

Q3 2023 REPORT

TRANSILVANIA BROKER DE ASIGURARE S.A.

Issuer admitted on the Regulated Spot Market - administered by Bursa de Valori București S.A.

Date of Issuance :	Nov. 9, 2023
Name of the Issuer:	TRANSILVANIA BROKER DE ASIGURARE S.A.
Registered Office:	13, Calea Moldovei Street, Bistrița
Phone Number/ Fax:	+40263-235900 / +40263-235910
Taxpayer Identification No:	19044296
Trade Registry No:	J06/674/2006
Subscribed and Paid Share Capital:	500,000 LEI
Market Where The Issued Securities Are Traded	Regulated Spot Market, Main Segment, Standard Category



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1. Significant events in the reporting period

The financial results of Transilvania Broker de Asigurare S.A. after the first nine months of 2023 render **excellent performance in extremely unfavourable market conditions**.

Given that, according to the [latest ASF report on the Romanian insurance market](#), the first half of 2023 recorded a growth rate of almost 4% for the volume of gross insurance policies and of 10% for the volume of insurance policies distributed by intermediators, Transilvania Broker de Asigurare S.A. (Issuer, Company, Transilvania Broker) ends the first 9 months of 2023 with **an increase of 14.3% in the volume of insurance premiums distributed** compared to the same period of 2022 (reference period). Given that 2022 was an **exceptional year with atypical performance** for insurance intermediaries on the back of the redistribution of City Insurance policies, when the company recording a 50% increase in the volume of policies intermediated as of 30.09.2022 compared to the first three quarters of the previous year, 2021, the 14.3% increase in the reporting period compared to the reference period becomes **perhaps the most pertinent measure of the company's performance for the first three quarters of 2023**.

The same ASF report repositions Transilvania Broker de Asigurare **in third place based on premium distribution revenues with regard to general insurance classes**, with a market share of 6.66%, higher than the same period of 2022, which is two places higher than at the end of the first quarter of the current year. At the same time, the company retains **its fifth position among brokerage companies based on market share for all insurance classes**, with a market share of 6.40%, a significant distance from its sixth-place competitor (4.56%) and just 0.07 p.p. from the competitor immediately ahead of it.

As the Romanian insurance market is considerably dependent on motor insurance (RCA and CASCO), the extension, by governmental decision HG 923/2023, of the period for capping insurance distribution commissions to a level well below the average gross commission in the first quarter, imposed by the authorities in the context of the bankruptcy of Euroins Romania, has deeply affected insurance intermediary companies. In this context, **the consolidation of Transilvania Broker's position on the general insurance distribution market is an indicator that is all the more relevant for the company's performance in relation to its competitors**.

Although the extremely difficult environment for the insurance distribution market has also capped Transilvania Broker's financial results, we note that the revenues from the Issuer's distribution activity reported as at 30.09.2023, amounting to RON 82.6 million, **are only 13% below the level reported in the first three quarters of 2022. It is important to emphasize that the year 2022, as a term of comparison, is limited in relevance, if not irrelevant**, given the exceptional conjuncture generated by the redistribution of City Insurance policies, another bankruptcy in the insurance industry. That situation could be "re-issued" after the lifting of the brokerage commission cap expected early next year and the expiry of Euroins Romania Asigurare-Reasigurare policies, whose validity has also been extended until the end of the year.

Given the company's level of equity capital and monetary availabilities, the **budget allocated to investments in business development vectors** - digitisation, online platform and human resources - **was not curtailed**. At the same time, taking into account the profit forecast as at 31.12.2023, as well as the profits available for distribution from previous years, **the management intends to propose** to the Ordinary General Meeting of Shareholders to approve the financial statements for 2023 **the distribution of dividends at a level comparable to that of previous periods**.

Given that management has acted promptly to optimize operating costs, in order to reduce expenses without affecting investments for development, **the profit for the reporting period is RON 6.3 million**, 21% lower than that reported in the reference period (30.09.2022).

At the same time, the liquidity, solvency and risk indicators remain in the comfort zone, indicating **security and financial balance in the short, medium and long term**.

From the point of view of the contribution of the different classes of insurance to the increase in the volume of premiums underwritten during the reporting period to over 654 million lei, it is remarkable that **all classes recorded increases, with the exception of two of them**.

Voluntary insurance classes maintain their growth rate of 20% compared to the reference period, ahead of the volume of compulsory insurance premiums, which increased by 12.80% over the same period. This comparative development reflects the approach to the strategic objective.

6 years of floating on BVB, Main Market

On 2 November 2023, Transilvania Broker **celebrated 6 years of trading on the BVB**, Regulated Market, the share being tradable under the symbol TBK.

The performance of the operational and strategic management, the vision of the management and its operationalization in financial results most often above investors' expectations and in the competitive position on the market, have brought the shareholders' reward through a steady upward trajectory of TBK share price and an increasingly satisfactory liquidity.

After six years of trading on the main market of the BVB, investors who have been with Transilvania Broker since its listing have achieved a share return of 181%, the calculation being based only on share price differentials, not including the benefit of generous dividends each year. For comparison, over the same period, the BET index has risen 82.2%.



2. Financial position and performance of the issuer during the reporting period

2.1. Analysis of financial performance

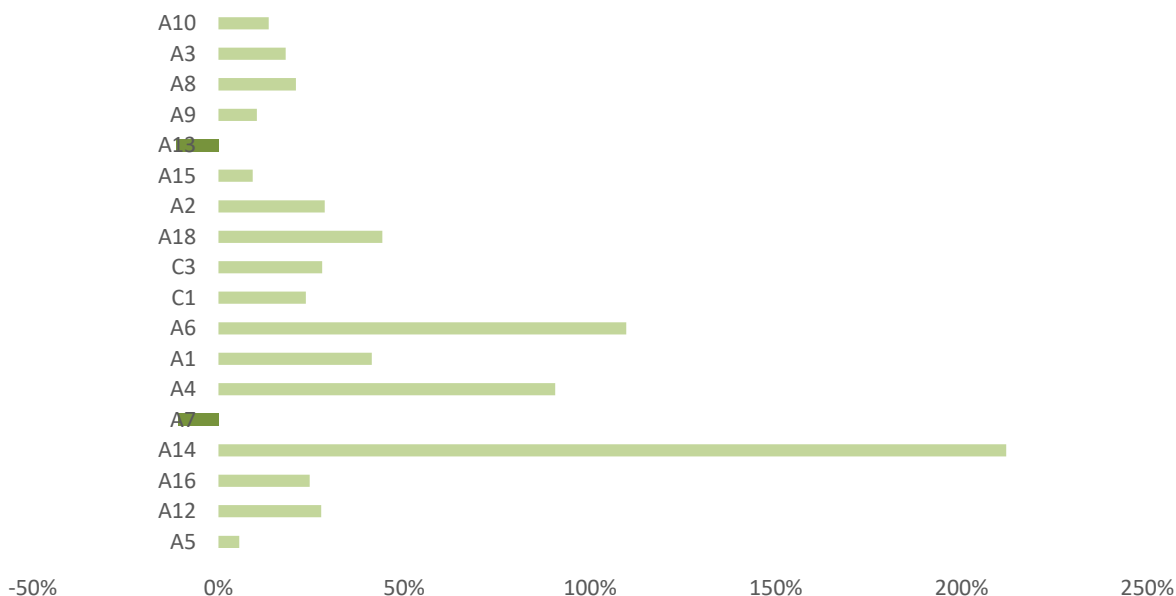
The financial results of Transilvania Broker de Asigurare S.A. after the first nine months of 2023 render **excellent performance in extremely unfavourable market conditions**, generated by the government decision to further cap the intermediation commission until the end of the year associated with the decision to extend the validity of Euroins Romania policies also until 31.12.2023.

The volume of premiums brokered by Transilvania Broker's distribution assistants **increased by 14.34% compared to the same period of the previous year** (reference period), **although 2022 was exceptionally advantageous** for the insurance distribution sector, given the redistribution of policies following the bankruptcy of City Insurance which had generated, as at 30.09.2022, a 50% increase in the volume of premiums brokered compared to the first three quarters of the previous year, 2021.

The capping of the average gross intermediation commission on the entire insurance distribution market **brought Transilvania Broker's average gross commission to 11.4% in the third quarter of 2023, while for the entire reporting period, due to the first quarter not affected by the capping decision, it is 12.6%** - by 4.1 percentage points lower than the commission recorded by Transilvania Broker in the reference period. In this context, the positive dynamics of Transilvania Broker's business volume materialised **in a decrease of 13.3% in distribution revenues** compared to the reference period, while the turnover exceeded 82.5 million lei.

Structurally, the increase in the volume of intermediated premiums was fueled by all classes of insurance, with the exception of two of them, namely A7 and a13, whose value decreased by 11% compared to the reference period.

Percentage growth in the volume of distributed insurance policies by insurance class (ordered by relative significance)





In terms of absolute value, the largest contribution to the increase in the volume of insurance contracts underwritten was made by class A10 (MTPL), followed by A3 (Land vehicle insurance, excluding rail rolling stock), A8 (Fire and natural disasters), A18 (Travel assistance), A2 (Health) and A9 (Hail, frost and risks other than A8), while the largest percentage increases were recorded for class A6 (Marine vessels). ...), A14 (Credit), A4 (Rail rolling stock), A18 (Travel assistance), A1 (Accidents).

We underline again that the **volume of distributed facultative insurance policies continues to grow at a fast pace (+20%) and significantly higher than for mandatory insurance classes (+12.8%)**, which is an indication of the progress towards diversification and the decrease of Transilvania Broker's portfolio dependence on MTPL and other compulsory insurance. To this end, the Issuer is focusing its efforts on building highly skilled teams for the B2B segment, the life insurance segment and other market segments identified as having the best growth prospects, an attitude that is also reflected in the increase in human resource expenses during the reporting period.

P&L Account

Financial performance indicators (lei)	2022 September, 30	2023 September, 30	Variation (%) Reporting / reference period	Share in revenue / exp. category (%) as of 30.09.2023
Operating revenues , wherefrom:	95,306,056	82,590,783	-13.3%	100%
Revenues from insurance distribution activity	95,289,926	82,574,005	-13.3%	99.98%
Other operating revenues	16,130	16,778	+4.0%	0.02%
Operating expenses , of which:	86,094,282	75,498,828	-12.3%	100%
Expenses with fees for distribution assistants	79,145,727	68,034,070	-14.0%	90.11%
Expenses with personnel	3,321,004	3,799,299	+14.4%	5.03%
Expenses with third party services' providers	2,655,362	3,193,781	+20.3%	4.23%
Expenses with disposable and inventory materials	151,181	101,361	-33%	0.13%
Expenses with other taxes, fees and similar payments	132,384	96,934	-26.8%	0.13%
Other operating expenses	423,060	145,896	-65.5%	0.19%
Value adjustments of fixed assets	265,564	136,720	-48.5%	0.18%
Value adjustments of current assets	0	-9,233	-	-
OPERATING RESULT	9,211,774	7,091,955	-23.0%	-
Financial revenues	95,453	365,259	+282.7%	-
Financial expenditure	96,046	136,873	+42.5%	-
FINANCIAL RESULT	(593)	228,386	-	-
GROSS RESULT	9,211,181	7,320,341	-20.5%	-
Tax on profit	1,247,593	1,033,814	-17.1%	-
NET RESULT	7,963,588	6,286,527	-21.1%	-

Supported by the financial performance of the previous years and generous liquidity, the management **maintains the optimal level of investment in key assets in the development strategy**, namely human resources, digitisation, promotion and marketing. These remain *the only categories of expenditure to which management has continued to allocate significant budgets*, irrespective of market conditions - transient in nature - and without any compromise to the established strategic objectives.

Structurally, personnel costs, together with costs for services provided by third parties, are increasing their share of total operating costs. While expenditure on human resources now accounts for 5.03% of operating expenditure, up from 3.86% in the reference period, expenditure on services provided by third parties accounts for 4.23% of the operating expenditure budget, 1.15 p.p. more than at 30.09.2022. This development was offset by a decrease in the share of expenditure on amounts due to assistants, from 91.93% to 90.11% over the same period.

During the reporting period, staff expenses increased by 478.3 thousand lei (+14.4%) compared to the level reported on 30.09.2022, and expenses for digitization services and platform development increased by 301 thousand lei (+28%), while the other cost categories are optimized so as to support high financial performance without affecting development.

In turn, in the reporting period compared to the reference period, the budget allocated to social responsibility initiatives was limited to the involvement absolutely necessary to maintain the social-educational projects that Transilvania Broker has consistently supported for many years, with sponsorship expenses being maintained at 144 thousand lei (-66%).

In this context, as at 30.09.2023, as compared to 30.09.2022, operating expenses decreased to a lesser extent than operating income, generating an **operating result** of over 7 million lei, but 23% lower than that of the reference period and, respectively, an operating result margin of 8.6%.

Financial income and expenses, representing 98.6% and 93.3% respectively interest income and expenses, generated a positive financial result at the end of the first three quarters of 2023, amounting to 228.4 thousand lei. Taking into account the loss of 593 lei recorded as at 30.09.2022, in turn 98.7% lower than the negative financial result for 2021, the financial profit for the reporting period validates the cash flow financial management solutions applied by the company's management.

The gross result as at 30.09.2023 is positive, amounting to 7,320.3 thousand lei, while the net profit, amounting to 6,286.5 thousand lei, is associated with a margin of 7.61%.

2.2. Financial position analysis

ASSETS				
Financial position indicators (lei)	2022 September, 30	2023 January, 1	2023 September, 30	Variation (%) 30.09.2023 / 01.01.2023
Non-current Assets	4,689,736	4,607,511	4,363,841	-3.9%
Intangible assets	18,143	15,595	11,591	+11.7%
Tangible assets	4,652,025	4,571,645	4,340,514	-4.0%
Financial assets	19,568	20,271	11,736	+8.2%
Current Assets	20,900,714	27,418,774	25,992,296	+8.7%
Inventories	0	0	0	0%
Receivables, of which:	9,741,620	12,599,247	13,799,913	+12.7%
Related to insurance distribution activity	1,287,095	2,139,774	2,405,785	-48.0%
Other receivables	8,454,525	10,459,473	11,394,128	+37.1%
Short-term investment	0	6,000,000	3,000,000	
Cash and cash equivalents	11,159,094	8,819,527	9,192,383	+5.5%
Pre-payments	45,679	40,339	39,065	-7.8%
TOTAL ACTIVE	25,636,129	32,066,624	30,395,202	+6.2%



As of 30.09.2023, **current assets**, accounting for 85.5% of total assets, are down by 5.2% as compared to the beginning of the year, due to a 50% reduction in the value of the bank deposit registered as short-term investment. This evolution was partially compensated by the dynamics of receivables, whose value increased by 1,200.7 thousand lei (+9.5%) compared to the beginning of the year and by 4,058.3 lei, and by 41.7% as compared to the same period of the previous year.

Receivables, accounting for 53.1% of total current assets, consist of 85.5% of receivables derived from the distribution activity, the collection term of which is regulated and continuously monitored by internal procedures and legal provisions. Their dynamics reflect, for the most part, the variation in the intensity of activity in the last settlement cycles of the reporting period, which is also reflected in the dynamics of the balance of bank collection accounts and short-term debts derived from distribution activity. The value of adjustments for impairment of receivables as at 30.09.2023 is of 139 thousand lei.

The **cash and cash equivalents**, which contribute by 35.4% to total current assets, show a marginal increase of 4.23% in the reporting period compared to the beginning of the year. Own cash, amounting to 3,663.4 thousand lei and accounting for 60.1% of total cash, increased by 47.7% compared to the beginning of the reporting period, mainly as a result of the incorporation of the profit for the first 9 months of 2023, partially offset by the payment of dividends approved by AGOA resolution.

The amounts available in the collecting accounts mediating settlement with insurers decreased by 12.8% compared to the beginning of the year, from 6,340.1 thousand lei to 5,529 thousand lei. This evolution is also directly correlated with the variation in the intensity of activity during the last settlement cycles of the different reporting periods.

The value of **fixed assets** decreased marginally by 5.3% in the reporting period mainly due to depreciation of tangible fixed assets. The value of acquisitions of tangible assets in the form of equipment required in the activity in the reporting period was 19.2 thousand lei, while the value of intangible assets capitalized in the same period was 42.4 thousand lei. The share of fixed assets in total assets remains relatively the same (14.4%) as current assets vary in the same direction as fixed assets and relatively at the same pace. As at 30.09.2023, the depreciation rate of the Company's tangible fixed assets was 37.3%.



EQUITY AND LIABILITIES	2022 September, 30	2023 January, 1	2023 September, 30	Variation (%) 30.09.2023 / 01.01.2023
Current Debt	11,883,751	15,144,141	18,150,650	+19.9%
Bank loans	433,419	433,419	433,419	0%
Debt related to insurance distribution activity	10,093,738	10,778,926	15,874,140	+47.3%
Other short-term debt	1,356,594	3,931,796	1,843,091	-53.1%
Non-current Debt	1,908,725	2,358,649	1,381,027	-41.4%
Long-term bank loans	1,380,175	1,271,820	946,756	-25.6%
Other long-term debt	528,550	1,086,829	434,271	-60.0%
Total Debt	13,792,476	17,502,790	19,531,677	+11.6%
Provisions	1,236,391	515,823	390,823	-24.2%
Share capital	500,000	500,000	500,000	-
Reserves, of which	100,000	100,000	100,000	-
Legal reserves	100,000	100,000	100,000	-
Own shares	-	125,000	-	-
Retained earnings	2,043,674	2,043,674	3,586,175	+75.5%
Result of the period	7,963,588	11,529,337	6,286,527	-45.5%
Total Equity	10,607,262	14,048,011	10,472,702	-25.5%
TOTAL EQUITY AND DEBT	11,883,751	15,144,141	18,150,650	-5.2%

The specific nature of the insurance distribution business, in which settlements between the Company and insurers on the one hand, and between the Company and distribution assistants on the other, are accounted for in the form of short-term receivables and payables, allots **short-term payables** the largest share of total sources of financing of assets (59.7%).

Payables due within one year increased by 19.9% in the reporting period compared to the beginning of the year, due to the evolution of payables related to distribution activity, which increased by 5,095.2 thousand lei (+47.3%) as at 30.09.2023 compared to the beginning of the year and by 57.3% compared to the same period of the previous year. Similar to the evolution of receivables derived from brokerage activity and, respectively, of the balance of the collecting accounts intended for amounts transiting the Company's bank accounts for settlement with insurers, the dynamics of this category of liabilities reflects differences in the intensity of activity in the last settlement cycles of the reporting period.

Other current liabilities, apart from those arising from distribution activity, constitute of liabilities to state budget and personnel (26.7%), while 60% represent the due fraction of the debt arising from the dispute with the insurer Asiom Vienna Insurance Group.

Debts due after more than one year decrease by 41.4%, i.e. by 977.6 thousand lei as at 30.09.2023 compared to 01.01.2023, due to the reduction in the value of long-term bank loans and lease obligations on the back of repayments of overdue instalments (401.2 thousand lei) as well as due to the reduction by half of the payment obligation to the insurer Asiom Vienna Insurance Group with which it was in litigation. Thus, at the end of the third quarter of 2023, bank loans contributed by 68.6% to long-term liabilities, while the fractions falling due in more than one year of the balance of leasing contracts and the debt to Asiom accounted for 31.4% of total long-term liabilities.

At the end of the reporting period, the **Company's total debts** amounted to 19,531.7 thousand lei and increased by 11.6% compared to the beginning of the year on the back of the increase in short-term debts in relation to distribution assistants.

The amount of provisions, representing 1.3% of the total liabilities of the Company, relates to the provision for litigation established during 2022 in the amount of 390.8 thousand lei. The difference of 125 thousand lei compared to the beginning of the period is related to the cancellation of the previously established



provision related to the Company's obligation to pay in shares to the beneficiaries of the Stock Option Plan which ended at the beginning of the current year, 2023.

Although the assets - largely made up of receivables and cash assets in settlement relationships in the insurance ecosystem - are financed mainly by short-term debts, Transilvania Broker's activity is generously financially supported by its own capital, the value of equity exceeding 10 million lei at the end of reporting period.

Following the payment of dividends for the year 2022, by resolution of the EGSM of 27 April 2023, in the amount of 2 lei /share, i.e. 10 million lei, 33.3% more than the dividend distributed in 2022 (RON 1.5/share), the retained earnings decreased by RON 1,542.5 thousand compared to the beginning of the year. Compared to 2022 - an exceptional year from the perspective of policy redistribution following the bankruptcy of City Insurance - the profit for the reporting period in the amount of 6,286.5 thousand lei is 21% lower than the profit for the reference period.

These changes led to a 25.5% decrease in equity compared to the beginning of the year, while **the equity value remains at relatively the same level as of 30.09.2022**, contributing 34.5% to the financing structure of the Company.

3. Main economic-financial indicators

3.1. Liquidity, solvency and risk indicators

Liquidity, solvency and risk indicators	Calculation formula	Sept.30, 2022	Dec.31, 2022	Sept.30, 2023	Benchmark
Current ratio	Current Assets/ Current Debt	1.759	1.811	1.432	>2
Cash ratio	Cash / Current Debt	0.939	0.582	0.506	>0.5
Solvency ratios	Total Assets/ Total Debt	1.859	1.832	1.556	>1
	Equity / Long-term capital x100	0.847	0.856	0.883	>30%
Long-term debt ratio	Long-term debt / Long-term capital x100	15.3%	14.38%	11.65%	<50%
Total Debt ratio	Total Debt / Total Assets x 100	53.8%	54.58%	64.26%	<80%

All short, medium and long-term financial indicators - i.e. liquidity, solvency and debt ratios - showed **favourable trends** as compared to the same period last year. As the dynamics and level of the **current ratios** are determined, to a large extent, by the balance, at a given point in time, between short-term liabilities and current assets derived from the distribution activity, its relevance remains low for the specific activity of Transilvania Broker de Asigurare S.A.. It captures a point in time in the dynamics of cash flows related to the last settlement cycles between Transilvania Broker and insurers, on the one hand, and assistants on the other hand, as the value of the indicator may vary significantly from one settlement cycle to another.

For the end of the third quarter of the 2023 financial year, the **solvency ratios** show increasing comfort levels, both in terms of the extent to which the company's assets can fund its total liabilities and the company's ability to self-finance and meet its payment obligations.

The indicators calculated for the **company's debt level** also show values significantly below the maximum comfort threshold, indicating that the company is positioned in a low risk area. The leverage ratio indicator



- which eliminates the distortion generated by short-term debts associated with the distribution business
- is at a very low level and decreasing against the background of a reduction in long-term debts. This indicates, in addition to the very low risk of the business, extremely easy access to external financing, should this be necessary for development.

THIS REPORT HAS BEEN WRITTEN BASED ON NON-AUDITED FINANCIAL STATEMENTS.

President of the Administrators' Board of
Transilvania Broker de Asigurare S.A.,
Mr. NICULAE DAN

Bistrița,
09.11.2023



Balance sheet of Transilvania Broker de Asigurare S.A.
As of September 30, 2023

(lei)	January 1, 2023	September 30, 2023
Non-current Assets, wherefrom :	4,607,511	4,363,841
Intangible assets	15,595	11,591
Tangible assets	4,571,645	4,340,514
Financial assets	20,271	11,736
Current assets, wherefrom:	27,418,774	25,992,296
Inventories	0	0
Receivables related to the insurance distribution activity and other receivables	12,599,247	13,799,913
Short-term investments	6,000,000	3,000,000
Cash and cash equivalents	8,819,527	9,192,383
Pre-payments	40,339	39,065
TOTAL ASSETS	32,066,624	30,395,202
Current Debt, wherefrom:	15,144,141	18,150,650
Debt related to the distribution activity	10,778,926	15,874,140
Amounts owed to credit institutions	433,419	433,419
Commercial liabilities and other debts	3,931,796	1,843,091
Net current assets/ Net current debt	12,314,972	7,880,711
Total assets minus Current debts	16,922,483	12,244,552
Non-current Debt, wherefrom:	2,358,649	1,381,027
Amounts owed to credit institutions	1,271,820	946,756
Oter non-current debt	1,086,829	434,271
TOTAL DEBT	17,502,790	19,531,677
Provisions	515,823	390,823
Paid and subscribed share capital	500,000	500,000
Unpaid subscribed share capital	-	-
Reserves	100,000	100,000
Own shares	125,000	-
Retained earnings	2,043,674	3,586,175
Result of the period	11,529,337	6,286,527
EQUITY	14,048,011	10,472,702
EQUITY AND DEBT	32,066,624	30,395,202

CEO,
Mr. Gabriel Login

Economic Manager,
Ms. Oana Pârțiu-Vasilichi



Profit and Loss Account, Transilvania Broker de Asigurare S.A.
As of September 30, 2023

(lei)	30.09.2022	30.09.2023
Operating Revenues	95,306,056	82,590,783
Revenues from distribution activity	95,289,926	82,574,005
Other revenues	16,130	16,778
Operating Expenditure	86,094,282	75,498,828
Expenses with third party services providers	2,655,362	3,193,781
Expenses with disposable and inventory materials	151,181	101,361
Expenses with other taxes, fees and similar payments	132,384	96,934
Expenses with personnel	3,321,004	3,799,299
Expenses with commission fees for brokerage assistants	79,145,727	68,034,070
Other operating expenses	423,060	145,896
Value adjustments for non-current assets	265,564	136,720
Value adjustments for current assets	0	-9,233
Operating Profit or Loss	9,211,774	7,091,955
Financial Revenues	95,453	365,259
Financial Expenditure	96,046	136,873
Financial Profit or Loss	(593)	228,386
Gross Profit or Loss	9,211,181	7,320,341
Tax on profit	1,247,593	1,033,814
Net Profit or Loss for the reported period	7,963,588	6,286,527

**CEO,
Mr. Gabriel Login**

**Economic Manager,
Ms. Oana Pârțiu-Vasilichi**



**Cashflow Statements Transilvania Broker de Asigurare S.A.
on September 30, 2023 (lei)**

Indicators	01.01.2023	30.09.2023
CASHFLOW FROM OPERATIONAL ACTIVITY		
1. Cash received from distribution activity	773,110,159	632,993,086
2. Cash paid pertaining to the distribution activity	749,226,517	616,569,622
3. Cash received from sundry debtors	5,508	39,968
4. Cash paid to suppliers and different creditors	3,665,778	3,399,206
5. Cash paid to and on behalf of employees	4,527,204	3,466,939
6. Payments pertaining to special funds in the distribution activity	125,480	81,687
7. Other cash payments afferent to operational activity	1,772,930	1,514,818
8. Cash paid as dividends transferred to shareholders	7,126,481	9,190,372
9. Cash paid as interests pertaining to the loan	131,187	107,663
10. Paid tax on profits	1,692,828	1,310,289
NET CASH GENERATED FROM (PAID IN) OPERATIONAL ACTIVITY	4,847,262	-2,607,543
CASHFLOW OUT OF INVESTMENT ACTIVITY		
1. Cash paid for purchase of assets	80,559	846
2. Cash received from sale of tangible assets	0	17,117
3. Cash received from sale of short term investments	0	6,000,000
4. Cash received from interests generated by debt instruments	132,814	359,980
5. Cash paid for other short term investments	6,000,000	3,000,000
NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY	-5,947,745	3,376,251
CASHFLOW RELATED TO FINANCING ACTIVITY		
1. Cash paid to reimburse borrowed amounts	125,000	0
2. Incasari in numerar provenite din fonduri imprumutate de actionari	433,419	325,064
3. Cash received from funds borrowed from shareholders	11,600	0
4. Cash paid for reimbursement of amounts borrowed from shareholders	11,600	0
5. Cash received within public funding programmes	99,864	76,101
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	-658,283	-401,165
CASH AND CASH EQUIVALENTS on January 1st, 2022	10,578,292	8,819,526
NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS	-1,758,766	367,543
CASH AND CASH EQUIVALENTS ON SEPTEMBER 30, 2022	8,819,526	9,187,068

**CEO,
Mr. Gabriel Login**

**Economic Manager,
Ms. Oana Pârțiu-Vasilichi**



STATEMENT OF CHANGES IN EQUITY AS AT 30.09.2023

Item		2023 January 1st balance	Increases		Decreases		2023 September 30th balance
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed Share Capital		500,000	0	0	0	0	500,000
Capital issue premiums		0	0	0	0	0	0
Revaluation reserve		0	0	0	0	0	0
Legal reserve		100,000	0	0	0	0	100,000
Reserve representing the revaluation reserve surplus		0	0	0	0	0	0
Other reserves		0	0	0	0	0	0
Retained earnings representing retained profit or loss	Credit Balance	2,043,674	11,529,337	11,529,337	9,986,836	9,986,836	3,586,175
	Debit Balance	0	0	0	0	0	0
Reporting period result	Credit Balance	11,529,337	6,286,527	0	11,529,337	11,529,337	6,286,527
	Debit balance	0	0	0	0	0	0
Total Equity		14,173,011	17,815,864	11,529,337	21,516,173	21,516,173	10,472,702

**CEO,
Mr. Gabriel Login**

**Economic Manager,
Ms. Oana Pârțiu-Vasilichi**



EXPLANATORY NOTES TO THE ACCOUNTING REPORTS
DRAFTED ON SEPTEMBER 30, 2023

1. Intangible Assets

The intangible assets that meet the recognition criteria provided by Norm 36/2015 are presented at cost less the accumulated amortisation.

The costs for the purchase of software are capitalized and paid off on a straight-line method basis over its useful life.

Concessions, patents, licenses, trademarks, rights and similar assets are recorded in the intangible assets at their cost of acquisition.

Licenses and other intangible assets are amortised using the straight-line method over an estimated period of 3 years.

2. Tangible Assets

Cost / Evaluation

Tangible fixed assets recognized as assets are initially measured at cost by the company, and subsequently at cost less accumulated depreciation and losses accumulated from depreciation. The cost of an item of tangible assets is made of the purchase price, including non-recoverable taxes and any costs that may be directly attributed to bringing the asset to its location and under the condition necessary for it to be used for its intended management purpose, such as: initial delivery and handling costs, installation and packaging costs, professional fees, after deducting any commercial price reductions.

The expenditures with maintenance and repairs of tangible assets are recorded by the Company in the profit and loss account when incurred, while the significant improvements brought to tangible assets, which increase the value or duration of their useful life, or which increase significantly their capacity to generate economic benefits by the Company, are capitalized.

The tangible fixed assets in progress are included in the category of fixed assets completed after their acceptance, commissioning or start-up, as appropriate.

Depreciation

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that replaces the cost. Depreciation is recognized in profit or loss using the straight-line method for the estimated useful life of each component of an item of the tangible assets. The useful life for the reporting period are as follows:

- Landscaping 10 years;
- Construction 40 years;
- Technical installations 3 - 6 years;
- Means of transport 5 - 6 years;
- Office furniture and equipment 3 - 5 years.

The depreciation periods in the accounting are not different from the depreciation periods used by the Company for tax purposes.

Tangible assets held under financial leasing

As of September 30, 2023, the Company has three ongoing financial leasing contracts having as object three means of transport:

- contract concluded in 2020 for a period of 5 years, with an entry value of 163,912 lei; on September 30, 2023, the book value of this tangible fixed asset held under financial leasing is 68,297 lei;
- contract concluded in 2021 for a period of 5 years, with an entry value of 141,913 lei; on September 30, 2023, the book value of this tangible fixed asset held under financial leasing is 88,696 lei;
- contract concluded in 2021 for a period of 5 years, with an entry value of 364,607 lei; on September 30, 2023, the book value of this tangible fixed asset held under financial leasing is 232,944 lei.



Derecognition

Tangible assets that have been transferred or disposed of are eliminated from the Balance Sheet together with the corresponding accumulated depreciation.

Any gain or loss arising from the transfer of an asset is determined by comparing the transfer incomes with the accounting value of the tangible assets and it is recognized at the net value in the profit or loss for the period.

3. Financial Assets

Financial assets are initially recorded at the acquisition cost or value determined in the contract for their acquisition. Further, the financial assets are recorded at the entry value less the adjustments accumulated for the value loss.

4. Trade Receivables

Trade receivables are recognized and recorded at the initial amount to be received less the adjustments for depreciation for the non-collectible amounts. The adjustments are made when there is evidence that the Company will not be able to collect receivables on the initially agreed maturity. Non-collectible receivables are recorded as expenses when they are identified.

5. Cash and Cash Equivalentents

Liquid assets consist of cash at the cashier's office and bank accounts. For the cashflow statement, cash and cash equivalentents include cash at the cashier's office and bank accounts.

6. Financial Debts

Trade obligations are recorded at cost, which represents the amount of the obligation that will be paid in the future for the goods and services received, whether or not they have been invoiced to the Company. For the debts in RON, the settlement of which is made according to the exchange rate of a currency, any favorable or unfavorable differences resulting from their valuation are recorded in financial income or expenses, as appropriate.

7. Leasing Contracts

The financial leasing contracts, which transfer to the Company all the risks and benefits pertaining to leased tangible fixed assets, are capitalized at the start of the lease in the acquisition value of the leased assets. Lease payments are separated between interest expense and lease debt reduction. Interest expense is recorded directly in the income statement.

Assets capitalized under a finance lease are depreciated on a basis consistent with the normal depreciation policy for similar assets.

8. Provisions

Provisions are recognized when the Company has a current obligation (legal or implied) generated by a previous event. It is likely that an outflow of resources will be required to meet the obligation, and the debt can be estimated reliably. The value of a provision is the best estimate of the probable expenses, or, in the case of an obligation, the amount required to settle the obligation.

9. Share Capital

The share capital, constituted of common shares, is registered at a value established based by the articles of incorporation. The company acknowledges the changes in the share capital only after their approval in the General Meeting of the Shareholders.

10. Legal Reserves

Legal reserves represent 5% of the gross profit at the end of the financial year until the total legal reserves reach 20% of the paid-up share capital in accordance with the legal provisions. On September 30, 2023, the Company has a legal reserve at the level required by the regulatory documents, respectively 20% of the share capital.

11. Financial Instruments

The financial instruments that the Company utilizes consist of mainly cash, receivables, debts. This kind of instruments are evaluated according to the accounting policies.

12. Revenue Recognition

Operating Revenue

The amounts or values received or to be received on own behalf from current activities, as well as gains from any other sources are included in the category of revenue. The operating revenue of the Company include revenue from the distribution activity, as well as from other operating revenues.

The Company's Sales are made up of revenue that come from consulting and insurance and/or reinsurance contract proposals and also revenue from other activities related to the distribution activity.

The Company's revenues are recorded as the services are provided based on the incoming invoice or under other conditions stipulated in the contracts signed by the Company.

Revenue from the sale of goods

Revenues from the sale of goods are recorded at the moment the goods are delivered to the buyers, when they are delivered based on invoice or in other conditions stipulated in the contract, which certify the transfer of the property right on the said goods to the clients.

Revenue from royalties, rents and interests

These are recognized as follows:

- interest shall be recognized periodically, on a pro rata basis, as the income is generated, based on the accrual accounting;
- royalties and rents are recognized based on accrual accounting, according to the contract.

13. Taxes and Duties

The company records in the accounts tax on the current profit, according to the Romanian legislation in force on the date of the financial statements. The debt related to taxes and duties are recorded in the period to which they relate.

14. Accounting Errors

The errors found in the accounts may relate either to the current financial year or to the previous financial years. The corrections of errors are made on the date of their finding.

The correction of errors related to the current financial year is made at the expense of the profit and loss account. The correction of significant errors related to the previous financial years is made at the expense of the retained earnings.



15. Currency Conversions

Transactions made in foreign currency are converted into RON at the exchange rate valid on the date of the transaction.

The RON/EUR exchange rates as of September 30, 2022 and September 30, 2023 were as follows:

Exchange	September 30, 2022	September 30, 2023
LEU/EUR	4.9490	4.9746

16. INTANGIBLE ASSETS

GROSS VALUE / Asset Elements	Opening Balance January 1, 2023	Increases	Decreases		Closing Balance September 30, 2023
			Total	Of which: Disposals	
Licenses and other intangible assets	115,319	7,369	0	0	122,688
TOTAL	115,319	7,369	0	0	122,688

AMORTISATION / Elemente de imobilizari	Opening Balance January 1, 2023	Amortisation during the year	Amortisation of disposed intangible assets	Closing Balance September 30, 2023
Licenses and other intangible assets	99,724	11,373	0	111,097
TOTAL	99,724	11,373	0	111,097

Book value	15,595			11,591
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The company acquired intangible assets in the first 9 months of 2023 amounting to 7,369 lei. The depreciation related to intangible assets recognized by the Company for the first 6 months of 2023 is 11,373 lei.

17. TANGIBLE ASSETS

GROSS VALUE / Assets Elements	Opening Balance January 1, 2023	Increase s	Decreases		Closing Balance Septembe r 30, 2023
			Tota l	Of which: Dismantlin g and Scrapping	
Lands and buildings	3,819,033	0	0	0	3,819,033
Technical installations and means of transport	2,129,797	19,216	0	0	2,149,013
Other installations, devices and fixtures	126,384	0	0	0	126,384
Advance payments and tangible assets in progress	0	0	0	0	0
TOTAL	6,075,214	19,216	0	0	6,094,430



DEPRECIATION / Assets Elements	Opening Balance January 1, 2023	Depreciation during the year	Depreciation of disposed tangible assets	Closing Balance September 30, 2023
Land improvements	7,081	1,448	0	8,529
Buildings	214,866	48,397	0	263,263
Technical installations and means of transport	1,170,859	196,106	0	1,366,965
Other installations, devices and fixtures	110,763	4,396	0	115,159
TOTAL	1,503,569	250,348	0	1,753,916
Book value	4,571,645			4,340,514

During the first 9 months of 2023, no investments in land improvements or buildings incurred; the investments in technical installations and means of transport made during the first 9 months of 2023 amounted to 19,216 lei.

The value of the depreciation recognized by the Company in the first 6 months of 2023 for tangible assets is of 1,753,916 lei.

18. FINANCIAL ASSETS

The financial assets presented in the Balance Sheet refer to guarantees paid for the rental contracts for spaces utilized for performing current operations, including guarantees for utility contracts.

GROSS AMOUNT	Opening Balance January 1, 2023	Increases	Decreases	Closing Balance September 30, 2023
Guarantees and long-term receivables	20,271	846	9,381	11,736
TOTAL	20,271	846	9,381	11,736

ADJUSTMENTS FOR IMPAIRMENT LOSSES	Opening Balance January 1, 2023	Cresteri	Reduceri	Closing Balance September 30, 2023
Guarantees and long-term receivables	0	0	0	0
TOTAL	0	0	0	0

Book value	20,271	846	9,381	11,736
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19. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

Receivables Elements	No. of row	Balance on January 1, 2023	Balance on September 30, 2023	Liquidity Term		
				Under 1 year	1 - 5 years	Over 5 yrs
<i>0</i>	<i>1</i>	<i>2</i>	<i>3 = 4 + 5 + 6</i>	<i>4</i>	<i>5</i>	<i>6</i>
TOTAL RECEIVABLES (rows no.1 to 8 – row 9+ row 10+ row11), of which:		12,599,247	13,799,914	13,799,914	0	0
Receivables related to the distribution activity	1	2,278,767	2,544,779	2,544,779	0	0
Adjustments for impairment of receivables related to the distribution activity	2	-138,993	-138,993	-138,993	0	0
Advance payments for provision of services	3	1,612,816	1,939,308	1,939,308	0	0
Advance payments for personnel and other related receivables	4	0	0	0	0	0
Receivables related to the state budget	5	0	0	0	0	0
Receivables related to the social insurance budget	6	127,297	93,681	93,681	0	0
Receivables related to the subscribed and unpaid share capital	7	0	0	0	0	0
Receivables from sundry debtors	8	6,837,925	9,395,426	9,395,426	0	0
Adjustments for impairment of receivables related to sundry debtors	9	-43,521	-34,287	-34,287	0	0
Suspense account (settlement from operations in the process of clarification)	10	1,924,955	0	0	0	0

Receivables related to the distribution activity are not interest-bearing and generally have a collection period of less than 30 days.

Uncertain receivables are distinctly recorded in the accounting books. When it is estimated that a receivable will not be collected entirely, impairment losses are registered in the bookkeeping, in the amount which cannot be recovered.

20. SHORT TERM INVESTMENTS

As of 30.09.2023, short term investments represent a bank desposit in amount of 3,000,000 lei.

21. CASH AND CASH EQUIVALENTS

Indicator	December 31, 2022	September 30, 2023
Checking account and collection accounts (lei)	8,816,234	9,187,068
Deposit accounts (lei)	0	0
Cash (lei)	3,293	5,315
Cash equivalents (lei)	0	0
Cash advance payments (lei)	8,819,527	9,192,383
TOTAL	8,816,234	9,187,068



22. TRADE DEBT AND OTHER DEBTS

Debt Elements	No. of row	Balance on January 1, 2023	Balance on September 30, 2023	Due Date		
				Under 1 year	1 - 5 years	Over 5 ani
<i>0</i>	<i>1</i>	<i>2</i>	<i>3 = 4 + 5 + 6</i>	<i>4</i>	<i>5</i>	<i>6</i>
TOTAL DEBT (rows 1 to 15), of which:		17,502,790	19,531,677	18,150,650	1,381,027	0
Debenture loans	1	0	0	0	0	0
Debt owed to credit institutions	2	1,705,239	1,380,175	433,419	946,756	0
Debt related to the distribution activity	3	10,778,926	15,874,140	15,874,140	0	0
Debt owed to affiliated entities	4	348,400	348,400	97,200	251,200	0
Debt related to leasing contracts	5	351,999	275,898	100,160	175,738	0
Debt payable to suppliers and sundry creditors	6	3,229,034	774,640	767,307	7,333	0
Debt payable to personnel	7	305,870	326,335	326,335	0	0
Debt payable to assistants and auxiliary assistants	8	80,333	14,534	14,534	0	0
Debt payable to the social insurance budget	9	123,544	139,313	139,313	0	0
Debt payable to the state budget	10	465,688	165,661	165,661	0	0
Debt payable to special funds related to the distribution activity	11	34,528	13,607	13,607	0	0
Debt payable as taxes, duties and similar fees	12	0	0	0	0	0
Amounts owed to shareholders	13	0	0	0	0	0
Debt payable as dividends owed to shareholders	14	1,610	1,610	1,610	0	0
Suspense account (settlement from operations in the process of clarification)	15	77,619	217,364	217,364	0	0

The Company's debts as of September 30, 2023 mostly relate to debts owed to insurance companies, amounts which are to be settled by mid of October 2023.

Debts to financial-banking institutions are represented by two investment loans. The long-term loan in the amount of 1,400,000 lei was contracted by the Company in 2018, in order to finance the acquisition of a building in Bistrita (the current headquarters of the Company) and two land lots related to the construction, in a total amount of 1,698,272 lei. The loan is reimbursed in equal installments set for a period of 84 months, the final maturity being on December 1, 2025. The amount remaining to be reimbursed on September 30, 2023 is 448,100 lei. The Company constituted the following guarantees for the received loan: security on bank accounts opened with the bank; real estate mortgage on the construction and the two land lots. The second loan, amounting to 1,611,713 lei, was contracted in 2020 to finance the acquisition of a building and related



land in Bucharest; the reimbursement of this loan is made in 83 equal monthly installments, with the final maturity on September 29, 2027. As of September 30, 2023, the balance of this loan is 932,076 lei. The building and land lots financed by this loan are mortgaged in favor of the bank. For both loans, the interest rate is set according to the 6-month ROBOR index and the bank's margin.

Debt owed to the state budget, social security budgets and personnel, representing due taxes and fees, refer to amounts paid on due maturity date.

23. SHARE CAPITAL

Indicator	December 31, 2022	September 30, 2023
Value of subscribed and paid share capital (RON)	500,000	500,000
Number of common shares	2,500,000	5,000,000
Nominal value (RON/share)	0.20	0.10

24. RESERVES

Reserves	December 31, 2022	September 30, 2023
Legal Reserves	100,000	100,000

25. NET TURNOVER (SALES)

Nature of achieved revenues	September 30, 2022	September 30, 2023
Revenues from the distribution activity, of which:	95,289,926	82,574,005
Supplying consultancy and proposals for insurance / reinsurance contracts	0	0
Supplying assistance on the handling and execution of contracts, including the compensation claims	148,673	327,423
Other activities related to the distribution activity	95,141,253	82,246,582
Other operating revenues	16,130	16,778
Revenue from designing insurance products in connection with the insurers	0	0
Revenue from organizing professional insurance and reinsurance training courses	0	0
Trade discounts offered	0	0
TOTAL OPERATING REVENUES	95,306,056	82,590,783



26. PERSONNEL EXPENSES

Expenses with salaries and related contributions, other personnel expenses including expenses on the board of directors.

Indicator	September 30, 2022	September 30, 2023
Expenses with employees' compensation	3,154,317	3,362,496
Expenses on employees' meal vouchers	64,081	201,030
Expenses on public insurance and social security	31,470	35,101
Expenses on work insurance contribution	71,136	75,672
Expenses on employees' training	2,093	1,730
Expenses on running SOP for key employees	125,000	125,000
TOTAL:	3,323,097	3,801,029

27. ANALYSIS OF OTHER EXPENSES AND OF THE OPERATING RESULT

a) THE OPERATING RESULT

Indicator	Accounting reports on September 30, 2022	Accounting reports on September 30, 2023
1. Net Turnover (Sales)	95,289,926	82,574,005
2. Cost of goods sold and of services rendered (3+4)	82,712,486	71,697,799
3. Costs related to the main activity	82,561,305	71,424,416
4. Costs related to auxiliary activities	151,181	273,383
5. Gross profit from net sales (1-2)	12,577,440	10,876,206
6. General administrative expenses	3,381,796	3,801,029
7. Other operating revenues	16,130	16,778
8. The operating result (5-6+7)	9,211,774	7,091,955

b) OTHER OPERATING EXPENSES

Indicators	Value on September 30, 2022	Value on September 30, 2023
Electricity, heating and water expenses	58.249	45.593
Maintenance and repair expenses	36.750	28.670
Royalties and rental expenses	149.245	91.350
Expenses on insurance premiums	90.411	107.755
Protocol, promotion and advertising expenses	2.093	1.750
Travel expenses	425.493	386.107
Postage and telecommunication expenses	7.687	11.676
Bank commissions and similar charges	133.834	116.389
Expenses on other third party services	245.676	495.334
TOTAL	1.505.923	1.905.177



28. TAX ON PROFIT

Indicator	Value on September 30, 2022	Value on September 30, 2023
1. Accounting profit/loss	7,963,588	6,286,527
2. Elements similar to revenues	0	0
3. Legal reserve	0	0
4. Non-taxable revenue	0	134,233
5. Non-deductible expenditure	1,692,542	1,514,116
6. Difference of financially non-deductible depreciation	90,691	90,691
7. Taxable profit / Fiscal loss for the reporting period (row 1+2-3-4+5+6)	9,746,821	7,495,380
8. Fiscal loss of the previous years	0	0
9. Taxable profit/fiscal loss to be recovered over the next years (rows 7-8)	9,746,821	7,495,380
10. Current tax on profit (rows 9*16%)	1,559,491	1,199,261
11. Tax related to reinvested profit	0	0
12. Payable Tax on profit (rows 10-11)	1,559,491	1,199,261
13. Tax on profit owed for the 1st Quarter	1,195,088	868,157
14. Expenses with sponsorships	311,898	165,447
15. Tax on profit owed at the end of the reporting period	52,505	165,657

29. OTHER INFORMATION

Information on the relation with affiliated entities and other related parties

The Company does not own stakes in other entities.

Rental and leasing expenditure

The Company has three financial leasing contracts underway, whose balance on September 30, 2023 amounts to 275,898 lei.

The rental expense for the Company's business offices amount to 91,350 lei.

29. Environmental Aspects

The company is not aware of any possible adverse effects on the environment as a result of its operations, which should be quantified. The result of such possible effects is uncertain and the Company's management does not consider it necessary to provide such debts for the environment.

30. Commitments - Guarantees granted to third parties

For the long-term contracted loans, the Company has set up the following guarantees in the favor of the bank:

- Pledge on the bank accounts opened with the bank;
- Real estate guarantee on the land with an area of 100 sqm, cadastral no. 8452, registered in the Land Registry no. 61938 of Bistrita Municipality;



- Real estate guarantee on the urban land with an area of 500 sqm, cadastral no. 56884 and the construction built on it, cadastral no.56884-C1, building registered in the Land Registry no. 56884 of Bistrita Municipality;
- Real estate guarantee over an apartment located in Bucharest, cadastral no. 253777-C1-U1, registered in the Land Registry no. 253777-C1-U1 pertaining to the Municipality of Bucharest, 1st District, together with the share of corresponding parts of 3126/10000 out of the common parts and dependencies, as well as on the share of 9000/100 of the urban land with an area of 270 sqm, having cadastral no.253777, registered in the Land Registry no. 253777-C1-U1 pertaining to the Municipality of Bucharest, 1st District.

CEO,
Mr. Gabriel Login
Signature _____

Prepared by,
Mrs. Oana Pârțiu-Vasilichi
Economic Manager
Signature _____