

Transilvania Broker
de Asigurare

QUARTERLY REPORT

Ist Quarter 2024

Issue Date	May 14, 2024
Issuer	TRANSILVANIA BROKER DE ASIGURARE S.A.
Registered Office	Bistrița, Calea Moldovei nr. 13, jud. Bistrița-Năsăud
Phone Number	0263-235900, Fax: 0263-235910
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SIGNIFICANT DEVELOPMENTS WITHIN THE REPORTING PERIOD

In line with the developments in the insurance distributions sector that have been thoroughly and in-depth approached and presented by the management of Transilvania Broker de Asigurare S.A. to shareholders and investors, the first three months of 2024 have confirmed and deepened the challenging context for the Romanian market of insurance policies distribution, with a profile of high dependency on mandatory insurances (mainly MTPL). This segment has become – and remains – profoundly and chronically distorted by the measures imposed by public authorities, that actually decoupled the market dynamics from the mechanisms of free regulation of demand, supply, and prices, through the decision to long-term cap intermediary commissions and insurance premiums at unsustainable levels for insurers and intermediaries.

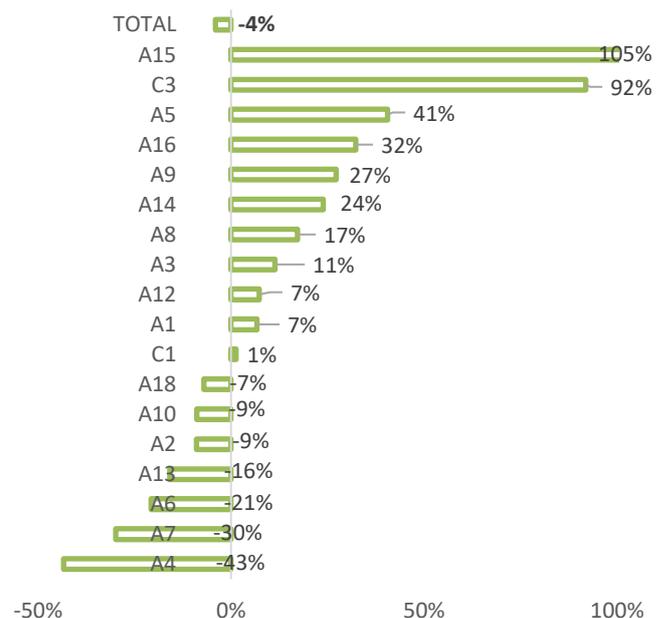
Considering that the reference period (1st Quarter of 2023) was the last term with insurance and insurance distribution markets unaltered by the interventionist instruments of the government, the comparative analysis of the 1st Quarter of 2024 against the reference period portrays excessively in an negative light the financial-economic results of the reporting period.

The lack of relevance for the comparison between the first quarter of 2024 and, respectively, 2023 is further emphasized by the fact that the Euroins issued policies – representing 30%-35% of the MTPL policies due for renewal in the first quarter of 2024 – were redistributed anticipatively, that is in the last quarter of 2023 according to special legal provisions, and will be due for renewal in the last quarter of 2024. **This special circumstance might have been expected to trigger a proportional decrease in the volume of distributed MTPL policies in the first quarter of 2024.**

However, the volume of MTPL policies intermediated at the end of March, 2024 was by only 8,8% below the figures in the reference period, an evolution that validates the resilience of the selling force of Transilvania Broker and indicates an increase in the distribution activity as compared to the first quarter of 2023.

Moreover, the negative impact associated to the constraints within MTPL insurance class has been **significantly counterbalanced** by the positive variation reported for **the non-mandatory insurance classes**.

Thus, the decrease of 8.8% in the insurance policy volumes for MTPL class has been partially compensated by the important increases for other classes with significant share in the Transilvania Broker policies portfolio, such as A15¹, where volumes increased by more than double the level of the reference period, A9, with a increase of 27%, or A8, A3 and C3, with reported growth rates of (+17%), (+11%) and



¹ A15 – Guarantees, A9 – Hail, theft, and other risks besides those provided for in class A8; A8 - natural calamities, fire for other assets than those insurable in classes A3-A7; A3 - CASCO (motor vehicle insurance, excluding railway rolling stock), C3 (life insurance and annuities linked to investment funds)



(+92%). Therefore, **the total volume of distributed insurance policies in the first quarter of 2024** (reporting period), **was by only 3.8% lower than the first quarter of 2023** (reference period).

Therefore, for Transilvania Broker, the first quarter of 2024 - *the most difficult quarter according to the management* - reports a volume of intermediated insurance policies of about 224 M. lei, a turnover of 25.4 M lei and, respectively, a positive net result of 851.8 thous. Lei.

The consolidation of the market position was facilitated and ensured by the management vision especially in the context of an insurance distribution market that weakened or eliminated other various brokers more intensively dependent on MTPL as compared to Transilvania Broker.

Despite incertitude and limitations that forecast the extension of the difficult circumstances for the insurance distribution companies, the Annual Ordinary General Shareholders' Meeting convened on the 23rd of April, 2024, approved the allotment of 66% of the reported profit at 31.12.2023 for dividends. This decision was facilitated by the solid liquidity and cash reserves available to the Company that were not tapped into along the first quarter of 2024 - considered, as stated above, as the most challenging period throughout the year.

For an accurate interpretation of the financial results of the reporting period in the context of the whole year, it's worth noting that the bankruptcies of the two major insurers, City Insurance and Euroins Romania, have reshaped the inter-quarter cyclicity, with peak months being evident in the second and fourth quarters of a financial year. Within this framework, **achieving 21% of the yearly estimated turnover by the end of the first quarter and, respectively, 16.8% of the forecasted profit represents very good results, slightly exceeding management's expectations.**

In the upcoming period, the waiving of the capping measures - expected but uncertain - could fuel significant future growth for Transilvania Broker, both in revenue and profitability. Nevertheless, regardless of the context in the insurance market and distribution, Transilvania Broker de Asigurare will continue its strategic plans for development and diversification of business lines, **further disconnecting the company's evolution from the RCA market and offering a "one-stop-shop" for an integrated range of financial instruments for Transilvania Broker's clients. These strategic directions will involve financial and human resources, as well as new partnerships aimed at preparing a smoother upward trajectory with a steeper and shorter learning curve.**

FINANCIAL POSITION AND PERFORMANCE IN THE REPORTING PERIOD

1.1. Analysis of economic-financial performance

The first quarter of 2024 ended, for Transilvania Broker de Asigurare S.A., with total revenues amounting to 25,371.7 thousand lei and a positive net result of 851.9 thousand lei, generated by a volume of insurance premiums distributed amounting to 223,855.7 thousand lei, by 3.8% lower than the same period of the previous year, 2023 (reference period).

The gross distribution commission for the reporting period was of 11.3%, 3 p.p below the reference period level (14.4%).



Compared to the first quarter of 2023, the revenue and profit net recorded levels by 24.3%, and 80.4% respectively, lower. However, because the first quarter of the previous fiscal year was unaffected by the capping measures imposed by Euroins' bankruptcy, in the context of the extremely challenging situation for the insurance brokerage market and **according to the management of Transilvania Broker, the results for the reporting period are positive and slightly above expectations compared to budgeted levels.** The positive net result demonstrates the solidity of the business model, its resilience, as well as the management's ability to promptly identify and capitalize on new opportunities and directions for development. At the same time, the revenues generated in the reporting period contribute by 21% to the budgeted revenues for the year 2024, while the profit reported as of March 31, 2024, represents 16.8% of the budgeted profit.

PROFIT AND LOSS ACCOUNT

Financial performance indicators (lei)	2023 31 March	2024 31 March	Evolution (%) Q1 2024 / Q1 2023	Share in the corresponding revenues/ expenditure category (%) 2024
Operating revenues, wherefrom:	33,508,034	25,373,342	-24.3%	100%
Net Turnover, wherefrom:	33,495,061	25,371,662	-24.3%	100%
Revenues out of distribution activity	33,495,061	25,371,662	-24.3%	100%
Other operational revenues	12,973	1,680	-87%	0%
Operating expenditure, wherefrom:	28,403,356	24,345,569	-14.3%	100%
Expenses with fees for brokerage agents and auxiliary assistants	25,606,104	21,904,885	-14.5%	86.34%
Expenses with third party services' providers	1,342,208	881,433	-34.3%	3.47%
Expenses with personnel	1,223,052	1,415,421	+15.7%	5.58%
Expenses with disposable and inventory materials	34,144	31,293	-8.4%	0.12%
Expenses with other taxes, fees and similar payments	56,263	27,975	-50.3%	0.11%
Adjustment of current and non-current assets value	87,516	84,424	-0.03%	0.34%
Other operating expenses	54,069	138	-99.7%	-
OPERATING RESULT	5,104,678	1,027,773	-79.9%	-
Financial revenues	31,866	12,944	-59.4%	-
Financial expenditure	47,643	30,421	-36.2%	-
FINANCIAL RESULT	(15,777)	(17,477)	-	-
TOTAL REVENUES	33,539,900	25,386,286	-24.3%	-
TOTAL EXPENDITURE	28,450,999	24,375,990	-14.3%	-
GROSS RESULT	5,088,901	1,010,296	-80.2%	-
Tax on profit	754,625	158,514	-79%	-
NET RESULT	4,334,276	851,782	-80.4%	-

In order to preserve and enhance the business model sustainability - that is to ensure a sales force adequate to the qualitative and volume requirements imposed by future development directions, and to maintain the necessary allocations for the processes of digitization and optimization of future operational flows and costs - the operational expenses have decreased to a significantly lesser extent than revenues. This has led to a gross margin of 4.05% (compared to 15.2% as of March 31, 2023)



and a net profit margin of 3.4%, 9.6 percentage points lower than that calculated for the reference period. Based on the reasoning presented earlier,

For the reasons presented above, **the most important category of operating expenses**, represented by expenses with **commissions due to assistants**, decreased by 14.3%, i.e. by 3,701.2 thousand lei, in the same direction but different intensity with the income from distribution activity, while the **personnel expenditures** marginally increased (by 192.4 thous lei).

The remaining cost categories have been optimized and constrained while maintaining the pace of investments, recording significant reductions both in absolute value and percentage.

Under these circumstances, **the gross operating result** as at 31.03.2024 was 1,027.8 thousand lei.

Financial income and expenditure, 97.3% of which being interest income and expenditure, remain at a relatively low level, although their decreasing rate has been significant (of -60% and -36% respectively).

Accordingly, the first quarter of 2024 reports a **gross profit of 1,010.3 thousand lei** and a **positive net result of 851.8 thousand lei**, respectively.

1. Analysis of financial position

ASSETS				
Financial position indicators (lei)	2023 March 31 st	2024 January 1 st	2024 March 31 st	% in Total Assets, by 31.03.2024
Fixed assets	4,530,495	4,290,301	4,204,249	11.7%
Intangible assets	18,096	8,803	6,243	0.02%
Tangible assets	4,491,984	4,269,762	4,187,116	11.6%
Financial assets	20,415	11,736	10,890	0.03%
Current assets	33,174,774	25,479,649	31,804,680	88.2%
Inventories	0	181	181	-
Receivables, wherefrom:	8,142,993	13,816,551	14,422,733	40%
Brokerage activity receivables	168,696	2,708,678	2,048,894	5.7%
Other receivables	7,974,297	11,107,873	12,373,839	34.3%
Short-term investments	6,000,000	4,880,000	4,880,000	13.5%
Cash and cash equivalents	19,031,781	6,782,917	12,501,766	34.7%
Pre-payments	37,876	56,622	69,906	0.2%
TOTAL ASSETS	37,743,145	29,826,572	36,078,835	100%

Current assets maintain their dominant position in the total assets of Transilvania Broker, their weight increasing marginally from 87.9% at 31.03.2023, to 88.2% at the end of the reporting period due to a growth of 25% as compared to 01.01.2024 and a decrease of 4.1% as compared to the first quarter of the last year.

This dynamic is primarily due to the evolution of receivables value, the prevailing asset category in total current assets, (45.3%), followed by *cash and cash equivalents* with a share of 39.3% in total current assets.



As of 31.03.2024, the value of receivables increased by 77.2% as compared to 31.03.2023, and by 4.4% compared to the beginning of the year. Of the total receivables recorded at the end of the reporting period, receivables derived from insurance intermediation activity include both the amount related to the balance sheet position of *receivables related to the distribution activity* (of 2,048.9 thousand lei) but also 90% of the "Other receivables" position, i.e. 11,137.5 thousand lei, which represent amounts to be collected from the assistants in Transilvania Broker's sales structure. These receivables have strict collection terms, regulated by law, internal procedures and contractual terms.

Considering that the value of all receivables derived from the intermediation activity represents 91.4% of the total value of receivables, we can conclude that the dynamics of receivables, as a whole, essentially reflects the variation in intensity of the insurance distribution activity in the reporting period compared to the reference period.

The value of cash and cash equivalents increased by 84.3% as compared to 01.01.2024 due to an increase in both collector accounts balance - which mediate the transfer of funds between customers and insurers – by 90%, and in own accounts balance 73%. Compared to the same period of the previous fiscal year, own cash and cash equivalents decreased by 57.1%, while cash balance in collector accounts decreased by 10.8%.

It should be noted that in the reporting period, to the value of own cash and cash equivalents (4,145.8 thousand lei) the value of short-term investments, representing the bank term deposit in the amount of 4.800 thousand lei, should be added. While the change in the balance of the collecting accounts gives a snapshot on the amounts which, at the end of the reporting period, are in the process of being transferred to insurers, the dynamics of own liquid assets incorporate the cumulative and still undistributed result of previous reporting periods.

In terms of structure, own funds excluding term deposits represent 33% of total cash and cash equivalents as at 31.03.2024. Their dynamic is justified by the incorporation of the result of the financial year, the dividend set by the AGOA resolution of 23 April 2024 not having been paid in the reporting period.

The amount of provisions set up for the adjustment of receivables as of 31.03.2024 is 169.6 thousand lei, of which 139 thousand lei stand for the impairment of receivables from customers and 30.6 thousand lei, for the impairment of receivables from suppliers.

During the reporting period, the balance sheet value of **fixed assets** decreased by 2% (-86 thousand lei) compared to the beginning of the year, due to the recording of depreciation of fixed assets for the period. The share of fixed assets in total assets stayed relatively constant as compared to 01.01.2024, at about 12%.



EQUITY and DEBT				
Financial position indicators (lei)	2023 March 31st	2024 January 1st	2024 March 31st	% in Total Liab., by 31.03.2024
Current debt	16,540,225	16,400,351	21,961,467	60.8%
Bank loans	433,419	433,419	433,419	1.2%
Debts incurring from brokerage activity	13,294,843	13,679,369	19,528,112	54.1%
Other short-term debt	2,811,963	2,287,563	1,999,936	5.5%
Non-current debt	2,304,810	1,082,899	922,264	2.6%
Long-term bank loans	1,163,466	838,402	730,047	2%
Other long-term debt	1,141,344	244,497	192,217	0.5%
Total debt	18,845,035	17,483,250	22,883,731	63.4%
Provisions	515,823	590,823	590,823	1.6%
Share capital	500,000	500,000	500,000	1.4%
Reserves, wherefrom:	100,000	100,000	100,000	0.3%
Legal reserves	100,000	100,000	100,000	-
Own shares	(125,000)	-	-	-
Retained earnings	13,573,011	3,586,175	11,152,499	30.9%
Result of the period	4,334,276	7,566,324	851,782	2.4%
Equity	18,382,287	11,752,499	12,604,281	34.9%
TOTAL EQUITY AND DEBT	37,743,145	29,826,572	36,078,835	100%

The Company's **total debt**, up by 30.9% at the end of the reporting period compared to the beginning of 2024 and by 21.4% as compared to the reference period, contributes by 63.4% to the funding of assets, 4.8 p.p. more than at 31.12.2023. This dynamic is primarily justified by the more pronounced increase in short-term liabilities—mostly associated with distribution activities—compared to the relatively marginal growth of equity.

Current debt, which as at 31.03.2024 represented 96% of total liabilities and 60.9% of total liabilities, consist in 89% of debt related to the distribution activity, with strictly regulated terms of maturity and payment, according to the specifics of the insurance distribution activity. As in the case of receivables arising from insurance distribution activity, the dynamics of current liabilities associated with distribution activity (+47% compared to the first quarter of the previous year) reflects the variation in activity related to the last settlement cycle.

Long-term debt, where bank loans contracted to co-finance the purchase of tangible assets for the relocation of the headquarters and for the development of the Bucharest branch represent 79%, by 37.3% lower than 31.03.2023, and by 13% lower as compared to the beginning of the year, due to the payment of the due instalments. Other long-term liabilities also include leasing contracts for motor vehicles.

Own equity, which represents 35% of balance sheet liabilities as at 31.03.2024, is by 7.25% higher than the beginning of the reporting period, as the increase of retained results' value was partially compensated by the diminished result of reporting period.



ANALYSIS OF THE ECONOMIC AND FINANCIAL INDICATORS

Liquidity, solvency and debt ratios	Calculation formula	March 31, 2023	March 31, 2024	Benchmark
Current ratio	Current assets / Current debt	2.02	1.55	>2
Cash ratio	Cash/ Current debt	1.15	0.41	>0.5
Solvency ratios	Total assets / Total debt	2.00	1.71	>1
	Equity/ (Equity + Total Debt)	48.7%	39.4%	>30%
Long-term debt ratio	Long-term debt / (Equity + Long-term debt) x 100	11.1%	8.4%	<50%
Total debt ratio	Total debt / Total assets x 100	49.9%	58.6%	<80%
Rotation speed of fixed assets	Turnover / Intangible assets	7.46	6.03	-

The company's **liquidity ratios** reflect the particularities of the insurance distribution activity, in which the terms of settlement of claims and debts in relation to insurers and, respectively, assistants are legally and procedurally regulated.

Within this framework, the relevance of general and current liquidity is relatively low, while the quick liquidity indicator confirms that the Company dispose of available cash close to than necessary level to cover current liabilities.

The other categories of economic and financial indicators also indicate a sound financial position and a comfortable level of risk for a company with an accelerated investment policy.

During the reporting period, the increase in the value of total assets was below that of the Company's total liabilities, a difference fueled mainly by the decrease in current debt and, consequently, in the value of total debt.

This report has been prepared on the basis of the unaudited financial statements as at 31.03.2024.

Chairman of the Board of Directors,
Dan Niculae



Annex 1 – Financial Statements as of March 31, 2023, non-audited

FINANCIAL POSITION

(lei)	01 ianuarie 2024	31 martie 2024
Fixed Assets, wherefrom:	4,290,301	4,204,249
Intangible assets	8,803	6,243
Tangible assets	4,269,762	4,187,116
Financial assets	11,736	10,890
Current assets, wherefrom:	25,479,649	31,804,680
Inventories	181	181
Receivables, wherefrom:	13,816,551	14,422,733
<i>Receivables related to the distribution activity</i>	2,708,678	2,048,894
<i>Other receivables</i>	11,107,873	12,373,839
Short term investment	4,880,000	4,880,000
Cash and cash equivalents	6,782,917	12,501,766
Pre-payments	56,622	69,906
TOTAL ASSETS	29,826,572	36,078,835
Current Debt, wherefrom:	16,400,351	21,961,467
Debt related to the distribution activity	433,419	433,419
Debt in relation to credit institutions	13,679,369	19,528,112
Commercial payables and other debts	2,287,563	1,999,936
Net current assets/ Net current debt	9,135,920	9,913,119
Total assets minus Current debts	13,426,221	14,117,368
Non-current Debt, wherefrom:	1,082,899	922,264
Long-term bank loans	838,402	730,047
Other long-term debt	244,497	192,217
TOTAL DEBT	17,483,250	22,883,731
Provisioning	590,823	590,823
Paid and subscribed share capital	500,000	500,000
Reserves	100,000	100,000
Retained earnings	3,586,175	11,152,499
Result of the period	7,566,324	851,782
EQUITY	11,752,499	12,604,281
TOTAL EQUITY AND DEBT	29,826,572	36,078,835

CEO,
Mr. Sorin-Ștefan Baltasiu

CFO,
Mrs. Oana Pârțiu-Vasilichi



PROFIT AND LOSS ACCOUNT

(lei)	March 31, 2023	March 31, 2024
Operating Revenues	33,508,034	25,373,342
Net Turnover, from which:	33,495,061	25,371,662
Revenues from distribution activity	33,495,061	25,371,662
Other revenues	12,973	1,680
Operating Expenditure	28,403,356	24,345,569
Expenses with commission fees for brokerage agents	25,606,104	21,904,885
Expenses with third party service providers	1,342,208	881,433
Expenses with disposable and inventory materials	34,144	31,293
Expenses with other taxes, fees and similar payments	56,263	27,975
Expenses with personnel	1,223,052	1,415,421
Other operating expenses	54,069	138
Adjustments in fixed assets (amortization)	87,516	85,206
Adjustments in current assets	0	-782
Operating Profit or Loss	5,104,678	1,027,773
Financial Revenues	31,866	12,944
Financial Expenditure	47,643	30,421
Financial Profit or Loss	(15,777)	(17,477)
Gross Profit or Loss	5,088,901	1,010,296
Tax on profit	754,625	158,514
Net Profit or Loss for the reported period	4,334,276	851,782

CEO,
Mr. Sorin-Ștefan Baltasiu

CFO,
Mrs. Oana Pârțiu-Vasilichi



CASH-FLOW STATEMENT

Indicators	Results of the reported period	
	January 1, 2024	March 31, 2024
CASHFLOW FROM OPERATIONAL ACTIVITY		
1. Cash received from distribution activity	920,689,598	219,682,504
2. Cash paid pertaining to the distribution activity	902,032,129	211,057,787
3. Other cash received from various debtors	11,433	0
4. Cash paid to suppliers and different creditors	4,019,086	1,224,066
5. Cash paid to and on behalf of employees	4,918,013	1,323,635
6. Payments pertaining to special funds in the distribution activity	95,294	12,493
7. Other cash payments afferent to operational activity	1,851,148	199,247
8. Cash paid as dividends transferred to shareholders	9,190,372	0
9. Cash paid as interests pertaining to the loan	157,876	24,771
10. Paid tax on profits	1,475,950	0
NET CASH GENERATED FROM (PAID IN) OPERATIONAL ACTIVITY	(3,038,837)	5,840,505
CASHFLOWS OUT OF INVESTMENT ACTIVITY		
1. Cash paid for purchase of tangible and intangible assets	70,026	0
2. Cash paid as loans granted to third parties	846	0
3. Cash received as loans reimbursed by third parties	5,683	846
4. Cash received from the disposal of other short-term investments	9,000,000	0
5. Cash received as bank interest	484,855	12,597
6. Cash paid for other short-term investment	7,880,000	0
NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY	1,539,666	13,443
CASHFLOWS RELATED TO FINANCING ACTIVITY		
1. Cash paid to reimburse borrowed amounts	433,419	108,355
2. Cash paid for financial lease contracts	104,020	26,745
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	(537,439)	(135,100)
CASH AND CASH EQUIVALENTS on January 1st, 2024	8,819,527	6,782,917
NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS	(2,036,610)	5,718,849
CASH AND CASH EQUIVALENTS ON MARCH 31, 2024	6,782,917	12,501,766

CEO,
Mr. Sorin-Ștefan Baltasiu

CFO,
Mrs. Oana Pârțiu-Vasilichi



CHANGES IN COMPANY'S EQUITY AS OF MARCH 31, 2024

Item		Balance as of January 1, 2024	Increases		Decreases		Balance as of March 31, 2024
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed Capital		500,000	0	0	0	0	500,000
Premium related to capital		0	0	0	0	0	0
Re-evaluation reserves		0	0	0	0	0	0
Legal Reserves		100,000	0	0	0	0	100,000
Retained earnings representing the realized revaluation reserve surplus		0	0	0	0	0	0
Other Reserves		0	0	0	0	0	0
Retained earnings - non-allocated profit or uncovered loss	Sold C	3,586,171	7,566,324	7,566,324	0	0	11,152,499
	Sold D	0	0	0	0	0	0
Retained earnings - non-allocated profit or uncovered loss	Sold C	0	0	0	0	0	0
	Sold D	0	0	0	0	0	0
Result of the reporting period	Sold C	7,566,324	851,782	851,782	7,566,324	7,566,324	851,782
	Sold D	0	0	0	0	0	0
Total Equity		11.752.495	8.418.106	8.418.106	7.566.324	7.566.324	12.604.281

CEO,
Sorin-Stefan Baltasiu

Prepared by,
CFO, Oana Partiu-Vasilichi



EXPLANATORY NOTES TO THE QUARTERLY ACCOUNTING REPORTS

DRAFTED ON MARCH 31, 2024

1. INTANGIBLE ASSETS

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

The costs incurred for the purchase of software are capitalized and paid off based on a linear amortisation method that spreads the cost over their useful life.

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

Licenses and other intangible assets are amortised using the linear amortisation method over an estimated period of 3 years.

2. TANGIBLE FIXED ASSETS

Cost / Evaluation

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

Expenditure on 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 their value or extends their useful life, or which significantly increase the Company's ability to generate economic benefits from them, are capitalized.

Tangible fixed assets that are in progress are included in the category of completed fixed assets after their reception, bringing into use or commissioning, as applicable.

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 linear method for the estimated useful life of each component of an item of tangible assets. The useful life for the reporting period is 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 used in the accounting are not different from the depreciation periods used by the Company for tax purposes.

Tangible assets held under financial leasing

As at March 31, 2024 the Company has three ongoing financial leasing contracts for means of transport:



- Lease contract signed in 2020 for a period of 5 years, with an entry value of 163,912 lei. As of March 31, 2024, the book value of this tangible fixed asset held under financial leasing is 52,361 lei;
- Lease contract signed in 2021 for a period of 5 years, with an entry value of 141,913 lei. As of March 31, 2024, the book value of this tangible fixed asset held under financial leasing is 74,899 lei;
- Lease contract signed in 2021 for a period of 5 years, with an entry value of 163,912 lei. As of March 31, 2024, the book value of this tangible fixed asset held under financial leasing is 197,496 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 a tangible asset is determined by comparing the transfer incomes with the accounting value of the respective tangible asset and it is recognized at the net value in the profit or loss for the period.

3. FINANCIAL FIXED ASSETS

Financial fixed assets are initially recorded at the acquisition cost or value determined in the contract for their acquisition. Afterwards, the financial fixed assets are recorded at the entry value less the cumulative adjustments for impairment losses.

4. TRADE RECEIVABLES

Trade receivables are recognized and recorded at the initial amount to be received less impairment adjustments for uncollectible amounts. Impairment adjustments are made when there is evidence that the Company will not be able to collect the receivables on the initially agreed maturity. Uncollectible receivables are expensed when identified.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at the cashier's office and cash available in the bank accounts. For the cash flow statement, cash and cash equivalents comprise of cash at the cashier's office and cash within the bank accounts.

6. FINANCIAL DEBTS

Trade payables are recorded at cost, which represents the amount of the obligation to be paid in the future for the goods and services received, whether or not they have been invoiced to the Company. For liabilities denominated in lei, whose settlement is based on the exchange rate of a currency, any favorable or unfavorable differences resulting from their valuation are recorded as financial income or expense, 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 inception of the lease in the acquisition value of the leased assets. Lease payments are separated between interest expense and reduction of lease liability. 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 settle the obligation, and the debt can be estimated reliably. The value of a provision represents the best estimate of the probable expenditure, or, in the case of an obligation, the amount required to settle the obligation.

9. SHARE CAPITAL

The share capital consists of ordinary shares. It is registered at the value established based on the articles of incorporation. The company acknowledges the changes in the share capital only after their approval in the General Meeting of the Company's Shareholders.

10. LEGAL RESERVES

Legal reserves represent 5% of the gross profit recorded 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. As at March 31, 2024, the Company has a legal reserve at the level required by the regulatory documents, respectively 20% of the share capital.

11. SECURITIES

The securities used by the Company consist mainly of cash, receivables and debts. This kind of instruments are evaluated according to the accounting policies.

12. INCOME RECOGNITION

Operating Incomes

The category of incomes includes the amounts received or to be received on own behalf from current activities, as well as gains from any other sources. The operating incomes of the Company include incomes from the distribution activity, as well as from other operating incomes.

The Company's turnover consists of incomes from the provision of consultancy services and the proposal of insurance and/or reinsurance contracts, and incomes from other activities related to the distribution activity.

The Company's incomes are recorded as the services are provided on the basis of invoices or under other conditions provided in the contracts signed by the Company.

Incomes from the sale of goods

Incomes from the sale of goods are recorded when the goods are handed over to the buyers, delivered against invoice or under other conditions provided within the contract, which certifies the transfer of ownership of the said goods to the customers.

Incomes 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 pays tax on the current realised profit, according to the Romanian legislation in force at the date of the financial situations. The debt related to taxes and duties is recorded within the period to which it relates.



14. ACCOUNTING ERRORS

The errors found in the accounts may relate either to the current financial reporting or to the previous financial reporting periods. Errors are corrected at the time they are detected.

The correction of errors related to the current reporting period is made on the profit and loss account. The correction of significant errors related to previous financial reporting periods is made at the expense of retained earnings.

15. CURRENCY CONVERSIONS

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

The LEU/EUR exchange rates as of March 31, 2024 and March 31,2024 were as follows:

Currency	March 31, 2024	March 31, 2024
LEU/EUR	4.9485	4,9695

16. INTANGIBLE ASSETS

GROSS VALUE / Fixed Asset Items	Initial balance January 1, 2024	Increases	Decreases		Final balance March 31, 2024
			Total	Of which, scrappings	
Licenses and other intangible assets	122,688	0	0	0	122,688
TOTAL	122,688	0	0	0	122,688

AMORTISATION / Fixed Asset Items	Initial balance January 1, 2024	Amortisation during the period	Amortisation for assets removed from the books	Final balance March 31, 2024
Licenses and other intangible assets	113,845	2,561	0	116,445
TOTAL	113,845	2,561	0	116,445

Valoare contabila	8,803			6,243
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There was no acquisition of intangible assets made in the first 3 months of 2024. Amortisation of intangible fixed assets recognised by the Company in the first 3 months of 2024 is 2,561 lei.



17. TANGIBLE ASSETS

GROSS VALUE / Fixed Asset Items	Initial balance January 1, 2024	Increases	Decreases		Final balance March 31, 2024
			Total	Of which, Dismantling and scrapping	
Lands and buildings	3,819,033	0	0	0	3,819,033
Technical installations and machines	2,161,625	0	0	0	2,161,625
Other installations, devices and fixtures	126,384	0	0	0	126,384
Prepayments and tangible assets in progress	0	0	0	0	0
TOTAL	6,107,042	0	0	0	6,107,042

DEPRECIATION / Fixed Asset Items	Initial balance January 1, 2024	Depreciation during the period	Depreciation for assets removed from the books	Final balance March 31, 2024
Landscaping	9,012	483	0	9,495
Buildings	279,396	16,132	0	295,528
Technical installations and machines	1,432,248	64,566	0	1,496,814
Other installations, devices and fixtures	116,624	1,465	0	118,089
TOTAL	1,837,280	82,646	0	1,919,926
Book Value	4,269,762			4,187,116

During the first 3 months of 2024, there were no investments into landscaping or buildings, equipment, technical installations and means of transport.

The value of the depreciation recognized by the Company in the first 3 months of 2024 for tangible fixed assets is 82,646 lei.

18. FINANCIAL FIXED ASSETS

The financial assets presented in the Balance Sheet refer to guarantees paid for the rental contracts for spaces used for the performance of current activities, including guarantees for utility contracts.

GROSS VALUE	Initial balance January 1, 2024	Increases	Decreases	Final balance March 31, 2024
Guarantees and long-term receivables	11,736	0	846	10,890
TOTAL	11,736	0	846	10,890



IMPAIRMENT ADJUSTMENTS	Initial balance January 1, 2024	Increases	Decreases	Final balance March 31, 2024
Guarantees and long-term receivables	0	0	0	0
TOTAL	0	0	0	0

Book Value	11,736	0	846	10,890
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19. TRADE RECEIVABLES AND OTHER RECEIVABLES

Receivables elements	Row No.	Balance on January 1, 2024	Balance on March 31, 2024	Liquidity term		
				Under 1 year	1 - 5 years	Over 5 years
<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 1 to 8 – row 9 + row 10 + row 11), of which:		13,816,551	14,422,914	14,422,733	0	0
Receivables related to the distribution activity	1	2,847,671	2,187,887	2,187,887	0	0
Adjustments for the depreciation of receivables related to the distribution activity	2	-138,993	-138,993	-138,993	0	0
Pre-payments for provision of services	3	1,113,800	1,201,181	1,201,000	0	0
Pre-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	58,018	65,953	65,953	0	0
Receivables related to the subscribed and unpaid share capital	7	0	0	0	0	0
Receivables from various debtors	8	9,966,700	11,137,531	11,137,531	0	0
Adjustments for the depreciation of receivables from various debtors	9	-30,645	-30,645	-30,645	0	0
Settlement from operations pending to be clarified	10	0	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 recorded separately in the accounting books. When it is estimated that a receivable will not be collected entirely, adjustments for value losses are recorded in the accounting books at the level of the amount which can no longer be collected.

20. SHORT TERM INVESTMENTS

As of March 31, 2024, short-term investments are represented by a bank deposit in the amount of 4,880,000 lei.

21. CASH AND CASH EQUIVALENTS

Indicator	December 31, 2023	March 31, 2024
Current and collector accounts at banks (RON)	6,782,917	12,501,766
Deposit accounts (RON)	4,880,000	4,880,000
Cash in the cashier's office (RON)	0	0
Other values (RON)	0	0
Treasury pre-payments	0	0
TOTAL	11,662,917	17,381,766

22. TRADE PAYABLES AND OTHER DEBTS

Debt elements	Row No.	Balance on Jan 1, 2024	Balance on March 31, 2024	Maturity date		
				Under 1 year	1 - 5 years	Over 5 years
<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:		17.483.250	22.883.730	21.961.467	922.264	0
Bond issue loans	1	0	0	0	0	0
Amounts owed to credit institutions	2	1.271.821	1.163.466	433.419	730.047	0
Debt related to the distribution activity	3	13.687.144	19.528.112	19.528.112	0	0
Amounts owed to affiliated entities	4	194.500	170.200	97.200	73.000	0
Debt from leasing contracts	5	249.395	222.414	108.531	113.884	0
Debt to the suppliers and various creditors	6	1.075.715	646.490	646.491	0	0
Debt to personnel	7	364.945	399.350	399.350	0	0
Amounts owed to assistants and auxiliary assistants	8	94.450	18.069	18.069	0	0
Debt to the social insurance budget	9	184.387	182.760	182.760	0	0
Debt to the state budget	10	215.140	373.259	373.259	0	0
Debt to special funds in the distribution activity	11	12.493	0	0	0	0



Debt with other taxes, fees and assimilated payments	12	0	0	0	0	0
Other Debt	13	10.333	9.000	4.000	5,333	0
Debt with the dividends due to the shareholders	14	0		0	0	0
Settlement from operations to be clarified	15	122.927	170.276	170.276	0	0

The Company's payables as of March 31, 2024 mostly relate to debt towards insurance companies, amounts settled in the first half of April 2024.

Debts owed 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 as of March 31, 2024 is 347,900 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 March 31, 2024, the balance of this loan is 815,566 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 state budget, representing taxes and fees due, refer to amounts paid on maturity date that refer to these obligations. Debt to personnel and social security budgets are presented according to their purpose.

23. SHARE CAPITAL

Indicator	December 31, 2023	March 31, 2024
Value of the subscribed and paid share capital (RON)	500,000	500,000
Number of ordinary shares	2,500,000	5,000,000
Nominal value (RON/share)	0,20	0,10

24. REZERVE

Reserves	December 31, 2023	March 31, 2024
Legal Reserves	100,000	100,000



25. NET TURNOVER

Nature of achieved income	March 31, 2023	March 31, 2024
Income from the distribution activity, of which:	33,508,034	25,371,662
Income from advisory services regarding insurance and/or reinsurance contracts	0	0
Assistance providing for contract management and execution, including claims for compensation	62,094	241,102
Other activities related to the distribution activity	33,432,967	25,130,560
Other operating incomes	12,973	1,680
Income from the development of insurance products in association with insurers	0	0
Income from the organization of professional training courses in insurance and re-insurance	0	0
Trade discounts granted	0	0
TOTAL OPERATING INCOME	33,508,034	25,373,342

26. PERSONNEL EXPENSES

Expenses with salaries and related contributions, other expenses related to the employees and the board of directors :

Indicator	March 31,2023	March 31,2024
Expenses with the employees' remuneration	1,116,636	1,296,190
Expenses related to lunch vouchers granted to employees	68,640	67,980
Expenses with insurance and social insurance	12,639	22,003
Labor insurance contribution	25,137	29,248
Expenses with personnel training	400	36,500
TOTAL:	1,223,452	1,451,921

27. ANALYSIS OF OTHER EXPENSES AND OF THE OPERATING RESULT

a) OPERATING RESULT

Indicator	Accounting reporting as of March 31,2023	Accounting reporting as of March 31,2024
1. Net turnover	33,495,061	25,371,662
2. Cost of the goods sold and services rendered (3+4)	27,179,904	22,894,430
3. Costs related to the main activity	27,038,319	22,809,086
4. Costs related to auxiliary activities	141,585	85,344
5. Gross Result related to Net Turnover (1-2)	6,315,157	2,477,232
6. General administrative expenses	1,223,452	1,451,921
7. Other operating incomes	12,973	2,462



8. Operating Result (5-6+7)

5,104,678

1,027,773

b) OTHER OPERATING EXPENDITURE

Indicators	Value as of March 31, 2023	Value as of March 31, 2024
Energy and water expenses	30,108	26,739
Expenses on maintenance and repairs	15,308	19,609
Royalties, commercial leasing and rental expenses	42,085	24,088
Insurance premiums expenses	35,069	50,339
Protocol, advertising and publicity expenses	319,110	48,125
Expenses with travels, assignments and transfers	1,281	3,193
Postage and telecommunications expenses	34,008	40,891
Expenditure on bank and assimilated services services	162,788	191,193
Other expenses with third party services' providers	702,050	440,755
TOTAL	1,341,807	844,932

28. TAX ON PROFIT

Indicator	Value as of March 31, 2023	Value as of March 31, 2024
1. Gross profit or loss	5,088,901	851,782
2. Elements similar to incomes	0	0
3. Legal reserves	0	0
4. Non-taxable incomes	0	0
5. Non-deductible expenditure	68,818	195,900
6. Difference of financially non-deductible depreciation	30,230	28,817
7. Taxable profit / fiscal loss for the reporting year (row 1+2-3-4+5+6)	5,187,949	1,076,499
8. Fiscal loss from the previous years	0	0
9. Taxable profit/ fiscal loss to be recovered from the previous years (row 7-8)	5,187,949	1,076,499
10. Current tax on profit (row 9*16%)	830,072	172,240
11. Tax related to reinvested profit	0	0
12. Tax on due profit (row 10-11)	830,072	172,240
13. Tax on profit due for 1st quarter	830,072	172,240
14. Expenses with sponsorships	75,447	13,726
15. Impozit pe profit datorat la sfarsitul perioadei	754,625	158,514



29. OTHER INFORMATION

Information on the relation with affiliated entities and other related parties

The Company does not have contributions in other entities.

Expenses with rentals and leasing

The company has three ongoing financial leasing contracts, whose balance on March 31, 2024 amounts to 222,414 lei.

The expenses with the rentals are in the amount of 24,088 lei. The rentals are related to the locations employed by the Company as secondary offices.

30. Aspects related to the environment

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.

31. 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:

- Movable guarantee (collateral) on the bank accounts opened with the bank;
- Real estate guarantee (collateral) 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 (collateral) 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 (collateral) 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. Sorin-Ștefan Baltasiu

Signature _____

Prepared by,

Mrs. Oana Pârțiu Vasilichi, CFO

Signature _____