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## IDENTIFICATION DATA

Annual report according to: **ANNEX 15 OF ASF REGULATION 5/2018**

For the financial year: **01.01.2023 – 31.12.2023**

Report Date: **29 Aprilie 2024**

Name of issuer: **Ascendia S.A.**

Registered Office: **Str. Eufrosin Poteca nr.40, etaj 1, Sector 2, București, Romania**

Correspondence address / business point: **Bd. Dacia nr.99, etaj 4, Sector 2, București, Romania**

Telephone/fax number: **+40371089200**

E-mail contact for investor information: **investors@ascendia.ro**

Unique registration code at the Trade Register Office: **RO21482859**

Commercial register number: **J40/6604/2007**

Regulated market on which the issued securities are traded: **AeRO ATS Premium**

Share capital subscribed and paid in: **1.172.180,10 RON**

Main characteristics of the securities issued: **11.721.801 shares at a nominal price of 0,10 RON per share**

Trading Symbol: **ASC – shares; ASC27 – bonds**

ISIN code: **ROASCIACNOR9**

## MESSAGE TO OUR SHAREHOLDERS

With a commitment to innovation and excellence, Ascendia S.A. has continued to adapt to the changing dynamics of the digital education sector. This year, we placed a strong focus on developing our technology solutions. We enhanced LIVRESQ and CoffeeLMS, our e-learning products, by extending the Artificial Intelligence features. Using cutting-edge technology, we increased both functionality and accessibility, paving the way for new collaboration opportunities and strategic partnerships. We have also focused on expanding our educational offering, including the launch of our new expanded corporate e-learning package, demonstrating our ability to innovate and adapt to market demands. This expansion is designed to meet the changing needs of education professionals and institutions.

From an operational point of view, 2023 came with two major challenges: 1) the extension of the execution of the Edulib contract well beyond the assumed date, which generated additional costs and opportunity costs by not involving the project team in other commercial projects that would have brought additional revenues, 2) the lack of securing funding by the Romanian state for a significant number of project beneficiaries through PNRR programmes, which did not actually receive the money to be able to execute the budgeted purchases, including Ascendia solutions, which generated a shortfall in the related projected receipts. With regard to expected funding through the PNRR for education projects, we are in a wait-and-see position therefore; expected revenues on this line did not arrive in 2023, **but will most likely be realised in 2024.**

**In parallel, recurring receipts on established lines of business (CoffeeLMS, eJourneys, LIVRESQ) increased significantly, with values of over +85%.**

We are proud of the completion of the Edulib project, which was a defining moment for us. The project will serve over 720,000 pupils and around 69,000 secondary school teachers. This achievement has strengthened our confidence in our strategy and confirmed our ability to successfully deliver strategic national projects. Please note that all invoices related to this project have been issued by the end of 2023 and by the date of this report they have been received.

It should be noted that the MVP version of the eGarantie product was also completed in 2023. During the year AMPOC/OIC has transferred to our company the total amount of 1,253,772 lei representing reimbursement/financing requests submitted under the SMIS 123011 Project (POC/222/1/3) - eGarantie - completed in September 2023, through the Competitiveness Operational Programme 2014-2020. The non-reimbursable financing for this product ended with the completion of the experimental prototype of the product.

At the date of this report, the company has significant liquidity in bank accounts and in investments in companies listed on the stock exchange. We have a sound financial position with no bank debts. The capital structure is based on equity and the debt portion is represented by the bonds maturing in 2027 (ASC27), for which we have paid all coupons on time. Our existing cash flow and the fact that we are generating significant profits give us confidence that we will be able to scale the business in the coming years.

ASCENDIA's commercial activity last year was based on four pillars: a) custom e-learning content development services for companies and for the EduLib project, b) sales to companies of the CoffeeLMS Learning Management System platform, c) sales of licences for eJourneys e-learning courses and d) revenues from the sale of licences and related services for the e-learning authoring tool LIVRESQ.

**The total revenues of Ascendia S.A. recorded in 2023 are (approximately) at the level of the previous year, reaching 12.4 million lei, with a turnover of almost 9 million lei, similar to that recorded in 2022, which was the best year since the company was founded.**

Therefore, last year marked a consolidation stage in our upward evolution since 2020, the increase of almost 43% in expenses generated a significant net profit of approx. 1.3 million lei, down by about 67% compared to 2022, which is a sign of our resilience and adaptability in the face of market fluctuations and unpredictability. The factors that led to this result will be detailed below.

The number of employees at the end of 2023 reached 47, up from 49 at the end of 2022, as a result of reallocation and optimisation of human capital and normalisation of teams after the closure of the EduLib project. The average number of employees increased from 38 in 2022 to 50 in 2023.

This year we will continue to improve communication with our shareholders and the capital market, increase transparency towards investors and corporate governance. It promises to be a very busy year in which we will invest heavily in sales activities for our products, both domestically and in international markets, operationalization of the Employee Stock Options Plan, and partnerships for development.

For 2024 we set the following specific targets:

- Expansion of the marketing and sales department, the company's goal being both to increase the number of customers, direct and indirect sales, increase the visibility and awareness of the company's brand and products;
- Restructuring the Investor Relations activity by using internal resources and continuing the transparent communication initiatives started in the second half of last year;
- Optimal capital allocation to enable accelerated growth to meet and exceed the multi-year qualitative and quantitative targets proposed to shareholders, while maintaining a margin of safety and the ability to pivot to business and investment opportunities;
- Implementing the Extraordinary Employee Stock Options Plan whereby the company will reward employees with more than 3 years of service with the company, and then operationalise the general ESOP based on this experience, benefiting all other employees as well as future members of an Advisory Board.
- Writing and submitting new grant funded projects as new funding lines corresponding to our needs are launched.

We anticipate that 2024 will be a pivotal year, both in terms of projects financed by PNRR funds, which we expect to facilitate significant receipts from clients, and in terms of our efforts to expand to external markets.

**Thank you to everyone who believes in us and believes in education!**

**Cosmin Mălureanu**

**ADMINISTRATOR ASCENDIA S.A.**

## 1. ANALYSIS OF THE COMPANY'S ACTIVITY

1.1 A) DESCRIPTION OF THE BASIC BUSINESS OF THE COMPANY; B) A STATEMENT OF THE DATE OF INCORPORATION OF THE COMPANY; C) A DESCRIPTION OF ANY SIGNIFICANT MERGERS OR REORGANISATIONS OF THE COMPANY, ITS SUBSIDIARIES OR CONTROLLED COMPANIES DURING THE FINANCIAL YEAR; D) A DESCRIPTION OF ACQUISITIONS AND/OR DISPOSALS OF ASSETS; E) A DESCRIPTION OF THE MAIN RESULTS OF THE VALUATION OF THE COMPANY'S BUSINESS.

**Ascendia S.A.'s core business is the development of software and digital content for the e-learning industry.**

According to the registration with the National Trade Register Office (ONRC), the main activity of Ascendia S.A. is "Information technology service activities" - CAEN Code 620, and the main activity of the company is "Custom software development activities (client-oriented software)" - CAEN 6201. These have remained the same since the company was founded.

**The companies main areas of activity are:**

- Enterprise Learning Management System - CoffeelMS - **CoffeelMS** ([www.coffeelms.com](http://www.coffeelms.com)) – for large companies/corporations;
- eContent aimed at training employees in large companies/corporations and developing customized solutions - both the service area and the "off-the-shelf" product **eJourneys** developed in partnership with Trend Consult SRL;
- **LIVRESQ** ([www.livresq.com](http://www.livresq.com)) - digital SAAS platform, an e-learning authoring tool allowing all content creators in the educational field, from publishers to teachers and specialists in companies, to create interactive digital content in an easy way.

In addition to these, there are other departments that have a smaller share of the company's activity, some of which do not generate commercial revenue, which add to the range of educational products and services offered by the company and its presence in the market:

- The „e-Learning Romania” portal, [www.elearning.ro](http://www.elearning.ro)
- The Speech therapy portal for children [www.timlogo.ro](http://www.timlogo.ro);
- The edutainment portal portal for children aged 4 to 12 [www.dacobots.com](http://www.dacobots.com);
- EduTeca collection (aimed at pre-schoolers) and EduTeca printed and digital school textbooks (for schoolchildren);

The company, a Romanian legal entity, was established under the name ASCENDIA DESIGN S.R.L. in 2007, with Mr. Cosmin Mălureanu as sole shareholder, who has held and still holds the position of Sole Administrator and General Manager. The initial form of organisation was a limited liability company.

In 2016 the company became ASCENDIA S.A., transforming into a joint stock company. The registered office of the company is located at 40 Eufrosin Poteca Street, sector 2, Bucharest. At the date of this report the company has a new administrative and fiscal office, located at the address 99 Dacia Street, 4th floor, Sector 2, Bucharest.

In 2016, on 07.07.2016, Ascendia S.A. was admitted to trading through the ATS system of the Bucharest Stock Exchange, Premium category, the company trading since then under the stock symbol "ASC". **In 2022 ASCENDIA was included in the Bucharest Stock Exchange index "BET AeRO".**

**The evolution of the company's share capital is shown in the table below:**

CHANGES IN SHARE CAPITAL AND OWNERSHIP STRUCTURE						
Date	Tip of operation	Social Capital (RON)	Nominal value (RONshare)	Nr. of shares	Source	Shareholder structure
Mar-07 <sup>1</sup>	Founding	1.000,00	10,00	100	Cash	Cosmin Mălureanu – 100%
Mar-16	Nominal Value	1.000,00	0,10	10.000	-	Cosmin Mălureanu – 100%

	Change					
Mar-16	Capital increase	130.000,00	0,10	1.300.000	Cash	Cosmin Mălureanu – 70,00% Alex Mălureanu – 25,00% Adriana Ioana Mălureanu – 5,00%
Apr-16	Capital increase	144.444,40	0,10	1.444.444	Cash	Cosmin Mălureanu – 63,00% Alex Mălureanu – 22,50% Adriana Ioana Mălureanu – 4,50% FDI Certinvest Dinamic – 10,00%
Apr-17 <sup>2</sup>	-	144.444,40	0,10	1.444.444	-	Cosmin Mălureanu – 61,5899% Alex Mălureanu – 22,0000% Legal Entities – 10,6737% Natural Persons – 5,7363%
Apr-18 <sup>3</sup>	-	144.444,40	0,10	1.444.444	-	Cosmin Mălureanu – 61,5899% Alex Mălureanu – 22,0602% Legal Entities – 4,2312% Natural Persons – 12,1187%
Apr-19 <sup>4</sup>	-	144.444,40	0,10	1.444.444	-	Cosmin Mălureanu – 61,7624% Alex Mălureanu – 22,0602% Legal Entities – 5,2739% Natural Persons – 10,9034%
Apr-20 <sup>5</sup>	-	144.444,40	0,10	1.444.444	-	Cosmin Mălureanu – 62,2817% Alex Mălureanu – 22,3429% Legal Entities – 1,3309% Natural Persons – 14,0446%
Apr- 21 <sup>6</sup>	-	144.444,40	0,10	1.444.444	-	Cosmin Mălureanu – 61,2817% Alex Mălureanu – 22,3429% Legal Entities – 3,0031% Natural Persons – 13,3723%
Apr- 22 <sup>7</sup>	Capital increase	167.454,30	0,10	1.674.543	Cash	Cosmin Mălureanu – 54,2285 % Alex Mălureanu – 19,1611 % Legal Entities – 3,3500% Natural Persons – 23,2603 %
Apr - 23 <sup>8</sup>	Capital increase	1.172.180,1	0,10	11.721.801	Cash	Cosmin Mălureanu – 54,2285 % Alex Mălureanu – 19,1611 % Legal Entities – 2,6256% Natural Persons – 23,9848 %
Apr – 24 <sup>9</sup>		1.172.180,1	0,10	11.721.801	-	Cosmin Mălureanu – 54,5437 % Alex Mălureanu – 19,1833 % Legal Entities – 0,4917% Natural Persons – 25,7814 %

1-The company was established as a Limited Liability Company (S.R.L.); the form of organization of the company was changed into a Joint Stock Company (S.A.) in order to be admitted to trading on the Alternative Trading System administered by the Bucharest Stock Exchange;

2 - Summary structure, according to the Central Depository, related to 18.04.2017, the record date for the Ascendia S.A. OGMS of 29.04.2017;

3 - Summary structure, according to the Central Depository, related to 18.04.2018, the record date for the Ascendia S.A. OGMS of 29.04.2018.

4- Summary structure, according to the Central Depository, relating to 19.04.2019, the record date for the Ascendia S.A. OGMS of 29.04.2019.

5- Summary structure, according to the Central Depository, relating to the date of 16.04.2020, the record date for the Ascendia S.A. OGMS of 29.04.2020.

6 - Summary structure, according to the Central Depository, relating to the date of 15.04.2021, the record date for the Ascendia S.A. OGMS of 28.04.2021.

7 - Summary structure, according to the Central Depository, relating to 14.04.2022, the record date for the Ascendia S.A. OGMS of 27.04.2022.

8 - Summary structure, according to the Central Depository, relating to 13.04.2022, the record date for the Ascendia S.A. AGOA of 27.04.2023

9 - Summary structure, according to the Central Depository, relating to 18.04.2024, the record date for the Ascendia S.A. AGOA 29.04.2024

ASCENDIA's commercial activity last year was based on four pillars: a) custom e-learning content development services for companies and for the EduLib project, b) sales to companies of the CoffeeLMS Learning Management System platform, c) sales of licences for eJourneys e-learning courses and d) revenues from the sale of licences and related services for the publisher LIVRESQ.

**As for economic activity in 2023, it has consolidated to almost the previous year's level. Thus, the turnover recorded in 2023 was 8,958,255 lei, 1.2% lower than 9,067,922 lei in 2022. Even though there was a significant increase in costs, there was a significant net profit of 1,297,024 lei, 66.91% lower than in 2022.**

During January 2023 a car was sold from the company's assets for a value of 103.872,3 Ron including VAT.

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1.1.1 GENERAL ASSESSMENT ELEMENTS: A) PROFIT; B) TURNOVER; C) EXPORT; D) COSTS; E) % MARKET SHARE; F) LIQUIDITY (CASH ON HAND, ETC.).

**A) Profit/Loss**

The result of the 2023 business activity was marked by the extension of the Edulib project completion date (beyond the estimated date), which resulted in a significant increase in costs, while the non-allocation of PNRR funds foreseen for our clients resulted in the delay in achieving the expected and budgeted revenues last year. Also, the completion of the (funded) eGarantie project generated co-financing costs from Ascendia, so that a net profit of 1,297,024 lei was recorded as at 31.12.2023, a decrease of approximately 66.91% compared to the previous year.

**The company's turnover decreased insignificantly, by 1.2%, from 9,067,922 lei in 2022 to 8,958,255 lei in 2023.**

**The total income** reached at the end of 2023 the amount of **12,399,441 lei**, registering a very slight increase compared to 2022.

The company also benefited during 2023 from non-reimbursable funds coming from a funding line, as a result of the continuation of the AMPOC/OIC funding contract, which was signed in 2021, having as object the realization and implementation of a project entitled "Innovative system for the management and analysis of large data used for the management of the guarantee of products or services", or "eGarantie", as it is internally called, from which during the year the amount of 1,253,772 lei was received. During 2023, an amount of RON 2,042,962 was spent, of which RON 555,549 represents the Ascendia co-financing part. At the end of 2023 the company still has to collect the amount of 194,304.76 lei (representing amounts receivable from the last reimbursement request).

In 2023, the policy of investing in own products was continued and the expenses made in the direction of their development were capitalized, which resulted in an increase of approximately 19.86% in the value of intangible assets, reaching a total value of 9,975,714 lei. The costs of various upgrades/updates to existing products will continue to be capitalised in conjunction with increased marketing activity and the development of product sales strategies.

Although the financial income in 2023, amounting to 252,898 lei, recorded a significant increase of 2,055.79% compared to 2022, the financial expenses, amounting to 442,416 lei (an increase of 108.09% compared to 2022), exceeded this income, resulting in a negative financial result of 189,528 lei. This situation was mainly due to the interest expenses on ASC27 bonds, which were paid during the year in 2 instalments.

**Even with a 42.95% increase in total expenditure in 2023, from 7,736,458 lei (in 2022) to 11,059,133 lei (in 2023), a net profit of 1,297,024 lei was recorded at the end of 2023.**

**B) Turnover**

In 2023 the company recorded a slight decrease of 1.2% in the value of commercial income (turnover) compared to the previous year, from 9,067,922 lei in 2022 to 8,958,255 lei in 2023.

Turnover for 2023 is made up of revenue from the sale of the following products and services:

- Revenue from sales and creation of e-learning courses (eContent, including eJourneys): 7.386.053 lei
- Revenue from the sale of Coffee LMS services (maintenance and platform access, customisation, etc.) : 633.805 lei
- Income from services and subscriptions related to the LIVRESQ platform: 589,759 lei
- Other income from other lines (subscriptions to the TIMLOGO platform, other SAAS services, etc.): 348,638 lei



### C) Export

Export revenues from services rendered to foreign customers amounted to 195,108 lei (39,906 EUR) in 2023, compared to 1,128,543 lei (228,844 EUR) in the previous year.

### D) Costs

Total expenditure recorded in 2023 was 11,059,133 lei, an increase of about 42.95% compared to 2022, when it was 7,736,458 lei.

In the expenditure structure, as in previous years, the main share is held by staff costs, 6,910,305 lei, which represents approximately 62.48 % of total expenditure. These are followed by other operating expenses amounting to RON 2,169,688, representing approximately 19.61% of total expenditure, of which we mention the ones that have the largest share in total expenditure:

- Expenditure on external services and benefits amounting to 1,986,824 lei, which include: consulting services, services related to capital market activities, PR services, SAAS services and licenses such as Microsoft Azure cloud, Adobe Creative, Facebook, etc.
- Expenditure on collaborators and management: 293,873 lei.
- Rent expenses: 180,750 lei

These are followed, in terms of share, by depreciation expenses 1,068,868 lei (9.67%) and interest: 427,434 lei (3.86%).

### E) Provisions

At the end of 2023, a provision for risks and charges of Ron 50,000 was set up relating to a legal action in connection with a labour dispute.

The company's accounting policies provide for the establishment of provisions only in cases where the amounts for which they are established are not clarified, i.e. received/paid at the balance sheet date and where there are contractual uncertainties/unclearances etc. hanging over them.

The total level of equity registered a slight increase of 0.42% compared to last year, reaching the amount of 10,828,348 lei.

The other liabilities in the balance sheet data presented are those maturing in January 2024, and which have been paid when due.

The following is the comparative evolution of turnover, operating income and expenses, operating, financial, gross, net and financial indicators over the last 3 (three) years.

<b>PROFIT AND LOSS ACCOUNT (LEI)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Net turnover	4.567.673	9.067.922	8.958.255
Operating income	6.138.084	12.344.637	12.146.553
Operating expenses	3.774.920	7.523.855	10.616.717
Operating result	2.363.164	4.820.782	1.529.836
Financial result	-79.429	-200.873	-189.528
Gross result	2.283.735	4.619.909	1.340.308
Net result	2.251.446	3.920.613	1.297.024

Here are some key performance indicators:

<b>LIQUIDITY INDICATORS</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Current Liquidity Ratio	1,57	4,69	3,45
Quick Liquidity Ratio	1,50	4,62	3,35
Immediate Liquidity Ratio	0,17	0,96	0,49

SOLVENCY INDICATORS	2021	2022	2023	Optimum Indicator
Degree of Indebtedness	0,53	0,33	0,30	<0,80
General Solvency Ratio	1,90	3,03	2,69	>1
Equity Solvency Ratio	0,22	0,51	0,56	>0,5

In the context of the economic situation presented, all the economic and financial indicators recorded very good values, as follows:

- Although the liquidity indicators have decreased compared to the previous year - current and quick liquidity - they are 3 times above the optimal value ( >1) which shows an excellent capacity of the company to cover its current liabilities on the assets.
- The solvency indicators have maintained their levels compared to the previous year, fluctuating very little, which shows that the company still has an excellent capacity to meet its medium and long-term maturities, i.e. to pay its debts when due.

The bottom line is, the actual assets are more than sufficient to allow the company's debts to be paid in full.

Below we present the dynamics of the financial data in detail.

Indicators of financial position	31.12.2022 (LEI)	31.12.2023 (LEI)	Variation (%)
<b>Fixed assets</b>	<b>8.428.259</b>	<b>10.359.500</b>	<b>22,91%</b>
Intangible fixed assets	8.322.548	9.975.714	19,86%
Tangible fixed assets	59.661	295.902	395,97%
Financial fixed assets	46.050	87.884	90,84%
<b>Current assets(AC)</b>	<b>12.652.888</b>	<b>12.763.930</b>	<b>0,88%</b>
Stocks	212.289	393.667	85,44%
Receivables	9.841.916	10.530.714	7,00%
House and bank accounts (DB)	2.412.342	1.217.843	-49,52%
Short-term investments (VM)	186.341	621.706	233,64%
<b>Advance expenses</b>	<b>41.897</b>	<b>6.008</b>	<b>85,66%</b>
<b>TOTAL ASSETS (AT)</b>	<b>21.123.044</b>	<b>23.129.438</b>	<b>9,50%</b>

Indicators name	31.12.2022 (LEI)	Weight (%)	31 .12.2023 (LEI)	Weight (%)	Variation (%)
Trade debts	376.138	13,95%	729.605	19,75%	+93,97%
Debts to staff	339.140	12,58%	439.869	11,90%	+29,70%
Tax liabilities	1.877.948	69,67%	966.787	26,17%	-48,52%
Other current liabilities	102.159	3,8%	1.558.318	42,18%	+1.426,66%
<b>CURRENT DEBTS(DC)</b>	<b>2.695.385</b>	<b>100%</b>	<b>3.694.579</b>	<b>100%</b>	<b>+37,07%</b>

Indicators name	31.12.2022 (LEI)	Weight (%)	31.12.2023 (LEI)	Weight (%)	Variation (%)
Current liabilities	2.695.385	38,72%	3.694.579	42,91%	+37,07%
Medium and long-term debts	4.265.025	61,28%	4.915.486	57,09%	+15,25%
Provisions			50.000		
<b>TOTAL LIABILITIES (DT)</b>	<b>6.960.410</b>	<b>100%</b>	<b>8.660.065</b>	<b>100</b>	<b>+24,42%</b>
<b>Prepaid income</b>	<b>3.379.876</b>		<b>3.641.025</b>		<b>7,73%</b>

Indicator Name	31.12.2022 (LEI)	31.12.2023 (LEI)	Variation (%)
Capital	1.172.180	1.172.180	0%
Reserve	2.546.677	5.369.416	110,84%
Capital premium	3146237	3.146.237	0
Retained earnings	163.359	88.108	-46,06%
Result for the period	3.920.613	1.297.024	-66,92%
Profit distribution	166.308	244.617	47,09%
Total equity (TCPER)	<b>10.782.758</b>	<b>10.828.34</b>	0,42%
Total liabilities (DT)	<b>6.960.410</b>	<b>8.660.065</b>	24,42%
<b>TOTAL LIABILITIES (PT)</b>	<b>21.123.044</b>	<b>23.129.43</b>	6,58%

Financial performance indicators	31.12.2022 (LEI)	31.12.2023 (LEI)	Variation (LEI)	Variation (%)
<b>Income from Operating</b>	<b>12.344.637</b>	<b>12.146.553</b>	<b>-198.084</b>	<b>-1,60%</b>
Net turnover	9.067.922	8.958.255	-109.667	-1.21%
Revenue from production of Fixed assets	2.478.739	2.334.438	-144.301	-5.82%
Other operating income	797.976	853.860	55884	7,00%
<b>Operating activity Expenses</b>	<b>7.523.855</b>	<b>10.616.717</b>	<b>3.092.862</b>	<b>41,11%</b>
Material expenses	66.335	73.609	7.274	10.97%
Energy and water expenses	9.750	17.570	7.820	80.21%
Staff expenses	4.612.664	6.910.305	2.297.641	49,81%
Depreciation expenses	834.352	1.068.868	234.516	28,11%
Other operating expenses	0	84.918	84.918	
Income from	2.000.754	2.461.447	460.693	23,03%
<b>Operating result (OR)</b>	<b>4.820.782</b>	<b>1.529.836</b>	<b>-3.290.946</b>	<b>-68,27%</b>

Indicator Name	31.12.2022 (LEI)	31.12.2023 (LEI)	Variatie (LEI)	Variatie (%)
Operating income	12.344.637	12.146.553	-198.084	-1.60%
Operating expenses	7.523.855	10.616.717	3.092.862	41,11%
<b>OPERATING RESULT (RE)</b>	<b>4.820.782</b>	<b>1.529.836</b>	<b>-3.290.946</b>	<b>-68,27%</b>
Financial income	11.730	252.888	241.158	2055,91%
Financial expenses	212.603	442.416	229.813	108,09%
<b>FINANCIAL RESULT</b>	<b>-200.873</b>	<b>-189.529</b>	<b>11.344</b>	<b>-108,09%</b>
<b>GROSS RESULT (RB)</b>	<b>4.619.909</b>	<b>1.340.308</b>	<b>-3.279.601</b>	<b>-70,99%</b>
Income Tax	18.310	0	-18.310	-100%
Profit Tax	680.986	43.284	-637.702	-93,64%
<b>NET RESULT (RN)</b>	<b>3.920.613</b>	<b>1.297.024</b>	<b>-2.623.589</b>	<b>-66,92%</b>

Here are some indicators relevant to profitability.

PROFITABILITY INDICATORS	2021	2022	2023
EBITDA	2.944.354	5.655.314	2.836.810
EBITDA margin	64,46%	62,37%	31,67%
Net Profit Margin (ROS)	49,29%	43,24%	14,48%
Return on assets (Economic rate of return ROA)	14,65%	16,03%	5,61%
Return on equity (Financial rate of return ROE)	85,63%	36,36%	11,98%

1.1.2 ASSESSMENT OF THE TECHNICAL LEVEL OF THE COMPANY; DESCRIPTION OF THE MAIN PRODUCTS MANUFACTURED AND/OR SERVICES PROVIDED, SPECIFYING: A) THE MAIN MARKETS FOR EACH PRODUCT OR SERVICE AND THE METHODS OF DISTRIBUTION; B) THE SHARE OF EACH CATEGORY OF PRODUCTS OR SERVICES IN THE COMPANY'S REVENUE AND TOTAL TURNOVER FOR THE LAST THREE YEARS; C) THE NEW PRODUCTS ENVISAGED FOR WHICH A SUBSTANTIAL VOLUME OF ASSETS WILL BE ALLOCATED IN THE NEXT FINANCIAL YEAR AND THE STAGE OF DEVELOPMENT OF THESE PRODUCTS.

E-learning is understood as the totality of educational contexts in which the means of information and communication technology are predominantly used. Computers and electronic/multimedia materials are used either to support teaching, learning and assessment or as a means of communication. e-learning is the use of information and communication technology in education. Multimedia learning, technology-enhanced learning, computer-based instruction, computer-based training, computer-assisted instruction or computer-aided instruction, internet-based training, web-based training, online education, virtual education, virtual learning environments, m-learning, digital educational collaboration, all are or represent forms of teaching and learning in the generic process called e-learning.

Since 2007 onwards, the Ascendia S.A. team has developed a multitude of e-learning products and offered a whole range of services specific to this field. The company has produced digital courses aimed at all age groups, from pre-schoolers to employees of large companies who need specialised training. Digital courses have been developed for schools (physics, chemistry, mathematics, English, Romanian, etc.), for companies - both soft skills (leadership, time management, sales, etc.) and hard skills (products, processes, etc.), in Romanian, English, German, French, Japanese, Chinese, Korean, etc. The technical level of the company gives it the necessary structure (people, knowledge, equipment) to develop any products or offer any related services:

- Learning Management System platforms
- e-learning courses, especially those compliant with SCORM standards
- e-learning content publishers
- multiplayer, synchronous or turn-based strategy game engines
- multimedia presentations (including video, sound, interactivity, 3D simulations, etc.)

- educational applications for mobile devices (smartphones and tablets)
- printed and digital textbooks

**In 2023, the company's activity focused mainly on the following directions:**

- **ENTERPRISE LEARNING MANAGEMENT SYSTEM PLATFORM - COFFEE LMS - FOR LARGE COMPANIES/CORPORATIONS;**
- 

For an organisation to benefit from the advantages of distance learning, the e-learning solution chosen must be complete. An e-learning system is composed of two inseparable components: the learning platform, also known as the Learning Management System (LMS), and the digital courseware, which must be interactive and serve meaningful information in a way that is engaging for learners. In short, an Enterprise Learning Management System (LMS) is a system through which companies manage and monitor the online learning process. Ascendia S.A. has developed such a system, called Coffee LMS ([www.coffeelms.com](http://www.coffeelms.com)).

**Ascendia offers the possibility to adapt this system to the needs of each individual company. Among the services offered by Ascendia are: those related to the visual customization of the platform, its integration with the ERP platform or the one used by the beneficiary's HR system, the development of additional modules and the customization of existing ones, support for the production launch and subsequent maintenance for the educational platform.**

In support of computer-assisted training, Ascendia can offer beneficiaries the LMS platform developed by the company as an online software service - Software as a Service (SAAS) - the main delivery option.

The objective of the solution is to support the lifelong learning process by offering a modern, computer-friendly learning management system. It is intended to be useful for both learners and trainers. For learners, it aims to facilitate the training process, stimulate creativity and competition in learning. The system is intended to provide a way for trainers to monitor the development of their learners' level of training, to test the effectiveness of new training methods and to track statistics on their results. It also aims to facilitate organisational activities such as: automatic calculation of trainees' results, reports and various statistics. The system will lead to the gradual adaptation of traditional training methods to the new technologies.

The platform is being developed following a laborious analysis-design-development process and is based on the principle that a product must be easy to use and efficient so that its essential users, the trainer and the learner, are satisfied with its use.

The LMS platform is developed to be compatible with the most common international standards in computer-assisted education, namely SCORM 2004, has support for all modern internet browsers (Firefox, Chrome, Internet Explorer, Edge, Safari, Opera), has a well-developed security system, Help, provides useful tools for communication between users (mail, SMS), offers efficient reporting tools and a set of necessary archiving functionalities. The platform is thus recommended as a complete solution for any beneficiary willing to implement a computer assisted learning system.

- ***Software as a Service (SaaS) platform***

This type of service involves direct user access to a Coffee LMS server hosted by Ascendia. For each client choosing this option, Ascendia allocates a customised virtual server. Basically, Ascendia offers a cloud-based solution that allows the beneficiary's learners to access the platform via any browser, from work or from home, depending on the security criteria set by the beneficiary.

- ***Development and customisation services***

Although the LMS platform offers a full set of functionalities, there are situations when the beneficiary may want new modules or new functionalities. Ascendia can develop a customized version of the platform in this case, in a very short time and in an operational and professional way. In order to customize the e-learning platform, based on the core LMS platform developed, we will discuss with the beneficiary organization's specialists about the explicit needs identified and together we will decide which functionalities are desired and needed, so that the platform is adapted to the organization's needs.

Based on the experience gained, Ascendia S.A. is therefore able to provide interested companies with a complete e-learning solution, together with all the support services required for installation, configuration and implementation. In the year under review Ascendia S.A. worked on the expansion and modernization of this solution.

▪ **ECONTENT AIMED AT TRAINING EMPLOYEES IN LARGE COMPANIES/CORPORATIONS AND OUTSOURCING;**

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Ascendia S.A.'s area of expertise in corporate training includes:

- consultancy for e-learning project implementation;
- scripting - adaptation of client content from classic print format to interactive format (scripting);
- e-learning course development (SCORM or other standard)

Since 2007 the company has been developing successful relationships with its partners. They provide the challenges the company needs to stay competitive, delivering customised solutions that ensure performance at a high quality standard. When the company was founded, e-learning was the trump card for pioneers in every industry, for the rest it was an exotic fruit. Today, e-learning has become a standard in training.

The company can adapt the development process of digital modules for any business environment. Instructional designers, specialists in developing interactive educational materials for the online environment, work with the client's specialists (trainers, HR specialists, technicians, etc.) to create the best scenarios for digital courses. The programmers and designers then develop the courses by following these scenarios and augmenting them with their own ideas where these are deemed relevant.

In order to provide effective courses, an analysis of the training needs is done first, followed by an analysis of the existing classic support materials (documents, course materials, images, sounds, videos, etc.). Based on these and taking into account the expectations of the beneficiary company, Ascendia S.A. starts producing scenarios for eCourses (eContent). Together with the beneficiary, the content of these scenarios is evaluated and validated, the necessary changes are made where necessary and then the development stage is started.

**Ascendia S.A. has extensive experience in course development in both the soft-skills and hard-skills areas and is working on its own portfolio of courses for large companies/corporate environments as an "off the shelf" product, thus complementing its service line of producing customized courses for its various clients. To this end in 2020 a partnership was signed with Trend Consult to develop the "off the shelf" course portfolio under the eJourneys brand. This is a microlearning e-learning course package that captures the attention and keeps the interest of the learner, thus facilitating effective learning. The whole package contains 42 Themes, divided into 195 e-learning Modules, in 2022 the company will practically double this portfolio of courses. The time taken to complete each module varies between 20 and 40 minutes (learner time). The e-learning modules are developed in Romanian, based on the specific Romanian business environment and can be delivered both on the Coffee Learning Management System (LMS) platform produced by our company and on any client's LMS platform, being SCORM compatible. In 2023 too, money will be allocated to expand this portfolio.**

▪ **LIVRESQ – EDITOR FOR THE DEVELOPMENT OF INTERACTIVE DIGITAL MATERIALS;**

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In 2017 the company started a research-innovation contract financed by structural funds (European Regional Development Fund and State Budget) through the 2014-2020 POC programme, a project entitled "Innovative services for publishing, editing, consulting and online management of school textbooks" - acronym LIVRESQ. The total amount of non-reimbursable eligible funding approved for this project for the period August 2017-August 2019 was 2,252,920 lei, of which a total amount of 2,054,697 lei was absorbed, to which was added a co-financing from own resources in the amount of 507,223 lei, the developed product remaining the property of Ascendia S.A., thus ensuring a new line of business for the next period. It is worth mentioning that after the completion of the project financed by European funds, the company continued the development of the product from its own sources, an activity that will continue throughout the life cycle of the product.

The broad objective of the project is to create an integrated platform for the online publishing and publishing of interactive materials (digital manuals, e-learning courses, e-learning lessons, workbooks, books, newspapers, etc.).

The specific objectives related to the functionalities of the platform are:

- to develop tools for automatically importing digital content from the print format and converting it into a standard format for web and mobile devices, HTML5, in order to enrich it with multimedia elements specific to the online environment;
- tools for automatically preparing the software framework needed to insert multimedia elements (images, films, animations, interactive games, quizzes, etc.) into published modules, without the need for technical or programming knowledge;
- the development of tools for online editing of module content - adding/replacing/deleting multimedia content - to achieve a customised form of the modules;
- development of tools for exporting modules in HTML and other formats (e.g. SCORM) for offline consultation or integration into third-party platforms, including integration into Learning Management Systems platforms.

The LIVRESQ project is a continuation of the development process of previous projects, aimed at the digital textbook market but also in the area of e-learning products for companies. Ascendia saw the opportunity to transform and extend the digital textbook product into a platform that would eventually generate such textbooks. And, furthermore, starting from this tool, the opportunity was seen to extend it into a tool capable of producing a range of interactive digital materials, including e-learning modules, and the company allocated the necessary resources to this extension.

Using this product/service:

- companies and freelancers can develop interactive content quickly and according to current standards;
- publishers will be able to develop digital textbooks using a tool that facilitates in a standardised way the introduction of digital elements to present interactive content (animations, films, quizzes, games, etc.) that stimulate learners more, engaging them in learning;
- teachers will be able to create customised versions of digital textbooks that match the needs and teaching level of their classrooms to help students better understand the lessons taught;

The context of the development of digital textbooks, as well as the funding received through European funds, have facilitated ASCENDIA's path in the development of this platform, which is finally able to serve several industries.

In 2023 ASCENDIA was accepted into the Microsoft for Startups Founders Hub to accelerate the integration of OpenAI artificial intelligence technologies into the core functionalities of LIVRESQ. The integration of these services is a priority for the company in 2024 as well, facilitating the development of our solution.

- **RESEARCH AND DEVELOPMENT ACTIVITY FINANCED MAINLY BY NATIONAL AND EUROPEAN FUNDS AND THE RESULTING PRODUCTS.**
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Since 2012, Ascendia has also expanded its activities in the area of research and development, allocating part of its available resources to this area. The R&D activity will be presented in chapter 1.1.7.

### 1.1.3 ASSESSMENT OF TECHNICAL-MATERIAL SUPPLY ACTIVITY (INDIGENOUS SOURCES, IMPORT SOURCES); INFORMATION ON SECURITY OF SUPPLY SOURCES AND PRICES OF RAW MATERIALS AND STOCK SIZES OF RAW MATERIALS AND MATERIALS.

Ascendia S.A. is not critically dependent on suppliers of products or services. The overwhelming majority of products and services delivered by Ascendia S.A. for which sourcing from various manufacturers or suppliers is required are not subject to price risk because there are many manufacturers or suppliers of such products and services.

Corroborated with the above explanation, we consider that price fluctuations in raw materials and materials are not a risk factor for the company. The company does not operate with stocks of raw materials or materials.

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1.1.4 ASSESSMENT OF THE SALES ACTIVITY A) DESCRIPTION OF THE DEVELOPMENT OF SALES SEQUENTIALLY ON THE DOMESTIC AND/OR FOREIGN MARKET AND THE MEDIUM AND LONG-TERM SALES PROSPECTS; B) DESCRIPTION OF THE COMPETITIVE SITUATION IN THE COMPANY'S FIELD OF ACTIVITY, THE MARKET SHARE OF THE COMPANY'S PRODUCTS OR SERVICES AND THE MAIN COMPETITORS; C) DESCRIPTION OF ANY SIGNIFICANT DEPENDENCE OF THE COMPANY ON A SINGLE CUSTOMER OR GROUP OF CUSTOMERS WHOSE LOSS WOULD HAVE A NEGATIVE IMPACT ON THE COMPANY'S REVENUES.

Depending on the product or service offered by our company, we can say that the sales process is carried out both through a highly specialized internal team and through partners. Due to the wide range of products and services offered, Ascendia S.A. has a solid customer base, both individuals and companies, which generates new or recurring revenue for the company from the sale of the existing product range, as well as new revenue from new services, year after year, this customer base is constantly growing.

The state of the global e-learning market continues to change, grow and evolve. This is demonstrated by increased budget allocations for e-learning programmes, the increasing prevalence of e-learning in different geographical markets around the world and new trends in emerging technologies and tools that support e-learning.

Locally, the Eastern European market is growing due to the increasing adoption of e-learning solutions by small and medium-sized businesses in the region. In addition, Europe is a mature market where all the traditional buyers (ministries, schools, higher education institutions and corporations) of e-learning products and services are very active in this respect.

In the specific health context of 2020 and 2021, the adoption of e-learning tools has increased globally, in particular by opening up public academia to this teaching/learning modality. However, in 2020 the orientation was predominantly towards free tools, being a nascent market. In this market many consumers went for synchronous teaching/learning tools (teleconferencing type solutions), others used chat systems etc., but also asynchronous learning LMS and e-learning courses, these customers are the ones our company is targeting, mainly through marketing campaigns and offering free licenses for a limited period. This approach was aimed at gaining a larger footprint in the market. For the private area, the consumption of e-learning solutions varied from geography to geography, depending on the economic measures taken by each country's government.

In 2021, followed by 2022, Ascendia experienced a rebound in selling products and services to corporate customers in the general context of the post-pandemic recovery. The trend in customer base growth will continue to be upward. We anticipate that from 2023 onwards the e-learning market, both local and global, will grow significantly, with year-on-year growth rates exceeding previous years. We anticipate that 2023 will bring our company significant increases in domestic market revenue.

Sales of ASCENDIA solutions will continue to be made through a network of partners, with ASCENDIA identifying from the end of 2022 a number of national companies that are now acting as direct sellers and even distributors of our solutions especially in the area of projects carried out by public institutions. We want to identify other potential partners from 2023 onwards, not only in Romania but also abroad.

Ascendia S.A.'s main competitors in the e-learning segment in Romania continue to be Siveco Romania S.A. together with their newly established company SIMAVI S.R.L., as well as Softwin S.R.L., both companies having the internal capacity to develop and promote educational content in their own e-learning format. In addition to these, there are several smaller companies. In the general context we also see the emergence of several other small companies, which in a growing market want to launch products and services that can compete with us. Competition is healthy, so we welcome their emergence!

Ascendia S.A. has no significant dependencies on a single customer or group of customers.

**We would like to point out that Ascendia S.A. remains the only company in Romania that can offer a complete(one-stop-shop) e-learning solution composed of products entirely developed in Romania, namely the CoffeeLMS platform, the LIVRESQ e-learning authoring tool and the eJourneys courses and related services.**



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**1.1.5 ASSESSMENT OF THE EMPLOYEE/STAFF ASPECTS OF THE COMPANY A) THE NUMBER AND LEVEL OF TRAINING OF THE COMPANY'S EMPLOYEES AND THE DEGREE OF UNIONISATION OF THE WORKFORCE; B) A DESCRIPTION OF THE RELATIONS BETWEEN THE MANAGER AND THE EMPLOYEES AND ANY CONFLICTUAL ELEMENTS CHARACTERISING THESE RELATIONS.**

The staff structure in 2023 can be summarized as follows:

- The number of existing employees at the end of 2023 was: **47**
- The average number of employees for 2023 was: **50**

Compared to the previous year the average number of employees fluctuated significantly, with the number of existing employees at the end of the year being approximately 32% higher than the previous year.

In terms of qualifications, the company's employees have secondary and higher education and can be characterized by a high degree of education and a continuous desire to learn and improve. The working environment is conducive to initiative, innovation and professional development. It is worth mentioning that during 2023 the company operated in a hybrid mode and we will continue the same in 2024.

**In 2024 the focus will continue to be on marketing and sales staff, which are important directions for selling the company's products.**

During the period under review there were no conflict situations between employees and management. Employees are organized in a trade union structure.

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**1.1.6 ASSESSMENT OF ISSUES RELATED TO THE IMPACT OF THE ISSUER'S CORE BUSINESS ON THE ENVIRONMENT; SUMMARY DESCRIPTION OF THE IMPACT OF THE ISSUER'S CORE BUSINESS ON THE ENVIRONMENT AS WELL AS ANY EXISTING OR ANTICIPATED LITIGATION REGARDING VIOLATIONS OF ENVIRONMENTAL PROTECTION LEGISLATION**

Ascendia S.A.'s activity has no direct impact on the environment, as the company is active in the field of software product development and related services. There have been no environmental disputes.

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**1.1.7 EVALUATION OF RESEARCH AND DEVELOPMENT ACTIVITY; SPECIFICATION OF EXPENDITURE IN THE FINANCIAL YEAR AS WELL AS THAT EXPECTED IN THE FOLLOWING FINANCIAL YEAR FOR RESEARCH AND DEVELOPMENT ACTIVITY.**

In 2017 the company started a research-innovation contract financed by structural funds (European Regional Development Fund and State Budget) through the 2014-2020 POC program, a project entitled "Innovative services for publishing, editing, consulting and online management of school textbooks" - acronym LIVRESQ. It is funded through Priority Axis 2 - "Information and Communication Technology (ICT) for a competitive digital economy".

This project was completed in August 2019, at which time the official launch of the resulting product (LIVRESQ platform - [www.livresq.com](http://www.livresq.com)) took place. The total amount of non-reimbursable eligible funding approved for this project for the period August 2017-August 2019 was 2,252,920 lei, of which a total amount of 2,054,697 lei was absorbed, to which was added a co-financing from own resources in the amount of 507,223 lei, the developed product remaining the property of Ascendia S.A., thus ensuring a new line of business for the next period. In 2019 the amount of 970,180 lei was received as non-reimbursable financing. It is worth mentioning that after the completion of the project financed by European funds, the company continued the development of the product from its own sources, an activity that will continue throughout the life of the product.

In 2021 the Ministry of Research, Innovation and Digitization, as Intermediate Body for the Operational Competitiveness Program 2014-2020, on 30.09.2021 finalized the signature with Ascendia S.A. of the financing contract related to the project "Innovative system for the management and analysis of large data used for the management of the guarantee of products or services", SMIS Code 2014+: 123011, submitted by our company for funding in 2018 under the call POC/222/1/3.

The project, whose internal code is "eGarantie", runs for 24 months, starting from the date of signature, in partnership with the University of Bucharest. The general objective of the eGarantie project is to develop an IT product for the three main actors: the consumer, the supplier of the guaranteed product/service and the warranty service provider, with the aim of ensuring fast and efficient access for all those involved to all information regarding the warranty of a product or service, while generating a wide range of useful information on various commercial or technical aspects, based on the analysis of a large volume of data ("big data"). The project is intended to expand the business lines of Ascendia S.A., our company will own all intellectual property rights to the resulting software product.

This project has a strong innovative character, involving significant R&D expenditure. The total eligible value of the project is 4.915.904,00 lei. AMPOC/OIC grants a non-reimbursable funding of 3.821.702,50 lei (77,7416% of the total approved eligible amount) for both partners. The amount of the grant for Ascendia S.A. is 3.262.680,50 lei. On top of this amount 1.094.201,50 lei will be added as own contribution for the execution of the project.

The amount of R&D expenses in 2022, within the framework of this project, amounted to 1.863.122 lei, the expenses being carried out both from the company's own funds (372.624 lei) and from the non-reimbursable financing share (1.490.498 lei).

The amount of research and development expenses in 2023, within the framework of this project, amounted to 2,042,965 lei, the expenses being made both from the company's own funds (555,549 lei) and from the share of non-reimbursable financing (1,487,416 lei).

Ascendia S.A. is determined to continue writing and submitting R&D projects that will directly benefit Ascendia S.A. as new lines of non-reimbursable funding corresponding to the company's needs are launched.

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#### 1.1.8 ASSESSMENT OF THE COMPANY'S RISK MANAGEMENT ACTIVITY; DESCRIPTION OF THE COMPANY'S EXPOSURE TO PRICE, CREDIT, LIQUIDITY AND CASH FLOW RISK; DESCRIPTION OF THE COMPANY'S RISK MANAGEMENT POLICIES AND OBJECTIVES.

In this section, the order of presentation of risk factors is random and not in an assumed order of priority, and our company is aware of these risks and, through our internal risk management system, tries to anticipate and neutralise them before potential consequences manifest themselves. However, many of the risks to which our company is subject are beyond its control.

General economic risks - The Issuer's activities are sensitive to economic cycles and general economic conditions, including those determined by particular health situations, such as the crisis generated by Covid19. International financial crises as well as the unstable economic environment may have significant adverse effects on the Issuer's business, operating results and financial position. Socio-political turmoil may also influence the company's business. International financial markets have felt the effects of the global financial crisis that began in 2008. These effects were also felt on the Romanian financial market in the form of low capital market liquidity and an increase in medium-term funding interest rates due to the global liquidity crisis. In the future, such a scenario could be repeated and any significant losses suffered by the international financial market, with major implications for the Romanian market, could affect the Issuer's ability to obtain loans or new financing on sustainable terms.

National education policy risk - The Ministry of Education has shown inconsistency and lack of vision over the last 30 years. The lack of predictability of this ministry has been and continues to be generated by the large number of changing ministers and the lack of a multiannual national project. The poor results in the field of Romanian education were also exposed in the "Performance Audit Report" carried out by the Romanian Court of Accounts for the period 2011-2015 and published in 2016. As this ministry can regulate the e-learning market for the public sector, we consider that there are risks in terms of a potential limitation of the company's products for this market.

Risk of unsustainable growth in industry wages - Romania is a country where the IT&C industry is booming. This is mainly due to the qualification of the workforce, but also to comparably lower salaries for similar positions in other developed markets. These conditions have favoured both the development of Romanian companies and, more importantly, an influx of operational centres of large companies from around the world, which have moved specific services to Romania. As a consequence, wages in the industry have maintained an upward trend in recent years. So there is a risk related to the

staff and management of the company represented by the possibility of highly qualified employees leaving for other companies offering salary packages and compensation above the current level offered by Ascendia. Salary policy can lead to major turnover in the skilled workforce. There is a risk that with the increase in these salaries, which are particularly sustainable by large companies, two scenarios, which are not mutually exclusive, may occur. The first scenario would be that as the wages offered by large, generally multinational, companies increase, small companies would not be able to sustain comparable wages, leading to an influx of staff from small to large companies, with a considerable negative impact on SMEs. The second scenario that may affect the company is that with the increase in salaries, many projects that used to be outsourced to Romania will go to other countries, as Romania is no longer financially attractive for such projects. Under these circumstances, the company is investing in the development of its own products, which in the future will be able to generate the necessary financial flows to keep the company in a competitive position, regardless of the evolution of salaries in this industry.

Risk associated with key people - The company, operating in a niche industry, in an expanding market, carries out a business that requires high knowledge and specialisation. The company depends on recruiting and retaining senior management and skilled employees. The medium and long-term profitability of the company depends to a large extent on the performance of qualified employees, staff and executive management, which are particularly important for the future development of Ascendia. Therefore, there is a possibility that in the future the Company may not be able to retain its executive officers or key personnel involved in the Company's activities or attract other qualified members to the management team, which would affect its market position as well as its future development. Thus, the loss of both senior management and key employees could have a material adverse effect on the Company's business, financial position and operating results. There is a possibility that in the future the company will face a shortage of qualified and skilled personnel. National macroeconomic conditions in the IT labour market support the possibility of employee migration at this time. Ascendia is taking steps to keep the human factor motivated. In order to retain experienced and potential staff, the company offers motivating salary packages, good working conditions, as well as development conditions, and the company will also take steps to allocate free shares to employees or stock-options instruments.

Risk with significant clients - The company was for a significant period (2007-2012) almost exclusively an outsourcing service provider, with one large client providing over 90% of the firm's revenue by 2012. This profile has been discontinued, but depending on the projects contracted there is a risk that one or more clients may reach a large share of the firm's business. In the last 3 years, the aim has been to maintain a balance in this area and since 2013 the company has not had clients that alone exceed 35% of annual revenues. However, there are, depending on the projects contracted, significant clients. A concentrated client structure may give rise to the risk associated with the loss of one of these clients or payments made to the Company, and may consequently result in a decrease in the Company's reported revenues and profits. In this context we assess that there is such a risk related to the deployment of the EduLib contract, for which our company will allocate a large part of the force in Q1 and Q2 of 2023.

Tax and legal risk - The issuer is governed by Romanian legislation and even though Romanian legislation has been largely harmonised with EU legislation, future changes may occur, i.e. new laws and regulations may be introduced, which may affect the company's business. Romanian legislation is often unclear and subject to different interpretations and implementations and frequent amendments. Ascendia cannot predict the extent or impact of any future revisions or amendments to existing laws or regulations or the significance of new laws and regulations that may be introduced in the future that may be applicable to the Company. Both changes in tax and legal laws and possible events resulting from their application may result in possible fines or lawsuits against the Company, which may affect Ascendia's business. So far the company has not been fined or made to pay damages, but this situation may change. Ascendia is closely monitoring legislative changes. Business ethics is an important issue for the company.

We consider it worth mentioning that Ascendia S.A. successfully defended its image and brand in court by winning both lawsuits filed by Ascendis Consulting S.R.L. in 2016 and concluded in 2018 (cases at the Bucharest Court 37217/3/2016 and 44055/3/2016). These had been filed immediately after the listing of Ascendia S.A. on the AeRO market, our company being accused of having used the "Ascendia" trademark without having this right and therefore having unfairly competed with them. Ascendia S.A. has had its trademark registered with OSIM, under the title "Ascendia Design", for over 5 years, and has all documents related to the company name correctly and completely registered with ONRC.

Product and Service Risk The demand for and price of the Company's products and services depend on a variety of factors over which Ascendia has no control, namely: global and regional economic and political developments; local and international supply and demand; consumer demand in the industry; existing and future laws and regulations; government regulations in the education and IT&C industries; the impact of economic and political events, etc. The

development of products or service lines is done as a result of analysis of market trends, but also as a result of anticipation of potential such directions. Therefore, a company's investments in expanding its range of products and services may or may not have the expected commercial results. Decreases in demand or failure to achieve sufficient market shares and prices for Ascendia's products and services may affect the Company's cash flow and have a material adverse effect on its business, operating results and financial position.

Seasonality Risk - Ascendia's business is impacted by several seasonality systems. One such system is that of the school year. It directly influences the collection periods related to business lines involving the sale of educational materials to the retail environment, but also to the Ministry of Education. Another system in which a seasonality aspect can be identified is that related to the training budgets of the companies for which Ascendia produces e-learning materials. These budgets are often only spent in the last quarter of each year. There are also one or two clients each year with large outsourcing projects, loading the company's production capacity for a given period, but such projects are difficult to predict. Such cycles can lead to significant discrepancies between projected revenues and expenses, and cause periods when fixed costs of doing business must be maintained, regardless of the level of revenue generated. In order to streamline and minimise the negative impact of these periods, Ascendia uses the resources available during periods of lower activity to accelerate the development of its products.

Risk associated with the business development plan - The company aims for sustainable growth through the continued development of its product and service lines, in parallel with the expansion of its customer portfolio, as its team and material base grows and the company's visibility increases. However, it is not excluded that the products or services developed may not meet market expectations or may not be sufficiently well presented and sold by the company. Nor should the possibility be ruled out of a deterioration in the relationship with some existing customers or the inability to attract new ones, or the possible inability to attract the right people to implement the plan. There is therefore the possibility that the issuer may not be able to carry out the development plan or only some lines of the strategy it has defined. In order to reduce these risks the company follows the actions described in its development plan.

Risk associated with the achievement of financial forecasts - Financial forecasts are based on the assumption that the business development plan will be achieved. The forecasts have been made with due diligence and in a prudent manner, but have not been verified by an auditor and are only estimates of a projected impact of current and future activities. There is therefore a risk of non-fulfilment, as they are made on a construct based on the successful implementation of the growth strategy, which in turn is exposed to a number of risk factors, as evidenced by this document. Therefore, the data to be reported by the company may be significantly different from those forecast, as a result of factors that were not foreseen or whose negative impact could not be counteracted.

Risk associated with sources of financing - Ascendia S.A. has assets and can open various bank credit facilities (credit, line of credit, bridge loan, etc.) that come with the associated risks. Other financing facilities may also be pursued in the future, including for the issuance of letters of guarantee necessary to participate in tenders and to guarantee the proper execution of projects. Such letters are a standard feature of procurement/execution processes in the public environment, but can only have a negative impact on the company's financial situation if the company does not execute those procedures according to tender/contract specifications.

Another area of risk is the time limits for receiving money from various projects financed by national or European funds. It is an already established feature of the inability of intermediary funding bodies to deliver the money financed by such projects on time and according to the contracted work plans. These are calculated risks, Ascendia always forecasts delays in the collection of outstanding amounts and ensures from its own sources or bridging loans the proper execution of projects until collection. However, the timing of arrears can never be correctly anticipated, as they are influenced by factors external to the company. It should be made clear that this money naturally has no risk of non-recovery, only the risk of non-recovery at the contractually defined deadline or by the existing funding regulations.

Another potentially risky source of financing is the Bucharest Stock Exchange. This comes with capital market risks. At the date of this report the company has issued a bond issue maturing in 2022 (name ASC22). In order to support the business, the company could in the future use other financing mechanisms specific to the stock exchange, i.e. capital increases, issuance of new bonds or the use of other instruments specific to the capital market, which will bring with them specific risks.

Price risk - This is the risk that the market price of products and services sold by the company will fluctuate to such an extent as to make existing contracts unprofitable. The company carefully monitors market prices and, if necessary, may withdraw from contracts that risk becoming unprofitable.

Cash-flow risk - This is the risk that the company will not be able to meet its payment obligations when due. The risk is quite low, given that Ascendia S.A. has income from various lines of business and, if necessary, can borrow through bank loans, having a high level of solvency at the date of this report. However, such a risk exists and should not be treated lightly.

Credit risk - This is the risk that a third party natural or legal person will fail to meet its obligations under a financial instrument or under a customer contract, thereby resulting in a financial loss. The Company is exposed to credit risk from its operating activities (mainly for external trade receivables) and from its financial activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. To minimise risk the company regularly analyses and monitors customers through specialised creditworthiness analysis sites and implements a strict policy on the delivery of goods and services to defaulting customers. However, a way to completely eliminate this risk has not been identified.

Liquidity risk - The Company monitors its risk of facing a shortage of funds to run the business. The Company closely plans and monitors cash flows to prevent this risk. The Company, if needed can access funding from major partner banks. Liquidity risk is associated with holding fixed or financial assets and converting them into liquid assets. The company's assets (technological equipment) are used in its current activity (provision of services and software development). From this point of view the most important risks for the company are cash-flow and credit risks.

#### **Risk associated with trademark rights**

The company currently owns the following trademarks: "Ascendia Design", "Coffee LMS", "EduTeca", "Dacobots.com", "Timlogo", "Livresq", as well as the trademark "eJourneys" which is owned in partnership with Trend Consult. In order to reduce the risks of registering similar trademarks or losing trademark rights, these trademarks are monitored regularly so that they can be filed for opposition when appropriate.

War risk - The fact that Romania is a neighboring country of a country at war is a major factor of potential economic instability, especially if this war spreads to other countries. In addition, Romania's participation in a war would have a major negative impact on the economy, and ASCENDIA would not be immune to this impact. In this potential context, the company's business will suffer greatly and any investment in the company will be subject to a very high risk of depreciation, with investors potentially losing all or part of their investment.

Risk associated with investments in stocks / bonds - The Bucharest Stock Exchange (BVB) has similar characteristics to other small stock exchanges in emerging countries in terms of fragility, low liquidity and volatility of the market and the value of listed securities, and the market price of stocks and bonds may also be influenced by these factors. The market price of stocks and bonds is generally volatile and can suffer sudden and significant declines. Price declines may be caused by a variety of factors, including the difference between the Company's announced results and analysts' forecasts, major contracts, mergers, acquisitions and strategic partnerships involving the Company or its competitors, fluctuations in the Company's financial condition and operating results, factors related to the energy industry and general economic conditions, as well as general volatility in the price of shares in the markets in which the shares are listed or in international markets generally. As a result, investors may experience a significant decline in the market price of the shares/bonds. In order to make a fair assessment of an investment in the Company's shares/bonds, prospective investors should carefully consider the risks presented as well as the other information about the issuer contained in this document and elsewhere before making any investment decision. Each of the risks highlighted could have a material adverse effect on the issuer's business, financial position and results of operations, liquidity and/or prospects and on any investment in the Company's shares/bonds. Should any of the risks outlined materialize, this could adversely affect the market price of the Company's shares/bonds and, as a result, investors may lose all or part of their investment.

Other risks - Potential investors should consider that the risks outlined above are the most significant risks of which the Company is currently aware. However, the risks set out in this section do not necessarily include all those risks associated with an investment in the issuer's shares and the Company cannot guarantee that it encompasses all relevant risks. There may be other risk factors and uncertainties of which the Company is not currently aware that may change the actual results, financial conditions, performance and achievements of the issuer in the future and may cause the price of the Company's shares to decline. Investors should also undertake due diligence to prepare their own assessment of the suitability of the investment.

Therefore, the decision of potential investors as to whether an investment in the issuer's shares is appropriate should be made after a careful assessment of both the risks involved and the other information about the issuer contained or not contained in this document.

1.1.9 FORWARD-LOOKING INFORMATION CONCERNING THE COMPANY'S BUSINESS A) PRESENTATION AND ANALYSIS OF TRENDS, ELEMENTS, EVENTS OR UNCERTAINTY FACTORS AFFECTING OR LIKELY TO AFFECT THE LIQUIDITY OF THE COMPANY COMPARED WITH THE SAME PERIOD OF THE PREVIOUS YEAR; B) PRESENTATION AND ANALYSIS OF THE EFFECTS OF CURRENT OR ANTICIPATED CAPITAL EXPENDITURE ON THE COMPANY'S FINANCIAL POSITION COMPARED WITH THE SAME PERIOD OF THE PREVIOUS YEAR; C) PRESENTATION AND ANALYSIS OF EVENTS, TRANSACTIONS AND ECONOMIC CHANGES THAT SIGNIFICANTLY AFFECT INCOME FROM CORE BUSINESS.

The IT&C industry is an industry with an accelerated growth rate and e-learning, in particular, has a significant annual growth rate, above the average of the parent industry, both in Romania and abroad. The IT&C industry is particularly dynamic, technological advances and the realities generated by them being important factors that ASCENDIA is continuously considering in order to be able to offer competitive products and services, adapted to the constantly changing realities (new equipment, new systems, new software, etc.).

In order to be able to sustain and develop the company's position, ASCENDIA is also considering the following 2 key elements in 2024:

- **Growth of the marketing and sales team**
- **Development of the company's products**

With these directions in mind, the following revenue and expenditure budget has been projected for 2024.

<b>INCOME AND EXPENDITURE BUDGET 2024</b>	
<i>- category -</i>	<i>- lei -</i>
Total forecast revenue	14,554,587
Total forecast expenditure	10,530,891
Forecast gross profit	4,023,696

The income and expenditure budget for 2024 has been designed taking into account the current economic environment as well as that forecast by management. The estimates also take into account the following elements:

- Anticipated entry into contracting of projects with PNRR funding for which our company has advanced offers for the licenses of our products and for related services as early as 2023; There are many such projects foreseen by our partners, for which we have been waiting for signature and delivery since last year (in particular on lines C15 - "Provision of furniture, teaching materials and digital equipment to pre-university educational and related establishments" and "Provision of intelligent laboratories to upper secondary educational establishments, palaces and children's clubs") ;
- only partial delivery of trainings in the project "Skills in advanced technologies for SMEs" for the Digitisation Authority of Romania in Q4 of 2024, with the majority of the trainings and related revenues foreseen in the contract with RDA to be part of the BVC of 2025;
- Chances of winning some of the commercial projects already offered by the company and thus expanding the beneficiaries of CoffeelMS, eJourneys and LIVRESQ solutions;
- investment in developing its own product portfolio;

This Income and Expenditure Budget has been designed based on previous years' results, the projected tax level for this year, the values of ongoing projects, some discussions related to possible project contracting, but also taking into account the dynamics of the company's team, the dynamics of salaries and expected investments, the marketing and sales actions already committed/planned and the sales targets for both own products and the portfolio of services offered.

The current Income and Expenditure Budget does not include potential income and expenditure related to non-contracted projects that have already been submitted or will be submitted to national/European funding lines, nor all income and expenditure related to commercial projects in various stages of bidding.

## 2. TANGIBLE ASSETS OF THE COMPANY

### 2.1 THE LOCATION AND CHARACTERISTICS OF THE MAIN PRODUCTION CAPACITIES OWNED BY THE COMPANY.

The specific nature of Ascendia S.A.'s business does not involve the holding of significant tangible assets. The company's tangible assets are represented by computing technology: laptops, workstations, servers, mobile phones, multifunctional printers, network equipment; office furniture, projection and office equipment, organised in the form of departments and computer centres.

Most of these assets have been acquired through various grants in the framework of projects carried out by the company:

- "Innovative system for the management and analysis of big data used to manage the guarantee of products or services" - eGarantie - financed by European funds under the 2014-2020 POC programme, started in 2021 and completed in 2023;
- "Innovation services for publishing, editing, consultation and online management of school textbooks" - LIVRESQ - financed by European funds under the 2014-2020 POC programme, started in 2017 and completed in 2019;
- "Multiplatform information technologies with interactive applications in Romanian for speech therapy" - TIMLOGORO - funded under the PN3 programme of UEFISCDI, project started in 2016 and completed in 2018;
- "Teaching and learning of science and technology subjects through a network of interactive ceramic boards with integrated sound (ēno)" - ENOTEC - project funded under the PN2 programme of UEFISCDI and completed in 2016;
- "Virtual Centre for Education and Training of Citizens in Natural Disaster Situations through Serious Games" - MEDGAME - project funded under the PN2 programme of UEFISCDI and completed in 2016;
- "New approaches in the professional training of specialists in the field of Environmental Engineering in view of regional sustainable development and correlation with current labour market requirements" - REGIOSIM - project funded under one of the POS-DRU programme lines and completed in 2015;
- "Increasing productivity of Ascendia Design SRL through broadband access and high-performance ICT equipment" project funded by one line of the POSCCE programme, implemented by the company in 2013.

In the event that relevant grant funding schemes are opened during the current year or in future years that will allow the financing of tangible assets such as infrastructure equipment / servers / private cloud / means of production etc. the company intends, depending on the needs and priorities identified at that time, to apply for such funding lines and acquire new tangible assets benefiting from grant funding.

Ascendia S.A. does not own any land or buildings. The productive assets owned by the company are located in the following locations leased by Ascendia S.A.:

- Company's head office: 40 Eufrosin Poteca Street, 1st floor, Sector 2, Bucharest;
- Company's working point: Bld.Dacia nr.99, 4th floor, Sector 2, Bucharest.

## 2.2 DESCRIPTION AND ANALYSIS OF THE DEGREE OF WEAR AND TEAR OF COMPANY PROPERTY

The company's fixed assets, found at the company's head office and at the working point, consist of computer equipment, office equipment and furniture (90% depreciated), digital platforms, licences and specific software (25% depreciated).

The company also owns two means of transport (small cars), 55.6% depreciated, which are used in sales and administration activities.

## 2.3 CLARIFICATION OF POTENTIAL ISSUES RELATING TO OWNERSHIP OF THE COMPANY'S TANGIBLE ASSETS.

Ascendia S.A. has no problems regarding the ownership of tangible assets.

## 3. THE MARKET IN SECURITIES ISSUED BY THE COMPANY

### 3.1 SPECIFICATION OF THE MARKETS IN ROMANIA AND OTHER COUNTRIES ON WHICH THE SECURITIES ISSUED BY THE COMPANY ARE TRADED.

**Ascendia S.A. shares** are traded on the Bucharest Stock Exchange (BVB), AeRO-ATS market, Premium category, under the stock symbol "ASC". Prior to the application for admission to trading on the Alternative Trading System of the Bucharest Stock Exchange, the company's shares were not traded on any other stock exchange. The following graph shows the evolution of ASC's share price from 01.01.2023 to 31.12.2023.

**Since 2022 the share "ASC" has been included in the BET-AERO index of the Bucharest Stock Exchange.**

In 2023 "ASC" shares had a positive evolution, ending the year at a price of **4.88 lei/share, up 71% compared** to the price of a share at the end of 2022 (2.84 lei/share), as can be seen on the graph below. The share price on the graph shown is adjusted following the completion of the capital increases in 2022.





On 02.09.2022 a new issue of 44,895 corporate bonds was launched. They were listed on the Bucharest Stock Exchange on 06.12.2022 under the trading symbol "ASC27". The nominal value is 100 lei/bond and the subscription price was 95 lei/bond. They mature on 02.09.2027, with an interest rate of 10%/year, payable semi-annually.

The following graph shows the evolution of the ASC27 bond price from 06.12.2022 (listing date) to 31.12.2023.



"ASC27" debuted on the capital market on 06.12.2022, with a price of 90 lei/bond. The price of the bonds at the end of 2023 was 105.65 lei/bond, having a positive evolution compared to the subscription price.

The company has no other securities traded on the stock exchange in Romania or other countries.

### 3.2 DESCRIPTION OF THE COMPANY'S DIVIDEND POLICY. INDICATION OF THE DIVIDENDS RECEIVED/PAID/ACCRUED DURING THE LAST 3 YEARS AND, IF APPLICABLE, THE REASONS FOR ANY DECREASE IN DIVIDENDS DURING THE LAST 3 YEARS.

According to the legal provisions in force and in accordance with the Company's Articles of Association, each paid share entitles the holder to receive dividends. Dividends are distributed to shareholders in proportion to their share in the paid-up share capital. Dividends may only be distributed from the profit determined according to the financial statements of the company as approved by the General Meeting of Shareholders. The General Meeting of Shareholders shall determine the amount of dividends that may be distributed based on the distributable profit obtained in the previous financial year.

On 27.04.2023 by the AGM Resolution no. 0017 the financial statements for the year 2022 were approved and the distribution of the profit of RON 3,920,613.44 was approved as follows: RON 2,744,429.41 (70%) for the constitution of reserves and RON 1,176,184.03 (30%) for the distribution of dividends. The profit was distributed in proportion to each shareholder's share of the company's paid-up share capital, i.e. 0.1003 lei gross/share. The date of dividend payment was made in accordance with the date provided in the Decision, i.e. 28.07.2023.

**In 2023 the company recorded a net profit in the amount of 1,297,024 lei, which is to be distributed according to the decision of the Ordinary General Meeting of Shareholders of 29.04.2024 for the creation of reserves.**

In accordance with the plans declared in 2016, upon the listing of Ascendia S.A., the company intends to reinvest the profits obtained for the development of business lines and the creation of new, proprietary software products, this strategy to be submitted for approval to the Annual General Meeting of Shareholders (AGM) each year, in accordance with the BVB regulations on the AeRO market, as well as the legal regulations in force. In general, the company's policy with regard to the distribution of net profit as dividends due to shareholders is that it makes this distribution by AGM resolution only when the company has the necessary financial resources available to make these transfers and the related tax payments, without this affecting the resources required for the company's current or development activities.

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### 3.3 DESCRIPTION OF ANY ACTIVITIES OF THE COMPANY TO ACQUIRE ITS OWN SHARES.

Ascendia S.A. did not carry out any acquisition activities of its own shares.

With regard to the strategy for 2024, the company's management will acquire and then issue a share package for the employee reward plan, this action will be proposed for shareholder approval.

The bonuses will only be available to people employed in the company on the date of reporting the annual financial results to the Bucharest Stock Exchange. Share bonuses may also be made through the allotment of shares or through the option to acquire shares in the Company.

The criteria, the mechanism for granting bonuses, the terms of payment/granting, the type of shares to be granted, the period of time and the conditions under which the shares so granted may be redeemed shall be subject to the Reward Plan. The maximum number of shares, the vesting period and the price range will be made according to a set of criteria to be determined by the management of the company, communicated to and approved by the shareholders.

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### 3.4 WHERE THE COMPANY HAS SUBSIDIARIES, AN INDICATION OF THE NUMBER AND NOMINAL VALUE OF SHARES ISSUED BY THE PARENT COMPANY AND HELD BY THE SUBSIDIARIES.

The company has no subsidiaries

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### 3.5 WHERE THE COMPANY HAS ISSUED BONDS AND/OR OTHER DEBT SECURITIES, A DESCRIPTION OF HOW THE COMPANY DISCHARGES ITS OBLIGATIONS TO HOLDERS OF SUCH SECURITIES.

At the General Meeting of Shareholders of 28.08.2021 it was approved the issuance (until 31.12.2023) of a new issue of non-convertible corporate bonds up to a maximum ceiling of 5 million lei, the nominal value of one share being 100 lei/share, with maturity between 3 years and 5 years, with an interest rate of maximum 10%/year.

In this context, Ascendia S.A. completed through SSIF Tradeville SA, on 30 August 2023, a bond offering addressed to less than 150 natural or legal persons, on a European Union Member State, without the preparation and publication of a prospectus. Bonds were issued to 78 investors as part of the placement. As a result of the placement, 44,895 unsecured corporate bonds were issued by Ascendia S.A.. The bonds have a nominal value of 100 lei, a maturity of 5 years and a fixed interest rate of 10% per annum, payable semi-annually. Investors subscribing under the Private Placement Offer benefited from an Offer Price of 95 lei/bond (5% discount from the nominal value of the bond). The issue raised proceeds of RON 4,265,025 for the company.

The issuer has the right to redeem the bonds in full, but not in part, at its own initiative, starting in the second year of the life of the bonds, in which case the issuer will pay the holders for each bond held at the reference date: interest accrued up to the time of redemption + the nominal value of each bond + an early redemption premium of 2.5% of the nominal value of the bond.

The bonds are listed on the Bucharest Stock Exchange under the symbol ASC27, as of 06.12.2023, the date of listing. The register of bondholders is at the Central Depository.

Annual Interest - The nominal annual Coupon Rate is fixed at 10% per annum, payable semi-annually on the Coupon Date. The Coupon is calculated on the basis of the actual number of days that have elapsed from an Interest Period and a 365-day year. The gross annual yield to maturity is calculated on the basis of the issue price and the fixed annual interest rate

of 10% per annum. Interest is calculated according to the following principle: "first day of the calculation period included, last day of the calculation period excluded".

**Payment of Interest and Principal** - All payments in respect of the Bonds issued, principal and coupons, will be made on the Coupon Date and/or the Maturity Date, as the case may be, through the Central Depository and the Paying Agent appointed by Ascendia S.A., to Bondholders registered in the register of Bondholders on the applicable Record Date.

Payments of Coupon and principal, if any, will be made semi-annually to Bondholders of record on the Record Dates within five (5) Business Days of the Record Date until maturity of the Issue, except for the last Coupon that was paid on the Maturity Date.

Details of interest and principal payments on bonds symbol ASC27:

Nr crt	Coupon Rate[% ]	Previous coupon date [LL/ZZ/AAAA]	Reference date [LL/ZZ/AAAA]	Current coupon date [LL/ZZ/AAAA]	Ex-cupon [LL/ZZ/AAAA]	Principal	Coupon period* [days]
1	10%	02-Sep-22	16-Feb-23	02-Mar-23	17-Feb-23	0.00	181
2	10%	02-Mar-23	21-Aug-23	02-Sep-23	22-Aug-23	0.00	184
3	10%	02-Sep-23	19-Feb-24	02-Mar-24	20-Feb-24	0.00	182
4	10%	02-Mar-24	19-Aug-24	02-Sep-24	20-Aug-24	0.00	184
5	10%	02-Sep-24	17-Feb-25	02-Mar-25	18-Feb-25	0.00	181
6	10%	02-Mar-25	19-Aug-25	02-Sep-25	20-Aug-25	0.00	184
7	10%	02-Sep-25	16-Feb-26	02-Mar-26	17-Feb-26 -	0.00	181
8	10%	02-Mar-26	19-Aug-26	02-Sep-26	20-Aug-26	0.00	184
9	10%	02-Sep-26	16-Feb-27	02-Mar-27	17-Feb-27	0.00	181
10	10%	02-Mar-27	19-Aug-27	02-Sep-27	20-Aug-27	100	184

\* Coupon Period = Current Coupon Date - Previous Coupon Date [or] Issue Date (for first coupon)

If any Coupon Date falls on a day that is not a Business Day, payment of the Coupon will be made on the Business Day immediately following that date. The last Coupon Date was the Maturity Date, i.e. on the 60th anniversary of the Issue Date, when the Bonds issued were redeemed at par value. Claims made against Ascendia S.A. in respect of payment of nominal value or interest in relation to the Bonds are subject to a limitation period of 3 (three) years from the due date for payment. This Bond issue has not provided for the possibility of early redemption by the Issuer.

The paying agent appointed by Ascendia S.A. is Banca Transilvania. Ascendia S.A. reserves the right to change the Paying Agent at any time provided that at all times there is a Paying Agent based in Romania. Any such change will only take effect upon notice to the Bondholders 30 days prior to the change. Such notice shall be validly provided to Bondholders by publication on the website of the Issuer ([www.ascendia.ro](http://www.ascendia.ro)) and on the website of the Bucharest Stock Exchange ([www.bvb.ro](http://www.bvb.ro)).

No credit lines were taken out during 2023.

Depending on future development needs, the company will consider using available financing mechanisms, bank or capital market, such as: line of credit, loan, capital increase, share or bond offering, etc.

## 4. MANAGEMENT OF THE COMPANY

4.1 THE PRESENTATION OF THE LIST OF DIRECTORS OF THE COMPANY AND THE FOLLOWING INFORMATION FOR EACH DIRECTOR: A) CV (NAME, SURNAME, AGE, QUALIFICATIONS, PROFESSIONAL EXPERIENCE, POSITION AND LENGTH OF SERVICE); B) ANY AGREEMENT, UNDERSTANDING OR FAMILY RELATIONSHIP BETWEEN THE DIRECTOR IN QUESTION AND ANOTHER PERSON BY VIRTUE OF WHICH THAT PERSON HAS BEEN APPOINTED DIRECTOR; C) THE DIRECTOR'S SHAREHOLDING IN THE CAPITAL OF THE COMPANY; D) THE LIST OF PERSONS RELATED TO THE COMPANY.

### COSMIN MĂLUREANU – SOLE ADMINISTRATOR AND CHIEF EXECUTIVE OFFICER (CEO)

On 31.12.2023 the Sole Director also performs the duties of the Chief Executive Officer. The company is managed and administered by Mr. MĂLUREANU COSMIN, Romanian citizen, in 1981 in Mun. Bucharest, domiciled in Mun. Bucharest, initially appointed for a period of 4 years starting from 23 March 2016, with full powers. In March 2024 by AGOA Nr.0018/22.03.2024 the shareholders decided to re-elect him for a new 4-year term of office. Mr. Malureanu's experience as sole Director of the company dates back to the company's establishment in 2007.

By AGOA No. 0009/21.03.2020, the shareholders decided that the remuneration for the management contract related to the position of General Manager of the company for Mr. Cosmin Malureanu will be 7500 lei net/month. By the same decision, the shareholders decided that for the management contract related to the position of Sole Director of the company for Mr. Cosmin Malureanu to be 4500 lei net/month. His remuneration was indexed by 15% by AGOA No.0018/22.03.2024.

#### Education:

- 2000 - 2009, Academy of Economic Studies Bucharest (ASE), Romania. Faculty of Cybernetics, Statistics and Economic Informatics - specialization in Economic Informatics - completed with a degree in Economic Engineering.
- September 2002 - September 2003, University of Economics and Business Sciences Athens, Greece. Faculty of Computer Science, Undergraduate courses, 1 year scholarship
- September 2001 - September 2002, National and Kapodistrian University of Athens, Greece. Faculty of Philosophy, Certificate of proficiency in Greek language - scholarship 1 year
- 2000 - 2001: Cisco Systems Networking Academy - Dimitrie Cantemir National College, Bucharest, Romania
- 1996 - 2000: Dimitrie Cantemir National College, Bucharest - Assistant Programmer Analyst

#### Important awards:

- 2017 - "Leave a Mark" award from the Romanian Business Leaders Foundation
- 2014 - Award "E-Skills for Jobs 2014 - Digital Entrepreneurship" - offered by the European Commission at EU level for the results obtained with the company ASCENDIA DESIGN S.R.L.
- 2010 - "Young Entrepreneur of the Year 2010" Europe - awarded by Junoir Achievement Young Enterprise Europe.

4.2 THE PRESENTATION OF THE LIST OF THE MEMBERS OF THE EXECUTIVE MANAGEMENT OF THE COMPANY. FOR EACH, THE FOLLOWING INFORMATION: A) THE TERM FOR WHICH THE PERSON IS A MEMBER OF THE EXECUTIVE MANAGEMENT; B) ANY AGREEMENT, UNDERSTANDING OR FAMILY RELATIONSHIP BETWEEN THAT PERSON AND ANOTHER PERSON DUE TO WHICH THAT PERSON HAS BEEN APPOINTED AS A MEMBER OF THE EXECUTIVE MANAGEMENT; C) THE SHAREHOLDING OF THAT PERSON IN THE CAPITAL OF THE COMPANY.

#### The persons in the executive management of Ascendia S.A. are:

- Cosmin Mălureanu - indefinite period - the shareholding in the capital of Ascendia S.A. is 6,393,500 shares, representing 54.5437% of the voting rights and share capital;
- Alex Mălureanu - indefinite period - holding in the capital of Ascendia S.A. is 2,248,627 shares, representing 19.1833% of the voting rights and of the share capital;

- Adriana Mălureanu - indefinite period - holding 455,000 shares in Ascendia S.A., representing 3.8817% of the voting rights and share capital;
- Daniel Comănescu - indefinite period - has no shareholding in Ascendia S.A..

The shareholdings mentioned are as of 18.04.2024, the record date for the Ascendia S.A. AGM on 29.04.2024.

The total number of shares of the company is 11,721,801, corresponding to 100% of the voting rights and share capital, which is 1,172,180.10 lei.

4.3 FOR ALL PERSONS REFERRED TO IN 4.1 AND 4.2, DETAILS OF ANY LITIGATION OR ADMINISTRATIVE PROCEEDINGS IN WHICH THEY HAVE BEEN INVOLVED IN THE LAST 5 YEARS RELATING TO THEIR WORK WITH THE ISSUER AND THOSE RELATING TO THEIR ABILITY TO PERFORM THEIR DUTIES WITH THE ISSUER.

Not the case - no such situations exist.

## 5. FINANCIAL AND ACCOUNTING SITUATION

5.1 PROVIDES AN ANALYSIS OF THE CURRENT ECONOMIC AND FINANCIAL SITUATION COMPARED WITH THE LAST 3 YEARS, WITH REFERENCE AT LEAST TO: A) BALANCE SHEET ITEMS: ASSETS REPRESENTING AT LEAST 10% OF TOTAL ASSETS; CASH AND OTHER LIQUID ASSETS; REINVESTED EARNINGS; TOTAL CURRENT ASSETS; TOTAL CURRENT LIABILITIES; B) PROFIT AND LOSS ACCOUNT: NET SALES; GROSS REVENUES; ITEMS OF COSTS AND EXPENSES OF AT LEAST 20% OF NET SALES OR GROSS REVENUES; PROVISIONS FOR RISKS AND CHARGES; REFERENCE TO ANY SALE OR DISCONTINUATION OF A BUSINESS SEGMENT MADE IN THE LAST YEAR OR TO BE MADE IN THE NEXT YEAR; DIVIDENDS DECLARED AND PAID; C) CASH FLOW: ALL CHANGES IN THE LEVEL OF CASH IN THE CORE BUSINESS, INVESTMENTS AND FINANCIAL ACTIVITIES, THE LEVEL OF CASH AT THE BEGINNING AND END OF THE PERIOD.

BALANCE SHEET DATA	Rd	31.12.2021	31.12.2022	31.12.2023
<b>A. FIXED ASSETS</b>				
<b>I. INTANGIBLE FIXED ASSETS</b>	<b>01</b>	6.513.511	8.322.548	9.975.714
<b>II. TANGIBLE FIXED ASSETS</b>	<b>02</b>	85.329	59.661	295.902
<b>III. FINANCIAL FIXED ASSETS</b>	<b>03</b>	46.050	46.050	87.884
<b>TOTAL FIXED ASSETS</b>	<b>04</b>	6.644.890	8.428.259	10.359.500
<b>B. CURRENT ASSETS</b>				
<b>I. INVENTORIES</b>	<b>05</b>	229.245	212.289	393.667
<b>II. RECEIVABLES</b>	<b>06</b>	4.731.065	9.841.916	10.350.714
<b>III. SHORT-TERM INVESTMENTS</b>	<b>07</b>	618	186.341	621.706

<b>IV. HOUSE AND BANK ACCOUNTS</b>	<b>08</b>	611.926	2.412.342	1.217.843
<b>TOTAL CURRENT ASSETS</b>	<b>09</b>	5.572.854	12.652.888	12.763.930
<b>C. ADVANCE EXPENDITURE</b>	<b>10</b>	5.967	4 1.897	6.008
<b>D. DEBTS (amounts to be paid over a period of up to one year)</b>	<b>11</b>	3.553.918	2.695.385	3.694.579
<b>E. NET CURRENT ASSETS</b>	<b>12</b>	645.798	9.169.400	8.237.327
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>13</b>	7.290.688	17.597.659	18.596.827
<b>G. LIABILITIES (amounts payable payable in more than one year)</b>	<b>14</b>	2.892.834	4.265.025	4.915.486
<b>H. PROVISIONS</b>	<b>15</b>	0	0	50.000
<b>I. PREPAID INCOME</b>	<b>16</b>	2.288.685	3.379.876	3.641.025
<b>1. INVESTMENT GRANTS</b>	<b>17</b>	2.288.685	3.379.876	3.641.025
<b>2. REVENUE ENTERED IN ADVANCE</b>	<b>18</b>	2.288.685	3.379.876	3.641.025
Of which:				
Amounts to be repaid in up to one year	<b>19</b>	520.000	830.000	838.032
Amounts to be repaid within a period more than one year	<b>20</b>	1.768.685	2.549.876	2.802.993
<b>3. Related deferred income assets received by transfer from customers</b>	<b>21</b>	0	0	0
<b>Negative goodwill</b>	<b>22</b>	0	0	0
<b>J. CAPITAL AND RESERVES</b>				
<b>I. CAPITAL of which:</b>	<b>23</b>	144.444	1.172.180	1.172.180
<b>1. Subscribed paid-in capital</b>	<b>24</b>	144.444	1.172.180	1.172.180
<b>2. Unpaid subscribed capital</b>	<b>25</b>	0	0	0
<b>II. CAPITAL PREMIUMS</b>	<b>26</b>	9.092	3.146.237	3.146.237
<b>III. REVALUATION RESERVES</b>	<b>27</b>	0	0	0

<b>IV.RESERVES</b>	<b>28</b>	226.593	2.546.677	5.369.416
Own shares	29	0	0	0
Gains related to equity instruments	30	0	0	0
Losses related to equity instruments	31	0	0	0
<b>V. PROFIT OR LOSS BROUGHT FORWARD</b>				
SOLD C	32	13.584	163.359	88.108
SOLD D	33	0	0	0
<b>VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR</b>				
SOLD C	34	2.251.646	3.920.613	1.297.024
SOLD D	35	0	0	0
Profit distribution	36	15.990	166.308	244.617
<b>TOTAL EQUITY</b>	<b>37</b>	2.629.169	10.782.758	10.828.348
Public assets	38	0	0	0
<b>TOTAL CAPITAL</b>	<b>39</b>	2.629.169	10.782.758	10.828.348

<b>PROFIT AND LOSS ACCOUNT</b>	<b>Rd</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2023</b>
<b>1. Net turnover of which:</b>	<b>01</b>	<b>4.567.673</b>	<b>9.067.922</b>	<b>8.958.255</b>
Production sold	02	4.567.673	9.067.922	8.958.922
Revenue from sale of goods	03	0	0	0
Trade discounts granted	04	0	0	0
Interest income recorded by entities removed from the general register and which still have leasing contracts outstanding	05	0	0	0
Subsidy income operating grants related to net turnover	06	0	0	0
<b>2. Revenue relating to the cost of work in progress</b>				
Sold C	07	29.232	0	213.642

<b>Sold D</b>	<b>08</b>	0	19.635	22.369
<b>3. Revenue from production of fixed assets produced by the entity for its own purposes and capitalised</b>	<b>09</b>	992.033	2.478.739	2.334.438
<b>4. Revenue from grants of operating subsidies</b>	<b>10</b>	0	504.096	183.695



<b>5.Other income from</b>	<b>11</b>	549.146	313.515	478.892
<b>Operating income of which:</b>	<b>12</b>	0	0	0
<b>Negative goodwill</b>	<b>13</b>	<b>6.138.084</b>	<b>12.344.637</b>	<b>12.146.553</b>
<b>6. a) Expenditure on raw materials and consumables</b>	<b>14</b>	51.529	14.554	39.017
<b>Other material expenditure</b>	<b>15</b>	586	51.781	34.592
<b>b) Other external expenditure (energy and water)</b>	<b>16</b>	23.362	9.750	17.570
<b>c) Expenditure on goods</b>	<b>17</b>	0	0	0
<b>Trade discounts received</b>	<b>18</b>	0	0	0
<b>7.Expenditure on staff</b>	<b>19</b>	2.102.013	4.612.664	6.910.305
<b>Of which:</b>				
<b>Salaries and allowances</b>	<b>20</b>	2.052.567	4.486.048	6.700.278
<b>Expenditure on</b>	<b>21</b>	49.446	126.616	210.027
<b>8. Value adjustments on tangible and intangible</b>	<b>22</b>	581.190	834.532	1.068.868
<b>Expenditure</b>	<b>23</b>	581.190	834.352	1.068.868
<b>Income</b>	<b>24</b>	0	0	0
<b>Value adjustments on current assets</b>	<b>25</b>	0	0	0
<b>Expenditure</b>	<b>26</b>	0	0	0
<b>Income</b>	<b>27</b>	0	0	0
<b>9. Other operating expenditure</b>	<b>28</b>	1.015.940	2.000.754	2.461.447
<b>9.1 Cheltuieli privind prestațiile externe</b>	<b>29</b>	956.186	1.924.750	2.350.438

<b>9.2 Expenditure on external benefits</b>	<b>30</b>	25.813	15.161	93.256
<b>9.3 Other expenditure</b>	<b>31</b>	33.942	60.843	17.753
<b>Interest expenses refinancing recorded by derecognised entities with outstanding leasing contracts</b>	<b>32</b>	0	0	0
<b>Provision adjustments</b>	<b>33</b>	0	0	50.000
<b>Expenses</b>	<b>34</b>	0	0	50.000
<b>Income</b>	<b>35</b>	0	0	0
<b>TOTAL OPERATING EXPENDITURE</b>	<b>36</b>	<b>3.774.920</b>	<b>7.523.855</b>	<b>10.616.717</b>
<b>PROFIT OR OPERATING LOSS</b>				
<b>Profit</b>	<b>37</b>	<b>2.363.164</b>	<b>4.820.782</b>	<b>1.529.836</b>
<b>Loss</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>10. Interest income</b>	<b>39</b>	0	0	7.408
<b>-of which income obtained from affiliated entities</b>	<b>40</b>	0	0	0
<b>11. Income from other investments and loans forming part of fixed assets</b>	<b>41</b>	0	0	0
<b>-of which income obtained from affiliated entities</b>	<b>42</b>	0	0	0
<b>12. Interest income</b>	<b>43</b>	1.164	655	68
<b>-of which income from affiliated entities</b>	<b>44</b>	0	0	0
<b>Other financial income</b>	<b>45</b>	233.866	11.075	245.412

<b>TOTAL FINANCIAL INCOME</b>	<b>46</b>	<b>235.030</b>	<b>11.730</b>	<b>252.888</b>
<b>13. Value adjustments on fixed assets and financial investments held as current assets</b>	<b>47</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditure</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>14. Interest expenses</b>	<b>50</b>	<b>283.942</b>	<b>174.421</b>	<b>427.434</b>
<b>-of which income from affiliated entities</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other financial expenses</b>	<b>52</b>	<b>30.517</b>	<b>38.182</b>	<b>14.982</b>
<b>TOTAL FINANCIAL EXPENDITURE</b>	<b>53</b>	<b>314.459</b>	<b>212.603</b>	<b>442.416</b>
<b>PROFIT OR FINANCIAL LOSS</b>				
<b>Profit</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loss</b>	<b>55</b>	<b>79.429</b>	<b>200.873</b>	<b>189.528</b>
<b>CURRENT PROFIT OR LOSS:</b>				
<b>Profit</b>	<b>56</b>	<b>2.283.735</b>	<b>4.619.909</b>	<b>1.340.308</b>
<b>Loss</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>15. Extraordinary income</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>16. Extraordinary expenses</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFIT OR EXTRAORDINARY LOSS:</b>				
<b>Profit</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loss</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>62</b>	<b>6.373.114</b>	<b>12.356.367</b>	<b>12.399.441</b>
<b>TOTAL EXPENDITURE</b>	<b>63</b>	<b>4.089.379</b>	<b>7.736.458</b>	<b>11.059.133</b>

<b>GROSS PROFIT OR LOSS</b>				
Profit	64	2.283.735	4.619.909	1.340.308
Loss	65	0	0	0
17. Tax on micro/micro	66	32.289	18.310	0
18. Corporate income tax	67	0	680.986	43.284
<b>19. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR</b>				
Profit	68	2.251.446	3.920.613	1.297.024
Loss	69	0	0	0

<b>SITUATION OF TREASURY FLOWS</b>	<b>Rd</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2023</b>
+Profit or loss	01	2.251.446	3.920.613	1.297.024
+Depreciation and provisions	02	581.190	834.352	1.068.868
Change in inventories [+/-]	03	36.016	-19.635	-22.369
Change in receivables [+/-]	04	4.324.423	5.110.851	688.258
Change in liabilities current [+/-]	05	2.736.842	-858.533	999.194
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>06</b>	<b>-783.404</b>	<b>-3.833.861</b>	<b>-761.549</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>07</b>	<b>264.715</b>	<b>-200.000</b>	<b>-484.941</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>	<b>08</b>	<b>843.781</b>	<b>5.833.658</b>	<b>51.991</b>
Short-term loans less than one year	09	0	0	0
Cash at the Beginning of the period	10	287.453	612.545	2.412.342
<b>NET CASH FLOW</b>	<b>11</b>	<b>325.092</b>	<b>1.799.797</b>	<b>-1.194.499</b>

- 6.1 THE REPORT SHALL BE SIGNED BY THE AUTHORISED REPRESENTATIVE OF THE BOARD OF DIRECTORS, THE MANAGER/EXECUTIVE DIRECTOR AND THE COMPANY'S CHIEF ACCOUNTANT. IF THE COMPANY HAS SUBSIDIARIES, THE INFORMATION PRESENTED IN THE ANNUAL REPORT SHALL BE PRESENTED BOTH IN RESPECT OF EACH SUBSIDIARY AND IN RESPECT OF THE COMPANY AS A WHOLE. THE ANNUAL REPORT SHALL BE ACCOMPANIED BY COPIES OF THE FOLLOWING DOCUMENTS: A) THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY, IF THESE HAVE BEEN AMENDED DURING THE YEAR FOR WHICH THE REPORT IS MADE; B) IMPORTANT CONTRACTS CONCLUDED BY THE COMPANY DURING THE YEAR FOR WHICH THE REPORT IS MADE; C) RESIGNATION/RESIGNATION PAPERS, IF THERE HAVE BEEN SUCH RESIGNATIONS AMONG THE MEMBERS OF THE ADMINISTRATION, THE EXECUTIVE MANAGEMENT, THE AUDITORS; D) THE LIST OF SUBSIDIARIES OF THE COMPANY AND COMPANIES CONTROLLED BY IT; E) THE LIST OF PERSONS AFFILIATED TO THE COMPANY

In 2023, the Articles of Association were not amended.

Contracts entered into by the company are subject to non-disclosure agreements and cannot be published.

During the period under review there were no resignations/resignations among members of the Board of Directors, Executive Management.

At the end of 2023, Ascendia S.A. was operating in the following locations:

- Company's head office: 40 Eufrosin Poteca Correspondence Street, 1st floor, Sector 2, Bucharest;
- Working point and: Bld.Dacia nr.99, 4th floor, Sector 2, Bucharest.

At the end of 2023, as well as at the date of writing, there are no other persons affiliated with the company other than those named in section 4 of this report.

The annual accounting report has been prepared in accordance with the applicable accounting standards, gives a true and fair view of the assets, liabilities, financial position, profit and loss account of Ascendia S.A. We point out that the accounting report has been audited and the audit report accompanies this report. To the best of our knowledge, this report presents fairly and completely the information about the company.

**Daniel Comănescu - Chief Accountant ASCENDIA S.A.**

**Cosmin Mălureanu - Sole Administrator and General Manager ASCENDIA S.A.**

**Date: 29.04.2024**

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6.2 ANNEXES - THE REPORT WILL BE ACCOMPANIED BY COPIES OF THE SUPPORTING DOCUMENTS FOR ALL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION AS WELL AS TO THE COMPANY'S MANAGEMENT STRUCTURES (ADMINISTRATION, EXECUTIVE, ETC.).

The following Annexes are attached to this Report (Romanian version only):

- Annex 1 - Balance sheet for the year 2023 and accompanying notes
- Annex 2 - Administrator's Report for the financial year ending 31.12.2023
- Annex 3 - Independent Auditor's Report for the results of the Year 2023
- Annex 4 - Income and expenditure budget 2024
- Annex 5 - Corporate Governance Principles
- Annex 6 - Declaration of responsible persons