

Transilvania Broker
de Asigurare S.A.

Q3 REPORT 2024

Date of Issuance :	12.11.2024
Name of the Issuer:	TRANSILVANIA BROKER DE ASIGURARE S.A.
Registered Office:	Bistrița, Calea Moldovei nr. 13, jud. Bistrița-Năsăud
Phone Number/ Fax:	0263-235900, Fax: 0263-235910
Taxpayer Identification No:	19044296
Trade Registry No:	J06/674/2006
Subscribed and Paid Share Capital:	500,000 lei
Market Where The Issued Securities Are Traded	Regulated Spot Market, Main Segment
Trading symbol	TBK

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Significant Events in the Reporting Period

Developments in the Reporting Period

Transilvania Broker de Asigurare S.A. (hereafter referred to as "the Company," "the Issuer," or "Transilvania Broker") concluded the first three quarters of 2024 ("the reporting period") **with a volume of intermediated insurance policies of RON 714.3 million, marking a 9.2% increase**, as compared to 30.09.2023 ("the reference period").

During this period, which continues to be affected by market distortions and inefficiencies due to prolonged interventionist measures such as caps on insurance premiums and distribution commissions, the **revenue from insurance distribution activities** remains below 2023 levels. As of 30.09.2024, the operating revenue value was of RON 78.5 million, down 5% as compared to the same period in the previous year. The average gross commission rate rose slightly to 11%, marginally above the 10.87% level recorded in the first half of 2024, yet still below the 12.62% achieved in 2023.

A quarterly analysis reveals that in the third quarter (Q3) of 2024, while the volume of intermediated premiums decreased slightly (-2.7%) compared to Q3 2023, **revenue from distribution activities increased by nearly 15%** over the same period. This suggests a recovery trend in the quarterly gross commission rate, which rose from 9.5% in Q3 2023 to 11.2% in Q3 2024.

A recent shift in operational management, aimed at implementing strategic development based on business line diversification plans, has reordered budget allocations across various operational expenditure categories. At the end of the first nine months of 2024, **the only significant operational expense category displaying both absolute and relative growth within the expense structure is the one related to human resources**, which includes both Transilvania Broker's staff and its extended network of brokerage assistants. The strategic importance of human capital, especially the sales team, as a key component for the success of Transilvania Broker's emerging business model has become more prominent. Thus, personnel expenses rose by 16.2%, while broker commission expenses increased marginally by 0.7%, aligning with the positive trend in intermediated premiums, even though distribution revenues saw a 5% decline.

In terms of performance indicators, Transilvania Broker's commitment to recruiting, compensating, motivating, and retaining an extended and well-prepared workforce – viewed as essential for securing an optimal distribution network and the necessary competencies for a upcoming expanded service portfolio – resulted in an unfavourable impact on the **financial results for the reporting period**. Investment in human capital eroded profits, which, despite remaining positive at RON 2.19 million, decreased by 65.2% as compared to the reference period, and by 4% as compared to the previous reporting date of 30.06.2024.

Notably, by the end of the reporting period, liquidity, solvency, and risk indicators remained within a comfort zone, indicating **short-, medium-, and long-term financial security and stability**.

Regarding contributions of different insurance classes to the growth in intermediated insurance policies, now exceeding RON 714 million, it is noteworthy that **all significant classes** (i.e., those contributing with over RON 10 million to the overall volume) **recorded increases, except for Class A13**, which saw a marginal decline of RON 100,000 (approximately 1%).

The volume of mandatory insurance premiums (RCA, Class A10) increased by almost RON 40 million during the reporting period (+8%) compared to the reference period. Additionally, insurance policies intermediated for all other (non-compulsory) insurance classes, presenting mixed results, grew in volume by RON 20.2 million (+12.5%) over the same period.

Life insurance classes also showed mixed dynamics. The volume of the intermediated policies for life, annuities, and supplementary life insurance (Class C1) continued its positive trend, while the level for life insurance and annuities linked to investment funds (Class C3) declined by RON 192,000 compared to the reference period (-7.4%).

7 Years on the Stock Exchange

On November 2, 2024, Transilvania Broker **celebrated seven years of trading on the Bucharest Stock Exchange's Regulated Market**, under the symbol TBK. The operational and strategic performance of the management team, along with the vision of the leadership and consistently strong financial results often surpassing investor expectations, have resulted in substantial increases in TBK's share price and liquidity. However, economic and financial indicators have recently reflected the impact of capped distribution commissions on the company. Although the capital market reacted in line with uncertainty in the insurance sector and the prospect of constrained results, **we note that as of November 2, 2024, investors who joined at the time of listing achieved a 136% return solely based on price appreciation, excluding the generous annual dividends. For comparison, the BET index rose by 123.43% over the same period.**

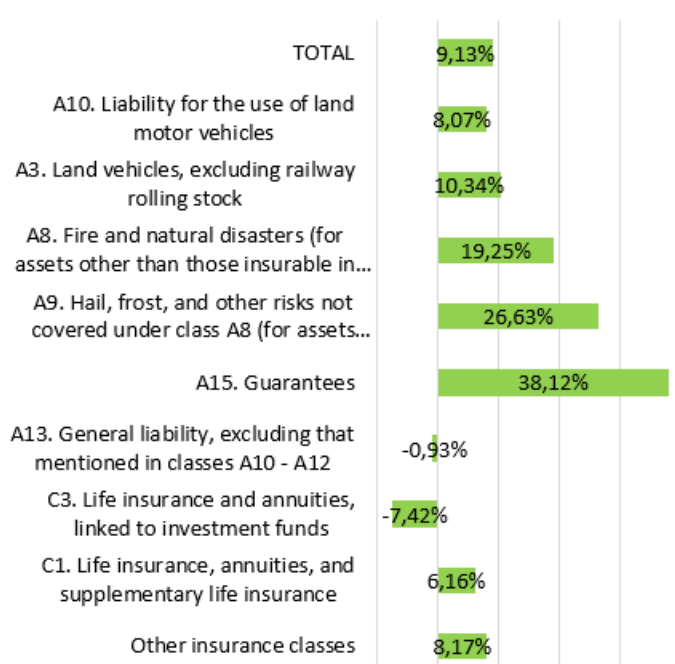
The reporting period also marked the initial legal steps in implementing a new integrated service business model. The Board of Directors convened the Extraordinary General Meeting of Shareholders of Transilvania Broker de Asigurare S.A., which met on October 23, 2024.

The assembly **approved the establishment of a new company**, wholly owned by Transilvania Broker, based in Bucharest, with a share capital of RON 1,000,000 and an indefinite duration, to be managed by a sole administrator appointed by Transilvania Broker. The **primary business activity, classified under CAEN code 6619, covers "Auxiliary financial intermediation activities, excluding insurance and pension funds."** This category [includes, generally](#), "activities related to processing and regulating financial transactions, including credit card transactions, investment advisory services, mortgage brokerage, as well as management, custody, and commission-based or contract-based services.

Financial Performance and Position of the Issuer in the Reporting Period

Analysis of Financial Performance

The financial overview of Transilvania Broker de Asigurare S.A. at the end of the first nine months of 2024 **presents positive results despite continued unfavourable conditions in the insurance and insurance distribution market**, generated by the government decision to cap the brokerage commission, a measure extended at least until the end of 2024.



Structurally, the growth in the volume of intermediated premiums was driven by all significant insurance classes in terms of their contribution to the total volume of intermediated premiums (with total values exceeding 10 million RON), except for A13 ("General liability, excluding that mentioned in classes A10 (RCA) - A12"), which experienced a marginal decrease (-0.9%) in premium volume compared to the reference period. The most substantial contribution to the absolute increase of 59,985.1 thousand RON in the total volume of intermediated premiums came from the mandatory RCA insurance class (A10), followed by fire and natural disaster insurance (A8), land vehicles excluding railway rolling stock (A3), hail, frost, and other risks aside from A8 (A9), and guarantee insurance (A15)..

The volume of insurance policies intermediated by Transilvania Broker's distribution agents **increased by 9%** compared to the same period of the previous fiscal year (the reference period).

Yet, the cap on the brokerage commission across the entire insurance distribution market brought Transilvania Broker's **average gross commission to 11% at the end of the third quarter of 2024**, still below the reference period level of 12.6%.

The dynamics of the insurance brokerage market translated the positive evolution in the volume of intermediated premiums into a revenue level of 78,472.1 thousand RON, by 5% lower than the level reported on 30.09.2023.

PROFIT AND LOSS ACCOUNT

Financial performance indicators (lei)	2023 September 30	2024 September 30	Variation (%) Reporting / reference period	Share in main rev / exp. category (%) 30.09.2024
Operating revenues, wherefrom:	82,590,783	78,477,778	-5.0%	100%
Revenues from insurance distribution activity	82,574,005	78,472,093	-4.97%	99.9%
Other operating revenues	16,778	5,685	-66.1%	0.01%
Operating expenses, of which:	75,498,828	76,078,839	+0.8%	100%
Expenses with fees for distribution assistants	68,034,070	68,509,482	+0.7%	90.1%
Expenses with personnel	3,799,299	4,416,274	+16.2%	5.8%
Expenses with third party services' providers	3,193,781	2,774,924	-13.1%	3.7%
Expenses with disposable and inventory materials	101,361	112,929	+11.4%	0.15%
Expenses with other taxes, fees and similar payments	96,934	135,967	+40.3%	0.18%
Other operating expenses	145,896	79,138	-45.8%	0.10%
Value adjustments of fixed assets	136,720	250,907	+83.5%	0.33%
Value adjustments of provisions	-	-200,000	-	-
Value adjustments of current assets	-9,233	-782	-	-
OPERATING RESULT	7,091,955	2,398,939	-66.2%	-
Financial revenues	365,259	203,337	-44.3%	-
Financial expenditure	136,873	81,898	-40.2%	-
FINANCIAL RESULT	228,386	121,439	-46.8%	-
GROSS RESULT	7,320,341	2,520,378	-65.6%	-
Tax on profit	1,033,814	334,378	-67.7%	-
NET RESULT	6,286,527	2,186,000	-65.2%	-

Driven by the strategic allocation of the company's resources supported by the financial performance of previous years, the management of Transilvania Broker de Asigurare S.A. has launched a development strategy through diversification, assigning financial resources to investment in human capital, while reducing other operational expenses to optimize the cost structure and profitability.

Thus, the key asset for the success of the strategy – the human resource mobilized in the sales force (brokerage agents) and those comprising the essential competencies and expertise in Transilvania Broker's support and management teams – absorbs higher costs than in the reference period. Consequently, the only significant category of operational expenses that reports an increase both in absolute terms and relative to the operating expense structure is that related to human capital. Personnel expenses increased by RON 617,000 (+16.2%) in the reporting period compared to the reference period, while commission expenses owed to brokerage assistants rose marginally (+0.7%, or RON 475,400), in line with the volume of intermediated premiums.

Structurally, personnel expenses increased their share in total operating expenses from 5% to 5.8%, while commission expenses owed to brokers maintained their percentage contribution to total operating expenses.

The increase in depreciation expenses on fixed assets, from RON 136,700 to RON 251,000, reflects the recording of depreciation on fixed assets. Income from adjustments on provisions, amounting to RON 200,000, was generated by the reversal of the provision for employee profit-sharing.

In this context, as of 30.09.2024, compared to 30.09.2023, operating expenses increased by RON 580,000, or 0.8%, while operating revenues decreased by 5%, resulting in a **positive operating profit of RON 2,399,000**, 66.2% lower than the result in the reference period, and an operating margin of 3.1%.

Financial income and expenses, consisting of 99.8% interest income and 96.4% interest expenses, respectively, generated a positive financial result at the end of the first three quarters of 2024, amounting to RON 121,400, a decrease from the result reported as of 30.09.2023.

The gross result as of 30.09.2024 is positive, at RON 2,520,400, while the **net profit**, amounting to RON 2,186,000, corresponds to a profit margin of 2.8%.

Analysis of Financial Position

ASSETS				
Financial position indicators (lei)	2023 September 30	2024 January 1	2024 September 30	Variation (%) 30.09.2024 / 01.01.2024
Non-current Assets	4,363,841	4,290,301	4,048,298	-5.64%
Intangible assets	11,591	8,803	3,376	-61.7%
Tangible assets	4,340,514	4,269,762	4,034,032	-5.52%
Financial assets	11,736	11,736	10,890	-7.21%
Current Assets	25,992,296	25,479,649	26,195,131	+2.81%
Inventories	0	181	181	-
Receivables, of which:	13,799,913	13,816,551	15,455,976	+11.9%
Related to insurance distribution activity	2,405,785	2,708,678	2,470,940	-8.78%
Other receivables	11,394,128	11,107,873	12,985,036	+16.9%
Short-term investment	3,000,000	4,880,000	0	-
Cash and cash equivalents	9,192,383	6,782,917	10,738,974	+58.3%
Pre-payments	39,065	56,622	45,070	-20.4%
TOTAL ASSETS	30,395,202	29,826,572	30,288,499	+1.55%

As of 30.09.2024, **current assets**, accounting for 86.5% of total assets, increased in value by 2.8% as compared to the beginning of the year. This dynamic was facilitated by a 58.3% increase in the value of available funds—both own funds and those pending settlement with third parties—compared to the beginning of the period, and an 11.9% increase in the value of receivables over the same period. This growth offsets and surpasses the withdrawal of a short-term investment amounting to RON 4,880 thousand, which was allocated to dividends and the support of current operations.

Receivables, accounting for 59% of total current assets, consist of 91.3% receivables derived from the distribution activity, the collection term of which is regulated and continuously monitored by internal procedures and legal provisions. Their dynamics reflect, for the most part, the variation in the intensity of activity in the last settlement cycles of the reporting period, which is also reflected in the dynamics of the balance of bank collection accounts and short-term debts derived from distribution activity. The value of adjustments for impairment of receivables as at 30.09.2024 is of RON 169,6 thousand.

The **cash and cash equivalents category**, which contributes 41% to total current assets, shows a significant percentage and absolute increase (+58.3%, or +RON 3,956.1 thousand) during the reporting period compared to the beginning of the fiscal year. Own funds, amounting to RON 4,157.1 thousand and representing 38.7% of total cash availability, increased by 73.8% compared to the start of the reporting period, excluding short-term investments of RON 4,880,000, which are also funds available to the Company. Relative to the combined value of these two balance sheet categories, the value of own funds decreased by 43%, primarily due to the distribution of dividends approved by the General Shareholders' Meeting, which was partially offset by the incorporation of profits for the first nine months of 2024.

The amounts available in the collecting accounts mediating settlement with insurers decreased by 50% compared to the beginning of the year, from RON 4,391.2 thousand to RON 6,581.9 thousand. This evolution is also directly correlated with the variation in the intensity of activity during the last settlement cycle.

The value of **fixed assets** decreased marginally by 5.64% in the reporting period mainly due to depreciation of tangible fixed assets. The value of acquisitions of tangible assets in the form of equipment required in the activity in the reporting period was limited to RON 9.8 thousand. The share of fixed assets in total asset value decreases slightly down to 13.4%, while the share of current assets increases from 85.4% at 01.01.2024, to 86.5% at 30.09.2024. At the end of reporting period, the depreciation rate of the Company's tangible fixed assets was 43.8%.

EQUITY AND LIABILITIES	2023 September 30	2024 January 1	2024 September 30	Variation (%) 30.09.2024 / 01.01.2024
Current Debt	18,150,650	16,400,351	20,336,875	+24%
Bank loans	433,419	433,419	433,419	0%
Debt related to insurance distribution activity	15,874,140	13,679,369	18,842,146	+37.7%
Other short-term debt	1,843,091	2,287,563	1,061,310	-53.6%
Non-current Debt	1,381,027	1,082,899	622,302	-42.5%
Long-term bank loans	946,756	838,402	513,337	-38.8%
Other long-term debt	434,271	244,497	108,965	-55.4%
Total Debt	19,531,677	17,483,250	20,959,177	+19.9%
Provisions	390,823	590,823	390,823	-33.9%
Share capital	500,000	500,000	500,000	-
Reserves, of which	100,000	100,000	100,000	-
Legal reserves	100,000	100,000	100,000	-
Retained earnings	3,586,175	3,586,175	6,152,499	+71.6%
Result of the period	6,286,527	7,566,324	2,186,000	-71.1%
Total Equity	10,472,702	11,752,499	8,938,499	-23.9%
TOTAL EQUITY AND DEBT	30,395,202	29,826,572	30,288,499	+1.55%

The specific nature of the insurance distribution business, in which settlements between the Company and insurers on the one hand, and between the Company and distribution assistants on the other, are accounted for in the form of short-term receivables and payables, allots **short-term payables** the largest share of total sources of financing of assets (67.1%).

Payables due within one year increased by 24% in the reporting period compared to the beginning of the year, due to the evolution of payables related to distribution activity, which increased by 5,162.8 thousand lei (+37.7%) as at 30.09.2024 compared to the beginning of the year and by 86.7% compared to the same period of the previous year. Similar to the evolution of receivables derived from brokerage activity and, respectively, of the balance of the collecting accounts intended for amounts transiting the Company's bank accounts for settlement with insurers, the dynamics of this category of liabilities reflects differences in the intensity of activity in the last settlement cycles of the reporting period.

Other current liabilities, aside from those derived from distribution activity, consist of 59.1% obligations towards the state budget and personnel, with the remainder represent liabilities to clients, supplier creditors, and various other creditors.

Debts due after more than one year decrease by 42.5%, i.e. by 460.6 thousand lei as at 30.09.2024 compared to 01.01.2024, due to the reduction in the value of long-term bank loans and lease obligations on the back of repayments of overdue instalments (401.2 thousand lei) as well as the settlement of payment obligations arising from previous litigation. Thus, at the end of the third quarter of 2024, bank loans contributed by 82.5% to long-term liabilities, while the fractions of lease contracts with maturities exceeding one year complete the remaining balance up to 100%.

At the end of the reporting period, the Company's **total debt**, representing 69.2% of the total value of equity and liabilities of Transilvania Broker de Asigurare S.A., amount to RON 20,959 thousand, reflecting a 20% increase compared to the beginning of the fiscal year. This increase is primarily due to the rise by RON 5,163 thousand over the same period in short-term liabilities related to distribution agents.

Provisions, representing 1.3% of the Company's total value of equity and liabilities, pertain to the litigation provision established in 2022, amounting to RON 390.8 thousand.

Although the financing of Company's total assets – largely comprised of receivables and cash available within the insurance ecosystem for settlement purposes – is primarily covered by short-term liabilities, Transilvania Broker's operations are well-supported by its **own financing sources, with equity exceeding RON 8.9 million.**

The dividend distribution for the 2023 fiscal year, as per the General Shareholders' Meeting resolution on April 23, 2024, at a rate of RON 1 per share and totalling RON 5 million, combined with the significant reduction in the reporting period's result compared to the beginning of the reporting period, led to a 23.9% decrease in equity, or RON 2,814 thousand, over the same period. Thus, as of 30.09.2024, equity contributes 29.5% to the Company's overall financing.

Main economic-financial indicators

Liquidity, solvency and risk indicators	Calculation formula	Sept.30, 2023	Dec.31, 2023	Sept.30, 2024	Benchmark
Current ratio	Current Assets/ Current Debt	1.432	1.554	1.288	>2
Cash ratio	Cash / Current Debt	0.506	0.414	0.528	>0.5
Solvency ratios	Total Assets/ Total Debt	1.556	1.706	1.445	>1
	Equity / Long-term capital x100	0.883	0.916	0.935	>30%
Long-term debt ratio	Long-term debt / Long-term capital x100	11.65%	8.44%	6.51%	<50%
Total Debt ratio	Total Debt / Total Assets x 100	64.26%	58.62%	69.20%	<80%

All financial stability indicators—specifically, liquidity, solvency, and debt indicators—showed mixed developments compared to the same period of the previous fiscal year and the beginning of the year. Nevertheless, they remained within the comfort and financial stability ranges for short-, medium-, and long-term periods.

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

For the end of the third quarter of the 2024 financial year, the **solvency ratios** display comfort levels, both in terms of the extent to which the company's assets can fund its total liabilities and the company's ability to self-finance and meet its payment obligations.

The indicators calculated for the **company's debt level** also show values significantly below the maximum comfort threshold, indicating that the company is positioned in a low risk area. The leverage ratio indicator - which eliminates the distortion generated by short-term debts associated with the distribution business - is at a very low level and decreasing against the background of a reduction in long-term debts. This indicates, in addition to the very low risk of the business, extremely easy access to external financing, should this be necessary for development.

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

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

Bistrița, 12.11.2024

Annexes

Balance sheet of Transilvania Broker de Asigurare S.A.

As of September 30, 2024

(lei)	January 1, 2024	September 30, 2024
Non-current Assets, wherefrom :	4,290,301	4,048,298
Intangible assets	8,803	3,376
Tangible assets	4,269,762	4,034,032
Financial assets	11,736	10,890
Current assets, wherefrom:	25,479,649	26,195,131
Inventories	181	181
Receivables related to the insurance distribution activity and other receivables	13,816,551	15,455,976
Short-term investments	4,880,000	0
Cash and cash equivalents	6,782,917	10,738,974
Pre-payments	56,622	45,070
TOTAL ASSETS	29,826,572	30,288,499
Current Debt, wherefrom:	16,400,351	20,336,875
Debt related to the distribution activity	433,419	433,419
Amounts owed to credit institutions	13,679,369	18,842,146
Commercial liabilities and other debts	2,287,563	1,061,310
Net current assets/ Net current debt	9,135,920	5,903,326
Total assets minus Current debts	13,426,221	9,951,624
Non-current Debt, wherefrom:	1,082,899	622,302
Amounts owed to credit institutions	838,402	513,337
Oter non-current debt	244,497	108,965
TOTAL DEBT	17,483,250	20,959,177
Provisions	590,823	390,823
Paid and subscribed share capital	500,000	500,000
Reserves	100,000	100,000
Retained earnings	3,586,175	6,152,499
Result of the period	7,566,324	2,186,000
EQUITY	11,752,499	8,938,499
EQUITY AND DEBT	29,826,572	30,288,499

CEO,
Mr. Sorin Ștefan Baltasiu

Economic Manager,
Ms. Oana Pârțiu-Vasilichi

Profit and Loss Account, Transilvania Broker de Asigurare S.A.
As of September 30, 2024

(lei)	30.09.2023	30.09.2024
Operating Revenues	82,590,783	78,477,778
Revenues from distribution activity	82,574,005	78,472,093
Other revenues	16,778	5,685
Operating Expenditure	75,498,828	76,078,839
Expenses with third party services providers	3,193,781	2,774,924
Expenses with disposable and inventory materials	101,361	112,929
Expenses with other taxes, fees and similar payments	96,934	135,967
Expenses with personnel	3,799,299	4,416,274
Expenses with commission fees for brokerage assistants	68,034,070	68,509,482
Other operating expenses	145,896	79,138
Value adjustments for non-current assets	136,720	250,907
Value adjustments for current assets	-9,233	-782
Value adjustments for provisions	0	-200,000
Operating Profit or Loss	7,091,955	2,398,939
Financial Revenues	365,259	203,337
Financial Expenditure	136,873	81,898
Financial Profit or Loss	228,386	121,439
Gross Profit or Loss	7,320,341	2,520,378
Tax on profit	1,033,814	334,378
Net Profit or Loss for the reported period	6,286,527	2,186,000

CEO,
Mr. Sorin Ștefan Baltasiu

Economic Manager,
Ms. Oana Pârțiu-Vasilichi

Cashflow Statements *Transilvania Broker de Asigurare S.A.*
on September 30, 2024 (lei)

Indicators	01.01.2024	30.09.2024
CASHFLOW FROM OPERATIONAL ACTIVITY		
1. Cash received from distribution activity	920,689,598	698,778,454
2. Cash paid pertaining to the distribution activity	902,032,129	685,102,330
3. Cash received from sundry debtors	11,433	8,665
4. Cash paid to suppliers and different creditors	4,019,086	3,818,144
5. Cash paid to and on behalf of employees	4,918,013	4,213,988
6. Payments pertaining to special funds in the distribution activity	95,294	65,758
7. Other cash payments afferent to operational activity	1,851,148	1,018,841
8. Cash paid as dividends transferred to shareholders	9,190,372	4,601,016
9. Cash paid as interests pertaining to the loan	157,876	66,973
10. Paid tax on profits	1,475,950	621,219
NET CASH GENERATED FROM (PAID IN) OPERATIONAL ACTIVITY	-3,038,837	-721,150
CASHFLOW OUT OF INVESTMENT ACTIVITY		
1. Cash paid for the acquisition of tangible and intangible assets	70,026	0
2. Payments in the form of loans granted to third parties	846	24,642
3. Cash received from the repayment of loans granted to third parties	5,683	25,488
4. Cash received from the disposal of other short-term investments	9,000,000	4,880,000
5. Cash received from bank interest	484,855	202,878
6. Cash paid for other short-term investments	7,880,000	-
NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY	1,539,666	5,083,724
CASHFLOW RELATED TO FINANCING ACTIVITY		
1. Cash payments made to repay borrowed funds	433,419	325,064
2. Cash payments related to finance lease contracts	104,020	81,453
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	-537,439	-406,517
CASH AND CASH EQUIVALENTS on January 1st, 2024	8,819,527	6,782,917
NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS	-2,036,610	3,956,057
CASH AND CASH EQUIVALENTS ON SEPTEMBER 30, 2024	6,782,917	10,738,974

CEO,
Mr. Sorin Ștefan Baltasiu

Economic Manager,
Ms. Oana Pârțiu-Vasilichi

STATEMENT OF CHANGES IN EQUITY as of 30.09.2024

Item		2024 January 1st balance	Increases		Decreases		2024 September 30th balance
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed Share Capital		500,000	0	0	0	0	500,000
Capital issue premiums		0	0	0	0	0	0
Revaluation reserve		0	0	0	0	0	0
Legal reserve		100,000	0	0	0	0	100,000
Reserve representing the revaluation reserve surplus		0	0	0	0	0	0
Other reserves		0	0	0	0	0	0
Retained earnings representing retained profit or loss	Credit Balance	3,586,175	7,566,324	7,566,324	5,000,000	5,000,000	6,152,499
	Debit Balance	0	0	0	0	0	0
Reporting period result	Credit Balance	7,566,324	2,186,000	2,186,000	7,566,324	7,566,324	2,186,000
	Debit balance	0	0	0	0	0	0
Total Equity		11,752,499	9,752,324	9,752,324	12,566,324	12,566,324	8,938,499

**CEO,
Mr. Sorin Ștefan Baltasiu**

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

EXPLANATORY NOTES TO THE ACCOUNTING REPORTS
DRAFTED ON SEPTEMBER 30, 2024

1. Intangible Assets

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

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

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

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

2. Tangible Assets

Cost / Evaluation

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

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

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

Depreciation

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

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

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

Tangible assets held under financial leasing

As of September 30, 2024, the Company has three ongoing financial leasing contracts having as object three means of transport:

- contract concluded in 2020 for a period of 5 years, with an entry value of 163,912 lei; on September 30, 2024, the book value of this tangible fixed asset held under financial leasing is 40,978 lei;
- contract concluded in 2021 for a period of 5 years, with an entry value of 141,913 lei; on September 30, 2024, the book value of this tangible fixed asset held under financial leasing is 65,043 lei;
- contract concluded in 2021 for a period of 5 years, with an entry value of 364,607 lei; on September 30, 2024, the book value of this tangible fixed asset held under financial leasing is 172,176 lei.

In 2021, the Company acquired a transportation asset with an initial value of 487,094 lei, for which the remaining outstanding debt as of September 30, 2024, is 121,600 lei. This debt will be repaid in monthly installments until December 2025.

Derecognition

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

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

3. Financial Assets

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

4. Trade Receivables

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

5. Cash and Cash Equivalents

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

6. Financial Debts

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

7. Leasing Contracts

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

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

8. Provisions

Provisions are recognized when the Company has a current obligation (legal or implied) generated by a previous event. It is likely that an outflow of resources will be required to meet the obligation, and the debt

can be estimated reliably. The value of a provision is the best estimate of the probable expenses, or, in the case of an obligation, the amount required to settle the obligation.

9. *Share Capital*

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

10. *Legal Reserves*

Legal reserves represent 5% of the gross profit at the end of the financial year until the total legal reserves reach 20% of the paid-up share capital in accordance with the legal provisions. On September 30, 2024, the Company has a legal reserve at the level required by the regulatory documents, respectively 20% of the share capital.

11. *Financial Instruments*

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

12. *Revenue Recognition*

Operating Revenue

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

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

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

Revenue from the sale of goods

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

Revenue from royalties, rents and interests

These are recognized as follows:

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

13. *Taxes and Duties*

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

14. Accounting Errors

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

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

15. Currency Conversions

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

The RON/EUR exchange rates as of September 30, 2023 and September 30, 2024 were as follows:

Exchange	September 30, 2023	September 30, 2024
LEU/EUR	4,9746	4,9756

16. INTANGIBLE ASSETS

GROSS VALUE / Asset Elements	Opening Balance January 1, 2024	Increases	Decreases		Closing Balance September 30, 2024
			Total	Of which: Disposals	
Licenses and other intangible assets	122,688	0	0	0	122,688
TOTAL	122,688	0	0	0	122,688

AMORTISATION / Elemente de imobilizari	Opening Balance January 1, 2024	Amortisation during the year	Amortisation of disposed intangible assets	Closing Balance September 30, 2024
Licenses and other intangible assets	113,885	5,427	0	119,312
TOTAL	113,885	5,427	0	119,312

Book value	8,803			3,376
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There were no acquisitions of intangible fixed assets in the first 9 months of 2024. The depreciation related to intangible assets recognized by the Company for the first 9 months of 2024 is 5,427 lei.

17. TANGIBLE ASSETS

GROSS VALUE / Assets Elements	Opening Balance January 1, 2024	Increases	Decreases		Closing Balance September 30, 2024
			Total	Of which: Dismantling and Scrapping	
Lands and buildings	3,819,033	0	0	0	3,819,033
Technical installations and means of transport	2,161,625	9,750	0	0	2,171,375

Other installations, devices and fixtures	126,384	0	0	0	126,384
Advance payments and tangible assets in progress	0	0	0	0	0
TOTAL	6,107,042	9,750	0	0	6,116,792

DEPRECIATION / Assets Elements	Opening Balance January 1, 2024	Depreciation during the year	Depreciation of disposed tangible assets	Closing Balance September 30, 2024
Land improvements	9,012	1,448	0	10,460
Buildings	279,396	48,397	0	327,793
Technical installations and means of transport	1,432,248	191,238	0	1,623,486
Other installations, devices and fixtures	116,624	4,396	0	121,020
TOTAL	1,837,280	276,395	0	2,082,760
Book value	4,269,762			4,034,032

During the first 9 months of 2024, the investments in equipments made during the first 9 months of 2024 amounted to 9,750 lei.

The value of the depreciation recognized by the Company in the first 9 months of 2024 for tangible assets is of 267,395 lei.

18. FINANCIAL ASSETS

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

GROSS AMOUNT	Opening Balance January 1, 2024	Increases	Decreases	Closing Balance September 30, 2024
Guarantees and long-term receivables	11,736	24,642	25,488	10,890
TOTAL	11,736	24,642	25,488	10,890

ADJUSTMENTS FOR IMPAIRMENT LOSSES	Opening Balance January 1, 2024	Cresteri	Reduceri	Closing Balance September 30, 2024
Guarantees and long-term receivables	0	0	0	0
TOTAL	0	0	0	0

Book value	11,736	24,642	25,488	10,890
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19. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

Receivables Elements	No. of row	Balance on January 1, 2024	Balance on September 30, 2024	Liquidity Term		
				Under 1 year	1 - 5 years	Over 5 yrs
0	1	2	3 = 4 + 5 + 6	4	5	6
TOTAL RECEIVABLES (rows no.1 to 8 – row 9+ row 10+ row11), of which:		13,816,551	15,455,976	15,455,976	0	0
Receivables related to the distribution activity	1	2,847,671	2,609,933	2,609,933	0	0
Adjustments for receivables related to the distribution activity	2	-138,993	-138,993	-138,993	0	0
Advance payments for provision of services	3	1,113,800	1,212,100	1,212,100	0	0
Advance payments for personnel and other related receivables	4	0	0	0	0	0
Receivables related to the state budget	5	0	0	0	0	0
Receivables related to the social insurance budget	6	58,018	61,059	61,059	0	0
Receivables related to the subscribed and unpaid share capital	7	0	0	0	0	0
Receivables from sundry debtors	8	9,966,700	11,742,703	11,742,522	0	0
Adjustments for impairment of receivables related to sundry debtors	9	-30,645	-30,645	-30,645	0	0
Settlement from operations in the process of clarification	10	0	0	0	0	0

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

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

20. SHORT TERM INVESTMENTS

As of 30.09.2024, the Company has not established short-term investments.

21. CASH AND CASH EQUIVALENTS

Indicator	December 31, 2023	September 30, 2024
Current account and collection accounts (lei)	6,782,917	10,738,974
Deposit accounts (lei)	4,880,000	0
Cash (lei)	0	0
Cash equivalents (lei)	0	0
Cash advance payments (lei)	0	0

TOTAL**11,662,917****10,738,974****22. TRADE DEBT AND OTHER DEBTS**

Debt Elements	No. of row	Balance on January 1, 2024	Balance on September 30, 2024	Due Date		
				Under 1 year	1 - 5 years	Over 5 ani
<i>0</i>	<i>1</i>	<i>2</i>	<i>3 = 4 + 5 + 6</i>	<i>4</i>	<i>5</i>	<i>6</i>
TOTAL DEBT (rows 1 to 15), of which:		17,483,250	21,029,772	20,336,875	622,302	0
Debenture loans	1	0	0	0	0	0
Debt owed to credit institutions	2	1,271,821	946,756	433,419	513,337	0
Debt related to the distribution activity	3	13,687,144	18,842,146	18,842,146	0	0
Debt owed to affiliated entities	4	194,500	121,600	97,200	24,400	0
Debt related to leasing contracts	5	249,395	168,437	87,206	81,231	0
Debt payable to suppliers and sundry creditors	6	1,075,715	70,596	70,596	0	0
Debt payable to personnel	7	364,945	412,928	412,928	0	0
Debt payable to assistants and auxiliary assistants	8	94,450	16,561	16,561	0	0
Debt payable to the social insurance budget	9	184,387	157,919	157,919	0	0
Debt payable to the state budget	10	215,140	29,079	29,079	0	0
Debt payable to special funds related to the distribution activity	11	12,493	25,206	25,206	0	0
Debt payable as taxes, duties and similar fees	12	0	0	0	0	0
Amounts owed to shareholders	13	10,333	7,334	4,000		0
Debt payable as dividends owed to shareholders	14	0		0	0	0
Suspense account (settlement from operations in the process of clarification)	15	122,927	160,614	160,614	0	0

The Company's debts as of September 30, 2024 mostly relate to debts owed to insurance companies, amounts which are to be settled by mid of October 2024.

Debts to financial-banking institutions are represented by two investment loans. The long-term loan in the amount of 1,400,000 lei was contracted by the Company in 2018, in order to finance the acquisition of a building in Bistrita (the current headquarters of the Company) and two land lots related to the construction, in a total amount of 1,698,272 lei. The loan is reimbursed in equal installments set for a period of 84 months, the final maturity being on December 1, 2025. The amount remaining to be reimbursed on September 30, 2024 is 247,700 lei. The Company constituted the following guarantees for the received loan: security on bank accounts opened with the bank; real estate mortgage on the construction and the two land lots. The second loan, amounting to 1,611,713 lei, was contracted in 2020 to finance the acquisition of a building and related land in Bucharest; the reimbursement of this loan is made in 83 equal monthly installments, with the final maturity on September 29, 2027. As of September 30, 2024, the balance of this loan is 699,056 lei. The building and land lots financed by this loan are mortgaged in favor of the bank. For both loans, the interest rate is set according to the 6-month ROBOR index and the bank's margin. Debt owed to the state budget, social security budgets and personnel, representing due taxes and fees, refer to amounts paid on due maturity date.

23. SHARE CAPITAL

Indicator	December 31, 2023	September 30, 2024
Value of subscribed and paid share capital (RON)	500,000	500,000
Number of common shares	2,500,000	5,000,000
Nominal value (RON/share)	0.20	0.10

24. RESERVES

Reserves	December 31, 2023	September 30, 2024
Legal Reserves	100,000	100,000

25. NET TURNOVER (SALES)

Nature of achieved revenues	September 30, 2023	September 30, 2024
Revenues from the distribution activity, of which:	82,574,005	78,472,093
Supplying consultancy and proposals for insurance / reinsurance contracts	0	0
Supplying assistance on the handling and execution of contracts, including the compensation claims	327,423	756,245
Other activities related to the distribution activity	82,246,582	77,708,484
Revenue from designing insurance products in connection with the insurers	0	0
Revenue from distribution activity of pension products	0	7,364
Trade discounts offered	0	0
Other operating revenues	16,778	5,685
TOTAL OPERATING REVENUES	82,590,783	78,477,778

26. PERSONNEL EXPENSES

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

Indicator	September 30, 2023	September 30, 2024
Expenses with employees' compensation	3,362,496	4,071,058
Expenses on employees' meal vouchers	201,030	197,550
Expenses on public insurance and social security	35,101	55,883
Expenses on work insurance contribution	75,762	91,783
Expenses on employees' training	1,730	36,500
TOTAL:	3,801,029	4,452,774

27. ANALYSIS OF OTHER EXPENSES AND OF THE OPERATING RESULT

a) THE OPERATING RESULT

Indicator	Accounting reports on September 30, 2023	Accounting reports on September 30, 2024
1. Net Turnover (Sales)	82,574,005	78,472,093
2. Cost of goods sold and of services rendered (3+4)	71,697,799	71,626,065
3. Costs related to the main activity	71,424,416	71,496,802
4. Costs related to auxiliary activities	273,383	129,263
5. Gross profit from net sales (1-2)	10,876,206	6,846,028
6. General administrative expenses	3,801,029	4,452,774
7. Other operating revenues	16,778	5,685
8. The operating result (5-6+7)	7,091,955	2,398,939

b) OTHER OPERATING EXPENSES

Indicators	Value on September 30, 2023	Value on September 30, 2024
Electricity, heating and water expenses	45,593	43,080
Maintenance and repair expenses	28,670	44,935
Royalties and rental expenses	91,350	72,277
Expenses on insurance premiums	107,755	148,682
Protocol, promotion and advertising expenses	386,107	121,317
Travel expenses	11,676	32,102
Postage and telecommunication expenses	116,389	124,007
Bank commissions and similar charges	495,334	612,282
Expenses on other third party services	1,905,177	1,539,741
TOTAL	3,188,051	2,738,423

28. TAX ON PROFIT

Indicator	Value on September 30, 2023	Value on September 30, 2024
1. Accounting profit/loss	6,286,527	2,186,000
2. Elements similar to revenues	0	0
3. Legal reserve	0	0
4. Non-taxable revenue	134,233	200,000
5. Non-deductible expenditure	1,514,116	535,642
6. Difference of financially non-deductible depreciation	90,691	90,691
7. Taxable profit / Fiscal loss for the reporting period (row 1+2-3-4+5+6)	7,495,380	2,612,333
8. Fiscal loss of the previous years	0	0
9. Taxable profit/fiscal loss to be recovered over the next years (rows 7-8)	7,495,380	2,612,333
10. Current tax on profit (rows 9*16%)	1,199,261	417,973
11. Tax related to reinvested profit	0	0
12. Payable Tax on profit (rows 10-11)	1,199,261	417,973
13. Tax on profit owed for the 1st Quarter	868,157	440,150
14. Expenses with sponsorships	165,447	83,595
15. Tax on profit owed at the end of the reporting period	165,657	0

29. OTHER INFORMATION

Information on the relation with affiliated entities and other related parties

The Company does not own stakes in other entities.

Rental and leasing expenditure

The Company has three financial leasing contracts underway, whose balance on September 30, 2024 amounts to 168,437 lei.

The rental expense for the Company's business offices amount to 72,277 lei.

29. ENVIRONMENTAL ASPECTS

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

30. COMMITMENTS - Guarantees granted to third parties

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

- Pledge on the bank accounts opened with the bank;
- Real estate guarantee on the land with an area of 100 sqm, cadastral no. 8452, registered in the Land Registry no. 61938 of Bistrita Municipality;
- Real estate guarantee on the urban land with an area of 500 sqm, cadastral no. 56884 and the construction built on it, cadastral no. 56884-C1, building registered in the Land Registry no. 56884 of Bistrita Municipality;

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

CEO,
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