



**Consolidated Financial Statements
and Auditors Report of**

Vertis Environmental Finance Ltd.

**for the financial year ended March 31, 2024
(6 months)**

Prepared in accordance with International
Financial Reporting Standards as endorsed
by the European Union.

STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

	Notes	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- March 31, 2024
Revenue from sale of emission allowances	7	2,065,524,139	1,081,858,412
Commission income	7	765,156	20,002
Other revenues	7	315,731	632,740
Total revenue from customer contracts		2,066,605,026	1,082,511,154
Cost of emission allowances sold	8	(2,039,223,174)	(1,062,627,876)
Income/(loss) on commodity derivatives	9	2,822,331	(3,357,533)
Gross margin		30,204,183	16,525,745
Personnel expenses	10	(15,149,107)	(7,441,567)
Depreciation and amortization		(747,362)	(327,253)
Other operating costs	11	(3,335,416)	(1,437,640)
Other operating income	12	949,440	283,647
Other operating expenses	12	(1,066,711)	(493,297)
Operating profit		10,855,027	7,109,635
Interest income	13	114,533	237,531
Interest expense	14	(1,552,729)	(1,062,324)
Profit before tax		9,416,831	6,284,842
Income tax expense	15.3	(798,497)	(562,928)
Net Income		8,618,334	5,721,914
Other comprehensive income:			
Exchange differences on foreign operations		221	17,627
Total comprehensive income		8,618,555	5,739,541
Net income			
Profit share of Vertis Ltd shareholders' interest		8,618,334	5,721,914
Profit share of non-controlling interests		-	-
		8,618,334	5,721,914
Total comprehensive income			
Profit share of Vertis Ltd shareholders' interest		8,618,555	5,739,541
		8,618,555	5,739,541

The accompanying notes are integral part of these financial statements.

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

	Notes	Sep 30, 2023	Mar 31, 2024
Current assets:			
Cash and cash equivalents	4.3.1	26,226,022	17,284,148
Trading deposits	4.3.2	13,974,911	20,033,939
Trade receivables – ETS trading activity	4.3.3	5,456,999	2,389,480
Trade receivables – other	4.3.3	2,953,687	2,664,912
Derivative assets	4.3.4	662,875	1,915,280
Other financial assets	4.3.5	114,162	427,168
Lease receivables	18	22,214	31,598
Inventory	6	26,255,024	12,389,307
Income tax recoverable	15	373,141	388,656
Other current assets	16	985,180	1,395,120
Total current assets		77,024,215	58,919,608
Non-current assets:			
Derivative assets	4.3.4	51,800	142,080
Other financial assets	4.3.5	201,470	205,990
Lease receivables	18	94,808	102,204
Right-of-use assets	18	1,658,576	1,320,491
Intangible assets	19	14,171	12,891
Property, plant and equipment	20	619,855	1,091,404
Deferred taxes	15.4.2	25,284	25,099
Total non-current assets		2,665,964	2,900,159
Total assets		79,690,179	61,819,767
Current liabilities:			
Trade payables – ETS trading activity	4.5.1	2,486,677	401,967
Trade payables - other	4.5.1	-	1,400,677
Other trade payables	4.5.2	1,196,652	888,633
Derivative liabilities	4.5.3	255,588	327,301
Loans and borrowings	4.5.4	38,378,449	14,432,057
Other financial liabilities	4.5.5	3,688,418	6,413,743
Lease liabilities	18	478,033	471,933
Contract liabilities	7.1	2,385,287	3,226,993
Income tax payable	15.4.1	2,977	1,975
Other current liabilities	21	6,340,518	6,503,831
Total current liabilities		55,212,599	34,069,110
Non-current liabilities:			
Derivative liabilities	4.3.4	1,600	140,205
Loans and borrowings	4.5.4	-	-
Other financial liabilities	4.5.5	29,931	-
Lease liabilities	18	1,388,083	1,012,945
Other non-current liabilities	22	-	-
Total non-current liabilities		1,419,614	1,153,150
Total liabilities		56,632,213	35,222,260
Equity:			
Share capital	23.1	2,757,089	2,757,089
Additional paid-in capital	23.2	675,294	675,294
Retained earnings	23.3	19,627,975	23,149,889
Accumulated comprehensive income	2.4.2	(2,392)	15,235
Vertis Ltd shareholders' interest		23,057,966	26,597,507
Non-controlling interests		-	-
Total equity		23,057,966	26,597,507
Total liabilities and equity		79,690,179	61,819,767

The accompanying notes are integral part of these financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

	Notes	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- March 31, 2024
Net income		8,618,555	5,739,541
Depreciation and amortization	11	229,728	108,237
Impairment and other non-cash items		116,574	96,270
Income from sale of intangible assets and property, plant and equipment	11	(351,836)	1,072
Income tax expense / (income)	15.3	798,497	562,928
(Increase) / decrease of inventory	6	(19,070,209)	13 769 470
Increase / (decrease) of fair value of open commodity derivatives	4.6	1,934,194	(1,132,367)
Increase / (decrease) of trade and other financial assets	4.3	7,014,393	(3,563,031)
Increase / (decrease) of trade and other financial liabilities	4.4	(20,481,759)	3,740,751
Proceeds from operations		44,864	73,869
Income tax paid		(1,779,486)	(579,260)
Operating cash flows		(22,926,485)	18,817,480
Investing cash flows:			
Purchase of intangible assets and property, plant and equipment	11	(437,602)	(583,002)
Proceeds from sale of intangible assets and property, plant and equipment	11	365,099	2,573
Investing cash flows		(72,503)	(580,429)
Financing cash flows:			
Proceeds from loans and borrowings	4.5.4	99,512,133	40,759,573
Repayment of loans and borrowings	4.5.4	(73,383,353)	(64,532,733)
Increase of finance lease liabilities	18	-	-
Repayment of finance lease liabilities	18	-	-
Interest paid	14	(378,714)	(1,205,622)
Dividend paid		(5,125,000)	(2,200,000)
Financing cash flows		20,625,066	(27,178,782)
Exchange rate differences on cash and cash equivalents		(1,668)	(143)
Change in cash and cash equivalents		(2,375,590)	(8,941,874)
Cash and cash equivalents at the beginning of the period		28,601,612	26,226,022
Cash and cash equivalents at the end of the period		26,226,022	17,284,148

The accompanying notes are integral part of these financial statements.

STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Non-controlling interests	Total Equity
Balance at September 30, 2022	2,757,089	675,294	16,134,641	(2,613)	-	19,564,411
Dividend (a)	-	-	(5,125,000)	-	-	(5,125,000)
Issue of share capital	-	-	-	-	-	-
Net income	-	-	8,618,334	-	-	8,618,334
Other comprehensive Income (b)	-	-	-	221	-	221
Balance at September 30, 2023	2,757,089	675,294	19,627,975	(2,392)	-	23,057,966
Dividend (c)	-	-	(2,200,000)	-	-	(2,200,000)
Issue of share capital	-	-	-	-	-	-
Net income	-	-	5,721,914	-	-	5,721,914
Other comprehensive Income (b)	-	-	-	17,627	-	17,627
Balance at March 31, 2024	2,757,089	675,294	23,149,889	15,235	-	26,597,507

- a) Dividend in an amount of EUR 5,125,000 was declared and settled in the financial year ended September 30, 2023
- b) Exchange differences arising on foreign currency translation of financial statements of Vertis Polska Sp. z o.o and Vertis UK Ltd. were recognized in Other comprehensive income
- c) Dividend in an amount of EUR 2,200,000 was declared and settled in the financial year ended March 31, 2024

These financial statements were approved by the Board of Directors and signed on its behalf by

Krisztián Lovrity
Chief Finance and Executive Officer

James Edward Atkins
Member of the Board of Directors

Budapest, August 21, 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Group overview

Parent company :	Vertis Environmental Finance Ltd. (hereinafter: „Vertis Ltd.“, or „Company“)
Headquarters :	Csörsz utca 45, 1124 Budapest, Hungary
Company registration number :	Cg.: 01-10-045456 (The Metropolitan Court of Registration)
Tax number :	13748890-2-44
Statistical code :	13748890-6499-114-01
Website :	https://vertis.com

Together with its subsidiaries Vertis Environmental Finance Ltd. (Vertis Ltd. or Company) forms the Vertis Group (Vertis or Group).

Vertis Environmental Finance Ltd. was established on 23 August 2006 by transformation, its predecessor was Vertis Environmental Finance Consulting Ltd. founded on April 1, 1998, formerly known as Rochester Financial Consulting Ltd.

Vertis Ltd. is mainly a carbon trading company having a wide international network of industrial and aviation counterparties, major European banks and other carbon traders.

Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU reforming the European financial and investment markets entered into force on January 3, 2018 (hereinafter MiFID II) extended the scope of the regulated financial instruments on emission allowances. Trading with these instruments therefore qualifies from 2018 as investment service and is a licensed activity requiring a license issued by the National Bank of Hungary (hereinafter NBH). As a result of the several years of preparation, Vertis obtained the investment service provider license from the NBH and from January 3, 2018 falls within the scope of the Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (Investment Services Act). As an investment firm supervised by the NBH, the Company provides own account trading, investment analysis, investment advisory and foreign exchange trading related to investment services.

The Company aims to provide services in lines of business determined by its owners, i.e. in environmental finance as well as trading regulated carbon emission rights under the scope of international agreements, with the aim to become a market leader in this activity.

The separate and consolidated financial statements of the Company are available at the Company's registered office and on its corporate website: <https://vertis.com>

As at March 31, 2024, the Company's shareholders were as follows:

Shareholders	% in the issued share
VEF Holding B.V. Gelrestraat 30, 1079 MZ, Amsterdam, the Netherlands	100 %

On October 5, 2022, Mr. Gauthier Pierre Phillipe Bily sold his 7.42% share to VEF Holding B.V., which company owned 92.58% of the shares until that time. The only beneficial owner of Vertis Ltd. is Mr. Tim Tobias van der Noordt based on section 3 point 38 letter a) of the Act read together with section 8:2 (4) of Act V of 2013 on the Civil Code. The only beneficial owner is not politically exposed person

The Company's Board of Directors (the Board) accepted the submission of these Consolidated Financial Statements on August 21, 2024 to the Owner, which is authorized to approve these financial statements, but also has the right to require amendments before approval. As these Consolidated Financial Statements have already been discussed with the Sole Shareholder before submission, therefore the probability of any potential change required by the Sole Shareholder is extremely remote.

Persons authorized to sign these consolidated financial statements:

- Krisztián Lovrity (residence: Vajda János utca 1, 2091 Etyek, Hungary) – Chief Finance and Operations Officer
- Marinus Gerard Herman van Diessen (residence: NL-4818 PG Breda, Baronielaan 155, Netherlands) – Chairman of the Company's Board of Directors

The Company is subject to compulsory audit. The Company's auditor is KPMG Hungária Könyvvizsgáló, Adó-és Közgazdasági Tanácsadó Kft. (registration number at Chamber of Hungarian Auditors: 000202), the responsible person for carrying out the audit is Zsuzsanna Nagy (membership number at Chamber of Hungarian Auditors: 005421).

The auditor is entitled to a fee of EUR 102,450 + VAT. No other assurance services, tax advisory services or other non-audit services were provided by the audit company to the Company. Audit fee paid by the Company was EUR 82,500 + VAT in the previous financial year.

The person responsible for the management of the tasks included in the scope of the accounting service is Ágnes Maczkó (Residence: Erőmű utca 4. 6/1, 1117 Budapest, Hungary) Group accounting manager, PM registration number: 206699, registered IFRS certified accountant.

1.1 Members of the Group

At the balance sheet date, as on March 31, 2024, the Group's operating subsidiaries were as follows.

Subsidiaries	Activity and location	Ownership	
		Sep 30, 2023	Mar 31, 2024
Vertis Brussels SA	Brussels, Belgium	100%	100%
Vertis Iberia S.L	Madrid, Spain	100%	100%
Vertis Polska Sp. Z. o.o.	Warsaw, Poland	100%	100%
Vertis UK Ltd.	London, UK	100%	100%
Strive Climate Action S.L.U.	Madrid, Spain	100%	100%

2 Summary of significant accounting policies

2.1 Basis of presentation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). All standards and interpretations endorsed by the EU effective as on March 31, 2024 and applicable to the Group had been adopted. These consolidated financial statements also comply with the Hungarian Accounting Act, which refers to IFRS as endorsed by the EU.

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities and inventory at fair value through profit or loss. Unrealized gains and losses are recognized directly in income of the current year. During the consolidation of subsidiaries with a non-EUR functional currency, the exchange rate difference resulting from currency conversion appears in other comprehensive income.

The functional currency of the Company is the EUR. The consolidated financial statements of the Group are prepared and presented in EUR, unless indicated otherwise.

Assets and liabilities are classified as “current” if their maturity is less than 12 months or “non-current” if their maturity exceeds 12 months.

2.1.1 Financial year

In previous years the Company’s financial year covered 12-month periods from October 1 to September 30. Following the closing of the last financial year (September 30, 2023), the Company’s management decided to change the financial year to cover 12-month periods from April 1 to March 31. Consequently, the financial year covered in these financial statements is the transition year for the Company covering a period of 6 months, from October 1, 2023 to March 31, 2024.

The change of the financial year was requested by the new owner of the Company in order to align the Company’s financial year with the other investments of the new owner.

The fact that the financial year in the current financial statements covers a period 6 months has a significant impact on the comparability of the periods presented, especially on the Statements of Comprehensive Income and Cash Flows primarily due to the difference in the periods presented (6 months vs 12 months). In addition, due the seasonality of the carbon trading activities, certain items in the Statements of Financial Position are also less comparable, the reasons for which are explained in the Notes to the particular line of the Statements of Financial Position.

2.2 Functional and presentation currency

The functional currency of the Group is the EUR. The separate and consolidated financial statements of the Company are prepared and presented in EUR.

Transactions entered into by the Company in a currency other than the EUR are recorded at the Hungarian National Bank’s rates prevailing on the day before the transaction date. Foreign currency (other than EUR) monetary assets and liabilities are translated at the rates prevailing at the reporting date (closing rate). Exchange differences arising on the translation of unsettled monetary assets and liabilities are recognized in Profit after tax.

2.3 Standards, interpretations and amendments thereto applied by the Company in the most recent financial year

There were no Standards, interpretations and amendments thereto that the Company applied in the current financial year.

2.4 Standards, interpretations and amendments thereto to be applied by the Company in the following financial year

IAS 1 amendment: Presentation of Financial Statement – Classification of Liabilities as Current or Non-current and Deferral of Effective Date

IFRS 16 amendment: Lease Liability – The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale

We do not expect that the above amendments would have significant impacts on the Company's financial statements.

2.5 Standards and interpretations issued by the IASB but not yet effective

At the date of approval of these financial statements, the following amendments had been issued by the IASB but not yet effective:

IAS 7 and IFRS 7 amendments: Disclosures: Supplier Finance Arrangements

IAS 21 amendment: Lack of Exchangeability

We do not expect that the above amendments would have significant impacts on the Company's financial statements.

On April 9, 2024 the IASB issued the following new standards:

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The Company has not started evaluating the impacts of these very recently issued new standards and EU has also not endorsed them yet.

2.6 Consolidation

2.6.1 Subsidiaries

A subsidiary is an entity over which the Company has control. The control exists if all of the following three conditions are met:

- Authority to govern the entity
- The right to a return, not just a positive one
- The ability to direct the activities of the entity

Where facts and circumstances indicate that there may be a change in any of the conditions of the control, the existence of the control shall be reviewed.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The acquisition of a subsidiary is accounted

for in accordance with the acquisition accounting procedure. The cost of an acquisition includes the fair value of the assets given, newly issued treasury shares and liabilities assumed at the acquisition date, while the direct costs of the acquisition shall be recognized as an expense separately from the acquisition. Excess value over the fair value of the subsidiary's net assets and contingent liabilities is recognized as goodwill. If the cost of the acquisition is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognized in profit or loss after tax (Other operating income).

A decrease of ownership interest in a subsidiary while control is retained recognized as a capital transaction between owners and no gain or loss is accounted for on the sale.

A decrease of ownership in a subsidiary that results in a loss of control results in a revaluation of the fair value of the remaining interest. The difference between the fair value and the carrying amount is the gain or loss on derecognition of the interest, which is recognized in the Net income (Other operating income and expenses). (The Net income is further referred as Profit and loss.)

Transactions, balances and unrealized gains or losses on transactions between member companies of the Group are eliminated. The accounting policies of the subsidiaries have been harmonized to ensure consistent accounting policies within the Group.

2.6.2 Foreign currency conversion

2.6.2.1 Functional and reporting currency

The financial statements of the members of the Group are presented in the currency of the primary operating environment of the company (functional currency).

The consolidated financial statements are presented in EUR, as EUR is the Group's reporting currency.

2.6.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of financial assets and liabilities denominated in foreign currencies are recognized in profit or loss (Other operating income and expenses).

2.6.2.3 Member companies of the Group

The results and balance sheets of a member company of the Group that has a functional currency other than the reporting currency (none of which operates in a hyperinflationary economy) are translated into the reporting currency as follows:

- On initial consolidation of subsidiaries, assets and liabilities are included in the consolidated balance sheet at EUR at the exchange rate valid at the date of acquisition. In the presented balance sheets, assets and liabilities are stated at the closing exchange rate valid on the given balance sheet date.
- Income statement items are translated into EUR at the average exchange rate.
- All exchange differences are recognized in consolidated equity (as cumulative translation differences).

If the Group sells part or all of a foreign operation, the exchange difference recognized in equity until the sale is recognized in profit or loss (Other operating income and expenses) through profit or loss on sale.

3 Critical accounting estimates and judgements

Accounting principles and methods related to assets, liabilities, revenues and costs not listed in this section are disclosed in the relevant notes.

3.1 Classification of emission allowances as assets

The Group usually purchases and sells emission allowances based on its clients' needs. The Group always purchases these allowances on its own behalf and sells it later to its clients. Whenever an emission allowance is sold, the seller transfers the units in the Union registry to the buyer, which results in the transfer of control.

The emission allowance meets the definition of an asset as it is a resource controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the entity.

IFRS does not contain specific guidance on accounting for emissions allowances. In general, emissions allowances are normally accounted for as intangible assets as they meet the definition of an intangible asset IAS 38.8 "an identifiable non-monetary asset without physical substance." However, in case such allowances are held for sale in the ordinary course of business these units have to be classified as inventories based on the definition of inventory as per IAS 2.6 and the scope exemption in IAS 38.3.

As a consequence of the above, emission units are recognized as inventory. Inventories are recognized on the date when the entity obtains control over the inventory. This takes place when the title to a particular emission unit is obtained by the Group, i.e. at the time when the units are transferred to the Group in the Union registry (or its equivalent in case of other type of units).

3.2 Valuation of emission allowances

Emission allowances are treated as inventory. These are initially measured at cost on the date when the Group obtains control over the inventory.

IAS 2.5 defines broker-traders as „those who buy or sell commodities for others, or on their own account principally with the purpose of generating a profit from fluctuations in price when selling own inventory in the near future. The Group meets the definition of a broker-trader and therefore has to measure its inventory of emission allowances at fair value less cost to sell. All changes in the fair value less costs to sell of such inventories are recognized in profit or loss.

Based on the definition in IFRS 13.9, 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined to be an exit price. The exit price embodies expectations about the future cash inflows and outflows associated with the asset or liability from the perspective of a market participant that holds the asset or owes the liability at the measurement date.

3.3 Recognition of revenue from trading emission allowances

The Group purchases units on its own account and can decide at each transaction whether it hedges the trade by purchasing or selling equal amount of similar product on the market, or whether it trades by taking a position. This evidences that the Group is the principal of providing the emission allowances to its clients as opposed to acting as an agent. Consequently, all emission allowances sold by the Group to its counterparties are recognized as revenue and cost of sales on a gross basis.

3.4 Recognition and valuation of forwards, futures and options

In addition to spot purchases and sales of emission allowances, the Group also enters into forward, futures and option contracts in the ICE commodity exchange, and on the OTC market.

Under IFRS emission allowances do not qualify as financial instruments as they do not meet the definition of a financial asset according to IFRS 9. However, a contract to buy or sell a non-financial item (such as the allowance units) may be required to be accounted for as a derivative (within the scope of IFRS 9), even though the non-financial item itself falls outside the scope of the financial instruments standards. If contracts to buy or sell non-financial items can be settled net in cash or another financial instrument, including if the non-financial item is readily convertible into cash, then they are included in the scope of the financial instruments standards.

A contract is to be accounted for as a derivative if the contract has all of the following features:

- Its value changes in response to one or more underlying variables – e.g. an interest rate, the price of a financial instrument or a commodity listed on an exchange, foreign currency, price index, interest rate index, etc.
- It requires a zero or low value initial net investment; and
- It will be settled at a future date.

Based on the above, the emission allowance forwards, futures and options are treated as derivatives and accounted for accordingly by the Group.

4 Financial instruments

4.1 Financial assets

Financial assets primarily comprise loans and receivables, acquired equity and debt instruments, cash and cash equivalents, and derivatives with positive fair values.

Financial assets are recognized if the Group has a contractual right to receive cash or other financial assets from another entity.

Standard purchases and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset.

Upon first-time recognition, each financial asset is assigned to one of the following categories, and subsequently measured according to the measurement rules for the respective category:

- at amortized cost (AC), if
 - The asset is held in a business model with a primary aim to collect its contractual cash flows, and
 - The asset's contractual cash flows represent solely payments of principal and interest;
- at fair value through other comprehensive income (FVOCI), if
 - The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - The asset's contractual cash flows represent solely payments of principal and interest
- at fair value through profit or loss (FVTPL), if
 - The asset does not meet the criteria of FVOCI or AC.

Investments in other entities' equity instruments (other than subsidiaries, joint ventures and associates) are always measured at fair value.

Financial assets included are initially recognized at fair value plus transaction costs unless measured at FVTPL. Financial assets measured at FVTPL are initially recognized at fair value and transaction costs are recognized in Profit or loss as incurred.

In case of the Group investments and derivatives with positive fair value are measured at FVTPL, while cash and cash equivalents, trading deposits held at clearing houses, trade receivables and other financial assets and are measured at AC.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred.

Any difference between the consideration received and the carrying value is recognized as gains or losses on derecognition are recognized in Profit or loss.

Advances paid to vendors for their performance obligations are not financial assets but contract assets.

4.1.1 Impairment of financial assets

The Group recognizes impairment (a loss allowance for expected credit losses) for financial assets measured at amortised cost and debt instruments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12-month expected credit losses:

- Bank balances and trade deposits that are determined to have low credit risk at the reporting date
- Trade deposits and other financial assets for which credit risk has not increased significantly since initial recognition

When determining whether the credit risk has increased significantly since initial recognition and when estimating ECLs, the Group considers the following factors:

- financial difficulties, bankruptcy or other financial reorganization risk of the partner
- breach of contract (late or missed payment by the partner for more than 30 days)
- loss of liquidity of the financial asset

The impairment is calculated as the difference between the carrying value and the recoverable amount (i.e. the probability-weighted estimate of cash inflows discounted using the effective interest rate of the instrument) and is accounted for in Profit or loss for the year.

Receivables from trading transactions do not include financing elements, therefore the Company determines impairment at an amount equal to lifetime expected credit losses.

4.1.1.1 Measurement of expected credit losses

Expected credit losses (ECL) represent the difference between contractual cash flows due under the contract and cash flows expected to be received.

The Group has to measure expected credit losses of a financial instrument:

- Objectively, reflecting the probability of possible outcomes;
- Reflecting the time value of money; and
- Based on reasonably obtainable information that is available without undue cost or effort.

In case of cash held at banks, bank deposits, trading deposits probability of default (PD) is estimated based on the (S&P) rating of the holder of the deposit.

In case of trade receivables, ECL is measured based on the historical observed default rates adjusted by forward-looking estimates.

4.1.2 Offsetting financial assets and financial liabilities

Financial assets and liabilities subject to enforceable netting arrangements between the Group and its counterparty are to be presented net in the balance sheet.

Customer overpayments are usually subject to offsetting with the related trade payables according to the general trading practice of the Group.

4.2 Derivatives

In addition to spot purchases and sales of emission allowances, the Group also enters into forward, futures and option contracts in the ICE commodity exchange, and on the OTC market.

Derivatives are carried at fair value that is the actual price which could be received / paid if the derivative would be sold / settled as on that date between market participants under normal transaction terms. Positive fair values at the end of the reporting period are presented as financial assets, while negative fair values are presented as financial liabilities. Changes in the fair values of derivatives are recognized in Profit or loss as no hedge accounting is applied.

4.3 Financial assets in the statements of consolidated financial position

4.3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, and all highly liquid deposits and securities with original maturities of three months or less and exclude all overdrafts. The Company only has cash on its balance sheet, it does not have any cash equivalents. These financial assets are exposed to credit risks, for which see more details in Notes 4.1.1 and 5.1. The 12-month expected

credit losses recognized for these financial assets based on the (S&P) credit rating of the partners are also disclosed in the tables below.

The tables below provide details of the Cash and cash equivalent balances as at the end of the reported fiscal years.

Carrying amount	Sep 30, 2023	Mar 31, 2024
EUR	23,652,820	13,703,309
HUF	4,948	40,766
PLN	41,634	90,966
USD	2,469,547	2,040,463
GBP	56,655	1,411,020
RON	181	-
AUD	2,785	382
Other	353	-
Expected credit loss	(2,901)	(2,758)
Total	26,226,022	17,284,148

The significant decrease in cash and cash equivalent balance is primarily due to the transfer to trading deposits.

4.3.2 Trading deposits

Trading deposits primarily include receivables related to the trading of EU ETS units qualifying as financial instruments and regulated by MiFID II. due from the clearing service provider investment firms that is available to cover exchange margin requirements of derivative instruments and spot carbon instrument purchase needs. In order to facilitate the acquisition of other non-EU ETS units, the Company joined an electronic trading platform in the current year, through which the settlement of transactions concluded is ensured by a clearing service provider. Trading deposits do not yield interest and also are not readily available or available, but not being held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, therefore, not presented as cash and cash equivalents.

The tables below provide details of the trading deposits at the end of the reported fiscal years.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Trading deposits held at investment service providers	13,977,102	20,037,150
Trading deposits held at clearing service providers	49	-
Expected credit loss	(2,240)	(3,211)
Total	13,974,911	20,033,939

The significant increase in trading deposit balance is primarily due to the transfer of a part of cash and cash equivalents.

4.3.3 Trade receivables

Trade receivables primarily include the amounts due from customers as a result of carbon instruments sold to them. These balances are usually due in 1-2 days.

Carrying amount on Emission allowance trading	Sep 30, 2023	Mar 31, 2024
Trade receivables from third parties	5,112,950	1,969,344
Trade receivables from subsidiaries	-	-
Trade receivables from other related parties	344,049	420,135
Total	5,456,999	2,389,480

The significant change of the ETS trade receivables is primarily due to the reclassification of Accounts payable with negative balance on the balance sheet date.

Trade receivables from non-ETS trading activity are receivables arising from trading with other units not covered by the EU ETS, further details on those units are provided in Note 6.2.

Carrying amount on Other trading activity	Sep 30, 2023	Mar 31, 2024
Trade receivables from third parties	2,316,363	1,978,377
Trade receivables from subsidiaries	-	-
Trade receivables from other related parties	637,324	686,535
Total	2,953,687	2,664,912

The table below shows the valuation of receivables from trading transactions.

	Sep 30, 2023	Mar 31, 2024
Historical value	8,496,586	5,054,392
Impairment	(85,900)	-
Carrying amount	8,410,686	5,054,392

The Group assessed the trade receivables as at the end of the reporting periods and did not find any circumstances that would indicate that the recoverable amount of trade receivables is less than their carrying amount, so no further impairment was recognized.

4.3.4 Derivative assets

At the end of the reporting periods the Group had open forward, futures and option contracts which are all related to emission allowances and recognized those with positive fair values as financial assets.

In addition, in order to minimize exchange rate risks, the Company entered into short-term currency futures contracts, which were also evaluated and reported at fair value. Transactions at positive fair value were presented as derivative assets.

The maturities of derivative assets are based on the maturities of the underlying transactions. The majority of derivative contracts is concluded to hedge existing exposures. Speculative derivatives represent a significantly smaller portion of the Group's derivative trading activities.

The table below provides the maturity breakdown of the Group's derivatives at the end of the reported fiscal years. Further details on maturities are provided in Note 5.2.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Derivative assets - current	662,875	1,915,280
Derivative assets - non-current	51,800	142,080
Total	714,675	2,057,360

The significant increase of the derivative assets balance is primarily due to the volatile price of emission allowances. Clients showed active amenable to enter into derivative transactions than during the previous 12-month financial year.

The table below presents the Group's derivative assets by type of transaction.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Forwards	455,515	1,384,970
Futures	259,160	659,490
Options	-	12,900
Total	714,675	2,057,360

4.3.5 Other financial assets

Other financial assets include loan and interest receivables, deposit placed with a financial institution in connection with a long-term office lease, deposit related to supplier orders and other financial receivables. The deposit placed with the financial institution is recognized as non-current asset in accordance with the maturity of the long-term office lease agreement.

The tables below provide details of the Group's other financial assets at the end of the reported fiscal years.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Other financial assets - current	114,162	427,168
Other financial assets – non-current	201,470	205,990
Total	315,632	633,158

The table below shows the valuation of other financial assets.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Historical value	327,835	633,158
Impairment	(12,203)	-
Carrying amount	315,635	633,158

The Group assessed the other financial assets as at the end of the reporting periods and did not find any circumstances that would indicate that the recoverable amount of other financial assets is less than their carrying amount, so no further impairment was recognized.

4.4 Financial liabilities

The Group recognizes a financial liability when the Group becomes party to the contractual provisions of the instrument.

The Group classifies and subsequently measures financial liabilities as follows:

- Financial liabilities at fair value through profit or loss
 - Derivatives with negative fair value
 - Liability for borrowed and sold emission allowances
- Financial liabilities carried at amortized cost
 - All other financial liabilities

Financial liabilities at fair value through profit or loss are initially recognized and subsequently measured at fair value. Transaction costs are expensed as incurred. The Group derecognizes a financial liability (or a part of a financial liability) when the obligation specified in the contract is discharged, cancelled or expires.

Financial liabilities carried at amortized cost are recognized initially at fair value less transaction costs, and subsequently measured at amortized costs using the effective interest rate method. The effective interest is recognized in Profit or loss over the period of the liabilities.

4.4.1 Borrowed units

For the quick and efficient management of emissions trading the Group enters into emission allowance borrowing contracts, whereby it borrows allowances and agrees to return the same amount of units at a later date.

The Group pays a fee for using the units.

The emission allowances subject to the borrowing contract are replaceable and easily obtainable at the market, therefore the Company may sell these borrowed units as it can later return them after buying the same amount of units on the market. Consequently, these borrowed units are not recognized as inventory.

When the Group sells the borrowed allowances to a third party, a financial liability is recognized reflecting the obligation to return the units to the lender of the allowance unit.

4.5 Financial liabilities in the statements of consolidated financial position

The tables below provide details of the balances of the Group's financial liabilities at the end of the reported fiscal years.

4.5.1 Trade payables – Emissions trading

Trade payables related to emissions trading primarily include the amounts due to trading partners as a result of emission allowances purchased from them. Trade payables are typically due within 1-2 days.

Carrying amount – Emission allowance trading	Sep 30, 2023	Mar 31, 2024
Trade payables – related parties	-	371,321
Trade payables – third parties	2,486,677	30,645
Total	2,486,677	401,966

The significant decrease of the emission trade payables balance is primarily due to the fact that on the balance sheet date the Company had a high percentage of overpayments to suppliers (trade payables with negative balance).

Trade payables from non-ETS trading activity are liabilities arising from trading with other units not covered by the EU ETS, further details on those units are provided in Note 6.2.

Carrying amount – Other	Sep 30, 2023	Mar 31, 2024
Trade payables – related parties	-	-
Trade payables – third parties	-	1,400,677
Total	-	1,400,677

4.5.2 Other trade payables

Other trade payables include the amounts payable for the services used for the operation of the Group and the products purchased, at invoiced or contract-based accrued amounts. The maturity of these payables are typically 8 to 30 days.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Other trade payables – related parties	-	5,044
Other trade payables – third parties	1,196,652	883,589
Total	1,196,652	888,633

4.5.3 Derivatives

At the end of the reporting periods the Group had open forward, futures and option contracts concluded with its trading partners, all measured at fair value. Contracts with negative fair values are presented as financial liabilities. The current – non-current presentation of the financial liability is determined based on the expiry of the underlying contracts. Open derivative contracts are in most cases concluded to hedge existing exposures. Speculative derivatives represent a significantly smaller portion of the Group's derivative trading activities.

The table below presents the current – non-current breakdown of the Group's derivatives at the end of the reported fiscal years. More details on maturities are provided in Note 5.2.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Derivative liabilities - current	255,588	327,301
Derivative liabilities – non-current	1,600	140,205
Total	257,188	467,506

The table below presents the Group's derivative liabilities by type of transaction.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Forwards	109,560	268,285
Futures	147,628	197,721
Options	-	1,500
Total	257,188	467,506

4.5.4 Loans and borrowings

The tables below present the Group's liabilities from loan and borrowing agreements as at the end of the reporting periods.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Loans and borrowings - current	38,378,449	14,432,057
Loans and borrowings – non-current	-	-
Total	38,378,449	14,432,057

Carrying amount

	Sep 30, 2023	Mar 31, 2024
Loan from MFVN Holding Kft.	1,182,689	1,233,422
Loan from BBV Holding Kft.	1,140,513	1,190,730
Loan from KP Capital Holding Kft.	966,853	1,009,312
Loan from ARA Invest Srl.	403,460	420,805
Loan from AVOCET Holding Kft.	783,229	816,568
Loan from Palek Srl.	913,676	952,750
Loan from Apelso Trust Zrt.	537,726	560,876
Loan from VEF Holding B.V.	25,490,398	-
Loan from private person	1,652,969	1,723,934
Loan from bank	5,306,936	6,523,660
Total	38,378,449	14,432,057

In addition to VEF Holding B.V., the former shareholders granted the Group short-term loan in 2023 to increase liquidity, and the Group will continue to use the credit line – increased to EUR 4,000,000 in 2022 – made available by the Spanish credit institution. The loan from VEF Holding B.V. was repaid by March 31, 2024. In case of this credit line, the average annual interest rate is 5.64%, which was determined by 4.72% in 2023. In 2023, the Group obtained an additional credit line in the amount of EUR 3,000,000 from a Belgian credit institution. Annual interest rate is EURIBOR + 0.75%.

Other loans outstanding as of March 31, 2024 have a fixed interest rate of 9% with no collaterals. These loans were available to the Company with a fixed interest rate of 6.9% on September 30, 2023.

There were no defaults or breaches in connection with the loans and borrowings.

4.5.5 Other financial liabilities

The Group's financial liabilities include collateral received in cash for OTC derivative contracts, deposits received, liabilities for the obligation to return borrowed and sold emission allowances, and other liabilities that the Group is required to settle in cash (e.g. customer overpayments).

The Company had no obligation to return borrowed and sold emission allowances neither on September 30, 2022 nor September 30, 2023.

The tables below provide details of the Group's other financial liabilities at the end of the reported fiscal years.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Other financial liabilities - current	3,668,418	6,413,743
Other financial liabilities - non-current	29,931	-
Total	3,718,349	6,413,743

The non-current liability is arising from a management agreement that is due more than 12 months after the end of the reporting periods.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Collateral received in cash for OTC derivative contracts	3,645,000	6,325,000
Other	73,349	88,743
Total	3,718,349	6,413,743

In order to minimize counterparty risk the Company's clients are required to pay a specified amount of collateral relating to emission allowance derivative contracts.

Collateral received in EUR for these OTC derivative contracts (which is non-interest-bearing collateral) is not separated from the Company's bank accounts or client accounts maintained by investment service providers.

Items in Other financial liabilities are measured at amortized cost, and the cash-flow relevant changes are presented as Operating cash-flow, in line with derivatives.

The significant increase of the other financial liabilities balance is primarily due to the volatile price of emission allowances, clients showed active amenable to conclude derivative transactions, so the Company required more collateral.

4.6 Fair values of financial instruments

When determining the fair values of financial instruments, the Group applies the following fair value hierarchy:

- **Level 1** – quoted prices in active markets available for the date of valuation
- **Level 2** – un-quoted prices derived directly or indirectly from quoted prices of assets or liabilities
- **Level 3** – not based on observable market data for assets or liabilities

The fair values of derivative assets and liabilities are measured at quoted prices at the reporting dates without deducting the transaction costs.

The tables below present the carrying amounts and fair values of the Group's FVTPL financial assets and liabilities as at the end of the fiscal years reported.

Sep 30, 2023	Carrying amount					Fair value
	Amortized cost	FVTPL Level 1	FVTPL Level 2	FVTPL Level 3	Total	
Cash and cash equivalents	26,226,022	-	-	-	26,226,022	26,226,022
Trading deposits	13,974,911	-	-	-	13,974,911	13,974,911
Trade receivables	8,410,686	-	-	-	8,410,686	8,410,686
Derivative assets	-	714,675	-	-	714,675	714,675
Other financial assets	315,632	-	-	-	315,632	315,632
Trade payables	(3,683,329)	-	-	-	(3,683,329)	(3,683,329)
Derivative liabilities	-	(257,188)	-	-	(257,188)	(257,188)
Loans and other borrowings	(38,378,449)	-	-	-	(38,378,449)	(38,378,449)
Other financial liabilities	(3,718,349)	-	-	-	(3,718,349)	(3,718,349)
Total	3,147,124	457,487	-	-	3,604,611	3,604,611

Mar 31, 2024	Carrying amount					Fair value
	Amortized cost	FVTPL Level 1	FVTPL Level 2	FVTPL Level 3	Total	
Cash and cash equivalents	17,284,148	-	-	-	17,284,148	17,284,148
Trading deposits	20,033,939	-	-	-	20,033,939	20,033,939
Trade receivables	5,054,392	-	-	-	5,054,392	5,054,392
Derivative assets	-	2,057,360	-	-	2,057,360	2,057,360
Other financial assets	633,158	-	-	-	633,158	633,158
Trade payables	(2,691,277)	-	-	-	(2,691,277)	(2,691,277)
Derivative liabilities	-	(467,506)	-	-	(467,506)	(467,506)
Loans and other borrowings	(14,432,057)	-	-	-	(14,432,057)	(14,432,057)
Other financial liabilities	(6,413,743)	-	-	-	(6,413,743)	(6,413,743)
Total	19,468,560	1,589,854	-	-	21,058,414	21,058,414

4.7 Additional disclosure about changes in financial liabilities

The following tables include changes in financial liabilities reconciled with their effects on the Statements of cash flows in order to enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Reconciliation of movements of liabilities to cash flows arising from financing activities		Loan and borrowings
Opening balance on Sep 30, 2022		11,121,814
Changes affecting cash flows from financing activities	Proceeds from loans and borrowings	99,512,133
	Repayment of loans and other borrowings	(73,383,353)
	Interest paid	(378,714)
	Changes in financial liabilities without cash movement	1,506,569
Closing balance on Sep 30, 2023		38,378,449

Reconciliation of movements of liabilities to cash flows arising from financing activities		Loan and borrowings
Opening balance on Sep 30, 2023		38,378,449
Changes affecting cash flows from financing activities	Proceeds from loans and borrowings	40,759,573
	Repayment of loans and other borrowings	(64,532,733)
	Interest paid	(1,205,623)
	Changes in financial liabilities without cash movement	1,032,391
Closing balance on Mar 31, 2024		14,432,057

Changes in financial liabilities without cash movements are loan interest calculated and capitalized during the financial year. Those are related to – non-credit institution – loans, more details are provided in Note 4.5.4.

5 Risk management

While conducting its operations, the Group is exposed to various risks. Risk management aims at providing stable operations, mitigating risk exposure and eliminating the effect of extreme loss events, thereby increasing the Group's value.

The Group is exposed to the following risks:

5.1 Credit risk

Credit risk is considered material risk by the Company's most significant risk and is specified so in its Risk Management Regulation. The Company's exposure to credit risk materializes in the possibility of a counterparty to not perform its payment or delivery obligation while Vertis has performed its part to the counterparty.

Credit risk related to Cash and cash equivalents and Trading deposits are limited as the Company places them with credible, rated credit institutions and investment service providers.

Concentrations of credit risk relating to trade receivables are limited due to the large number of customers comprising the Company's customer base and their dispersion across many different geographic areas and industries. In order to reduce credit risk, the Company has developed credit rating algorithm and process and incorporated it into the transaction approval and execution process.

Beyond the expected credit loss on cash and cash equivalents in the past two business years, no impairment had to be recognized as there were no indications for impairment.

5.1.1 Credit risk exposure

The carrying value of financial assets carried at amortized cost represents the highest exposure to credit risk. The related credit risk exposure at the end of the reporting periods was as follows:

Financial assets	Sep 30, 2023	Mar 31, 2024
Cash and cash equivalents	26,228,923	17,286,906
Trading deposits	13,977,151	20,037,150
Trade receivables	8,496,586	5,054,392
Other financial assets	327,835	633,158
Total	49,030,495	43,011,606
Impairment	(103,244)	(5,969)
Carrying amount	48,927,251	43,005,637

Among Financial assets also include derivatives related to emission allowances, the value of which was EUR 714,675 on September 30, 2023, and EUR 2,057,360 on March 31, 2024. Derivatives with positive fair value are measured at FVTPL. More detail about Financial asset recognition are provided in note 4.1.

5.2 Liquidity risk

Liquidity risk is the risk that a company is unable to meet its short-term financial obligations. The Group ensures its short-term liquidity with its own funds, collection of receivables, borrowings of emission allowances, loans from shareholders, banks and third parties not being a credit institution.

Vertis manages liquidity risk with forward looking cash flow planning, active hedging of transaction on the exchange and with OTC partners.

Liquidity management framework consists of the following:

- Continuous measurement and forecast: The Group measures its assets (cash and emissions allowances) inflow and outflow based on the settlement details recorded for each executed transaction.
- Reporting: Current cash flow and forecasted cash flow report is produced and analysed by the Risk and Liquidity Manager to identify liquidity gaps that need to be filled.
- Proactive Liquidity Risk management: on a daily basis, the Risk and Liquidity Manager, the Head of Trading are consulting in order to identify and fill liquidity gaps; Risk and Liquidity Manager may also request the Head of Trading to enter into transactions in order to secure the required liquidity level.

The following tables summarize the maturity structure of the Group's financial assets and liabilities including the interest payable on those liabilities (undiscounted amounts) as at the end of the reported years.

Sep 30, 2023	1-6 months	6-12 months	1-2 year	Total
Cash and cash equivalents	26,226,022	-	-	26,226,022
Trading deposits	13,974,911	-	-	13,974,911
Trade receivables	8,410,686	-	-	8,410,686
Derivative assets	662,875	-	51,800	714,675
Other financial assets	114,162	-	201,470	315,632
Trade payables	(3,683,329)	-	-	(3,683,329)
Derivative liabilities	(255,588)	-	(1,600)	(257,188)
Loans and borrowings	-	(38,378,449)	-	(38,378,449)
Other financial liabilities	(3,718,349)	-	-	(3,718,349)
Total	41,731,390	(38,378,449)	251,670	3,604,611

Mar 31, 2024	1-6 months	6-12 months	1-2 year	Total
Cash and cash equivalents	17,284,148	-	-	17,284,148
Trading deposits	20,033,939	-	-	20,033,939
Trade receivables	5,054,392	-	-	5,054,392
Derivative assets	1,915,280	-	142,080	2,057,360
Other financial assets	427,168	-	205,990	633,158
Trade payables	(2,691,277)	-	-	(2,691,277)
Derivative liabilities	(327,301)	-	(140,205)	(467,506)
Loans and borrowings	-	(14,432,057)	-	(14,432,057)
Other financial liabilities	(6,413,743)	-	-	(6,413,743)
Total	35,282,606	(14,432,057)	207,865	21,058,414

The maturity structure of the undiscounted expected cash flows related to the existing lease liabilities at the end of the reporting period can be found in point 18.1.

5.3 Operational risk

Operational risk is the possibility of loss, resulting from inadequate or failed internal processes, people and systems, or from external events. The Group's practices to manage operational risk, include:

- Precisely defined work processes and directives;
- Internal and external, manual and automated controls;
- Internal and external measures and regulations;
- Established business contingency plan with guidelines for actions in case of loss events.

The Group has not suffered significant losses stemming from operational defects.

5.4 Market risk

Market risk is the risk of loss originating from the change of the market prices or the rates, which has several categories, for example interest rate risk, security or commodity prices risk, FX rates risk.

Market risk of the Group arises from two factors:

- Value of positions held in the trading book
- Foreign exchange risk arising from assets and liabilities in foreign currencies

The Group's exposure to these risks is limited as the Group has introduced appropriate limits and control measures to manage its market risk exposure.

In addition to the primary market risks described above, the Group is also exposed to interest rate risks, but to a significantly lower extent.

- **Interest rate risk** represents the risk of loss due to unfavourable changes in the market interest rates. The Group's interest risk is low both on the receivable and the payable side.

Balances of assets and liabilities by denomination of currencies as on September 30, 2023

Currency	Assets in EUR	Assets in other currencies	Liabilities and Equity in EUR	Liabilities in other currencies	FX position in EUR
AUD	2,372	3,882	0	0	2,372
CZK	265	6,464	0	0	265
HUF	404,778	158,369,918	521,940	204,209,127	(117,162)
GBP	2,770,745	2,402,360	5,639	4,906	2,765,107
NZD	485	854	0	0	485
PLN	19,124	88,303	73,271	339,977	(54,147)
RON	181	902	0	0	181
USD	1,217,784	1,291,792	945,480	1,002,208	272,305
Total other than EUR	4,415,735	162,164,475	1,546,329	205,556,218	2,869,406
EUR	74,535,036		77,404,442		(2,869,406)
Total (Standalone)	78,950,771		78,950,771		0
Total (Consolidated)	79,690,179		79,690,179		

Balances of assets and liabilities by denomination of currencies as on March 31, 2024

Currency	Assets in EUR	Assets in other currencies	Liabilities and Equity in EUR	Liabilities in other currencies	FX position in EUR
HUF	459,334	181,818,174	280,371	110,979,335	178,963
GBP	2,534,479	2,170,105	2,629	2,250	2,531,850
NZD	388	702	-	-	388
PLN	122,196	527,546	46,627	201,349	75,569
USD	477,339	513,450	808,354	871,406	(331,015)
Total other than EUR	3,593,736		1,137,981		2,455,755
EUR	56,676,577		59,132,332		(2,455,755)
Total (Standalone)	60,270,313		60,270,313		
Total (Consolidated)	61,819,767		61,819,767		

Balances of assets and liabilities by denomination of currencies was transferred from the standalone financial statement of Vertis Ltd., the Group does not prepare a separate calculation. The reason for this is that the Company carries out major part of the Group's economic activity, thus the level of foreign exchange exposure is adequately represented in both on a standalone and consolidated level above.

5.5 Capital management

The Group's objectives when managing capital are to ensure that sufficient equity is available for the stable operation of the Group, for the capital adequacy required by law, and to maintain an optimal capital structure in order to reduce the cost of capital.

The primary tool of capital management is the preparation of ownership decisions that affect the amount of equity (dividend payment, capital increase, purchase or sale of own shares, etc.).

During the reporting period, the Group complied with the applicable statutory capital requirements, which are as follows:

As a general requirement, according to the Hungarian Civil Code (2013.V.) the Group has to ensure that the Group's equity does not fall below two thirds of its Issued capital. The Group was in compliance with this regulation at the end of the fiscal years reported.

In addition, the Group as an investment firm has to comply with the Hungarian Act 2007/CXXXVIII on investment companies and has to ensure that its regulatory capital exceeds the minimum amount prescribed in the (EU) 2019/2033 Regulation (IFR) and any and all additional requirements imposed by supervising authority that is the National Bank of Hungary, and it has to be in line with the Group's risk exposure.

Based on the Act C of 2000 on Accounting §114/B, an enterprise that prepares annual financial statements in accordance with IFRS has to prepare an equity reconciliation for the reporting date, which is presented in the Notes.

The Group complies with this disclosure obligation as follows:

	Sep 30, 2023	Mar 31, 2024
Based on IFRS		
Share capital	2,757,089	2,757,089
Additional paid-in capital	675,294	675,294
Retained earnings	19,627,975	23,149,889
Accumulated comprehensive income	(2,392)	15,235
Vertis Ltd. Shareholders' interests	23,057,966	26,597,507
Non-controlling interests	-	-
Total Equity	23,057,966	26,597,507
Based on the Act C of 2000 on Accounting		
Share capital	2,757,089	2,757,089
Additional paid-in capital	675,294	675,294
Retained earnings from the prior years	11,007,028	17,425,583
Profit after tax	8,618,555	5,739
Vertis Ltd. Shareholders' interests	23,057,966	26,597,507
Non-controlling interests	-	-
Total Equity	23,057,966	26,597,507
	Sep 30, 2023	Mar 31, 2024
Retained earnings from the prior years	11,007,028	17,425,583
Profit after tax	8,618,555	5,739,541
Retained earnings available for distribution	19,625,583	23,165,124

The Board of Directors of the Group submitted a proposal to the Sole Shareholder for the approval of a dividend of EUR 3,000,000.

6 Inventories

6.1 Emission allowances

Inventory primarily consists of emission allowances and credits (referred as emission allowances in general in the Notes) including EU Allowances (EUA) and EU Aviation Allowances (EUAA).

Inventory is recognized on the date the Group obtains the control over the inventory, i.e. when the title to a particular emission unit is obtained, that is usually at the time when the units are transferred to the Group's account in the Union registry (or its equivalent in case of other type of units) or at a point in time when the risk and rewards passes to the Group based on the underlying contract (in case of auctions and daily futures). The emission allowance units are initially recognized at cost.

Under IFRS, the Group qualifies as a broker-trader, therefore the emission allowances purchased are subsequently measured at fair value less cost to sell. The valuation difference at the end of a reporting period is presented as Cost of carbon instruments sold within the Direct costs of sales. The unit of account is one emission allowance.

The fair value of the emission allowances is the most recent closing price in the primary market of such allowances. As emission allowances are actively traded in organized markets and exchanges, the cost to sell such allowance units is deemed to be zero.

Emission allowances are derecognized from inventory when the criteria for recognizing the related revenue are met (see Note 7).

Types of emission allowances and credits are the following:

- **EUA** is an emission allowance as defined by the Directive 2003/87/EC. One EUA represents the EU ETS participants' right to emit one ton of carbon dioxide or equivalent emissions of other GHG (greenhouse gas).
- **EUAA** is an aviation emission allowance as defined by the Directive 2003/87/EC. One EUAA represents the EU ETS airlines' right to emit one ton of carbon dioxide or equivalent emissions of other GHG.

According to European Commission Directive 2018/410, the fourth phase of the EU Emissions Trading Scheme (P4) started in 2021.

As a consequence of the phase change, the allowances made available in the fourth phase (P4 EUA) can be distinguished from the units traded in the third phase (P3 EUA), the allowances of the two phases remain in circulation in parallel.

Differences between phases:

- P4 allowances cannot be used to offset P3 emissions
- Aviation Carbon Emissions Units (EUAAAs) are eligible for compliance by installations

- CERs created under the Clean Development Mechanism (CDM) cannot be used to offset emissions in the fourth phase.

As a result of the UK's exit from the EU, the UK's own emissions trading scheme was launched on 19 May 2021. The system used by the UK and the EU are independent of each other and do not recognize each other's units.

On 14 July 2021, the European Commission published proposals to amend the EU ETS Directive, as a result of which a temporary political agreement was reached on 18 December 2022 regarding "Fit for 55" proposal package. It refers to the EU's target of reducing net greenhouse gas emissions by at least 55% by 2030. The agreement extends the EU ETS to the maritime sector, transport and buildings, and considers the extension of the system to waste incineration towards the end of P4.

6.2 Other units not covered by the EU ETS

Other units not covered by the EU ETS are typically EACs (Energy Attributes Certificates), which are used to certify the origin of electricity from renewable source. This certificate proves, that 1 MWh of electricity has been produced from renewable source, like wind or solar park. EAC units can be distinguished not only in terms of their source, but also in terms of their geographical production (GO - Guarantees of Origin typically generated in the European Union, REC - Renewable Energy Certificates generated in the United States and Canada, and national guarantees of origin can be distinguished at the national level). Also including, FGAS allowances (hydrofluorocarbon-related units) are certificates related to projects that result from emission reductions or offsets. These units and certificates are becoming more popular for the implementation of voluntary carbon offsetting and their active market is increasingly developing.

This group includes the types of national units created by certain nations in addition to the EU ETS system in order to further reduce CO2 emissions. One of these is UKA (UK Allowances) marketed in the United Kingdom, which was implemented due to the United Kingdom's exit from the European Union. This type offsets one ton of CO2 just like the EUA. It is a stock exchange listed product and can be traded on the secondary market.

In October 2021, Germany also launched its own emission reduction initiative: after the Paris Agreement, it was decided that emitters outside the EU ETS should be encouraged to emit as few air pollutants as possible, for this purpose the NETS (National Emission Trading System) was set up, which affects heat producers and transporter companies.

National units (UKA, German NETS units) are recognized at cost at the time when they are credited on the Company's national registry and subsequently measured at fair value. Both types of units have active market and publicly available market prices so units are evaluated at fair value during the subsequent valuation.

Other type of units (EAC, FGAS, Voluntary) are initially recognized at cost and subsequently measured at the lower of cost and net realizable value, using the general rules of IAS 2. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of sale.

6.3 Inventories in the statements of financial position

The tables below provide details of the inventory balances at the end of the reported fiscal years.

Carrying amount	Sep 30, 2023	Mar 31, 2024
Emission allowances EUA	25,184,409	7,335,614
Emission allowances EUAA	-	2,967,211
Other units not covered by EU ETS	1,070,615	2,086,482
- EAC, Voluntary	181,412	217,889
- FGAS	40,535	240,000
- UKA	848,518	563,443
- NETS	150	1,065,150
Total	26,255,024	13,389,307

The significant decrease of the EU ETS inventories (EUA and EUAA) balance is due to two factors: one is that the closing IFRS inventory was almost 190,000 units less than on September 30, 2023, another one is that the market price of EU allowances also decreased significantly to 59.98 EUR/EUA from 80.84 EUR/EUA.

The increase of the Other units not covered by EU ETS is due to the change in the closing balance of German NETS units. On September 30, 2023 the Company recorded 6 units of this type, while on March 31, 2024 30,000 units were registered.

At the end of the reporting periods, the Company recognized emission allowances and national units (UKA, German NETS units) at fair value and other non-EU ETS allowances (EAC, FGAS, Voluntary) at cost.

The Company has no inventory pledged as security at the end of the reported fiscal years.

6.4 Fair values of emission allowances

When determining the fair values of emission allowances and national allowances (UKA, German NETS units) the Group applies the following fair value hierarchy:

- **Level 1** – quoted prices in active markets available for the date of valuation
- **Level 2** – un-quoted prices derived directly or indirectly from quoted prices of assets or liabilities
- **Level 3** – not based on observable market data for assets or liabilities

The fair values of emission allowances are measured at quoted prices at the reporting dates with no adjustment for transaction costs

The tables below present the carrying values and fair values of the emission allowance inventories at the end of the reporting periods.

Sep 30, 2023	Carrying amount				Fair value
	FVTPL Level 1	FVTPL Level 2	FVTPL Level 3	Total	
EUA	25,184,409	-	-	25,184,409	25,184,409
EUAA	-	-	-	-	-
Total	25,184,409	-	-	25,184,409	25,184,409

Mar 31, 2024	Carrying amount				Fair value
	FVTPL Level 1	FVTPL Level 2	FVTPL Level 3	Total	
EUA	7,335,614	-	-	7,335,614	7,335,614
EUAA	2,967,211	-	-	2,967,211	2,967,211
Total	10,302,825	-	-	10,302,825	10,302,825

The table below shows the difference between the cost and fair value of the carbon stock at the balance sheet date.

	Sep 30, 2023			Mar 31, 2024		
	Cost	Changes of the fair value	Carrying amount	Cost	Changes of the fair value	Carrying amount
EUA	25,402,491	(218,082)	25,184,409	7,531,870	(196,256)	7,335,614
EUAA	-	-	-	3,046,595	(79,384)	2,967,211
Total	25,402,491	(218,082)	25,184,409	10,578,465	(275,640)	10,302,825

6.5 Borrowed emission allowances

The recognition and measurement policies for borrowed emission allowances are set out in Note 4.4.1.

The table below shows the volume and market value of the borrowed unused (unsold) emission allowances held by the Group at the end of the reporting periods. Borrowed and unused units were in the Group's registry account. These units are not recognized as assets or liabilities in the financial statements.

	Quantity (units)	Market price EUR/unit	Market value
September 30, 2023	384,651	80.84	31,095,187
March 31, 2024	434,651	59.98	26,070,367

6.6 Borrowed emission allowances

In relation to forward and option contracts concluded with customers, the Group may require collateral from its customers in cash or in emission allowances to cover the risk of price fluctuations of the emission allowances the contract is concluded for. These units cannot be recognized in the balance sheet.

The table below presents the volume and market price of EUAs received from customers as collaterals of derivative contracts as at the end of the reporting periods.

Units in collateral	Quantity (units)	Market price EUR/unit	Market value
September 30, 2023	0	80.84	0
March 31, 2024	0	59.98	0

7 Revenues

Revenue arises in the course of the ordinary activities.

Revenue is recognized when (or as) a performance obligation is satisfied. Upon satisfaction of a performance obligation the transaction price allocated to that particular performance obligation is recognized as revenue.

The transaction price is the amount of consideration the Group expects to be entitled to from a customer in exchange for providing the goods or services. Amounts collected on behalf of third parties (e.g. VAT or amounts collected as agents for a principal) are excluded from the transaction price.

Allocation of the transaction price to the performance obligations in a multiple element arrangement is made based on the relative individual selling prices of the distinct goods or services promised. Discounts given to counterparties are distributed proportionally by the Group to all performance obligation on the basis of relative independent selling prices.

Revenues from sales of emission allowances are recognized in the income statement when the control of the goods or service sold has been transferred to the buyer, in general on the date when the emission allowance registered are transferred from the Registry with the following exceptions:

- Daily futures, the revenue from which is recorded on the trade date of the daily future deal (as opposed to transfer date) as – owing to the standardized specifics of the transaction – those shall be irrevocably settled;
- No revenue is recognized from the sale of borrowed emission allowance units, as the control of these units is not with the Group; in such cases a Liability to return borrowed emission allowances is recognized (see also Note 4.4.1).

7.1 Assets and liabilities related to contracts with customers

Contract assets of the Company consist of amounts paid to vendors before the vendor fulfils its contractual obligation to deliver (transfer) the emission allowances to the Company. Furthermore, amounts from transfers of funds made by the Company to a non-trading supplier prior to the performance of the contract, i.e., advances payments transferred to suppliers.

Contract liabilities of the Company consist of amounts received from customers before the Company fulfils its contractual obligation to deliver (transfer) the emission allowances to the customer.

7.2 Revenues in the statements of comprehensive income

The tables below provide details of the revenues earned in the reported fiscal years.

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Revenue from customer contracts		
Revenue from carbon trading	1,859,050,252	1,040,307,901
Revenue from sale of other instruments	206,473,887	41,550,511
Revenue from sale of units	2,065,524,139	1,081,858,412
Commissions	765,156	20,002
Consulting services	309,982	551,554
Other revenues from customers	5,749	81,186
Total revenue from customer contracts	2,066,605,026	1,082,511,154

Revenue from carbon trading includes the proceeds from the sale of emission allowances including EU Allowances (EUA) and EU Aviation Allowances (EUAA).

Revenue from sale of other instruments includes the proceeds from the sale of EACs (Energy Attributes Certificates), FGAS quota and other certificates related to carbon credits or offsets (Voluntary credits) and also the national emission reduction products (UKA, NETS).

Revenue from consulting services includes assistance in negotiation for PPA (Power Purchase Agreements), and consulting for aviation companies aiming at carbon credits and compliance.

8 Cost of emission allowances sold

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Cost of carbon units sold	(1,839,212,104)	(1,023,399,217)
Cost of other instruments sold	(198,329,792)	(38,315,622)
Incremental external cost of services sold	-	-
Agent commissions	(974,707)	(504,277)
Brokerage commissions and fees of spot transactions	(123,174)	(54,410)
Other trading costs	(583,397)	(354,350)
<i>Of which lease fee of borrowed units</i>	<i>(309,991)</i>	<i>(178,395)</i>
Total	(2,039,223,174)	(1,062,627,876)

The Company presents the lease fee of the borrowed units as a cost of emission allowances sold.

9 Income/(loss) on commodity derivatives

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Income/(loss) on commodity derivatives	3,020,247	(3,201,452)
Income/(loss) on FX derivatives	(77,525)	(85,099)
Brokerage commissions and fees related to derivatives	(120,391)	(70,982)
Total	2,822,331	(3,357,533)

10 Employee benefits

Employee benefits include:

- Short-term employee benefits
- Post-employment benefits
- Other long-term employee benefits
- Share-based payments

10.1 Short-term employee benefits

Short-term employee benefits are recognized as current expense in the period when the employees render their services. These include wages and salaries, bonuses, non-monetary benefits (e.g. contribution to commuting and training costs), paid absences (vacation pay, sick pay), and related contributions and levies.

10.2 Post-employment benefits

These are benefits payable to employees subsequent to their employment but exclude termination benefits.

10.3 Share-based payments

The Group has no share-based payment schemes.

10.4 Employee benefits in the statements of comprehensive income

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Short-term employee benefits	(15,149,107)	(7,441,567)
Termination costs	-	-
Other long-term employee benefits	-	-
Share-based payments	-	-
Total employee benefit	(15,149,107)	(7,441,567)
Average number of employees (full time equivalent)	123	108
Closing number of employees (full time equivalent)	109	109

11 Other operating costs

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
IT and telecom costs	(369,662)	(224,480)
Legal and consulting costs	(688,599)	(179,275)
Office operating costs	(289,374)	(79,320)
Travel and vehicle costs	(456,616)	(158,712)
Marketing costs	(623,678)	(329,293)
Banking costs	(138,315)	(32,359)
Audit and other financial advisory	(377,307)	(308,778)
Other service costs	(389,501)	(124,315)
Low-value lease costs	(2,364)	(1,108)
Short-term lease costs	-	-
Total	(3,335,416)	(1,437,640)

12 Other operating income and expenses

12.1 Other operating income

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Gain on disposal of intangible assets and property, plant and equipment	332,102	-
Reversal of expected credit loss	3,000	-
Other proceeds from other related parties	533,782	158,898
Late payment interest received	-	116,144
Other	80,556	8,605
Total	949,440	283,647

12.2 Other operating expenses

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Foreign exchanges losses on financial instruments	(601,860)	(5,357)
Loss on disposal of intangible assets and property, plant and equipment	-	(1,072)
Expected credit loss	-	(841)
Impairment of other inventory (not covered by EU ETS)	-	(153,414)
Subsidies provided	(942)	(63,658)
Default interest paid	(139,288)	(13)
Cost of other services sold	(145,098)	-
Other	(179,523)	(268,942)
Total	(1,066,711)	(493,297)

The impairment of "Other inventory" (Voluntary units) was necessary because the number of trades on this market dropped significantly during the last 6 months and thus the trading prices were also decreased remarkably.

13 Interest income

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Interest on leases	2,633	2,875
Interest on other financial assets	111,900	234,656
Total	114,533	237,531

14 Interest expense

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Interest on loans from owners	(524,991)	(558,834)
Interest on loans from other related parties	(142,278)	-
Interest on other loan	(839,334)	(475,874)
Lease interest	(46,126)	(27,616)
Total	(1,552,729)	(1,062,324)

15 Income tax

Income tax expense comprises current and deferred tax. It is recognized in Profit or loss except to the extent that it relates to items recognized in other comprehensive income.

In addition to corporate tax, the Group also presents the Hungarian local business tax as well as the innovation tax as income taxes as these taxes are based on a certain level of income as the cost of goods sold, which represents a significant portion of the Group's costs (more than 50%), is a deductible item when determining the tax base.

15.1 Current taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

Income taxes comprises of corporate income taxes and other income taxes (local business tax and innovation tax).

The Group adopted IFRS as of October 1, 2019 for its statutory accounting. In the first and second year following the IFRS transition, taxpayers, who chose to adopt IFRS in their statutory financial statements, are obliged to pay the total sum of their current taxes (i.e. corporate income tax, local business tax and innovation tax) calculated for the tax year preceding the year of the IFRS transition, if in these two years their current tax liabilities are lower than in the tax year preceding the IFRS transition (minimum tax).

The basis of the corporate tax is the Group's accounting profit adjusted for non-deductible and non-taxable items. The corporate income tax rate was 9% in the reported years.

The basis of the local business tax and the innovation tax is the income accounted for according to IFRS 15 after the services rendered, other income, and the difference between interest income and interest expenses and the applicable tax rates are 2% and 0.3% respectively.

15.2 Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit (or reversing deferred tax liabilities) will be available against which the temporary differences can be utilized.

Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse.

In the Group's statements of financial position deferred tax assets and liabilities are offset and disclosed as deferred tax asset or deferred tax liability based on their net balance.

15.3 Income taxes in the Statements of comprehensive income

The table below presents the income tax expenses charged for the financial year.

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Corporate income tax	(796,851)	(562,743)
Other income taxes	-	-
Total current income tax expense	(796,851)	(562,743)
Deferred tax expense / (income)	(1,646)	-
Total income tax expense	(798,497)	(562,743)

The reconciliation between the reported income tax expense and the theoretical amount arising by applying the statutory income tax rates is as follows:

	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Profit before tax	9,416,831	6,284,842
Calculated amount of tax 9%	(847,515)	(565,636)
Effect of different tax rates (a)	(9,463)	(5,123)
Effect of negative tax base	(15,547)	(7,920)
Tax shield of items not subject to income tax	42,651	22,242
Tax impact of non-deductible items	(36,983)	(22,242)
Other income taxes	-	-
Impact of tax deductibility of other income taxes	-	-
Tax impact of the difference between pre-tax profit according to IFRS and statutory	50,920	11,171
Impact of self-revision regarding the 2018 tax year	19,086	4,765
Income tax expense	(796,851)	(562,743)
Effective tax rate	8.5%	9.0%

(a) Effect of different tax rates

The Hungarian corporate tax rate was 9% in the years presented. This row of the table above shows the tax effects due to the different tax rates of foreign subsidiaries.

15.4 Income taxes in the Consolidated Statements of financial position

15.4.1 Current taxes in the Consolidated Statements of financial position

Current tax assets and liabilities in the statements of financial position represent the amount of corporate and other income taxes receivable from, and payable to the Hungarian local and central tax authorities.

Based on Act C of 1990 Section 40/D (2) g) effective from January 1, 2024 revenue according to local taxes shall be increased by the proceeds from the sale of emission rights, so because of this legislative amendment the Company will be obliged to pay local business tax in the financial year starting on April 1, 2024.

15.4.2 Deferred taxes in the Consolidated Statements of financial position

The balances and the development of the Group's deferred taxes in the reported years were as follows:

	Balance Sep 30, 2023	Profit and loss impact	Balance Mar 31, 2024
Deferred tax assets	25,284		25,099
Deferred tax liabilities	-		-
Total net deferred tax assets / liabilities	25,284		25,099
Deferred tax income / (expense)		(185)	

15.5 Global minimum tax

The Company has applied the exception in IAS 12.4A to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Accordingly, the Company shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

16 Other current assets

Other current assets mainly include prepayments made for services necessary for the operation of the Group after the reporting date and reclaimable VAT.

17 Investments in joint ventures and associates

The Group had no investments in joint ventures and associates during the years presented.

18 Right-of use assets and lease liabilities

A contract is, or contains, a lease, if it provides the entity the right to direct the use of an identified asset for consideration.

If an arrangement contains a lease, it is accounted for using the general lease accounting method if the period of usage (lease term) exceeds 1 year, and/or the original (new) value of the asset leased exceeds EUR 4 thousand.

The Group has decided to use the recognition exemptions for short-term leases and leases of low-value assets, i.e. the Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether, the Group has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

For a contract that contains a lease, the Group accounts for each lease component within the contract as a lease separately from the non-lease components of the contract.

If the contract contains a lease, and the general lease accounting method is applied, the Group recognizes a right-of-use asset and a corresponding lease liability in the statements of financial position representing its obligation to make lease payments. Initially both are measured at the present value of non-cancellable lease payments, and payments to be made in optional periods are taken into account only if the Group is reasonably certain to exercise the option to extend the lease.

The discount rate is the interest rate stipulated in the lease contract. If no such rate is stipulated in the contract, the Group's incremental borrowing rate is applied as the discount rate.

The Group amortizes the right-of-use assets over the lease term and accounts for interest on the lease liabilities over the lease term.

Lease contracts of the Group include office and vehicle leases with non-lease elements of maintenance and insurance.

Low value leases of the Group include the lease of low value office equipment and borrowed allowance units.

Where an identified asset is included in a service contract but the Group has no right to direct the use, the contract is accounted for as a service contract (e.g. IT support including provision of servers and software, rental of a bank safe box).

18.1 Right-of-use assets and lease liabilities in the Consolidated Statements of financial position

Right-of-use assets (finance leases) and lease liabilities relate to the leases of office spaces for the Group's operations and the lease of company cars. Contracts for the office and parking lot rentals are denominated in EUR, while the contracts for the lease of cars are denominated in HUF. The terms of the leases are 2–5 years, and the contracts usually include renewal options but no purchase options. Exercising such renewal options is not reasonably certain, as there is no formal decision to extend those leases, therefore lease terms does not reflect the effect of exercising such options. The Group does not sub-lease any of the assets leased in a finance lease contract.

The table below shows the development and balances of the Right-of-use assets:

Right-of-use assets	Office space and parking	Vehicles	Total
Balance at September 30, 2022	971,445	81,414	1,052,859
Additions	1,126,287	46,181	1,172,468
Depreciation	(364,549)	(44,739)	(409,288)
Disposals – Gross value	(176,062)	-	(176,062)
Disposals	18,599	-	18,599
Balance at September 30, 2023	1,575,720	82,856	1,658,576
Correction related to previous year	(64,336)	(3)	(64,339)
Additions	39,679	55,662	95,341
Depreciation	(188,675)	(30,340)	(219,015)
Disposals – Gross value	(181,941)	(23,595)	(205,536)
Disposals - Depreciation	-	22,250	22,250
FX difference	33,109	105	33,214
Balance at March 31, 2024	1,213,556	106,935	1,320,491

The undiscounted future payments on lease liabilities at the end of the reporting periods are as follows:

Lease liability	Sep 30, 2023	Mar 31, 2024
Due within 1 month	57,133	47,045
Due between 1-3 months	83,622	63,450
Due between 3-12 months	384,940	299,472
Due between 1-5 years	1,448,824	743,628
Due more than 5 years	-	-
Total	1,974,519	1,153,596

The present value of the lease payments has been determined using the interest rate implicit in the lease or – if that rate was not readily determinable – using the Company's incremental borrowing rate. Lease commitments in respect of short-term leases and leases of low-value assets.

18.2 Lease commitments in respect of short-term leases and leases of low-value assets

Short-term lease commitments may arise in respect of the rental of security safe and storage room. At the end of the reporting period, the Group had no short-term lease obligations.

The lease costs in respect of short-term leases and leases of low-value assets are expected to be of a similar magnitude in the following years to the costs incurred in the recent reporting periods as disclosed in Notes 8 and 11.

19 Intangible assets

Intangible assets are measured at historical cost less accumulated amortization and any accumulated impairment losses.

Amortization of intangible assets is calculated on a straight-line basis from the time the assets are deployed and charged over their economic useful lives. The Group has no intangible assets with indefinite useful life. The amortization expense is presented in the depreciation and amortization line of the statements of comprehensive income.

On an annual basis, the Group reviews the useful lives for consistency with current development plans and advances in technology. In addition to the regular revisions, any investment decisions made throughout the year may also result in a change of useful life of the assets.

The estimated useful lives applied to intangible assets are as follows:

Type of asset	useful life
software	5 years
other assets	3 years

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The fair values of the individual intangible assets of the Group in most cases cannot be determined as individual assets do not generate cash flows. Instead, the Group determines the CGUs (cash-generating units) to which the individual assets are allocated and the fair values can only be determined at CGU level, primarily by using discounted cash flow analyses.

The impairment losses of intangible assets are accounted for in the Depreciation and amortization line of the Statements of comprehensive income.

No impairment was identified in the reported fiscal years.

The Group has no intangible assets with restricted title or pledged as security at the end of the reporting periods.

The Group's intangible assets are not significant, therefore no table of movements is disclosed in the financial statements.

20 Property, plant and equipment

The cost of an item of property, plant and equipment (PPE) is recognized if, and only if it is probable that future economic benefits associated with the item will flow to the Group over 1 year; and the cost of the item can be measured reliably.

Property, plant and equipment (PPE) are measured at historical cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure on an asset is capitalized if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Maintenance and repairs are recognized as an expense in Profit after tax in the year when incurred.

When assets are scrapped, the cost and accumulated depreciation are removed from the accounts and any related loss is recognized in the Profit for the year.

When assets are sold, the cost and accumulated depreciation are removed from the accounts and any related gain or loss is recognized in the Comprehensive income (Other operating income / (expense)).

Depreciation of PPE is calculated on a straight-line basis from the time the assets are deployed and charged over their economic useful lives. On an annual basis, the Group reviews the useful lives and residual values for consistency with current development plans and advances in technology. In addition to the regular revisions, any investment decisions made throughout the year may also result in a change of useful life of the assets. The depreciation expense is presented in the Depreciation and amortization line of the Statements of comprehensive income.

The estimated useful lives applied to property, plant and equipment are as follows:

Type of asset	useful life
IT and telco equipment	3 years
vehicles	5 years
other assets	7 years

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units – CGUs).

The fair values of the individual items of property, plant and equipment of the Group in most cases cannot be determined as individual assets do not generate cash flows. Therefore, the Group determines the impairment of standalone assets on CGU level. In this respect the Group as a whole qualifies as one CGU. The Group determines fair values at CGU level, primarily by using discounted cash flow analyses.

The impairment losses of PPE assets are accounted for in the Depreciation and amortization line of the Statements of Profit after tax.

No impairment was identified in the reported fiscal years.

The Group has no PPE with restricted titles or pledged as security at the end of the reporting periods.

The Group's property, plant and equipment are not significant, therefore no table of movements is disclosed in the financial statements.

21 Other current liabilities

The vast majority of Other current liabilities is the accrued employee expenses including bonuses and related social security and other employee-related levies payable within 12 months following the end of the reporting period.

Other current liabilities	Sep 30, 2023	Mar 31, 2024
Salaries due within 1 month	767,629	149,715
Taxes and contributions related to salaries due within 1 month	496,582	237,742
Short-term bonuses	4,252,006	4,855,853
Contribution related to short-term bonuses	722,957	855,818
Liabilities due to unused holidays	84,041	164,069
Other	17,263	240,634
Total	6,340,518	6,503,831

22 Other non-current liabilities

Other non-current liabilities include bonuses and related social security and other employee-related levies.

23 Equity

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

23.1 Share capital

Issued capital represents the nominal value of the shares that was issued by the Group on establishment and subsequent capital increases.

23.2 Additional paid in capital

Additional paid in capital represents the amount above the nominal value of the shares that was received by the Group on capital increases.

23.3 Retained earnings

Retained earnings include the accumulated and undistributed profit of the Group, but are not the equivalent of distributable reserves.

23.4 Dividends

Dividends are recognized when they are approved by the equity shareholders.

24 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation (excluding executory contracts) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the best estimate of the economic outflow required to settle the present obligation at the end of the reporting period. The estimate can be calculated as the weighted average of estimated potential outcomes or can also be the single most likely outcome.

Provisions for obligations expected to fall due after 12 months are recognized at their present value and are accreted (against Interest expense) until utilization or reversal.

The Group has no obligation at the end of the reporting periods that would require any provision.

25 Contingent assets and liabilities

25.1 Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not within the control of the Group. These assets are not recognized in the Statements of financial position.

25.2 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events (excluding executory contracts) not wholly within the control of the Group; or a present obligation that arises from past events but is not recognized as a provision because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Group had no contingent assets or contingent liabilities at the end of the reporting periods.

26 Related parties

Related parties of the Group are those persons and close member of those persons' family that:

- Have control or joint control of the reporting entity;
- Have significant influence over the reporting entity; or
- Are members of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, associate and fellow subsidiary and associate is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the same third entity.

- Entities that a related party of which is a person controlling or jointly controlling the reporting entity.
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

26.1 Entities having significant influence over the Group

The Company is 100% owned and controlled by VEF Holding B.V. – Amsterdam, Netherlands, which is the only entity having significant influence over the Company.

26.2 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Board member

James Edward Julian Atkins
Barna Baráth
Jernej Kozlevcar
Marinus Gerard Herman van Diessen
Martinus Gerardus Straver

Existence of the position during the reporting period

Oct 1, 2023 – March 31, 2024
Oct 1, 2023 – March 31, 2024
Oct 1, 2023 – Dec 31, 2023
Jan 1, 2024 – Mar 31, 2024
Jan 1, 2024 – Mar 31, 2024

Supervisory Board member

Zsolt Grebicsaj
Róbert Huszár
Pál Rahóty, Dr.

Existence of the position during the reporting period

Oct 1, 2023 – Mar 31, 2024
Oct 1, 2023 – Mar 31, 2024
Oct 1, 2023 – Mar 31, 2024

The table below presents in total the compensation expenses incurred by the Company in relation to the remuneration of the Board members.

Compensation expense in the fiscal years	Oct 1, 2022- Sep 30, 2023	Oct 1, 2023- Mar 31, 2024
Short-term employee benefits (employer social contribution included)	1,096,603	649,494
Termination expense	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Other expenses	-	-
Total	1,096,603	649,494

26.3 Related party balances in the Consolidated Statements of financial position

The tables below summarize the balances of liabilities at the end of the reporting periods arising from transactions with related parties:

September 30, 2023	Significant shareholders	Other related parties	Key management	Total
Receivables from commodity trading	-	344,049	-	344,049
Other financial assets - current	-	667,252	-	667,252
Leases	-	22,214	-	22,214
Other financial liabilities	-	(20,688)	-	(20,688)
Loans and borrowings - current	(25,490,398)	-	-	(25,490,398)
March 31, 2024	Significant shareholders	Other related parties	Key management	Total
Receivables from commodity trading	-	1,106,670	-	1,106,670
Other financial assets - current	-	231,256	-	231,256
Leases	-	133,802	-	133,802
Trade payables on commodity trading	-	(371,321)	-	(371,321)
Other financial liabilities	-	(68,745)	-	(68,745)
Loans and borrowings - current	-	-	-	-

There were no receivables from related parties at the balance sheet date of the reporting periods.

26.4 Related party transactions in the Consolidated Statements of comprehensive income

The tables below summarize the transactions in the reporting periods arising from transactions with related parties:

Fiscal year 2023	Significant shareholders	Other related parties	Key management	Total
Revenue	-	39,341,427	-	39,341,427
Direct costs of sales	-	(4,177,250)	-	(4,177,250)
Other operating costs	-	161,603	(1,096,603)	(935,000)
Other income	-	533,782	-	533,782
Interest expense	(524,991)	(142,278)	-	(667,269)

Fiscal year 2024	Significant shareholders	Other related parties	Key management	Total
Revenue	-	15,530,661	-	15,530,661
Direct costs of sales	-	(669,993)	-	(669,993)
Other operating costs	-	(2,499)	(649,494)	(651,993)
Other income	-	280,552	-	280,552
Interest expense	(558,834)	-	-	(558,834)

Pricing of transactions with related parties were in line with standard market prices.

During fiscal year 2024, the Company reduced the amount of emission allowance acquired from "Other related parties" and continued its business relationship with the "Other related party" as a supplier.

27 Important events after the closing date of the balance sheet

There have been no events since the end of the reporting period that would have an impact on, or would require additional disclosure in, the Company's financial statements as on March 31, 2024.