

Transilvania Broker  
de Asigurare

# ANNUAL REPORT 2023

Issue Date	24.04.2024
Name of Company	TRANSILVANIA BROKER DE ASIGURARE S.A.
Registered Office	Bistrița, Calea Moldovei nr. 13, jud. Bistrița-Năsăud
Phone Number	0263-235900, Fax: 0263-235910
Taxpayer Identification Number	19044296
Trade Register Identification Number	J06/674/2006
Share Subscribed and Paid Capital	500.000 lei
Market where the issued securities are traded on	Regulated Spot Market, Main Segment
Trading Symbol	TBK



>1 MILLION

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clients

~945 M lei

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intermediated insurance policies

6.34%

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market share

TOP 5

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insurance brokers

40

---

counties

26

---

insurance companies

20

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insurance classes

18

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years of experience

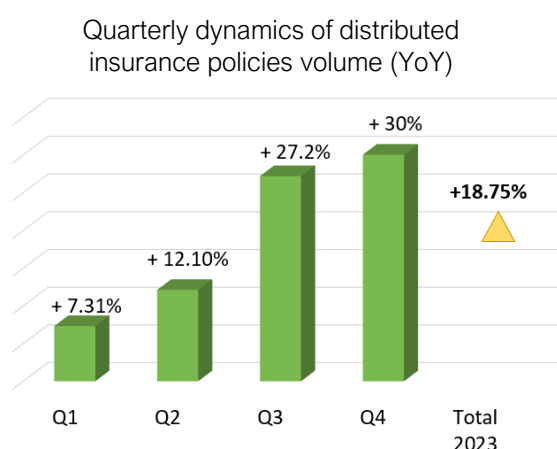
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## RETROSPECTIVE

Transilvania Broker de Asigurare S.A. („Transilvania Broker”, „the Issuer”, „the Company”) reported, at the end of 2023 (the reporting period), an **increase of 18.8% in the volume of distributed insurance policies as compared to the reference period, 2022**. The sequence of increases peaks in the fourth quarter which records a level 30% above the same period of 2022.

The position in the insurance distribution market has strengthened. Transylvania Insurance Broker ranks fourth among insurance brokers by revenue, with a market share of 6.34%. Following the volume of premiums intermediated, the market share increased to 6.40%, and the company maintained its fifth position, just 0.07 percentage points behind the fourth place held by Inter Insurance Broker.



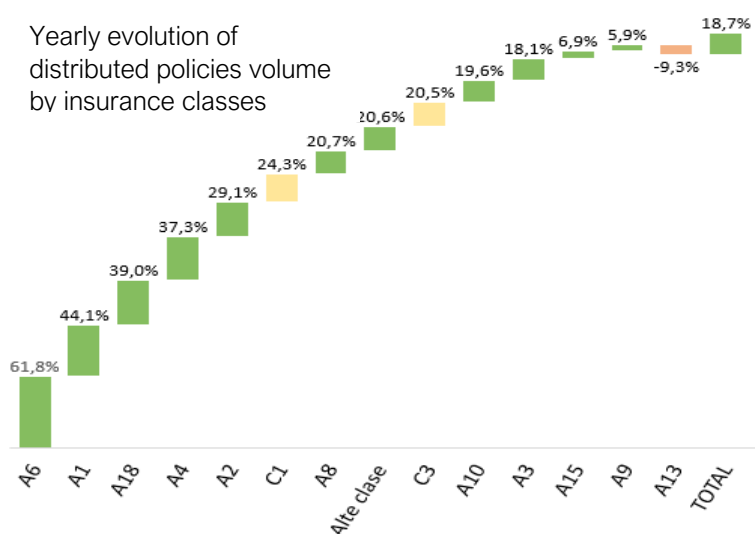
This trend is all the more relevant and significant given that the two years under comparative analysis are atypical and exceptional in completely opposite senses: while the reference year 2022, marked by the bankruptcy and redistribution of City Insurance policies, facilitated performances above historical levels in the insurance industry and, more specifically, insurance distribution market, 2023 stood out as particularly difficult and challenging against the backdrop of the Euroins bankruptcy and associated legislative measures. As the Romanian insurance market is considerably dependent on the mandatory civil liability insurance policy for motor

vehicles (RCA), HG 923/2023 which extended the period for capped insurance distribution commissions to a level well below the average gross commission in the first quarter, as well as the extension of the validity of policies issued by Euroins Romania - measures imposed by the authorities in the context of the insurer's bankruptcy - have deeply affected insurance intermediation companies.

In this context, the increases in the volume of insurance policies intermediated in 2023 compared to 2022 reflect **the consolidation of Transilvania Broker's position on the general insurance distribution market** and are an indicator that is all the more relevant for the company's performance. Moreover, the decreasing of distribution revenues (-14.5%) and profit (-34.4%) respectively over the same period does not indicate a deceleration of the business, but **rather the maintenance of Transilvania Broker on a very good upward slope, under current market conditions**. Thus, in a strongly affected market, Transilvania Broker ends 2023 with revenues from distribution activities of over RON 111 million and a positive result of RON 7.6 million, at a net margin of 6.8%.

Regarding the structure of distributed insurance policies, during 2023, all the most significant classes in terms of their contribution in absolute value to the total volume of policies intermediated by Transilvania Broker assistants recorded important increases as compared to the reference period.

Yearly evolution of distributed policies volume by insurance classes



While the third party motor vehicle liability class continued to make the most important contribution in absolute value (+ RON 119.3 million) to the increase of RON 149.2 million in the total volume, the most important percentage increases among the significant classes of insurance were recorded for classes A6 (Marine, lake and river vessels, +62%), A1 (Accidents, +28%), A18 (Assistance to persons travelling, +39%), A4 (Railway rolling stock, +37%), A2 (General health insurance, +29%), A8 (Fire and natural disasters, +21%).

At the same time, the volume of distributed insurance policies for life insurance, annuities and supplementary life insurance (C1) increased by 24%, while for life insurance and annuities linked to investment funds, by 20%. Moreover, ten of the facultative insurance classes recorded significantly higher percentage increases than compulsory insurance class, a dynamic that validates the management's strategic plan of reducing the share of MTPL in the distributed insurance policies portfolio and of developing and diversifying the facultative insurance classes.

The **main corporate event** in 2023 was the Ordinary General Meeting of Shareholders Transilvania Broker de Asigurare S.A. which voted, on 26.04.2023, to distribute a gross dividend/share of 2 lei, by 33% higher as compared to the dividend approved in 2022. For the fiscal year 2023, considering the investment plan associated with a new development direction, the Ordinary General Meeting convened on April 23, 2024, approved the distribution of a gross dividend totaling 5,000,000 lei, equivalent to 1 leu per share, representing 66% of the net result reported as of December 31, 2023.

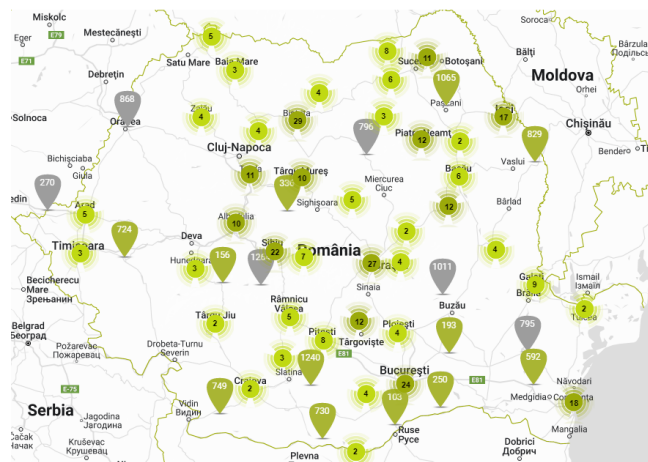
The year 2023 also welcomes the enrichment of the perspective and experience of the Board of Directors as Ms. Carmen Bobu joined the Board and will hold the position until the end of the current Board's term of office, i.e. until 27 April 2026. An experienced investor on the national and international market and, above all, a consistent shareholder and supporter of Transilvania Broker since the listing of its shares on the BVB, Mrs. Carmen Bobu will have an important input in shaping the business strategy, by complementing the decision-making approach with the investors' perspective.

The challenges generated by the contextual dynamics on the insurance distribution market have not affected in any way the **investment plan focused on the digitalization of Transilvania Broker platform** and the optimization of the back office activity. The budget allocated to this direction exceeded RON 2 million, by 32% more than the previous year.

As a result, by the end of 2023, the Transilvania Broker de Asigurare platform will allow easy and fast online issuing of MTPL and travel insurance, together with insurance-related services (roadside assistance and home technical assistance).

## 1. Analysis of the Company's activities

TRANSILVANIA BROKER de ASIGURARE S.A (herein referred to as “Transilvania Broker”, “Company”, “Issuer”), an insurance brokerage company set up and registered in 2006, runs its operations in compliance with the provisions of the Companies’ Law 31/ 1990, Law 236/ 2018 on the distribution of insurance and the legislation pertaining to capital market. The Company is licensed by the Financial Supervisory Authority to conduct brokerage services in the commercial insurance field under no. 114420 of November 21st, 2006 and is enrolled in the Insurance Brokers’ Register under no. RBK 374.



Though at the beginning active only in Bistrita Nasaud county, at the date of this report the services of Transilvania Broker are offered at national level, in Bucharest and other 39 counties, through over 1,000 brokerage agents.

The development strategy was built on objectives such as diversification of services portfolio, extension of territorial network, consolidation of partnerships with both insurer companies and their collaborators and lately, for the past 2 years, it has been completed with digitalisation of customer interaction and service, expansion of the target market in the online area, addressing the Bucharest market and the intensive promotion of Transilvania Broker brand and offer on multiple channels of communication with the market.

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In 2023, Transilvania Insurance Broker celebrated the 6th anniversary of the first day of trading of its shares on the Bucharest Stock Exchange, Regulated Market, November 2, 2017, being the first Romanian insurance brokerage company listed on the stock exchange. The upward trajectory of the share price was supported by the economic and financial performance that exceeded investors' expectations. This was due to the strategy of maintaining and commitment to intensive digitalization of both back-office and front-office activities, as well as the expansion of the franchise network through commissioning schemes and support tools for brokerage assistants, along with an intensive pioneering project of digitalization for back-office and front-office activities. At the company level, this accelerated dynamics was accompanied by the progressive adoption of structures and processes aligned with the best practices in corporate governance.

### Main activity

The Company carries out activities and services that are specific to the insurance distribution field and is authorised as insurance brokerage company by the Financial Supervisory Authority. According to the Articles of association, the main activity field resides in NACE code 662, “Auxiliary activities of insurance and pension funds”, with main activity subcategory in “Activities of insurance agents or brokers; negotiations for natural and legal persons, insured or potentially insured, of concluding insurance contracts and providing assistance before and during the contracts’ execution period or related to damages’ claims and compensations, as the case may be (NACE Code 6622)”.

Following the Resolution no. 15 of the EGSM gathered on September 7, 2021, the Issuer's activities portfolio has been completed with "other auxiliary activities of insurance and pension funds" (NACE code 6629)", which represent distribution activities for pension products.

The mandatory civil liability insurance contracts - vehicles, professional indemnity or general civil liability - represent, by volume and number, the largest part of the premiums concluded by the brokerage agents appointed by Transilvania Broker de Asigurare S.A. Besides, the Company intermediates a varied portfolio of insurance premiums: life and health insurances, on whose development it has effectively focused a significant part of human and financial resources for the past years; accident insurances; land, railway, sea, and air transport insurances; home, buildings or construction workings insurances; insurance for goods in transit, of machines, equipments and appliances; credit insurance, guarantees and financial loss insurances.

The Company addresses all demand segments of the insurance market. It places "the Client" in the centre of its philosophy and business model and offers a comprehensive coverage for the Client's insurance needs. All brokerage agents are trained and have the necessary tools to offer insurance schemes and programs that are completely tailor made on the Client's integrated interests.

The services that are offered are not limited to the intermediation on insurance market, but also include services of identification, assessment and management of risks, creating solutions for minimisation or transfer of insurable risks, analyses of efficiency and efficacy of insurance contracts in their validity period. The Company also offers to represent the client's interests throughout the validity of the insurance contract, not only at the stage of selecting the optimal alternative and the negotiation of the conditions and terms of insurance. Transilvania Broker de Asigurare undertakes the management of insurance contracts for the whole validity period with focus on adapting to the Client's business dynamics and needs, as well as sorting out of potential damages and good receipt of compensation thereto.

Closely connected to the extensive and intensive development of sale departments through the online segment development, the Company created and consolidated the back office function. The human and technical resources are in place in order to offer, with minimum human and system errors, the support needed by both the Company's agents and the clients, for conclusion of insurance policies or sorting out of damages claim files. In this regard, the Company offers continuous professional training to its agents, as well as continuous development of the working platform by adding new functionalities for a better management of offers and corresponding information for the Clients.

### Legal framework

The Company's operations comply with the provisions of the Companies' Law 31/ 1990, republished, with further amendments and Law 236/ 2018 on the distribution of insurance. Also, the Company runs its activity in compliance with the legal provisions and regulations issued by the Financial Supervisory Authority (ASF) pertaining to insurance and reinsurance field, with accounting and fiscal legislation (Accounting Law 82/ 1991, republished, with further amendments, Law 227/2015 pertaining to Fiscal Code, republished, with further amendments, ASF Norm 36/2015 for the approval of Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements of the entities performing insurance and/or reinsurance activities).

The Company is publicly listed on Bucharest Stock Exchange as of November, 2017: The Spot Regulated Market, main segment, standard category. In its capacity of Issuer of securities, Transilvania Broker de Asigurare S.A. complies with the provisions of laws and regulations pertaining to the capital market (Law 24/2017 regarding issuers of financial instruments and market operations, republished, FSA



Regulation no. 5/2018 regarding issuers of financial instruments and market operations, with subsequent amendments and changes, the EU Regulation 596/2014 with regards to market abuse etc.).

### Significant reorganizations

No merger, split-off, acquisition or any other changes to the assets of the Company took place within the reporting period.

### Purchase/sale of assets

During 2023, the book value of property, plant and equipment decreased by 6,6%. Investments in equipment, technical installations and furniture made during 2023 amounted to RON 31,8 thous. and the depreciation amount recognized by the Company in 2023 for tangible fixed assets is RON 333,7 thous. In 2023 there were no disposals or write-offs of tangible fixed assets. As of 31 December 2023, the Company has no impairment adjustments for tangible fixed assets.

### Main results

With a premium volume of nearly 945 million lei, 19% higher than in the previous fiscal year, Transylvania Broker reports, as of December 31, 2023, a turnover of over 111 million lei and a positive net result of 7,567.8 thousand lei. The declining dynamics of the result indicators, namely the operating income (-14.5%), were primarily driven by legislative regulations maintaining the capped level of brokerage commission, as well as RCA tariffs due to the bankruptcy of the insurer Euroins Romania. In this context, the average gross commission for Transylvania Insurance Broker decreased from 16.3% in 2022 to 11.8% in the year 2023.

The decrease in profit is due to the company's management decision to maintain the pace of implementation of the digitalization strategy and development plan unaffected by sectoral turbulence.

The values of all indicators assessing the financial position, i.e. current liquidity, financial solvency and debt ratio, in the reporting period (2022), are outside the risk ranges and reflect a sound financial position in both the short and long term. The company dispose of the resources and capital it needs to meet all its obligations to third parties without constraint, regardless of their due dates, and to fuel the budget required to implement its investment and dividend policies.

During the reporting period, Transylvania Broker recorded increases in the volume of premiums intermediated for all insurance classes, except for two of them (A13 and A7). While in 2022, class A13 (General liability insurance, excluding RCA) reported a 69.3% increase in the volume of premiums intermediated, during the reporting period, the company's position in this segment was consolidated, with the volume of premiums registering a decrease of 9%. The second class for which volume declines were recorded (A7) has an insignificant share in the total volume of premiums (0.1%). Once again, we note that volumes for most of the optional insurance classes (10) recorded significantly higher percentage increases than mandatory insurance, while for health insurance classes, life insurance, and annuities, the company reported significant increases, namely 29% for A2 (Health), 24.3% for C1 (Life insurance, annuities, and additional life insurance), and 20.5% for C3 (Life insurance and annuities related to investment funds).



## 1.1. General assessment

The annual individual financial statements were prepared by the Company in compliance with the provisions of the Accounting Law no. 82/199, republished with further amendments and with the FSA Norm 36/2015 for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements applicable to the insurance and/or reinsurance brokers in force on the reporting date 31.12.2018 ("FSA Norm 36/2015").

The management of the Company expressly and unconditionally declares the compliance of the annual financial statements with all the applicable provisions under FSA Norm 36/2015. In terms of taxes, the Company's approach is in compliance with the provisions of the Fiscal Code Law no. 227/2015.

The annual individual financial statements were approved by the Board of Directors in the meeting held on March 19, 2024, and audited by the financial auditor, RAO AUDIT OFFICE SRL, who opined that they "provide a true and fair view of the financial position of the company as of December 31, 2023, as well as its financial performance and cash flows for the financial year ended on that date, in accordance with applicable accounting regulations.

The financial effects of transactions engaged in by the Company have been accounted for in accordance with the principles and accounting rules regarding the recognition and valuation of assets. The methods and rules for accounting and presenting assets, liabilities, and equity, as well as the results obtained, have been consistently applied to ensure the comparability of accounting information over time. There have been no instances of offsetting assets against liabilities, or between recognized revenues and expenses. No causes have been identified that could jeopardize the normal course of business operations over a foreseeable period, thus confirming the assumption of the Company's continuity.

The economic and financial transactions carried out by the Company have been recorded based on supporting documents and highlighted in accounting registers, in accordance with applicable legal provisions, and the results obtained are:

1. **Net Profit: 7,567,769 lei**

2. **Net turnover: 111,013,199 lei**

3. **Liquidity and solvency indicators:**

Indicators	Calculation formula	31.12.2022	31.12.2023	Benchmark
Current ratio / Quick ratio	Current assets/Current debts	1.813	1.555	>2
Cash ratio	Cash/Current debts	0.58	0.41	>0.8
Leverage ratio	Total Assets /Total debts	1.832	1.707	>1
Equity to capitalization ratio	Equity /(Long term debt + Equity) *100	85.6%	91.6%	>30%

The liquidity indicators table highlights the positioning of these values within the comfort range, noting that these indicators provide a snapshot, at a specific moment, of short-term liabilities and current assets derived from the distribution activity. Because they capture a snapshot moment in the cash flow dynamics related to the latest settlement cycles between Transilvania Broker and insurers on one hand, and brokers

on the other hand, their relevance remains limited to the specificity of Transylvania Insurance Broker S.A.'s activity. The value of these indicators can vary significantly from one settlement cycle to another.

During the reporting period, the decrease in the total asset value (-2,269.4 thousand lei) was considerably greater than the decrease in the company's total liabilities (-50.4 thousand lei), resulting in a slightly negative evolution of the general solvency indicator compared to the previous fiscal year. However, it remains significantly and comfortably above the minimum reference threshold.

Additionally, the proportion of equity in total permanent capital increased from 85.6% in the reference period to 91.6% in the reporting period, confirming once again the issuer's high self-financing capacity and ability to meet its payment obligations.

#### 4. Debt ratio indicators

Risk indicators	Calculation formula	31.12.2022	31.12.2023	Benchmark
Indebtedness Ratio	Borrowed capital/ Permanent capital *100	14.4%	8.44%	<50%
Debt ratio	Total Debt/ Total Assets*100	54.6%	58.6%	<80%

The indicators calculated for the company's leverage level also present values significantly below the maximum comfort threshold, indicating the company's positioning in a low-risk zone. The leverage ratio indicator, which eliminates the distortion generated by short-term liabilities associated with distribution activities, is at a very low level and decreasing due to the reduction of long-term liabilities. This not only expresses the very low risk of the business but also signifies extremely easy access to external financing, if needed for further development.

#### 5. Margin and profit ratios

Profit ratios	Calculation formula	31.12.2022	31.12.2023
Operating profit margin	Operating profit / Sales *100	10.2%	7.62%
Net profit margin	Net profit / Sales *100	8.9%	6.81%
Return on equity ratio	Net profit / Equity *100	82.1%	64.4%
Return on long-term capital ratio	Net profit / Long-term capital *100	70.3%	59%

Given the negative trend in the result indicators in the market conditions described in this report, profitability indicators have also experienced an unfavorable dynamic.

However, due to its relevance and special significance, we draw investors' attention to the **Return on Invested Capital (ROIC) indicator**<sup>1</sup>, which is used to analyze the efficiency with which a company's management utilizes available capital, namely the capital provided by shareholders. It is calculated as

<sup>1</sup> ROIC - return on invested capital

the ratio of potential profit if the company did not have borrowed capital<sup>2</sup> to the capital used in operations<sup>3</sup>. Its relevance is particularly evident when compared to the Weighted Average Cost of Capital (WACC): if it exceeds the WACC, the company creates value and efficiently invests the capital at its disposal.

In the case of Transylvania Insurance Broker, the ROIC value is 168%, while the Weighted Average Cost of Capital is calculated at 17%. This figure reaffirms the management's ability to leverage capital effectively and reflects the efficiency of its shareholders' investment.

**6. Cash - flow: changes that occurred in terms of cash flows pertaining to the main activity, financial investment and operations, cash equivalents at the beginning and end of reporting period**

Indicator	Results pertaining to the reporting period	
	31.12.2022	31.12.2023
NET CASH FROM OPERATING ACTIVITIES	4,847,262	-3,038,836
NET CASH FROM INVESTMENT ACTIVITIES	-5,947,745	1,539,665
NET CASH FROM FINANCING ACTIVITIES	-658,283	-537,438
CASH AND CASH EQUIVALENTS ON JANUARY 1ST	10,578,292	8,819,527
NET INCREASE/ DECREASE OF CASH AND CASH EQUIVALENTS	-1,758,766	-2,036,609
CASH AND CASH EQUIVALENTS ON DECEMBER 31ST	8,819,527	6,782,917

The available cash flow supports the economic development and the financial capacity to support the equity and borrowed capital as well.

**Cash Flow**

The cash and cash equivalents of the Company on December 31st, 2023 dropped by 16.63% as compared to the previous year. The payment of dividends to shareholders is reflected in the decrease of the cash balance at the end of the year

Out of the *Operating Activities* the Company registered a positive cash flow of 4,847,262 lei. The amplitude of the dynamics of the cashflow generated in the operating activity depicts the capacity of the Company to provide for the adequate cashflow needed for maintaining operating activities, issue dividends and reimburse loans with no need to address other external financing resources.

The *Investment Activity* generated a negative cash flow in 2022, of (- 5,947,745 lei), mainly as the result of the establishment of the term deposit of 6 mil. lei. In 2022, the Company earned bank interest in amount of 132,814 lei.

<sup>2</sup> NOPAT - net operating profit after tax

<sup>3</sup> Capital investit = Datorii pe termen lung + capitaluri proprii - disponibilități bănești proprii

The financial activity of the Company resulted in a negative cash flow of 537,438 lei, generated by payments made for the repayment of borrowed funds, totalling 433,419 lei, as well as payments related to financial leasing contracts, amounting to 104,020 lei.

## 1.2. Assessment of the technical operations of the Company

TRANSILVANIA BROKER de ASIGURARE S.A.. carries out its activities and provides professional services on the commercial insurance market in Romania.

The main insurance products that are intermediated by the Company are:

- Life insurance;
- Health Insurance;
- Accident insurance;
- Insurance of land transport means;
- Insurance of railway means of transport;
- Insurance of air transportation;
- Insurance of sea, lake and river transport means;
- Insurance of goods in transit;
- Home insurance;
- Insurance of buildings and property belonging to legal entities;
- Third liability insurance for motor vehicles.



The Company provides professional services to clients or prospects with regards to:

- Distribution of insurance through maintaining a fair treatment of all clients, in compliance with the legal provisions in force pertaining to insurance and reinsurance distribution and avoidance of unfair, fraudulent or abusive practices;
- Identification of risks that may be the subject of insurance policies, their analysis, assessment and management;
- Recommending solutions to minimise or transfer the risks that may be insured;
- In terms of products and services' offer, the sales staff of the Company's agent provide clients with comprehensive, coherent, accurate, objective and realistic insight on the insurance recommended, so that the latter may take an informed decision;
- Consultancy to clients and prospects on the basis of thorough assessment of their needs and requirements, so that insurance contracts meet their expectations;
- Analysis of current insurance policies;
- Setting up of adequate insurance programme;
- Negotiation of insurance terms and conditions, analysis of opportunities of the market related to quality;price ratio and choosing of the most adequate insurance solution, in compliance with the clients' interests;
- Sound management of insurance contracts within their validity period and tailor making to the dynamics of clients' businesses;
- Support in the process of damages' settlement and receipt of insurance compensation;
- Provision of insight on the insurance market in Romania.



The potential clients receive the following information regarding rights and insight before signing their insurance contracts:

- Definition of each event that can be covered by the insurance, the compensation in case of occurrence of the insured event, each additional/ optional benefit or provision;
- Events that are not covered by the insurance;
- Commencement and termination of the insurance contract;
- Provisions for performance, suspension or termination of the insurance contract;
- Insight on any rights that the parties may have to early termination or by unilateral decision, as well as penalties provided for by the contract for such cases;
- Payment of insurance premiums- means and payment terms;
- Payment of insurance compensation, redemption or insured amounts- means and payment terms;
- Insight on the premiums afferent to each type of benefit, main or additional, as the case;
- Insight on the grace period offered;
- Bonuses- calculation and distribution;
- Total redemption amount, discounted insured amounts, as well as the threshold up to which these are guaranteed for each year of insurance contract;
- Highlighting on the cases when redemption value of the insurance policy is null;
- Legal proceedings for sorting out potential litigations arising from execution of the contract, as well as insight on the means for amiable settlement of claims submitted by clients or by the contracts' beneficiaries, as the case, while the latter do not represent a constraint to waive to the legal proceedings in force.
- General information on deductions under the tax legislation applicable to insurance contracts;
- The law applicable to the insurance contract;
- the Policyholders' Guarantee Fund

The Company created a vast network of over 1,000 brokerage agents (both natural and legal persons) and 4 registered offices covering 39 counties at national level, besides Bucharest. The four registered offices are in:

- Sibiu (str. Justiției nr. 10, jud. Sibiu)
- București (str. Elena Caragiani nr. 21D, ap. 1, sector 1)
- Pitești (str. Intrarea Rozelor nr. 3, jud. Argeș)

The efficiency and productivity of the agents network are significantly improving through the recent trend of digitization of the brokerage activity, i.e. through the online issuance of insurance premiums and the online / digital marketing and promotional campaigns.

In 2023, against the backdrop of specific developments in the insurance sector and the implementation of promotion and development strategies, the volume of premiums intermediated recorded a growth rate of 19% compared to the previous year, reaching nearly 945 million lei. Increases in volume were reported



for all classes of insurance with a significant contribution to the total volume of premiums intermediated, except for class A13, which experienced a 69% increase in 2022. The consolidation in this segment led to a slight decrease in volume for this class (-9%).

Table no. 5. Evolution of structure of volume of intermediated insurance premiums on main insurance categories

Dynamics of the policies intermediated on insurance categories	Variation 2023/2022 (%)
<b>TOTAL, of which:</b>	<b>+18,8%</b>
<b>Life &amp; Health Insurance, of which:</b>	<b>+22,0%</b>
Life Insurance C I	+24,3%
Life Insurance C III	+20,5%
<b>General Insurance classes, of which:</b>	<b>+18,7%</b>
Third-party vehicle liability insurance (ie RCA) (A X)	+19,6%
Land vehicle insurance (ie CASCO) (A III)	+18,1%
Fire and natural calamities (A VIII)	+20,7%
Damages of real estate (A IX)	+5,9%
General third-party liability (A XIII)	-9,3%
Guarantees (A XV)	+6,9%
Health (A II)	+29,1%
Assistance for travels (A XVIII)	+39,0%
<i>others</i>	+39,3%

Source: Transilvania Broker

The technical *back-office* support for the whole activity performed in such an extensive network is ensured by 24Broker integrated application, which covers multiple functions: (i) *issuing of insurance policies and their management* (reports of the due instalment payments, expiry dates, automated informing the clients, automated validation of paid amounts, policies' cancellation etc.) (ii) *invoice issuing to the insurer companies*; (iii) *calculation of commission fees owed to brokerage agents*; (iv) *clients' portfolio management*; (v) *brokerage agents' management* etc. This software is integrated with the accounting software used by the Company- WinMentor. The application started to be implemented as of 2007 and its development and adapting to current requirements stay as one of the major undertakings of the Company's management.

In 2023, the company continued its digitalization plan both for online issuance of insurance policies and for back-office and support for secondary distributors. The digital solution developed by Transilvania Broker currently allows for online issuance of RCA insurance policies, as well as for travel insurance.

### 1.3. Assessment of sales activity

According to the latest ASF (Financial Supervisory Authority) report on the insurance market in Romania available at the time of this report's elaboration, the intermediation rate of total insurance premiums underwritten in 2023 was 68.9%, corresponding to a total volume of premiums intermediated 18% higher than in 2022. At an average gross commission of 13.04%, down by 3.15 percentage points compared to the reference period (16.19% in 2022), distribution activity generated total revenues for intermediaries amounting to 1,923,229.4 thousand lei, which is 5.46% lower than in 2022. Seizing the opportunity of



higher volumes, Transylvania Insurance Broker's average commission in 2023 was 11.8%, and the growth rates recorded for the volume of premiums intermediated in most of the main insurance classes exceeded the market rates in 2022.

According to the aforementioned ASF report, as of December 31, 2023, Transylvania Insurance Broker S.A. ranked fourth among insurance brokers by the value of revenues generated from distribution activity, with a market share of 6.34%, and fifth by the volume of insurance premiums intermediated, with a market share of 6.40%.

In the category of general insurance classes, the best competitive position – third place among insurance distributors – is held for the fire and natural disasters insurance class (A VIII), a more concentrated market segment, with a market share of 5.54%.

Regarding the Motor Third Party Liability Insurance class (A X), Transylvania Insurance Broker's market share increased to 8.29%, maintaining its fourth place among the top 10 insurance distributors.

In terms of competitive positioning, Transylvania Insurance Broker S.A. gained positions in the ranking of insurance brokers in the A3 and C3 classes. Based on the market share, the Company's performance is positive for most significant insurance classes in its portfolio.

Insurance category / Market share	2022 (%)	2023 (%)
<b>Total</b>	<b>6.37%</b>	<b>6.40%</b>
<b>General insurance</b>	<b>6.55%</b>	<b>6.57%</b>
<i>Motor civil liability</i>	8.19%	8.29%
<i>CASCO</i>	3.37%	3.41%
<i>Insurance against fire and other disasters</i>	5.54%	5.78%
<i>Guarantee insurance</i>	7.46%	6.26%
<i>General civil liability</i>	5.29%	4.34%
<i>Property damages insurance</i>	3.88%	3.57%

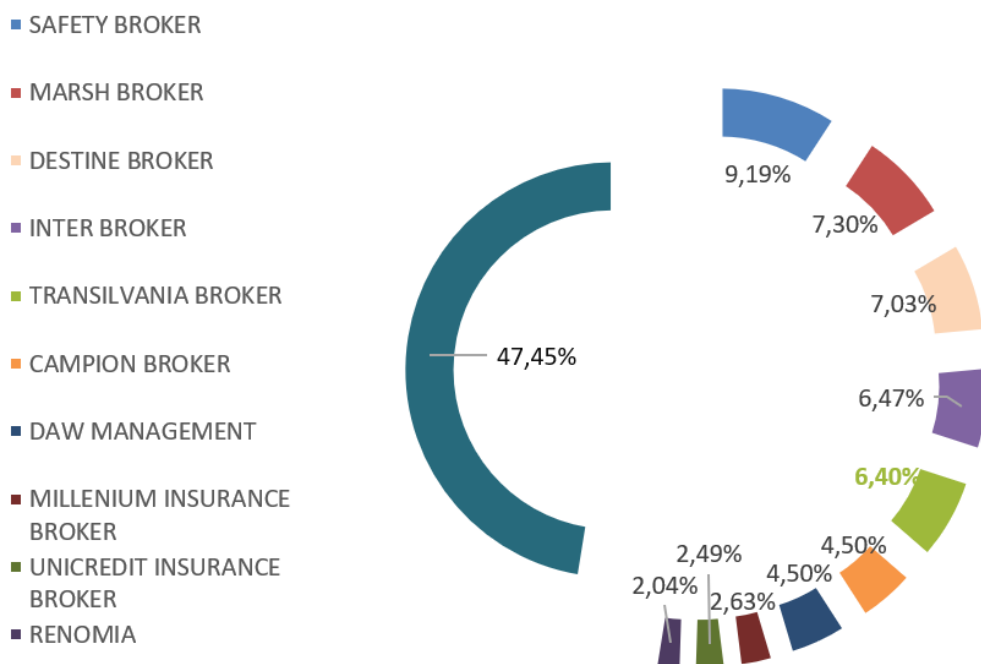
\* by value of intermediate premiums

Regarding life insurance C3, Transylvania Insurance Broker maintained its third position during the reporting period in a highly concentrated market segment, contributing 1.87% to the volume of premiums intermediated. The company's main competitors include Safety Insurance Broker SRL, Marsh Insurance and Reinsurance Broker SRL, Destine Insurance-Reinsurance Broker SRL, and Inter Insurance Broker SRL (fig. 4).





Fig. 4. Top 10 insurance brokerage companies as per value of intermediated general insurance premiums, 2023



Source: latest FSA Report

### Clients portfolio. Client Dependency

The Company has a diversified portfolio of customers, therefore *there is no dependence on a single customer* or on a small number of customers, which reduces the market risk and gives resilience and sustainability to the business.

### 1.4. Assessment of the Company's personnel

The relevant information on the evolution of the Company's personnel in 2022 – 2023 is presented in the table below:

Number of employees (end of year)	2022	2023
Economists	22	22
IT Experts	1	1
Legal advisors	4	5
Others - long-term higher education	12	10
Others - short- term higher education	2	2
Secondary education (technical profile)	1	1
<b>TOTAL</b>	<b>42</b>	<b>43</b>

Within 2023 the Company organised events for informing and training of employees and agents with regards to the trends on the market and the news on legal and organisational issues.

There are no conflicts reported between managers and employees in the Company.

## 1.5. Perspective approach

### 1.5.1. Expected trends in the internal environment

The challenges posed by the dynamic context in the insurance distribution market did not affect in any way the **investment plan focused on the digitalization** of the Transylvania Insurance Broker platform and the optimization of back-office activities. The budget allocated to this direction exceeded 2 million lei, representing a 32% increase compared to the previous year.

As a result, by the end of 2023, the Transylvania Insurance Broker platform enables easy and rapid online issuance of RCA and travel insurance, along with related services (roadside assistance and home technical assistance).

For the upcoming period (2024-2026), considering the prospect of extending the period of commission capping in a market still excessively dominated by mandatory insurance (especially RCA), the Company's management is considering new strategic directions that will absorb – for the first time since listing on the Bucharest Stock Exchange – capital needed for investments. The Company will communicate relevant information as soon as it is appropriate

### 1.5.2. Trends and factors from the external environment

#### Main trends on the market of insurance intermediaries

**The maintenance of caps on insurance premiums and intermediary commissions** following the bankruptcy of Euroins Romania represents both a catalyzing and intensifying factor for the concentration on the insurance intermediaries market. Pressures on revenues and results compel insurance brokerage companies to take rapid measures, testing their resilience, flexibility, adaptability, and capacity to identify and implement solutions that optimize the business model, reconfiguring it towards reduced dependence on mandatory insurances, particularly RCA, and ensuring development sustainability under any external circumstances.

Apart from the temporary regulatory constraints limiting the free evolution of the market, there has been a noticeable trend **towards intensified competition in the intermediaries market**, amid the decreasing importance and number of market entry barriers, mainly due to unlimited virtual opportunities and digitalization.

**The digitalization of the sector, integrating artificial intelligence into operational processes and strategic sales** tools, has necessitated the adoption of paradigms focused on seizing opportunities from technological progress at the level of business models, growth, and product portfolio, not just operational processes. Thus, for intermediaries, digitalization, technologization, and elements of artificial intelligence have opened the way to new markets and opportunities—a trend that the management of Transylvania Broker has understood, anticipated, and promptly aligned its strategic and managerial vision with.

**The accelerated diversification of (secondary) insurance products** as a direct effect of an innovative approach in the insurance product area, catering to increasingly diverse needs, is another direct effect of digitalization that supports and facilitates this trend. Digital marketing tools identify unexplored insurance needs, customize products, and distribute them with minimal time and resource costs, in large volumes.

In turn, the market readily absorbs products such as insurance for rented spaces or properties, pet insurance, or cyberattack insurance—products tailored to current behavioural and consumption trends, in continuous dynamics. Moreover, this array of new secondary insurance products becomes a lever for customer loyalty and the longevity of the relationship with them.

**The model of an independent intermediary** from a certain insurer is becoming more and more established in the brokerage market, taking into account the new business and partnership opportunities. The consumer profile encourages this trend, as they seek for consultancy, guidance and alternatives - elements specific to an independent broker, and implicitly, to Transilvania Broker.

### 1.6. Assessment of the impact of Issuer's activity on the environment

The company is not aware of any potential adverse effects on the environment as a result of its operations, which should be quantified. The result of such potential effects is uncertain and the management of the Company does not consider it necessary to make provisions concerning such debts regarding the environment.

On December 31st, 2023 the Company complies with all conditions necessary for operating its activities as provided for by the legislation in force pertaining to environment protection. It has been granted the authorisation to function by the Environment Agency in Romania.

### 1.7. Assessment of research and development activity

During the reported period, according to the data taken from the Company's balance sheet, there were no fixed intangible assets representing expenses incurred from the research - development activity of the Company.

### 1.8. Assessment of the Company's risk management

#### **1.8.1. The Issuer's internal controlling system**

The Company's internal controlling system consists of policies and procedures to confer the management a reasonable assurance that the Company accomplishes its targets:

- *The Code of Ethical Conduct* with insights on the business scope of the Company as well as with provisions for compliance with legislation in force and specific methodologies; *it also reflects the mechanisms created for personnel to be able to alert the Executive Management or the Board of Directors* in case of violation of the business conduct or other defaults, with no reservations due to potential consequences;
- *Operational policies and work procedures* that ensure the functionality of all compartments, formalized in a Manual of Operational Procedures;
- *A risk management system* covering also the necessary and sufficient resources for permanent identification, assessment, checking and supervision of risks;
- *Internal control procedures*, formalized in a Manual of internal control policies and procedures, which ensures the implementation of an internal control system which controls significant risks and offers a reasonable assurance to the Management, on the following aspects: compliance with the

legal and regulatory framework; ensuring that all operations are registered in a correct manner and that the financial statements and reports are accurate; protection of goods and information; prevention and detection of frauds and errors; quality of bookkeeping and provision in due time of trustful and reliable data with regards to financial and management departments.

### 1.8.2. The Company's exposure to the market, credit and liquidity risks

The activity of financial risk management is an integral part of the process of financial planning and controlling, it is subject to strategic and tactical decisions of continuous adaptation to the inside and outside conditions and environment, which are constantly changing. Financial decisions are made based on the cash flows provided for in future contracts, which are par excellence uncertain. Risk is therefore an inherent component of financial decisions.

**Financial risk includes market risk, liquidity risk and credit risk.**

#### a) Market risk (exchange rate risk, interest risk, price risk)

Unpredictable changes in the evolution of *interest rate*, *currency exchange rates* or *prices* do have an impact on the financial results of the Company:

##### ➤ **Exchange rate risk**

The Company is not exposed to this risk, as the Company's activities are carried out almost entirely on the domestic market. The concluded economic relations, liable to record losses due to the variation in the exchange rate of the currency during the period between the conclusion of the contract and its maturity, represent an insignificant weight. At the date of the financial statements, it records insignificant balances related to debts denominated in foreign currency (the debt regarding the financial leasing contract underway).

##### ➤ **Interest rate risk**

The Company is exposed to the risk of fluctuating interest rates upon contracting of investment loans with a variable interest rate, at the end of 2018 and 2020, respectively. The exposure of the Company to risks pertaining to change in interest rates on the cashflows is partially covered by the cash flows kept as 'over night' deposits, which also incur into fluctuating interest rates.

The level of interest rate coverage out of the gross profits indicator, as per 2023, shows that the Company is not at risk generated by the interest rates.

##### ➤ **Price risk**

The price risk refers to price of resources, the currency exchange rates and the inter-est rates. It may appear especially when long-term contracts are concluded. The Company operates with contracts concluded for relatively short-term, so that it is not exposed to this risk.

#### b) Liquidity risk

The current liquidity is the Company's capacity to cover current liabilities out of the current assets. The minimum threshold recommended for this indicator is 2.

The Management of the Company assess the exposure to the liquidity risk. The Company's policy with respect to liquidity risk is to always keep enough resources to cover liabilities when they are due, as well as to ensure a balance between payables and receivables.

The liquidity indicators, with values close to the secure zone, reflect the peculiarities of the insurance brokerage activity, in which the terms of settlement of claims and debts in relation to insurers and, respectively, assistants are regulated legally and procedurally.

### c) Credit risk

The Company is paid for the services provided in a relatively short term from the moment services are performed and conducts business relations only with recognized third parties.

According to the contracts concluded, receivables are permanently monitored, prudential thresholds are settled and so there is no significant exposure of the Company to the credit risk. Guarantees offered ensure maximum security and the credit risk is minimal.

The Management analyses all debtors when setting the credit thresholds, monitors their conduct along the contractual period and ensures that due dates are observed. In case of default of payment receipt, action is taken in order to secure payment.

## 2. Tangible assets of the Company

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The main tangible assets of the Issuer consist of the real estate properties – land lots and buildings - held with the function of registered office in Bistrita and, respectively, as secondary office in Bucharest. Their total acquisition value is 3,819 th. lei.

Aside buildings and land lots serving as registered office, with positive effects in terms of efficient organisation and performance of activities, operational costs, as well as the image of the Company, at the end of the reporting year, Transilvania Broker owned vehicles, equipment and furniture of 2,173.4 th. lei at cost value.

In respect of land improvements and buildings, the company recorded depreciation expenditure in the total amount of 288.4 thousand lei at the end of the reporting period. The value of amortisation for fixed assets such as technical installations, means of transport, other equipment and furniture is of 1548,9 thous lei. The management of the Company considers that the wear and tear level does not raise significant problems on the performance of its activity. The management also declare that there are no problems regarding the property right over the tangible assets owned by the Company.

## 3. The market for the securities issued by the Company

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Transilvania Broker de Asigurare S.A. shares are tradable on the Stock Exchange market in Bucharest, Main Regulated Segment, 'Standard' category, as of November 2nd, 2017, under TBK trading symbol.

The quality of the company's management communication with investors and the capital market, together with the informed and predominantly strategic investor profile of Transilvania Broker's shareholder, have translated the performance and prospects of the business into the company's stock price on the Bucharest Stock Exchange.



The share yield, calculated by comparing the share price at the end of 2023 to the beginning of the reporting period, was of 24.08%. Incorporating the dividend into the calculation, the **share performance in 2023 reaches 35.4%**.

Although lower than the performance indicators calculated for the BET (31.8%) and, respectively, BET-TR<sup>4</sup> (40.5%) indices, TBK's share return stands out among the highest amid shares traded on the BVB, despite a sector profile tangential to the favourite sectors in the reporting period and despite an expectant market environment.

Considering the positive evolution of Transilvania Broker's activity, the soundness of the premises necessary for the implementation of the growth strategy, the stability and economic-financial balance, all reflected in a favourable share price evolution despite a difficult year, we reaffirm, with confidence, that Transilvania Broker de Asigurare S.A. will **remain, on the stock market and in the sector, a strong, reliable company with a stable dividend policy favourable to its shareholders.**

During the period from January 1, 2023, to December 31, 2023, **the liquidity level, reflecting the attractiveness and interest generated by the stock on the capital market, increased significantly.** The average volume traded per session was 5,357 shares, **more than double the figure calculated for the reference period** (2,530 shares), while the average weighted adjusted price was 19.64 lei per share, **12% higher than the average weighted price calculated for the reference period** (17.56 lei per share). The TBK stock price ranged from a high of 22 lei per share reached on May 24, 2023, to a low of 17.8 lei per share, reached at the beginning of the period, and in the first days of January 2023.

The market value of the company, as of December 31, 2023, was 109,500,000 lei, or approximately 22.1 million euros, a 9% increase from the beginning of the period. However, at the time of drafting the annual report, it reached 95,500,000 lei (19.2 million euros)

<sup>4</sup> Total yield index for the companies in BET index, that incorporates the dividends these companies distributed in the performance of the index. The increase in BET-TR index in 2023, was of 40.5%



## Dividend Policy

The main corporate event in 2023 was the Ordinary General Meeting of Shareholders of Transilvania Broker de Asigurare S.A., which, on April 26, 2023, voted to distribute a gross dividend per share of 2 lei, an increase of 33% compared to the dividend approved in 2022. With a dividend distribution rate of 80% of profit, Transilvania Broker continues to stand out among the most generous companies in terms of dividend policy. For the year 2024, the Ordinary General Meeting of Shareholders, approving the financial statements for 2023, approved the distribution of dividends totaling 5,000,000 lei gross (1 lei per share), representing 66% of the exercise result.

The dividend yield calculated at the time of preparing the report is 5.5%, one of the highest among companies listed on the regulated market<sup>5</sup>. The dividends distributed by the AGM resolution from the results of the last financial years are as follows: *Table no. 10. Dividends granted in the past 3 years*

Corresponding financial year:	2021	2022	2023
<b>Dividends' value (lei)</b>	7.500.000	10.000.000	5.000.000

The Company commits to unconditional compliance with the Corporate Governance principles applicable to the Issuers whose securities are traded on a regulated market. The Company adopted a dividends' policy consisting in a set of directions to be met related to the distribution of net profits. The Company states that it shall comply with this policy, highlighting on relevant principles pertaining to the dividends' policy:

- (1) The Company acknowledges the shareholders' rights to be paid dividends, as a way of involvement to the net profits registered by the Company as well as a return on the capital invested in the Company;
- (2) While grounding for distribution of net profits obtained within a financial year, the Board of Directors of the Company shall aim to a balanced distribution of the net profits between dividends granted to the shareholders and the part to stay with the Company for investments, all in compliance with a prudent approach of management, for the sake of a sustainable development of the company on medium and long term;
- (3) The dividends the shareholders are entitled to shall be distributed exclusively out of the net profits of the Company pertaining to a certain financial year, as per applicable accounting regulations and audited book keeping, according to the law and with the observance of other legal provisions that are relevant in the industry;
- (4) The dividends are granted to shareholders either in the form of cash or by issuing free shares as a result of capitalisation of net profits accrued by the Company. Irrespective of the way chosen, the proposal for dividends' distribution is made by the Board of Directors under the form of financial statements to the investors. The final decision on dividends' distribution is taken by the General Assembly, according to the law in force.

[The dividend policy](#) may be accessed on the official website of the Company.

<sup>5</sup> Ranking the 8th, according to [Ziarul Financiar](#)



## Stock redemption

During the reporting period, specifically on February 28, 2023, in accordance with the resolution of the Extraordinary General Meeting of Shareholders (EGMS) no. 14/07.09.2021 and with the decision of the Board of Directors no. 27/14.12.2022, the Company completed the implementation of a share buyback program for the implementation of the Stock Option Plan aimed at incentivizing and retaining key personnel within the company, approved by the same EGMS resolution no. 14/07.09.2021.

The budget allocated to the Stock Option Plan program was fully executed in the buyback program conducted during the period from December 27, 2022, to February 28, 2023. The number of shares repurchased under the buyback program was 6,582 shares, with a total cost of 123,687.53 lei.

## Subsidiaries and ownership

The Company does not belong to a group of companies and does not own shares in other companies.

Its offices are located in:

- Sibiu, str. Justiției, nr.10, jud. Sibiu;
- București Sector 1, str. Elena Caragiani, nr.21D, ap.1;
- Pitești, Intrarea Rozelor, nr.3, jud. Argeș

## 4. Corporate Governance

### 4.1. Issuer's management – Corporate Governance Structures

Transilvania Broker de Asigurare is a public listed stock company organised as a unitary system: its management is ensured by a Board of Directors whose members are appointed by the Ordinary General Shareholders Assembly (OGSA) for a 4-year mandate. The Board of Directors is subordinated to the General Shareholders Assemblu (GSA). The latter delegates competences for executive management to the Directors of the Company. The Board of Directors operates in compliance with the Board's Regulations and performs responsibilities assigned through statutory documents and mandate agreements, as well as legal provisions.

The Company management is ensured, at the top level, by a Board of Directors consisting of five directors until 25.10.2022:

- Dan Niculae – **Chairman and executive member of the Board**. With an over 15 year - experience in the field of insurance and banking financial instruments, Mr Dan Niculae has been appointed in executive positions in Transilvania Broker de Asigurare S.A since 2010 and started his mandate as Chairman in June 2017. At 31.12.2023 he owned 1,033,761 shares, representing 20.6752 % of the Company's share capital and voting rights in the GSA;
- Gabriel-Alexandru Țuică - **non-executive member** of the Board and member of the Audit Committee as of June 2017, has a 15-year experience as insurance broker/ agent; Mr. Țuică does not own shares in the Issuer's share capital.
- Daniela Tasia Deneș - **independent member** of the Board and Chairman of the Audit Committee, has an over 20-year experience in the financial accounting field and a 10-year

experience as certified accountant, auditor, tax consultant, as well as legal expertise since 2013; Ms Tasia Deneș does not own shares in the share capital of the Company

- Gabriel Login – **executive member** of the Board and main shareholder, with over 23 years of experience in the insurance industry whereof more than 15 years with Transilvania Broker. At the date of the report, Mr. Login held also the position of General Manager of the Company. As of 31.12.2023, Mr. Login owned 1,806,340 shares, representing 36.1268 % of the share capital and of the total voting rights of the Issuer.
- Carmen-Loredana Bobu – **independent member** of the Board.

The resumes of the five members of the Board may be seen on [the Company's website](#).

Starting from October 25, 2022, an administrator position became vacant as a result of Mr. Barna Erik's decision to relinquish his second term as a member of the Board. In the Ordinary General Meeting of Shareholders (OGMS) held on January 18, 2023, the new administrator, Ms. Bobu Carmen Loredana, was appointed, and the exercise of her duties commenced following the issuance of the approval decision by the Financial Supervisory Authority (ASF).

Among Board members, there are no family ties.

A total amount of lei 497,396 was granted to the members of the Board in 2023 related to their activities for the Issuer, in compliance with the [Remuneration Policy](#), as it is posted on the Company's website. Details on the distribution of these revenues and their components are available in the [Remuneration Report for 2023](#), published also on the company's website.

During the financial year 2023, the Board of Directors met in a number of 4 meetings to analyze and discuss issues of major importance to the company, diligently performing all the acts necessary to achieve the Company's object of activity and the responsibilities assumed as per the contract mandate.

### The Audit Committee

According to the legal provisions in force, an Audit Committee is organized within the Board of Directors. This Committee has a consultative role and is formed of 2 members:

- Mrs. Daniela Tasia Denes, Chairman;
- Mr. Gabriel Alexandru Tuica, member.

The Audit Committee consists only of non-executive directors and at least one member of the Committee is an independent non-executive Director. Mrs Daniela Tasia Deneș has relevant expertise in application of accounting and financial audit principles.

The Audit Committee assists the Board of Directors in the latter accomplishment of responsibilities with regards to internal audit and advises pertaining to the Company's strategy and policy for internal control, internal and external audit, as well as control on the way significant risks are managed.

The Audit Committee's aims are:

- supervision of all aspects related to audit and risks of the Company;
- check and control on the adequacy, independence and efficiency level or internal audit of the Company;
- analysis and check of the accuracy of the financial statements of the Company, as well as of other important reporting;

- monitoring and checking on the independence, objectivity and efficiency of external auditor;
- close supervision of the risk profile of the Company, identification of main exposure areas and submitting relevant information in this respect, to the Board, on a regular basis.

The Audit Committee is entitled to conduct or authorise investigations as deemed necessary to any of its responsibility areas.

On the basis of review, discussions, assessments and remedies accomplished and contained in the Audit Report submitted to the Board of Directors, the Audit Committee recommended to the Company's management and the latter approved that audited financial statements should be included in the Annual Report for the financial year ended December 31st 2023.

Executive  
management

**The Executive management** is appointed by the Company's Board of Directors. It informs the Board of Directors on the activity undergone between the former's regular meetings. Executive management is also empowered to run and coordinate the daily activity of the Company and is entitled to represent the Company, as insurance brokerage company.

The executive management of the Company is ensured by:

- The General Manager - Mr Gabriel Login, and
- The Executive Manager - Mr Ioan Cotiac. He is a shareholder of Transilvania Broker, owning a number of 10,388 shares at the end of 2023.

Starting from February 1, 2024, in order to contribute more to the company's strategic journey and the implementation of new projects based on his mandate as an administrator, Mr. Gabriel Login has stepped down from his executive position. This position has been taken over by Mr. Sorin Baltasiu, who has over 20 years of experience in top management positions in the insurance industry, including the last 4 years with the Transilvania Broker team, serving as Director of the Corporate Insurance Department.

The members of executive management have competence and responsibilities as per the job description/ duties committed to in the administration mandate agreement. None of the people with positions in the executive management or Board of Directors of the Company has been involved in litigations or administrative proceedings pertaining to the Issuer and has disclosed on any agreement, deal or family relationship to other person belonging to executive management or Board of Directors.

The resumes of the two executive managers of the Company may be seen on [the Company's website](#).

The remuneration for the executive management in 2022 related to their activities for the Issuer was in full compliance with the [Remuneration Policy](#), as it is posted on the Company's website. The components of individual remuneration for executive management are available in the [Remuneration Report for 2023](#), published also on the company's website.



## 4.2. The Statement of the Company regarding the compliance with the Corporate Governance Code, Bucharest Stock Exchange

The Company adheres to and voluntarily applies the principles provided for by the Corporate Governance Code of BSE for the issuers admitted for transactions on the regulated market of BSE.

The Statement regarding the Company's compliance to the Corporate Governance Principles as per the Corporate Governance Code issued by BSE for all issuers admitted for transactions on the regulated market of BSE is contained below.

The activity of the Board of Administrators has not been assessed withing financial year ended 31.12.2023. The Board of Administrators (its structure, members' contribution and overview activity) shall be the subject of an assessment undergone by the Chairman of the Board within the following period of time.

The Company's management states that the [Remuneration Policy](#) as adopted by the OGSM of April 27<sup>th</sup>, 2021 has been fully observed and implemented along the reporting period. The Remuneration Report describing how the Policy Remuneration was applied along the 2023 year was submitted to the OGSM approval of April 23<sup>th</sup>, 2024.

Cod e	Provisions	Full compliance	Partial compliance	Does not comply	Reasons for non-compliance
<b>Section A Responsibilities of the Board of Directors (the Board)</b>					
A1.	The Company must have an Internal Regulation of the BoA ( <b>Corporate Governance Regulation</b> ) which covers reference terms/ responsibilities for the Board and the key positions in the Company's management. The Regulation shall define an accurate policy with regards to <b>delegation of responsibilities</b> including a formal list containing aspects to be decided on by the Board and a <b>clear distinction from the executive management</b> .	x			
A2.	The management of <b>conflict of interests</b> within the BoA must be provided for in the Corporate Governance Regulations. Members shall notify in this respect the Board regarding any conflicts of interests that have occurred or may occur. They shall refrain from attending discussions on or voting for making decisions on a matter that causes a conflict of interest.	x			
A3	The Board shall consist of at least 5 members.	x			
A4.	The majority of members of the Board shall be non executive and at least one member shall be independent. Each independent member shall, at the moment of election of reelection and whenever a change occurs in his/her status, shall make a statement containing the aspects taken into account as grounds for his/ her independence. The following criteria shall be considered when establishing independence of one member:	x			
A4.1.	He/she is not a general/ executive Director of the Company or of a controlled entity and has not had such a position for the past 5 years.	x			
A4.2.	He/she is not an employee of the Company or of a controlled entity and has not had such a position for the past 5 years.	x			



A4.3.	He/she has not been granted additional compensations or other advantages either by the Company or by a controlled entity besides those corresponding to his/ her capacity of non executive administrator.	x			
A4.4.	He/she has not been an employee of and has not had for the past year a contractual relationship with a significant shareholder of the Company controlling over 10% of the voting rights of the Company, or with any of his/her controlled companies.	x			
A4.5.	He/she has not had for the past year a business or professional relationship with the Company or a controlled entity, either directly or as a client, partner, shareholder, member of the Board, General/Executive Director if, by its material character, this capacity may influence his/ her objectivity.	x			
A4.6.	He/she has not been for the past 3 years the external or internal auditor, partner or employed shareholder of the current external or internal auditor or of any controlled entity.	x			
A.4.7	He/she is not the general/ executive director of other company where other general/ executive director of the Company is non executive member.	x			
A.4.8	He/she has not been non executive administrator of the Company for a period of more than 12 years.	x			
A.4.9	He/she does not have family relationships with any person belonging to any of A.4.1. to A.4.4 categories.	x			
A5.	Any other professional commitments of the Board members, including the title of executive or non executive member of the Board of some other company (except for subsidiaries of the Company), shall be disclosed to the Board <b>before appointment and while under mandate.</b>	x			
A6.	Each member of the Board shall disclose to the Board information regarding <b>any relationship with a shareholder that owns, directly or indirectly, shares representing more than 5%</b> of all voting rights. This duty stands for any type or relationship that may affect the position of Board member with regards to matters decided for by the Board.	x			
A7.	The Company shall appoint a secretary of the Board that is responsible with support of all Board's activity.	x			
A8.	The Corporate Governance Statement shall inform on whether the Board has been assessed, under the Chairman's supervision and, if they have, the key measures and changes resulted shall be outlined.	x			
A9.	The Corporate Governance Statement shall contain information on the number of meetings of the Board and the Committees for the past year, the attendance of the administrators (directly or by proxy) and a report of the Board on their activities.	x			
A10.	The Corporate Governance Statement shall contain information pertaining to the exact number of independent members of the Board of Directors or Supervision Board.	x			
<b>Section B – Risk management and internal control system</b>					
B1.	The BoA shall appoint an Audit Committee where at least one member shall be an independent non executive administrator. The majority of members, Chairman included, have proved relevant adequate expertise for the functions and responsibilities of the Committee. At least one member of the Audit Committee shall have proved corresponding experience in auditing or accounting fields.	x			
B2.	The Chairman of the Audit Committee shall be an independent non executive member.	x			



B3.	As part of its responsibilities, the Audit Committee shall execute an assessment of the internal control system on a yearly basis. This assessment shall encompass the efficiency and coverage of the internal audit function, the adequacy level of risk management and internal audit reports submitted to the Audit Committee of the Board, the promptness and efficiency with which executive management sort out deficiencies or the weaknesses identified as a result of the internal control and provision of relevant reports to the Board.	x			
B4.	The Audit Committee shall assess the conflicts of interests with regards to the Company or its subsidiaries' transactions with affiliated entities.	x			
B5.	The Audit Committee shall assess the efficiency of the risk management and internal control systems.	x			
B6.	The Audit Committee shall monitor the application of legal and accepted audit general internal audit standards. The Audit Committee shall receive and assess the reports of the internal audit team.	x			
B7.	The reports or analyses initiated by the Audit Committee shall be followed by periodic (at least yearly) or ad hoc reporting to the Board.	x			
B8.	None of the shareholders is allowed to receive preferential treatment with regards to transactions or agreements concluded by the Company with shareholders or their affiliates.	x			
B9.	The Board shall adopt a policy that would ensure that any transaction of the Company with any of the entities it has close relationships (affiliated parties) whose value is equal to or higher than 5% of the net assets of the Company (according to the latest financial statement) must be approved by the Board on the basis of a mandatory opinion of the Audit Committee of the Board and correctly disclosed to the shareholders and potential investors, as long as this type of transactions are contained in the scope of legal reporting requirements.	x			
B10.	<b>The internal audit</b> shall be executed by a different division in terms of organisational structure (Internal Audit Department) of the Company or by a third party independent company (audit company). The internal audit department or the audit company shall report directly to the General Manager or to the Board, as it is the case.	x			
<b>Section C – Correct compensation and incentives</b>					
C1.	The Company shall post on its website the Remuneration Policy and shall contain in the annual report a section where <b>the total income of the Board Directors and of the General manager shall be included, as well as the total value of any bonuses or variable compensations, including the key hypotheses and principles</b> for their calculation.	x			
<b>Section D – Value added character through investor relations</b>					
D1.	The Company shall organise an <b>Investor Relations Department</b> to be in touch with the large audience through the person in charge. Additionally to the insight imposed by the legal provisions, the Company shall upload on its <b>website</b> a section for Investor Relations, in Romanian and English languages, where all relevant pieces of information that would be of interest for investors shall be contained, such as:	x			





D1.1	<b>Main regulations</b> of the Company, the <b>Articles of association</b> specifically and internal regulations of statutory bodies.	x			
D1.2	Resumes of the members of statutory bodies.	x			
D1.3	Current and periodical reports.	x			
D1.4	Information related to the general assemblies of shareholders: agenda and corresponding documents, resolutions.	x			
D1.5	Information related to corporate events, such as dividends. payment or other events that result in obtaining or limitation of a shareholder's rights, deadlines and principles of such events included.	x			
D1.6	The Company shall appoint an <b>Investor Relations function</b> and shall include, on the special section dedicated on the Company's website, the name and data of the person in charge with providing, at request, corresponding information.	x			
D1.7	Companies' overviews (for investors, regarding quarter results), financial statements (half, end year), audit and annual reports.	x			
D2.	The Company shall adopt a <b>dividends policy</b> as per the proposal of the General Manager and approved by the Board, as a set of directions/ principles to be followed for distribution of profits. The dividends' policy shall be posted on the website of the Company.	x			
D3.	The Company shall adopt a <b>policy regarding prognoses, clearly pointing at whether these</b> shall be released or not. They represent quantified conclusions of surveys related to the total impact of <b>a list of factors</b> on a future period ( <b>hypotheses</b> ). The policy shall contain <b>the frequency, reference period and contents</b> . If published, the prognoses shall <b>be part of the annual, half and quarter reports</b> . The Prognoses Policy shall be posted on the Company's website.	x			
D4.	The Company shall set <b>the date and place of a general assembly of shareholders</b> so that attendance for as large a number as possible to be ensured for the shareholders. The rules of the general shareholders' meetings shall not constrain attendance or exercising of their rights. Any change to the rules shall be valid starting with the next general shareholders' meeting.	x			
D5.	The external auditors shall attend the general shareholders meetings when their reports are presented during these meetings.	x			
D6.	The Board shall present to the general shareholders assembly a short assessment on the internal control and risk management systems, as well as their opinions on the topics set on the agenda of the meeting.	x			
D7.	Any professional, consultant, expert or financial analyst may attend the general shareholders' meetings on the basis of an invitation of the Board. Certified journalists may also attend general shareholders' meetings, except for the cases when the Chairman decides differently.	x			
D8.	Financial reports shall include information both in Romanian and English language, with regards to main factors influencing changes to sales, operational profits or any other relevant indicator.	x			
D6.	The Company shall organise at least <b>two meetings/ conference calls</b> with analysts and investors, each year. The	x			





	information presented under these meetings/ calls shall be posted on the Company's website, Investors' Relations section, the moment the meeting/ conference call occurs.				
D7.	If the Company organises different artistic and cultural, sports, educational or scientific events and considers that their impact on the innovative and competitive character of the Company is a part of the development mission and strategy, a Policy pertaining to its activity in these fields shall be published on the Company's website.	x			

Other aspects related to Corporate Governance are contained in the Corporate Governance Regulations of the Company and posted on the Company's website.

## 5. Analysis of the economic financial position of the Company

The analysis of the economic- financial position of the Company by way of comparing the previous reporting period to the current position at the beginning of the year highlights on the following aspects:

### 5.1. FINANCIAL POSITION ANALYSIS

1. ASSETS				
Indicators (lei)	2022 31 December	2023 31 December	Variation (%) 2023/2022	Share in Total Assets as of 31,12,2023
<b>Fixed assets</b>	<b>4.607.511</b>	<b>4.290.301</b>	<b>-6,88%</b>	<b>14,4%</b>
Intangible assets	15.595	8.803	-43,55%	0,03%
Tangible assets	4.571.645	4.269.762	-6,60%	14,3%
Financial assets	20.271	11.736	-42,10%	0,04%
<b>Current assets</b>	<b>27.418.774</b>	<b>25.479.649</b>	<b>-7,07%</b>	<b>85,41%</b>
Inventories	0	181	-	0%
Receivables, of which:	12.599.247	13.816.551	+9,66%	46,3%
<i>brokerage related receivables</i>	<i>2.139.774</i>	<i>2.708.678</i>	<i>+26,59%</i>	<i>9,1%</i>
<i>other receivables</i>	<i>10.459.473</i>	<i>11.107.873</i>	<i>+6,20%</i>	<i>37,2%</i>
Short-term investments	6.000.000	4.880.000	-18,67%	16,4%
Cash and bank accounts	8.819.527	6.782.917	-23,09%	22,8%
<b>Prepayments</b>	<b>40.339</b>	<b>56.622</b>	<b>+40,37%</b>	<b>0,19%</b>
<b>TOTAL ASSETS</b>	<b>32.066.624</b>	<b>29.826.572</b>	<b>-6,99%</b>	<b>100%</b>

At the level of **current assets**, the marginal increase in the value of receivables (+9.6%, i.e. + RON 1,217.3 thousand) was offset by the decrease in cash (- RON 2,036.6 thousand) and short-term investments in the form of bank deposits (- RON 1,120 thousand), resulting in a 7.07% decrease in the value of this category of assets.

**Receivables**, accounting for 54.2% of total current assets, consist of 92% of receivables derived - directly or indirectly - from the distribution activity, whose collection term is regulated and monitored by internal procedures and legal provisions. Their dynamics also reflect, for the most part, the variation in the intensity of the 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 amount of adjustments for impairment of receivables as at 31.12.2023 is RON 139 thousand.

The **cash and cash equivalents** category, with an ending balance of RON 6,782.9 thousand and contributing 26.7% to total current assets, shows a decrease in value of RON 2,036.6 thousand, or 23.1%, in the reporting period compared to the beginning of the year.

The own cash assets, amounting to 2,389.8 thousand lei and accounting for 35.2% of the total cash assets, show a marginal negative difference compared to the beginning of the reporting period. The maintenance of the value of cash and cash equivalents at a level similar to the beginning of the year, under the conditions of the payment of dividends in the amount of RON 10 million approved in the AGOA of 26

April 2023, is the result of the decrease in the value of the bank deposit by RON 1,120 thousand (-18.7%) compared to 01.01.2023 associated with the incorporation of cash and cash equivalents related to the result of the activity during the reporting period. As at 31.12.2023, the value of the bank deposit recorded as short-term investment was RON 4,880 thousand.

The amounts available in the collecting bank accounts mediating settlement with insurers decreased by 30.7% compared to the beginning of the year, from RON 6,340.1 thousand to RON 4,393.2 thousand. 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 by 6.9% during the reporting period mainly due to depreciation of tangible fixed assets. The value of purchases of tangible assets in the form of equipment required in the activity in the reporting period was 31.8 thousand lei, while the value of intangible assets capitalized in the same period was 42.4 thousand lei. The share of non-current assets in total assets remains relatively the same (14.4%) as current assets vary in the same direction as non-current assets and relatively at the same pace. As at 31.12.2023, the depreciation rate of the Company's fixed assets was 39%.

## EQUITY AND DEBT

Indicators (lei)	2022 31 December	2023 31 December	Variation (%) 2023/2022	Share in total Liabilities As of 31.12.2023
<b>Current debt</b>	<b>15,144,141</b>	<b>16.400.351</b>	<b>+8.30%</b>	<b>54.9%</b>
Bank loans	433,419	433,419	0.00%	1.45%
Debt related to brokerage activity	10,778,926	13,679,369	+26.91%	45.9%
Other short-term debt	3,931,796	2,287,563	-41.82%	7.57%
<b>Provisions</b>	<b>515,823</b>	<b>590,823</b>	<b>+14.54%</b>	<b>1.98%</b>
<b>Non-current debt</b>	<b>2,358,649</b>	<b>1,082,899</b>	<b>-54.09%</b>	<b>3.63%</b>
Long-term loans	1,271,820	838,402	-34.08%	2.81%
Other debt	1,086,829	244,497	-77.50%	0.82%
<b>Total debt</b>	<b>17,502,790</b>	<b>17.483.250</b>	<b>-0,11%</b>	<b>58.6%</b>
<b>Social capital</b>	<b>500,000</b>	<b>500,000</b>	-	-
<b>Legal Reserves</b>	<b>100,000</b>	<b>100,000</b>	-	-
Redeemed own shares	(125,000)	0	-	-
<b>Reported result</b>	<b>2,043,674</b>	<b>3,586,175</b>	<b>+75.48%</b>	<b>12%</b>
<b>Reference result</b>	<b>11,529,337</b>	<b>7.566.324</b>	<b>-34,37%</b>	<b>25.4%</b>
<b>Equity</b>	<b>14,048,011</b>	<b>11.752.499</b>	<b>-16,34%</b>	<b>39.5%</b>
<b>TOTAL EQUITY AND DEBT</b>	<b>32,066,624</b>	<b>29.826.572</b>	<b>-6,99%</b>	<b>100%</b>

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, grants short-term payables the largest share of total sources of funding of assets (55%, with almost 8 p. p. more than in 2022) and, of course,

the highest share among external sources of financing, where it accounts for 93.8%, 7.3 p.p. more than in the reference period.

Short-term liabilities increased by 8.3% during the reporting period compared to the beginning of the fiscal year, primarily due to the evolution of liabilities directly or indirectly related to the distribution activity. Similar to the evolution of receivables derived from brokerage activity and the balance of collector accounts designed for sums transiting the company's bank accounts for settlement with insurers, the dynamics of this category of liabilities reflect differences in the intensity of activity in the last settlement cycles of the reporting period.

Other current liabilities, apart from those derived from distribution activity, consist of 31.6% of liabilities to the state budget and personnel, while 31% represents the due tranche from the total payment resulting from the settlement with Asirom Vienna Insurance Group.

**Debts due after more than one year** decreased by 54.1%, i.e. by RON 1,275.8 thousand as at 31.12.2023 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, as well as due to the reduction by half of the payment obligation to the insurer Asirom Vienna Insurance Group with which it was in dispute. Thus, at the end of the reporting period, bank loans contributed 77.4% to the amount of long-term liabilities, while the portions due in more than one year of the balance of the leasing contracts and the debt to Asirom accounted for 22.6% of total long-term liabilities.

At the end of the reporting period, the Company's **total debts** amounted to RON 17,483.3 thousand and slightly decreased compared to the beginning of the year, due to the decrease in the value of long-term debts much more pronounced than the increase in short-term debts in relation to distribution assistants.

The value of **provisions**, representing 1.98% of the total value of the Company's liabilities, includes the provision for litigation set up during 2022 in the amount of 390.8 thousand lei and the provision representing the Company's employees' participation to the profit of 2023 in the gross amount of 200,000 lei, in line with the human resources incentive and retention policy. At the same time, during the reporting period, the previously established provision related to the Company's share-based payment obligation to the beneficiaries of the Stock Option Plan, which ended at the beginning of the current year, 2023, was cancelled.

Although the financing of the assets - largely made up of receivables and cash assets committed in settlement relationships in the insurance ecosystem - is mainly made up of short-term debts, the financing of Transilvania Broker's activity is generously ensured by its own sources of financing, the value of shareholders' equity exceeding RON 11.75 million.

Following the granting of dividends during the year, by resolution of the OGSM of 26 April 2023, in the amount of RON 2/share, i.e. RON 10 million, 33.3% more than the dividend distributed in 2022 (RON 1.5/share), the retained earnings at the end of the year are of RON 1,542.5 thousand higher than at the beginning of the year. Compared to 2022 - an exceptional year from the perspective of policy redemption following the bankruptcy of City Insurance - the profit for the reporting period of RON 7,567.8 thousand is 34.4% lower than the profit for the reference period.

These changes led to a 16.3% decrease in equity as compared to the beginning of the year, which contributed 39.5% to the Company's financing structure.

## 5.2. FINANCIAL PERFORMANCE EVOLUTION

Profit and loss account				
(Financial performance indicators, lei)	2022 December 31	2023 December 31	Variation (%) 2023/2022	Share in the corresponding revenues / expenditure category (%), 2023
<b>Operating Revenues</b> , of which:	<b>129,930,902</b>	<b>111,034,347</b>	<b>-14.54%</b>	<b>100%</b>
Intermediation activity revenues	129,892,569	111,013,199	-14.53%	100%
Other operating revenues	38,333	21,148	-44.8%	-
<b>Operating Expenditures</b> , of which:	<b>116,705,561</b>	<b>102,572,395</b>	<b>-12.1%</b>	<b>100%</b>
Expenses with fees for brokerage agents and auxiliary assistants	105,807,588	92,005,145	-13.0%	89.7%
Personnel expenses	4,550,308	5,175,982	+13.8%	5.05%
Expenses with third party services' providers	4,101,472	4,362,597	+6.4%	4.25%
Other operating expenses	2,130,855	364,843	-82.9%	0.36%
Material expenses	193,327	136,205	-29.5%	0.13%
Expenses with other taxes, fees and similar payments	192,576	117,626	-38.9%	0.11%
Amortization expenses	354,905	222,872	-37.2%	0.22%
Adjustments on current assets	95,098	-12,875	-	-
Adjustments on provisions	-720,568	200,000	-	-
<b>Operating Result</b>	<b>13,225,341</b>	<b>8,461,952</b>	<b>-36%</b>	<b>-</b>
<b>Financial Revenues</b>	135,969	490,665	+260.9%	-
<b>Financial Expenditures</b>	142,244	171,410	+20.5%	-
<b>Financial Result</b>	<b>(6,275)</b>	319,255	<b>+518.8%</b>	<b>-</b>
<b>GROSS RESULT</b>	<b>13,219,066</b>	<b>8,781,207</b>	<b>-33.6%</b>	<b>-</b>
Tax on profit	1,689,729	1.214.883	-28,1%	-
<b>NET RESULT</b>	<b>11,529,337</b>	<b>7.566.324</b>	<b>-34,3%</b>	<b>-</b>

Backed by the financial performance of previous years and by a generous cash flow, the company's management has allocated a generous budget for **investment in the key assets** for the development strategy, namely human resources and digitization of operational and sales activities. 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, staff 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 5.05% of operating expenditure, up from 3.9% in the reference period, expenditure on services provided by third parties accounts for 4.25% of the operating expenditure budget, almost 1 p.p. more than at 31.12.2022. This development was offset by a marginal decrease in the share of expenditure on amounts due to assistants, also by almost 1 p.p. over the same period.

During the reporting period, personnel expenditure increased by RON 625.7 thousand (+13.8%) compared to the level reported in the reference period, and expenditure on digitization and platform development services increased by RON 483.4 thousand (+31.7%) to over RON 2 million, representing 46% of the total amount of the *Expenditure on services provided by third parties category*.

In order to safeguard efficiency and profitability while maintaining budgeted investments in critical pillars for the development strategy, the other cost categories have been optimised 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 restored to historical levels prior to the exceptional year 2022, i.e. to approximately RON 300,000, a minimum volume necessary to maintain the social-educational projects that Transilvania Broker has consistently supported for many years.

In this context, as at 31.12.2023, compared to 31.12.2022, operating expenses decreased to a lesser extent than operating income, generating a *positive operating result of RON 8,462 thousand*, but 36% lower than that of the reference period and, respectively, an operating result margin of 7.6%.

**Financial income and expenses**, which consists of interest income and expenses (98.8% and 92.1%), generated a positive financial result at the end of 2023, amounting to RON 319.3 thousand. Compared to the slightly negative financial result for 2022, which in turn cancels the loss of 2021, the financial profit calculated for the reporting period validates the financial cash flow management solutions applied by the company's management.

The gross result as at 31.12.2023 is positive, amounting to RON 8,781.2 thousand, while the net profit, amounting to RON 7,566.3 thousand, is associated with a margin of 6.82%.

## 6. Litigations

The Company's management conducts periodic analyses of the status of all ongoing litigations and decides on the necessity of provisioning for risks and expenses or their presentation as contingent liabilities in the explanatory notes to the financial statements.

In 2022, the Company established provisions for litigation related to claims filed by Omniasig Vienna Insurance Group S.A. in the form of damages and court costs incurred in a lawsuit. The provision was estimated at the amount of 390,823.35 lei, representing the value of the claims made by the plaintiff, a provision that was maintained as of December 31, 2023. The Company believes that this amount represents the best estimate of the amount necessary to settle the claims.

The Company considers it necessary to present a contingent liability in the amount of 500,000 lei as a current obligation arising from past events, prior to the balance sheet date, but not recognized as a liability in the balance sheet because it is not certain that resource outflows will be required to settle this liability. This relates to the ongoing litigation with Omniasig Vienna Insurance Group S.A. On March 1, 2024, in the first instance, the Company took note of the court decision ruling in favour of Omniasig, obligating the Company to pay the amount of 390,823.35 lei (the provisioned amount) plus late payment penalties of 0.1% per day of delay and court costs. For these penalties and court costs, the amount of 500,000 lei is considered by the Company to be the best estimate as of December 31, 2023.

### **Chairman of Board of Directors**

Dan Niculae



**TRANSILVANIA BROKER DE ASIGURARE S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**on and for the financial year  
ended on December 31st, 2023**

**prepared according to the FSA<sup>1</sup> Norm 36/ 2015 for the  
approval of Accounting regulations pertaining to  
annual individual financial statements and annual  
consolidated financial statements that are applicable to  
insurance and/ or reinsurance brokerage companies**

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<sup>1</sup> *Financial Supervisory Authority*



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**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**FINANCIAL STATEMENT**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

**FINANCIAL STATEMENT on**  
**December 31<sup>st</sup>, 2023**

Indicator	No. line	Balance on:	
		01.01.2023	31.12.2023
<b>A. ASSETS</b>			
<b>I. INTANGIBLE ASSETS</b>			
1. Incorporation expenses	1		
2. Development expenses	2	0	0
3. Concessions, patents, licenses, commercial trademarks, rights and similar assets, if they have been acquired at a price	3	0	0
4. Company goodwill	4	15,595	8,803
5. Prepayments for intangible assets	5	0	0
<b>TOTAL (lines 01 to 05)</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>II. TANGIBLE ASSETS</b>			
1. Land and buildings	7	3,597,086	3,530,625
2. Technical equipment and machines	8	958,938	729,377
3. Other devices, equipment and furniture	9	15,621	9,760
4. Prepayments and work in progress for tangible fixed assets	10	0	0
<b>TOTAL (lines 07 to 10)</b>	<b>11</b>	<b>4,571,645</b>	<b>4,269,762</b>
<b>III. FINANCIAL ASSETS</b>			
1. Shares held in affiliated companies	12	0	0
2. Loans granted to affiliated companies	13	0	0
3. Shares held in associated companies and jointly controlled companies	14	0	0
4. Loans granted to associated companies and jointly controlled companies	15	0	0
5. Investment held as fixed assets	16	0	0
6. Other loans and bonds	17	20,271	11,736
<b>TOTAL (lines 12 to 17)</b>	<b>18</b>	<b>20,271</b>	<b>11,736</b>
<b>INTANGIBLE ASSETS- TOTAL (lines 06 + 11 + 18)</b>	<b>19</b>	<b>4,607,511</b>	<b>4,290,301</b>
<b>B. CURRENT ASSETS</b>			
<b>I. INVENTORIES</b>			
1. Raw materials and other current assets similar to inventories	20	0	0
2. Prepayments for purchase of inventories	21	0	181
<b>TOTAL (lines 20 + 21)</b>	<b>22</b>	<b>0</b>	<b>181</b>
<b>II. ACCOUNTS RECEIVABLE</b>			
1. Receivables related to the distribution activity	23	2,139,774	2,708,678
2. Receivables related to insurance products designed together with insurance companies	23a	0	0
3. Receivables from affiliated companies	24	0	0
4. Receivables from associated companies and jointly controlled companies	25	0	0
5. Other receivables	26	10,459,473	11,107,873
6. Receivables related to unpaid subscribed share capital	27	0	0
7. Receivables related to dividends granted within the financial year	27a	0	0
<b>TOTAL (lines 23 to 27+23a+27a)</b>	<b>28</b>	<b>12,599,247</b>	<b>13,816,551</b>

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**FINANCIAL STATEMENT**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

<b>III. SHORT TERM INVESTMENT</b>			
1. Shares held in affiliated companies	29	0	0
2. Other short term investment	30	6,000,000	4,880,000
<b>TOTAL (line 29 to 30)</b>	<b>31</b>	<b>6,000,000</b>	<b>4,880,000</b>
<b>IV. CASH AND BANK ACCOUNTS</b>	<b>32</b>	<b>8,819,527</b>	<b>6,782,917</b>
<b>CURRENT ASSETS - TOTAL (lines 22 + 28 + 31 + 32)</b>	<b>33</b>	<b>27,418,774</b>	<b>25,479,649</b>
<b>C. PREPAID EXPENSES</b>	<b>34</b>	<b>40,339</b>	<b>56,622</b>
<b>D. LIABILITIES: AMOUNTS DUE WITHIN ONE YEAR</b>			
1. Loans from bond issuance, with convertible bonds loans presented separately	35	0	0
2. Amounts owed to credit institutions	36	433,419	433,419
3. Debt related to distribution activity	37	10,778,926	13,679,369
4. Amounts owed to affiliated entities	38	0	0
5. Amounts owed to associated companies and jointly controlled companies	39	0	0
6. Other liabilities, including tax liabilities and social security liabilities	40	3,931,796	2,287,563
<b>TOTAL (lines 35 to 40)</b>	<b>41</b>	<b>15,144,141</b>	<b>16,400,351</b>
<b>E. NET CURRENT ASSETS/ NET CURRENT DEBT</b>	<b>42</b>	<b>12,314,972</b>	<b>9,135,921</b>
(lines 33 + 34-41-56)			
<b>F. TOTAL ASSETS MINUS TOTAL CURRENT DEBT</b>	<b>43</b>	<b>16,922,483</b>	<b>13,426,222</b>
(lines 19 + 42-55)			
<b>G. LIABILITIES: AMOUNTS DUE IN MORE THAN ONE YEAR</b>			
1. Loans from bond issuance, with convertible bonds loans presented separately	44	0	0
2. Amounts owed to credit institutions	45	1,271,820	838,402
3. Debt related to distribution activity	46	0	0
4. Amounts owed to affiliated entities	47	0	0
5. Amounts owed to associated companies and jointly controlled companies	48	0	0
6. Other liabilities, including tax liabilities and social security liabilities	49	1,086,829	244,497
<b>TOTAL (lines 44 to 49)</b>	<b>50</b>	<b>2,358,649</b>	<b>1,082,899</b>
<b>H. PROVISIONS</b>			
1. Pension and similar obligations provisions	51	0	0
2. Tax provisions	52	0	0
3. Other provisions	53	515,823	590,823
<b>TOTAL (lines 51 to 53)</b>	<b>54</b>	<b>515,823</b>	<b>590,823</b>
<b>I. DEFERRED REVENUES</b>			
1. Grants	55	0	0
2. Revenue recognized in advance	56	0	0
3. Negative goodwill	57	0	0
<b>TOTAL (lines 55 + 56 + 57)</b>	<b>58</b>	<b>0</b>	<b>0</b>

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**FINANCIAL STATEMENT**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

<b>J. CAPITAL AND RESERVES</b>			
<b>I. CAPITAL (lines 60 + 61 + 62 + 63)</b>	<b>59</b>	<b>500,000</b>	<b>500,000</b>
1. Paid subscribed share capital	60	500,000	500,000
2. Unpaid subscribed share capital	61	0	0
Categories similar to share capital	62	0	0
Categories similar to equity	63	0	0
<b>II. CAPITAL PREMIUMS</b>	<b>64</b>	<b>0</b>	<b>0</b>
<b>III. REVALUATION RESERVES</b>	<b>65</b>	<b>0</b>	<b>0</b>
<b>IV. RESERVES (lines 67 + 68 + 69)</b>	<b>66</b>	<b>100,000</b>	<b>100,000</b>
1. Legal reserves	67	100,000	100,000
2. Statutory or contractual reserves	68	0	0
3. Other reserves	69	0	0
<b>Own shares</b>	70	125,000	0
<b>Earnings related to equity instruments</b>	71	0	0
<b>Loss related to equity instruments</b>	72	0	0
<b>V. REPORTED PROFIT OR LOSS</b>			
<b>BALANCE C</b>	<b>73</b>	<b>2,043,674</b>	<b>3,586,175</b>
<b>BALANCE D</b>	<b>74</b>	<b>0</b>	<b>0</b>
<b>VI. PROFIT OR LOSS</b>			
<b>BALANCE C</b>	<b>75</b>	<b>11,529,337</b>	<b>7,566,324</b>
<b>AT THE END OF FINANCIAL YEAR</b>	<b>76</b>	<b>0</b>	<b>0</b>
<b>Distribution of profits</b>	<b>77</b>	<b>0</b>	<b>0</b>
<b>EQUITY - TOTAL (lines 59 + 64 + 65 + 66 - 70 + 71 - 72 + 73 - 74 + 75 - 76 - 77)</b>	<b>78</b>	<b>14,048,011</b>	<b>11,752,499</b>

The financial statements were endorsed on March 19th, 2024, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,  
Mr. Dan Niculae  
Signature \_\_\_\_\_

Prepared,  
Mrs. Oana Pârțiu Vasilichi  
Head of Financial-Accounting Department  
Signature \_\_\_\_\_

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**PROFIT AND LOSS ACCOUNT**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

**PROFIT AND LOSS ACCOUNT**  
**on December 31st, 2023**

Indicator	No. ln	Results of financial year	
		Previous 31.12.2022	Current 31.12.2023
1. Net turnover (lines 02+09+10-11+12)	01	129,892,569	111,013,199
1.1. Revenues from distribution activity (lines 03+08)	02	129,892,569	111,013,199
a) revenues from distribution of insurance and re-insurance contracts (lines 04+05+06+07)	03	129,892,569	111,010,706
a.1) consultancy services and proposal of insurance and re-insurance contracts	04	0	0
a.2) performance of preliminary actions for concluding contracts, negotiation with insurance and re-insurance companies for conclusion of contracts	05	0	0
a.3) assistance for management and execution of contracts, including claims for compensation	06	184,513	560,995
a.4) other actions related to distribution activities	07	129,708,056	110,449,711
b) revenues from distribution activities pertaining to pension products, investment products and products created by banking credit institutions, non-bank financial institutions, payment institutions or electronic currency institutions	08	0	2,493
1.2. Revenues from designing insurance products in joint approach with insurance companies	09	0	0
1.3. Revenues from organisation of professional training in insurance and re-insurance	10	0	0
1.4. Granted commercial discounts	11	0	0
1.5. Revenues from royalties and lease	12	0	0
2. Revenues from generating assets	13	0	0
3. Revenues from operating subsidies	14	0	0
4. Other operating revenues	15	38,333	21,148
wherefrom: revenues from negative commercial fund	16	0	0
5. Revenues from re-valuation of tangible assets	17	0	0
<b>OPERATING REVENUES - TOTAL</b> (lines 01+13+14+15+17)	<b>18</b>	<b>129,930,902</b>	<b>111,034,347</b>
6. a) Expenses related to services provided by third parties	19	4,101,472	4,362,598
wherefrom, expenses with collaborators	20	0	0
b) Expenses with consumable materials and inventory items	21	193,327	136,205
7. Commercial discounts received	22	0	0
8. Expenses with other taxes and assimilated duties	23	192,576	117,626
wherefrom, authorisation to function	24	129,819	73,259
9. Expenses with personnel (line 26+27)	25	4,550,308	5,175,982
a) Salaries and allowances	26	4,402,901	5,037,671
b) Expenses with social security and protection	27	147,407	138,311

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**PROFIT AND LOSS ACCOUNT**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

10. Expenses with amounts to be paid to agents and auxiliary agents	28	105,807,588	92,005,145
11. Other operating expenses (lines 30 la 34)	29	2,130,855	364,843
11.1. Expenses with environment protection	30	0	0
11.2. Expenses with re-valuation of tangible assets	31	0	0
11.3. Expenses with disasters and other similar events	32	0	0
11.4. Expenses with compensations, donations and other ceded assets	33	2,128,824	296,476
11.5. Other operating expenses	34	2,031	68,367
12. Adjustments for the value of tangible fixed assets and intangible assets (lines 36-37)	<b>35</b>	<b>354,905</b>	<b>222,872</b>
a) Expenses	36	354,905	347,872
b) Revenues	37	0	125,000
13. Adjustment for the value of current assets (lines 39-40)	<b>38</b>	<b>95,098</b>	<b>-12,875</b>
a) Expenses	39	95,098	0
b) Revenues	40	0	12,875
14. Adjustment for provisions (lines 42-43)	<b>41</b>	<b>-720,568</b>	<b>200,000</b>
a) Expenses	42	515,823	200,000
b) revenues	43	1,236,391	0
<b>OPERATING EXPENSES - TOTAL</b>	<b>44</b>	<b>116,705,561</b>	<b>102,572,396</b>
(lines 19+21-22+23+25+28+29+35+38+41)			
<b>OPERATING PROFITS OR LOSS</b>			
Profit (lines 18-44)	<b>45</b>	13,225,341	8,461,952
Loss (lines 44-18)	<b>46</b>	0	0
15. Revenues from equity holding interests	47	0	0
wherefrom: earnings from affiliated companies	48	0	0
16. Revenues from interests	49	126,117	484,854
wherefrom: earnings from affiliated companies	50	0	0
17. Other financial revenues	51	9,852	5,811
wherefrom: revenues from other financial assets	52	0	0
<b>FINANCIAL REVENUES - TOTAL ( lines 47+49+51)</b>	<b>53</b>	<b>135,969</b>	<b>490,665</b>
18. Adjustments for the value of financial assets (lines 55-56)	<b>54</b>	<b>0</b>	<b>0</b>
a) Expenses	55	0	0
b) Revenues	56	0	0
19. Expenses with interests	57	131,187	157,876
wherefrom: expenses related to affiliated companies	58	0	0
20. Other financial expenses	59	11,057	13,534
<b>FINANCIAL EXPENSES - TOTAL (lines 54+57+59)</b>	<b>60</b>	<b>142,244</b>	<b>171,410</b>
<b>FINANCIAL PROFITS OR LOSS</b>			
Profit (lines 53-60)	<b>61</b>		
Loss (lines 60-53)	<b>62</b>	6,275	-319,255
<b>CURRENT PROFITS OR LOSS</b>			
Profit (lines 18+53-44-60)	<b>63</b>	<b>13,219,066</b>	<b>8,781,207</b>
Loss (lines 44+60-18-53)	<b>64</b>	0	0
<b>TOTAL REVENUES (lines 18+53)</b>	<b>65</b>	<b>130,066,871</b>	<b>111,525,012</b>
<b>TOTAL EXPENSES (lines 44+60)</b>	<b>66</b>	<b>116,847,805</b>	<b>102,743,805</b>



**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**PROFIT AND LOSS ACCOUNT**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

<b>21. GROSS PROFIT OR LOSS</b>			
Profit (lines 65-66)	<b>67</b>	13,219,066	8,781,207
Loss (lines 66-65)	<b>68</b>	0	0
<b>22. Tax on profit</b>	<b>69</b>	1,689,729	1,214,883
23. Other taxes that have not been included above	70	0	0
<b>24. NET PROFIT OR LOSS OF FINANCIAL YEAR</b>			
Profit (lines 65-66-69-70)	<b>71</b>	<b>11,529,337</b>	<b>7,566,324</b>
Loss (lines 66-65+69+70)	<b>72</b>	0	0

The financial statements were endorsed on March 19th, 2024, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,  
 Mr. Dan Niculae  
 Signature \_\_\_\_\_

Prepared,  
 Mrs. Oana Pârțiu Vasilichi  
 Head of Financial-Accounting Department  
 Signature \_\_\_\_\_

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

**CHANGES IN EQUITY AS OF 31st of DECEMBER 2022**

Indicator		Balance on January 1st, 2022	Increase		Reduction		Balance on December 31st, 2022
			Total, wherefrom:	Through transfer	Total, wherefrom:	Through transfer	
Subscribed share capital		500,000			0		500,000
Capital premiums		0	0		0		0
Reserves pertaining to re-valuation		0	0		0		0
Legal reserves		100,000	0		0		100,000
Reserves representing the surplus from re-valuation reserves		0	0		0		0
Other reserves		0	0		0		0
Own shares		0	125,000		0		125,000
Reported result representing retained earnings or uncovered loss	Balance C	2,659,691	6,883,983	6,883,983	7,500,000		2,043,674
	Balance D	0	0		0		0
Reported result from correcting book keeping errors	Balance C	0	0		0		0
	Balance D	0	0		0		0
Result of financial year	Balance C	6,883,983	11,529,337		6,883,983	6,883,983	11,529,337
	Balance D	0	0		0		0
Distribution of profit		0	0		0		0
<b>Total equity</b>		<b>10,143,674</b>	18,288,320	6,883,983	14,383,983	6,883,983	<b>14,048,011</b>

The financial statements were approved on March 19th, 2024 by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,  
Mr. Dan Niculae  
Signature \_\_\_\_\_

Prepared,  
Mrs. Oana Pârțiu Vasilichi  
Head of Financial-Accounting Department

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

**CHANGES IN EQUITY AS OF 31st of DECEMBER 2023**

Indicator		Balance on January 1st, 2023	Increase		Reduction		Balance on December 31st, 2023
			Total, wherefrom:	Through transfer	Total, wherefrom:	Through transfer	
Subscribed share capital		500,000	0		0		500,000
Capital premiums		0	0		0		0
Reserves pertaining to re-valuation		0	0		0		0
Legal reserves		100,000	0		0		100,000
Reserves representing the surplus from re-valuation reserves		0	0		0		0
Other reserves		0	0		0		0
Own Shares		125,000	0		125,000		0
Reported result representing retained earnings or uncovered loss	Balance C	2,043,674	11,529,337	11,529,337	9,986,836		3,586,175
	Balance D	0	0		0		0
Reported result from correcting book keeping errors	Balance C	0	0		0		0
	Balance D	0	0		0		0
Result of financial year	Balance C	11,529,337	7,566,324		11,529,337	11,529,337	7,566,324
	Balance D	0	0		0		0
Distribution of profit		0	0		0		0
<b>Total equity</b>		<b>14,048,011</b>	19,095,661	11,529,337	21,391,173	11,529,337	<b>11,752,499</b>

The financial statements were endorsed on March 19th, 2024 by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,  
Mr. Dan Niculae  
Signature \_\_\_\_\_

Prepared,  
Mrs. Oana Pârțiu Vasilichi  
Head of Accounting Department  
Signature \_\_\_\_\_

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**CASHFLOWS STATEMENT**  
for the financial year ended December 31st, 2023  
(all amounts are in lei ("RON"), if not otherwise specified)

Indicator	No. In	Results of the reporting period	
		Previous 31.12.2022	Current 31.12.2023
<b>OPERATIONAL CASHFLOW</b>			
1. Cash received from distribution activity	1	773,110,159	920,689,598
2. Cash paid related to the distribution activity	2	749,226,517	902,032,129
3. Cash received from various debtors	3	5,508	11,433
4. Cash paid to suppliers and various creditors	4	3,665,778	4,019,086
5. Cash paid to and on behalf of employees	5	4,527,204	4,918,013
6. Payments related to special funds in the distribution activity	6	125,480	95,294
7. Other cash payments related to operational activity	7	1,772,930	1,851,148
8. Cash paid as dividends transferred to shareholders	8	7,126,481	9,190,372
9. Cash paid as interests related to loans and lease contracts	9	131,187	157,876
10. Paid tax on profits	10	1,692,828	1,475,950
<b>NET CASH GENERATED FROM (PAID IN) OPERATIONAL ACTIVITY</b> (lines 01-02+03-04-05-06-07-08-09-10)	<b>11</b>	<b>4,847,262</b>	<b>-3,038,836</b>
<b>CASHFLOWS RELATED TO INVESTMENT ACTIVITY</b>			
1. Cash paid for purchase of tangible and intangible assets	12	80,559	70,026
2. Cash received from sale of tangible and intangible assets	13	0	0
3. Cash paid for purchase of equity based financial instruments or of debt owed to other entities	14	0	0
4. Cash received from sale of equity based instruments or debt based instruments towards other entities	15	0	0
5. Cash paid for purchase of interests in joint ventures	16	0	0
6. Cash received from sale of interests in joint ventures	17	0	0
7. Cash paid in the form of loans granted to third parties	18	0	846
8. Cash received from reimbursement of loans granted to third parties	19	0	5,683
9. Cash paid for other short-term investments	20	6,000,000	7,880,000
10. Cash received from the transfer of other short-term investments	21	0	9,000,000
11. Cash received from interests generated by debt instruments	22	0	0
10. Cash received from dividends generated by equity based financial instruments	23	0	0
12. Cash received from banking interests	24	132,814	484,855
<b>NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY</b> (lines 13-12+15-14+17-16+19-18+21-20+22+23+24)	<b>25</b>	<b>-5,947,745</b>	<b>1,539,665</b>

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**CASHFLOWS STATEMENT**  
for the financial year ended December 31st, 2023  
(all amounts are in lei ("RON"), if not otherwise specified)

<b>CASHFLOWS RELATED TO FINANCING ACTIVITY</b>			
1. Cash received from issue of shares or other equity based financial instruments	26		
2. Cash paid to owners for share redemption	27	125,000	0
3. Cash received from issue of bonds, debt securities or other loans	28		
4. Cash paid to reimburse borrowed amounts	29	433,419	433,419
5. Cash received from funds borrowed from shareholders	30	11,600	0
6. Cash paid for reimbursement of amounts borrowed from shareholders	31	11,600	0
7. Cash paid for financial lease contracts	32	99,864	104,020
8. Cash received from government programs	33	0	0
<b>NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES</b>	<b>32</b>	<b>-658,283</b>	<b>-537,438</b>
(lines 23-24+25-26+27-28-29)			
<b>CASH AND CASH EQUIVALENTS ON JANUARY 1ST</b>	<b>33</b>	<b>10,578,292</b>	<b>8,819,527</b>
<b>NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS (rd.10+22+30)</b>	<b>34</b>	<b>-1,758,766</b>	<b>-2,036,609</b>
<b>CASH AND CASH EQUIVALENTS ON DECEMBER 31ST (rd. 31+32)</b>	<b>35</b>	<b>8,819,527</b>	<b>6,782,917</b>

The financial statements were endorsed on March 19th, 2024, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,  
Mr. Dan Niculae  
Signature \_\_\_\_\_

Prepared,  
Mrs. Oana Pârțiu Vasilichi  
Head of Financial-Accounting Department  
Signature \_\_\_\_\_

## 1. GENERAL OVERVIEW

### 1.1 *Description of the Company*

**TRANSILVANIA BROKER de ASIGURARE S.A.** operates in the insurance distribution sector, set up and registered in 2006. It runs its activities in compliance with provisions of Companies Law 31/1990 and the Insurance Distribution Law no. 236/ 2018. The company is licensed by the Financial Supervisory Authority to provide insurance brokerage in the field of commercial insurances under no. 114.420 of November 21st, 2006 and is enrolled in the Insurance Brokers' register under no. RBK-374. It observes all regulations issued by the Financial Supervisory Authority with respect to intermediation of commercial insurance. The Company has been public listed on Bucharest Stock Exchange as of November 2nd, 2017. Its registered office is in Bistrița, 13, Calea Moldovei street, postal code 420096, Bistrița-Năsăud County, has Trade Register no.: J06/674/2006 and Fiscal Code:19044296.

As of December 31st, 2023, the Company's active business offices are:

- Sibiu, 10, Justitiei Street, Sibiu County;
- Bucharest, 1st District, 21D Elena Caragiani Street, flat 1;
- Pitești, 3, Intrarea Rozelor Street, Arges County;

Shareholders' structure as of December 31st, 2023 is as follows:

<b>Shareholder Name</b>	<b>No. Shares</b>	<b>Nominal Value (lei)</b>	<b>Ownership quota (%)</b>
LOGIN GABRIEL	1,806,340	180,634,00	36,1268
NICULAE DAN	1,033,761	103,376,10	20,6752
Natural persons	1,347,728	134,772,80	26,9546
Legal entities	812,171	81,217,10	16,2434
<b>TOTAL</b>	<b>5,000,000</b>	<b>500,000,00</b>	<b>100,0000</b>

### 1.2. *Corporate Governance*

On 25 October 2022, one position in the Board of Directors became vacant as a result of the resignation of Mr Barna Erik from his second term as a member of the Board. At the AGM of 18.01.2023, a new administrator was appointed, namely , Mrs. BOBU Carmen Loredana, who started to exercise her duties after the approval decision issued by the A.S.F.



**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

The members of the Board of Directors of Transilvania Broker de Asigurare S.A. for the period 18th of January 2023 - 31st December, 2023, are as follows:

- Dan NICULAE – Chairman;
- Daniela Tasia DENEȘ – Member;
- Gabriel Alexandru ȚUICĂ – Member
- Gabriel LOGIN – Member
- Carmen Loredana BOBU - Member

On December 31st, 2022, the management team of the company consisted of the following persons:

- Gabriel LOGIN – General Director;
- Ioan COTIAC – Executive Director;
- Oana PÂRȚIU VASILICHI – Head of the Financial-Accounting Dept.

Members of the executive management have powers and responsibilities according to the job description. By the Decision of the Board of Directors of 30/21.12.2023, the Directors of the Company took note of the resignation of Mr. Login Gabriel from the position of Executive Director as of 01.02.2024. By the current report dated 22.12.2023, the Company informed investors of the changes in the management structure. Mr. Sorin Baltasiu, Director of the Corporate Insurance Department, will take over the position of General Manager of the Company, following the approval of the ASF in accordance with the applicable legal provisions.

The members of the Board of Directors and of the Executive Management team have not been involved in litigations or administrative legal proceedings related to their activity for the Issuer.

## **2. ACCOUNTING POLICIES**

The Company prepares its financial statements in compliance with the Accounting Law 82/1992, republished with further amendments and with FSA Norm no. 36/2015 regarding approval of Accounting regulations related to annual individual financial statements and annual consolidated financial statements applicable to insurance and/ or re-insurance brokerage companies, with further amendments ("FSA Norm 36/ 2015"). The management of the Company acknowledges, expressly and unreservedly, the compliance of the annual individual financial statements with the FSA Norm 36/2015.

The annual individual financial statements were endorsed by the Board of Directors in their meeting on March 19th, 2024.

The main accounting policies applied when preparing the financial statements are described below. They have been applied in a consistent manner for the reported years, except for cases when it is otherwise mentioned.

### ***2.1. Basis for valuation***

The annual individual financial statements are prepared on the basis of historical cost convention, except for the cases when it is otherwise mentioned.

### ***2.2. Currency***

Book keeping is made in Romanian and the national currency („RON” or „LEI”). These financial statements are presented in Romanian LEI.

### ***2.3. Accounting valuations and estimates***

Preparing the financial statements in accordance with “FSA Norm 36/2015” involves the management of the Company doing certain estimates that influence the reported values for assets and liabilities and the presentation of contingent assets and liabilities at the date of the financial statements, as well as of values of income and expense pertaining to the reported period. The real results may be different from the estimated ones. The estimates are reviewed on a periodic basis.

Examples of valuation, estimates, assumptions applied by the Company are described below:

(a) Adjusting entries for depreciation of accounts receivables

Assessment for depreciation of accounts receivables is individually made and stays on the best estimate of the management regarding the current value of cashflows to be received. In order to estimate these cashflows, the management make certain estimates with regards to the financial position of the company’s partners.

(b) Legal procedures

The Company revises and analyses unsettled legal trials, by monitoring the evolution in Court and the current situation on each financial reporting date, in order to estimate provisions and grounding in the financial statements accordingly. Among aspects that are taken into account in the decision making process for provisioning we mention: litigation type or claims for potential compensation levels, the progress of trial

(including progress after financial statements' report date, but before the statements are issued).

(c) Taxation

The fiscal system in Romania is undergoing a period of consolidation and harmonisation with the European legislation. Yet, there are still different interpretations for the fiscal legislation. There are cases when the Fiscal Authorities may treat certain aspects in a different manner and consequently impose additional taxes, as well as corresponding delay penalties. In the opinion of the Company's management, the tax obligations included in the financial statements are adequate.

#### ***2.4. Significant general financial reporting principles***

The financial statement for the financial year ended December 31st, 2023, were prepared in compliance with the following general financial reporting principles:

##### *Principle of Business Continuity*

These financial statements were prepared on the basis of business continuity principle, which states that the Company shall continue its activity in a normal manner for the predictable future and shall not enter into incapacity or significant reduction of activity. In order to assess the applicable level of this assumption, the management analyzes the predictions related to future cashflows. Consequently, the management considers that the Company shall be able to continue its activities in the predictable future and so, applying the business continuity principle in preparing the financial statements is well grounded.

On December 31st, 2023, the Company registered **net profits** in the amount of **7,566,324 lei**, with **net current assets** in the amount of **9,135,921 lei**.

##### *Principle of the Permanence of Methods*

The Company applies the same rules, methods and methodology with regards to accounting registration and presentation of the elements of assets, liabilities, equity, allowing for comparison in time of information published by the Company.

##### *Principle of Prudence*

While preparing the financial statements the following were taken into account:

- all adjustments generated by depreciation of assets' valuation;
- only profits achieved at the date of the financial statements were recorded;

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

- liabilities occurring in the current or previous financial year were recorded, though they took shape between the statement date and the date of its preparing.

*Principle of Accounting Commitments*

The effects of transactions and other events are admitted only when these occur (and not along with payment or in-cashing of corresponding cash or cash equivalents) and are recorded in book keeping and reported in the financial statements of the reported periods. The income and expenses pertaining directly and at the same time to a certain transaction are simultaneously recorded in book keeping by direct association of the expenses to the corresponding revenues and the distinctive highlight of these incomes and expenses.

*Principle of Intangibility*

The opening balance sheet of the current financial year corresponds to the closing balance of the previous financial year.

*Principle of Separate Valuation of Assets and Liabilities*

Separate determination of each asset and liability was made in order to have a corresponding total value of a category in the financial statement.

*Principle of Non-Compensation*

The values of assets and liabilities/ equity were not set off to each other, neither setting off income to expenses were made.

*Principle of Valuation At Purchase Or Production Cost*

All titles presented in the financial statements are approached on the principle of historical cost.

*Principle of Significance Threshold*

The titles that have a significant value are approached distinctively in the financial statements.

*The book-keeping and presentation of the titles in the financial position and the profit and loss account considering the economic context of transaction or of commitment*

The economic and financial events and operations were recorded in book keeping as they occurred, on the basis of justifying documents. When disparities are found between the economic context of a transaction and its legal form, the Company registers the transaction in its accounting system by compliance to the economic context correspondingly.

## **2.5 Currency exchange**

Transactions in foreign currency are correspondingly changed into LEI at the exchange rate at the date of transaction.

The LEU/EUR exchange rates on December 31st, 2022 and December 31st, 2023 were :

<b>Currency</b>	<b>December 31st, 2022</b>	<b>December 31<sup>st</sup>, 2023</b>
LEU/EUR	4,9474	4,9746

## **2.6 Intangible Assets**

The tangible assets that comply with the admittance provisions contained by FSA Norm 36/2015 are considered by cost minus accrued amortisation.

The costs pertaining to purchase of computer technology softwares are capitalised and amortised on the basis of linear method of useful lifespan.

Concessions, patents, licenses, commercial trademarks, titles and similar assets are recorded at purchase costs.

Licenses and other intangible assets are following linear amortisation method for an estimated 3-year period.

## **2.7 Tangible Assets**

### Cost / Valuation

The tangible assets acknowledged as assets are initially valued by the Company at purchase cost, and thereafter valuation is made at cost minus accrued amortisation and loss resulted from accrued depreciation. The cost of a tangible asset title is formed of: purchase cost, including non reimbursable taxes and any other expenses directly corresponding to getting the asset to the location and its placement into the necessary conditions to be operational and functional, such as delivery and handling costs, packing and mounting, professional fees, after deductions of any commercial discounts.

The expenses with maintenance and repairing works on tangible assets are recorded by the Company in the profit and loss account the moment they occur; as for the significant improvements made to the tangible assets which increase their value or extend their useful lifespan or significantly increase the capacity to generate economic benefits by the Company, they are capitalised.

The tangible assets that are undergoing execution workings shall be approached as tangible assets after reception, putting into use or commissioning, as it is the case.

### Amortisation

Amortisation is calculated for the amortisable value, which is the costs of the asset or a different value that replaces the cost. Amortisation is recorded in the profit and loss account by using the linear amortisation method for the estimated useful lifespan for each component of a tangible asset. The useful lifespan periods for the reporting period are:

- Land improvements 10 years;
- Building (workings) 40 years;
- Technical appliances (installations) 3 - 6 years;
- Transportation means 5 - 6 years;
- Furniture and office equipment 3 - 5 years.

The amortisation periods followed in accounting are not different to those used for fiscal reasons.

### Tangible assets used in conditions of financial lease contracts or purchased in instalments payment

On December 31st, 2023, the company has 3 financial leasing contracts underway, that were concluded in 2020, respectively 2021, for a period of 5 years, having as object three means of transport with an entry value of 670,432 lei. As of December 31, 2023, the book value of this tangible fixed asset held under financial lease is 249,395 lei.

In 2021, the Company purchased a means of transport with an entry value of 487,094 lei, for which the debt remaining in balance on December 31, 2023, of 194,500 lei, will be paid in monthly installments until December 2025.

### De-recognition

The tangible assets that have been disposed or scrapped are removed from the Financial Statement together with the accrued corresponding amortisation value.

Any gain or loss out of disposal of a tangible asset is determined by comparing income resulted from disposal to the accounting value and are recorded at net value in the profit or loss of the period.

## **2.8 Financial Assets**

Financial assets are initially registered at the purchase cost or the value determined through their purchase agreement. Thereafter they are recorded at the purchase entry value minus accrued adjustments for any value loss event.



## ***2.9 Depreciation of intangible assets***

The accounting value of the Company' s assets, other than inventories, is analysed at the date of each reporting financial statement in order to find if there are any decreases. If such a decrease is probable, the recoverable value of the corresponding asset is estimated. Correction of values of intangible and tangible assets and their aligning to the inventory value is made, depending on the type of depreciation, either by way of recording an additional amortisation, in case of irreversible depreciation, or by way of recording or extension of adjustments for depreciation, in case of reversible depreciation.

### *Resuming Depreciation Adjustments*

The loss resulting from an investment made by the Company in financial instruments or from a receivable account is reconsidered when subsequent increase of the recoverable value may be linked to a certain event that occurred after the loss due to depreciation was recorded.

In case of other assets, an adjustment on depreciation grounds is reconsidered if a change occurred in the estimates made in determining the recoverable value.

## ***2.10 Commercial receivables***

Commercial receivables are recognised and recorded at their initial amount to be received minus the adjustments on depreciation grounds for the amounts not to be collected any-longer. The adjustments for depreciation are made when there are proofs pointing at the fact that the Company will not be able to in-cash the receivables at the due date initially agreed on. The receivables that are not collectable are recorded as expenses when they are identified as such.

## ***2.11 Cash and cash equivalents***

Cash available is formed of cash and accounts balance with banks. In the cashflow statements the cash and cash equivalents consist of cash and bank accounts' balance.

## ***2.12 Financial debt (liabilities)***

Commercial obligations are recorded at the cost value, which represents the value of contractual obligation to be paid in the future for goods and services received, irrespective of having been invoiced or not to the Company. For the liabilities in lei whose

deduction is made depending on a certain currency exchange rate, potential positive or negative difference resulting from their valuation is recorded as income or expenses, as the case.

### ***2.13 Leasing Contracts***

The financial leasing contracts, which transfer to the Company all the risks and benefits of the tangible fixed assets leased, are capitalized at the start of the lease at 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 profit and loss account. Assets capitalized under a finance lease are amortised on a basis consistent with the normal amortisation policy for similar assets.

### ***2.14 Provisions***

Provisions are recognised when the Company has a current obligation (legal or by implied consent) generated by a previous event, it is probable that resources might be disposed of in order to honour the obligation and the expense may be reasonably estimated. The value of a provision represents the best estimate of probable expenses or, in case of an obligation, of the amount necessary to discharge it.

### ***2.15 Share capital***

The share registered capital, consisting of common shares, is registered at the value settled on the basis of articles of incorporation. The Company recognises any changes to the share capital only after their approval by the General Assembly of Shareholders.

### ***2.16 Legal Reserves***

Legal reserves are constituted at the rate of 5% of the gross profits recorded at the end of financial year, until all reserves reach 20% of paid share capital, in compliance with legal provisions in force. On December 31st, 2023 the Company has registered a legal reserve at the level provided for by the legal provisions, 20% of the share capital respectively.

### ***2.17 Dividends***

Dividends are recognised in the period in which their distribution is approved for. Dividends' distribution is made after approval of financial statements.

### **2.18 *Reported result***

The accounting loss reported is covered by the profits of current financial year, after the approval of annual financial statements, according to the law.

Registration of profits' distribution in the accounting system is made in the year subsequent to the General Assembly of Shareholders approving the profits' distribution by recording dividends granted to shareholders, reserves and any other destinations, as per the law. One cannot change registrations made pertaining to profits' distribution.

### **2.19 *Financial Instruments***

The financial instruments used by the Company mainly consist of cash, accounts receivable, debt. They are assessed in compliance with accounting policies above mentioned under Note 2.

### **2.20 *Recognition of Revenues (Income)***

#### *Operating Revenues*

Revenues consist of amounts or values that have been received and those to be received both as a result of current activities and as earnings from any other sources.

The operating revenues of the Company comprise income from distribution activity and other operating revenues.

The turnover is formed of revenues from consultancy services and proposal of insurance and/or re-insurance contracts and revenues from other errands related to the distribution activity.

The revenues of the Company are registered along with provision of services, on the basis of the invoice or, occasionally, on the basis of the provisions contained by the Contracts signed by the Company.

#### *Revenues from Interests*

Interests are recognised periodically, by share quota of the income correspondingly generated, on the basis of accounting principle pertaining to commitments.

### **2.21 *Taxes***

The Company registers tax on current profit, in compliance with the legislation in Romania in force in this respect at the date of financial statements. The debt pertaining to taxes is registered in the period it refers to.

## **2.22 Accounting Errors**

The errors found in book keeping may refer either to the current financial year or to the previous ones. Correction is made at the date of findings, in the profit and loss accounts. Correction of significant errors in previous financial years is made on the basis of reported result.

## **3. RISK MANAGEMENT**

### **Interest Rate Risk**

The Company is exposed to the interest rate risk due to the long term loans contracted in 2018 and 2020 on a variable interest rate. The risk is partially compensated by means of "overnight" deposits also on variable interest rate.

### **Currency Risk**

The Company is not exposed to this risk as its activities are performed on the domestic market; on reporting date the Company records insignificant balances related to debts denominated in foreign currency (the debt regarding the financial leasing contract underway).

### **Credit Risk**

The Company deploys commercial relations only with well known third parties, which ground for the credit client financing. Account receivables are monitored on a permanent basis, hence the exposure of the Company to the risk of receivables that cannot be in-cashed is very low.

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**4. INTANGIBLE ASSETS**

GROSS VALUE / Assets categories	Initial balance January 1st, 2023	Increase	Reduction		Final balance December 31st, 2023
			Total	wherefrom: disposal	
Licenses and other intangible assets	115,319	7,369	0	0	122,688
<b>TOTAL</b>	<b>115,319</b>	<b>7,369</b>	<b>0</b>	<b>0</b>	<b>122,688</b>

AMORTISATION / Assets categories	Initial balance January 1st, 2023	Amortisation during the year	Amortisation of assets that were disposed of	Final balance December 31st, 2023
Licenses and other intangible assets	99,724	14,161		113,885
<b>TOTAL</b>	<b>99,724</b>	<b>14,161</b>	<b>0</b>	<b>113,885</b>

<b>Accounting value</b>	<b>15,595</b>			<b>8,803</b>
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In 2023, the accounting value of elements of intangible assets' class (licenses and information technology softwares) decreased by 43%, mainly as a result of amortisation registration. The total purchase value of acquired intangible assets in 2023 was 7,369 lei. The amortisation afferent to intangible assets was recognised by the Company at a level of 14,160 lei in 2023.

**5. TANGIBLE ASSETS**

GROSS VALUE / Assets categories	Initial balance January 1st, 2023	Increase	Reduction		Final balance December 31st, 2023
			Total	wherefrom: dismemberment and scrapping	
Land and buildings	3,819,033	0	0	0	3,819,033
Technical appliances and machines	2,129,797	31,828	0	0	2,161,625
Other appliances, equipment and furniture	126,384	0	0	0	126,384
Advance and under process tangible assets	0	0	0	0	0
<b>TOTAL</b>	<b>6,075,214</b>	<b>31,828</b>	<b>0</b>	<b>0</b>	<b>6,107,042</b>

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<b>AMORTISATION / Assets categories</b>	<b>Initial balance January 1st, 2023</b>	<b>Amortisation during the year</b>	<b>Amortisation of assets that were removed</b>	<b>Final balance December 31st, 2023</b>
Land improvement workings	7,081	1,931	0	9,012
Buildings	214,866	64,530	0	279,396
Technical appliances and machines	1,170,859	261,389	0	1,432,248
Other appliances, equipment and furniture	110,763	5,861	0	116,624
<b>TOTAL</b>	<b>1,503,569</b>	<b>333,711</b>	<b>0</b>	<b>1,837,280</b>

<b>Accounting value</b>	<b>4,571,645</b>			<b>4,269,762</b>
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Along 2023, the accounting value of the tangible assets decreased by 6,6% as compared to the end of 2022. Investments in equipment, technical appliances and furniture in 2023 amounted to 31,828 lei. In 2023, no sales or scrappings of tangible assets took place. The Company recognised the amount of 333,711 lei as amortisation afferent to tangible assets in 2023.

On December 31st, 2023 the Company does not have any adjustments with regards to depreciation of tangible assets.

## **6. FINANCIAL ASSETS**

The financial assets contained in the financial statement refer to guarantees that were paid for the lease contracts for business offices, as well as for contracts signed with utilities providers accordingly.

<b>GROSS VALUE</b>	<b>Initial balance January 1st, 2023</b>	<b>Increase</b>	<b>Reduction</b>	<b>Final balance December 31st, 2023</b>
Guarantees and current receivables	20,271	846	9,381	11,736
<b>TOTAL</b>	<b>20,271</b>	<b>846</b>	<b>9,381</b>	<b>11,736</b>

<b>ADJUSTMENT FOR DEPRECIATION</b>	<b>Initial balance January 1st, 2023</b>	<b>Increase</b>	<b>Reduction</b>	<b>Final balance December 31st, 2023</b>
Guarantees and current receivables	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Accounting value</b>	<b>20,271</b>			<b>11,736</b>
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## 7. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

The Company's receivables, analyzed according to liquidity, imply the following situation:

Receivables categories	No. ln.	Balance on January 1st, 2023	Balance on December 31st, 2023	Liquidity term		
				Under 1 year	1 - 5 years	Over 5 years
0	1	2	3 = 4 + 5+ 6	4	5	6
<b>TOTAL RECEIVABLES (line 1 to 8 - ln.9 + ln.10+ln.11), wherefrom:</b>		<b>12,599,247</b>	<b>13,816,551</b>	<b>13,816,551</b>	<b>0</b>	<b>0</b>
Receivables related to distribution activity	1	2,278,767	2,847,671	2,847,671		0
<i>Adjustments for depreciation of receivables related to distribution activity</i>	2	-138,993	-138,993	-138,993		
Receivables from affiliated companies	3	0	0	0		0
Advance payments for services provision	4	1,612,816	1,113,800	1,113,800		0
Advance payments to personnel and corresponding receivables	5	0	0	0		0
Receivables in relation with State Budget	6	0	0	0		0
Receivables in relation with social insurance budget	7	127,297	58,018	58,018		0
Receivables related to unpaid subscribed share capital	8	0	0	0		0
Receivables in relation to different debtors	9	6,837,925	9,966,700	9,966,700		0
<i>Adjustments for depreciation of receivables from different debtors</i>	10	-43,521	-30,645	-30,645		0
Receivables on invoices to be issued	11	1,924,955	0	0		
Deductions from operations under progress to be clarified	12	0	0	0		0

Receivables related to distribution activity are not interest bearing and generally have a payment term of under 30 days.

Bad debt receivables are separately registered in book keeping. When it is estimated that an account receivable is not to be fully in-cashed, adjustment for value loss is registered in book keeping in the amount that cannot be recovered. On December 31st, 2023, the adjustments constituted for the depreciation of receivables related to distribution activity amounted to 138,993 lei and represent 100% of the value of bad debt receivables.

Receivables in the form of advance payments for services provision in the amount of 1,113,800 lei represent amounts paid in advance to certain distribution agents, which compensate with the amounts owed to them for the intermediated policies.

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Receivables in relation with different debtors mainly refer to amounts that are to be paid to the Company by the agents in the distribution activity in the month of January 2024, namely 9,966,700 lei. Out of this, 46,936 lei represent receivables from other debtors and part of this are sent to the Court for recovery. The company makes estimates regarding the risk to not recover the receivables registered as of December 31st, 2023, and so adjustments for value depreciation of receivables in relation with other debtors are made in the amount of 30,645 lei.

<b>Adjustments for depreciation of receivables</b>	<b>December 31<sup>st</sup>, 2022</b>	<b>December 31<sup>st</sup>, 2023</b>
<b>Beginning of reported period</b>	<b>87,416</b>	<b>182,514</b>
Accrued during the year	95,098	0
Removed during the year	0	12,874
<b>End of reported period</b>	<b>182,514</b>	<b>169,638</b>

## **8. SHORT TERM INVESTMENTS**

On December 31st, 2023, the company registered short term investments in total amount of 4,880,000 lei representing a bank deposit. Along 2023, the Company established bank deposits totaling 7,880,000 lei and terminated bank deposits worth 9,000,000 lei. Cash payments and receipts from the establishment and termination of deposits are presented as cash flows from investment activity in the cash flow statement as of December 31, 2023.

## **9. CASH AND CASH EQUIVALENTS**

<b>Indicator</b>	<b>January 1<sup>st</sup>, 2023</b>	<b>December 31<sup>st</sup>, 2023</b>
Current balance with bank accounts (lei)	8,816,233	6,782,917
Deposit balance with bank accounts (lei)	0	4,880,000
Cash in the Company' treasury (lei)	3,293	0
Other titles(lei)	0	0
Cash advance payments (lei)	0	0
<b>TOTAL</b>	<b>8,819,527</b>	<b>11,662,917</b>

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**10. COMMERCIAL DEBT AND OTHER DEBT**

The Company's debts, analyzed according to due date, assume the following situation:

Debt category	No. In.	Balance on January 1st, 2023	Balance on December 31st, 2023	Reimbursement term		
				Under 1 year	1 - 5 years	Over 5 years
0	1	2	3 = 4 + 5 + 6	4	5	6
<b>TOTAL DEBT (ln.1 to 15), wherefrom:</b>		<b>17,502,790</b>	<b>17,483,250</b>	<b>16,400,351</b>	<b>1,082,899</b>	<b>0</b>
Loan out of bonds issue	1	0	0	0	0	0
Amounts owed to credit institutions	2	1,705,239	1,271,821	433,419	838,402	0
Debt related to distribution activity	3	10,778,926	13,687,144	13,687,144	0	0
Debt to affiliated companies	4	348,400	194,500	97,200	97,300	0
Debt related to lease contracts	5	351,999	249,395	108,531	140,864	0
Debt to suppliers and creditors	6	3,229,034	1,075,715	1,075,715		0
Debt to personnel	7	305,870	364,945	364,945	0	0
Debt to agents and auxiliary agents	8	80,333	94,450	94,450	0	0
Debt to social insurance budget	9	123,544	184,387	184,387	0	0
Debt to State Budget	10	465,688	215,140	215,140	0	0
Debt to special funds in the distribution activity	11	34,528	12,493	12,493	0	0
Debt related to other taxes and afferent releases	12	0	0	0	0	0
Debt related to amounts to be reimbursed to shareholders	13	0	10,333	4,000	6,333	0
Debt for dividends shareholders are entitled to	14	1,610	0		0	0
Deductions from operations under process to get clarified	15	77,619	122,927	122,927	0	0

The liabilities of the Company on December 31st, 2023 mainly refer to debt towards insurance companies and were paid in January 2024, namely 13,687,144 lei (as compared to 10,778,926 lei in 2022).

The liabilities towards financial-banking institutions are represented by two loans for investment purposes. 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 Bistrița (the current headquarters of the Company) and two land parcels associated to the respective building, in a total amount of 1,698,272 lei. The loan has equal reimbursement instalments for a period of 84 months, having the final maturity date on December 1st, 2025. The amount remaining to be reimbursed at the end of 2023 is 398,000 lei.

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The following guarantees were settled by the Company for this loan: pledge over accounts opened with the bank; pledge over the building and the two land lots.

The second loan, amounting to 1,611,713 lei, was contracted in 2020 to finance the purchase of a building and related land in Bucharest; the reimbursement of this loan is made in 84 equal monthly installments, with the final maturity date on September 29th, 2027. As of December 31st, 2023, the balance of this loan is 873,820 lei. The building and land lot 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 to the bank's margin.

At the end of 2023, there are three financial leasing contracts underway with a total debt of 249,395 lei, the maturity of which is as follows:

<b>Financial Leasing Obligations</b>	<b>December 31<sup>st</sup>, 2022</b>	<b>December 31<sup>st</sup>, 2023</b>
With maturity up to one year	103,968	108,531
With maturity of over one year	248,031	140,864
<b>Total</b>	<b>351,999</b>	<b>249,395</b>

Debt to State budget consists of taxes owed and refers to amounts that were duly paid.

Debt to personnel and social insurance budget are presented correspondingly to their destination.

Deductions from operations under process to be clarified are in the amount of 122,927 lei on December 31st, 2023, and are generated by wrong in-cashing in the Company's accounts from brokerage assistants or from insured persons not included on policies. These will be compensated with consequent payments or will be reimbursed on request.

## **11. PROVISIONS**

In 2022, the Company established provisions for litigation related to claims made by Omniasig Vienna Insurance Group S.A. in the form of damages and legal expenses incurred in a lawsuit. The provision was estimated at the amount of 390,823 lei, representing the value of the claims requested by the plaintiff, a provision maintained as of December 31, 2023. The Company considers this amount to be the best estimate of the amount required to settle the requested damages.

For the benefits that the Company is expected to grant to individuals in the form of profit-sharing with employees, a provision of 200,000 lei was established as of December 31, 2023.

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**12. SHARE CAPITAL**

<b>Indicator</b>	<b>December 31<sup>st</sup>, 2022</b>	<b>December 31<sup>st</sup>, 2023</b>
Paid subscribed share capital (lei)	500,000	500,000
Number of ordinary shares	5,000,000	5,000,000
Nominal value (lei/share)	0,10	0,10

On September 7, 2021, the Extraordinary General Meeting of Shareholders decided to split the nominal value of the Company's shares in a 1: 2 division ratio, the nominal value of the share changing, consequently, from 0.2 lei at 0.1 lei. The share capital of the Company amounting to 500,000 lei is divided into 5,000,000 shares with a nominal value of 0.1 lei each. By Decision no. 1426/11 November 2021, the Financial Supervisory Authority approved the request of the Company regarding the splitting of the nominal value of the shares. Last trading date for the shares of Transilvania Broker de Asigurare S.A. before the division operation is February 11, 2022.

**13. RESERVES**

<b>Reserves</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>
Legal reserves	100,000	100,000

**14. DISTRIBUTION OF PROFITS**

<b>Indicator</b>	<b>Financial year ended on December 31st, 2022</b>	<b>Financial year ended on December 31st, 2023</b>
<b>Current net profit</b>	11,529,337	7,566,324
<b>Reported profit</b>	2,043,674	3,586,175
<b>Net profit to be distributed</b>	13,573,011	11,152,499
Legal reserve	0	0
Other reserves	0	0
Dividends to be paid	10,000,000	5,000,000
Profit that is not distributed	<b>3,573,011</b>	<b>6,152,499</b>

The Board of Directors shall present their opinion regarding destinations for the profits to be distributed. The profit that is not distributed, in the amount of 6,152,499 lei, shall be transferred into the reported result and shall be the subject of the Resolution of General Shareholders' Assembly. All registrations in the book keeping

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with regards to destinations of accounting profits shall be made after the GSM's Resolution.

**15. NET TURNOVER**

Type of revenues	Deecember 31 <sup>st</sup> , 2022	Deecember 31 <sup>st</sup> , 2023
<b>Revenues from distribution activity, wherefrom:</b>	<b>129,892,569</b>	<b>111,013,199</b>
Consultancy and proposal of insurance and/ or re-insurance contracts	0	0
Assistance for management and execution of contracts, including claims for compensation	184,513	560,995
Other distribution related activities	129,708,056	110,449,711
<b>Design of insurance products together with insurance companies</b>	0	2,493
<b>Organisation of training courses in insurance and re-insurance fields</b>	0	0
<b>Commercial deductions granted</b>	0	0
<b>Royalties, lease and rents</b>	0	0

**16. EXPENSES WITH PERSONNEL**

a) Salaries and corresponding taxes, other expenses related to employees

Indicator	On December 31 <sup>st</sup> , 2022	On December 31 <sup>st</sup> , 2023
Expenses with personnel salaries	4,303,699	4,642,131
Expenses with meal vouchers granted to employees	99,202	270,540
Expenses with benefits in form of profit-sharing for personnell	0	125,000
Expenses with social insurance and security	50,545	35,065
Insurance contribution for employees	96,862	103,210
Expenses with training of employees	3,804	231,942
<b>TOTAL, wherefrom:</b>	<b>4,554,112</b>	<b>5,407,889</b>
Expenses with personnel in executive management	407,896	497,396

**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
**NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**  
**for the financial year ended December 31st, 2023**  
*(all amounts are in lei ("RON"), if not otherwise specified)*

b) Board of Directors:

<b>Nume si prenume</b>	<b>Funcția</b>	<b>Gross payments during 2023</b>
NICULAE DAN	Chairman	169.332
TUICA GABRIEL ALEXANDRU	Member	5.864
DENES DANIELA TASIA	Independent member	141.600
LOGIN GABRIEL	Member	174.000
BOBU LOREDANA	Member	6.600
<b>TOTAL</b>		<b>497,396</b>

**17. ANALYSIS OF OTHER EXPENSES AND OF OPERATING RESULT**

**a) OPERATING RESULT**

<b>Indicator</b>	<b>Financial year ended on December 31<sup>st</sup>, 2022</b>	<b>Financial year ended on December 31<sup>st</sup>, 2023</b>
1. Net turnover	129,892,569	111,013,199
2. Costs of services performed (3+4)	110,684,846	97,622,533
3. Expenses related to main activity	110,491,519	97,486,328
4. Expenses related to auxiliary activities	193,327	136,205
5. Gross result afferent to net turnover (1-2)	19,207,723	13,390,666
6. Selling costs	3,134,790	2,871,197
7. General administrative expenses	2,885,925	2,078,665
8. Other operating revenues	38,333	21,148
9. Operating result(5-6-7+8)	13,225,341	8,461,952

**b) OTHER OPERATING EXPENSES**

<b>Indicators</b>	<b>Year 2022</b>	<b>Year 2023</b>
Expenses with energy and water	75,805	62,616
Expenses with maintenance and repairing workings	71,373	58,950
Expenses with royalties, lease and rents	199,277	116,037
Expenses with insurance premiums	123,712	156,721
Expenses with personnel's training	3,804	231,942
Expenses with third parties collaborators	0	0

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Expenses with fees and commissions	0	0
Expenses with protocol, promotion and advertising	896,406	416,306
Expenses with transportation of goods and personnel	0	0
Expenses with travel and transfers	14,654	13,400
Expenses with post and telecommunication	185,981	157,416
Expenses with banking services and related	306,731	707,719
Other expenses with services provided by third parties	2,223,731	2,441,491
<b>TOTAL</b>	<b>4,101,472</b>	<b>4,362,598</b>

## 18. TAX ON PROFIT

Indicator	Year 2022	Year 2023
1. Accounting profit or loss	13,219,066	7,566,324
2. Items similar to income	0	0
3. Legal reserve	0	0
4. Income that is not taxable	1,381,769	137,875
5. Expenses that are not deductible	1,242,792	1,947,560
6. Difference in amortisation that is not fiscally deductible	120,921	115,269
<b>7. Taxable profit / Fiscal loss for the reporting year (ln. 1+2-3-4+5+6)</b>	<b>13,201,010</b>	<b>9,491,278</b>
8. Fiscal loss from previous years	0	0
<b>9. taxable profit / Fiscal loss to be recovered in the next years(ln. 7-8)</b>	<b>13,201,010</b>	<b>9,491,278</b>
<b>10. Tax on current profit (ln. 9*16%)</b>	<b>2,112,162</b>	<b>1,518,604</b>
11. Tax on the reinvested profit	0	0
<b>12. Owed tax on profit (ln. 10-11)</b>	<b>2,112,162</b>	<b>1,518,604</b>
13. Tax on profit owed for Q I + II + III	0	0
14. Expenses with sponsorships	1,247,593	1,033,814
<b>15. Tax on profit owed at the end of reported period (ln. 12-13-14-15)</b>	<b>422,432</b>	<b>303,721</b>

## 19. MISCELLANEOUS

### Insight on relations with affiliated companies and other related parties

The Company does not own shares in other entities.

In 2021, the Company purchased a means of transportation worth 487,094 lei from Mr. Nicolae Dan, Chairman of the Board and shareholder of the Company. On December 31,



**TRANSILVANIA BROKER DE ASIGURARE S.A.**  
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2023, the balance of the Company's debt related to this transaction is 194,500 lei and will be paid monthly, until December 2025, in monthly installments of 8,100 lei.

Subsequent events

The events that occur, favourably or not, between the date of the financial statements and the date the latter are approved to be published, are defined as subsequent events.

There were no subsequent events requiring adjustments to the annual financial statements.

Expenses with rents and leases

The expenses with the rents registered in 2023 in the amount of 116,037 lei are related to the locations used by the Company as working points.

For the year 2023, the interest expenses related to the leasing contract are in the amount of 21,932 lei.

Contingencies

The Company considers it necessary to present a contingent liability in the amount of 500,000 lei as a current obligation arising from past events, prior to the balance sheet date, but not recognized as a liability in the balance sheet because it is not certain that outflows of resources will be required to settle this liability. This refers to the ongoing litigation with Omnisig Vienna Insurance Group S.A. On March 1, 2024, in the first instance, the Company acknowledged the Court's decision ruling in favor of Omnisig and obligating the Company to pay the amount of 390,823 lei (provisioned amount) plus late payment penalties of 0.1% per day of delay and legal costs. For these penalties and legal costs, the amount of 500,000 lei is considered by the Company to be the best estimate as of December 31, 2023.

**Taxation**

All amounts owed to the State for taxes were paid and correspondingly recorded at the date of the financial statement. The fiscal procedure in Romania is undergoing a consolidation period and there might be the case that different interpretation of same events occur on the Fiscal Authorities' side. This might incur into additional taxes and penalties.

When the State finds violations of the legal provisions in force in Romania, any of the following might be performed: confiscation of amounts correspondingly, imposition of additional fiscal duties, fines, delay penalties (calculated to the amounts remained to be

paid). Hence, fiscal sanctions resulted from violations of legal provisions may reach significant amounts to be paid to the State.

The Company considers that all taxes, penalties and interests have been paid in due time and in full.

The fiscal year in Romania stays open for review for 5 years.

### **Environmental Aspects**

The Company has no knowledge of any potential negative impact of its activities on the environment that should be measured. The result of such potential effects is unknown and the management of the Company does not consider necessary to create provisions for such potential expenses related to the environment.

### **Commitments- Guarantees granted to third parties**

The Company provided the following guarantees for the long term loans contracted from the bank:

- Pledge on the Company's accounts opened with the bank;
- Pledge on real estate: 100- sqm land, cadastral number 8452, as per Real Estate Register Extract 61938 with Bistrita Cadaster Office;
- Pledge on real estate: 500- sqm land, cadastral number 56884 and the building under cadaster number 56884-C1, as per Real Estate Register Extract 56884 with Bistrita Cadaster Office;
- Pledge on real estate: the building consisting of an apartment located in Bucharest, cadastral number 253777-C1-U1, registered in the Real Estate Register Extract 253777-C1-U1 of the Municipality of Bucharest, 1st District, together with the share of afferent parts of 3126/10000 of the common parts and dependencies, as well as the share of 9000/100 of the urban land with an area of 270 sqm, having cadastral no. 253777, registered in the Land Registry with no. 253777-C1-U1 at the Municipality of Bucharest, 1st District.

The financial statements were approved by the Board of Directors on March 19th, 2024, in order to be endorsed by the General Assembly of Shareholders.

Chairman of Board of Directors,  
Mr. Dan Niculae  
Signature \_\_\_\_\_

Prepared,  
Mrs. Oana Pârțiu Vasilichi  
Head of Financial Accounting Department  
Signature \_\_\_\_\_



## DECLARATION,

in conformity with the provisions of art. 30 from the Accounting Law no. 82/1991

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The following financial situations have been compiled on the 31.12.2023:

Entity : Soc Transilvania Broker de Asigurare S.A.

County : Bistrita-Nasaud

Address : Loc. Bistrita, str. Calea Moldovei, nr.13

Form of ownership : 34- Societate pe actiuni

Number from the registry of commerce : J06/674/2006

Main activity ( CAEN code and class name) : 6622- Activities of insurance agents and brokers

Fiscal registration code : 19044296

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Yours truly Parti-Vasilichi Oana Ancuta, having the position of Head of Financial Accounting Department, takes the responsibility for compiling the semestrial financial situations on the 31.12.2023 and confirms that:

- a) The accounting policies used to compile the annual financial situations are in conformity with the applied accounting regulation ;
- b) The annual financial situations offer an accurate image of the financial position, financial performance and of all the other information regarding the company's activity ;
- c) The legal person shall carry out their activity under conditions of continuity.

Signature,

Partiu-Vasilichi Oana Ancuta

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of **TRANSILVANIA BROKER DE ASIGURARE S.A.**

**Bistrița, str. Calea Moldovei, nr. 13, jud. Bistrița-Năsăud**

### **Report on the audit of the annual financial statements**

#### *Opinion*

- 1 We have audited the accompanying financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. ("the Company"), whose registered office is in Calea Moldovei Street, No. 13, Bistrița, Bistrița-Năsăud County, CP 420096, Romania, identified by the unique taxpayer reference number 19044296, which comprise the balance sheet as at December 31, 2023, the profit and loss account, the statement of changes in equity, and the statement of cash flows for the year ended 31 December 2023, including a summary of the significant accounting policies and other explanatory information.
- 2 The annual financial statements as at 31 December 2023 are identified as follows
  - Total shareholder's equity: **RON 11,752,499**
  - The net result of the financial year: **RON 7,566,324**
- 3 In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended, in accordance with the applicable accounting regulations, namely Rule 36/2015 for the approval of accounting regulations regarding the individual annual financial statements and the consolidated annual financial statements

applicable to brokerage entities engaged in insurance and / or reinsurance distribution activities (“Rule 36/2015”).

### ***Basis for opinion***

We conducted our audit in accordance with the International Standards on Auditing (“ISAs”) and EU Regulation No 537 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities (hereafter “the EU Regulation”) and Law no. 162/2017 on the statutory audit of the annual financial statements and consolidated annual financial statements, and amending some normative acts (“the Statutory Audit Law”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants, issued by the *International Ethics Standards Board for Accountants* (“the IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key Audit Matters***

4 The Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed within the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and thus, we do not provide a separate opinion on these matters.

#### **i) Revenues from distribution activity**

The revenues from distribution activity (other activities related to the distribution activity) represent the highest share (99.54%) of the total turnover generated by the Company in the reporting period. The selection, projection and application of our audit procedures regarding these revenues were the result of some professional judgements exercised in the context of a significant volume of transactions, relatively constantly distributed in the reporting period. Our attention was focused on the aspects regarding the completeness, accurate recognition and measurement of these revenues. The audit procedures considered adequate responses in the circumstances of our audit, included:

- the examination of the degree of adequacy of the accounting policy adopted by the Company to recognize and evaluate revenues, in accordance with Rule 36/2015. A summary of the accounting policy is presented at section 2.1 - 2.20 of the Notes;
- detailed tests on the value of the commission fees due to the Company from the distribution activity, through reconciliation with the percentages agreed on with the insurance companies. In collecting our audit evidence, we took into account the operational controls established by the Company to validate the amounts settled with the insurers;
- the examination of cash received from the distribution activity, including after the balance sheet date to support the collection of receivables against insurers;
- obtaining written confirmations for the amounts due to the Company at the balance sheet date, representing commissions to be recovered from insurers.

**ii) Expenses with brokerage assistants**

Expenses regarding the amounts owed by the Company to brokerage assistants are a significant component of operating expenses incurred during the reporting period (89.70%), with a major impact on the gross profit margin in the distribution activity. In testing these expenses, we took into account as a priority the compliance with the contractual provisions for the remuneration of brokerage assistants, assumed by the Company's Management. Moreover, the existence and completeness, accurate recognition and measurement were criteria considered appropriate in addressing the expenses with brokerage assistants. Our responses included audit procedures such as:

- understanding the nature of expenses with brokerage assistants, in relation to the specific features of insurance distribution activities;
- reconciling amounts owed to brokerage assistants in accordance with the current contractual provisions;
- testing the effectiveness of internal controls regarding the authorization of payments to brokerage assistants;
- examining payments to brokerage assistants, including those made after the balance sheet date;
- obtaining written confirmations regarding the amounts recorded at the balance sheet date as liabilities to brokerage assistants, as well as for the annual turnovers related to these entities.

**iii) Litigation and disputes**

In performing its activities, the Company is exposed to potential losses as a result of administrative proceedings or court decisions.

The recognition of liabilities in the balance sheet as at 31 December 2023 or their presentation as contingent liabilities in the explanatory notes to the financial statements concluded on the same date, inherently involves professional judgment,

and is based on a series of assumptions, representations and assessments with significant impact.

The amounts involved can be material. The establishment of possible amounts, for the purpose of recognizing or presenting them in the financial statements, is by its nature a subjective process.

Our response aimed at understanding the risks of material misstatement related to management's assertions regarding litigation and disputes. Our audit procedures included, among others:

- obtaining and evaluating written representations received from lawyers and discussing with the Company's management and legal advisor the nature and status of litigation, as well as potential exposures. In this regard, special attention was paid to the ongoing litigation with Omniasig Vienna Insurance Group S.A., for which the Company recognized a provision for litigation amounting to RON 390,823 (Note 11) and presented contingent liabilities for penalties and court costs amounting to RON 500,000 (Note 19);
- critically evaluating the Company's assumptions and estimates regarding litigation and disputes, recognized liabilities or provisions, and contingent liabilities presented in the notes to the financial statements;
- assessing the extent to which the information in the explanatory notes to the individual annual financial statements regarding litigation and disputes adequately presents the Company's potential and probable liabilities as of the balance sheet date.

#### **iv) Repurchase of own equity instruments**

During the period from 15<sup>th</sup> of December 2022 to 28<sup>th</sup> of February 2023, the Company implemented a share repurchase program authorized by the General Shareholders' Meeting decision no. 14/07.09.2021 and implemented under the terms approved by the Board of Directors decision no. 27/14.12.2022. At the end of the stock buyback program, the Company notified the market operator BSE and the Financial Supervisory Authority regarding the repurchase of a total of 6,582 own shares worth RON 123,687, which will be subject to distribution in accordance with the terms of the Stock-Option-Plan program aimed at incentivizing and retaining key personnel within the Company, as part of the remuneration policy approved by the shareholders. According to the Current Report dated 2<sup>nd</sup> of March 2023, out of the total number of 6,582 own shares repurchased, a number of 5,655 own shares (representing 85.92% of the total shares targeted in the stock buyback program)

were repurchased in the period from 3 January 2023 to 28 February 2023, with a total value of RON 107,400. Regarding the share buyback program, the auditor's responses concerning the financial statements presented at 31 December 2023 consisted of:

- reviewing the current reports published by the Company regarding the quantities and values of own equity instruments repurchased during the program implementation period;
- examining the accounting records related to the share buyback program and reconciling them with the details of the current reports;
- testing and reconciling the amounts presented in the balance sheet and explanatory notes regarding the own shares repurchased by the Company.

### *Other matters*

- 5 This report is exclusively addressed to the shareholders of the Company as a whole. Our audit was conducted to be able to report to the shareholders of the Company those aspects which we have to report on in a financial audit report, and not for other purposes. To the extent permitted by law, we only accept and take responsibility to the Company and the shareholders, as a whole, for our audit, for this report or for our opinion.
- 6 The enclosed financial statements are not meant to present the financial position and the results of operations in accordance with the accounting regulations and accounting principles accepted in countries and jurisdictions other than Romania. Therefore, the enclosed financial statements are not prepared for the use of individuals who are not familiarized with the accounting and other regulations in Romania, including FSA Rule No 36/2015.
- 7 The current audit report was issued under the circumstances in which the shares issued by the Company are listed for trading on the Bucharest Stock Exchange (BSE).
- 8 We draw attention to Note 19 - Other information, Contingencies section, which presents information regarding a contingent liability amounting to RON 500,000 representing penalties and litigation expenses related to an ongoing dispute with the insurer Omniasig Vienna Insurance Group S.A. The Company's management believes that it is not necessary to recognize a provision for litigation at the balance sheet date of 31 December 2023, considering the lack of certainty regarding future cash outflows to settle these legal obligations. In relation to this litigation, the



Company has recognized provisions in the balance sheet amounting to RON 390,823 (Note 11 - Provisions), representing the best estimate at the reporting date of 31 December 2023 of future payment obligations to settle claims against the insurer OmniaSIG Vienna Insurance Group S.A. Our opinion is not subject to any modifications regarding this matter.

### *Other information – The Directors' Report*

- 9 The directors are responsible for the preparation and presentation of other information. This other information includes the Directors' Report, but does not include the financial statements and Auditor's Report thereon. The directors are responsible for the preparation and presentation of the Directors' Report in accordance with the requirements of paragraphs 427- 429 from Rule 36/2015 and for that internal control which the directors consider necessary to enable the preparation and presentation of the Directors' Report which is free from any material misstatement, whether due to fraud or error.

Our opinion on the financial statements does not cover this other information and, unless explicitly stated in our report, we do not express any assurance conclusion on it.

In relation to the audit of the financial statements for the financial year ended 31 December 2023, it is our responsibility to read that other information and, in doing so, to assess whether that other information is materially inconsistent with the financial statements, or with the knowledge that we acquired during the audit, or if they appear to be materially misstated.

As for the Directors' Report, we have read it and report whether it is prepared, in all material respects, in compliance with Rule 36/2015, paragraphs 427 – 429.

Based solely on the activities that must be performed during the audit of the financial statements, in our opinion:

- a) The information presented in the Directors' Report as of the fiscal year for which the financial statements were prepared is consistent, in all material respects, with the financial statements
- b) The Directors' Report was prepared, in all material aspects, in compliance with Rule 36/2015, paragraphs 427 – 429.

Moreover, based on our knowledge and understanding of the Company and its environment, acquired during the audit, we are required to report whether we have identified material misstatements in the Directors' Report and in connection with that other information obtained before the date of this auditor's report. We have nothing to report on this issue.

## *Responsibilities of management and those charged with governance for the financial statements*

- 10 The Company's management is responsible for the preparation and fair presentation of the financial statements in accordance with Rule 36/2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 11 In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for the disclosure of, as applicable, matters related to going concern and for using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- 12 Those charged with governance are responsible for overseeing the Company's financial reporting process.

## *Auditor's Responsibilities for the Audit of the financial statements*

- 13 Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 14 As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. Moreover, we also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Assess the appropriateness of the applied accounting policies, the reasonableness of accounting estimates and related disclosure made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 15 We communicate to those charged with governance, among other matters, the planned scope and timing of the audit, as well as the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 16 We also provide those charged with governance with a statement of our compliance with the ethical requirements regarding independence and disclose all relationships and other matters that may reasonably be considered to affect our independence and, where appropriate, the related safeguards.
- 17 From the matters communicated with those charged with governance, we determine which were of most significance in the audit of the financial statements of the current period and therefore are considered as key audit matters. These matters are described in our auditor's report, unless the law precludes public disclosure about the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory provisions

### *Requirements regarding the audit of public interest entities*

18 We were appointed by the Ordinary General Meeting of Shareholders on 8 June 2017 to audit the financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. for the year ended on 31 December 2018. The audit mandate was renewed by the Decision of the Ordinary General Meeting of Shareholders no. 7 on 23 April 2019 for a three-year period and the Decision of the Ordinary General Meeting of Shareholders no. 10 on 27 April 2022 for a four-year period. The total uninterrupted duration of our engagement is 7 years, covering the financial years ended on 31 December 2017 through 31 December 2023.

We confirm that:

- Our audit opinion is consistent with the supplementary report submitted to the Company's Audit Committee, which we issued on the same date as this report. Moreover, in conducting our audit, we remained independent of the audited entity.
- We have not provided to the Company any prohibited non-audit services, mentioned in article 5, paragraph (1) of the Regulation (EU) no. 537/2014.

### *Report on compliance with Delegated Regulation (EU) 2018/815 on regulatory technical standards on the Single European Electronic Reporting Format (ESEF Regulation)*

19 We have performed a reasonable assurance engagement upon compliance with the ESEF Regulation applicable to the financial statements included in the annual financial report prepared by the Company for the reporting date 31<sup>st</sup> of December 2023, as presented in the Digital File that has been made available to us.

*(i) The responsibility of the management and persons in charge with governance for the preparation of the Digital File in accordance with the ESEF Regulation*

The management of the Company is responsible for the preparation of the Digital File in accordance with the ESEF Regulation. This responsibility includes:

- design, implementation and maintenance of internal control relevant for the application of the ESEF Regulation;
- ensuring compliance between the Digital File and the annual financial statements prepared in accordance with Rule 36/2015.

Those charged with governance are responsible for overseeing the process of compiling the Digital File in accordance with the ESEF Regulation.

*(ii) The auditor's responsibility for the audit of the Digital File*

We have the responsibility to express a conclusion upon the extent to which the financial statements included in the Company's annual financial report for the reporting period ended on 31 December 2023, are in accordance with the ESEF Regulation, in all material respects, based on the evidence obtained. Our reasonable assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB). In performing this engagement, we have designed and applied procedures to obtain evidence that allow us to draw a conclusion on the compliance of the Company's annual financial statements with the ESEF Regulation. The nature, timing and extent of the procedures selected depend on the auditor's professional judgement, including the assessment of the compliance risk with the provisions of the ESEF Regulation, caused either by fraud or error.

As part of our reasonable assurance engagement, we have considered:

- obtaining sufficient understanding of the process of preparing the Digital File in accordance with the ESEF Regulation, including the relevant internal controls; reconciliation of the Digital File with the audited annual financial statements of the Company, published in accordance with Rule 36/2015;
- assessment of the extent to which the financial statements included in the annual financial report are prepared in a valid XHTML format.

We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion. In our opinion, the financial statements for the financial year ended on 31 December 2023 included in the annual financial report and presented in the Digital File comply, in all material respects, with the requirements of the ESEF Regulation.

In this section of the report, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the company's annual financial statements. Our audit opinion on the Financial Statements of the Company for the financial year ended on 31 December 2023, is included in the Section *Report on the audit of the annual financial statements* in the introductory part.

*Report on the disclosures related to the remuneration policy*

20 In accordance with the provisions of Law no. 24/2017 regarding issuers of financial instruments and market operations, republished, with subsequent amendments (Law 24/2017), the Company has the obligation to submit a remuneration report,

approved by the shareholders of the Company. In fulfilling our obligations related to this issue, we have carried out procedures to ensure that the disclosures in the remuneration report: (i) meet the disclosure requirements established by Law 24/2017; (ii) are consistent with the remuneration policy adopted by the Company and with the understanding gained by the auditor on the remuneration criteria; and (iii) do not contain material misstatements in relation to the audited financial statements.

The engagement partner of the audit for which this independent auditor's report was prepared is Ramona Neag.

**For and on behalf of RAO AUDIT OFFICE S.R.L.:**

registered in the electronic Public Register under no. FA1237

**Audit Partner Neag Ramona, PhD**

registered in the electronic Public Register under no. AF2600

Tg. Mureş, 19<sup>th</sup> of March 2024