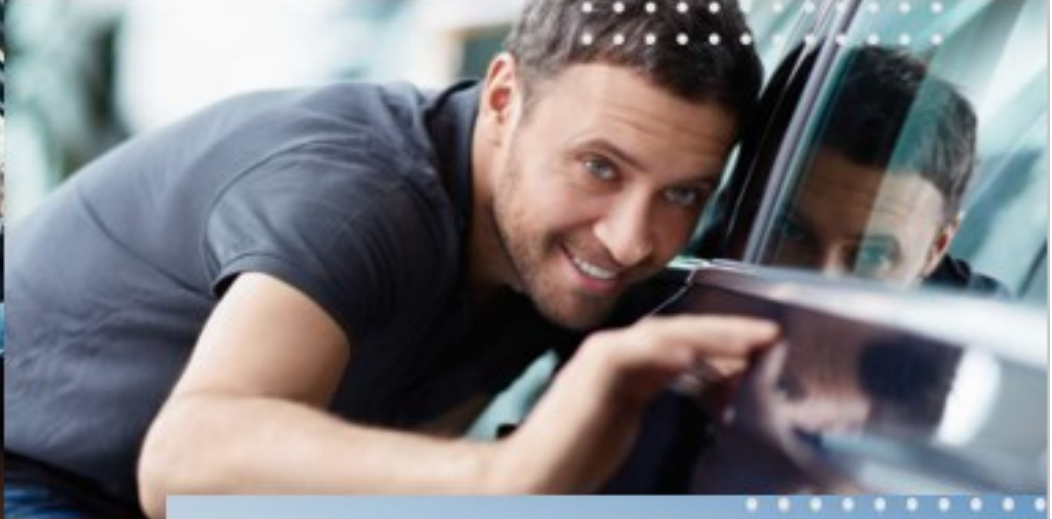




Transilvania Broker[®]
BROKER DE ASIGURARE

2021 ANNUAL REPORT

Issue Date	April 28th, 2022
Name of Company	TRANSILVANIA BROKER DE ASIGURARE S.A.
Registered Office	13, Calea Moldovei Street, Bistrița, Bistrița-Năsăud County
Phone Number	+40263-235900, Fax No: +40263-235910
Taxpayer Identification Number	19044296
Trade Register Identification Number	J06/674/2006
Share Subscribed and Paid Capital	500,000 lei
Market where the issued securities are traded on	Regulated Spot Market, Main Segment
Trading Symbol	TBK





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Important events, 2021



4 years
of floating
on BVB



+27.7%
revenues
2021/2020



+29.2%
Net profit
2021/2020



+41.4%
Intermediated premiums
2021/2020



+21%
operational profit
reported/targeted



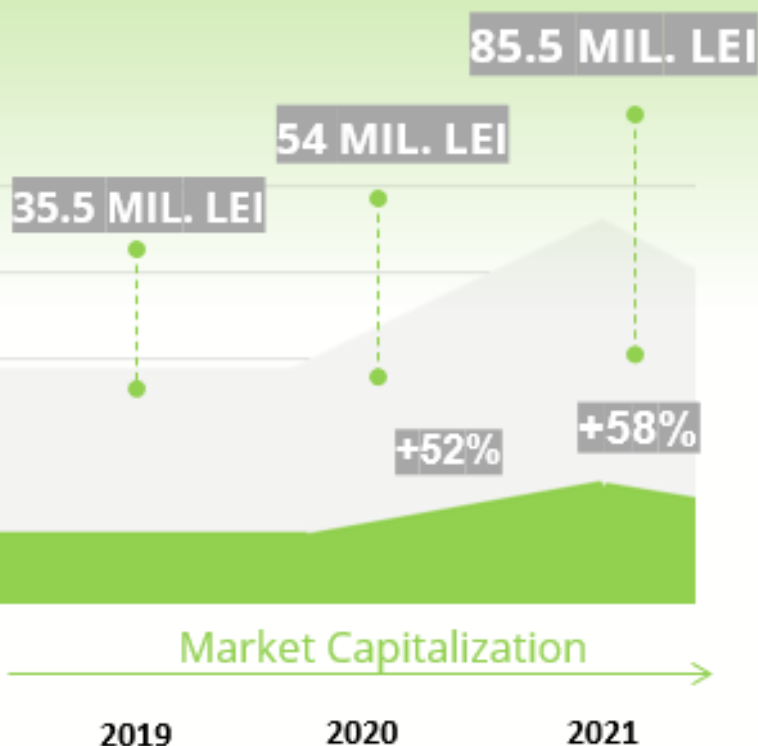
+44%
sponsorship
Social responsibility

Corporate events

Face value splitting
for TBK share

Approval of
**Stock Option Plan & Share
Redemption Programme**

5 members in the
Board of Administrators



HINDSIGHT and PERSPECTIVE

Along the 2021 year, Transilvania Broker de Asigurare S.A. ("Transilvania Broker", "the Company", „the Issuer”) has confirmed momentum and steady trajectory in implementing the development plan – a well-articulated and integrated plan, strategy-oriented, yet versatile towards the dynamics and opportunities in the outer environment.

Transilvania Broker’s 4th year celebration since admission to trading was accompanied by an all-time-high of 112.5 m. lei (22.5 m. euro), when the share market value hit three times the value at listing. Since 2017, the company has drawn a steady upward growth trend in result and performance indicators, leading to an operational income 84% higher in 2021 as compared to 2017, and a profit that doubled in the same period. The cumulated value of the gross dividend paid to Transilvania Broker shareholders in the 4 years on the stock market summed up to 13.9 m. lei (2.8 mil. euro)

The 50% increase of Transilvania Broker share quotation on the stock exchange for 2021 reflected the performance the company reported to the market. On 31.12.2021, **the operational revenue increased by 27.7% as compared to 2020 (a record growth rate), while the profit raised by 29.2%.**

This dynamic was supported by an increase of 41.4% of the volume of intermediated insurance premiums as against 2020, for a 16.7% average commission that was adjusted to the particular context of the insurance market in 2021, and by a net profit margin higher than the previous year, of 6.96%.

We are pleased to note that the revenue for 2021 exceeded by 15% the budgeted level, while the gross operational profit and net profit outpaced by 21% and, respectively, 17.3% the targeted figures as approved in the OGSM of 28th of April, 2020.

All indicators assessing the financial position, such as the current ratio, solvency rates and debt rates, indicate that the company seems not to be exposed to risk and mirror the positive dynamics for financial results, capital structure and financial equilibrium.

In 2021, Transilvania Broker has registered growth in insurance premium volumes for 85% of all insurance classes, the highest growth rates occurring in C3 class - life insurance and annuities related to investment funds (5.8 times), followed by A18 class - insurances for assistance to people in difficulty during travelling (+75,5%), A16 class - insurance for financial loss (+68%) and for credit (+66,4%). Car liability insurance (A10) contributed mostly to the increase of 174.6 m. lei of the volume of intermediated premiums, together with insurance for land vehicles (A3) and for calamities (A8).

The Company management reports the successful accomplishment of multiple projects in the realm of the marketing strategy on one hand, and for the goal of optimizing the distribution infrastructure, such as:



- **Online issuing platform - online sales platform for RCA policies, for natural persons and legal entities.** The platform enables Transilvania Broker customers to conclude an insurance policy in just one minute using text recognition technologies and autocomplete the data required by the policy. Launched in the middle of the year, the platform had over 50,000 users, with over 8,000 calculations of offers and receipts of over 120,000 lei.
- **Digital commission** - Transilvania Broker assistants can sell remotely through the online issuing platform, benefiting of their own unique reference link and the possibility for online promotion, as well as offline through materials with the link in the form of QR code automatically generated in the TBK collaborator dashboard. Over 100 TBK employees receive a digital commission each week, which is equal to a percentage of the classic sales commission.
- **"15 years with Transilvania Broker"** – an exploratory and retrospective project for what Transilvania Broker has meant for all stakeholders along its 15-year-story. The project consisted of a series of interviews with TBK's "Success Stories", with back-office colleagues, founders and team managers, key investors in the Company, and insurers.

In 2021, the management has also initiated more projects scheduled to be completed in 2022, among which:

- **Transilvania Broker Academy** - the training platform that will provide employees with information and training materials, from basic courses to training on complex insurance products, live courses and conferences with specialists in complex insurance;
- **Transilvania Broker virtual assistant** - live-chat assistant providing assistance and advise to clients 24/7, calculating customized offers and scheduling 1-on-1 meetings with the company's specialists in complex insurance.
- **Expansion of online sales for more types of insurance**, such as compulsory and optional housing policies, roadside assistance policy, and travel insurance.
- **Improving the quality of services through customer feedback and reviews.** A strategic goal this year is to know better and deeper the ever-changing insurance market by getting feedback and reviews via all sale channels. A thorough understanding of customer needs and expectations will allow us to determine the investment areas for increasing the quality of services and to achieve quality standardization for services offered in Transilvania Broker franchises.
- **Enhancement of the investors relationship** stays as an important ongoing objective for the management of Transilvania Broker, which considers that transparency, consistency and



continuity of communication are key elements for connecting the market value of the company with its economic, financial and operational results. In this regard, we will continue to diversify communication channels and organize several events through which shareholders and investors will learn more of the activity, vision, culture, opportunities and challenges of Transilvania Broker, beyond results and financial reporting.

With regards to corporate governance, in 2021, the process of supplementing the Board of Administrators by 2 members according to the EGSM resolution of 29.07.2021 has been completed. Starting 01.05.2021, Mr. Gabriel Login, founder and significant shareholder of Transilvania Broker, and Mr. Erik Barna, the CEO of Life Is Hard, traditional partner of the Company for business digitization solutions, joined the Board as Administrators.

The TBK share face value split operation approved in EGSM of 07th of September, 2021 was completed at the beginning of 2022. Therefore, starting on 16th of February, 2022, the Company's share capital of 500,000 lei is divided in 5,000,000 common shares with a face value of 0.1 lei each.

The previously mentioned EGSM has also voted for the addition to the company's economic activities portfolio of the "distribution of retirement products", with the aim of business diversification and organic growth. Moreover, the shareholders were in favour for a Stock Option Plan which would incentivize and reward the company's key personnel. Its implementation would be supported by a share redemption programme for the maximum 0.25% of the total number of shares and aggregated value of 125,000 at the most. These resolutions will contribute to both higher motivated human resources and higher liquidity for the TBK share on the stock market.

The management pursuit of social responsibility causes and projects has been intensified in 2021, with the business registering record financial results and performance. The sponsorship value for social and educational projects exceeded 300,000 lei, by 44% more than in 2020.

It is also worth noting that, for its shareholders, Transilvania Broker paid gross dividend of 1.72 lei/share, according to the OGSM 14/27.04.2021, by 0.2 lei/share (+13.2%) than the gross dividend in the previous year. The aggregated dividend value paid in 2021 was 80.7% of the net profit reported in 2020.

In 2022, the Board of Administrators submitted to the approval of the Ordinary General Shareholders' Meeting convened for April 27, 2022, the payment of 7,500,000 lei as dividend for shareholders registered in the Shareholders' Register on the Registration Day approved by the same OGSM. The proposed amount representing 108.95% of the net result as of 31.12.2021, will be funded with the net result registered for 2021 and the retained earnings of previous years, ensuring a gross dividend per share of 1.5 lei. Having in view the share face value



splitting operation, the normalized value of the **gross dividend per share is actually by 74.4% higher than the dividend value of the last year.**

1. Analysis of the Company's activities

TRANSILVANIA BROKER de ASIGURARE S.A (herein referred to as "Transilvania Broker", "Company", "Issuer"), an insurance brokerage company set up and registered in 2006, runs its operations in compliance with the provisions of the Companies' Law 31/ 1990, Law 236/ 2018 on the distribution of insurance and the legislation pertaining to capital market. The Company is licensed by the Financial Supervisory Authority to conduct brokerage services in the commercial insurance field under no. 114420 of November 21st, 2006 and is enrolled in the Insurance Brokers' Register under no. RBK 374.

Though at the beginning active only in Bistrita Nasaud county, at the date of this report the services of Transilvania Broker are offered at national level, in Bucharest and other 39 counties, through over 1,000 brokerage agents. The development strategy was built on objectives such as diversification of services portfolio, extension of territorial network, consolidation of partnerships with both insurer companies and their collaborators and lately, for the past 2 years, it has been completed with digitalisation of customer interaction and service, expansion of the target market in the online area, addressing the Bucharest market and the intensive promotion of Transilvania Broker brand and offer on multiple channels of communication with the market.

The insurance intermediation market has validated the Company's development strategy. According to the latest available report of the Financial Supervisory Authority (FSA)¹, by the end of 2021, Transilvania Broker de Asigurare ranked fourth among the 273 active brokerage companies in Romania, by market share determined by the revenues from the distribution of insurance premiums activity (6.22%). Starting 2015, Transilvania Broker de Asigurare S.A. is among the top four insurance brokerage companies in Romania.

The decision to publicly list the Company's shares on the regulated market of Bucharest Stock Exchange starting November 2nd, 2017 under TBK symbol represents a critical turning point in the Company's trajectory: a critical maturity threshold touched and the perspective of a new development era.

Main
Activity

The Company carries out activities and services that are specific to the insurance intermediation field and is authorised as insurance brokerage company by the Financial Supervisory Authority. According to the Articles of association, the main activity field resides in NACE code 662, "Auxiliary activities of insurance and pension funds", with main activity subcategory in "Activities of insurance agents or brokers; negotiations for natural and legal persons, insured or potentially insured, of concluding insurance contracts and providing assistance before and during the contracts' execution period or related to damages' claims and compensations, as the case may be (NACE Code 6622)".

Following the Resolution no. 15 of the EGSM gathered on September 7, 2021, the Issuer's activities portfolio has been completed with "other auxiliary activities of insurance and pension funds" (NACE code 6629)", which represent distribution activities for pension products.

¹ Autoritatea de Supraveghere Financiară, 2021, *Evoluția pieței de asigurări în primele 9 luni ale anului 2021*, <https://www.asfromania.ro/uploads/articole/attachments/61b84dd2710da458315737.pdf> , la 30 martie 2022



The mandatory civil liability insurance contracts - vehicles, professional indemnity or general civil liability - represent, by volume and number, the largest part of the premiums concluded by the brokerage agents appointed by Transilvania Broker de Asigurare S.A. Besides, the Company intermediates a varied portfolio of insurance premiums: life and health insurances, on whose development it has effectively focused a significant part of human and financial resources for the past years; accident insurances; land, railway, sea, and air transport insurances; home, buildings or construction workings insurances; insurance for goods in transit, of machines, equipments and appliances; credit insurance, guarantees and financial loss insurances.

The Company addresses all demand segments of the insurance market. It places “the Client” in the centre of its philosophy and business model and offers a comprehensive coverage for the Client’s insurance needs. All brokerage agents are trained and have the necessary tools to offer insurance schemes and programs that are completely tailor made on the Client’s integrated interests.

The services that are offered are not limited to the intermediation on insurance market, but also include services of identification, assessment and management of risks, creating solutions for minimisation or transfer of insurable risks, analyses of efficiency and efficacy of insurance contracts in their validity period. The Company also offers to represent the client's interests throughout the validity of the insurance contract, not only at the stage of selecting the optimal alternative and the negotiation of the conditions and terms of insurance. Transilvania Broker de Asigurare undertakes the management of insurance contracts for the whole validity period with focus on adapting to the Client’s business dynamics and needs, as well as sorting out of potential damages and good receipt of compensation thereto.

Closely connected to the extensive and intensive development of sale departments through the online segment development, the Company created and consolidated the back office function. The human and technical resources are in place in order to offer, with minimum human and system errors, the support needed by both the Company’s agents and the clients, for conclusion of insurance policies or sorting out of damages claim files. In this regard, the Company offers continuous professional training to its agents, as well as continuous development of the working platform by adding new functionalities for a better management of offers and corresponding information for the Clients.

Legal aspects

The Company’s operations comply with the provisions of the Companies’ Law 31/ 1990, republished, with further amendments and Law 236/ 2018 on the distribution of insurance. Also, the Company runs its activity in compliance with the legal provisions and regulations issued by the Financial Supervisory Authority (ASF) pertaining to insurance and reinsurance field, with accounting and fiscal legislation (Accounting Law 82/ 1991, republished, with further amendments, Law 227/2015 pertaining to Fiscal Code, republished, with further amendments, ASF Norm 36/2015 for the approval of Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements of the entities performing insurance and/or reinsurance activities).

The Company is publicly listed on Bucharest Stock Exchange as of November, 2017: The Spot Regulated Market, main segment, standard category. In its capacity of Issuer of securities, Transilvania Broker de Asigurare S.A. complies with the provisions of laws and regulations pertaining to the capital market (Law 24/2017 regarding issuers of financial instruments and market operations, republished, FSA Regulation no. 5/2018 regarding issuers of financial instruments and market operations, with subsequent amendments and changes, the EU Regulation 596/2014 with regards to market abuse etc.).

No merger, split-off, acquisition or any other changes to the assets of the Company took place within the reporting period.

Significant reorganizations



Purchase / sale
of assets

Within 2021, the accounting value of the tangible assets increased by 20%. Investments in equipment, technical appliances and furniture implemented over the course of 2021 amounted to 1,086,430 lei, of which 506,520 lei represents the entry value of some means of transport acquired through financial leasing. In 2021, no sales or scrappings of tangible assets took place. The value of the amortisation recognized by the Company in 2021 for the tangible fixed assets is 275,785 lei. As of December 31, 2021, the Company has not recorded any adjustments for impairment of tangible fixed assets.

Main
results

Transilvania Broker reports, for the year 2021, a turnover of 98,905.8 th lei, by 15% higher than the budget approved in the OGMS dated April 28, 2021. The operating result (8,217.3 th lei) and the net profit (6.884 th lei) registered values by 21% and, respectively, by 17.3% above the projected levels.

Moreover, the values of the indicators that evaluate the financial position, respectively the current ratio, the financial solvency and the debt ratios, are positioned outside the risk zone and reflect a favorable development both in terms of results and in terms of capital structure and financial position equilibrium.

Transilvania Broker registers increases in the volume of intermediated premiums for 85% of the insurance classes. The strongest dynamic in relation to the previous period was registered for the C3 class of *life insurance and annuities related to investment funds* (by 5.8 times) followed by insurance for *assistance to people in difficulty while traveling* (A18) (+ 75.5%), insurance for *financial losses* (A16) (+ 68%) and for *loans* (A14) (+ 66.4%). The *Vehicle Liability* insurance class (A10) contributed the most to the absolute increase of 174.6 m. Lei in the volume of intermediate premiums, followed by insurances for *land vehicles, excluding rolling stock* (A3) and for *fires and natural disasters* (A8).

1.1. General assessment

The annual individual financial statements were prepared by the Company in compliance with the provisions of the Accounting Law no. 82/199, republished with further amendments and with the FSA Norm 36/2015 for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements applicable to the insurance and/ or reinsurance brokers, with all the subsequent changes ("FSA Norm 36/2015").

The management of the Company expressly and unconditionally declares the compliance of the annual financial statements with all the applicable provisions under FSA Norm 36/2015. Tax treatment applied was in accordance with the provisions of the Law 227/2015 regarding the tax code.

The individual annual financial statements were approved by the Board of Directors in the meeting dated March 22nd, 2022, and audited by the financial auditor, RAO AUDIT OFFICE SRL, in whose opinion they "provide a true and fair view of the Company's financial position on December 31st, 2021, and of its financial performance and cash flows for the financial year ended on that date, in accordance with applicable accounting regulations. "

In accounting of the financial effects of the Company's operations, the accounting principles and rules regarding *the recognition and valuation of the patrimonial elements* were complied with. The book keeping for assets, liabilities and equity, the results obtained respectively, were applied consistently in order to ensure *the comparability over time of the accounting information*. Clearance operations between assets and liabilities, between registered revenues and expenditures were not performed. The assumption of business continuity is confirmed, as there were no reasons or causes found to hinder the normal activity

of the Company for a predictable time period.

The economic and financial operations and transactions carried out by the Company were registered in the accounting records of the Company on the basis of supporting documents, in compliance with the legal provisions in force, and the results obtained are:

a) **Net profits: 6,883,983 lei;**

b) **Net turnover: 98,905,785 lei;**

c) **Liquidity and solvency indicators:**

Liquidity and solvency indicators	Calculation formula	Dec.31st, 2020	Dec.31st, 2021	Benchmark
Current ratio / Quick ratio	Current assets/Current debts	2.130	1.847	>2
Cash ratio	Cash/Current debts	0.91	1.02	>0.8
Leverage ratio	Total Assets /Total debts	2.041	1.891	>1
Equity to capitalization ratio	Equity /(Long term debt + Equity) *100	77.3	81.1%	>30%

Liquidity ratios

The company's liquidity ratios highlight the positioning of their values inside the comfort range. It is important to mention that these indicators reflect the specifics of the insurance intermediation activity, in that the due terms for receivables and debts in relation to insurers, on the one hand, and intermediation agents, on the other hand, are regulated by law and internal methodologies and regulations.

In this context, the relevance of current and quick ratios are relatively low, while the cash ratio indicator confirms that the Company has larger cash volumes than those required to cover current debts.

During the reporting period, the increase in the value of total assets was higher than the increase in the total debts of the Company. The difference was mainly fueled by the increase of cash and, indirectly, the value increase of current assets. For this reason, the leverage ratio decreases in value, but remains well above the benchmark.

At the same time, the share of equity in total permanent capital increases from 77.3% to 81.1%, confirming, once again, the high self-financing capacity of the Issuer and ability to meet its payment obligations.

d) **Debt level**

Risk indicators	Calculation formula	Dec.31st, 2020	Dec.31st, 2021	Bechmark
Long-term debt to capitalisation ratio	Borrowed capital/ Long-term capital *100	22.7%	19%	<50%
Debt to equity ratio	Total debt / Total assets*100	49%	53%	<80%



Risk indicators

In 2021, the equity value increased by 2,584 thousand lei, significantly above the absolute value of long-term debt growth (+142.8 thousand lei). As a result, the debt ratio, which compares the borrowed capital to permanent capital, decreases in value, expressing a low level of financial risk under conditions of high financial equilibrium. At the same time, the position of the debt to assets ratio against the highest acceptable threshold confirms the high capacity for debt payment and a sound credit risk management, as well as further easy access to financing on the monetary markets.

e) Margin and profitability ratios

Profitability indicators

The higher growth pace of the revenues as compared to expenditures allowed for the slight increase of the profit margins in the reported period.

The increase in equity to a significantly greater extent than the net profit, due to the incorporation of significant retained earnings, results in a slight decrease in the rate of financial profitability, which, however, remains favorable to the Company and to its shareholders.

Profitability indicators	Calculation formula	2020	2021
		December 31 st	December 31 st
Operating profit margin	Operating profit / Sales *100	7.90%	8.30%
Net profit margin	Net profit / Sales *100	6.88%	6.96%
Return on equity ratio	Net profit / Equity *100	88.30%	67.9%
Return on long-term capital ratio	Net profit / Long-term capital *100	75.75%	55%

f) Cash-flow: changes that occurred in terms of cash flows pertaining to the main activity, financial investment and operations, cash equivalents at the beginning and end of reporting period

Indicator (lei)	Results pertaining to the reporting period	
	December 31 st , 2020	December 31 st , 2021
Net cash from operating activities	1.882.781	4.771.765
Net cash from investment activities	-3.955.235	1.809.373
Net cash from financing activities	1.316.344	-579.274
Cash and cash equivalents on January 1st	5.332.539	4.576.429
Net increase/ decrease of cash and cash equivalents	-756.110	6.001.864
Cash and cash equivalents on December 31st	4.576.429	10.578.293

Cash-flows

The available cash flow sustains the economic development and the financial capacity repay the equity and borrowed capital as well. The cash and cash equivalents of the Company on December 31st, 2021 increased by 131.15% as compared to the previous reporting period.

Out of the *Operating activities*, the Company registered a positive cash flow of 4,771,765 lei, which highlights the Company's capability to have generated enough cash flow for maintaining operating activities, issue dividends and reimburse loans with no need to address other external financing resources.

Investment Activities in 2021 generated a positive cash flow of 1,809,373 lei, which is the result of the payments made for the acquisition of tangible assets, in a total amount of 231,816 lei, and of the



liquidation of a bank deposit in the amount of 2,000,000 lei. Over the reporting period, the Company's financial revenues in the form of bank interests amounted to 38,573 lei.

The *Financing Activity* of the Company generated a negative cash flow of 579,274 lei, caused by the payments made for the reimbursement of borrowed funds, in total amount of 616,325 lei on one hand, and by the proceeds from governmental financing in the amount of 20,000 lei and loans from the shareholders. in the amount of 17,050 lei, on the other.

g) Market share

Market share

According to the latest report of the Financial Supervisory Authority available at the time of drafting this annual report², the Romanian insurance market has presented a continuing upward trend in the last 4 years, reaching 69.6% in 2021. The volume of gross premiums underwritten through intermediaries in the general insurance category increased to 82.2%, while in the life insurance sector, the percentage reached to almost 13.5%. In absolute terms, the value of intermediated premiums exceeded 9.9 billion lei, a level by approximately 26% higher than in 2021.

In this increasingly competitive market, Transilvania Broker de Asigurare S.A. held, at the end of the previous year, a share of 6.22% of the general insurance distribution market and maintained its fourth position in the ranking of the top 10 insurance brokers by the level of income from general insurances distribution activities, 0.21 p.p lower than the third rank and 1.01 p.p. above the fifth position.

1.2. Assessment of the technical operations of the Company

Main services and products

TRANSILVANIA BROKER de ASIGURARE S.A.. carries out its activities and provides professional services on the commercial insurance market in Romania.

The main insurance products that are intermediated by the Company are:

- Life insurance;
- Health Insurance;
- Accident insurance;
- Insurance of land transport means;
- Insurance of railway means of transport;
- Insurance of air transportation;
- Insurance of sea, lake and river transport means;
- Insurance of goods in transit;
- Home insurance;
- Insurance of buildings and property belonging to legal entities;
- Third liability insurance for motor vehicles.

The Company provides professional services to clients or prospects with regards to:

² Autoritatea de Supraveghere Financiară, 2021, Evoluția pieței de asigurări în anul 2021, <https://www.asfromania.ro/uploads/articole/attachments/624eaa02aad90700884385.pdf>



- Distribution of insurance through maintaining a fair treatment of all clients, in compliance with the legal provisions in force pertaining to insurance and reinsurance distribution and avoidance of unfair, fraudulent or abusive practices;
- Identification of risks that may be the subject of insurance policies, their analysis, assessment and management;
- Recommending solutions to minimise or transfer the risks that may be insured;
- In terms of products and services' offer, the sales staff of the Company's agent provide clients with comprehensive, coherent, accurate, objective and realistic insight on the insurance recommended, so that the latter may take an informed decision;
- Consultancy to clients and prospects on the basis of thorough assessment of their needs and requirements, so that insurance contracts meet their expectations;
- Analysis of current insurance policies;
- Setting up of adequate insurance programme;
- Negotiation of insurance terms and conditions, analysis of opportunities of the market related to quality:price ratio and choosing of the most adequate insurance solution, in compliance with the clients' interests;
- Sound management of insurance contracts within their validity period and tailor making to the dynamics of clients' businesses;
- Support in the process of damages' settlement and receipt of insurance compensation;
- Provision of insight on the insurance market in Romania.

The (potential) clients' knowledge of the rights and insight they should have> The following information is rendered to all clients before signing their insurance contracts:

- Definition of each event that can be covered by the insurance, the compensation in case of occurrence of the insured event, each additional/ optional benefit or provision;
- Events that are not covered by the insurance;
- Commencement and termination of the insurance contract;
- Provisions for performance, suspension or termination of the insurance contract;
- Insight on any rights that the parties may have to early termination or by unilateral decision, as well as penalties provided for by the contract for such cases;
- Payment of insurance premiums- means and payment terms;
- Payment of insurance compensation, redemption or insured amounts- means and payment terms;
- Insight on the premiums afferent to each type of benefit, main or additional, as the case;
- Insight on the grace period offered;



- Bonuses- calculation and distribution;
- Total redemption amount, discounted insured amounts, as well as the threshold up to which these are guaranteed for each year of insurance contract;
- Highlighting on the cases when redemption value of the insurance policy is null;
- Legal proceedings for sorting out potential litigations arising from execution of the contract, as well as insight on the means for amiable settlement of claims submitted by clients or by the contracts' beneficiaries, as the case, while the latter do not represent a constraint to waive to the legal proceedings in force.
- General information on deductions under the tax legislation applicable to insurance contracts;
- The law applicable to the insurance contract;
- the Policyholders' Guarantee Fund

Sales network

The Company created a vast network of over 1,000 brokerage agents (both natural and legal persons) and 4 registered offices covering 39 counties at national level, besides Bucharest. The four registered offices are in:

- Sibiu, 10, Justiției street, Sibiu County;
- Bucharest, District 1, 21D, Elena Caragiani street (A1);
- Pitești, 3, Intrarea Rozelor street, Arges County;
- Cluj Napoca, 22, Inau street, Cluj County.

The efficiency and productivity of the agents network are significantly improving through the recent trend of digitization of the brokerage activity, i.e. through the online issuance of insurance premiums and the online / digital marketing and promotional campaigns.

Structure of
Turnover

In 2021, sustained by the particular evolution on the insurance sector but also by the successful implementation of development strategies, the volume of the intermediated insurance premiums registered a growth rate of 41.4% as against the previous year, reaching almost 600,000 th. Lei. Volume growth was reported for 85% of the insurance classes, with the highest rates for C3 class of *life insurance and annuities related to investment funds* (5.8 times higher than in 2020), followed by A18 Class (*insurance for persons in difficulty while travelling*) where premiums volume increased by 75.5%, A16 Class (*insurance for financial loss +68%*) and *insurance for credits* (A14, +66.4%).

The increase in absolute value of 174.6 m. lei in 2021 as compared to 2020, was fueled mainly by the A10 class (*motor civil liability*), followed by CASCO (A3) and for A9 Class (*fire and natural disasters*)

Likewise, the insurance premium volumes for life and health classes kept the upward trend in 2021 as well, when their value exceeded 7 m. lei after an increase of 41.3%. To Transilvania Broker, this segment will stay as a priority in development strategies and instruments, as it presents a high intrinsic growth potential.



Table no. 5. Evolution of structure of volume of intermediated insurance premiums on main insurance categories

Premiums intermediated on insurance categories	2019	2020	2021	Variation on 2020/2019 (%)
TOTAL, wherefrom:	393,284,515	421,875,528	596.454.193	+41,4%
Life and health insurance classes	4,025,699	5,159,487	7.291.279	+41,3%
General insurance, wherefrom:	389,258,816	416,716,041	589.162.914	+41,4%
Third-party vehicle liability insurance (ie RCA) (A X)	275,122,743	294,374,100	443.535.255	+50,7%
Land vehicle insurance (ie CASCO) (A III)	50,324,316	55,497,055	66,970,294	+20,7%
Fire and natural calamities (A VIII)	28,748,321	32,074,045	37,400,864	+16,6%
Damages of real estate (A IX)	8,274,314	9,134,082	12,390,750	+35,7%
General third-party liability (A XIII)	7,967,219	8,636,902	10.574.222	+22,4%
Other categories of general insurance	18,821,903	16.999.857	18.291.529	+7,6%

Source: Transilvania Broker

Operating infrastructure

The technical *back-office* support for the whole activity performed in such an extensive network is ensured by 24Broker integrated application, which covers multiple functions: (i) *issuing of insurance policies and their management* (reports of the due instalment payments, expiry dates, automated informing the clients, automated validation of paid amounts, policies' cancellation etc.) (ii) *invoice issuing to the insurer companies*; (iii) *calculation of commission fees owed to brokerage agents*; (iv) *clients' portfolio management*; (v) *brokerage agents' management* etc. This software is integrated with the accounting software used by the Company- WinMentor. The application started to be implemented as of 2007 and its development and adapting to current requirements stay as one of the major undertakings of the Company's management.

In 2021 the Company launched the own platform of online issuance of insurance premiums, which is an intuitive and modern digital instrument, defined through flexibility, speed, transparency, control, prompt advisory services. The platform integrates functionalities which are a premiere for the Romanian insurance market such as:

1. OCR (optical character recognition) module, an artificial intelligence-based text recognition function, whereby the user will be able to upload their ID and car registration card and the platform will automatically read the data from the documents and auto-complete most fields;
2. QR code, which will allow you to access the link even from a flyer you receive, a poster in an office or any other promotional material;
3. Real-time assistance with policy issuance via a live chat service;
4. Benefits for the brokerage assistants network, by issuing an individual referral link and QR code whereby policies issued online from the platform are allocated to them, along with the associated commissions.

The digital solution developed by Transilvania Broker allows for the moment to issue online only RCA insurance policies, but in the near future both travel insurance and TransAsist will be available.



1.3. Assessment of sales activity

Evolution as compared to the market

According to the [latest ASF report on the Romanian insurance market in 2021](#), the degree of intermediation of total insurance premiums written in 2021 in Romania was 69.6%, corresponding to a total volume of intermediated premiums of 9,911,948.5 thousand lei, 26% higher than in 2020. At an average gross commission of 17.53% and of 16.6% for general insurance premium categories, the intermediation activity generated total revenues for intermediaries of 1,737,127.7 thousand lei, 24.6% higher than the previous year.

Particular developments in the insurance market in 2021 imposed a lower commission level for the general insurance segment, i.e. 16.6%, while the average commission in the life insurance segment reached almost 44%. The intermediation ratio was 13.5% for life insurance and 82.2% for general insurance classes, continuing on the upward trend generated in previous years.

Taking advantage of the opportunity of higher volumes, the average commission charged by Transilvania Broker in 2021 was 16.7%, consequently leading to a higher profit margin compared to 2020. At the same time, the growth rates recorded for the volume of premiums intermediated on most of the main insurance classes exceed the rates recorded at market level in 2021.

Market shares. Competition

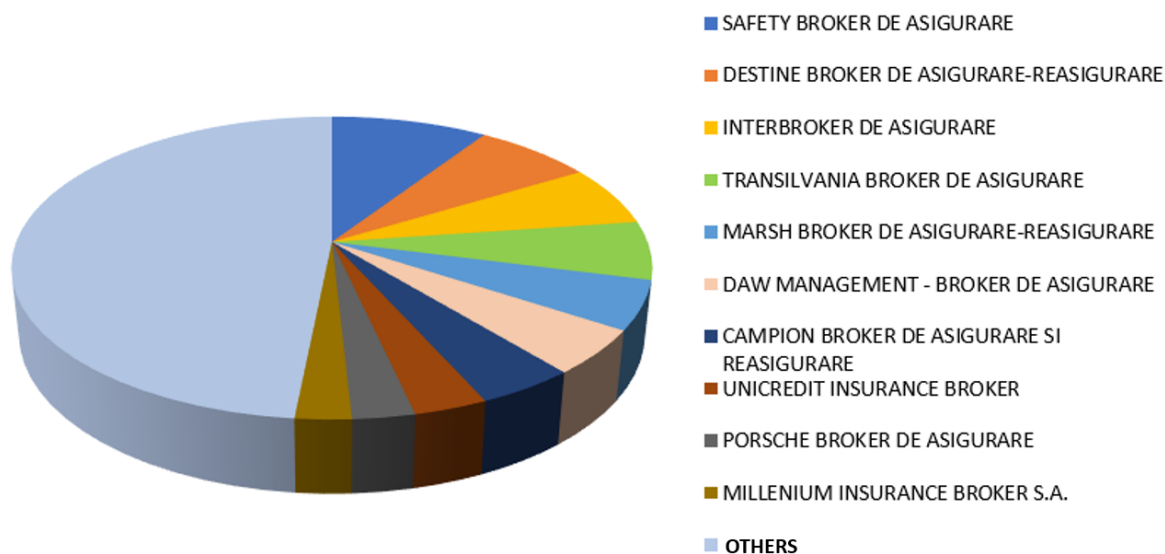
According to the FSA report mentioned above, Transilvania Broker de Asigurare S.A. maintains its fourth position in the ranking of the top 10 insurance brokers by the income value generated by general insurance premium intermediation, with a market share of 6.22% at the end of the year and, respectively, the fifth position by the value of intermediated premiums, with a market share of 6.21%. In the category of general liability insurance classes, the best position, from a competitive point of view, is the vehicle third-party liability insurance class, where the market share is 7.98% by the volume of intermediated premiums. With respect to life insurance (C1 and C3 classes), Transilvania Broker contributed, in 2021, by 1%.

Insurance category / Market share	Q3 2020 (%)	2021 (%)
Total	5.37% (2020)	5.74%
General insurance	5.56%	6.21%
<i>Vehicle third-party liability (ie RCA)</i>	7.67%	7.98%
<i>Land vehicle insurance (ie CASCO)</i>	2.99%	3.32%
<i>Fire and natural calamities</i>	5.08%	5.65%
<i>Real estate damages (other)</i>	3.18%	3.68%

The main competitors of the Company are Safety Broker de Asigurare SRL, Marsh-Broker de Asigurare si Reasigurare SRL, Destine Broker de Asigurare-Reasigurare SRL and Inter Broker de Asigurare SRL (fig. 4)



Fig. 4. Top 10 insurance brokerage companies as per value of intermediated general insurance premiums, 2021



Source: Transilvania Broker, FSA Report

Clients' portfolio.
Client Dependency

The Company has a diversified portfolio of customers, therefore *there is no dependence on a single customer* or on a small number of customers, which reduces the market risk and gives resilience and sustainability to the business.

1.4. Assessment of the Company's personnel

The relevant information on the evolution of the Company's personnel in 2020 – 2021 is presented in the table below:

Number of employees (end of year)	2020	2021
Economists	20	22
IT Experts	1	1
Legal advisors	4	4
Others - long-term higher education	10	12
Others - short- term higher education	2	2
Secondary education (technical profile)	1	1
TOTAL	38	42

Within 2021 the Company organised events for informing and training of employees and agents with regards to the trends on the market and the news on legal and organisational issues.

There are no conflicts reported between managers and employees in the Company.



1.5. Perspective approach

1.5.1. Expected trends in the internal environment

The Management of the Company has initiated multiple new projects whose implementation will take place throughout the course of 2022, of which we mention the following:

- **Transilvania Broker Academy, the training platform** that will provide collaborators with information and training materials, from basic courses to training on complex insurance products, live courses and conferences with specialists in complex insurances.
- **Transilvania Broker Virtual Assistant - live-chat assistant** who can offer 24/7 consultancy to clients; they can also calculate quotations and schedule 1-on-1 meetings with our specialists in complex insurances.
- **Expanding online sales for several types of insurance**, such as mandatory and optional home insurance policies, roadside assistance policy, and also travel insurance.
- **Improving the quality of services through customer feedback and reviews.** A strategic goal for this year is to get to know the ever-changing insurance market in more detail by attracting feedback and reviews on all of our sales channels. A thorough understanding of customer needs and expectations will allow us to determine the investment areas to increase the quality of services provision. Subsequently this will be an important step in standardizing the services offered in Transilvania Broker franchises.
- **Optimizing the relationship with investors** remains a permanent goal for the Management of Transilvania Broker, which considers that transparency, consistency and continuity of communication are key elements for connecting the market value of the Company to its economic, financial and operational results. In this regard, the company will continue to diversify communication channels and organize multiple events through which potential shareholders and investors will be able to learn about the activity, vision, culture, opportunities and challenges of Transilvania Broker, beyond results and financial reportings.

1.5.2. Trends and factors from the external environment

Main trends in the global market of insurance intermediaries

COVID19 has fundamentally changed the traditional processes of distribution and intermediation of insurance policies. At the same time, it has acted as a catalyst for accelerating the digitalization of services in the insurance sector.

The digitalization of the sector, the integration of artificial intelligence in operational processes and in strategic sales tools have required the adoption of paradigms aimed at capitalizing on technological progress opportunities of the business models, growth and product portfolios, not just business processes. Therefore, for the intermediaries, the digitalization, technologicalization and the artificial intelligence elements have opened the way to new markets and new opportunities. The Management of Transilvania Broker understood, anticipated and promptly aligned its strategic and managerial vision to this trend.

Accelerated diversification of (secondary) insurance products as an effect of an innovative approach in the area of insurance products for increasingly diverse needs is another direct effect of digitalization that supports and facilitates this trend. Digital marketing tools identify untapped



insurance needs, customize products, and distribute them with minimal time and resource costs, in high volumes. On its turn, the market easily absorbs products such as insurance for rented space or goods, for pets or for cyber attacks - products adapted to current behavioral and consumption trends, which are also constantly evolving. At the same time, this range of new insurance by-products becomes a lever for customer loyalty and relationship longevity.

Intensified competition in the intermediary market, amid declining - in importance and number – of barriers to market entry, mainly due to unlimited virtual opportunities and digitalization: geographical boundaries are fading, the agent-insurer collaboration is streamlined and energized, and attracting new customers through digital marketing is within everyone's reach

The model of an independent intermediary from a certain insurer is becoming more and more established in the brokerage market, taking into account the new business and partnership opportunities. The consumer profile encourages this trend, as they seek for consultancy, guidance and alternatives - elements specific to an independent broker, and implicitly, to Transilvania Broker.

1.6. Assessment of the impact of Issuer's activity on the environment

The company is not aware of any potential adverse effects on the environment as a result of its operations, which should be quantified. The result of such potential effects is uncertain and the management of the Company does not consider it necessary to make provisions concerning such debts regarding the environment.

On December 31st, 2021 the Company complies with all conditions necessary for operating its activities as provided for by the legislation in force pertaining to environment protection. It has been granted the authorisation to function by the Environment Agency in Romania.

1.7. Assessment of research and development activity

During the reported period, according to the data taken from the Company's balance sheet, there were no fixed intangible assets representing expenses incurred from the research - development activity of the Company.

1.8. Assessment of the Company's risk management

1.8.1. The Issuer's internal controlling system

The Company's internal controlling system consists of policies and procedures to confer the management a reasonable assurance that the Company accomplishes its targets:

- *The Code of Ethical Conduct* with insights on the business scope of the Company as well as with provisions for compliance with legislation in force and specific methodologies; *it also reflects the mechanisms created for personnel to be able to alert the Executive Management or the Board of Directors* in case of violation of the business conduct or other defaults, with no reservations due to potential consequences;
- *Operational policies and work procedures* that ensure the functionality of all compartments, formalized in a Manual of Operational Procedures;



- *A risk management system* covering also the necessary and sufficient resources for permanent identification, assessment, checking and supervision of risks;
- *Internal control procedures*, formalized in a Manual of internal control policies and procedures, which ensures the implementation of an internal control system which controls significant risks and offers a reasonable assurance to the Management, on the following aspects: compliance with the legal and regulatory framework; ensuring that all operations are registered in a correct manner and that the financial statements and reports are accurate; protection of goods and information; prevention and detection of frauds and errors; quality of bookkeeping and provision in due time of trustful and reliable data with regards to financial and management departments.

1.8.2. The Company's exposure to the market, credit and liquidity risks

The activity of financial risk management is an integral part of the process of financial planning and controlling, it is subject to strategic and tactical decisions of continuous adaptation to the inside and outside conditions and environment, which are constantly changing. Financial decisions are made based on the cash flows provided for in future contracts, which are par excellence uncertain. Risk is therefore an inherent component of financial decisions.

Financial risk includes market risk, liquidity risk and credit risk.

a) **Market risk (exchange rate risk, interest risk , price risk)**

Unpredictable changes in the evolution of *interest rate, currency exchange rates* or *prices* do have an impact on the financial results of the Company:

➤ *Exchange rate risk*

The Company is not exposed to this risk, as the Company's activities are carried out almost entirely on the domestic market. The concluded economic relations, liable to record losses due to the variation in the exchange rate of the currency during the period between the conclusion of the contract and its maturity, represent an insignificant weight. At the date of the financial statements, it records insignificant balances related to debts denominated in foreign currency (the debt regarding the financial leasing contract underway).

➤ *Interest rate risk*

The Company is exposed to the risk of fluctuating interest rates upon contracting of investment loans with a variable interest rate, at the end of 2018 and 2020, respectively. The exposure of the Company to risks pertaining to change in interest rates on the cashflows is partially covered by the cash flows kept as 'over night' deposits, which also incur into fluctuating interest rates.

The level of interest rate coverage out of the gross profits indicator, as per 2021, shows that the Company is not at risk generated by the interest rates.

➤ *Price risk*



The price risk refers to price of resources, the currency exchange rates and the interest rates. It may appear especially when long-term contracts are concluded. The Company operates with contracts concluded for relatively short-term, so that it is not exposed to this risk.

b) Liquidity risk

The current liquidity is the Company's capacity to cover current liabilities out of the current assets. The minimum threshold recommended for this indicator is 2.

The Management of the Company assess the exposure to the liquidity risk. The Company's policy with respect to liquidity risk is to always keep enough resources to cover liabilities when they are due, as well as to ensure a balance between payables and receivables.

The liquidity indicators, with values close to the secure zone, reflect the peculiarities of the insurance brokerage activity, in which the terms of settlement of claims and debts in relation to insurers and, respectively, assistants are regulated legally and procedurally.

c) Credit risk

The Company is paid for the services provided in a relatively short term from the moment services are performed and conducts business relations only with recognized third parties.

According to the contracts concluded, receivables are permanently monitored, prudential thresholds are settled and so there is no significant exposure of the Company to the credit risk. Guarantees offered ensure maximum security and the credit risk is minimal.

The Management analyses all debtors when setting the credit thresholds, monitors their conduct along the contractual period and ensures that due dates are observed. In case of default of payment receipt, action is taken in order to secure payment.

2. Tangible assets of the Company

The main tangible assets of the Issuer consist of the real estate properties – land lots and buildings - held with the function of registered office in Bistrita and, respectively, as secondary office in Bucharest. Their total acquisition value is 3,819 th lei.

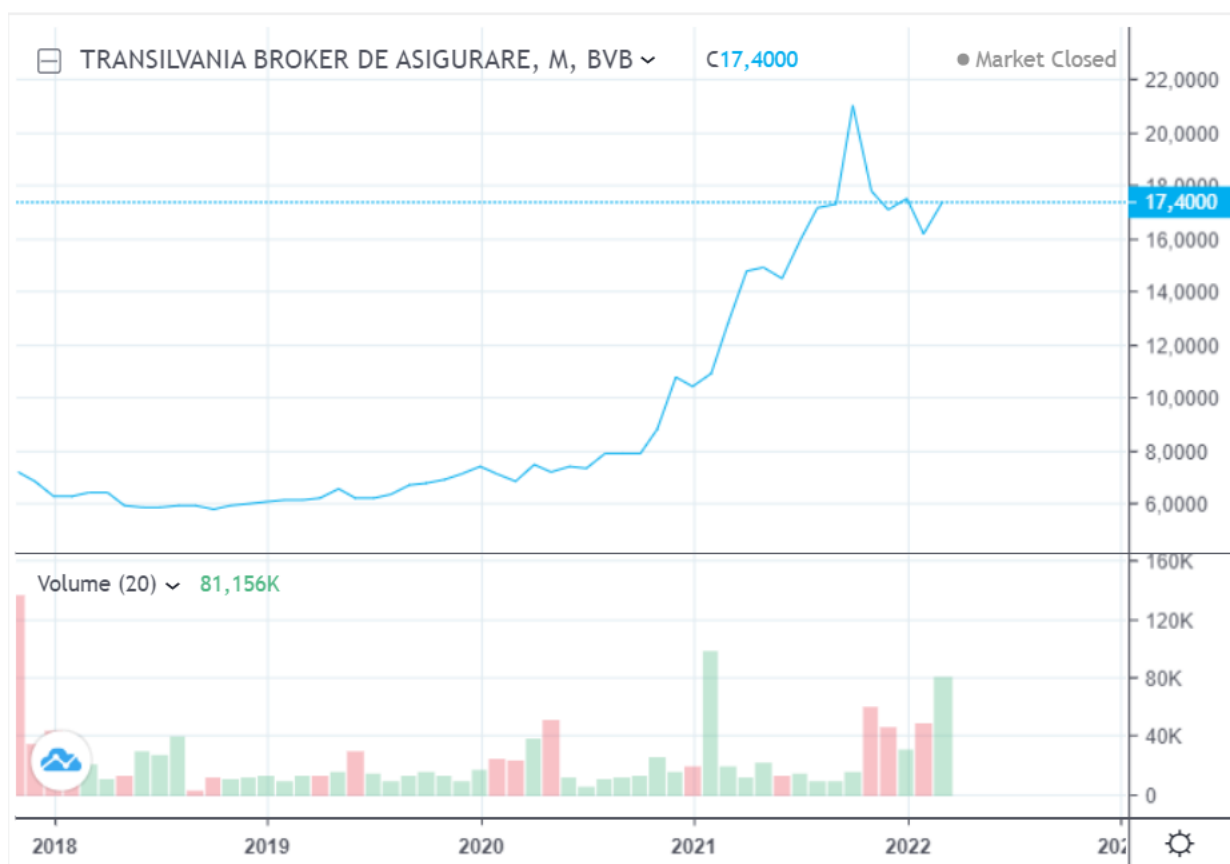
Aside buildings and land lots serving as registered office, with positive effects in terms of efficient organisation and performance of activities, operational costs, as well as the image of the Company, Transilvania Broker owns also vehicles, equipment and furniture of 2,189.6 th lei at cost value.

Amortisation

Within the reporting period the Company registered amortisation costs for the land and buildings in the amount of lei 155.5 th lei. The tangible assets of 'technical equipment and vehicles' type were amortised in the proportion of 44%, while the wear and tear level of appliances, machinery and furniture reached 80%. The management of the Company considers that the wear and tear level does not raise significant problems on the performance of its activity. The management also declare that there are no problems regarding the property right over the tangible assets owned by the Company.î



3. The market for the securities issued by the Company



Transilvania Broker de Asigurare S.A. shares are tradable on the Stock Exchange market in Bucharest, Main Regulated Segment, 'Standard' category, as of November 2nd, 2017, under TBK trading symbol.

The 50% increase of the stock market quotation, in 2021, of Transilvania Broker de Asigurare S.A. shares (TBK trading symbol) reflected the evolution of the results reported to the market. On December 31st, 2021, the turnover increased by a record of 27.7% compared to the previous year (2020), while the profit increased, in the same period, by 29.2%.

This dynamic was fueled by a 41.4% increase in the volume of intermediated premiums compared to 2020, with the gross average commission adjusted to the particular conditions of the insurance market in 2021, of 16.7% and, respectively, with a 6.96% net profit margin, higher against the previous year.

Besides the evolution of price and liquidity indicators for the shares owned by Transilvania Broker de Asigurare S.A., its position and evolution on the stock market is acknowledged also by the level and dynamics of the rating multiples, which report the economic - financial results of the company for the investors' assessment and expectations.



Table no. 9 Rating multiples for the public listed Company – Transilvania Broker de Asigurare S.A.

Indicator	Calculation formula	January 4rd, 2021	January 4th, 2022	Variation
PER (price earning ratio)	Price per share / net profit per share	11.53	15.14	+31.3%
P/BV (price to book value)	Stock market capitalisation / equities	8.87	13.36	+50.6%
DY (dividend yield)	Annual dividend per share/ Price of share	7.1%	4.86%	-31.5%

At the time this report was drawn up (11.04.2022), the TBK share was quoted on the Bucharest Stock Exchange at 17.3 lei, with a value of stock capitalization of 86,500,000 lei, by 61,7% above the level registered at the beginning of 2021 and close to the level at the beginning of the 2022 year.

Dividends policy

Characteristic to the Company’s dividend policy, the value of the dividend/share ratio continued to increase, from 1.28 lei for the financial year 2018, when the share capital was split into 2,500,000 shares, to 1.5 lei per share as approved in AGOA of April 27, 2022 when the number of shares is 5,000,000. That reflects an increase of 74.4% of the adjusted dividend value as compared to the dividend paid in 2021 and of 134.4% against the dividend paid in 2019 for year 2018.

The dividends granted through Ordinary General Assembly Resolution as per latest financial years:

Table no.10. Dividends granted in the past 3 years

Corresponding financial year:	2019	2020	2021
Dividends’ value (lei)	3,800,000	4,300,000	7,500,000

The Company commits to unconditional compliance with the Corporate Governance principles applicable to the Issuers whose securities are traded on a regulated market. The Company adopted a dividends’ policy consisting in a set of directions to be met related to the distribution of net profits. The Company states that it shall comply with this policy, highlighting on relevant principles pertaining to the dividends’ policy:

- (1) The Company acknowledges the shareholders’ rights to be paid dividends, as a way of involvement to the net profits registered by the Company as well as a return on the capital invested in the Company;
- (2) While grounding for distribution of net profits obtained within a financial year, the Board of Directors of the Company shall aim to a balanced distribution of the net profits between dividends granted to the shareholders and the part to stay with the Company for investments, all in compliance with a prudent approach of management, for the sake of a sustainable development of the company on medium and long term;
- (3) The dividends the shareholders are entitled to shall be distributed exclusively out of the net profits of the Company pertaining to a certain financial year, as per applicable accounting regulations and audited book keeping, according to the law and with the observance of other legal provisions that are relevant in the industry;



(4) The dividends are granted to shareholders either in the form of cash or by issuing free shares as a result of capitalisation of net profits accrued by the Company. Irrespective of the way chosen, the proposal for dividends' distribution is made by the Board of Directors under the form of financial statements to the investors. The final decision on dividends' distribution is taken by the General Assembly, according to the law in force.

[The dividend policy](#) may be accessed on the official website of the Company.

Acquisition of
own shares

The Company did not undergo redemption or public offering programs within the reported period.

Nonetheless, the company's shareholders approved a Stock Option Plan that will be implemented in the coming three years based on a redemption program for a number of shares representing 0.25% of the share capital at the most, at a cumulated value of maximum 125,000 lei. These resolutions will uphold the motivation and engagement of key personnel, with important impact on the effectiveness in accomplishing the mission and vision of the company, and will also improve liquidity for the TBK share on the stock exchange.

Subsidiaries and
their ownership

The Company does not belong to a group of companies and does not own shares in other companies.

4. Corporate Governance

4.1. Issuer's management – Corporate Governance Structures

Transilvania Broker de Asigurare is a public listed stock company organised as a unitary system: its management is ensured by a Board of Directors whose members are appointed by the Ordinary General Shareholders Assembly (OGSA) for a 4-year mandate. The Board of Directors is subordinated to the General Shareholders Assembly (GSA). The latter delegates competences for executive management to the Directors of the Company. The Board of Directors operates in compliance with the Board's Regulations and performs responsibilities assigned through statutory documents and mandate agreements, as well as legal provisions.

Board of
Directors

With regard to corporate governance, during the reporting period, the change in the structure of the Board of administrator was completed and, as of 01.05.2021 and based on the AGEA resolution of 29.07.2020, it is composed of 5 members, with the addition of Mr. Gabriel Login, founding shareholder and Mr. Erik Barna, CEO of Life Is Hard, the Company's traditional partner for business digitization solutions. As of 31.12.2021, the members of the Board of Directors were:

- Dan Niculae – **Chairman and executive member of the Board**. With an over 14 year - experience in the field of insurance and banking financial instruments, Mr Dan Niculae has been appointed in executive positions in Transilvania Broker de Asigurare S.A since 2010 and started his mandate as Chairman in June 2017. At 31.12.2021 he owned 660,709 shares, representing 26.4283% of the Company's share capital and voting rights in the GSA;
- Gabriel-Alexandru Țuică - **non-executive member** of the Board and member of the Audit Committee as of June 2017, has a 14-year experience as insurance broker/ agent;



- Daniela Tasia Deneș - **independent member** of the Board and Chairman of the Audit Committee, has an over 20-year experience in the financial accounting field. a 10-year experience as certified accountant, auditor, tax consultant, as well as legal expertise since 2013;
- Gabriel Login – **executive member** of the Board and main shareholder, with over 22 years of experience in the insurance industry whereof more than 14 years with Transilvania Broker. At the date of the report, Mr. Login held also the position of General Manager of the Company. Mr. Login owns 1,051,060 shares, representing 42.0424% of the share capital and of the total voting rights of the Issuer.
- Erik Barna – **independent member** of the Board, is a successful entrepreneur with over 20 years of managerial and operational expertise in software development. Mr. Barna is the founder and CEO of Life Is Hard, issuer listed on the MTS, BVB and currently holds positions of Board member with Barandi Solutions, Noah Watch, Cluj IT Cluster, Fintech Guardian (Sofia, Bulgaria).

The resumes of the five members of the Board may be seen on [the Company's website](#).

Among Board members, there are no family ties.

A total amount of lei 407,896 was granted to the members of the Board in 2021 related to their activities for the Issuer, in compliance with the [Remuneration Policy](#), as it is posted on the Company's website. Details on the distribution of these revenues and their components are available in the [Remuneration Report for 2021](#), published also on the company's website.

During the financial year 2020, the Board of Directors met in a number of 4 meetings to analyze and discuss issues of major importance to the company, diligently performing all the acts necessary to achieve the Company's object of activity and the responsibilities assumed as per the contract mandate.

According to the legal provisions in force, an Audit Committee is organized within the Board of Directors. This Committee has a consultative role and is formed of 2 members:

- Mrs. Daniela Tasia Denes, Chairman;
- Mr. Gabriel Alexandru Tuica, member.

The Audit Committee consists only of non-executive directors and at least one member of the Committee is an independent non-executive Director. Mrs Daniela Tasia Deneș has relevant expertise in application of accounting and financial audit principles.

The Audit Committee assists the Board of Directors in the latter accomplishment of responsibilities with regards to internal audit and advises pertaining to the Company's strategy and policy for internal control, internal and external audit, as well as control on the way significant risks are managed.

The Audit Committee's aims are:

- supervision of all aspects related to audit and risks of the Company;
- check and control on the adequacy, independence and efficiency level or internal audit of the Company;
- analysis and check of the accuracy of the financial statements of the Company, as well as of other important reporting;
- monitoring and checking on the independence, objectivity and efficiency of external auditor;

Audit
Committee



- close supervision of the risk profile of the Company, identification of main exposure areas and submitting relevant information in this respect, to the Board, on a regular basis.

The Audit Committee is entitled to conduct or authorise investigations as deemed necessary to any of its responsibility areas.

On the basis of review, discussions, assessments and remedies accomplished and contained in the Audit Report submitted to the Board of Directors, the Audit Committee recommended to the Company's management and the latter approved that audited financial statements should be included in the Annual Report for the financial year ended December 31st 2021.

Executive management

The Executive management is appointed by the Company's Board of Directors. It informs the Board of Directors on the activity undergone between the former's regular meetings. Executive management is also empowered to run and coordinate the daily activity of the Company and is entitled to represent the Company, as insurance brokerage company.

The executive management of the Company is ensured by:

- The General Manager - Mr Gabriel Login, and
- The Executive Manager - Mr Ioan Cotiac. He is a shareholder of Transilvania Broker, owning a number of 1,113 shares at the end of 2021.

The members of executive management have competence and responsibilities as per the job description/ duties committed to in the administration mandate agreement. None of the people with positions in the executive management or Board of Directors of the Company has been involved in litigations or administrative proceedings pertaining to the Issuer and has disclosed on any agreement, deal or family relationship to other person belonging to executive management or Board of Directors.

The resumes of the two executive managers of the Company may be seen on [the Company's website](#).

A total amount of lei 286,427 lei was granted to the executive management in 2021 related to their activities for the Issuer, in compliance with the [Remuneration Policy](#), as it is posted on the Company's website. However, one should take into account that the General Director is also an executive administrator. The components of individual remuneration for executive management are available in the [Remuneration Report for 2021](#), published also on the company's website.

4.2. The Statement of the Company regarding the compliance with the Corporate Governance Code, Bucharest Stock Exchange

The Company adheres to and voluntarily applies the principles provided for by the Corporate Governance Code of BSE for the issuers admitted for transactions on the regulated market of BSE.

The Statement regarding the Company's compliance to the Corporate Governance Principles as per the Corporate Governance Code issued by BSE for all issuers admitted for transactions on the regulated market of BSE is contained below.

The activity of the Board of Administrators has not been assessed withing financial year ended 31.12.2021. The Board of Administrators (its structure, members' contribution and overview activity) shall be the subject of an assessment undergone by the Chairman of the Board within the following period of time.



The Company's management states that the [Remuneration Policy](#) as adopted by the OGSM of April 27th, 2021 has been fully observed and implemented along the reporting period. The Remuneration Report describing how the Policy Remuneration was applied along the 2021 year was submitted to the OGSM approval of April 27th, 2022.

Cod e	Provisions	Full compliance	Partial compliance	Does not comply	Reasons for non-compliance
Section A Responsibilities of the Board of Directors (the Board)					
A1.	The Company must have an Internal Regulation of the BoA (Corporate Governance Regulation) which covers reference terms/ responsibilities for the Board and the key positions in the Company's management. The Regulation shall define an accurate policy with regards to delegation of responsibilities including a formal list containing aspects to be decided on by the Board and a clear distinction from the executive management .	x			
A2.	The management of conflict of interests within the BoA must be provided for in the Corporate Governance Regulations. Members shall notify in this respect the Board regarding any conflicts of interests that have occurred or may occur. They shall refrain from attending discussions on or voting for making decisions on a matter that causes a conflict of interest.	x			
A3	The Board shall consist of at least 5 members.	x			
A4.	The majority of members of the Board shall be non executive and at least one member shall be independent. Each independent member shall, at the moment of election of reelection and whenever a change occurs in his/her status, shall make a statement containing the aspects taken into account as grounds for his/ her independence. The following criteria shall be considered when establishing independence of one member:	x			
A4.1.	He/she is not a general/ executive Director of the Company or of a controlled entity and has not had such a position for the past 5 years.	x			
A4.2.	He/she is not an employee of the Company or of a controlled entity and has not had such a position for the past 5 years.	x			
A4.3.	He/she has not been granted additional compensations or other advantages either by the Company or by a controlled entity besides those corresponding to his/ her capacity of non executive administrator.	x			
A4.4.	He/she has not been an employee of and has not had for the past year a contractual relationship with a significant shareholder of the Company controlling over 10% of the voting rights of the Company, or with any of his/her controlled companies.	x			
A4.5.	He/she has not had for the past year a business or professional relationship with the Company or a controlled entity, either directly or as a client, partner, shareholder, member of the Board, General/Executive Director if, by its material character, this capacity may influence his/ her objectivity.	x			
A4.6.	He/she has not been for the past 3 years the external or internal auditor, partner or employed shareholder of the current external or internal auditor or of any controlled entity.	x			



A.4.7	He/she is not the general/ executive director of other company where other general/ executive director of the Company is non executive member.	x			
A.4.8	He/she has not been non executive administrator of the Company for a period of more than 12 years.	x			
A.4.9	He/she does not have family relationships with any person belonging to any of A.4.1. to A.4.4 categories.	x			
A5.	Any other professional commitments of the Board members, including the title of executive or non executive member of the Board of some other company (except for subsidiaries of the Company), shall be disclosed to the Board before appointment and while under mandate.	x			
A6.	Each member of the Board shall disclose to the Board information regarding any relationship with a shareholder that owns, directly or indirectly, shares representing more than 5% of all voting rights. This duty stands for any type or relationship that may affect the position of Board member with regards to matters decided for by the Board.	x			
A7.	The Company shall appoint a secretary of the Board that is responsible with support of all Board's activity.	x			
A8.	The Corporate Governance Statement shall inform on whether the Board has been assessed, under the Chairman's supervision and, if they have, the key measures and changes resulted shall be outlined.	x			
A9.	The Corporate Governance Statement shall contain information on the number of meetings of the Board and the Committees for the past year, the attendance of the administrators (directly or by proxy) and a report of the Board on their activities.	x			
A10.	The Corporate Governance Statement shall contain information pertaining to the exact number of independent members of the Board of Directors or Supervision Board.	x			
Section B – Risk management and internal control system					
B1.	The BoA shall appoint an Audit Committee where at least one member shall be an independent non executive administrator. The majority of members, Chairman included, have proved relevant adequate expertise for the functions and responsibilities of the Committee. At least one member of the Audit Committee shall have proved corresponding experience in auditing or accounting fields.	x			
B2.	The Chairman of the Audit Committee shall be an independent non executive member.	x			
B3.	As part of its responsibilities, the Audit Committee shall execute an assessment of the internal control system on a yearly basis. This assessment shall encompass the efficiency and coverage of the internal audit function, the adequacy level of risk management and internal audit reports submitted to the Audit Committee of the Board, the promptness and efficiency with which executive management sort out deficiencies or the weaknesses identified as a result of the internal control and provision of relevant reports to the Board.	x			
B4.	The Audit Committee shall assess the conflicts of interests with regards to the Company or its subsidiaries' transactions with affiliated entities.	x			
B5.	The Audit Committee shall assess the efficiency of the risk management and internal control systems.	x			
B6.	The Audit Committee shall monitor the application of legal and accepted audit general internal audit standards. The Audit Committee shall receive and assess the reports of the internal audit team.	x			



B7.	The reports or analyses initiated by the Audit Committee shall be followed by periodic (at least yearly) or ad hoc reporting to the Board.	x			
B8.	None of the shareholders is allowed to receive preferential treatment with regards to transactions or agreements concluded by the Company with shareholders or their affiliates.	x			
B9.	The Board shall adopt a policy that would ensure that any transaction of the Company with any of the entities it has close relationships (affiliated parties) whose value is equal to or higher than 5% of the net assets of the Company (according to the latest financial statement) must be approved by the Board on the basis of a mandatory opinion of the Audit Committee of the Board and correctly disclosed to the shareholders and potential investors, as long as this type of transactions are contained in the scope of legal reporting requirements.	x			
B10.	The internal audit shall be executed by a different division in terms of organisational structure (Internal Audit Department) of the Company or by a third party independent company (audit company). The internal audit department or the audit company shall report directly to the General Manager or to the Board, as it is the case.	x			
Section C – Correct compensation and incentives					
C1.	The Company shall post on its website the Remuneration Policy and shall contain in the annual report a section where the total income of the Board Directors and of the General manager shall be included, as well as the total value of any bonuses or variable compensations, including the key hypotheses and principles for their calculation.	x			
Section D – Value added character through investor relations					
D1.	The Company shall organise an Investor Relations Department to be in touch with the large audience through the person in charge. Additionally to the insight imposed by the legal provisions, the Company shall upload on its website a section for Investor Relations, in Romanian and English languages, where all relevant pieces of information that would be of interest for investors shall be contained, such as:	x			
D1.1	Main regulations of the Company, the Articles of association specifically and internal regulations of statutory bodies.	x			
D1.2	Resumes of the members of statutory bodies.	x			
D1.3	Current and periodical reports.	x			
D1.4	Information related to the general assemblies of shareholders: agenda and corresponding documents, resolutions.	x			
D1.5	Information related to corporate events, such as dividends. payment or other events that result in obtaining or limitation of a shareholder's rights, deadlines and principles of such events included.	x			
D1.6	The Company shall appoint an Investor Relations function and shall include, on the special section dedicated on the Company's website, the name and data of the person in charge with providing, at request, corresponding information.	x			
D1.7	Companies' overviews (for investors, regarding quarter results), financial statements (half, end year), audit and annual reports.	x			



D2.	The Company shall adopt a dividends policy as per the proposal of the General Manager and approved by the Board, as a set of directions/ principles to be followed for distribution of profits. The dividends' policy shall be posted on the website of the Company.	x			
D3.	The Company shall adopt a policy regarding prognoses, clearly pointing at whether these shall be released or not. They represent quantified conclusions of surveys related to the total impact of a list of factors on a future period (hypotheses). The policy shall contain the frequency, reference period and contents . If published, the prognoses shall be part of the annual, half and quarter reports . The Prognoses Policy shall be posted on the Company's website.	x			
D4.	The Company shall set the date and place of a general assembly of shareholders so that attendance for as large a number as possible to be ensured for the shareholders. The rules of the general shareholders' meetings shall not constrain attendance or exercising of their rights. Any change to the rules shall be valid starting with the next general shareholders' meeting.	x			
D5.	The external auditors shall attend the general shareholders meetings when their reports are presented during these meetings.	x			
D6.	The Board shall present to the general shareholders assembly a short assessment on the internal control and risk management systems, as well as their opinions on the topics set on the agenda of the meeting.	x			
D7.	Any professional, consultant, expert or financial analyst may attend the general shareholders' meetings on the basis of an invitation of the Board. Certified journalists may also attend general shareholders' meetings, except for the cases when the Chairman decides differently.	x			
D8.	Financial reports shall include information both in Romanian and English language, with regards to main factors influencing changes to sales, operational profits or any other relevant indicator.	x			
D6.	The Company shall organise at least two meetings/ conference calls with analysts and investors, each year. The information presented under these meetings/ calls shall be posted on the Company's website, Investors' Relations section, the moment the meeting/ conference call occurs.	x			
D7.	If the Company organises different artistic and cultural, sports, educational or scientific events and considers that their impact on the innovative and competitive character of the Company is a part of the development mission and strategy, a Policy pertaining to its activity in these fields shall be published on the Company's website.	x			

Other aspects related to Corporate Governance are contained in the Corporate Governance Regulations of the Company and posted on the Company's website.

5. Analysis of the economic financial position of the Company

The analysis of the economic financial position of the Company by way of comparing the previous reporting period to the current position at the beginning of the year highlights on the following aspects:

5.1. Financial position analysis

ASSETS				
Financial position indicators (lei)	2020 31 December	2021 31 December	Variation (%) 2021/2020	Share in Total Assets on 31.12.2021
Fixed assets	4,060,086	4,879,670	+20.2%	20.2%
Intangible assets	11,886	16,246	+36.7%	0.07%
Tangible assets	4,027,501	4,845,340	+20.3%	20.06%
Financial assets	20,699	18,084	-12.6%	0.07%
Current assets	10,733,049	19,219,957	+79.1%	79.6%
Inventories	3,116	0	-100%	-
Receivables, of which:	4,153,504	8,641,665	+108.1%	35.8%
<i>brokerage related receivables</i>	843,018	2,476,445	+193.8%	10.3%
<i>other receivables</i>	3,310,486	6,165,220	+86.2%	25.5%
Short-term investments	2,000,000	0	-100%	-
Cash and bank accounts	4,576,429	10,578,292	+131.2%	43.8%
Prepayments	26,895	49,546	+84.2%	0.2%
TOTAL ASSETS	14,820,030	24,149,173	+63%	100%
DEBTS AND EQUITIES				
Financial position indicators (lei)	2020 31 December	2021 31 December	Variation (%) 2021/2020	Share in Total Liabilities on 31.12.2021
Current debt	5,039,881	10,405,840	+106.5%	43.1%
Bank loans	433,419	433,419	-	1.8%
Debt related to brokerage activity	3,939,878	8,565,862	+117.4%	35.5%
Other short-term debt	666,584	1,406,559	+111%	5.8%
Provisions	0	1,236,391	-	5.1%
Non-current debt	2,220,458	2,363,268	+6.4%	9.8%
Long-term loans	2,138,658	1,705,239	-20.3%	7.1%
Other debt	81,800	658,029	+704.4%	2.7%
Total debt	7,260,339	12,769,108	+75.9%	52.9%
Social capital	500,000	500,000	-	2.1%
Reserves, from which:	100,000	100,000	-	0.4%
Legal reserves	100,000	100,000	-	0.4%
Reported result	1,632,700	2,659,691	+62.9%	11%
Reference result	5,326,991	6,883,983	+29.2%	28.5%
Equity	7,559,691	10,143,674	+34.2%	42%
TOTAL EQUITY AND DEBT	14,820,030	24,149,173	+63%	100%

The **current assets** at the end of 2021 year, which make up 79.6% of the total assets, consist of cash and cash equivalents (representing 55% of current assets and 43.8% of total assets) followed by receivables (representing 45% of current assets and 35.8% of total assets).

The value of **Cash and cash equivalents** increased 2.3 times at the end of 2021, as compared to 31st of December, 2020. Both the company's own cash as well as the transit cash to be shortly settled with insurers registered increases. The company's own cash, accounting for 60% of all cash (i.e. 6,340.1 thous. Lei) was by 159.4% higher than at the end of 2020, due, partly, to the reclassification of short-term investment as liquid asset, but also to the profit cumulated along the reporting period.

The cash available in `collector accounts`, which mediate the settlement with insurers, doubled its value at the end of 2021 as compared to 2020, from 2,132.3 thous. lei, to 4,234.2 thous lei. This tendency parallels the evolution of the receivables from distribution activity and, also, of the short-term debt related to the distribution activity, and is due to different activity intensity along the last settlement cycles of the two reporting periods.

Because 98.6% of the value of `other receivables` represents also receivables in relation with Transilvania Broker assistants, the value of all receivables related to the distribution activity – with strict payment terms regulated by law and internal procedures – accounts for 99.6% of all receivables. The increase of 108% of receivable value as compared to the start of 2021 is mostly the result of the variation in intensity of the brokerage activity along the last settlement cycles within the reporting period as compared to the reference period. This variation is also apparent in the dynamics of the sold of cash in transit, and of short-term debt related to the distribution activity.

The provision value for receivable depreciation at 31.12.2021 was of 87.4 thous. lei, of which 43.9 thous. lei represent the value adjustment of client receivables, while 43.5 thous. lei represent the adjustment of receivables from suppliers.

The share of current assets in total asset value (79.6%) is 7 p.p. higher than at the beginning of 2021. The weight of fixed assets, in turn, decreases from 27.4% to 20.2%, given that their growth in value was significantly smaller than that of current assets. Non-current assets value increased by 21.9% due to new investment of 1.090 thous. lei in means of transport, equipment and office supplies. Adjusted with the amortisation, the value of fixed assets increases by 819.6 thousand lei, respectively by 20.2%.

In total liabilities, debt, by 75.9% higher than the previous year, finances 53% of total assets.

Current debt, which represents 81.5% of total debt and 43.1% of total liabilities and whose value more than doubled in the reporting period as compared to the reference period, is mostly formed up of debt related to distribution activity (86.2%) – with payment and maturity strictly regulated by law and internal procedures. As for the dynamics of receivables from the intermediation activity and of cash in transit for settlement with insurers, this passive element development reflects variations in activity intensity along the last settlement cycles of reporting periods.

Other payables value of 151.6 thous. lei represents 1.5% of total current debt, while other fiscal debt toward personnel and public budget sums up to 898.3 thous. lei, which is 8.6% of short-term debt.

Long-term debt (debt with maturity over 1 year), in amount of 2,363.3 thous. lei and by 4.6% higher than previous year consist of bank loans contracted along the last two years for co-funding of fixed asset acquisition related to the move of headquarters and the establishment of the branch in Bucharest, as well as of recently contracted leasing agreements for funding investment in means of transport.

While the value of long-term bank loans decreased by 20.3% following the payment of due instalments at the end of 2021 against the beginning of the year, „other debt” increased by 576.3 thous lei, mainly as a result of the financial leasing contracts.

The growth in retained earnings and in the profit of the reporting period led to the increase of **equity** by 2,584 thous. lei as compared to the previous year (+34.2%). Equity represents 42% of the company funding structure, 9 p.p. less than the weight at the end of 2020, due to the circumstantial growth of the short-term debt related to the distribution activity.

5.2. Financial performance evolution

The Company's revenues generated by the brokerage activity, the Net Turnover, represents the total operating income. They increased by 9.61% as compared to the previous year, given the boost in volume of premiums intermediated in 2020 from 396,600.7 th lei in 2019 to 425,621.5 th lei in 2020 (+7.3%). The average brokerage fee, calculated as the ratio between the value of intermediated premiums and the revenues from the brokerage activity, increased from 17.8% in 2019, to 18.2% in 2020.

Financial performance indicators

(lei)	2020 31 December	2021 31 December	Variation (%) 2021/2020	Share in revenues / expend. category (%), 2021
Operating revenues, of which:	77,411,931	98,907,452	+27.8%	100%
Revenue from insurance brokerage	77,411,931	98,905,785	+27.8%	100%
Other operating revenues	0	1,667	-	-
Operating expenditure, of which:	71,296,051	90,690,200	+27.2%	100%
Expenditures with commissions due to broker agents	65,510,256	81,280,994	+24.1%	89.6%
Personnel costs	2,975,915	3,825,594	+28.6%	4.22%
Expenditures with services provided by third parties, of which	2,059,280	3,395,513	+64.9%	3.74%
<i>exp. with advertising, marketing</i>	472,679	682,090	+44.3%	-
<i>exp. with 24Broker software development</i>	431,134	1,010,240	+110.6%	-
<i>other exp. with third parties' services</i>	1,586,601	1,703,183	+7.3%	-
Expenditures of material nature as consumables, inventory objects	252,600	223,433	-11.5%	0.25%
Expenses with other taxes, fees and similar payments	101,278	158,572	+56.6%	0.17%
Amortization expenditures	132,964	285,037	+114.4%	0.31%
Current assets depreciation expenditures	43,895	-17,459	-	-
Other operating expenditures	219,863	302,125	+37.4%	0.33%
Provisioning expenditures	0	1,236,391	-	1.36%
GROSS OPERATING RESULT	6,115,880	8,217,252	+34.4%	-
Financial revenues	34,140	39,532	+15.8%	-
Financial expenditures	65,267	102,962	+57.8%	-
FINANCIAL RESULT	(31,127)	(63,430)	-	-
GROSS RESULT	6,084,753	8,153,822	+34%	-
Tax on profit	757,762	1,269,839	+67.6%	-
NET RESULT	5,326,991	6,883,983	+29.2%	-

The company's **revenues generated by the brokerage activity**, equivalent to the Net Turnover indicator, had the highest growth rate since the TBK shares listing on the Bucharest Stock Exchange (BVB), i.e. of +27,8% as compared to 2020. This boost was supported by the increase of the volume of intermediated insurance premiums from 422 mil. lei in 2020, to 593 mil. lei in 2021 (+41%). The average brokerage commission, which was calculated as ratio between the value of the intermediated premiums and the value of the revenue from the brokerage activity, was of 16.7%, as it was adjusted to the particular context of 2021 on the insurance market.

Operational expenditures increased in a somewhat slower pace than the revenues (+27.2%), leading to a gross operational result of 8,217.3 thous. lei, by 34.3% higher than in 2020, and to a gross operational profit margin of 8.3%, higher as well than the 2020 level (7.9%). The costs with secondary intermediaries commissioning, concentrating 89.6% of all operational expenditures, increased by 24.1% as compared to the previous year, tightly correlated with the dynamics of the revenues from brokerage activity. The expenditures with human resources stay at the same percentage of 4.2% of all operational expenses, in direct correlation with the business growth.

The digitization projects that have been implemented or initiated along 2021 brought forth the increase by 110% of expenditures with software development, as compared to 2020, while the marketing and promotion activities targeting especially the online audience entailed a 44.3% increase of such expenses. These explain the increase by 1,336.2 thous. lei in the value of the „expenditure with services provided by third parties” category.

The strong boost on revenues and profit has been converted also to the benefit of social-educational project that the Company has been supported along the last decade, the value of sponsorship increasing by 44% in 2021, as against 2020.

The financial revenues and expenditures, of which 97.6% and, respectively 89.5% represent revenues and expenses with interest, generated a negative financial result of (-64,430 lei).

The gross profit of 8,153.8 thous. lei adjusted by the profit tax of 1,269.8 thous. lei determined a net positive result of 6,884 thous. lei, by 29.2% higher than the profit reported for the previous year.

6. Litigations

The management of the Company assess the progress of all open litigations on a regular basis and duly decides on the necessity to make provisions correspondingly or consider them as contingency liabilities.

In 2021, the Company made provisions for litigations with regard to the claims demanded by Asirom Vienna Insurance Group S.A. The provision was estimated at 1,236,391 lei, representing the amounts admitted by the Bistrita Court following the appeal filed by Asirom. The company considers this amount to be the best estimate of the amount required to settle the damages determined by the court.

Chairman of Board of Administrators

Dan Niculae



**TRANSILVANIA BROKER DE ASIGURARE
S.A.**

INDIVIDUAL FINANCIAL STATEMENTS

**on and for the financial year
ended on December 31st, 2021**

**prepared according to the FSA¹ Norm 36/ 2015
for the approval of Accounting regulations
pertaining to annual individual financial
statements and annual consolidated financial
statements that are applicable to insurance and/
or reinsurance brokerage companies**

¹ *Financial Supervisory Authority*

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TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

FINANCIAL STATEMENT on
December 31st, 2021

Indicator	No. line	Balance on:	
		01.01.2021	31.12.2021
A. ASSETS			
I. INTANGIBLE ASSETS			
1. Expenses with constitution	1	0	0
2. Expenses with development	2	0	0
3. Concessions, patents, licenses, commercial trademarks, rights and similar assets, if they have been paid for	3	11,886	16,246
4. Commercial fund	4	0	0
5. Pending advance payment for intangible assets	5	0	0
TOTAL (lines 01 to 05)	6	11,886	16,246
II. TANGIBLE ASSETS			
1. Land and buildings	7	3,722,800	3,663,547
2. Technical equipment and machines	8	286,740	1,156,696
3. Other devices, equipment and furniture	9	17,961	25,097
4. Pending advance payment and intangible assets	10	0	0
TOTAL (lines 07 to 10)	11	4,027,501	4,845,340
III. FINANCIAL ASSETS			
1. Shares owned in affiliated companies	12	0	0
2. Loans granted to affiliated companies	13	0	0
3. Shares owned at affiliated companies and companies controlled in a Group	14	0	0
4. Loans granted to affiliated companies and companies controlled in a Group	15	0	0
5. Investment in the form of assets	16	0	0
6. Other loans and bonds	17	20,699	18,084
TOTAL (lines 12 to 17)	18	20,699	18,084
INTANGIBLE ASSETS- TOTAL (lines 06 + 11 + 18)	19	4,060,086	4,879,670
B. CURRENT ASSETS			
I. INVENTORIES			
1. Raw materials and other current assets similar to inventories	20	0	0
2. Advance payment for purchase of inventories	21	3,116	0
TOTAL (lines 20 + 21)	22	3,116	0
II. ACCOUNTS RECEIVABLE			
1. Receivables related to the distribution activity	23	843,018	2,476,445
2. Receivables related to insurance products designed together with insurance companies	23a	0	0
3. Receivables from affiliated companies	24	0	0
4. Receivables from affiliated companies and companies controlled in a Group	25	0	0
5. Other receivables	26	3,310,486	6,165,220
6. Receivables related to unpaid subscribed share capital	27	0	0
7. Receivables related to dividends granted within the financial year	27a	0	0
TOTAL (lines 23 to 27+23a+27a)	28	4,153,504	8,641,665

TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

III. SHORT TERM INVESTMENT			
1. Shares owned with affiliated companies	29	0	0
2. Other short term investment	30	2,000,000	0
TOTAL (line 29 to 30)	31	2,000,000	0
IV. CASH AND BANK BALANCES	32	4,576,429	10,578,292
CURRENT ASSETS - TOTAL (lines 22 + 28 + 31 + 32)	33	10,733,049	19,219,957
C. EXPENSES IN ADVANCE	34	26,895	49,546
D. DEBT: AMOUNTS TO BE PAID WITHIN ONE YEAR			
1. Loans as a result of bonds' issuance with specific details on convertible bonds	35	0	0
2. Amounts owed to credit institutions	36	433,419	433,419
3. Debt related to distribution activity	37	3,939,878	8,565,862
4. Amounts owed to affiliated companies	38	0	0
5. Amounts owed to affiliated companies and companies controlled in a Group	39	0	0
6. Other debt, including fiscal debt and amounts to be paid to social security	40	666,584	1,406,559
TOTAL (lines 35 to 40)	41	5,039,881	10,405,840
E. NET CURRENT ASSETS/ NET CURRENT DEBT	42	5,720,063	8,863,663
(lines 33 + 34-41-56)			
F. TOTAL ASSETS MINUS TOTAL CURRENT DEBT	43	9,780,149	13,743,333
(lines 19 + 42-55)			
G. DEBT: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR			
1. Loans as a result of bonds' issuance with specific details on convertible bonds	44	0	0
2. Amounts owed to credit institutions	45	2,138,658	1,705,239
3. Debt related to distribution activity	46	0	0
4. Amounts owed to affiliated companies	47	0	0
5. Amounts owed to affiliated companies and companies controlled in a Group	48	0	0
6. Other debt, including fiscal debt and amounts to be paid to social security	49	81,800	658,029
TOTAL (lines 44 to 49)	50	2,220,458	2,363,268
H. PROVISIONS			
1. Provisions for pensions and similar duties	51	0	0
2. Provisions for income taxes	52	0	0
3. Other provisions	53	0	1,236,391
TOTAL (lines 51 to 53)	54	0	1,236,391
I. REVENUES IN ADVANCE			
1. Subsidies	55	0	0
2. Revenues registered in advance	56	0	0
3. Negative commercial fund	57	0	0
TOTAL (lines 55 + 56 + 57)	58	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

J. CAPITAL AND RESERVES			
I. CAPITAL (lines 60 + 61 + 62 + 63)	59	500,000	500,000
1. Paid subscribed capital	60	500,000	500,000
2. Unpaid subscribed capital	61	0	0
Categories similar to share capital	62	0	0
Categories similar to equity	63	0	0
II. CAPITAL PREMIUMS	64	0	0
III. RESERVES FROM RE-EVALUATION	65	0	0
IV. RESERVES (lines 67 + 68 + 69)	66	100,000	100,000
1. Legal reserves	67	100,000	100,000
2. Statutory or contractual reserves	68	0	0
3. Other reserves	69	0	0
Own shares	70	0	0
Earnings related to equity instruments	71	0	0
Loss related to equity instruments	72	0	0
V. PROFIT OR LOSS	BALANCE C	73	1,632,700
REPORTED	BALANCE D	74	0
VI. PROFIT OR LOSS	BALANCE C	75	5,326,991
AT THE END OF FINANCIAL YEAR	BALANCE D	76	0
Distribution of profits	77	0	0
EQUITY - TOTAL (lines 59 + 64 + 65 + 66 - 70 + 71 - 72 + 73 - 74 + 75 - 76 - 77)	78	7,559,691	10,143,674

The financial statements were endorsed on March 22th, 2022, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
Mr. Dan Niculae
Signature _____

Prepared,
Mrs. Oana Pârțiu Vasilichi
Head of Accounting Department
Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

PROFIT AND LOSS ACCOUNT
on December 31st, 2021

Indicator	No. In	Results of financial year	
		Previous 31.12.2020	Current 31.12.2021
1. Net turnover (lines 02+09+10-11+12)	01	77,411,931	98,905,785
1.1. Revenues from distribution activity (lines 03+08)	02	77,411,931	98,905,785
a) revenues from distribution of insurance and re-insurance contracts (lines 04+05+06+07)	03	77,411,931	98,905,785
a.1) consultancy services and proposal of insurance and re-insurance contracts	04		
a.2) performance of preliminary actions for concluding contracts, negotiation with insurance and re-insurance companies for conclusion of contracts	05		
a.3) assistance for management and execution of contracts, including claims for compensation	06	16,840	12,235
a.4) other actions related to distribution activities	07	77,395,091	98,893,550
b) revenues from distribution activities pertaining to pension products, investment products and products created by banking credit institutions, non-bank financial institutions, payment institutions or electronic currency institutions	08	0	0
1.2. Revenues from designing insurance products in joint approach with insurance companies	09	0	0
1.3. Revenues from organisation of professional training in insurance and re-insurance	10	0	0
1.4. Granted commercial discounts	11	0	0
1.5. Revenues from royalties and lease	12	0	0
2. Revenues from generating assets	13	0	0
3. Revenues from operating subsidies	14	0	0
4. Other operating revenues	15	0	1,667
wherefrom: revenues from negative commercial fund	16	0	0
5. Revenues from re-valuation of tangible assets	17	0	0
OPERATING REVENUES - TOTAL (lines 01+13+14+15+17)	18	77,411,931	98,907,452
6. a) Expenses with services supplied by third parties	19	2,059,281	3,395,513
wherefrom, expenses with collaborators	20	0	0
b) Expenses with consumable materials and inventory items	21	252,600	223,433
7. Commercial discounts received	22	0	0
8. Expenses with other taxes and assimilated duties	23	101,278	158,572
wherefrom, authorisation to function	24	75,385	98,906
9. Expenses with personnel (line 26+27)	25	2,975,915	3,825,594
a) Salaries and compensations	26	2,894,876	3,724,752
b) Expenses with social security and protection	27	81,039	100,842

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

10. Expenses with amounts to be paid to agents and auxiliary agents	28	65,510,256	81,280,994
11. Other operating expenses (lines 30 la 34)	29	219,863	302,125
11.1. Expenses with environment protection	30	0	0
11.2. Expenses with re-valuation of tangible assets	31	0	0
11.3. Expenses with disasters and other similar events	32	0	0
11.4. Expenses with compensations, donations and other ceded assets	33	219,863	302,125
11.5. Other operating expenses	34	0	0
12. Adjustment of values related to tangible and intangible assets (lines 36-37)	35	132,964	285,037
a) Expenses	36	132,964	285,037
b) Revenues	37	0	0
13. Adjustment of values related to current assets (lines 39-40)	38	43,895	-17,459
a) Expenses	39	43,895	0
b) Revenues	40	0	17,459
14. Adjustment related to provisions (lines 42-43)	41	0	1,236,391
a) Expenses	42	0	1,236,391
b) revenues	43	0	0
OPERATING EXPENSES - TOTAL	44	71,296,051	90,690,200
(lines 19+21-22+23+25+28+29+35+38+41)			
OPERATING PROFITS OR LOSS			
Profit (lines 18-44)	45	6,115,880	8,217,252
Loss (lines 44-18)	46	0	0
15. Revenues from participating interests	47	0	0
wherefrom: earnings from affiliated companies	48	0	0
16. Revenues from interests	49	33,386	38,573
wherefrom: earnings from affiliated companies	50	0	0
17. Other financial revenues	51	754	959
wherefrom: revenues from other financial assets	52	0	0
FINANCIAL REVENUES - TOTAL (lines 47+49+51)	53	34,140	39,532
18. Adjustments related to financial assets (lines 55-56)	54	0	0
a) Expenses	55	0	0
b) Revenues	56	0	0
19. Expenses with interests	57	61,932	92,202
wherefrom: expenses related to affiliated companies	58	0	0
20. Other financial expenses	59	3,335	10,760
FINANCIAL EXPENSES - TOTAL (lines 54+57+59)	60	65,267	102,962
FINANCIAL PROFITS OR LOSS			
Profit (lines 53-60)	61		
Loss (lines 60-53)	62	31,127	63,430
CURRENT PROFITS OR LOSS			
Profit (lines 18+53-44-60)	63	6,084,753	8,153,822
Loss (lines 44+60-18-53)	64	0	0
TOTAL REVENUES (lines 18+53)	65	77,446,071	98,946,984
TOTAL EXPENSES (lines 44+60)	66	71,361,318	90,793,162

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

21. GROSS PROFIT OR LOSS			
Profit (lines 65-66)	67	6,084,753	8,153,822
Loss (lines 66-65)	68	0	0
22. Tax on profit	69	757,762	1,269,839
23. Other taxes that have not been included above	70	0	0
24. NET PROFIT OR LOSS OF FINANCIAL YEAR			
Profit (lines 65-66-69-70)	71	5,326,991	6,883,983
Loss (lines 66-65+69+70)	72	0	0

The financial statements were endorsed on March 22th, 2022, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
Mr. Dan Niculae
Signature _____

Prepared,
Mrs. Oana Pârțiu Vasilichi
Head of Accounting Department
Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
STATEMENT OF CHANGES IN EQUITY
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

2020

Indicator		Balance on January 1st, 2020	Increase		Reduction		Balance on December 31st, 2020
			Total, wherefrom:	Through transfer	Total, wherefrom:	Through transfer	
Subscribed capital		500,000	0		0		500,000
Capital premiums		0	0		0		0
Reserves pertaining to re-valuation		0	0		0		0
Legal reserves		100,000	0		0		100,000
Reserves representing the surplus from re-valuation reserves		0	0		0		0
Other reserves		0	0		0		0
Reported result representing retained earnings or uncovered loss	Balance C	792,926	4,639,774	4,639,774	3,800,000		1,632,700
	Balance D	0					0
Reported result from correcting book keeping errors	Balance C	0					0
	Balance D	0					0
Result of financial year	Balance C	4,639,774	5,326,991		4,639,774	4,639,774	5,326,991
	Balance D	0					0
Distribution of profit		0					0
Total equity		6,032,700	9,966,765	4,639,774	8,439,774	4,639,774	7,559,691

The financial statements were endorsed on March 22th, 2022 by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
 Mr. Dan Niculae
 Signature _____

Prepared,
 Mrs. Oana Pârțiu Vasilichi
 Head of Accounting Department
 Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
STATEMENT OF CHANGES IN EQUITY
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

2021

Indicator		Balance on January 1st, 2021	Increase		Reduction		Balance on December 31st, 2021
			Total, wherefrom:	Through transfer	Total, wherefrom:	Through transfer	
Subscribed capital		500,000	0		0		500,000
Capital premiums		0	0		0		0
Reserves pertaining to re-valuation		0	0		0		0
Legal reserves		100,000	0		0		100,000
Reserves representing the surplus from re-valuation reserves		0	0		0		0
Other reserves		0	0		0		0
Reported result representing retained earnings or uncovered loss	Balance C	1,632,700	5,326,991	5,326,991	4,300,000		2,659,691
	Balance D	0					0
Reported result from correcting book keeping errors	Balance C	0					0
	Balance D	0					0
Result of financial year	Balance C	5,326,991	6,883,983		5,326,991	5,326,991	6,883,983
	Balance D	0					
Distribution of profit		0					
Total equity		7,559,691	12,210,974	5,326,991	9,626,991	5,326,991	10,143,674

The financial statements were endorsed on March 22th, 2022 by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
 Mr. Dan Niculae
 Signature _____

Prepared,
 Mrs. Oana Pârțiu Vasilichi
 Head of Accounting Department
 Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
CASHFLOWS STATEMENT
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

Indicator	No. ln	Results of the reporting period	
		Previous 31.12.2020	Current 31.12.2021
CASHFLOW FROM OPERATIONAL ACTIVITY			
1. Cash received from distribution activity	1	389,996,712	563,042,147
2. Cash paid pertaining to the distribution activity	2	377,837,236	545,365,974
3. Cash received from different debtors	3	0	0
4. Cash paid to suppliers and different creditors	4	1,907,526	2,629,214
5. Cash paid to and on behalf of employees	5	2,973,609	3,665,144
6. Payments pertaining to special funds in the distribution activity	6	73,079	88,903
7. Other cash payments afferent to operational activity	7	861,342	1,320,643
8. Cash paid as dividends transferred to shareholders	8	3,610,585	4,085,662
9. Cash paid as interests pertaining to the loans and lease contracts	9	61,920	92,202
10. Paid tax on profits	10	788,636	1,022,640
NET CASH GENERATED FROM (PAID IN) OPERATIONAL ACTIVITY (lines 01-02+03-04-05-06-07-08-09-10)	11	1,882,781	4,771,765
CASHFLOWS OUT OF INVESTMENT ACTIVITY			
1. Cash paid for purchase of tangible and intangible assets	12	1,980,094	231,816
2. Cash received from sale of tangible and intangible assets	13	0	0
3. Cash paid for purchase of equity based financial instruments or of debt owed to other entities	14	0	0
4. Cash received from sale of equity based instruments or debt based instruments towards other entities	15	0	0
5. Cash paid for purchase of interests in joint ventures	16	0	0
6. Cash received from sale of interests in joint ventures	17	0	0
7. Cash paid in the form of loans granted to third parties	18	8,529	0
8. Cash received from reimbursement of loans granted to third parties	19	0	2,615
9. Cash paid for other short-term investments	20	2,000,000	0
10. Cash received from the transfer of other short-term investments	21	0	2,000,000
11. Cash received from interests generated by debt instruments	22	0	0
10. Cash received from dividends generated by equity based financial instruments	23	0	0
12. Cash received from banking interests	24	33,386	38,573
NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY	25	-3,955,235	1,809,373

TRANSILVANIA BROKER DE ASIGURARE S.A.**CASHFLOWS STATEMENT**

for the financial year ended December 31st, 2021

(all amounts are in lei ("RON"), if not otherwise specified)

(lines 12-11-13+14-15+16-17+18+19+20+21)			
CASHFLOWS RELATED TO FINANCING ACTIVITY			
1. Cash received from issue of shares or other equity based financial instruments	26	0	0
2. Cash paid to owners in order to redeem the company's shares	27	0	0
3. Cash received from issue of bonds, debt securities or other loans	28	1,611,713	0
4. Cash paid to reimburse borrowed amounts	29	239,236	433,419
5. Cash received from funds borrowed from shareholders	30	22,220	17,050
6. Cash paid for reimbursement of amounts borrowed from shareholders	31	18,820	20,450
7. Cash paid for financial lease contracts	32	59,533	162,456
8. Cash received from government programs	33		20,000
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	32	1,316,344	-579,274
(lines 23-24+25-26+27-28-29)			
CASH AND CASH EQUIVALENTS ON JANUARY 1ST	33	5,332,539	4,576,429
NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS (rd.10+22+30)	34	-756,110	6,001,863
CASH AND CASH EQUIVALENTS ON DECEMBER 31ST (rd. 31+32)	35	4,576,429	10,578,292

The financial statements were endorsed on March 22th, 2022, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
Mr. Dan Niculae
Signature _____

Prepared,
Mrs. Oana Pârțiu Vasilichi
Head of Accounting Department
Signature _____

1. GENERAL OVERVIEW

1.1 Description of the Company

TRANSILVANIA BROKER de ASIGURARE S.A. is a company operating in the insurance distribution field, set up and registered in 2006. It runs its activities in compliance with provisions of Companies Law 31/1990 and the Insurance Distribution Law no. 236/ 2018. The company is licensed by the Financial Supervisory Authority to provide insurance brokerage in the field of commercial insurances under no. 114.420 of November 21st, 2006 and is enrolled in the Insurance Brokers' register under no. RBK-374. It observes all regulations issued by the Financial Supervisory Authority with respect to intermediation of commercial insurance. The Company has been public listed on Bucharest Stock Exchange as of November 2nd, 2017. Its registered office is in Bistrița, 13, Calea Moldovei street, postal code 420096, Bistrița-Năsăud County, has Trade Register no.: J06/674/2006 and Fiscal Code:19044296.

On December 31st, 2021, The Company operates in the following business offices:

- Sibiu, 10, Justitiei Street, Sibiu County;
- Bucharest, 1st District, 59, A5 block, 4th stairway, 1st floor, Apt.66² Buzesti Street;
- Pitești, 3, Intrarea Rozelor Street, Arges County;
- Cluj-Napoca, 22/1, Sarmisegetuza Street, Cluj County.

Shareholders' structure as of December 31st, 2021 is as follows:

Shareholder Name	No. Shares	Nominal Value (lei)	Ownership quota (%)
LOGIN GABRIEL	1,051,060	210,212.00	42.0424
NICULAE DAN	660,709	132,141.80	26.4283
Natural persons	686,816	137,363.20	27.4726
Legal persons	101,415	20,283.00	4.0566
TOTAL	2,500,000	500,000.00	100.0000

1.2. Corporate Governance

The members of the Board of Directors of Transilvania Broker de Asigurare S.A. for the period January 1st- April 26, 2021, are as follows:

- Dan NICULAE – Chairman;
- Daniela Tasia DENEȘ – Member;
- Gabriel Alexandru ȚUICĂ– Member.

By the Financial Supervisory Authority (FSA) Decision no. 518 / 19.04.2021, the amendments to the Articles of Association to the Company were ratified, in accordance with the OGSM resolution no. 12 / 29.07.2020, regarding the change of the number of members of the Board of Directors of the Company from 3 (three) persons to 5 (five) persons and the appointment of Mr. Login Gabriel and Mr. Barna Erik as members.

Thus, for the period April 26 - December 31, 2021, the Board of Directors of the company was comprised of the following persons:

- NICULAE Dan – Chairman;
- DENEȘ Daniela Tasia – Member;
- ȚUICĂ Gabriel Alexandru– Member;
- LOGIN Gabriel – Member;
- BARNA Erik – Member.

The increase in the number of members of the Board of Directors was decided for a better compliance with the relevant principles of corporate governance endorsed by the Bucharest Stock Exchange Code.

On December 31st, 2021, the management team of the company consisted of the following persons:

- Dan NICULAE – General Manager;
- Ioan COTIAC – Executive Director;
- Camelia-Mariana LOGIN– Head of Financial- Accounting Department;
- Oana PÂRȚIU VASILICHI – Head of Accounting Department.

The executive management have competencies and responsibilities in compliance with their job descriptions. They are all employed for an indefinite period.

The members of the Board of Directors and of the Executive Management team have not been involved in litigations or administrative legal proceedings related to their activity for the Issuer.

2. ACCOUNTING POLICIES

The Company prepares its financial statements in compliance with the Accounting Law 82/1992, republished with further amendments and with FSA Norm no. 36/2015 regarding approval of Accounting regulations related to annual individual financial statements and annual consolidated financial statements applicable to insurance and/ or re-insurance brokerage companies, with further amendments ("FSA Norm 36/ 2015"). The management of the Company acknowledges, expressly and unreservedly, the compliance of the annual individual financial statements with the FSA Norm 36/2015.

The annual individual financial statements were endorsed by the Board of Directors in their meeting on March 22th, 2022.

The main accounting policies applied when preparing the financial statements are described below. They have been applied in a consistent manner for the reported years, except for cases when it is otherwise mentioned.

2.1. Basis for valuation

The annual individual financial statements are prepared on the basis of historical cost convention, except for the cases when it is otherwise mentioned.

2.2. Currency

Book keeping is made in Romanian and the national currency („RON” or „LEI”). These financial statements are presented in Romanian LEI.

2.3. Accounting valuations and estimates

Preparing the financial statements in accordance with "FSA Norm 36/2015" involves the management of the Company doing certain estimates that influence the reported values for assets and liabilities and the presentation of contingent assets and liabilities at the date of the financial statements, as well as of values of income and expense pertaining to the reported period. The real results may be different from the estimated ones. The estimates are reviewed on a periodic basis.

Examples of valuation, estimates, assumptions applied by the Company are described below:

- (a) Adjusting entries for depreciation of accounts receivables

Assessment for depreciation of accounts receivables is individually made and stays on the best estimate of the management regarding the current value of cashflows to be received. In order to estimate these cashflows, the management make certain estimates with regards to the financial position of partners.

(b) Legal procedures

The Company makes revision of unsolved legal proceedings, by watching the evolution in Court and the current situation on each reporting date, in order to estimate provisions and grounding in the financial statements accordingly. Among aspects that are taken into account in the decision making process for provisioning we mention: litigation type or claims for potential compensation levels, the progress of trial (including progress after financial statements' report date, but before the statements are issued).

(c) Taxation

The fiscal system in Romania is undergoing a period of consolidation and harmonisation with the European legislation. Yet, there are still different interpretations for the fiscal legislation. There are cases when the Fiscal Authorities may treat certain aspects in a different manner and consequently impose additional taxes, as well as corresponding delay penalties. The management of the Company considers tax obligations included in the financial statements to be adequate.

2.4. Significant general financial reporting principles

The financial statement for the financial year ended December 31st, 2021, were prepared in compliance with the following general financial reporting principles:

Principle of Business Continuity

These financial statements were prepared on the basis of business continuity principle, which states that the Company shall continue its activity in a normal manner for the predictable future and shall not enter into incapacity or significant reduction of activity. In order to assess the applicable level of this assumption, the management analyzes the predictions related to future cashflows. Consequently, the management considers that the Company shall be able to continue its activities in the predictable future and so, applying the business continuity principle in preparing the financial statements is well grounded.

On December 31st, 2021, the Company registered **net profits** in the amount of **6,883,983 lei**, with **net current assets** in the amount of **8,863,663 lei**.

Principle of the Permanence of Methods

The Company applies the same rules, methods and methodology with regards to accounting registration and presentation of the elements of assets, liabilities, equity, allowing for comparison in time of information published by the Company.

Principle of Prudence

While preparing the financial statements the following were taken into account:

- all adjustments generated by depreciation of assets' valuation;
- only profits achieved at the date of the financial statements were recorded;
- liabilities occurring in the current or previous financial year were recorded, though they took shape between the statement date and the date of its preparing.

Principle of Accounting Commitments

The effects of transactions and other events are admitted only when these occur (and not along with payment or in-cashing of corresponding cash or cash equivalents) and are recorded in book keeping and reported in the financial statements of the reported periods. The income and expenses pertaining directly and at the same time to a certain transaction are simultaneously recorded in book keeping by direct association of the expenses to the corresponding revenues and the distinctive highlight of these incomes and expenses.

Principle of Intangibility

The opening balance sheet of the current financial year corresponds to the closing balance of the previous financial year.

Principle of Separate Valuation of Assets and Liabilities

Separate determination of each asset and liability was made in order to have a corresponding total value of a category in the financial statement.

Principle of No Offsetting

The values of assets and liabilities/ equity were not set off to each other, neither setting off income to expenses were made.

Principle of Valuation At Purchase Or Production Cost

All titles presented in the financial statements are approached on the principle of historical cost.

Principle of Significance Threshold

The titles that have a significant value are approached distinctively in the financial statements.

The book-keeping and presentation of the titles in the financial position and the profit and loss account considering the economic context of transaction or of commitment

The economic and financial events and operations were recorded in book keeping as they occurred, on the basis of justifying documents. When disparities are found between the economic context of a transaction and its legal form, the Company registers the transaction in its accounting system by compliance to the economic context correspondingly.

2.5 Currency exchange

Transactions in foreign currency are correspondingly changed into LEI at the exchange rate at the date of transaction.

The LEU/EUR exchange rates on December 31st, 2020 and December 31st, 2021 were :

Currency	December 31st, 2020	December 31st, 2021
LEU/EUR	4.8694	4.9481

2.6 Intangible Assets

The tangible assets that comply with the admittance provisions contained by FSA Norm 36/2015 are considered by cost minus accrued amortisation.

The costs pertaining to purchase of computer technology softwares are capitalised and amortised on the basis of linear method of useful lifespan.

Concessions, patents, licenses, commercial trademarks, titles and similar assets are recorded at purchase costs.

Licenses and other intangible assets are following linear amortisation method for an estimated 3-year period.

2.7 Tangible Assets

Cost / Valuation

The tangible assets acknowledged as assets are initially valued by the Company at purchase cost, and thereafter valuation is made at cost minus accrued amortisation and loss resulted from accrued depreciation. The cost of a tangible asset title is formed of: purchase cost, including non reimbursable taxes and any other expenses directly corresponding to getting the asset to the location and its placement into the necessary conditions to be operational and functional, such as delivery and handling costs, packing and mounting, professional fees, after deductions of any commercial discounts.

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

The expenses with maintenance and repairing works on tangible assets are recorded by the Company in the profit and loss account the moment they occur; as for the significant improvements made to the tangible assets which increase their value or extend their useful lifespan or significantly increase the capacity to generate economic benefits by the Company, they are capitalised.

The tangible assets that are undergoing execution workings shall be approached as tangible assets after reception, putting into use or commissioning, as it is the case.

Amortisation

Amortisation is calculated for the amortisable value, which is the costs of the asset or a different value that replaces the cost. Amortisation is recorded in the profit and loss account by using the linear amortisation method for the estimated useful lifespan for each component of a tangible asset. The useful lifespan periods for the reporting period are:

- Land improvements 10 years;
- Building (workings) 40 years;
- Technical appliances (installations) 3 - 6 years;
- Transportation means 5 - 6 years;
- Furniture and office equipment 3 - 5 years.

The amortisation periods followed in accounting are not different to those used for fiscal reasons.

Tangible assets used in conditions of financial lease contracts or purchased in instalments payment

On December 31st, 2021, the company has 3 financial leasing contracts underway, that were concluded in 2020, respectively 2021, for a period of 5 years, having as object three means of transport with an entry value of 670,432 lei. As of December 31, 2021, the book value of this tangible fixed asset held under financial lease is 585.478 lei.

In 2021, the Company purchased a means of transport with an entry value of 487,094 lei, for which the debt remaining in balance on December 31, 2021 will be paid in monthly installments until December 2025.

De-recognition

The tangible assets that have been disposed or scrapped are removed from the Financial Statement together with the accrued corresponding amortisation value.

Any gain or loss out of disposal of a tangible asset is determined by comparing income resulted from disposal to the accounting value and are recorded at net value in the profit or loss of the period.

2.8 Financial Assets

Financial assets are initially registered at the purchase cost or the value determined through their purchase agreement. Thereafter they are recorded at the purchase entry value minus accrued adjustments for any value loss event.

2.9 Depreciation of intangible assets

The accounting value of the Company' s assets, other than inventories, is analysed at the date of each reporting financial statement in order to find if there are any decreases. If such a decrease is probable, the recoverable value of the corresponding asset is estimated. Correction of values of intangible and tangible assets and their aligning to the inventory value is made, depending on the type of depreciation, either by way of recording an additional amortisation, in case of irreversible depreciation, or by way of recording or extension of adjustments for depreciation, in case of reversible depreciation.

Resuming Depreciation Adjustments

The loss resulting from an investment made by the Company in financial instruments or from a receivable account is reconsidered when subsequent increase of the recoverable value may be linked to a certain event that occurred after the loss due to depreciation was recorded.

In case of other assets, an adjustment on depreciation grounds is reconsidered if a change occurred in the estimates made in determining the recoverable value.

2.10 Commercial receivables

Commercial receivables are recognised and recorded at their initial amount to be received minus the adjustments on depreciation grounds for the amounts not to be collected any-longer. The adjustments for depreciation are made when there are proofs pointing at the fact that the Company will not be able to in-cash the receivables at the due date initially agreed on. The receivables that are not collectable are recorded as expenses when they are identified as such.

2.11 Cash and cash equivalents

Cash available is formed of cash and accounts balance with banks. In the cashflow statements the cash and cash equivalents consist of cash and bank accounts' balance.

2.12 Financial debt (liabilities)

Commercial obligations are recorded at the cost value, which represents the value of contractual obligation to be paid in the future for goods and services received, irrespective of having been invoiced or not to the Company. For the liabilities in lei whose deduction is made depending on a certain currency exchange rate, potential positive or negative difference resulting from their valuation is recorded as income or expenses, as the case.

2.13 Leasing Contracts

The financial leasing contracts, which transfer to the Company all the risks and benefits of the tangible fixed assets leased, are capitalized at the start of the lease at the acquisition value of the leased assets. Lease payments are separated between interest expense and lease debt reduction. Interest expense is recorded directly in the profit and loss account. Assets capitalized under a finance lease are amortised on a basis consistent with the normal amortisation policy for similar assets.

2.14 Provisions

Provisions are recognised when the Company has a current obligation (legal or by implied consent) generated by a previous event, it is probable that resources might be disposed of in order to honour the obligation and the expense may be reasonably estimated. The value of a provision represents the best estimate of probable expenses or, in case of an obligation, of the amount necessary to discharge it.

2.15 Share capital

The share registered capital, consisting of common shares, is registered at the value settled on the basis of articles of incorporation. The Company recognises any changes to the share capital only after their approval by the General Assembly of Shareholders.

2.16 Legal Reserves

Legal reserves are constituted at the rate of 5% of the gross profits recorded at the end of financial year, until all reserves reach 20% of paid share capital, in compliance with legal provisions in force. On December 31st, 2021 the Company has registered a legal reserve at the level provided for by the legal provisions, 20% of the share capital respectively.

2.17 Dividends

Dividends are recognised in the period in which their distribution is approved for. Dividends' distribution is made after approval of financial statements.

2.18 Reported result

The accounting loss reported is covered by the profits of current financial year, after the approval of annual financial statements, according to the law.

Registration of profits' distribution in the accounting system is made in the year subsequent to the General Assembly of Shareholders approving the profits' distribution by recording dividends granted to shareholders, reserves and any other destinations, as per the law. One cannot change registrations made pertaining to profits' distribution.

2.19 Financial Instruments

The financial instruments used by the Company mainly consist of cash, accounts receivable, debt. They are assessed in compliance with accounting policies above mentioned under Note 2.

2.20 Recognition of Revenues (Income)

Operating Revenues

Revenues consist of amounts or values that have been received and those to be received both as a result of current activities and as earnings from any other sources.

The operating revenues of the Company comprise income from distribution activity and other operating revenues.

The turnover is formed of revenues from consultancy services and proposal of insurance and/or re-insurance contracts and revenues from other errands related to the distribution activity.

The revenues of the Company are registered along with provision of services, on the basis of the invoice or, occasionally, on the basis of the provisions contained by the Contracts signed by the Company.

Revenues from Interests

Interests are recognised periodically, by share quota of the income correspondingly generated, on the basis of accounting principle pertaining to commitments.

2.21 Taxes

The Company registers tax on current profit, in compliance with the legislation in Romania in force in this respect at the date of financial statements. The debt pertaining to taxes is registered in the period it refers to.

2.22 Accounting Errors

The errors found in book keeping may refer either to the current financial year or to the previous ones. Correction is made at the date of findings, in the profit and loss accounts. Correction of significant errors in previous financial years is made on the basis of reported result.

3. RISK MANAGEMENT

Interest Rate Risk

The Company is exposed to the interest rate risk due to the long term loans contracted in 2018 and 2020 on a variable interest rate. The risk is partially compensated by means of "overnight" deposits also on variable interest rate.

Currency Risk

The Company is not exposed to this risk as its activities are performed on the domestic market; on reporting date the Company records insignificant balances related to debts denominated in foreign currency (the debt regarding the financial leasing contract underway).

Credit Risk

The Company deploys commercial relations only with well known third parties, which ground for the credit client financing. Account receivables are monitored on a permanent basis, hence the exposure of the Company to the risk of receivables that cannot be in-cashed is very low.

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2021
(all amounts are in lei ("RON"), if not otherwise specified)

4. INTANGIBLE ASSETS

GROSS VALUE / Assets categories	Initial balance January 1st, 2021	Increase	Reduction		Final balance December 31st, 2021
			Total	wherefrom: scrapping	
Licenses and other intangible assets	87,686	13,612			101,298
TOTAL	87,686	13,612	0	0	101,298

AMORTISATION / Assets categories	Initial balance January 1st, 2021	Amortisation during the year	Amortisation of assets that were removed	Final balance December 31st, 2021
Licenses and other intangible assets	75,800	9,252		85,052
TOTAL	75,800	9,252	0	85,052

Accounting value	11,886			16,246
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In 2021, the accounting value of elements of intangible assets' type (licenses and information technology softwares) increased by 37%, mainly as a result of licenses acquisitions. The total value of purchase of intangible assets in 2021 was 13,612 lei. The amortisation afferent to intangible assets was recognised by the Company at a level of 9,252 lei in 2021.

5. TANGIBLE ASSETS

GROSS VALUE / Assets categories	Initial balance January 1st, 2021	Increase	Reduction		Final balance December 31st, 2021
			Total	wherefrom: dismemberment and scrapping	
Land and buildings	3,811,840	7,193		0	3,819,033

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Technical appliances and machines	999,445	1,063,813		0	2,063,258
Other appliances, equipment and furniture	103,767	22,617		0	126,384
Advance and under process tangible assets	0	0		0	0
TOTAL	4,915,052	1,093,624	0	0	6,008,676

AMORTISATION / Assets categories	Initial balance January 1st, 2021	Amortisation during the year	Amortisation of assets that were removed	Final balance December 31st, 2021
Land improvement workings	3,219	1,931		5,150
Buildings	85,821	64,515		150,336
Technical appliances and machines	712,705	193,858		906,563
Other appliances, equipment and furniture	85,806	15,481		101,287
TOTAL	887,551	275,785	0	1,163,336

Accounting value	4,027,501			4,845,340
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Along 2021 year, the accounting value of the tangible assets increased by 20% as compared to the end of 2020. Investments in equipment, technical appliances and furniture in 2021 amounted to 1,086,430 lei, of which 506,520 lei represent the entry value of the means of transportation acquired through financial leasing. In 2021, no sales or scrappings of tangible assets took place.

The Company recognised the amount of 275,785 lei as amortisation afferent to tangible assets in 2021.

On December 31st, 2021 the Company does not have any adjustments with regards to depreciation of tangible assets.

6. FINANCIAL ASSETS

The financial assets contained in the financial statement refer to guarantees that were paid for the lease contracts for business offices, as well as for contracts signed with utilities providers accordingly.

GROSS VALUE	Initial balance January 1st, 2021	Increase	Reduction	Final balance December 31st, 2021
Guarantees and current receivables	20,699		2,615	18,084
TOTAL	20,699	0	2,615	18,084

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ADJUSTMENT FOR DEPRECIATION	Initial balance January 1st, 2021	Increase	Reduction	Final balance December 31st, 2021
Guarantees and current receivables	0	0	0	0
TOTAL	0	0	0	0
Accounting value	20,699			18,084

7. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

The Company's receivables, analyzed according to liquidity, imply the following situation:

Receivables categories	No. ln.	Balance on January 1st, 2021	Balance on December 31st, 2021	Liquidity term		
				Under 1 year	1 - 5 years	Over 5 years
0	1	2	3 = 4 + 5 + 6	4	5	6
TOTAL RECEIVABLES (line 1 to 8 - ln.9 + +ln.10+ln.11), wherefrom:		4,153,504	8,641,665	8,641,665	0	0
Receivables related to distribution activity	1	886,913	2,520,339	2,520,339		0
<i>Adjustments for depreciation of receivables related to distribution activity</i>	2	-43,895	-43,895	-43,895		
Receivables from affiliated companies	3	0	0	0		0
Advance payments for services provision	4	978,757	989,435	989,435		0
Advance payments to personnel and corresponding receivables	5	0	0	0		0
Receivables in relation with State Budget	6	0	0	0		0
Receivables in relation with social insurance budget	7	83,294	119,043	119,043		0
Receivables related to unpaid subscribed share capital	8	0	0	0		0
Receivables in relation to different debtors	9	2,309,414	5,100,263	5,100,263		0
<i>Adjustments for depreciation of receivables from different debtors</i>	10	-60,980	-43,521	-43,521		0
Deductions from operations under progress to be clarified	11	0	0	0		0

Receivables related to distribution activity are not interest bearing and generally have a payment term of under 30 days.

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Bad debt receivables are separately registered in book keeping. When it is estimated that an account receivable is not to be fully in-cashed, adjustment for value loss is registered in book keeping in the amount that cannot be recovered. On December 31st, 2021, the adjustments constituted for the depreciation of receivables related to distribution activity amounted to 43,895 lei and represent 100% of the value of bad debt receivables.

Receivables in the form of advance payments for services provision in the amount of 978,435 lei represent amounts paid in advance to certain distribution agents, which compensate with the amounts owed to them for the intermediated policies.

Receivables in relation with different debtors mainly refer to amounts that are to be paid to the Company by the agents in the distribution activity in the month of January 2022, namely 5,100,263 lei. Out of this, 84,705 lei represent receivables from other debtors and part of this are sent to the Court for recovery. The company makes estimates regarding the risk to not recover the receivables registered as of December 31st, 2021, and so adjustments for value depreciation of receivables in relation with other debtors are made in the amount of 43,521 lei.

Adjustments for depreciation of receivables	December 31st, 2020	December 31st, 2021
Beginning of reported period	60,980	104,875
Accrued during the year	43,895	0
Removed during the year	0	17,459
End of reported period	104,875	87,416

8. SHORT TERM INVESTMENTS

On December 31st, 2021, the Company does not have short term investments.

9. CASH AND CASH EQUIVALENTS

Indicator	December 31st, 2020	December 31st, 2021
Current balance with bank accounts (lei)	2,926,761	4,547,991
Deposit balance with bank accounts (lei)	1,649,662	6,030,249
Cash in the Company' treasury (lei)	7	52
Other titles(lei)	0	0
Cash advance payments (lei)	0	0
TOTAL	4,576,429	10,578,292

10. COMMERCIAL DEBT AND OTHER DEBT

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The Company's debts, analyzed according to due date, assume the following situation:

Debt category	No. In.	Balance on January 1st, 2021	Balance on December 31st, 2021	Reimbursement term		
				Under 1 year	1 - 5 years	Over 5 years
0	1	2	3 = 4 + 5 + 6	4	5	6
TOTAL DEBT (ln.1 to 15), wherefrom:		7,260,339	12,769,108	10,405,840	2,188,504	174,764
Loan out of bonds issue	1	0	0	0	0	0
Amounts owed to credit institutions	2	2,572,077	2,138,658	433,419	1,530,475	174,764
Debt related to distribution activity	3	3,939,878	8,565,862	8,565,862	0	0
Debt to affiliated companies	4	0	388,900	97,200	291,700	0
Debt related to lease contracts	5	104,937	452,156	100,160	351,995	0
Debt to suppliers and creditors	6	113,909	260,404	246,070	14,334	0
Debt to personnel	7	115,516	289,878	289,878	0	0
Debt to agents and auxiliary agents	8	34,425	18,393	18,393	0	0
Debt to social insurance budget	9	93,384	112,779	112,779	0	0
Debt to State Budget	10	214,804	465,445	465,445	0	0
Debt to special funds in the distribution activity	11	20,186	30,189	30,189	0	0
Debt related to other taxes and afferent releases	12	0	0	0	0	0
Debt related to amounts to be reimbursed to shareholders	13	3,400	0	0	0	0
Debt for dividends shareholders are entitled to	14	1,610	1,610	1,610	0	0
Deductions from operations under process to get clarified	15	46,212	44,833	44,833	0	0

The liabilities of the Company on December 31st, 2021 mainly refer to debt towards insurance companies and were paid in January 2022, namely 8,565,862 lei (3.939.878 lei in 2020).

The liabilities towards financial-banking institutions are represented by two loans for investment purposes. The long term loan in the amount of 1,400,000 lei was contracted by the Company in 2018, in order to finance the acquisition of a building in Bistrița (the current headquarters of the Company) and two land parcels associated to the respective building, in a total amount of 1,698,272 lei. The loan has equal reimbursement instalments for a period of 84 months, having the final maturity date on December 1st, 2025. The amount remaining to be reimbursed at the end of 2021 is 798,800 lei.

The following guarantees were settled by the Company for this loan: pledge over accounts opened with the bank; pledge over the building and the two land lots.

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The second loan, amounting to 1,611,713 lei, was contracted in 2020 to finance the purchase of a building and related land in Bucharest; the reimbursement of this loan is made in 84 equal monthly installments, with the final maturity date on September 29th, 2027. As of December 31st, 2021, the balance of this loan is 1,339,858 lei. The building and land lot financed by this loan are mortgaged in favor of the bank. For both loans, the interest rate is set according to the 6-month ROBOR index and to the bank's margin.

At the end of 2021, there is three financial leasing contracts underway with a total debt of 452,156 lei, the maturity of which is as follows:

Financial Leasing Obligations	December 31st, 2020	December 31st, 2021
With maturity up to one year	23,137	100.160
With maturity of over one year	81,800	351.995
Total	104,937	452.155

Debt to State budget consists of taxes owed and refers to amounts that were duly paid. Debt to personnel and social insurance budget are presented correspondingly to their destination.

Deductions from operations under process to be clarified are in the amount of 44,833 lei on December 31st, 2021, and are generated by wrong in-cashing in the Company's accounts; the amounts were clarified until the annual financial statement was prepared.

11. PROVISIONS

In 2021, the Company created a provision for the litigation related to the claims of Asirom Vienna Insurance Group S.A. in the form of damages incurred as a result of incorrect issuance of an insurance policy. The provision was estimated at 1,236,391 lei, representing the amounts admitted by the Bistrita Court following the appeal filed by Asirom. The company considers that this amount is the best estimate of the amount needed to settle the damages established by the court.

Related to this litigation, the Company presented in the Explanatory Notes to the financial statements prepared for 2020 a contingent debt at the level of financial claims which were then estimated at 2,117,833 lei.

12. SHARE CAPITAL

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Indicator	December 31st, 2020	December 31st, 2021
Paid subscribed share capital (lei)	500,000	500,000
Number of ordinary shares	2,500,000	2,500,000
Nominal value (lei/share)	0,20	0,20

On September 7, 2021, the Extraordinary General Meeting of Shareholders decided to split the nominal value of the Company's shares in a 1: 2 division ratio, the nominal value of the share changing, consequently, from 0.2 lei at 0.1 lei. The share capital of the Company amounting to 500,000 lei is divided into 5,000,000 shares with a nominal value of 0.1 lei each. By Decision no. 1426/11 November 2021, the Financial Supervisory Authority approved the request of the Company regarding the splitting of the nominal value of the shares. Last trading date for the shares of Transilvania Broker de Asigurare S.A. before the division operation is February 11, 2022.

13. RESERVES

Reserves	December 31, 2020	December 31, 2021
Legal reserves	100,000	100,000

14. DISTRIBUTION OF PROFITS

Indicator	Financial year ended on December 31st, 2020	Financial year ended on December 31st, 2021
Current net profit	5,326,991	6,883,983
Reported profit		2,659,691
Net profit to be distributed	5,326,991	9,543,674
Legal reserve	0	0
Other reserves	0	0
Dividends to be paid	4,300,000	7,500,000
Profit that is not distributed	1,026,991	2,043,674

The Board of Directors shall present their opinion regarding destinations for the profits to be distributed. The profit that is not distributed, in the amount of 2,043,674 lei, shall be transferred into the reported result and shall be the subject of the Resolution of General Shareholders' Assembly. All registrations in the book keeping with regards to destinations of accounting profits shall be made after the GSM's Resolution.

15. NET TURNOVER

Type of revenues	Deecember 31 st , 2020	Deecember 31 st , 2021
Revenues from distribution activity, wherefrom:	77,411,931	98,905,785
Consultancy and proposal of insurance and/ or re-insurance contracts	0	0
Assistance for management and execution of contracts, including claims for compensation	16,840	12,235
Other distribution related activities	77,395,091	98,893,550
Design of insurance products together with insurance companies	0	0
Organisation of training courses in insurance and re-insurance fields	0	0
Commercial deductions granted	0	0
Royalties, lease and rents	0	0

For the preparation of the Profit and Loss Account as of December 31, 2021, two types of income for the year 2020 have been reclassified. Thus, the amount of 77,395,091 lei was reclassified from "revenues from Consultancy and proposal of insurance and/ or re-insurance contracts" to "Other distribution related activities", and the amount of 16,840 lei, reported in 2020 as "Other distribution related activities " is registered as "Assistance for management and execution of contracts, including claims for compensation".

16. EXPENSES WITH PERSONNEL

a) Salaries and corresponding taxes, other expenses related to employees

Indicator	On December 31 st , 2020	On December 31 st , 2021
Expenses with personnel salaries	2,828,364	3,644,240
Expenses with meal vouchers granted to employees	66,512	80,512
Expenses with social insurance and security	17,975	19,436
Insurance contribution for employees	63,064	81,406
Expenses with training of employees	2,489	180
TOTAL, wherefrom:	2,978,404	3,825,774
Expenses with personnel in executive management	304,716	407,896

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b) Board of Directors:

Nume si prenume	Funcția	Gross payments during 2021
NICULAE DAN	Chairman	169,332
TUICA GABRIEL ALEXANDRU	Member	2,564
DENES DANIELA TASIA	Independent member	120,000
LOGIN GABRIEL	Member	116,000
BARNA ERIK	Member	0
TOTAL		407,896

17. ANALYSIS OF OTHER EXPENSES AND OF OPERATING RESULT

a) OPERATING RESULT

Indicator	Financial year ended on December 31st, 2020	Financial year ended on December 31st, 2021
1. Net turnover	77,411,931	98,905,785
2. Costs of services performed (3+4)	68,816,645	85,429,107
3. Expenses related to main activity	68,564,045	85,205,674
4. Expenses related to auxiliary activities	252,600	223,434
5. Gross result afferent to net turnover (1-2)	8,595,286	13,476,678
6. Selling costs	1,331,054	2,495,422
7. General administrative expenses	1,148,353	2,765,671
8. Other operating revenues	0	1,667
9. Operating result(5-6-7+8)	6,115,880	8,217,252

b) OTHER OPERATING EXPENSES

Indicators	Year 2020	Year 2021
Expenses with energy and water	45,915	76,288
Expenses with maintenance and repairing workings	154,808	95,385
Expenses with royalties, lease and rents	122,525	184,270
Expenses with insurance premiums	96,700	105,262
Expenses with personnel's training	2,489	180
Expenses with third parties collaborators	0	0

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Expenses with fees and commissions	0	0
Expenses with protocol, promotion and advertising	472,679	682,090
Expenses with transportation of goods and personnel	0	0
Expenses with travel and transfers	3,564	12,856
Expenses with post and telecommunication	176,181	212,457
Expenses with banking services and related	129,609	226,248
Other expenses with services provided by third parties	854,810	1,800,475
TOTAL	2,059,281	3,395,513

18. TAX ON PROFIT

Indicator	Year 2020	Year 2021
1. Accounting profit or loss	6,084,753	8,153,822
2. Items similar to income		
3. Legal reserve		
4. Income that is not taxable	0	130,942
5. Expenses that are not deductible	486,056	1,809,856
6. Difference in amortisation that is not fiscally deductible	6,989	87,882
7. Taxable profit / Fiscal loss for the reporting year (ln. 1+2-3-4+5+6)	6,577,798	9,920,618
8. Fiscal loss from previous years	0	0
9. taxable profit / Fiscal loss to be recovered in the next years(ln. 7-8)	6,577,798	9,920,618
10. Tax on current profit (ln. 9*16%)	1,052,448	1,587,299
11. Tax on the reinvested profit	0	0
12. Owed tax on profit (ln. 10-11)	1,052,448	1,587,299
13. Tax discount	84,196	0
14. Tax on profit owed for Q I + II + III	559,726	814,729
15. Expenses with sponsorships	210,490	317,460
16. Tax on profit owed at the end of reported period (ln. 12-13-14-15)	198,036	455,110

19. MISCELLANEOUS

Insight on relations with affiliated companies and other related parties

The Company does not own shares in other entities.

In 2021, the Company purchased a means of transportation worth 487,094 lei from Mr. Niculae Dan, Chairman of the Board and shareholder of the Company. On December 31,

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2021, the balance of the Company's debt related to this transaction is 388,900 lei and will be paid monthly, until December 2025.

Subsequent events

The events that occur, favourably or not, between the date of the financial statements and the date the latter are approved to be published, are defined as subsequent events.

There were no subsequent events requiring adjustments to the annual financial statements.

Expenses with rents and leases

The expenses with the rents registered in 2021 in the amount of 184,270 lei are related to the locations used by the Company as working points.

For the year 2021, the interest expenses related to the leasing contract are in the amount of 9,496 lei.

Contingencies

Taxation

All amounts owed to the State for taxes were paid and correspondingly recorded at the date of the financial statement. The fiscal procedure in Romania is undergoing a consolidation period and there might be the case that different interpretation of same events occur on the Fiscal Authorities' side. This might incur into additional taxes and penalties.

When the State finds violations of the legal provisions in force in Romania, any of the following might be performed: confiscation of amounts correspondingly, imposition of additional fiscal duties, fines, delay penalties (calculated to the amounts remained to be paid). Hence, fiscal sanctions resulted from violations of legal provisions may reach significant amounts to be paid to the State.

The Company considers that all taxes, penalties and interests have been paid in due time and in full.

The fiscal year in Romania stays open for review for 5 years.

Environmental Aspects

The Company has no knowledge of any potential negative impact of its activities on the environment that should be measured. The result of such potential effects is unknown

and the management of the Company does not consider necessary to create provisions for such potential expenses related to the environment.

Commitments- Guarantees granted to third parties

The Company provided the following guarantees for the long term loans contracted from the bank:

- Pledge on the Company's accounts opened with the bank;
- Pledge on real estate: 100- sqm land, cadastral number 8452, as per Real Estate Register Extract 61938 with Bistrita Cadaster Office;
- Pledge on real estate: 500- sqm land, cadastral number 56884 and the building under cadaster number 56884-C1, as per Real Estate Register Extract 56884 with Bistrita Cadaster Office;
- Pledge on real estate: the building consisting of an apartment located in Bucharest, cadastral number 253777-C1-U1, registered in the Real Estate Register Extract 253777-C1-U1 of the Municipality of Bucharest, 1st District, together with the share of afferent parts of 3126/10000 of the common parts and dependencies, as well as the share of 9000/100 of the urban land with an area of 270 sqm, having cadastral no. 253777, registered in the Land Registry with no. 253777-C1-U1 at the Municipality of Bucharest, 1st District.

The financial statements were endorsed by the Board of Directors on March 22th, 2022, in order to be approved by the General Assembly of Shareholders.

Chairman of Board of Directors,
Mr. Dan Niculae
Signature _____

Prepared,
Mrs. Oana Pârțiu Vasilichi
Head of Accounting Department
Signature _____



STATEMENT,

in accordance with the provisions of Article 30 of the Accounting Law no. 82/1991

The annual financial statements as at 31.12.2021 for :

Entity: Soc Transilvania Insurance Broker S.A.

County : Bistrita-Nasaud

Address: Loc. Bistrita, Calea Moldovei street, nr. 13

Form of ownership : 34- Joint stock company

Trade register number : J06/674/2006

Main activity (code and name of NACE class) : 6622- Activities of insurance agents and brokers; negotiation for natural or legal persons, insured or potentially insured clients, conclusion of insurance contracts and assistance before and during the conclusion of contracts or in connection with the settlement of claims, as appropriate.

Tax identification code : 19044296

The undersigned Partiu-Vasilichi Oana Ancuta, being the financial-accounting director, I assume responsibility for the preparation of the annual financial statements as at 31.12.2021 and confirm that :

- a) The accounting policies used in the preparation of the annual financial statements are in accordance with applicable accounting regulations;
- b) The annual financial statements give a true and fair view of the financial position, financial performance and other information relating to the business;
- c) The legal entity carries out its activity on a continuous basis.

Signature,

Partiu-Vasilichi Oana Ancuta

INDEPENDENT AUDITOR'S REPORT

To the shareholders of **TRANSILVANIA BROKER DE ASIGURARE S.A.**

Bistrița, str. Calea Moldovei, nr. 13, jud. Bistrița-Năsăud

Report on the audit of the annual financial statements

Opinion

- 1 We have audited the accompanying financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. ("the Company"), whose registered office is in Calea Moldovei Street, No. 13, Bistrița, Bistrița-Năsăud County, CP 420096, Romania, identified by the unique taxpayer reference number 19044296, which comprise the balance sheet as at December 31, 2021, the profit and loss account, the statement of changes in equity, and the statement of cash flows for the year then ended, including a summary of the significant accounting policies and other explanatory information.
- 2 The annual financial statements as at December 31, 2021 are identified as follows:
 - Total shareholder's equity: 10,143,674 lei
 - The net result of the financial year: 6,883,983 lei
- 3 In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with FSA Rule No 36/2015 for the approval of accounting regulations regarding the individual annual financial statements and the consolidated annual financial statements applicable to brokerage entities engaged in insurance and / or reinsurance distribution activities ("Rule 36/2015").

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (“ISAs”) and Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities (hereafter “the EU Regulation”) and Law no. 162/2017 on the statutory audit of the annual financial statements and consolidated annual financial statements, and amending some normative acts (“the Statutory Audit Law”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (“the IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4 The Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed within the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and thus, we do not provide a separate opinion on these matters.

i) Revenues from distribution activity

The revenues from distribution activity (other activities related to the distribution activity) represent the highest share (99.99%) of the total turnover generated by the Company in the reporting period. The selection, projection and application of our audit procedures regarding these revenues were the result of some professional judgements exercised in the context of a significant volume of transactions, relatively constantly distributed in the reporting period. Our attention was focused on the aspects regarding the completeness, accurate recognition and measurement of these revenues. The audit procedures considered adequate responses in the circumstances of our audit included:

- the examination of the degree of adequacy of the accounting policy adopted by the Company to recognize and evaluate revenues, in accordance with Rule 36/2015. A summary of the accounting policy is presented at section 2.1 - 2.20 of the Notes;
- detailed tests on the value of the commission fees due to the Company from the distribution activity, through reconciliation with the percentages agreed on with the insurance companies. In collecting our audit evidence, we took into account the

operational controls established by the Company to validate the amounts settled with the insurers;

- the examination of cash received from the distribution activity, including after the balance sheet date to support the collection of receivables against insurers;
- obtaining written confirmations for the amounts due to the Company at the balance sheet date, representing commissions to be recovered from insurers.

ii) Expenses with brokerage assistants

Expenses regarding the amounts owed by the Company to brokerage assistants is a significant component of operating expenses incurred during the reporting period (89.62%), with a major impact on the gross profit margin in the distribution activity. In testing these expenses, we took into account as a priority the compliance with the contractual provisions for the remuneration of brokerage assistants, assumed by the Company's Management. Moreover, the existence and completeness, accurate recognition and measurement were criteria considered appropriate in addressing the expenses with brokerage assistants. Our responses included audit procedures such as:

- understanding the nature of expenses with brokerage assistants, in conjunction with specific features of insurance distribution activities;
- reconciling the amounts due to the brokerage assistants, in accordance with the contractual provisions in force;
- testing the effectiveness of internal controls on the authorization of payment amounts towards brokerage assistants;
- examination of payments to brokerage assistants, including after the balance sheet date;
- obtaining written confirmations regarding the amounts recorded at the balance sheet date as a liability to brokerage assistants, as well as for the annual turnovers in relation to these entities.

iii) Litigation and disputes

In performing its activities, the Company is exposed to potential losses as a result of administrative proceedings or court decisions.

The recognition of liabilities in the balance sheet as at 31.12.2021 or the presentation as a contingent liability in the explanatory notes to the financial statements concluded on the same date, inherently involves the performance of professional judgments, and is based on a series of assumptions, representations and assessments with significant impact.

The amounts involved can be material. The establishment of possible amounts, for the purpose of recognizing or presenting them in the financial statements, is by its nature a subjective process.

Our response was to understand the risks of material misstatement in connection with management's assertions regarding litigation and disputes. Our audit procedures included among others:

- obtaining and evaluating the answers received from lawyers and discussing with the management of the Company and with the legal advisor of the Company the nature and actual status of the litigations, as well as the potential exposures. In this regard, special attention was paid to the ongoing litigation with Asirom (action in claims for the amount of LEI 2,117,833 compensation and interest) presented on pages 29 of the financial statements as at 31st December 2021. Regarding this litigation, the Company recognized at the balance sheet date a provision of LEI 1,236,391;
- a critical assessment of the Company's assumptions and estimates in relation to litigation and disputes, recognized liabilities or provisions and contingent liabilities presented in the notes to the financial statements ;
- the assessment of the extent to which the information in the explanatory notes to the individual financial statements regarding litigation and disputes adequately presents the potential and probable liabilities of the Company at the balance sheet date.

Other matters

- 5 This report is exclusively addressed to the shareholders of the Company as a whole. Our audit was conducted to be able to report to the shareholders of the Company those aspects which we have to report on in a financial audit report, and not for other purposes. To the extent permitted by law, we only accept and take responsibility to the Company and the shareholders, as a whole, for our audit, for this report or for our opinion.
- 6 The enclosed financial statements are not meant to present the financial position and the results of operations in accordance with the accounting regulations and accounting principles accepted in countries and jurisdictions other than Romania. Therefore, the enclosed financial statements are not prepared for the use of individuals who are not familiarized with the accounting and other regulations in Romania, including FSA Rule No 36/2015.
- 7 The current audit report was issued in the circumstances in which the shares issued by the Company are admitted to trading on the BSE.

Other information – The Directors' Report

- 8 The directors are responsible for the preparation and presentation of other information. This other information includes the Directors' Report, but does not include the financial statements and the related Auditor's Report. The directors are responsible for the preparation and presentation of the Directors' Report in accordance with the requirements

of paragraphs 427- 429 from Rule 36/2015 and for that internal control which the directors consider necessary to facilitate the preparation and presentation of the Directors' Report which is free from any material misstatement, caused by fraud or error.

Our opinion on the financial statements does not cover this other information and, unless explicitly stated in our report, we do not issue any assurance conclusion about it.

In connection with the audit of the financial statements for the financial year ended 31 December 2021, it is our responsibility to read that other information and, in doing so, to assess whether that other information is materially inconsistent with the financial statements, or with the knowledge that we acquired during the audit, or if they appear to be materially misstated.

Regarding the Directors' Report, we have read it and report whether it was prepared, in all material respects, in compliance with Rule 36/2015, paragraphs 427 – 429.

Based exclusively on the activities performed during the audit of the financial statements, in our opinion:

- a) The information presented in the Directors' Report as of the fiscal year for which the financial statements were prepared is consistent, in all material respects, with the financial statements;
- b) The Directors' Report was prepared, in all material aspects, in compliance with Rule 36/2015, paragraphs 427 – 429.

Moreover, based on our knowledge and understanding of the Company and its environment, acquired during the audit, we are required to report whether we have identified material misstatements in the Directors' Report and in connection with that other information obtained before the date of this auditor's report. We have nothing to report on this issue.

Responsibilities of management and those charged with governance for the financial statements

- 9 Management is responsible for the preparation and fair presentation of the financial statements in accordance with Rule 36/2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 10 In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for the disclosure of, as applicable, matters related to going concern and for using the going concern basis of accounting,

unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the financial statements

- 12 Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

- 13 As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. Moreover, we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The detection risk of a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Assess the appropriateness of the applied accounting policies, the reasonableness of accounting estimates and related disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 14 We communicate to those charged with governance, among other matters, the planned scope and timing of the audit, as well as the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 15 We also provide those charged with governance with a statement of our compliance with the ethical requirements regarding independence and disclose all relationships and other matters that may reasonably be considered to affect our independence and, where appropriate, the related safeguards.
- 16 From the matters communicated with those charged with governance, we determine which were of most significance in the audit of the financial statements of the current period and therefore are considered as key audit matters. These matters are described in our auditor's report, unless the law precludes public disclosure about the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory provisions

Requirements regarding the audit of public interest entities

- 17 We were appointed by the Ordinary General Meeting of Shareholders on 8th June 2017 to audit the financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. for the year ended at 31st December 2018. The audit mandate was renewed by the Decision of the Ordinary General Meeting of Shareholders no. 7 on 23rd April 2019 for a three year period, until 25th July 2022 respectively. The total uninterrupted duration of our commitment is 5 years, covering the financial years ended 31st December 2017 through 31st December 2021.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company's Audit Committee, which we issued on the same date as this report. Moreover, in conducting our audit, we remained independent of the audited entity.
- We have not provided to the Company any prohibited non-audit services, mentioned in article 5, paragraph (1) of the Regulation (EU) no. 537/2014.

Report on compliance with Delegated Regulation (EU) 2018/815 on regulatory technical standards on the Single European Electronic Reporting Format (ESEF Regulation)

18 We have performed a reasonable assurance engagement upon compliance with the ESEF Regulation applicable to the financial statements included in the annual financial report prepared by the Company for the reporting date 31 December, 2021, as presented in the Digital File that has been made available to us.

(i) The responsibility of the management and persons in charge with governance for the preparation of the Digital File in accordance with the ESEF Regulation

The management of the Company is responsible for the preparation of the Digital File in accordance with the ESEF Regulation. This responsibility includes:

- design, implementation and maintenance of internal control relevant for the application of the ESEF Regulation;
- ensuring compliance between the Digital File and the annual financial statements prepared in accordance with Rule 36/2015.

The persons in charge with governance are responsible for overseeing the process of compiling the Digital File in accordance with the ESEF Regulation.

(ii) The auditor's responsibility for the audit of the Digital File

We have the responsibility to express a conclusion upon the extent to which the financial statements included in the Company's annual financial report for the reporting period ended on December 31st, 2021, are in accordance with the ESEF Regulation, in all material respects, based on the evidence obtained. Our reasonable assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB). In performing this engagement, we have designed and applied procedures to obtain evidence that allow us to draw a conclusion on the compliance of the Company's annual financial statements with the ESEF Regulation. The nature, timing and extent of the procedures selected depend on the auditor's professional judgement, including the assessment of the compliance risk with the provisions of the ESEF Regulation, caused either by fraud or error.

As part of our reasonable assurance engagement, we have considered:

- obtaining a sufficient understanding of the process of preparing the Digital File in accordance with the ESEF Regulation, including the relevant internal controls;
- reconciliation of the Digital File with the audited annual financial statements of the Company, published in accordance with Rule 36/2015;
- assessment of the extent to which the financial statements included in the annual financial report are prepared in a valid XHTML format.

We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion. In our opinion, the financial statements for the financial year ended at December 31st, 2021 included in the annual financial report and presented in the Digital File comply, in all material respects, with the requirements of the ESEF Regulation.

In this section of the report, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the company's annual financial statements. Our audit opinion on the Financial Statements of the Company for the financial year ended December 31st, 2021, is included in the Section *Report on the audit of the annual financial statements* in the introductory part.

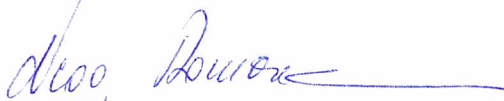
Report on the disclosures related to the remuneration policy

19 In accordance with the provisions of Law no. 24/2017 regarding issuers of financial instruments and market operations, republished, with subsequent amendments (Law 24/2017), the Company has the obligation to submit a remuneration report, approved by the shareholders of the Company. In fulfilling our obligations related to this issue, we have carried out procedures to ensure that the disclosures in the remuneration report: (i) meet the disclosure requirements established by Law 24/2017; (ii) are consistent with the remuneration policy adopted by the Company and with the understanding gained by the auditor on the remuneration criteria; and (iii) do not contain material misstatements in relation to the audited financial statements.

The engagement partner of the audit for which this independent auditor's report was prepared is Ramona Neag.

For and on behalf of RAO AUDIT OFFICE S.R.L.:

registered in the electronic Public Register under no. FA1237



Audit Partner Neag Ramona, PhD

registered in the electronic Public Register under no. AF2600

Tg. Mureş, 18th March 2022

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