ONIX ASIGURARI SA

Financial statements

drawn up in accordance with EU International Financial Reporting Standards
as at 31 December 2022

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INDEPENDENT AUDITOR'S REPORT

Attn: The shareholders of the company ONIX ASIGURARI SA

Opinion

We have audited the attached Financial Statements of the Company **ONIX ASIGURARI S.A.** (hereinafter called **„The Company”**), headquartered in Bucharest, Sector 1, 2 Daniel Danielopolu Str.registered with the Trade Registry under no. J40 / 7361 / 2012, fiscal code no.: RO 10509908, which includes the balance sheet as at **31 December 2022**, the profit and loss statement, the statement of changes in equity, the cash flow statement for the year then ended, as well as a summary of the significant accounting policies and the explanatory notes.

The financial statements as at **31 December 2022** are as follows:

Net assets / Total equity:	206.069.946 lei
Net profit for the period	52.133.944 lei

In our opinion, the accompanying financial statements present a true and fair view of the Company's financial position as at **31 December 2022** and of its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (**IFRS**), the provizions Rule of the Financial Supervisory Authority (**ASF**) no. 19 / 2015 on the application International Financial Reporting Standards by the companies insurance, insurance – reinsurance and reinsurance, with subsequent amendments and completions (hereinafter **“Rule ASF 19 / 2015”**).

Basis of opinion

We conducted our audit in accordance wrth International Standards on Auditing (**ISA**). Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Company in accordance with the Ethical Code of Professional Accountants issued by the International Ethics Standards Board for Accountants (**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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those issues which, based on our professional judegement, proved to be of the greatest importance for conducting the audit of the current financial statements. These matters have been addressed in the context of the audit of the financial statements as a whole and in forming our opinion on these financial statements, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Opinion* section, we were able to determine that the issues described below constitute key audit matters that need to be communicated in our report.

3B EXPERT AUDIT
J40/6669/1998
RO10767770

CECCAR 158/2000
CAFR 073/2001
UNPRL 2032/2000
ASF IT 184/2016
ASF 220/2016

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Evaluation of the technical reserves	
As at 31.12.2022, the Company's records show gross technical reserves amoutning to 174.547.302 lei (On 31.12.2021: 142.893.584 lei)	
See Note 1.4.13 "Accounting policies and methods - General insurance business - Technical reserves"; Note 18 "Technical reserve"	
Key matter	**Our approach to this key matter during the audit**
As described in Notes 18, the Company recorded as at 31.12.2022 technical reserves in the amount of 174.547.302 lei, representing 71,76% of the total debts. The technical reserves cannot be accurately assessed, but only estimated in the light of the reasoning based on the latest credible information available. The estimation of the technical reserves involves significant reasoning regarding the uncertainty of future results, mainly the total settlement value of the claims reserves, assumptions related to the damage rate, frequency of the average claim of damages, the average cost per claim, these representing key input data in estimating the calims reserves. The Company creates and maintains the technical reserves in accordance with ASF Rule no. 38/2015 regarding the technical reserves established for the insurance activity, the method of calculating them for the purpose of preparing the annual financial statements and the special register of assets covering them (ASF Rule no. 38/2015) and IFRS 4 "Insurance contracts" (IFRS 4). The gross premium reserve, amounting to 135.838.779 lei (31.12.2021: 122.683.544 lei), is calculated monthly by summing the shares of the gross written premiums related to the unexpired periods of the insurance contracts. Their value at the end of the financial year represents the part of gross written premiums for which the risk is reported in the following financial year. The gross reserve for RBNS claims amounting to 106.638 lei (31.12.2021: zero lei), because the company does not appear with damages reported in the course of liquidation. The reserve for IBNR claims, amounting to 8.615.168 lei (31.12.2021: 9.944.388 lei), represents the fund set up to settle the future obligations of the insurer resulting from the damages incurred, but not reported until the reference date of the calculation of the reserves. The reserve of unexpired risks on 31.12.2022 is of 29.986.717 lei (31.12.2021: 10.265.652 lei) and is calculated based on the estimation of the damages that will occur after the closing of the financial year. As a result of those mentioned above, we deemed that the valuation of the technical reserves constituted a key audit matter.	Our audit procedures included, but were not limited to: We evaluated the internal methodologies established by the Company in accordance with the principles for determining the amount of the technical reserves instructed in the ASF Rule no. 38/2015 and in IFRS 4. We evaluated and tested (based on a sample) how were the internal controls on the process of estimating the value of the technical reserves designed and their effectiveness. We involved our actuarial experts to evaluate and test: ✓ the assessment of the compliance of the estimation methodology used to determine the value of technical reserves ✓ the reconciliation of the databases containing details regarding the determination of the RBNS and IBNR claims reserve with the existing data in the Company's accounting records ✓ the assessment based on our professional judgment of whether the Company's management estimates were adequate ✓ evaluation of the IBNR method and estimated value for the reference date 31.12.2021 by using the estimated damage rate method; ✓ the critical assessment of the assumptions used by the Company's management to estimate the value of the technical reserves by comparing them with our knowledge of the legal regulations in force, the Company's specific circumstances and by testing the accuracy of the process based on which the Company has developed its forecasts. We assessed whether the Notes to the financial statements disclose in an adequate manner the technical reserves, according to the relevant financial reporting frameworks.

Receivables from recovery related to the claims of damages filed	
As at 31.12.2022, the Company's records show receivables from recovery of damage claims and regression the gross value of 16.390.223 lei (31.12.2021: 14.882.019 lei)	
Note 15 " Other assets "	
Key matter	**Our approach to this key matter during the audit**
As described in Note 15 to the attached financial statements, the gross value on 31.12.2022 of receivables from recovery of damage claims is 16.390.223 lei (31.12.2021: 14.882.019 lei),), and the net value is of 1.308.295 lei (31.12.2021: 233.989 lei) representing 78,43% of the total gross receivable (31.12.2021: 63,41%). We considered this a key matter due significant share of the value of the receivable from recovery in total gross receivables and to the professional reasoning required in estimating the amounts to be recovered	Our audit procedures included, but were not limited to: We have reviewed the Company's internal procedures for estimating the recoverable amount of receivables from regression or recovery and analyzed the criteria taken into account by the Company in the process of assessing the amounts to be recovered. We reviewed the management's forecasts regarding the impairment of these receivables and we assessed their compliance with the applicable accounting regulations. We reviewed the supporting documentation received from the management regarding the calculation of the forecasts, the calculation of the degree of recoverability of the claims determined for each case, separately, the opinions of the lawyers expressed in the litigation files and we followed the evolution of the files for damage claims throughout the year. We have reviewed the counter-guarantees used to reduce exposure to impairment risk. We discussed with the Company's management the methods and professional reasoning applied in order to establish the recoverable amounts, the status of the litigation files and ongoing criminal cases, the Company's intentions to pursue debtors, the expected chances of recovery, alternative methods of recovery and the probability of coverage of any loss of receivables.

Responsibilities of the Management and of Those in Charge with the Governance for the Financial Statements

The Management of the Company is responsible for the preparation of the financial statements that give a true and fair view in accordance with Rule ASF 19 / 2015 and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

The persons in charge with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives consist in obtaining reasonable assurance so as to ascertain whether the financial statements as a whole are free from material misstatement, due to fraud or error, as well as 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 ISAs 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 bas s of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain a professional skepticism throughout the audit. 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 responsive 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 secrets, forgery, intentional omissions, false statements and avoidance of internal control.

- We understand the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

- We 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 auditors' 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 our auditors' 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.

We communicate to those in charge with governance, among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide those in charge with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Among the issues we have communicated to those charged with governance, we identify those issues that were most important in the audit of the current financial statements and are therefore key audit issues.

We describe these issues in our audit report, unless legislation or regulations prevent the public disclosure of that issue or if, in extremely rare circumstances, we believe that an issue should not be disclosed in our report because it is expected to it is reasonable that the benefits of the public interest outweigh the negative consequences of this communication.

Report on other legal and regulatory provisions

We were appointed by contract no. 547 / 26.10.2022, based on the Decision of the Extraordinary General Meeting of Shareholders of 24.10.2022, to audit the financial statements of **ONIX ASIGURARI S.A.** for the financial year ended **31 December 2022.** The total uninterrupted duration of our commitment is two years.

We confirm that:

- Our audit opinion is in accordance with the additional report presented to the Board of Directors of the Company, which we issued on the same date we issued this report. Also, in conducting our audit, we maintained our independence from the audited entity.
- We have not provided the Company with prohibited non-audit services, as referred to in Article 5 paragraph (1) of EU Regulation No. 537/2014.

Other matters

This report of the independent auditor is addressed exclusively to the Company's shareholders as a whole. Our audit was performed in order to be able to report to the Company's shareholders those matters that we are bound to report in a financial audit report, and not for other purposes. To the extent permitted by the law, we accept and assume no liability other than to the Company and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

For and on behalf of 3B Expert Audit S.R.L.:
Badiu Dan - Andrei

registered in the Electronic Public Register of Financial Auditors and audit firms with number 4426

Autoritatea Pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: **Badiu Andrei**
Registru Public Electronic: **AF4426**

For and on behalf of :

Russell Bedford taking you further — 3B Expert

registered in the Electronic Public Register of Financial Auditors

and audit firms with number 73

Autoritatea Pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: **3B Expert Audit S.R.L.**
Registru Public Electronic: **FA73**

Bucharest, Romania

12 May 2023

ONIX ASIGURARI SA

STATEMENT OF FINANCIAL POSITION as at
As at 31 DECEMBER 2022
(Amounts in Lei)

	Notes	Financial year 31 December 2022	Financial year 31 December 2021
Income from Gross Written Premiums		136,967,404	147,620,247
Changes in premiums reserve		(13,155,236)	(11,798,237)
Insurance premiums ceded in reinsurance		-	4,356,360
Earned premiums	3	**123,812,168**	**140,178,370**
Income from investments	4	11,780,919	2,745,585
Net income/Gains from foreign exchange		144,196	2,261,005
Income from commissions		-	-
Other incomes		17,408	351,889
Total incomes		**135,754,691**	**145,536,849**
Claims expenses	5	(842,498)	8,000,040
Claims salvages from reinsurance		3124	235,316
Changes in other reserves		19,721,065	3,409,236
Acquisition expenses	6	39,740,222	40,813,662
Administrative expenses	7	17,040,732	13,073,536
Net Expenses from assets value adjustments	8	572,534	10,263,269
Total expenses		**76,235,179**	**75,795,059**
Profit before tax		**59,519,512**	**69,741,789**
Profit tax	9	7,385,568	11,787,036
Net result of the year		**52,133,944**	**57,954,754**
Other elements of the comprehensive income:			
Changes in Reevaluation reserve of financial assets available for selling		-	-
Other positions of the comprehensive income of the year, net of deferred tax		-	-
Comprehensive income of the year		**52,133,944**	**57,954,754**

Deputy General Manager,
Adriana Cirstei

Financial Director,
Marius Stoica

Notes are an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION as at
As at 31 DECEMBER 2022
(Amounts in Lei)

	Nota	31 December 2022	31 December 2021
Assets			
Property, plant, equipment	10	533,332	157,630
Intangible assets	11	1,781,666	2,291,075
Deferred acquisition costs	12	14,627,206	15,724,595
Financial assets measured at fair value	13	19,931,299	150,656,886
Other financial assets, including insurance receivables	14	375,450,801	185,309,453
Technical reserves for ceded to reinsurance		-	-
Receivable for deferred profit tax	21	1,196,410	287,087
Other assets	15	5,613,495	8,818,780
Cash and cash equivalents	16	30,188,127	56,406,094
Total assets		**449,322,336**	**419,651,600**
Equity			
Share capital	17	49,860,616	49,860,616
Share premiums		704	704
Previous years' results		156,208,626	124,074,683
Total equity		**206,069,946**	**173,936,003**
Expenses			
Technical reserves	18	174,547,302	142,893,584
Insurance contracts	19	55,770,435	93,771,453
Reinsurance		1,728,607	1,431,605
Trade and other expenses	20	11,206,046	7,618,955
Total expenses		**243,252,390**	**245,715,597**
Total equity and expenses		**449,322,336**	**419,651,600**

Director General Adjunct,
Adriana Cirstei

Financial Director,
Marius Stoica

STATEMENT OF CHANGES IN EQUITY

As at 31 DECEMBRIE 2022
(Amounts in Lei)

	Capital social	Prime de capital	Rezultat reportat	Total
Figures as at 1 January 2021	**49,860,616**	**704**	**66,119,929**	**115,981,249**
Comprehensive income				
Profit	-	-	**57,954,754**	**57,954,754**
Other comprehensive incomes				
Reserves from first IFRS 16 implementation			-	-
Total comprehensive income for the reporting period	-	-	**57,954,754**	**57,954,754**
Shareholders' transactions as equity				
Paid dividends	-	-	-	-
Total shareholders' transactions as equity	-	-	-	-
Figures as at 31 December 2021	**49,860,616**	**704**	**124,074,683**	**173,936,003**
Figures as at 1 January 2022	**49,860,616**	**704**	**124,074,683**	**173,936,003**
Comprehensive income				
Profit	-	-	**52,133,944**	**52,133,944**
Other comprehensive incomes				
Reserves from first IFRS 16 implementation			-	-
Total comprehensive income for the reporting period	-	-	**52,133,944**	**52,133,944**
Shareholders' transactions as equity				
Paid dividends	-	-	(20,000,000)	(20,000,000)
Total shareholders' transactions as equity	-	-	-	-
Figures as at 31 December 2022	**49,860,616**	**704**	**156,208,626**	**206,069,946**

STATEMENT OF CASH FLOWS

As at 31 DECEMBER 2020
(Amounts in Lei)

	Nota	Anul incheiat la 31 December 2022	Anul incheiat la 31 December 2021
Cash flow from operating activities			
Gross result		**59,519,512**	**69,741,790**
Adjustments from non-monetary elements:			
Depreciation of a tangible fixed assets and intangible assets	**7**	664.064	701,097
Gains from selling of tangible assets		(12.000)	-
Interest expense		57.832	32,260
Interest incomes		(11,779,614)	(5,207,251)
Changes in technical reserves and deferred acquisition expenses		32,751,107	7,870,141
Income from claims salvages	**5**	(376,011)	(12,383,327)
Provisions for risks and expenses		138.662	-
Adjustments with impairment of unearned insurance premiums	**8**	706.023	10,263,269
Adjustment of state bonds (depreciation first aquisition)		273.165	2,187,196
Adjustment with impairment of state bonds		(274,470)	274,470
Operating Profit before changes in working capital		**81,9668,270**	**73,479,645**
Changes in working capital			
Changes in insurance receivables		(10,572)	9,236,315
Changes in other assets		875,403	7,502,327
Changes in reinsurance debts		297,002	(2,975,846)
Changes in other debts		(35,581,810)	(6,930,518)
Profit tax paid		(7,265,670)	(10,913,657)
Net cash from operating activities		**41,982,624**	**69,398,266**
Cash flow from investments:			
Purchase of intangible assets	**11**	(28,641)	(1,384,553)
Purchase of tangible assets	**10**	(501,716)	(14,778)
Selling of tangible assets		12,000	-
Acquisition of financial assets kept till maturity		127,460,464	(26,364,324)
Decrease in bank over 3 months term- deposits	**14**	(188,159,497)	(131,288,601)
Paid interests		(57,832)	(32,260)
Cashed interests		13,074,632	4,637,551
Net cash for investments		**(45,994,361)**	**(154,453,966)**
Cash flow financial activities:			
Paid dividends		(20,000,000)	-
Net cash from financing activities		**(20,000,000)**	**-**
Total cash flow		**(26,217,967)**	**(85,055,700)**
Net increase in cash and cash equivalents			
Cash and cash equivalents beginning of the period	**16**	**56,406,094**	**141,461,794**
Cash and cash equivalents end of the period		**30,188,127**	**56,406,094**
Increase/ decrease in cash flow	**16**	**(26,217,967)**	**(85,055,700)**

1 GENERAL INFORMATION

Onix Asigurari SA is an insurance undertaking registered in Romania, having its premises in Bucharest, Daniel Danielopolu Street, no 2, 3rd floor, district 1 registered under the number J40/7361/2012 at Bucharest Trade Registry, tax number CUI 10509908, the number RA-031/10.04.2003 from Insurers Registry and Lei Code 213800TOAW5GTMZ1BL19, *authorized for the following non-life classes of insurance:*

A.1. Accidents, including industrial injury and occupational diseases
A.3. Land vehicles, other than railway rolling stock; covering all damage or loss of motor vehicles and other vehicles
A.7. Goods in transit, irrespective of the form of transport; covering all damage or loss of merchandise, baggage, or other goods
A.8. Fire and natural forces, covering all damage or loss of property, other than property included in Classes A3 through A7 due to fire, explosion, storm and natural forces, nuclear energy and land subsidence and landslide
A.9. Other damage or loss of property other than property included in Classes A3 through A7 due to hail, frost, theft, and other events not covered by Class 8
A.10. Motor vehicle liability, the use of motor vehicles operating on the land, including carrier's liability
A.13. General Liability, other than those referred to in Classes A10 through A12
A.14. Credit covering insolvency, in general, export credit, instalment credit, mortgages, agricultural credit
A.15. Suretyship: direct or indirect
A.16. Miscellaneous financial loss: unemployment, insufficiency of income- in general, bad weather, loss of benefits, continuing general expenses, unforeseen trading expenses, loss of market value, rent and other revenues, other indirect trading loss, other non-trading financial loss, other forms of financial loss
A.18. Assistance for persons who get into difficulties while travelling, while away from their home or their habitual residence

Based on Romanian Authority for Financial Supervision (ASF) decision no. 1390/20.11.2020, the company extended its authorization to operate in freedom of service in all EU for the classes of insurance A.14-Credits, A.15- Suretyship and A.16- Miscellaneous financial loss for all member states and Norway and A.13- General Liability is authorised in Austria, Bulgaria, France, Germany, Italy, Portugal and Spain.

Based on the right to establishment, the company has the authorization for a branch in Italy, for A.13- General Liability, A.14-Credits, A.15- Suretyship and A.16- Miscellaneous financial, being operational stating with December 2019 only for A.15- Suretyship underwriting products.

1.1 The basis of the preparation of the financial statements

The undertaking prepared the financial statements as at 31 December 2020 in accordance with International Financial Reporting Standards („IFRS") adopted by European Union UE and *ASF Norm no. 19 regarding the application of International Financial Reporting Standards by the insurance companies, the insurance and reinsurance companies and the reinsurance companies from 30 October 2015* modified and completed and they are dedicated exclusively to the readers who are aware of these regulations.

These financial statements are not presenting the financial position of the company in accordance with the accounting regulations and principles as per *ASF Norm no. 41/2015* and they are not dedicated to the readers interested in this scope (for example the Fiscal Authorities, Trade Registry). For these users, the company has prepared and has presented financial statements in accordance with ASF Norm no. 41/2015.

1 GENERAL INFORMATION (CONT.)

1.1 The basis of preparation of the financial statements (cont.)

These financial statements are exclusively destined to be used by the company, its shareholders and ASF. In consequence it is possible these financial statements not to be adequate for other purposes.

The financial statements are prepared as per IFRS rules adopted by EU are comprised of the following:

- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

Declaration of conformity

The company's accounting is kept in Lei (RON) in accordance with Romanian Accounting Standards (RAS). Where necessary, the accounts as per RAS were adjusted to harmonize these financial statements in all significant aspects with IFRS adopted by EU.

The most important changes to the RAS financial statements to order to align them with IFRS requirements adopted by EU adopted by UE and presented in accordance with those standards are:

- The grouping of the elements into more comprising categories
- Adjustments of the assets, liabilities, and equity as per IAS 29 „ Financial Reporting in Hyperinflationary Economies"
- Adjustments of the insurance contracts classification as per IFRS 4 – „Insurance contracts"
- Adjustments of the technical reserves (Best estimation) as per IFRS4 – „Insurance contracts"
- Adjustments of receivables and payables regarding the deferred income tax as per IAS 12 – „Income tax"
- Adjustments of recognition and measurement of the financial instruments as per IAS 9 „Financial Instruments"
- Adjustments of recognition and evaluation of leasing contracts as per IFRS 16 „Leasing contracts"
- The presentation of the requirements as per IFRS adopted by EU

1.2 The basis of evaluation

These financial statements have been prepared based on historical cost convention with the exceptions mentioned by the accounting policies.

1.3 The principle of continuity

These financial statements have been prepared based on the principle of continuity, according with the company shall continue to operate into the predictable future. To evaluate the applicability of this presumption, the company management has analyzed the previsions as regard the company activity. Based on these analyses, the management has considered that the company can continue its activity in the predictable future and according to the principle of continuity, the drawn-up of the financial statements is justified.

1 GENERAL INFORMATION (CONT.)

1.3.1 The economic environment

In the context of the military aggression of the Russian Federation against Ukraine, we specify that the Company has defined a regulated framework regarding the regime applicable to international sanctions, in compliance with the legal provisions in force: Law 129/2019 for the prevention and combating of money laundering and the financing of terrorism, such as and for the modification and completion of some normative acts, GEO 202/2008 regarding the implementation of international sanctions (and ASF Regulation 25/2020 regarding the supervision of the implementation of international sanctions by the Financial Supervision Authority and the entities regulated by it - for companies of insurance).

We monitor the situation created by the military invasion of Ukraine and closely follow the international sanctions imposed on natural and legal persons, entities and bodies from the Russian Federation and Belarus.
The company has implemented, in accordance with national legislation, a formal framework for verification and prevention of possible risks to which it could be exposed in the field of international sanctions. In accordance with the internal procedures in force, the company carries out continuous monitoring of the business relationship with its clients and of the transactions carried out by them.

Any initiation of a business relationship is carried out only after the application of measures to know the clientele, the risk factor being one of the elements evaluated by the Company, including from the perspective of international sanctions.

We mention that in the portfolio monitoring process, the Company uses information from various, credible and independent sources.

Since the beginning of this situation, we have carried out a complete analysis of the client portfolio, as no persons included in the list of international sanctions have been identified in the Company's portfolio.

Considering the dynamics of the international sanctions ordered against the Russian Federation and against the Republic of Belarus (natural persons, legal entities, "state" entities, activities and exchanges of goods), the company carefully and meticulously monitors the sanctions ordered by the various authorities and international bodies so that ensure both compliance with the provisions of the legislation in force (taking into account the daily changes that appear in the lists of international sanctions), as well as the protection of clients from this perspective.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting principles

The main accounting principles are presented below.

For the preparation of these financial statements, the company followed the IFRS adopted by EU recognition and evaluation principles as per ASF Norm no. 19/2015 including subsequent amendments and additions.

The drawn-up of the financial statements has imposed to utilize a certain essential accounting estimation and the usage of certain reasoning in applying the company's accounting policies. The amounts are in Lei, rounded to the closest value except the cases where it is otherwise mentioned.

1.4.1 The exchange rate

(a) Functional and presentation currency

The financial statements are prepared and presented in Lei (RON), representing the functional currency (the currency of the economy where the company has registered its premises).

Exchange rates used to convert monetary balances denominated in other currencies are:

Exchange rate:	**31 December 2022**	**31 December 2021**
EUR/ LEI	4.9474	4.9481
PLN/ LEI	1.0557	1.0768
USD/RON	4.6346	4.3707

(b) Transactions and accounts balances

The transactions in foreign currencies are converted in Lei by using the National Bank of Romania (NBR) exchange rates available for the transaction date.

The exchange rates gains and losses resulted from the transactions as well as the foreign currencies monetary assets and liabilities conversion to the exchange rate of year-end are registered in the profit and loss accounts exception made by cases in which they are deferred in other elements of the comprehensive income as risk coverage instruments associated with treasury and net investments flows.

Exchange rate gain and losses are presented in the Statement of the comprehensive income in the position „Net incomes from exchange rate ".

1.4.2 The accounting method for hyperinflation

AS per IAS 29 („Financial Reporting in Hyperinflationary Economies"), an entity's financial statements for which the functional currency is a hyperinflationary economy currency, should be presented in the terms of the current purchasing power of the currency updated to the financial statements drawing -up date, so that the non-monetary elements to be amended with the general prices index from the acquisition date or tax due-date.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting principles (cont.)

1.4.2 The accounting method for hyperinflation (cont.)

Starting with 1 January 2004 the currency adopted by the company as functional currency has ceased to be hyperinflationary.

As per IAS 29 provisions, a national economy is considered hyperinflationary if among other factors the inflation index is over 100% during a period of 3 consecutive years.

The IAS 29 provisions have been applied in drawing-up the financial statements older than 1 January 2004.

1.4.3 Tangible assets

Recognition and evaluation of tangible assets

Tangible assets comprise from the following categories:

- IT equipment
- Office furniture and vehicles

The tangible assets from a leasing contract are registered in accounting depending on the nature of the leasing contract as per adopted by EU.

The company's assets are recognized as tangible assets if they fulfill the following conditions:

- They generate future economic benefits meaning they have the potential to contribute directly or indirectly to the company's cash or cash equivalents inflow
- Their destination is to be used in the production process or administrative services for a longer than one year period

The tangible assets are initially evaluated at their acquisition costs.

The acquisition cost of tangible assets includes:

- the purchase price, import taxes and other taxes (except those that can be recovered from the tax authorities)

- transport, handling, and other expenses by obtaining authorizations and other expenses that can be directly attributable to the acquisition of the respective goods

- the transport expenses are included in the acquisition cost and when the supply is made by third parties, based on the invoices issued by them

- commissions, notary fees, expenses for obtaining authorizations and other non-recoverable expenses, directly attributable to the respective goods.

Depreciation of tangible assets

The depreciable amount of an asset is systematically allocated over its useful life, which begins when it is available for use. Depreciation of an asset ceases at the earliest date between the date when the asset is classified as held for sale in accordance with IFRS 5 "Fixed Assets Held for Sale and Discontinued Operations" and the date on which the asset is derecognized. Depreciation does not cease when the asset is not used or decommissioned unless it is fully depreciated.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting principles (cont.)

1.4.3 Tangible assets (cont.)

The tangible assets depreciation is registered based on the straight-line method:

Category:	**Years**
Office equipment and furniture	3-15
Vehicles	5
IT equipment	3

The improvements made in rented spaces are depreciated during the lease period.

Subsequent improvements related to improvements are capitalized, provided that they extend the life of the asset or lead to a significant increase in its ability to generate revenue.

Maintenance and repair costs are registered as expenses when incurred.

According to IAS 16 “Property, plant and equipment”, an entity does not recognize in the accounting value of an item of property, plant, and equipment the costs of daily maintenance of that item. These costs are recognized in the profit and loss account as they incurred.

Derecognition of tangible assets

The accounting value of a tangible asset is derecognized at:

- ceding, or

- when no future economic benefit is expected from its use or disposal.

The gain or loss resulting from the derecognition of a tangible asset item shall be included in the profit and loss account.

1.4.4 Imobilizari necorporale

Recognition and evaluation

Intangible assets are regulated by IAS 38 – “*Intangible assets”*.

Intangible assets held by the Company are recorded at cost, less accumulated depreciation and adjustment for impairment and impairment losses. These are represented by computer applications and licenses.

The cost of an intangible asset acquired separately consists of the purchase price, including import duties and non-refundable purchase taxes, less commercial discounts, plus any costs directly attributable to the preparation of the asset for use.

Depreciation

Depreciation of intangible assets is recorded in the profit and loss account, based on the straight-line method for the estimated useful life, and is calculated from the date on which the asset is ready for use.

The useful life of computer programs is 3-5 years.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting principles (cont.)

1.4.4 Intangible assets (cont.)

According to IAS 38:

- the useful life of an intangible asset arising from contractual rights or other legal rights may not exceed the duration of those rights, but may be shorter, depending on the period in which the company is going to use the asset

- if the rights are granted for a limited period and can be renewed, the useful life includes the renewal period, based on the evidence to justify the renewal by the company, without significant costs.

1.4.5. Deferred acquisition costs (DAC)

The expenses for the acquisition of the insurance policies are represented by the expenses with the commissions due to the insurance intermediaries and are registered in the accounting at the moment of underwriting the policies.

The Company calculates and registers the deferred acquisition expenses using the pro-rata temporis method, similar to the calculation of the premium reserve.

1.4.6 Financial assets and liabilities

A. Classification

The company classifies its financial instruments, according to IFRS 9 "*Financial Instruments*", in the following categories:

Financial assets evaluated at amortized cost

A financial asset is evaluated at amortized cost if it meets both of the following conditions and is not evaluated at fair value through profit or loss:

- is held in a business model whose objective is to keep assets for the collection of contractual cash inflows; and

- on certain dates, its contractual conditions generate cash flows that are only payments of the principal and interest related to the principal amount due.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income only if it meets both of the conditions set out below and is not designated at fair value through profit or loss:

- is held within a business model whose objective is achieved both by collecting contractual cash inflows and by selling financial assets; and

- on certain dates, its contractual conditions generate cash flows that represent only payments of the principal and interest related to the principal amount due.

In addition, upon initial recognition of an investment in equity instruments that is not held for trading, the Company may irrevocably choose to present subsequent changes in fair value in other comprehensive income. These options apply to each instrument, as appropriate.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.6 Financial assets and liabilities (cont.)

A. Classification (cont.)

Financial assets at fair value through profit or loss All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, will be measured at fair value through profit or loss. In addition, on initial recognition, the Company may irrevocably designate that a financial asset, which otherwise meets the requirements to be evaluated at amortized cost or fair value through other comprehensive income, be evaluated at fair value through profit or loss, if this eliminates or significantly reduces an accounting discrepancy that would occur if it were done otherwise.

B. Recognition

Financial assets and financial liabilities are recognized on the date on which the Company becomes a contractual party under the terms of the respective instrument. Financial assets and liabilities are measured at the time of initial recognition at fair value.

C. Compensation

Offsetting of financial assets and liabilities and the net result are presented in the statement of financial position only when there is a legal right to set-off and if there is an intention to settle them on a net basis or if the asset is intended to do the asset and debt settlement simultaneously.

Incomes and expenses are presented net only when permitted by accounting standards, or for profit and loss resulting from a group of similar transactions such as those of the company's trading activity.

D. Evaluation

Valuation at amortized cost

The amortized cost of a financial asset or debt represents the amount at which the financial asset or debt is measured after initial recognition, less principal payments, plus or minus accumulated depreciation up to that point using the effective interest method, less related to impairment losses.

Fair value measurement

The fair value represents the price that would have been received on the sale of an asset or paid to settle a debt in a transaction carried out under normal conditions between the participants on the main market, at the valuation date, or in the absence of the main market, on the most advantageous market to which the company has access to that date.

The Company measures the fair value of a financial instrument using the closing prices quoted in an active market for that instrument. A financial instrument has an active market if quoted prices are available quickly and regularly for that instrument.

The market price used to determine fair value is the closing price of the market on the last trading day before the valuation date.

In the absence of a price quotation on an active market, the Company uses valuation techniques based on the analysis of updated cash flows and other valuation methods commonly used by market participants, using the most of market information, based as little as possible on company-specific information. The company uses valuation techniques that maximize the use of observable data and minimize the use of unobservable data.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.6 Financial assets and liabilities (cont.)

D. Evaluation (cont.)

Fair value measurement (cont.)

The value of using a valuation model is adjusted based on a number of factors, as valuation techniques do not reliably take into consideration all factors considered by market participants when concluding a transaction. Adjustments are recorded to reflect risk patterns, differences in selling and buying quotes, liquidity risks and other factors.

E. Identifying and evaluating impairment

Financial assets measured at amortized cost

The expected credit loss represents the difference between all the contractual cash flows that are due to the company and all the cash flows that the Company expects to receive, updated at the initial effective interest rate.

A financial asset or group of financial assets is impaired as a result of credit risk if one or more events have occurred that have a negative impact on the estimated future cash flows of the assets.

The company evaluates whether the credit risk for a financial asset has increased significantly since the initial recognition based on information, available at no cost or unjustified effort, which is an indicator of significant increases in credit risk since the initial recognition.

The company recognizes in profit or loss the amount of changes in credit losses expected over the life of financial assets as a gain or loss on impairment.

The gain or loss on depreciation is determined as the difference between the accounting value of the financial asset and the present value of future cash flows using the effective interest rate of the financial asset at the initial time.

The company recognizes favorable changes in expected credit losses for the asset useful time as an impairment gain, even if expected credit losses during the useful time are less than the expected credit losses that were included in the estimated cash flows at the initial recognition.

F. Derecognition

The company derecognizes a financial asset when the rights to receive cash inflows from that financial asset expire, or when the company has transferred the rights to receive contractual cash flows related to that financial asset in a transaction in which it has significantly transferred all the risks and benefits of ownership.

Any interest in transferred financial assets retained by the company or created for the company is recognized separately as an asset or liability.

The company derecognizes a financial debt when the contractual obligations have been concluded or when the contractual obligations are canceled or expired.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.6 Financial assets and liabilities (cont.)

G. Gains and losses on disposal

The gain or loss on the disposal of a financial asset or financial liability measured at fair value through profit or loss is recognized in current profit or loss.

Upon derecognition of equity instruments designated in the category of financial assets measured at fair value through other comprehensive income, gains or losses representing favorable or unfavorable valuation differences, recognized in revaluation reserves, are recognized in other comprehensive income (result carried forward representing surplus - IFRS 9).

Upon derecognition of financial assets, the result carried forward from the date of transition to IFRS 9 is transferred to a carried forward result representing realized surplus.

A gain or loss on a financial asset that is measured at amortized cost is recognized in current profit or loss when the asset is derecognized.

H. Other financial assets and liabilities

Other financial assets and liabilities are measured at amortized cost using the effective interest method, less any impairment losses.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.7 Assets impairment

At the end of each reporting period, the Company assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets. A financial asset is impaired and incurs impairment losses if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss-making event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets, an impact that can be reliably estimated.

The company assesses whether there is objective evidence of impairment such as a breach of contract terms, for example, failure to pay premiums.

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments at amortized cost, the loss amount is measured as the difference between the accounting value and the recoverable amount of the asset. The accounting value of the asset is reduced by using an impairment adjustment account, which impacts the profit or loss account.

If, at a later period, the recoverable amount of the asset increases and the increase can be objectively related to an event occurring after the recognition of impairment (such as an improvement in the recovery period of receivables), the previously recognized impairment loss is reversed. through profit or loss account.

The methodology and estimates used to calculate the recoverable amount of the asset (the estimate of future cash flows) are periodically reviewed by the company to reduce the difference between the estimated loss and the actual loss.

Financial Available-for-sale assets

When a decrease in the fair value of a financial available-for-sale asset has been recognized directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that was recognized directly in equity will be reversed from equity accounts and recognized in the income statement even if the financial asset has not yet been derecognized.

The amount of the accumulated loss that is eliminated from other comprehensive income and recognized in the profit and loss account will be the difference between the acquisition cost (net of principal reimbursements and amortization) and the current fair value, less any loss from the impairment of that financial asset, previously recognized in the profit and loss account.

If, at a later period, the fair value of an available-for-sale debt instrument increases, and this increase may be objectively related to an event that occurred after the previous losses recognition in the profit and loss account, the impairment loss must be reversed and the amount recognized in the profit and loss account.

Impairment of other assets

Assets that are subject to depreciation are analyzed for impairment whenever events or changes in circumstances occur that indicate that the accounting value is not recoverable. An impairment loss is recognized as the amount by which the accounting value of an asset exceeds its recoverable amount. Recoverable amount is the highest of an asset's fair value less the selling costs and its value in use.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.8 Receivables from insurance

The receivables from the insurance are initially recognized at the value of the premiums receivable related to each insurance policy, for the period of validity of the policy.

For multi-annual insurance contracts, in which the validity period of the insurance contract related to general insurance is longer than one year, and the collection of the gross written premium is made in several installments (monthly, quarterly, semiannually) established by the insurance conditions. for each insurance year, the receivable from gross written premiums represents the value of the insurance premiums receivable related to each year.

The cashed insurance premiums are registered in the accounting records on their collection date from the client, received either directly by the company or indirectly through intermediaries.

Receivables are presented in the financial statements at their accounting amount, less impairment adjustments for non-collection risk, if deemed necessary. Impairment adjustments related to direct insurance receivables are estimated at the amount considered irrecoverable. The company periodically assesses insurance receivables, at least once per each reporting period, and to the extent deemed necessary, constitutes an adjustment for impairment.

1.4.9 Receivables from salvages and recoveries

The recoverable amounts arising from the subrogation in the rights of the insured to third parties are prudently estimated at their probable collection value and are not deducted from the amount of the claim reserve.

The company regulates through internal procedures the way of estimating the recovery percentage for the salvages cases and of adjusting the recoverable value.

The company periodically assesses receivables from salvages, at least at each reporting date, and if it deems necessary, constitutes an impairment adjustment that reflects the uncollectable risk related to these receivables.

1.4.10 Share capital

Ordinary shares are classified as share capital when there is no obligation to transfer cash or other assets. If the company acquires the share capital (own shares), the consideration paid, including any additional paid costs directly attributable (excluding income taxes), are deducted from the equity attributable to the company's shareholders. If these shares are subsequently sold, any payment received is included in the equity attributable to the company’s shareholders.

1.4.11 Receivables or payables with reinsurers

The benefits to which the company is entitled from its reinsurance contracts are recognized as reinsurance assets. These assets consist of short-term balances from reinsurers, as well as longer-term receivables that depend on estimated claims and benefits arising from related reinsurance contracts.

The amounts recoverable from or due to the reinsurers are evaluated in accordance with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities consist of premiums paid for reinsurance contracts and are recognized as an expense.

The amounts receivable and payable from the reinsurance activity with the same entity may be mutually compensated, as the payments to be made by both parties are similar in nature and due payable at the same time.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.11 Receivables or payables with reinsurers (cont.)

Receivables and payables to reinsurers denominated in foreign currency are recorded in the accounts in both lei and foreign currency. Exchange rate differences from revaluation are registered in income and expense accounts in a similar manner to direct insurance receivables.

1.4.12 Cash and cash equivalents

Cash and cash equivalents include cash on petty cash, bank accounts and bank deposits with an initial maturity of up to three months.

1.4.13 Technical reserves

a) Unearned premium reserve (UPR)

The unearned premium reserve is calculated monthly by summing the gross written premiums related to the insurance contracts unexpired periods, so that the difference between the figure of gross written premiums and this reserve reflects the gross premiums related to the part of the calculation date expired risks. This reserve is individually calculated for each insurance contract.
For the insurance contracts in foreign currencies, the reserves are registered in lei at the historical exchange rate of the starting date of the insurance policy.

b) Reported but not settled loss reserve (RBNS)

The RBNS loss reserve is registered for the reported claims in instrumentation and liquidating damages and is calculated for each insurance contract for which the occurrence of the insured event was notified, starting from the foreseeable claims liquidation expenses to be made in the future. The total reserve is represented by the summing up the values of the reserve calculated for each claim file.

The elements considered in the calculation of the RBNS loss reserve are:

- the estimated value of the indemnity for the notified claim, up to the insured amount
- the expenses with the adjustment and loss assessment, related to the services provided by third parties
- the expenses related to claim payment for the services provided by third parties.

In case of indemnities or expenses estimated to be in foreign currency, they are transposed in lei by using the last day of the month exchange rate for which the reserve is calculated.

c) Incurred but not reported claims reserve (IBNR)

The incurred but not reported claims reserve ("IBNR") is created and adjusted periodically, but at least once at the end of the financial year, being a company's estimate based on actuarial calculations for incurred but not reported claims, in accordance with the Company's internal rules.

d) Unexpired risks reserve (URR)

The unexpired risks reserve is calculated based on the estimation of possible claims occurring after the end of the financial year, in case of the expenses related to the estimated future claims exceeds the unearned premiums reserve minus the deferred acquisition costs.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.14 Liability Adequacy Test (LAT)

At the end of each reporting year, tests are performed on the adequacy of the unearned premium reserve to ensure the adequacy of the UPR balance minus DAC value. In carrying out these tests, there are used the current best estimates of contracts cash flows and of the claims liquidation and administration costs. Any deficit resulting from the test is immediately recorded in the profit and loss account by canceling DAC and subsequently, if necessary, by setting up an unexpired risks reserve.

A cancellation of the DAC value, as a result of this test, can no longer be recognized later.

1.4.15 Liabilities associated with insurance contracts

In this category it can be found the amounts due to intermediaries, the amounts registered in advance and other due amounts in connection with the insurance contracts.

The amounts due to intermediaries are recorded in the accounting at the time of entry into force of the policy and they are settled according to the contractual conditions, under the condition of the insurance premiums to be collected.

1.4.16 Trade and other payables

Debts are valued at the nominal value of the amounts to be paid or at the nominal value of other means of settling the obligation.

The company's debts may result from transactions carried out in lei and foreign currency.

Trade payables and other payables include employee benefits and contributions to the state budget, payables related to investment contracts, payables due to suppliers and other payables.

Employee benefits

In the normal course of business, the company performs payments to the state budget and social insurance on behalf of its employees.

All company’s employees are members of the pension plan of the Romanian State. These costs are registered in the profit and loss account together with the salaries.

The company does not operate any other pension or post-retirement benefit plans and has no other pension obligations.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.16 Trade and other payables (cont.)

Provisions for risks and expenses

Provisions are recognized in the statement of financial position when a legal obligation arises for the company or is related to a past event and it is likely that in the future it will be necessary to consume some economic resources to extinguish this obligation.
Provisions are reviewed at the end of each period and adjusted to reflect the most appropriate current estimate. The differences resulting from the necessary adjustments are recognized in the income statement for the period.

A provision shall be registered only when:

- the company has a current obligation generated by a previous event
- an outflow of resources is likely to be required to meet that obligation
- a credible estimate of the value of the obligation can be made

If these conditions are not met, no provision is recognized in the financial statements.

1.4.17 Revenue recognition

1) *Income from gross written premiums*

The income from gross written premiums includes both collected and receivable premiums related to all insurance contracts that enter into force in the financial year and whose risks start during the financial year. If the duration of the insurance contract is longer than one year, the gross written premium represents the value of the gross premiums collected and receivable corresponding to a calendar year of the insurance contract, except for the insurance contracts stipulating the single premium, for which the gross written premium represents the value of the single gross premium related to the insurance contract.
For contracts concluded in foreign currency, the gross written premiums are highlighted in lei at the historical exchange rate from the date of entry into force of the insurance policy.

2) *Gross written premiums canceled*

Canceled written premiums include the premiums related to the canceled insurance contracts on a "case by case" basis, based on the client's request.

3) *Interest income and expenses*

Interest income and expenses for all interest-bearing financial instruments are recognized in the profit and loss account using the effective interest rate method.

1.4.18 Acquisition expenses

Acquisition expenses are those expenses incurred by the underwriting process. Acquisition expenses representing commissions due to insurance intermediaries are recorded in the accounting at the time of gross written premiums income registration. The other acquisition expenses are recorded in the accounting according to the principle of independence of the financial year.

1 GENERAL INFORMATION (CONT.)

1.4 Significant accounting policies (cont.)

1.4.19 Deferred income tax

Deferred income tax is registered using the balance sheet method based on temporary differences between the tax bases of assets and liabilities and their accounting amounts from financial statements. However, if deferred income tax arises from the initial recognition of an asset or liability related to a transaction that at its occurrence date affects neither accounting nor taxable profit or loss, it is not recognized.

Deferred income tax is calculated using the existing tax rates at the end of the reporting period and is estimated to be applied when the deferred income tax asset is realized or when the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legal right to offset current tax assets with current tax liabilities and when deferred income tax assets and liabilities are reported to the same tax authority.

Deferred income tax assets are recognized to the extent that a taxable profit is likely to be available in the future based on which temporary differences are used.

Temporary differences are those differences between the accounting value of an asset or a liability and its tax base. Temporary differences can be:
- *taxable temporary differences* are those temporary differences that shall result in taxable amounts when determining the taxable profit / tax loss of future periods, when the accounting value of the asset or liability is recovered or settled,
- *deductible temporary differences* are those temporary differences that shall result in deductible values in determining the taxable profit / tax loss of future periods, when the accounting value of the asset or liability is recoverable or settled.

1.4.20 Current income tax

The company records the profit tax established in accordance with the accounting and reporting regulations issued by the Romanian Ministry of Public Finance.

The outstanding tax is the tax payable on the profit of the period, determined on the basis of the percentages valid at the date of the statement of financial position and all adjustments related to the period.

The income tax rate used to calculate the current tax as of December 31, 2022 is 16%.

1 GENERAL INFORMATION (CONT.)

1.4.1 Significant accounting policies (cont.)

14.4. 21 Leasing contracts

The Company applies a unitary recognition and valuation approach to all leasing contracts, except for short-term leases and low-value leasing contracts. The company registers the leasing debts related to the leasing payments and the assets from the right the assets use. For short-term leasing or for leasing for which the asset has a low value, leasing payments are registered as straight-line expenses for the duration of the contract.

1.5 Estimates and essential accounting reasoning

The company makes estimates and assumptions with an impact on the reported values of assets and liabilities in the next financial year. Estimates and reasoning are continuously evaluated and are based on historical experience and other factors, including expectations regarding reasonable future events in the given situations.

For the preparation of IFRS financial statements, the company makes estimates and assumptions regarding future developments that may have a material effect on the recognition and value of reported assets and liabilities, presentation of contingent liabilities at the date of financial statements and reported income and expenses preparation for that period. There is a risk that the following items may be adjusted in the following financial year, such as technical provisions, other provisions, deferred acquisition expenses, the fair value of financial assets not traded on an active market, value adjustments for receivables and other impairments.

The estimation of the final liability that would result from the claims related to the insurance contracts is the most critical accounting estimate of the company. The main assumptions used in making the estimates are:

Technical reserves

aThe claims files administration and the evaluation of the losses is done as close as possible to the real value (subsequent payment),

The principle of linearity in the calculation of premium reserve - the premium reserve is related to the unexpired period of the risk (number of days).

Value adjustments for receivables and other impairment losses

The insurance activity receivables value adjustments are constituted according to their age, applying the adjustment percentages to the amount due according to the seniority of the uncollected receivables,

The salvages receivables value adjustments are evaluated considering the legal period in which the company has the right of recovery, the costs occasioned by their recovery as well as the non-recoverable amounts as a result of incorrect documentation or due to third party causes.

The deferred acquisition costs related to the insurance contracts are distributed during the insurance contract term, similar to the premium reserve. The estimates are revised at the end of each reporting period.

1. GENERAL INFORMATION (CONT.)

1.6 Changes in accounting policies and new, revised / amended IFRS

With the exception of the changes presented below, the Company has consistently applied the significant accounting policies established in point 1.4 for all periods presented in these financial statements.

In the current year, the Company adopted all the International Financial Reporting Standards (IFRS) approved by the EU, new and revised, relevant for its own operations and which are in force for the period starting on or after January 1, 2022. The adoption of these amendments to the existing standards and interpretations did not lead to any change in the Company's accounting policies**.**

1.6 IASB standards or interpretations applicable on or after 1 January 2022

During the current year, the Company applied all the new standards and amendments to the International Financial Reporting Standards (IFRS), which are relevant for its operations and are in force for the accounting periods starting on January 1, 2022 approved by the European Union.

A. The initial application of the new amendments to the existing standards in force for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are in force for the current reporting period:

The applicaton of these amendments to the existing standards did not lead to significant changes in the financial statements of the Company.
(i) Amendments to IAS 16 "Tangible assets" - collections before expected use adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022). The amendment prohibits an entity from deducting from the cost of a tangible asset any collection before the asset is prepared for its intended use. It also clarifies that an entity tests whether an asset is working properly when evaluating its technical and physical performance. The physical performance of the asset is not subject to the amendment. Entities must present separately the amounts of collections and costs related to the items produced that do not represent a normal activity of the company.
(ii) Amendments to IFRS 3 "Business Combinations" - Definition of the conceptual framework with amendments to IFRS 3 adopted by the EU on June 28, 2021 (applicable for annual periods starting on or after January 1, 2022). Minor changes were made to IFRS 3, regarding the definition of the conceptual framework for Financial Reporting and to add an exception regarding the recognition of liabilities and contingent liabilities within the scope of IAS 37 "Provisions, contingent liabilities and contingent assets" and IFRIC 21 "Taxes ". The amendments confirm that contingent assets should not be recognized at the acquisition date.
(iii) Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts - Cost of contract execution adopted by the EU on June 28, 2021 (applicable for annual periods starting on or after January 1, 2022). The amendment clarifies that the structure of direct costs related to the completion of a contract includes both incremental costs and an allocated part of other direct costs attributable to the completion of the contract. Also, before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that occurred on the assets used in the performance of the contract.
(iv) Amendments to various standards due to "IFRS Improvements (cycle 2018-2020)" resulting from the annual project to improve IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of eliminating inconsistencies and clarifies certain forms - adopted by the EU on June 28, 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods starting on or after January 1, 2022. The amendment to IFRS 16 refers only to an illustrative example, so it does not an effective date is mentioned).

1. GENERAL INFORMATION (CONTINUED)

1.6 Changes in accounting policies and the adoption of new, revised / amended IFRS (cont.)

B. Standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet entered into force

At the date of these financial statements approval, the following amendments to the existing standards were issued by the IASB and adopted by the EU, but are not yet in force:

(i) Amendments to IAS 1 "Presentation of Financial Statements" - Classification of liabilities in current and long-term categories, offering a more general approach, based on the contractual commitments in force at the reporting date. The changes were initially effective for annual reporting periods beginning on or after January 1, 2022, however, the effective date was postponed to January 1, 2023.

(ii) Presentation of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2); effective date: annual reporting periods beginning on or after January 1, 2023. The amendments require an entity to present its significant accounting policies, instead of its significant accounting policies. Subsequent amendments explain how an entity can identify a significant accounting policy. Examples of cases where an accounting policy is likely to be significant are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the "four-step significance process" described in IFRS Practice Statement 2.

(iii) Definition of accounting estimates (amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"); effective date: annual reporting periods beginning on or after January 1, 2023. The amendments clarify how entities must distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retroactively to past transactions and other past items, as well as to the current period.

(iv) Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS12); effective date: annual reporting periods beginning on or after January 1, 2023. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise upon initial recognition. The amendment should be applied only to transactions that take place at or after the beginning of the comparative period presented. In addition, entities should recognize deferred tax assets and deferred tax liabilities at the beginning of the comparative period for all deductible and taxable temporary differences associated with: assets representing the right to use the underlying assets under financial leasing contracts and liabilities regarding lease contracts leasing, and decommissioning, restoration and similar debts. The cumulative effect regarding the recognition of these adjustments is recorded on retained earnings, or other corresponding capital elements. IAS 12 did not previously address the way of accounting for the fiscal effects of financial leasing contracts, so different approaches are considered acceptable.

1. GENERAL INFORMATION (CONTINUED)

1.6 Changes in accounting policies and the adoption of new, revised / amended IFRS (cont.)

(v) Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associated entities and joint ventures" - Sale of or contribution of assets between an investor and its associated entities or joint ventures and subsequent amendments (date of entry in force has been postponed for an indefinite period, until the research project on the equivalence method is completed).

(vi) IFRS 17 "Insurance contracts" which replaces IFRS 4; effective date: annual reporting periods beginning on or after January 1, 2023. Subsequent amendments introduced in December 2021 added a transition period that allowed an entity to apply an optional classification in periods comparable to the initial application of IFRS 17. The option of classification applies to all financial assets, including those not subject to the standard. Thus, it allows the classification of those assets in the comparative period(s) according to the provisions of IFRS 9.

1. GENERAL INFORMATION (CONT.)

1.6 Changes in accounting policies and the adoption of new, revised / amended IFRS (cont.)

C. New standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet been adopted by the EU

At the date of approval of these financial statements, the following new standards and amendments to existing standards have been issued by the IASB, but have not yet been adopted by the EU:

(i) Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities into short-term and long-term liabilities (applicable for annual periods beginning on or after January 1, 2023). The amendments offer a more general approach to the classification of liabilities provided by IAS 1 starting from the existing contractual agreements at the reporting date. The amendments to IAS 1 issued by the IASB on July 15, 2020 postpone the effective date by one year for annual periods beginning on or after January 1, 2023.

(ii) Amendments to IAS 1 "Presentation of financial statements" - Long-term liabilities with financial indicators (applicable for annual periods starting on or after January 1, 2024). The amendments clarify how the conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability.

(iii) Amendments to IFRS 16 "Leasing contracts" – Leasing liabilities in a sale and leaseback transaction (applicable for annual periods beginning on or after January 1, 2024). The amendments to IFRS 16 provide that the seller-lessee shall subsequently evaluate the leasing liabilities arising from a leaseback transaction so as not to recognize any gains or losses related to the retained right of use. The new requirements do not prevent the seller-lessee from recognizing in the profit and loss account gains or losses from the partial or total termination of a leasing contract.

(iv) IFRS 14 "Deferral accounts related to regulated activities" (applicable for annual periods starting on or after January 1, 2016) - The European Commission decided not to issue the approval process of this interim standard and to wait for the final standard. This standard is intended to allow entities that adopt IFRS for the first time, and that currently recognize deferral accounts related to regulated activities according to previous generally accepted accounting policies, to continue to do so when transitioning to IFRS.

(v) Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associated entities and joint ventures" - Sale of or contribution of assets between an investor and its associated entities or joint ventures and subsequent amendments (date of entry in force has been postponed for an indefinite period, until the research project on the equivalence method is completed). The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associated entity or joint venture, gains or losses are recognized when the assets sold or contributed represent an enterprise.

2 RISK MANAGEMENT

The main activity of the company consists in the underwriting of insurance policies, respectively assuming the risks for the insured parties through the various insurance products offered. One of the main responsibilities of risk management is to ensure that the obligations assumed under the insurance policies can be honored at any time.

The company's procedure for identifying, evaluating, monitoring, managing, and reporting significant risks describes how is performed the management of the risks, potential threats to the business plan objectives. The main objectives are to maintain and protect the financial stability, reputation, and profitability of the company, in order to fulfill its obligations to customers, shareholders and other interested persons.

The measures used to control the risks are represented by the avoidance, reduction, diversification, transfer and acceptance of the risks and opportunities.

Risk management provides the framework for identifying, assessing, monitoring, and controlling risks, in order to maintain them at acceptable levels depending on the company's risk appetite and its ability to cover these risks.

Due to the specifics of its activity, the Company is exposed to the following risk categories:

- Underwriting risk
- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Reputational risk
- Strategic risk

2.1 Underwriting risk

The underwriting risk represents the risk of recording losses or of unfavorable modification of the obligations value due to the adoption of some inadequate hypotheses in the process of pricing and / or constitution of the reserves.

The company is concerned with reducing exposure to underwriting risk by applying appropriate insurance premium rates and diversifying its insurance portfolio, by attracting a portfolio of eligible clients from member countries where it has the right to operate in freedom of services, but also by attracting and maintaining those clients who have a low risk profile and low loss rate.

The company manages this risk through its underwriting strategy, through the application of adequate premium rates, through a high degree of the insurance premiums collection, through reinsurance agreements. The company selects its clients according to certain eligibility criteria.

2 RISK MANAGEMENT (CONT.)

2.1 Underwriting risk (cont.)

The underwriting activity is carried out in order to ensure the diversification of the insurance risks from the point of view of the type and volume of the risk, of the domain and of the underwriting markets.

In order to properly manage the underwriting risk, the company assigns part of the assumed risks to the reinsurer. The assignment is made by proportional quotas type treaties to reduce the global exposure to risk.

In addition to the reinsurance program, the company constitutes other types of guarantee for additional coverage, such as: mortgages, jointly and severally liability contracts, cash collateral, personal guarantees of the insured parties or third parties.

The company underwrites insurance policies from class A15 - Suretyship, in Romania and in the EU member states in which it is authorized based on the freedom of services (FOS) and the right of establishment (FOE) through the Italy Branch.

The types of insurance that the Company underwrites are:

- Performance Bonds
- Bid Bonds
- Advance Payment Bonds
- Maintenance Bonds
- Money Retention Bonds

The gross written premiums in 2022, without cancellations, by types of insurance, compared to 2021 are as follows:

	2022	**2021**
Bid Bonds	3,151,996	4,250,022
Performance Bonds	129,602,091	140,257,608
Advance Payment Bonds	4,226,185	2,995,958
Maintenance Bonds	1,083,376	47,060
Money Retention Bonds	39,942	69,599
Total	**138,103,590**	**148,709,591**

Analize de senzitivitate

As at 31 December 2022, the company paid claims totaling 4,111,262 lei, resulting in an average amount of paid claim of 186,876 lei.

The loss ratio for the financial year 2022, calculated as the ratio between the paid claims amount and the value of gross written premiums (minus cancelations) was 3.00%.

Sensitivity analysis was performed on claims paid amount, keeping the other parameters unchanged.
If the value of the claims paid would have increased by 10%, the loss rate would increase to 3.3%.

In the event of the value of the claims paid would have decreased by 10%, the loss rate would have decreased to 2.7%.

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk

The company is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk, risk that includes interest rate risk and currency risk

2.2.1 Credit risk

Credit risk represents the risk generated by the fluctuation of the value of incoming cash flows, in case that the counterparties do not fulfill their contractual obligations, thus registering a difference between the real value of the losses and their estimated value.

The main categories generating credit risks to which the Company is exposed are the following:

a) financial investments, by the un-fulfillment of the contractual obligations by the investment partners

b) the reinsurance receivables, due to the possible insolvency of the reinsurers, including due to their temporary payment incapacity

c) insurance receivables, through the debts of the policyholders outside the contractual conditions / terms

a) Financial investments

The company limits its exposure to credit risk generated by financial investments by placing its funds mainly in liquid instruments issued by counterparties that have a good credit quality and are subject to constant monitoring.

The company constantly monitors the quality of the loan and does not expect these counterparties to fail to fulfill their contractual obligations.

The company manages the credit risk related to financial instruments by diversifying its investment portfolio, so as to ensure the minimization of potential losses.

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.1 Credit risk (cont.)

As at 31 December 2022, according to S&P or Moody's, in terms of rating, the classification of financial assets comprising government securities intended to be held till maturity, term deposits, current bank accounts and receivables, including receivables from insurance, is as follows:

	A	BBB	BB	Not evaluated	Total
Financial assets measured at amortized cost (Note 13)	-	19,931,299	-	-	19,931,299
Receivables, including insurance receivables (Note 14)	-	287,971,243	29,470,375	58,009,184	375,450,801
Cash and cash equivalents(Note 16)	-	29,914,699	255,223	18,205	30,188,127
Total	-	**337,817,241**	**29,725,587**	**58,027,388**	**425,570,227**

As at 31 December 2021, according to S&P or Moody's, in terms of rating, the classification of financial assets comprising government securities intended to be held till maturity, term deposits, current bank accounts and receivables, including receivables from insurance, is as follows:

	A	BBB	BB	Not-evaluated	Total
Financial assets measured at amortized cost	-	150,656,886	-	-	150,656,886
Receivables, including insurance receivables	-	120,690,913	19,873,748	44,744,792	185,309,453
Cash and cash equivalents	-	56,369,029	15,213	21,852	56,406,094
Total	-	**327,716,828**	**19,888,961**	**44,766,644**	**327,372,433**

The ratings given by the rating agencies to the banks where the company holds cash and deposits, as well as to the entities issuing government securities, was as follows:

		31 December 2022	31 December 2021
Ministerul Finantelor Publice	Romania	BBB	BBB
Raiffeisen Bank Romania	Romania	BBB	BBB
Unicredit SpA Italia	Italy	BBB	BBB
Banca Comerciala Romana	Romania	BBB	BBB
Credit Agricole Bank Romania	Romania	n/r	n/r
Unicredit Bank Romania	Romania	BBB	BBB
Garanti Bank Romania	Romania	BB	BB
Transilvania Bank Romania	Romania	BB	BB
First Bank Romania	Romania	n/r	n/r
Intesa SanPaolo Romania	Romania	BBB	BBB
Intesa SanPaolo Italia	Italy	BBB	BBB
Piraeus Bank Grecia	Greece	n/r	n/r
BBVA Bank Spania	Spain	BBB	BBB
BRD - Groupe Société Générale	Romania	BBB	BBB
Vista Bank Romania	Romania	n/r	n/r

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.1 Credit risk (cont.)

b) Reinsurance receivables

The credit risk related to the reinsurance receivables consists in the risk generated by the reinsurer’s inability to fulfill the contractual obligations or its bankruptcy.

c) Insurance receivables

The credit risk related to insurance receivables is insignificant because the company's underwriting policy is to issue policies only after the payment of the insurance premium by the insured and / or its collection directly in the insurer's accounts, and the policy portfolio for which the company has approved insurance premium payment in installments is reduced and considered risk-free.

Exposure to credit risk

The maximum exposure to credit risk is equal to the exposure from the statement of financial position at the reporting date, as follows:

	Nota	31 December 2022	31 December 2021
Other financial assets, including receivables from insurance	**14**	375,450,801	185,309,453
Cash and cash equivalents	**16**	30,188,127	56,406,094
Total		**405,638,928**	**241,715,547**

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.1 Credit risk (cont.)

The company also monitors the exposure to credit risk by analyzing its past receivables, as reflected in the tables below.

Accounts receivables aging analysis as at 31 December 2022:

	Financial assets measured at amortized cost	**Other financial assets, including cash receivables**	**Cash and cash equivalents**
Impaired receivables	-	-	-
Significant risk	-	179,899	-
Gross value	-	179,899	-
Impairment adjustment	-	(179,899)	-
Net value	-	-	-
Overdue, unimpaired	-	-	-
Overdue under 90 days	-	-	-
Overdue between 90 and 180 days	-	-	-
Overdue between 180 and 360 days	-	-	-
Overdue over 360 days	-	-	-
Gross value	-	-	-
Impairment adjustment	-	-	-
Net value	-	-	-
Current, unimpaired	-	-	-
No significant risk	19,931,299	375,450,801	30,188,127
Gross value	19,931,299	375,450,801	30,188,127
Impairment adjustment	-	-	-
Net value	19,931,299	375,450,801	30,188,127
Total gross value	19,931,299	375,450,801	30,188,127
Total net value	19,931,299	375,450,801	30,188,127

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.2. Credit risk (cont.)

Accounts receivables aging analysis as at 31 December 2021:

	Financial assets measured at amortized cost	Other financial assets, including cash receivables	Cash and cash equivalents
Impaired receivables	-	-	-
Significant risk	-	179,925	-
Gross value	-	179,925	-
Impairment adjustment	-	(179,925)	-
Net value	-	-	-
Overdue, un-impaired	-	-	-
Overdue under 90 days	-	-	-
Overdue between 90 and 180 days	-	-	-
Overdue between 180 and 360 days	-	-	-
Overdue over 360 days	-	-	-
Gross value	-	-	-
Impairment adjustment	-	-	-
Net value	-	-	-
Current, un-impaired	-	-	-
No significant risk	150,656,886	185,309,453	56,406,094
Gross value	150,656,886	185,309,453	56,406,094
Impairment adjustment	-	-	-
Net value	150,656,886	185,309,453	56,406,094
Total gross value	150,656,886	185,309,453	56,406,094
Total net value	150,656,886	185,309,453	56,406,094

2.2.2. Liquidity risk

Liquidity risk represents the risk of unfulfillment of investments and of other assets, in order to settle the financial obligations at their maturity.

The company invests only in those assets whose risks are easy to identify, to evaluate, to quantify and to manage and which participate mainly in the calculation of the solvency capital requirement.

The company monitors the liquidity risk through the liquidity ratio, calculated according to the regulations in force.

The asset portfolio is also managed based on the legal requirements in force regarding the assets admitted to cover the gross technical reserves and the liquidity requirements in order to ensure the continuation of the activity at any time.

The company has a reasonable portfolio of highly liquid assets (cash and cash equivalents), as well as a portfolio of investments in government bonds and short-term deposits.

In this respect, the company undertakes adequate measures in order to have sufficient liquid assets, that can be used as a means of payment, to honor the short-term payment obligations at any time and with reasonable costs.

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.2 Liquidity risk (cont.)

The company's assets placement is carried out taking into account the preponderance of the engagements currencies and the maturity structure of the debts, in order to ensure a correct diversification and to avoid excessive dependence on any type of asset, issuer or group and geographical area, the final scope being to maintain a high degree of security, a profitability at least at the market level, ensuring at the same time the available liquidity necessary for the normal and continuous activity of the company, based on the principle of business continuity, basic Solvency II principle.

The company manages the liquidity risk by:

- constant supervision of the financial situation of the company, by hedging the maturities of assets with the liabilities
- constant supervision of the company's liquidity in relation to its financial resources
- avoiding the concentration of the financial assets portfolio on counterparties
- monitoring future cash flows in order to ensure liquidity for fulfilling contractual obligations
- monitoring the liquidity ratio in accordance with the legal provisions in force
- constant management of company's assets and liabilities performed in order to identify a possible liquidity risk.

The liquidity risk to which the company is exposed is low due to the significant share of liquid assets.

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.2 Liquidity risk (cont.)

The company's assets and liabilities maturities structure based on the residual maturities expected on 31 December 2022 is as follows:

Assets	under 1 an	1-5 years	5-10 years	over 10 years	non-monetary assets	Total
Tangible assets	-	-	-	-	533,332	533,332
Intangible assets	-	-	-	-	1,781,666	1,781,666
Deferred acquisition costs	7,361,034	5,984,486	1,278,179	3,507	-	14,627,206
Financial assets at amortized cost	-	19,931,299	-	-	-	19,931,299
Other financial assets, including insurance assets	375,450,801	-	-	-	-	375,450,801
Technical reserves for amounts ceded in reinsurance	-	-	-	-	-	-
Other assets	4,301,814	1,311,681	-	-	-	5,613,495
Deferred income tax receivables	-	-	-	-	1,196,410	1,196,410
Cash and cash equivalents	30,188,127	-	-	-	-	30,188,127
Total assets	**417,301,776**	**27,227,466**	**1,278,179**	**3,507**	**3,511,408**	**449,322,336**
Liabilities						
Debts associated with insurance contracts - technical reserves	74,135,239	93,617,999	6,778,411	15,653	-	174,547,302
Debts from insurance contracts	78,720	55,691,715	-	-	-	55,770,435
Reinsurance debts	1,728,607	-	-	-	-	1,728,607
Trade debts and other payables	10,664,140	541,906	-	-	-	11,206,046
Total liabilities	**86,606,706**	**149,851,620**	**6,778,411**	**15,653**	**-**	**243,252,390**
Liquidity risk	**330,695,069**	**(122,624,154)**	**(5,500,232)**	**(12,146)**	**3,511,408**	**206,069,946**

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.2 Liquidity risk (cont.)

The company's assets and liabilities maturities structure based on the residual maturities expected on 31 December 2021 is as follows:

Assets	**under 1 an**	**1-5 years**	**5-10 years**	**over 10 years**	**non-monetary assets**	**Total**
Tangible assets	-	-	-	-	157,630	157,630
Intangible assets	-	-	-	-	2,291,075	2,291,075
Deferred acquisition costs	9,866,402	5,317,668	535,442	5,083	-	15,724,595
Financial assets at amortized cost	130,584,239	20,072,647	-	-	-	150,656,886
Other financial assets, including insurance assets	185,309,453	-	-	-	-	185,309,453
Technical reserves for amounts ceded in reinsurance	-	-	-	-	-	-
Other assets	8,584,791	233,989	-	-	-	8,818,780
Deferred income tax receivables	-	-	-	-	287,087	287,087
Cash and cash equivalents	56,406,094	-	-	-	-	56,406,094
Total assets	**390,750,979**	**25,624,304**	**535,442**	**5,083**	**2,735,792**	**419,651,600**
Liabilities						
Debts associated with insurance contracts - technical reserves	96,003,786	43,489,202	3,377,164	23,432	-	142,893,584
Debts from insurance contracts	241,350	93,530,103	-	-	-	93,771,453
Reinsurance debts	1,431,605	-	-	-	-	1,431,605
Trade debts and other payables	6,810,410	808,545	-	-	-	7,618,955
Total liabilities	**286,263,828**	**137,827,850**	**3,377,164**	**23,412**	**-**	**245,715,597**
Liquidity risk	**286,263,828**	**(112,203,546)**	**(2,841,722)**	**(18,349)**	**2,735,792**	**173,936,003**

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.2 Liquidity risk (cont.)

The future contractual cash flows per maturity as at 31 December 2022 are as follows:

Assets	**under 1 year**	**1-5 years**	**5-10 years**	**over 10 years**	**Total**
Financial assets at amortized cost *	-	19,931,299	-	-	19,931,299
Other financial assets, including receivables from insurance	375,450,801	-	-	-	375,450,801
Technical reserves for amounts ceded in reinsurance	-	-	-	-	-
Other assets	4,301,814	1,311,681	-	-	5,613,495
Deferred income tax receivables	1,196,410	-	-	-	1,196,410
Cash and cash equivalents	30,188,127	-	-	-	30,188,127
Total assets	**411,137,152**	**21,242,980**	**-**	**-**	**432,380,132**
Liabilities					
Debts associated with insurance contracts - technical reserves	74,135,239	93,617,999	6,778,411	15,653	174,547,302
Debts from insurance contracts	78,720	55,691,715	-	-	55,770,435
Reinsurance debts	1,728,607	-	-	-	1,728,607
Trade and other payables	10,664,140	541,906	-	-	11,206,046
Total liabilities	**86,606,706**	**149,851,620**	**6,778,411**	**15,653**	**243,252,390**
Liquidity risk	**324,530,446**	**(128,608,640)**	**(6,778,411)**	**(15,653)**	**189,127,742**

** The value of acquisition cost (clean price) inclusive the attached interest*

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.2 Liquidity risk (cont.)

The future contractual cash flows per maturity as at 31 December 2021 are as follows:

Assets	**under 1 year**	**1-5 years**	**5-10 years**	**over 10 years**	**Total**
Financial assets at amortized cost *	131,798,880	19,990,324	-	-	151,789,204
Other financial assets, including receivables from insurance	185,309,453	-	-	-	185,309,453
Technical reserves for amounts ceded in reinsurance	-	-	-	-	-
Other assets	8,584,791	233,989	-	-	8,818,780
Deferred income tax receivables	287,087	-	-	-	287,087
Cash and cash equivalents	56,406,094	-	-	-	56,406,094
Total assets	**382,386,305**	**20,224,313**	**-**	**-**	**402,610,618**
Liabilities					
Debts associated with insurance contracts - technical reserves	96,003,786	43,489,202	3,377,164	23,432	142,893,584
Debts from insurance contracts	241,350	93,530,103	-	-	93,771,453
Reinsurance debts	1,431,605	-	-	-	1,431,605
Trade and other payables	6,810,410	808,545	-	-	7,618,955
Total liabilities	**104,487,151**	**137,827,850**	**3,377,164**	**23,432**	**245,715,697**
Liquidity risk	**277,899,154**	**(117,603,537)**	**(3,377,164)**	**(23,432)**	**156,895,021**

** The value of acquisition cost (clean price) inclusive the attached interest*

2.2.3. Market risk

The market risk is the risk of incurring losses or an unfavorable change in the financial situation, which directly or indirectly results from fluctuations in the level and volatility of assets, liabilities, and financial instruments market prices.

The main categories of market risk to which the Company is exposed are the following:

- ***Currency risk*** represents the risk of recording financial losses due to the deviation of the real value of the exchange rates from the estimated value. In order to avoid losses arising from movements with a negative impact on the exchange rate, the Company applies a policy of correlating foreign exchange assets and liabilities

- ***Interest rate risk*** represents the risk of registering some financial losses due to the deviation of the real value of the interest rate from the estimated value

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.3 Market risk (cont.)

In order to reduce these market risks, the company considers at least the following measures:

- congruence of assets with obligations

- follow-up of the exchange rates evolution in which the investments are made and the reserves are calculated

- follow-up of the collection of foreign currency receivables according to the contractual clauses

Exposure to currency risk

The assets and liabilities of the Company are expressed mainly in foreign currency. The company is exposed to currency risk because of the difference between assets and liabilities, on each currency, the Company constantly monitoring the correlation of assets and liabilities in foreign currency.

The assets and liabilities of the Company as at 31 December 2022 are presented in the following table:

Assets	**RON**	**EUR**	**PLN**	**USD**	**GBP**	**Total**
tangible fixed assets	533,332	-	-	-	-	533,332
intangible assets	1,781,666	-	-	-	-	1,781,666
deferred acquisition costs	177,097	11,484,295	2,965,814	-	-	14,627,206
financial assets at amortized cost	-	19,931,299	-	-	-	19,931,299
other financial assets, including insurance receivables	186,096,113	189,354,688	-	-	-	375,450,801
technical reserves for amounts ceded in reinsurance	-	-	-	-	-	-
other assets	87,574	5,525,921	-	-	-	5,613,495
carried forward income tax receivable	1,196,410	-	-	-	-	1,196,410
cash and cash equivalents	15,357,300	13,263,060	1,567,767	-	-	30,188,127
Total assets	**205,229,492**	**239,559,263**	**4,533,581**	**-**	**-**	**449,322,336**
Liabilities						
technical reserves	43,553,555	106,878,075	24,115,672	-	-	174,547,302
debts associated with insurance contracts	-	55,770,435	-	-	-	55,770,435
reinsurance debts	-	1,728,607	-	-	-	1,728,607
trade and other payables	9,711,347	1,494,699	-	-	-	11,206,046
Total liabilities	**53,264,902**	**165,871,816**	**24,115,672**	**-**	**-**	**243,252,390**
Net currency position	**151,964,590**	**73,687,447**	**(19,582,091)**	**-**	**-**	**206,069,946**

2 MANAGEMENTUL RISCURILOR (CONTINUARE)

2.2 Riscul financiar (continuare)

2.2.3 Riscul de piata (continuare)

The assets and liabilities of the Company as at 31 December 2021 are presented in the following table:

Assets	**RON**	**EUR**	**PLN**	**USD**	**GBP**	**Total**
tangible fixed assets	157,630	-	-	-	-	157,630
intangible assets	2,291,075	-	-	-	-	2,291,075
deferred acquisition costs	-	12,801,850	2,922,745	-	-	15,724,595
financial assets at amortized cost	130,584,239	20,072,647	-	-	-	150,656,886
other financial assets, including insurance receivables	-	185,309,453	-	-	-	185,309,453
technical reserves for amounts ceded in reinsurance	-	-	-	-	-	-
other assets	47,399	8,771,381	-	-	-	8,818,780
carried forward income tax receivable	287,087	-	-	-	-	287,087
cash and cash equivalents	4,543,989	35,764,446	16,095,743	-	1,916	56,406,094
Total assets	**137,911,419**	**262,719,777**	**19,018,488**	**-**	**1,916**	**419,651,600**
Liabilities						
technical reserves	20,210,041	94,560,044	28,123,499	-	-	142,893,584
debts associated with insurance contracts	-	93,771,453	-	-	-	93,771,453
reinsurance debts	-	1,431,605	-	-	-	1,431,605
trade and other payables	7,510,439	108,516	-	-	-	7,618,955
Total liabilities	**27,720,480**	**189,871,618**	**28,123,499**	**-**	**-**	**245,715,597**
Net currency position	**110,190,939**	**72,848,159**	**(9,105,011)**	**-**	**1,916**	**173,936,003**

2 RISK MANAGEMENT (CONT.)

2.2 Financial risk (cont.)

2.2.3 Market risk (cont.)

Currency risk exposure - sensitivity analysis

The main currency risk comes from the EUR exposure, the company’s assets in EUR representing approximately 53% of the total assets, and its obligations in EUR 68% of the total obligations.

An analysis of the sensitivity on foreign exchange risk, assuming the depreciation of RON against EUR by 10% and considering that all other variables remain constant, leads to an increase in the Company's result by 7,368,744 lei, according to those presented below:

	31 December 2022	10% RON depreciation towards EUR	Impact
EUR / LEI exchange rate	4.9481	5.4421	0.4947
Total Euro assets	239,559,263	263,515,189	23,955,926
Total Euro debt	165,871,816	182,458,998	16,587,182
Net currency position	73,687,447	81,056,191	7,368,744

Exposure to interest rate risk

The company does not hold variable interest rate financial instruments. The company has invested part of its assets in term deposits held with banks and in government securities intended to be held until maturity. Due to the fact that these investments are short and medium term, the exposure to interest rate risk is reduced.

2 RISK MANAGEMENT (CONT.)

2.3 Other risks

2.3.1 Operational risk

Operational risk is the risk of losses due to inadequate internal processes or malfunctions, by its own staff or IT systems, or as a result of external events. The operational risk is inherent in all the company's activities.

The company's operational risk management procedures consider each type of event that may generate significant risks and the manner in which they occur, in order to eliminate or reduce financial or reputational losses.

2.3.2 Reputational risk

Reputational risk is defined as the risk of losses as a result of deterioration of the company's reputation, its image or a negative perception from policyholders, shareholders, or authorities.

The reputational risk source may come from but not limited to the following: management decisions, products, activities, or actions of the company's employees.

Reputational risk can be:

- direct, when it is caused by any company’s behaviors that could have a negative impact on the interested parties’ perception on the company

- indirect, when the degradation of the reputation is caused by a risk from another major category of risks (operational, strategic, liquidity, credit risk, market risk)

In order to carefully monitor the company’s reputational risk at level, the following elements are considered: the number of negative articles published in the media, the number of appearances, the number of complaints received from clients/ beneficiaries.

2.3.3 Strategic risk

Strategic risk is the risk of incurring losses or an unfavorable change in the financial situation due to strategic decisions taken by management.

2 MANAGEMENTUL RISCURILOR (CONTINUARE)

2.4 Capital management

The impact of the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR) on the value of own funds is assessed periodically, in accordance with the requirements of the Solvency II regime.

For the determination and calculation of the Solvency Capital Requirement (SCR), the company uses the standard formula.

As at 31 December 2022, compared to 31 December 2021, the values of SCR, MCR and eligible own funds, determined according to the Solvency II regime, are as follows:

	31 December 2022	**31 December 2021**
SCR	107,616,947	111,086,257
MCR	26,904,237	27,771,564
Own funds	293,140,654	219,132,299
Ratio of Eligible own funds to SCR	272%	197%
Ratio of Eligible own funds to MCR	1090%	789%

Detailed information on the valuation principles used and the calculation of capital adequacy indicators is presented in the "Solvency and Financial Statement Report (SFCR) 2022", published on the company's website (www.onix.eu.com).

3. INCOMES FROM EARNED PREMIUMS

	2022	2021
Gross written premiums	136,967,404	147,620,247
Variation of the unearned premiums reserve	(13,155,236)	(11,798,237)
Premiums ceded in reinsurance	-	4,356,360
Earned premiums net of reinsurance	**123,812,168**	**140,178,370**

The income from gross earned premium for the **year 2022**, is presented in the table below, by insurance product:

	Gross written premiums	Variation of premiums reserve (gross)	Gross earned premiums
Performance bonds	128,498,559	10,486,976	118,011,583
Bid bonds	3,133,594	(151,937)	3,285,531
Advance Payment Bonds	4,211,933	2,620,778	1,591,155
Maintenance bonds	1,083,376	221,600	861,776
Money Retention Bonds	39,942	(22,181)	62,123
Total	**136,967,404**	**13,155,236**	**123,812,168**

The income from gross earned premium for the **year 2021**, is presented in the table below, by insurance product:

	Gross written premiums	Variation of premiums reserve (gross)	Gross earned premiums
Performance bonds	140,257,608	8,812,172	131,445,436
Bid bonds	4,250,022	137,646	4,112,376
Advance Payment Bonds	2,995,958	(683,549)	3,679,507
Maintenance bonds	47,060	(834,753)	881,813
Money Retention Bonds	69,599	30,115	39,484
Total	**147,620,247**	**7,461,631**	**140,158,616**

4. INCOME FROM INVESTMENTS

	2022	2021
Term deposits interests	11,779,614	563,134
Treasury bonds interests	1,305	2,182,451
Total	**11,780,919**	**2,745,585**

5. CLAIMS EXPENSES

During 2022, the company paid claims in the gross amount of 4,407,628 lei, compared to 11,303,893 in 2021.

Claims expenses	**2022**	**2021**
Paid claims	4,407,628	11,303,893
Variation of loss reserve (RBNS)	106,638	(12,417,218)
Variation of incurred but not reported claims (IBNR)	(1,329,220)	7,188,104
Incomes from salvages equivalent to paid claims	(3,651,533)	(10,458,066)
Income from recoveries equivalent to claims in RBNS	(376,011)	12,383,327
Total	**(842,498)**	**8,000,040**

6. ACQUISITIONS COSTS

	2022	**2021**
DAC variation	1,097,389	(3,349,505)
Acquisitions costs	38,642,833	44,163,167
Total	**39,740,222**	**40,813,662**

7. ADMINISTRATIVE EXPENSES

	2022	**2021**
Salaries and contributions	6,836,208	5,965,576
Operating fee, guarantee fund, other taxes	3,981,917	2,361,499
Depreciation of tangible and intangible assets	664,064	701,097
Services	3,287,898	2,670,180
Other administrative expenses	2,270,645	1,375,184
Total	**17,040,732**	**13,073,536**

8. NET EXPENSES WITH ASSET VALUE ADJUSTMENTS

	2022	2021
Expenses with uncollected premiums receivable value adjustments	(25)	2,862
Expenses /Incomes from adjustments to value receivables from claims recoveries in reserve	433,897	10,260,407
Expenditure on provisions for leave not taken	138,662	-
Total	**572,534**	**10,263,269**

9. INCOME TAX EXPENSE

a) Income tax expense

	2022	2021
Current income tax expense	8,294,891	11,354,625
Deferred income tax expense / income	(909,323)	432,411
Total	**7,385,568**	**11,787,036**

b) Reconciling the accounting result with the income tax expense

	Fiscal base 2022	Effect (16%)	Fiscal base 2021	Effect (16%)
Profit before taxation	59,519,512	9,523,122	69,741,790	11,158,687
Non-taxable income	(188,891)	(30,223)	-	-
Non-deductible expenses	(3,520,602)	(563,296)	9,474,550	1,515,928
Legal reserve and sponsorships	-	-	(2,676,986)	(428,318)
Temporary differences with fiscal impact	(5,118,972)	(819,035)	2,379,619	380,739
Taxable profit	**50,691,047**	**8,110,568**	**78,918,973**	**12,627,036**
Loss from previous years	-	-	-	-
Taxable profit after fiscal loss	**50,691,047**	**-**	**78,918,973**	**-**
Profit tax before sponsorships (16%)		8,110,568		12,627,036
Sponsorships		(725,000)		(840,000)
Profit tax bonus		-		-
Profit tax		7,385,568		11,787,036

10. TANGIBLE ASSETS

	Echipamente IT	Mobilier si autovehicule	Total
Gross value			
Balance as at 1 January 2021	**87,256**	**1,043,295**	**1,130,551**
Purchases	11,746	3,041	14,787
Outputs	18	-	18
Balance as at 31 December 2021	**98,984**	**1,046,336**	**1,145,320**
Balance as at 1 January 2022	**98,984**	**1,046,336**	**1,145,320**
Purchases	14,423	487,338	501,761
Outputs	43,017	102,026	145,043
Balance as at 31 December 2022	**70,390**	**1,431,648**	**1,502,038**
Amortizare cumulata			
Balance as at 1 January 2021	**54,595**	**822,350**	**876,945**
Expenses of the year	13,757	96,997	110,754
Outputs	9	-	9
Balance as at 31 December 2021	**68,343**	**919,347**	**987,690**
Balance as at 1 January 2022	**68,343**	**919,347**	**987,690**
Expenses of the year	16,525	109,490	126,015
Outputs	42,974	102,026	145,000
Balance as at 31 December 2022	**41,894**	**926,811**	**968,705**
Net value as at 1 January 2021	**32,661**	**220,945**	**253,606**
Net value as at 31 December 2021	**30,641**	**126,989**	**157,630**
Net value as at 31 December 2022	**28,496**	**504,837**	**533,332**

11. INTANGIBLE ASSETS

	Other intangible assets	Use of the assets within operate leasing	Total
Gross value			
Balance as at 1 January 2021	**668,929**	**2,384,905**	**3,053,834**
Purchases	5,897	1,380,564	1,386,461
Outputs	719	-	719
Balance as at 31 December 2021	**674,107**	**3,765,469**	**4,439,576**
Balance as at 1 January 2022	**674,107**	**3,765,469**	**4,439,576**
Purchases	7,860	28,055	35,915
Outputs	9,534	1,177,504	1,187,038
Balance as at 31 December 2022	**672,433**	**2,616,020**	**3,288,453**
Amortizare cumulata			
Balance as at 1 January 2021	**450,699**	**1,106,271**	**1,556,970**
Expenses of the year	57,138	534,603	591,741
Outputs	210	-	210
Balance as at 31 December 2021	**507,627**	**1,640,874**	**2,148,501**
Balance as at 1 January 2022	**507,627**	**1,640,874**	**2,148,501**
Expenses of the year	59,956	482,015	541,971
Outputs	6,181	1,177,504	1,183,685
Balance as at 31 December 2022	**561,402**	**945,385**	**1,506,787**
Net value as at 1 January 2021	**218,230**	**1,278,634**	**1,496,864**
Net value as at 31 December 2021	**166,480**	**2,212,595**	**2,291,075**
Net value as at 31 December 2022	**111,031**	**1,670,635**	**1,781,666**

Intangible assets including software licenses for company's business.

12. REPORTED AQUISITION EXPENSES (DAC)

	2022	2021
Balance as at 1 January		
Deferred acquisition costs	15,724,595	12,375,091
Depreciation of deferred acquisition costs	9,877,233	11,981,093
	(10,974,612)	(8,631,589)
Balance as at 31 December		
Balance as at 1 January	**14,627,206**	**15,724,595**

13. FINANCIAL ASSETS EVALUATED AT AMORTISED COST

	31 December 2022	**31 December 2021**
Balance as at 1 January		
Acquisitions	150,656,886	126,539,687
Sales/Maturity	102,622,714	167,915,113
Amortized cost adjustment	(233,490,000)	(147,327,400)
Accumulated interest	131,940	525,548
Fair value adjustment	9,759	3,278,408
	-	(274,470)
Balance as at 31 December		
Balance as at 1 January	**19,931,299**	**150,656,886**

The market value of the treasury bonds held by the company until maturity was 19,415,243 lei la 31 December 2022. From the point of view of determining the market value, all treasury bonds held to maturity are classified as Level 2 instruments. The determination of market values for treasury bonds in lei was made based on values published by Reuters or Bloomberg.

14. OTHER FINANCIAL ASSETS, INCLUDING RECEIVABLES FROM INSURANCE

	31 December 2022	**31 December 2021**
Term deposits held with banks	375,418,653	185,287,746
Premiums to be collected	212,047	201,632
Depreciation adjustment for uncollected premiums	(179,899)	(179,925)
Balance as at 31 December	**375,450,801**	**185,309,453**

The fair value of these financial assets is their accounting value, taking into consideration that their maturity is less than 1 year.

15. OTHER ASSETS

	31 December 2022	**31 December 2021**
Receivables from recoveries and salvages	16,390,223	14,882,019
Depreciation adjustment for recoveries and salvages	(15,081,928)	(14,648,030)
Tax in advance Italy	4,123,767	7,971,854
Receivables from reinsurance	77,824	459,078
Different debtors	103,945	100,559
Depreciation adjustment for various debtors	(100,559)	(100,559)
Prepayments	65,338	131,061
Other assets	34,885	22,798
Sold la 31 December	**5,613,495**	**8,818,780**

The fair value of these financial assets is approximated to the accounting amount, taking into consideration that their maturity is less than 1 year.

15. OTHER ASSETS (CONT.)

Movement of the depreciation adjustment

	Uncollected premiums	Receivables from recoveries and salvages	Different debtors
Balance as at 1 January 2021	177,063	4,387,623	100,559
Liabilities during the year	2,862	10,260,407	-
Balance as at 31 December 2021	**179,925**	**14,648,030**	**100,559**
Balance as at 1 January 2022	**179,925**	**14,648,030**	**100,559**
Income during the year	(25)	433,899	-
Balance as at 31 December 2022	**179,899**	**15,081,928**	**100,559**

16. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Short term deposits held with banks	14,045,671	4,000,788
Current accounts held with banks	16,137,047	52,393,021
Petty cash	5,409	12,285
Balance as at 31 December	**30,188,127**	**56,406,094**

17. SHARE CAPITAL

	31 December 2022	31 December 2021
Share capital	50,000,000	50,000,000
Retreatment hyperinflation IAS 29	(139,384)	(139,384)
Balance as at 31 December	**49,860,616**	**49,860,616**

Shareholders' structure

	31 December 2022	31 December 2021
Egadi Company SRL	90.00%	90.00%
Simone Lentini	10.00%	10.00%
	100.00%	100.00%

18. TECHNICAL RESERVES

	31 December 2022	31 December 2021
Unearned premium reserve	135,838,779	122,683,544
Reported but not settled loss reserve	106,638	-
Incurred but not reported claims reserve	8,615,168	9,944,388
Unexpired risks reserve	29,986,717	10,265,652
Balance as at 31 December	**174,547,302**	**142,893,584**

Unearned premium reserve structure per insurance products:

	31 December 2022	31 December 2021
Performance Bonds	130,621,172	120,134,197
Bid Bonds	627,060	778,997
Advance Payment Bonds	3,533,460	912,682
Maintenance Bonds	970,832	749,232
Money Retention Bonds	86,255	108,436
Balance as at 31 December	**135,838,779**	**122,683,544**

Reported but not settled loss reserve structure per insurance products:

	31 December 2022	31 December 2021
Performance Bonds	106,638	-
Balance as at 31 December	**106,638**	**-**

The company considers that the Incurred but not reported claims reserve registered as at 31 December 2022 is sufficient to cover the payments for claims that occurred but they were not yet notified up to this date.

The company calculated the Incurred but not reported claims reserve using the „*expected loss ratio*” method, taking into account the paid indemnities and the gross written premiums both estimated in the next year’s Annual Business Plan, resulting in a reserve of 8,615,168 lei as at 31 December 2022 compared to a reserve of 9,944,388lei as at 31 December 2021.

18. TECHNICAL RESERVES (CONT.)

Movements of the technical reserves values

a) Unearned premiums reserve

	Gross
At the beginning of the year 2021	**115,221,912**
Gross premium reserve increase during the year (gross written premiums in 2020)	122,683,544
Gross premiums reserve decreasing the during the year (premiums written in previous years, but earned in 2020)	(115,221,912)
Year end 2021	**122,683,544**
At the beginning of the year 2022	**122,683,544**
Gross premium reserve increase during the year (gross written premiums in 2021)	135,838,779
Gross premiums reserve decreasing the during the year (premiums written in previous years, but earned in 2021)	(122,683,544)
Year end 2022	**135,838,779**

b) Reported but not settled loss reserve (RBNS) and Incurred but not reported claims reserve (IBNR)

	Gross
At the beginning of the year 2021	**15,173,502**
Increase during the year	7,188,104
Decrease during the year	(12,417,218)
Year end 2021	**9,944,388**
At the beginning of the year 2022	**9,944,388**
Increase during the year	11,439,101
Decrease during the year	(12,661,683)
Year end 2022	**8,721,806**

19. DEBTS ASSOCIATED TO INSURANCE CONTRACTS

	31 December 2022	31 December 2021
Payables to intermediaries	23,875	3,384
Insurance premiums collected in advance	45,422	237,821
Insurance premiums to be allocated	9,423	145
Insurance parties' cash collateral	55,691,715	93,530,103
Balance as at 31 December	**55,770,435**	**93,771,453**

20. COMMERCIAL DEBTS AND OTHER DEBTS

	31 December 2022	31 December 2021
Salaries and contributions	6,057,320	4,359,248
Other taxes	507,444	156,571
EU insurance activity tax	180,553	106,594
Profit tax	1,627,143	597,922
Operational leasing debts	1,723,484	2,185,910
Other debts	1,110,102	212,710
Balance as at 31 December	**11,206,046**	**7,618,955**

21. DEFERRED INCOME TAX RECEIVABLES

	31 December 2022	31 December 2021
Exchange rate differences unearned premiums reserves and deferred acquisition expenses	(3,309)	88,690
Interest income by the effective interest method	90	(266)
Non-deductible impairment adjustments	(1,184,735)	(365,701)
Operational leasing	(8,456)	(9,810)
Deferred income tax receivable	**(1,196,410)**	**(287,087)**

	Result account 2022	Other reserves 2022	Result account 2021	Other reserves 2021
Exchange rate differences unearned premiums reserves and deferred acquisition expenses	(91,999)	-	46,329	-
Interest income by the effective interest method	356	-	1,080	-
Provisions for non-deductible impairment	(819,034)	-	380,738	-
Fair value of treasury bonds held for sale	-	-	-	-
Rome secondary headquarters expenses	-	-	-	-
Operational leasing	1,354	-	4,264	-
Deferred income tax expense / income	**(909,323)**	**-**	**432,411**	**-**

	2022	2021
Balance as at 1 January	**(287,087)**	**(719,498)**
Movements in the profit and loss account	(909,323)	432,411
Movements in other reserves	-	-
Balance as at 31 December	**(1,196,410)**	**(287,087)**

22. TRANZACTII CU PARTI AFILIATE

During 2022, the company carried out transactions with affiliated parties, respectively Egadi Company SRL, based on a contract for subleasing of an office space, achieving a rental income of 2,400 lei, the same as in 2021**.**

23. CONTINGENT ASSETS AND LIABILITIES

a) Legal actions in court

The company is involved in several disputes arising from its insurance activity, and their settlement is considered not to have a significant impact on the outcome of operations or financial position.

b) Taxation

The tax system in Romania, with a low degree of predictability, can be modified without prior public consultation. In case of differences of interpretation of the tax legislation, the tax authorities may treat certain aspects differently. In Romania, the fiscal year remains at disposal for fiscal verification for 5 years. The company's management considers that the fiscal obligations included in these financial statements are correctly calculated.

24. RECONCILIATION OF THE RESULT FOR THE YEAR BETWEEN THE STATUTORY FINANCIAL STATEMENTS AND THE IFRS FINANCIAL STATEMENTS

	31 December 2022	31 December 2021
The result of the year according to the statutory financial statements	**51,788,918**	**58,064,214**
Adjustments for		
- reversal of the premium reserve re-evaluation at year closing exchange rate	(634,666)	338,180
- reversal of the re-evaluation of acquisition costs carried forward at year closing exchange rate	59,679	(48,627)
- reversal of the equalization reserve	-	-
- interest income by the method of the effective interest rate applied to bonds	-	-
- incomes from investments	2,221	6,751
- recognition of intangible asset for the right to use of rented assets (IFRS 16)	8,469	26,646
- reclassification of Rome branch expenses as expenses in advance	-	-
- deferred income tax	909,323	(432,411)
Result of the year according to IFRS	**52,133,944**	**57,954,753**
- adjustment for the fair value of available-for-sale assets, net of tax	-	-
Total result for the year	**52,133,944**	**57,954,753**

25. EQUITY RECONCILIATION BETWEEN STATUTORY FINANCIAL STATEMENTS AND IFRS FINANCIAL STATEMENTS

	31 December 2022	31 December 2021
Capitaluri proprii conform sitautiilor financiare statutare	**204,946,502**	**173,157,583**
- reversal of the premium reserve re-evaluation at year closing exchange rate	27,227	661,892
- reversal of the re-evaluation of acquisition expenses carried forward at year closing exchange rate	(47,905)	(107,584)
- reversal of the equalization reserve	-	-
- interest income by the method of the effective interest rate applied to bonds	-	-
- incomes from investments	561	(1,660)
- recognition of intangible asset for the right to use of rented assets (IFRS 16)	(52,849)	(61,315)
- reclassification of Rome branch expenses as expenses in advance	-	-
- deferred income tax	1,196,410	287,087
Equity as per IFRS	**206,069,946**	**173,936,003**

26. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

(i) Legislative changes_ Policy Holder Guarantee Fund

On December 28, 2022, in the Official Gazette, Part I no. 1257 was published ASF Norm no. 31/2022 for completing ASF Norm no. 17/2015 regarding the contribution rates owed by insurers to the Policy Holder Guarantee Fund, the rule that comes into force on the date of publication and which regulate the increase in the contribution rate for general insurance owed by insurers to the Policy Holder Guarantee Fund, from 2.5% to 4%, starting with 01.01.2023.

(ii) The insurance market

The bankruptcy of Euroins decided by ASF by Decision no. 262/17.03.2023 does not produce direct effects on the company's activity. Onix Asigurari S.A. does not have receivables from Euroins. The bankruptcy of City Insurance generated an increase in the contribution rate due to the Policy Holder Guarantee Fund, from 2.5% to 4%, an increase with a significant impact on the Company's technical account. At this time, the Company cannot estimate the indirect effects of this new bankruptcy.