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# Independent Auditors' Report

(free translation<sup>1</sup>)

## To the Shareholders of ERB IT SHARED SERVICES SA

București Sectorul 2, B-dul DIMITRIE POMPEIU, Nr. 6A, PARTER (G1), ETAJ 1 (F1) SI PARTER (G2)  
Unique Registration Code: 18972257

### Opinion

1. We have audited the financial statements of ERB IT SHARED SERVICES ("the Company"), which comprise the condensed balance sheet as at 31 December 2019, the income statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.
2. The financial statements as at and for the year ended 31 December 2019 are identified as follows:
  - Negative net assets/Total equity, negative: Lei -26,421,410
  - Net loss for the year: Lei -2,391,238
3. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance for the year then ended in accordance with the Order of Minister of Public Finance No. 1802/2014 for approval of accounting regulations regarding the annual separate financial statements and annual consolidated financial statements and related amendments ("OMPF no. 1802/2014").

### Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations 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 *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

<sup>1</sup> TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

5. We draw attention to Note 5.3 from the financial statements, which describes the following aspects:
- on December 31, 2019, the net asset of the Company, determined as the difference between its total assets and its total liabilities, has a value less than half of the value of the subscribed share capital. In such situations, in accordance with Law 31/1990 republished with subsequent amendments, the General Shareholders' Meeting must be convened to decide on the measures to be taken in accordance with the requirements of the legislation in force;
  - The company lost part of the projects it had and generated a loss of 2,391,238 lei in the 2019 financial year (net loss of 6,667,161 lei in 2018) and is dependent on financial support from the Group of which it is a part in order to complete the remaining contractual obligations, and a decision regarding the operational future of the Company has not yet been taken at the date of approval of the financial statements.

As mentioned in Note 5.3, the Company is dependent on financial support from the Group, and a decision regarding the operational future of the Company has not yet been taken at the date of approval of the financial statements.

These events or conditions, together with other aspects presented in Note 5.3, indicate that there is a significant uncertainty that could significantly question the Company's ability to continue its activity. Our opinion is not modified in respect of this matter.

#### Other information – Board of Directors' Report

6. The Board of Directors are responsible for the preparation and presentation of other information. The other information comprises the Administrators' Report which includes also the Remuneration Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors' Report we read and report whether the Board of Directors' Report is prepared, in all material respects, in accordance with OMPF no. 1802/2014, articles 489 – 492 of the accounting regulations regarding annual separate financial statements and annual consolidated financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion:

- a) The information given in the Board of Directors' Report for the financial year for which the financial statements are prepared is consistent, in all material respects, with the financial statements;
- b) The Board of Directors' Report has been prepared, in all material respects, in accordance with OMPF no. 1802/2014, articles 489 – 492 of the accounting regulations regarding annual separate financial statements and annual consolidated financial statements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

- 7. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with OMPF no. 1802/2014 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditors' Responsibility for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**For and on behalf of KPMG Audit S.R.L.:**

**RIZEA POPP IOANA ZENAIDA**

registered in the electronic public register of financial auditors and audit firms under no AF4419

**KPMG Audit SRL**

registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 23 November 2022

**ERB IT SHARED SERVICES SA**

**ANNUAL INDIVIDUAL FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED ON  
December 31, 2019**

**Prepared in accordance with the Order of the Minister of  
Public Finance of Romania no. 1802/2014 as amended**

**ERB IT SHARED SERVICES SA**

**ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**December 31, 2019**

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**ERB IT SHARED SERVICES S.A.**

**SHORT VERSION BALANCE SHEET on DECEMBER 31, 2019**

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**SHORT VERSION BALANCE SHEET on DECEMBER 31, 2019**  
(Code 10)

	<u>Row</u>	<u>Note</u>	<u>December 31 2018</u> (lei)	<u>December 31, 2019</u> (lei)
A. FIXED ASSETS				
I. INTANGIBLE ASSETS	01			
II. TANGIBLE ASSETS	02			
FIXED ASSETS - TOTAL	04		<u>0</u>	<u>0</u>
B. CURRENT ASSETS				
II. RECEIVABLES	06		333.604	903.731
IV. CASH AND BANK ACCOUNTS	08		12500232	3066237
CIRCULATING ASSETS - TOTAL	09		<u>12.833.836</u>	<u>3.969.968</u>
C. EXPENSES IN ADVANCE	10		<u>666.519</u>	<u>316.115</u>
1. Amounts to be repaid within a period of				
up to 1 year	11		666.519	316,115
D. DEBT: AMOUNTS TO BE PAID IN A PERIOD OF < 1 YEAR	13		6.061.659	5.123.177
E. NET CURRENT ASSETS/ NET CURRENT LIABILITIES	14		4.799.672	(1.640.399)
F. TOTAL ASSETS MINUS CURRENT DEBT	15		4.799.672	(1.640.399)
H. PROVISIONS	17		28.829.845	24.781.011
I. INCOME IN ADVANCE	18		<u>2.639.024</u>	<u>803.305</u>
2. Income recorded in advance - total				
of which:	22		2.639.024	803.305
Amounts to be repaid within a period of < 1 year	23		2.639.024	803.305
J. CAPITAL AND RESERVES				
I. CAPITAL	29		<u>16.900.000</u>	<u>16.900.000</u>
1. Subscribed and paid capital	30		16.900.000	16.900.000
IV. Reserves	37		1.080.484	1.080.484

Notes 1 to 10 form an integral part of the financial statements.  
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**ERB IT SHARED SERVICES S.A.**

**SHORT VERSION BALANCE SHEET on DECEMBER 31, 2019**

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		<u>Row</u>	<u>Note</u>	<u>December 31 2018</u> <u>(lei)</u>	<u>December 31, 2019</u> <u>(lei)</u>
V. PROFIT OR LOSS					
REPORTED	Balance C	41			
Balance <u>D</u>		42		4.175.803	42.010.656
VI. PROFIT OR LOSS OF FINANCIAL YEAR					
Balance <u>C</u>		43			
Balance <u>D</u>		44		<u>37.834.854</u>	<u>2.391.238</u>
CAPITAL - TOTAL		49		<u>(24.030.173)</u>	<u>(26.421.410)</u>

Authorized and signed on behalf of the Board of Directors on November 18, 2022 by:

DIRECTORS

Name and surname Zafeiris Konstantinos

Name and surname Psychogios Spyros

Signatures \_\_\_\_\_

Stamp

PREPARED BY,

ABH EXPERT SRL

Position Accountant

Signature \_\_\_\_\_

Registration number with the professional body

CECCAR Authorization no. 11942/2017

**ERB IT SHARED SERVICES SA**

**PROFIT AND LOSS ACCOUNT**

**(Code 20)**

**For the Financial year ended on 31.12.2019**

	<b>Row</b>	<b>Note</b>	<b>2018</b>	<b>2019</b>
			<b>(lei)</b>	<b>(lei)</b>
1. Net turnover	01		<u>11.197.228</u>	<u>5.129.675</u>
Sold production	02		11.197.228	5.129.675
7. Other operating income	13		-	-
OPERATING INCOME - TOTAL	16		11.197.228	5.129.675
8. a) Expenditure on raw materials and consumables	17			
Other material expenses	18		2.906	534
B) Other external expenditure (energy and water)	19		1.054.679	1.081.259
9. Cost of labour, of which:	22		<u>573.727</u>	<u>63.916</u>
A) Salaries and allowances	23		463.822	62.570
b) Expenditure on insurance and social protection	24		109.905	1.346
10. a) Value adjustments on tangible and intangible assets	25		<u>7.114.472</u>	<u>0</u>
a.1) Expenses	26		7.114.472	1.294.355
a.2) Income	27		-	1.294.355
b) Value adjustments on current assets	28		<u>(1.349.193)</u>	<u>0</u>
b.1) Expenses	29		-	-
b.2) Income	30		1.349.193	-
11. Other operating expenses	31		<u>12.729.862</u>	<u>10.297.133</u>
11.1 Expenditure on external benefits	32		11.346.270	10.292.389
11.6 Expenses with indemnifications donations and assigned assets	37		1.383.592	4.744
Adjustments for provisions	39		<u>28.829.845</u>	<u>(4.048.834)</u>
1) Expenses	40		28.829.845	0
- Income	41		<u>0</u>	<u>4.048.834</u>
OPERATING EXPENSES – TOTAL	42		<u>48.956.298</u>	<u>7.394.008</u>
PROFIT OR LOSS FROM EXPLOITATION				
- Loss	44		<u>37.759.070</u>	<u>2.264.333</u>

Notes 1 to 10 form an integral part of the financial statements.



**ERB IT SHARED SERVICES SA****PROFIT AND LOSS ACCOUNT**

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	<b>Row</b>	<b>Note</b>	<b>2018</b>	<b>2019</b>
			<b>(lei)</b>	<b>(lei)</b>
13. Income from interests	47		40.178	6.022
- of which, income earned from affiliated entities	48		1.117	1.117
15. Other income	50		<u>309.313</u>	<u>402.617</u>
FINANCIAL INCOME - TOTAL	52		349.491	408.639
17. Interest Expenses	56		94.697	97.004
-of which expenses in relation to affiliated entities	57		94.697	97.004
Other financial expenses	58		330.578	438.540
FINANCIAL EXPENSES -TOTAL	59		<u>425.275</u>	<u>535.544</u>
Net Profit or Financial loss				
- Loss	61		75.784	126.905
TOTAL INCOME	62		<u>11.546.719</u>	<u>5.538.314</u>
TOTAL EXPENSES	63		<u>49.381.573</u>	<u>7.929.552</u>
18. Gross profit or loss				
- Loss	65		<u>37.834.854</u>	<u>2.391.238</u>
22. PROFIT OR LOSS OF THE FINANCIAL YEAR				
- Loss	70		<u>37.834.854</u>	<u>2.391.238</u>

Authorized and signed on behalf of the Board of Directors on November 18, 2022 by:

**DIRECTORS**

Name and surname Zafeiris Konstantinos

Name and surname Psychogios Spyros

Signatures\_\_\_\_\_

Stamp

PREPARED BY,

ABH EXPERT SRL

Position Accountant

Signature\_\_\_\_\_

Registration number with the professional body

CECCAR Authorization no. 11942/2017

Notes 1 to 10 form an integral part of the financial statements.

**ERB IT SHARED SERVICES SA**

**STATEMENT OF CASH FLOWS**

**For the Financial year ended on 31.12.2019**

	<u>Note</u>	<b>2018</b>	<b>2019</b>
		<b>(lei)</b>	<b>(lei)</b>
<b>Cash flows from exploitation activities:</b>			
Net cash flow generated from operating activities	9	5.159.289	(9.295.139)
Interests paid		(55.991)	(144.877)
<b>Net cash from exploitation activities</b>		<b>5.103.298</b>	<b>(9.440.017)</b>
<b>Cash flows from investment activities:</b>			
Cash payment for purchase of land and fixed assets, intangible assets and other assets, on long term		-	-
Cash received from the sale of land and buildings, plants and , equipment		-	-
Income from interests		40.178	6.022
<b>Net cash used in investments</b>		<b>40.178</b>	<b>6.022</b>
<b>Cash flows from financing activities:</b>			
Cash repayments of amounts borrowed		0	0
<b>Net cash from financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) of cash and cash equivalents</b>			
<b>cash</b>		<b>7.040.798</b>	<b>(9.433.995)</b>
Cash and cash equivalents at the beginning of financial year		5.459.433	12.500.231
Cash and cash equivalents at the end of financial year		12500232	3066237

Authorized and signed on behalf of the Board of Directors on November 18, 2022 by:

**DIRECTORS**

Name and surname Zafeiris Konstantinos

Name and surname Psychogios Spyros

Signatures \_\_\_\_\_

Stamp

PREPARED BY,

ABH EXPERT SRL

Position Accountant

Signature \_\_\_\_\_

Registration number with the professional body

CECCAR Authorization no. 11942/2017

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**ERB IT SHARED SERVICES SA**

**STATEMENT OF CHANGES IN EQUITY**

**For the financial year ended on 31.12.2019**

Element of ownership equity	Balance at	Increases		Reductions /	Balance at	Increases		Reductions /	Balance at
	January 1, 2018 (lei)	1	2	Distributio (lei)	December 31, 2018 (lei)	3	4	Distributio (lei)	December 31, 2019 (lei)
Subscribed capital	16.900.000	-	-	-	16.900.000	-	-	-	16.900.000
Legal reserves	1.080.484	-	-	-	1.080.484	-	-	-	1.080.484
Reported result representing retained earnings or loss not covered									
<u>Credit balance</u>	1.783.107	-	-	6.667.161	-	-	-	-	-
<u>balance</u>					4.884.054			37.834.854	42.718.908
Reported result from the correction of accounting errors									
<u>Credit</u>									
<u>balance</u>	1.067.333	-	-	-	1.067.333	-	-	-	1.067.333
<u>balance</u>	359.082	-	-	-	359.082	-	-	-	359.082
Profit or loss of financial year	-	-	-	-	-	-	-	-	-
<u>Debit</u>									
<u>balance</u>	6.667.161	37.834.854	6.667.161		37.834.854	6.667.161			2.391.238
Total ownership equity	13.804.681	(37.834.854)			(24.030.173)				(26.421.410)

Authorized and signed on behalf of the Board of Directors on November 18, 2022 by:

**DIRECTORS**

Name and Surname Zafeiris Konstantinos

Name and surname Psychogios Spyros

Signature \_\_\_\_\_

PREPARED BY,

Name and Surname ABH EXPERT SRL

Position Accountant

Signature \_\_\_\_\_

Registration number with the professional body

CECCAR Authorization no. 11942/2017

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Notes 1 to 10 form an integral part of the financial statements.

**ERB IT SHARED SERVICES SA**

**NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

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**REPORTING ENTITY**

These financial statements are presented by ERB IT SHARED SERVICES SA (the "Company"). The company has a branch in Athens, Greece, N. Ionia Attikis, Iolkou 8 and Filikis Etaireias ("Branch"). These financial statements also include the results of the branch.

**1 FIXED ASSETS**

**a) Intangible assets**

**Concessions,  
patents, licenses  
trademarks, rights  
and values  
similar and other  
resources  
fixed assets  
intangible  
(lei)**

**Gross value**

Balance at January 1, 2016	<u>45.319.233</u>
Disposal of assets	2.515.386
Balance at 31 December 2019	42.803.848

**Cumulative depreciation**

Balance at January 1, 2016	45.319.233
Depreciation recorded during the year	<u>830.483</u>
Provisions for DEPRECIATION	<u>(830.483)</u>
Disposal of assets	2.515.386
Balance at 31 December 2019	42.803.848

**Net book value on January 1, 2019** 0

**Net book value on December 31, 2019** 0

**ERB IT SHARED SERVICES SA**

**NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

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**b) Tangible assets**

	<b>Technical facilities and machinery (lei)</b>	<b>Other installations machinery and furniture (lei)</b>	<b>Total (lei)</b>
<b>Gross value</b>			
Balance at January 1, 2016	75.088.168	7.007.996	82.096.164
Assignments, transfers and other reductions	21.439.573	1.819	21.441.392
Balance at 31 December 2019	<u>53.648.595</u>	<u>7.006.177</u>	<u>60.654.772</u>
<b>Cumulative depreciation</b>			
Balance at January 1, 2016	75.088.168	7.007.996	82.096.164
Assignments, transfers and other reductions	21.439.573	1.819	21.441.392
Depreciation recorded during the financial year	=	463.872	463.872
Provisions for Depreciation		(463.872)	(463.872)
Balance at 31 December 2019	<u>53.648.595</u>	<u>7.006.177</u>	<u>60.654.772</u>
<b>Net book value at</b>			
<b>January 1, 2019</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net book value at</b>			
<b>December 31, 2019</b>	<u>0</u>	<u>0</u>	<u>0</u>

**Assets depreciation**

On December 31, 2018, the company recorded a depreciation adjustment for the fixed assets held. The Company reanalyzed the net accounting value and considering the Company's activity, which decreased significantly and the decrease in the purpose of the contract with Accenture, for which these fixed assets were used, the depreciation adjustment was kept at the value of 2,551,017 RON. During 2019, the depreciation adjustment decreased with the amortization recorded in the year.

**Tangible assets pledged and restricted**

The Company does not own pledged or restricted tangible assets.

**Tangible assets used under lease agreements in which the Company is a lessee**

There are no financial lease contracts in which the Company is a lessee.

## ERB IT SHARED SERVICES SA

### NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

#### FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019

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#### 2 PROVISIONS

On December 31, 2018, provisions were made for the depreciation of long-term assets and a provision for the lease agreement with SEFERCO in the amount of RON 28,829,845. The value of this provision includes the value of future rents in relation to SEFERCO, considering that the Company is bound by the rent contract until the end of 2025. If the Company decides to close the contract, the penalty presented in the rental contract consists of paying the rent in full until the date of closing the contract.

The value of the provision decreased over the course of 2019 with the rent recorded in the year. On December 31, 2019, the balance was 24,781,011 RON, which represents the value of future rents until the contract with Seferco is closed.

#### 3 DISTRIBUTION OF PROFIT

In 2019, the Company recorded a loss in the amount of 2,391,238 lei. The result of the Company will be incorporated in the carried forward result of the Company.

#### 4 DEBTS

On December 31, 2019, the Company has no debts that have been due for over 1 years.

<u>Debts</u>	<b>Balance at December 31, 2019 (lei) 1</b>	<b>Maturity less than 1 year (lei) 2</b>
Trade payables - Suppliers	342.168	342.168
Amounts owed to entities in the group	4.779.300	4.779.300
Other debts, including tax debts and social security debts	1709	1709
Total	<u>5.123.177</u>	<u>5.123.177</u>

## ERB IT SHARED SERVICES SA

### NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

#### FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019

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On December 31, 2018, the Company has no debts that have been due for over 1 years.

<u>Debts</u>	<u>Balance at</u> <u>December 31 2018</u> <u>(lei)</u> <u>1</u>	<u>Maturity</u> <u>less than</u> <u>1 year</u> <u>(lei)</u> <u>2</u>
Trade payables - Suppliers	1.280.247	1.280.247
Amounts owed to entities in the group	4.711.057	4.711.057
Other debts, including tax debts and social security debts	<u>70.356</u>	<u>70.356</u>
Total	<u>6.061.659</u>	<u>6.061.659</u>

#### **Loans**

The company had contracted a credit line from Eurobank Private Bank Luxembourg SA, in balance at the end of 2019 with the amount of Euro 1.000.000 (2017: 1.000.000 EURO). The interest applied to the amounts drawn varies depending on EURIBOR, the interest margin being 2%. In 2018, it signed the extension of the facility until June 28, 2019, the ceiling being reduced to the amount of 1,000,000 euros. The facility was subsequently extended until June 28, 2020, the facility being extended in 2020 until June 30, 2021. Also during 2020, the facility was increased up to the limit of 1,400,000 euros and reimbursed in full by the end of 2020.

## **5 PRINCIPLES, POLICIES AND ACCOUNTING POLICIES**

The main accounting policies adopted in the preparation of these financial statements are presented below.

### **A Basis of financial statements**

#### (1) General information

These financial statements have been prepared in accordance with:

- (i) Accounting Law 82/1991 republished in November 2012 ("Law 82"); and
- (ii) The accounting regulations regarding the individual annual financial statements and the consolidated annual financial statements, approved by the Order of the Minister of Public Finance of Romania 1802/2014 with subsequent amendments and completions ("OMF 1802").

**ERB IT SHARED SERVICES SA**

**NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

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Depending on the size criteria presented in the OMFP 1802, the Company falls into the category of medium and large entities.

These financial statements have been prepared on the basis of the historical cost convention, except as set out below in accounting policies.

(2) use of estimates

The preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the presentation of contingent assets and liabilities at the date of preparation of the financial statements and the income and expenses reported for that period. Although these estimates are made by the management of the Company on the basis of the best information available at the date of the financial statements, the results achieved may differ from those estimates..

(3) Continuity of activity

These financial statements were prepared based on business continuity principle, assuming that the Company continues the activity in the foreseeable future. In order to assess the applicability of this assumption, the management examines the projections of future cash inflows.

Based on these analyzes, management believes that the Company will be able to continue its business in the foreseeable future and therefore the application of the going concern principle in the preparation of the financial statements is justified.



## **ERB IT SHARED SERVICES SA**

### **NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

#### **FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

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#### **Company's Position**

These financial statements were prepared based on business continuity principle, assuming that the Company continues the activity in the foreseeable future. In order to assess the applicability of this assumption, the management examines the projections of future cash inflows.

Based on these analyzes, management believes that the Company will be able to continue its business in the foreseeable future and therefore the application of the going concern principle in the preparation of the financial statements is justified.

On December 31, 2019, the Company's current liabilities exceeded its current assets by 1,640,399 lei (in 2018: current assets exceeded current liabilities by 4,799,672 lei).

On November 30, 2015 the Company signed a framework contract with Eurobank Ergasias SA, Accenture Services SRL, Accenture Société Anonyme of Organization, Information Technology and Business Development and Accenture Central Europe BV Amsterdam through Accenture Central Europe BV Amsterdam, Netherlands - Bucharest Branch by which it was established that starting with April 1, 2016, the date of the transaction, the service contracts signed by the Company with the following companies: PJSC Universal Bank, Eurobank Bulgaria AD, Eurobank a.d. Belgrade, Bancpost SA, ERB Retail Services IFN SA and Eurobank Property Services SA will be managed by Accenture Central Europe BV Amsterdam - Bucharest Branch ("Accenture"). The contract signed by the above-mentioned parties presupposes that ERB IT Shared Services SA charges a fixed fee to Accenture under the contract for a period of ten years. The framework contract means that Accenture takes over, in addition to the mentioned contracts, the Company's staff as well as sub-leases the location as well as the assets held by the Company.

As for the remaining contracts signed by the Company with related parties, contracts not included in the framework contract with Accenture, they continued to be administered by the Company throughout their period of validity.

The company lost the main project it was developing in relation to Accenture, which caused the company's losses to increase significantly every year. The company failed to replace the project, the level of activity falling in 2019 by 55% compared to 2018. However, the contract with Accenture is still in force until 2025, but at a reduced level, so that the Company has recorded significant losses to date and expects that they will be recorded in the future as well.

For the continuation of the activity, the Company relies on the support of the group, so that in 2020 a capital increase was achieved, in the amount of 24,368,500 RON, and in 2021 a second increase, in the amount of 19,796,800 RON. The company relies on the support of the group to carry out its operational activity and to fulfill the contract with Accenture, considering that the cash flow generated by the operational activity is negative. The company cannot cover the debts for the provision of services to Accenture from the operational activity.

At the end of 2019, the Company recorded a loss of lei 2.391.238 (December 31, 2018: 37.834.854 lei).

## **ERB IT SHARED SERVICES SA**

### **NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

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On December 31, 2019, the net asset of the Company, determined as the difference between its total assets and its total liabilities, is negative.

To continue the activity, the Company relies on the support of the group, so that in 2020 a share capital increase in the amount of 24,368,500 lei was carried out, and in 2021 a second share capital increase in the amount of 19,796,800 lei. The Company cannot cover liabilities for the provision of services to Accenture from operational activity. The company relies on the support of the group to carry out its operational activity and fulfill its contract with Accenture, given that the cash flow generated by the operational activity is negative. This support was confirmed by the Group to the Company's management through a letter of support obtained close to the date of approval of these financial statements. Thus, the management of the Company believes that the Company will be able to continue its activity in the foreseeable future and therefore the application of the principle of continuity of activity in the preparation of the financial statements is justified.

Given that the Company's main activity is currently to facilitate the provision of IT services to Eurobank Direktna a.d. SERBIA (and secondarily other subdivisions of the Group), under the contract with Accenture, the Group intends to reassess its future plans regarding the company's operations at a later stage.

Thus, in the context of the current uncertainty related to the exact moment of the needs in the ERB Serbia IT landscape, the Group has not yet taken any final official decision, at the date of approval of these financial statements, regarding the continuity of the Company's activity, considering that the field of activity of the Company to facilitate IT services continues to be important for the Eurobank group. This decision is expected to be taken at a later date, period in which the management of the Company relies on the financial support of the Group, confirmed by it.

The aspects presented above indicate that there is a significant uncertainty that could significantly question the entity's ability to continue its activity.

#### **(4) The currency of financial statements**

The accounting is kept in Romanian language and in the national currency. The items included in these financial statements are presented in Romanian Lei.

#### **B Conversion of foreign currency transactions**

Transactions of the Company in foreign currency are recorded at the exchange rates communicated by the National Bank of Romania ("NBR") for the transaction date. At the end of each month, monetary balances denominated in a foreign currency are converted into RON at the exchange rates communicated by the NBR for the last banking day of the

**ERB IT SHARED SERVICES SA**

**NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

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month. Gains and losses resulting from the settlement of transactions in a foreign currency and from the translation of foreign currency assets and liabilities are recognized in the income statement in the income statement. Advances are not monetary items and are not subject to exchange rate valuation. The currency in which the transactions of the Greek branch are registered is the euro, the amounts outstanding on December 31 being converted into lei at the official closing rate of the NBR, the turnovers of income and expenses being converted using the average exchange rate for the financial year.

**C Intangible assets**

*(i) Payments in advance and other intangible assets*

Advances and other intangible assets are recorded as advances to intangible assets suppliers, software programs created by the entity or purchased from third parties for their own use needs and other intangible assets.

Elements such as other intangible assets are depreciated on a straight line for a 5-year period.

The expenses that allow intangible assets to generate future economic benefits above the initially planned performance are added to the original cost thereof. Such expenses are capitalized as intangible assets if they are not an integral part of the tangible assets.

**ERB IT SHARED SERVICES SA**

**NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

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**D Tangible assets**

(1) Cost / evaluation

Tangible assets are initially measured at acquisition cost.

The cost of a tangible asset includes the initially estimated costs of dismantling and moving it for disposal, as well as the restoration of the location where the asset is, when these amount can be estimated credibly and the Company has the obligation to dismantle and move the asset and to restore the location.

The maintenance and repair of tangible assets are considered expenses when they occur, and significant improvements in tangible assets which increase the value of life span thereof or significantly increase their capacity to generate economic benefits are capitalized.

(2) Depreciation

Depreciation is calculated at the input value using the linear method over the estimated life span of the assets as follows:

<b><u>Asset</u></b>	<b><u>Years</u></b>
IT equipment	4
Vehicles	6
Other installations, machinery and furniture	4-10
Capitalized relocation costs (design, wiring, and support)	
- duration of the rental contract	15

Depreciation is calculated from the month following commissioning and until full recovery of their input value.

(3) Sale / disposal of tangible assets

Tangible assets that are scrapped or sold are removed from the balance sheet together with the appropriate cumulative depreciation. Any profit or loss resulting as difference between the income generated and non-depreciated value, including costs generated by this operation are included in the profit and loss account in "Other operating income" or "Other operating expenses", as applicable.

When the Company recognizes the book value of a partial replacement in the carrying amount of a tangible asset (replacing a component), the book value of the replaced part with the related depreciation is removed from the records.

## ERB IT SHARED SERVICES SA

### NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

#### FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019

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- (4) The costs of indebtedness  
The expenses with the interests related to all loans are considered expenses at the time they are incurred.

#### **E Assets depreciation**

At year end, the value of tangible and intangible elements is reconciled with the inventory results. In this regard the net book value is compared to the value set based on the inventory value. The negative differences between the inventory value and the net book value of elements is recorded based on additional impairment in case of depreciable assets for which depreciation is irreversible or if an adjustment is made for depreciation or value loss when depreciation is reversible. The inventory value is determined by the utility of the asset, its status and the market price.

#### **F Financial assets**

On December 31, 2019 and December 31, 2018, their balance was zero.

#### **G Commercial receivables**

Commercial receivables are recorded at the invoiced amount less the provision for the impairment of these receivables. The provision for impairment of trade receivables is established if there is objective evidence that the Company will not be in a position to collect all amounts at the original terms.

#### **H Cash and cash equivalents**

Cash and cash equivalents are stated in the balance sheet at cost. For the cash flow statement, cash and cash equivalents include cash in hand, bank accounts, short-term financial investments, treasury advances, net of overdraft. In the balance sheet, the overdraft is shown in debt to be paid over a period of one year - due to credit institutions.

#### **I Share capital:**

Joint actions are classified in equity.

Expenditures related to the issuance of equity instruments are reflected directly in equity by the equity related losses. Company's shares buy-back, the amount paid will reduce its own capital. When these shares are subsequently re-issued, the amount received (net of transaction costs) is recognized in equity. Exchange rate differences between the time of subscription of shares and the payment of their consideration are not gains or losses related to the issue, redemption, sale, disposal or cancellation of the entity's equity instruments, which are recognized in income or expenses as appropriate .

#### **J Dividends**

## **ERB IT SHARED SERVICES SA**

### **NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

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Dividends on ordinary shares are recognized in equity during the period in which they are stated.

#### **K Loans**

Short and long term loans are initially recorded at the amount received. Differences between the amounts received and the redemption amount are recognized in the income statement during the loan agreement.

Bank fees and commissions for long-term borrowing are recognized on account of accrued expenses. Advance payments are to be recognized at current, deferred expense, during the repayment period of the loans.

If the Company has an unconditional right to postpone the settlement of its loans for at least twelve months after the end of the reporting period, then the debts in question will be classified as long-term liabilities. Other loans will be presented as short-term liabilities.

The short-term portion of long-term loans is classified as "Debt: Amounts to be paid up to one year "and included with interest accrued at the balance sheet date in" Amounts owed to credit institutions "in current liabilities.

#### **L The accounting of lease contracts in which the Company is a lessee**

##### **(1) Financial lease contracts**

Leases for tangible assets in which the Company assumes all risks and benefits related to property are classified as finance leases. Financial leases are capitalized at the estimated updated value of the parties. Each payment is divided between the capital and interest element to obtain a constant interest rate during the reimbursement. The amounts payable are included in short or long term debts. The interest element is transferred to the profit and loss account over the life of the contract. Assets held under finance leases are capitalized and amortized over their useful life span.

Operational lease contracts

##### **(2) Leasing contracts with a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under such a contract (net of any facilities granted by the lessor) are recognized in the income statement on a straight-line basis over the life of the contract.**

#### **M Trade payables**

Trade payables are recorded at the amount of the amounts to be paid for the goods or services received.

#### **N Provisions**

## **ERB IT SHARED SERVICES SA**

### **NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

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The provisions for decommissioning, restructuring, litigation, and other provisions for risks and expenses are recognized when the Company has a legal or implicit obligation generated from a previous event, when an outflow of resources is necessary and when a credible estimation of the obligation value is possible.

There are no provisions recognized for future operational losses.

In the case of contracts for pecuniary interest (contracts where the unavoidable costs of meeting contractual obligations exceed the expected economic benefits to be achieved), the current contractual obligation stipulated in the contract is recognized and evaluated as a provision. Before any separate provision for a contract for pecuniary interest, it is recognized any loss from the impairment of assets assigned to the contract.

#### **O Employees benefits**

##### *Pensions and other benefits after retirement*

In the normal course of business, the Company pays health, pension and state unemployment benefits on behalf of its employees at statutory rates. All employees of the Company are members of the mandatory pension plan of the Romanian state. These costs are recognized in the income statement with the recognition of salaries.

The Company does not operate any other retirement or retirement benefit plan and therefore has no other obligations regarding pensions.

#### **P Taxation**

Current income tax

The Company records current income tax on the taxable profit in tax returns under the relevant tax laws.

#### **Q Recognition of revenue**

Income refers to the services provided. The Company's revenues are made from application monitoring, database storage and processing. Amounts are determined as a fixed tariff for a set volume of transactions, and for transactions that exceed this volume, a charge per transaction is charged. The Company also receives income from implementation and maintenance projects required for various banking operations.

Revenues for implementation and maintenance services are recognized on the basis of the completion stage, percentage of the total revenue related to the service contract. The percentage is determined as the ratio between the total services to be rendered and the services rendered up to the balance sheet date. The income from interest is periodically recognized, proportionally, as the respective revenue is generated, respectively, based on the accrual basis.

## ERB IT SHARED SERVICES SA

### NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

#### FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019

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In these financial statements, income and expenses are presented at gross value. In the balance sheet, debts and claims from the same partners are presented at net value when there is a clearing right.

#### **R Turnover**

The turnover represents the invoiced amounts and the amounts to be invoiced, without VAT and discounts, for delivered goods and provided services

#### **S Operating expenses**

The operating expenses are recognized in the period to which they relate.

#### **T Financial expenses**

The financial expenses are recognized in the period to which they relate.

## **6 PARTICIPATIONS AND SOURCES OF FINANCING**

### **a) Share capital:**

The amount of authorized capital at 31 December 2019 was 16.900.000 lei equivalent to 4.030.334.82 Euro at the historical exchange rate, representing 169.000.000 shares. All shares are ordinary and all the capital is paid on December 31, 2019 (at December 31, 2018 the paid-up capital was 16.900.000 lei). All shares have the same voting rights and have a face value of 0.01 lei / share.

The shareholding structure at 31 December 2019 is presented as follows:

	<u>No. of shares</u> <u>(thousand)</u>	<u>Amount</u> <u>(lei)</u>	<u>Percenta</u> <u>ge</u> <u>(%)</u>
ERB NEW EUROPE HOLDING BV	167.142.105	16.714.211	98,90065
ERB EUROBANK ERGASIAS SA	<u>1.857.895</u>	<u>185.789</u>	<u>1,09935</u>
Total	<u>169.900.000</u>	<u>16.900.000</u>	<u>100</u>

### **b) Issued bonds**

The Company had no bonds issued on 31 December 2018 and 31 December 2019.



**ERB IT SHARED SERVICES SA**

**NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

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**7 INFORMATION ABOUT EMPLOYEES AND MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

**a) Allowances for the members of administration, management and surveillance bodies**

During the financial years 2018 and 2019, the Company did not grant allowances to members of the administrative, management and supervisory bodies.

**b) Employees**

The average number of employees during the year was the following:

	<u>2018</u>	<u>2019</u>
Administrative personnel	1	1
Production personnel	5	-
Total	<u>6</u>	<u>1</u>

	<u>2018</u> <b>(lei)</b>	<u>2019</u> <b>(lei)</b>
Total expenses with employees salaries	<u>463.822</u>	<u>62.570</u>

	<u>December 31 2018</u> <b>(lei)</b>	<u>December 31, 2019</u> <b>(lei)</b>
Salaries to be paid at the end of the period	<u>78.909</u>	<u>0</u>

Expenses with employee salaries includes directors' allowances but also the cost of meal vouchers as follows:

	<u>2018</u> <b>(lei)</b>	<u>2019</u> <b>(lei)</b>
Cost of meal tickets	<u>1.158</u>	<u>2.671</u>

**8 FURTHER INFORMATION:**

**a) Information on Company Presentation**

ERB IT Shared Services SA was established in 2006 as a subsidiary of ERB EUROBANK ERGASIAS SA being a joint-stock company and having as its object the activity of computer

## ERB IT SHARED SERVICES SA

### NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

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data processing. The headquarters of the company is at 6A Dimitrie Pompeiu Street where the activity is conducted.

The company carries out computer data processing activities. The core business is the management / monitoring of banking operations / banking transactions of banks / companies within Eurobank Ergasias SA, which is also the shareholder company.

The majority shareholder at the end of 2019 and 2018 is ERB New Europe Holding BV.

#### **b) Information on the entity's relationships with subsidiaries, associates or other entities in which strategic holdings are held**

The company has no equity. The company has a branch office in Greece. The financial statements of the subsidiary are consolidated in the Company's financial statements.

Details on transactions with affiliated parties and the nature of relations with them are provided in Note 8 c).

#### **c) Turnover**

	<u>2018</u> <b>(lei)</b>	<u>2019</u> <b>(lei)</b>
Services provided	<u>11.197.228</u>	<u>5.129.675</u>

#### **d) Events after the balance sheet date Other events**

During the period from December 31, 2017, the company signed additional documents regarding the loan obtained from Eurobank Private Bank Luxembourg SA, on June 27, 2018 it reduced the ceiling from Euro 7,500,000 to Euro 1,000,000, on March 19, 2020 signed the increase of the financing line ceiling up to Euro 1,400,000 and on June 25, 2020 extended the maturity of the contract until June 30, 2021. At the end of 2020, the loan was repaid in full. In November 2020, the share capital was increased by the amount of 24,368,500 RON, the money being paid by the associates in 2020, and the registration against third parties was made in 2021. In December 2021, the share capital was increased by the amount of 19,796,800 RON.

On May 6, 2019, the Board of Directors of the Company decided to close the Branch of the Company in Greece. The procedures necessary for the liquidation of the Branch have been performed, the closing date being July 17, 2019.

At the date of approval of these financial statements, the Company's current liabilities exceeded its total assets and the Company's net assets, determined as the difference between its total assets and its total liabilities, represent less than half of the Company's share capital. In accordance with the Companies Law no. 31/1990, republished, with subsequent amendments and completions, when this fact is ascertained, the directors of

## ERB IT SHARED SERVICES SA

### NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

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the Company are obliged to convene immediately the Extraordinary General Meeting of Shareholders to decide if the Company should be dissolved or not. If the Extraordinary General Meeting of Shareholders does not decide to dissolve the Company, then the Company is obliged to reduce the share capital by an amount at least equal to that of losses that cannot be incurred until the end of the financial year following the violation of the net asset limit that cannot be covered by reserves, if during this period, the net assets of the Company have not been reconstituted to the level of a value at least equal to half of the share capital.

Eurobank Group, through actions to extend and increase the ceiling of the financing line, confirmed that it intends and is able to provide the Company with continuous financial support so that the Company complies with the principle of business continuity for a period of 12 months from signing these financial statements.

#### **The situation worldwide**

At the end of 2019, news appeared in China for the first time about a new virus, from the group of coronaviruses, later called COVID-19. The situation at the end of 2019 was that the unknown virus was reported by the World Health Organization with a limited number of cases. In the first months of 2020, the virus spread globally and its negative impact became visible. Although the situation is evolving at the time of approving these financial statements, at the level of the global economy and implicitly on the Romanian companies, the negative effects of this pandemic are felt. The management considers that this event is not adjusted in the financial statements, according to "Subsequent events" the conditions occurred after the reporting date.

Since February 24, 2022, Russia has been conducting military operations on the territory of Ukraine, generating a military conflict.

The global economic impact of the conflict in the region could include: significant disruptions of entities operating in Ukraine, Russia and Belarus, challenges related to liquidity, significant increases in the prices of basic products; the increase in global economic uncertainty and the suspension of trading of Russian securities, the increase in loan costs and risk premiums, the increase in inflation and the increase in interest rates; and disruptions to economic activity caused by cyber attacks against Russia, as well as jurisdictions that have imposed sanctions or provide assistance to Ukraine or Russia/Belarus. The company has no direct exposure in Ukraine, Russia or Belarus. Currently, the management cannot estimate whether there will be an impact of these events on the financial perspectives of the Company. However, the Management considers that it takes all the necessary measures to support the sustainability and growth of the Company's activity in the current circumstances and that the professional judgments in these financial statements remain adequate and, therefore, continues to apply the principle of continuity of activity as the basis for preparing the financial statements.

#### **e) Expenses with rents and installments paid under an operating lease**

## ERB IT SHARED SERVICES SA

### NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

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The company operates in a leased premises from affiliated parties, part of a 15-year contract. Expenditures for the year 2019 were RON 4.125.868 (December 31, 2018: 3.965.220 lei).

**f) Fees paid to auditors / censors**

The company paid in 2019 to auditors the fees according to the contract in the amount of 0 lei including VAT.

**g) Unmatured commercial effects expected**

The company does not have expected business effects.

**h) Probable liabilities and commitments**

The company does not have commitments at the end of 2019.

**i) Commitments received**

The company has no commitments received by the end of 2019.

**j) Transactions with affiliated parties / related parties**

Affiliated entities include those entities and persons that have control or significant influence over the Company's business.

Related entities include entities that:

- a. Directly or indirectly through one or more entities, controls or is controlled by the other entity or is under common control of the other entity (this includes parent companies, subsidiaries or member subsidiaries);
- b. Is a member of key management personnel of the entity or its parent.

The company included in the list of related entities as of December 31, 2019:

- ERB Private Bank Luxembourg SA.
- Eurolife ERB Asigurari Generale SA - client;
- Eurolife ERB Asigurari de Viata SA - client;
- IMO Property Investments București SA- client;
- Seferco Development SA – supplier;
- Eurobank Ergasias SA - Parent company (controlling entity) - client;
- Business Exchanges SA – supplier;
- Eurobank Business Services SA – supplier;
- IMO Property Investments Sofia EAD– client;

**(1) Sales of services and interest**

	<u>2018</u> (lei)	<u>2019</u> (lei)
<i>Service Sales</i>		

ERB IT SHARED SERVICES SA

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a) the parent company	586.304	0
b) other affiliated parties	<u>101.462</u>	<u>47.778</u>
	<u>687.767</u>	<u>47.778</u>
<i>Income from interests</i>		
a) the parent company	1.117	220
b) other affiliated parties	<u>0</u>	<u>0</u>
	<u>1.117</u>	<u>1.117</u>

(2) Purchases of services and interest expenses

	<u>2018</u> (lei)	<u>2019</u> (lei)
<b>Service purchases</b>		
a) the parent company	0	0
b) other affiliated parties	<u>5.034.652</u>	<u>5.221.880</u>
	<u>5.034.652</u>	<u>5.221.880</u>
Expenses with interest		
a) other affiliated parties	94.697	97.004

(3) Balances resulting from the sale / purchase of goods / services

	<u>December 31 2018</u> (lei)	<u>December 31, 2019</u> (lei)
Commercial receivables		
a) the parent company	46.433	0
b) other affiliated parties	<u>25.813</u>	<u>30.275</u>
	<u>72.246</u>	<u>30.275</u>
Available at the bank		
a) the parent company	4.309.772	10.387
b) other affiliated parties	<u>8.188.811</u>	<u>0</u>
	<u>12.498.583</u>	<u>10.387</u>
	<u>December 31 2018</u> (lei)	<u>December 31, 2019</u> (lei)
Credit balance with affiliated parties		
Suppliers	94.335	91.749
Loans	4.711.057	4.779.300

9 NET CASH FLOW GENERATED FROM Operational activities

	<u>2018</u>	<u>2019</u>
	(lei)	(lei)
<b>Operational activities</b>		
- (Net loss)	(37.834.854)	(2.391.238)
Adjustments for the reconciliation of the net result with net cash used in investing activities operational, of which:	34.556.417	(4.000.961)
Adjustment of tangible and	7.114.472	-

**ERB IT SHARED SERVICES SA**

**NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

intangible assets		
Expenses with provisions for current assets	(1.349.193)	
Assigned assets expense	1.382.585	
Adjustments for provisions for risks and expenses	28.829.845	(4.048.834)
(Loss) from the sale of fixed assets tangible and intangible assets	-	-
Effect of exchange rate fluctuation on non-cash items:	(38.707)	47.873
Income from interests	(40.178)	(6.022)
Interest Expenses	94.697	97.004
<b>Cash Increase/(Decrease). Increase/Decrease in operating cash before changes in working capital</b>	(1.841.331)	(6.301.216)
Changes in working capital:	8.897.942	(2.993.923)
(Increase)/Decrease in receivable balances commercial and other receivables	8.841.007	(570.126)
(Increase)/Decrease in the balances of expenses in advance	(541.379)	350.405
(Increase)/(Decrease) in receivable balances trade payables and other debts	598.315	(2.774.201)
Other changes in current assets	-	-
<b>Treasury flows from exploitation activities</b>	5.159.289.	(9.295.139)

**ERB IT SHARED SERVICES SA**

**NOTES TO THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2019**

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**10 CONTINGENCIES**

**(a) Actions in court**

The company is not the subject of court proceedings.

**(b) Taxation**

The tax system in Romania has undergone several changes in recent years and it is in a continuous process of upgrading and modernization. As a result, still there are different interpretations of tax legislation. In certain situations, the tax authorities may treat different aspects differently by calculating additional taxes and interest and related late payment penalties (currently totaling 0,01% per day of delay). In Romania, the fiscal exercise remains open for fiscal verification for 5 years. The Company's management believes that the tax liabilities included in these financial statements are appropriate.

**(c) Transfer price**

Romanian tax legislation includes the principle of "market value", according to which transactions between affiliated parties must be carried out at market value. Taxpayers conducting transactions with affiliated parties must prepare and make available to the tax authorities in Romania, upon their written request, the transfer pricing file. Failure to submit the transfer pricing file or submission of an incomplete file may result in penalties for non-compliance; In addition to the content of the transfer pricing file, tax authorities may interpret transactions and circumstances different from management's interpretation and, as a result, may impose additional tax obligations resulting from the adjustment of transfer pricing. The management of the Company believes that it will not suffer any losses in the event of a fiscal check to verify the transfer prices. However, the impact of different interpretations of tax authorities cannot be estimated reliably. This may be significant for the Company's financial position and / or operations. There are affiliated parties in Romania, Greece, Ukraine, Serbia, Turkey, Luxemburg, Bulgaria.

**DIRECTORS**

Name and surname Zafeiris Konstantinos

Name and surname Psychogios Spyros

Signatures \_\_\_\_\_

Stamp



**PREPARED BY,**

Name and surname

ABH EXPERT SRL

Position Accountant

Signature \_\_\_\_\_

Registration number with the professional body

CECCAR Authorization no. 11942/2017