share capital and reserves, income and expenses included in the accompanying special purpose financial information of Insurance Company Euroins Ukraine PJSC for the year ending 31 December 2019 of the accompanying reporting package.

Management's Responsibility for the Special Purpose Financial Information

Management is responsible for the preparation of this special purpose financial information in accordance with the group instructions issued by Euroins Insurance Group's management and the group policies contained in the Euroins Insurance Group's accounting manual, and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error; applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

This special purpose financial information has been prepared solely to enable Euroins Insurance Group AD to prepare its consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on current and non-current assets, liabilities, share capital and reserves, income and expenses included in this special purpose financial information based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether current and non-current assets, liabilities, share capital and reserves, income and expenses included in the special purpose financial information is free from material misstatement. As requested by you, we planned and performed our audit using the materiality level specified in your instructions.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of current and non-current assets, liabilities, share capital and reserves, income and expenses included in the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level specified by you in the context of the audit of the consolidated financial statements of the group.

Opinion

In our opinion, the current and non-current assets, liabilities, share capital and reserves, income and expenses included in the accompanying special purpose financial information of Insurance Company Euroins Ukraine PJSC for the year ending 31 December 2019 has been prepared, in all material respects, in accordance with the group instructions issued by Euroins Insurance Group's management and the policies contained in the Euroins Insurance Group AD accounting manual.

Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to Euroins Insurance Group AD to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Insurance Company Euroins Ukraine PJSC in accordance with Euroins Insurance Group AD accounting policies and is not intended to give a true and fair view of the financial position of Insurance Company Euroins Ukraine PJSC and of its financial performance, and its cash flows for the year ended 31 December 2019 in accordance with Euroins Insurance Group AD accounting policies. This special purpose financial information may, therefore, not be suitable for another purpose.

This report is intended to you solely for your information and use to assist you in your audit of the group financial statements of Euroins Insurance Group AD for the year ending 31 December 2019 and should not be used by (or distributed to) other parties.

20.02.2020

Yevgeniya Kopystyanska

LLC Audit Firm Mazars Ukraine
Code statistic 38516608
20/24, Reitarska str., apt. 2
01034 Kyiv Ukraine

Отчет за Паричните Потоци
За годината приключваща на 31 декември 2019

В хиляди UAH

Statement of cash flows
For the year ended 31 December 2019

In thousands of UAH

Бел.
(note) 2019 2018**Оперативна дейност****Печалба след данъци**

Разходи за данъци

Печалба преди облагане с данъци

Корекции за:

(Намаление)/Увеличение в пренос-премийния резерв и резерва за неизтекли рискове

Увеличение в резерв за предстоящи плащания

(Намаление)/Увеличение в други резерви

Увеличение/(сторно) на загуба от обезценка на вземания

Начислена амортизация за периода

Преоценка на инвестиции

За/уба/(печалба) от продажби на инвестиции

(Печалба) от продажба на имоти, съоръжения и оборудване

Други непарични корекции

Нетен инвестиционен доход

Разход за лихви

Платени данъци

Нетни парични потоци от оперативна дейност, преди промени в активите и пасивите

Намаление/(увеличение) на вземанията

(Намаление)/увеличение на задълженията

Нетни парични потоци от оперативна дейност**Operating activity**

Income tax expense / (income)	14	(14 601)	(34 093)
Profit before taxes		(1 654)	(701)
Adjustments for:		(16 255)	(34 794)
(Decrease)/Increase in unearned premium reserve and unexpired risk reserve	23	(17 848)	10 691
Increase in the outstanding claims provision	23	(1 288)	16 467
(Decrease)/Increase in other provisions	23	-	-
Increase/ (reversal) of impairment losses of receivables	12	3 870	268
Depreciation charged for the period	16, 17	3 900	3 353
Revaluation of investments	6, 11	-	-
Loss/(gain) from sale of investments	6, 11	-	-
(Gain) from disposal of property, plant and equipment		(3)	(891)
Other non-cash changes		6 200	257
Net investment income		(12 467)	(12 578)
Interest expense			
Income tax returned / (paid)			
Net cash flows from operating activities before changes in assets and liabilities		(33 891)	(17 227)
Decrease/(Increase) in receivables		(7 559)	(41 518)
(Decrease)/Increase in payables		2 028	22 538
Net cash flows from operating activity		<u>(39 422)</u>	<u>(36 207)</u>

Инвестиционна дейност

Нетно намаление/(увеличение) на финансовите активи

(Придобиване) на имоти, съоръжения и оборудване, нето

Получен инвестиционен доход, нетно

действие

Investing activity

Net decrease / (increase) in financial assets		35 282	(30 486)
(Acquisition) of property, plant and equipment, net		(3 823)	(2 374)
Investment income received, net		13 094	12 943
Net cash generated from investing activity		<u>44 553</u>	<u>(19 917)</u>

Финансова дейност

Парични постъпления от заеми

Платени лихви

Увеличение на капитала

Плащания за финансова лизингов

Нетни парични потоци от финансова дейност

Нетно увеличение на парични средства и парични еквиваленти

Ефект от преизчисление във валутата на отчета

Парични средства и парични еквиваленти в началото на периода

Парични средства и парични еквиваленти в края на периода**Financing activity**

Net cashflow from loans			
Interest paid			
Capital increase		12 533	32 148
Payments on financial leases			
Net cash from financing activity		<u>12 533</u>	<u>32 148</u>
Net increase in cash and cash equivalents		17 664	(23 976)
Exchange differences on translating foreign operations		(6 763)	(882)
Cash and cash equivalents at the beginning of year	22	35 277	60 135
Cash and cash equivalents at the end of year	22	<u>46 178</u>	<u>35 277</u>

Chairman of the Board

Nikolov Y.G.

Chief accountant

Grib O. P.



**Оглед за финансовото състояние
За годината приключваща на 31 декември 2019**

В хиляди UAH

**Statement of financial position
For the year ended 31 December 2019**

In thousands of UAH

	Бел. (note)	31.12.2019	31.12.2018
Активи			
Assets			
Goodwill	28	-	
Intangible assets	16	16 220	14 218
Property, plant and equipment	17	59 953	62 622
Investment properties	18	-	
Financial assets	19	15 905	51 187
Reinsurers' share in insurance contract provision	23	41 108	18 124
Deferred tax asset	20	1 654	0
Receivables and other assets	21	83 243	79 554
Cash and cash equivalents	22	46 178	35 277
Total assets	264 261	260 982	
Пасиви			
Liabilities			
Insurance contract provisions	23	120 214	116 366
Insurance and other payables	24	51 315	49 287
Loans received	25	-	
Deferred tax liabilities	20	-	3 618
Total liabilities	171 539	169 271	
Капитал и резерви			
Capital and reserves			
Share capital		72 684	72 684
Share premium and other capital reserves		141 660	127 115
Retained earnings		(121 612)	(108 088)
Capital and reserves	92 732	91 711	
Общо капитал и пасиви	264 261	260 982	

Note: UPR is netted of DAC

Nikolov Y.G.

Grib O. P.



Chairman of the Board

Chief accountant

**Огіт за дохолите
За голината приключоваша на 31 декември 2019**

В хиходи UAH

**Statement of comprehensive income
For the year ended 31 December 2019**

	<i>In thousands of UAH</i>			<i>In thousands of UAH</i>		
		2019	2018	Бел. (note)	2019	2018
Записані брутто премии				Gross premiums written	4	252 991
Огльєнни премии на презастрахователи				Premiums ceded to reinsurers	4	(39 049)
Нетни премии				Net premiums written	213 942	218 218
Промона в брутния размер на пренос-премийния резерв и резерва за неизтекли рискове дял на презастрахователя в проманата на пренос-премийния резерв				Change in the gross provision for unearned premiums and Unexpired risk reserve Reinsurers' share in the change in the provision for unearned premiums	(2 947)	(17 481)
Нетни спечелени премии				Net earned premiums	20 795	6 790
Приходи от такси и комисионни				Fees and commission income	5	-
Финансови приходи				Financial income	6	12 467
Други оперативни приходи				Other operating income	7	1 850
Нетни приходи				Net income	246 107	220 714
Настилни щети, нетни от презастраховане				Net policyholder claims incurred	8	(108 446)
Аквизиционни разходи				Acquisition expenses	9	(100 454)
Административни разходи				Administrative expenses	10	(33 157)
Финансови разходи				Financial expenses	11	(7 952)
Други оперативни разходи				Other operating expenses	12	(12 356)
Оперативна печалба				Operating profit	(16 258)	(36 063)
Други приходи (разходи)				Other income(expenses)	13	3
Печалба (загуба) преди данъчно облагане				Profit (loss) before taxes	(16 255)	(34 794)
Разходи за данъци				Income tax (expense) / benefits	14	1 654
Нетна печалба (загуба) за финансова година:				Net profit (loss) for the period:	(14 601)	(34 093)
Нетна печалба, отнасяща се към:				Net profit attributable to:		
Собствениците на предприятието-майка				Equity holders of the company	-	-
Миноритарно участие				Non-controlling interests	-	-

*Chairman of the Board**Nikolov Y.G.**Chief accountant**Grib O. P.**5*

Отчет за промените в собствения
капитал

декември 2019

Отнасящ се за собствените на компанията

В хиляди UAH	In thousands of UAH	Други резерви										Участие, което не представя ва контрол	Общо		
		Основен капитал	Законов резерв	Препмен резерв	Резерв валутни препчине ления	Резерв от промяна на справедлива стойност	Преоценъче и резерв	Други технически и резерви	Неразре делена нечалба	Собствен капитал на притежателите на обикновени акции					
					Attributable to equity holders	Other reserves	Other technical reserves	Other 2							
Share capital	Statutory reserves	Share premium reserves	Translatio n reserve	Fair value reserve	Revaluation reserve	Other technical reserves	Other	2	Retained earnings	Total ordinary shareholders' equity	Non- controlling interests				
Сaldo към 1 Януари 2018 г.	Balance as at 1 January 2018	71 000	1 867	47 000		40 207		-	(74 626)	85 448		85 448			
Общи всебхватен доход за периода	Total comprehensive income for the period														
Загуба за текущата година	Profit for the year 2018	-	-	-	-	-	-	-	(34 093)	(34 093)	-	(34 093)			
Курсови разлики от валутни преизчисления operations	Exchange differences on translating foreign	-	-	-	-	-	-	-	-	-	-	-			
Резерв от промяна на справедлива стойност Fair value reserve (available-for-sale financial (активи на разположение за продажба) assets)	Nets промяна на справедлива стойност Net change in fair value	-	-	-	-	-	-	-	-	-	-	-			
Нетна промяна на справедлива стойност Net amount transferred to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-			
Нетна сума признатата в печалба или загуба Net amount transferred to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-			
Резерв от преоценка на DMA	Revaluation reserve	-	-	-	-	-	14 359	-	-	-	14 359	-	14 359		
Катастрофичен резерв	Catastrophe reserve	-	-	-	-	-	-	-	-	-	-	-			
Други 1	Other 1	-	-	-	-	-	-	-	-	-	-	-			
Данък върху доходите, отнасящ се за компоненти на другия всебхватен доход	Income tax relating to components of other comprehensive income	-	-	-	-	(2 541)	-	-	-	(2 541)	-	(2 541)			
Общо друг всебхватен доход	Total other comprehensive income	-	-	-	-	11 818	-	-	-	11 818	-	11 818			
Общо всебхватен доход	Total comprehensive income for the period	-	-	-	-	11 818	-	-	(34 093)	(22 275)	-	(22 275)			
Увеличение върху акционерния капитал	Increase in share capital	1 684	-	-	-	-	-	-	-	-	1 684	-	1 684		
Разпределение на печалбата	Profit allocation	-	-	-	-	-	-	-	-	-	-	-			
Разпределение на дивиденди	Dividend distribution	-	-	-	-	-	-	-	-	-	-	-			
Отчисление на запасен фонд	Movement of Reserve Fund	-	-	-	-	-	-	-	-	-	-	-			
Обезсиливане на акции за покриване на загуби от минали години	Coverage of prior year losses	-	-	-	-	-	-	-	-	-	-	-			
Изкупуване на дял от малцинственото участие	Purchase of share of minority interest	-	-	-	-	-	-	-	-	-	-	-			
Други изменения - промяна на счетоводна политика	Other changes - describe! (decrease of reserves, errors of previous periods)	-	-	15 152	-	-	(4 241)	15 312	631	26 854	-	26 854			
Общо сделки със собствените, отразени директно в капитала	Total contributions by and distributions to owners	1 684	-	15 152	-	-	(4 241)	15 312	631	28 538	-	28 538			
Сaldo към 31 декември 2018 г.	Balance as at 31 December 2018	72 684	1 867	62 152		47 784		15 312	(108 088)	91 711		91 711			
Общи всебхватен доход за периода	Total comprehensive income for the period														
Загуба за текущата година	Profit for the year 2019	-	-	-	-	-	-	-	(14 601)	(14 601)	-	(14 601)			
Курсови разлики от валутни преизчисления operations	Exchange differences on translating foreign	-	-	-	-	-	-	-	-	-	-	-			
Резерв от промяна на справедлива стойност Fair value reserve (available-for-sale financial (активи на разположение за продажба) assets)	Nets промяна на справедлива стойност Net change in fair value	-	-	-	-	-	-	-	-	-	-	-			
Нетна промяна на справедлива стойност Net amount transferred to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-			
Нетна сума признатата в печалба или загуба Net amount transferred to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-			
Резерв от преоценка на DMA	Revaluation reserve	-	-	-	-	-	-	-	-	-	-	-			
Катастрофичен резерв	Catastrophe reserve	-	-	-	-	-	-	-	-	-	-	-			
Други 1	Other 1	-	-	-	-	-	-	-	-	-	-	-			
Данък върху доходите, отнасящ се за компоненти на другия всебхватен доход	Income tax relating to components of other comprehensive income	-	-	-	-	-	3 618	-	-	3 618	-	3 618			
Общо друг всебхватен доход	Total other comprehensive income	-	-	-	-	-	3 618	-	-	3 618	-	3 618			
Общо всебхватен доход	Total comprehensive income for the period	-	-	-	-	-	3 618	-	-	(14 601)	(10 983)	(10 983)			
Блок и разпределение към собствените	Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-			
Увеличение върху акционерния капитал	Issue of share capital	-	-	-	-	-	-	-	-	-	-	-			
Разпределение на печалбата	Profit allocation	-	-	-	-	-	-	-	-	-	-	-			
Разпределение на дивиденди	Dividend distribution	-	-	-	-	-	-	-	-	-	-	-			
Отчисление на запасен фонд	Movement of Reserve Fund	-	-	-	-	-	-	-	-	-	-	-			
Обезсиливане на акции за покриване на загуби от минали години	Coverage of prior year losses	-	-	-	-	-	-	-	-	-	-	-			
Изкупуване на дял от малцинственото участие	Purchase of share of minority interest	-	-	-	-	-	-	-	-	-	-	-			
Други изменения - опишете!	Other changes - describe! (decrease of reserves, errors of previous periods)	-	-	-	-	-	(1 605)	12 532	1 077	12 004	-	12 004			
Общо сделки със собствените, отразени директно в капитала	Total contributions by and distributions to owners	-	-	-	-	-	(1 605)	-	12 532	1 077	12 004	-	12 004		
Сaldo към 31 декември 2019 г.	Balance as at 31 December 2019	72 684	1 867	62 152		49 797		12 532	(121 612)	92 732		92 732			

Chairman of the Board

Nikolov Y.G.

Chief accountant

Grib O.P.

