

2020 Q1 REPORT

TRANSILVANIA BROKER DE ASIGURARE S.A

Issuer on the regulated market managed by Bucharest Stock Exchange (BVB S.A)

TRANSILVANIA BROKER DE ASIGURARE S.A. informs all stakeholders with regards to the financial results as of Q1 of year 2020.

The quarter report is drawn out in compliance with article 67 of Law 24/ 2017 pertaining to issuers of financial instruments and market operations and article 130 of ASF Regulation 5/ 2018 related to issuers of financial instruments and market operations.

Date of report:	May 13th, 2020
Issuer:	TRANSILVANIA BROKER DE ASIGURARE S.A.
Registered office:	13, Calea Moldovei st., Bistrita, Bistrita-Nasaud county
Phone number :	0263-235900, Fax: 0263-235910
Taxpayer Identification Number:	19044296
Trade Register Number:	J06/674/2006
Share capital:	500,000 lei
The market where the issued securities are traded:	On spot regulated market, Main Segment, Standard Category

1. ANALYSIS OF ECONOMIC FINANCIAL INDICATORS

Indicator	Calculation formula	31.03.2019	31.03.2020	Benchmark
Liquidity and solvency ratios				
Current ratio	Current assets / Current debt	2.008	2.50	>2
Cash ratio	Cash/ Current debt	1.12	1.49	>0.8
Solvency ratios	Total assets / Total debt	1.870	2.022	>1
	Equity / Total assets *100	46.5%	50.5%	>30%
Debt ratios				
Long-term debt ratio	Long-term debt / Equity x 100	19.3%	12.1%	<50%
	Long-term debt/ (Equity + Long-term debt) x 100	16.2%	10.8%	
Total debt ratio	Total debt / Total assets x 100	51.8%	40.5%	<50%
Rotation speed of fixed assets	Turnover/ Intangible assets	9.3	8.96	-

The liquidity indicators are maintained well above the minimum benchmark and follow the positive trend as compared to the same period of previous financial year, as a consequence of increase of the receivables out of brokerage activity (+23%) and of cash and cash equivalents (+7.3%), along with reduction of current debts (-19.9%). The long-term debt is also lower, by 20.9%, so that on March 31st, 2020 total debts are reported at the amount of 5,337.3 th lei, by 20.1% lower as compared to 1st Q of 2019. This dynamics, in the context of relatively constant value of total assets and the increase of equity by 26.2% as compared to the same period last year, generated **high solvency levels**. Hence Transilvania Broker S.A **acknowledges a significant capacity of auto-financing and coverage of its financial debts-short, medium and long-term- towards third parties.**

At the same time, long-term debt and total debts decreasing along with increase of equity and relatively constant positioning of the total assets resulted into a **favourable progress of the indebtedness level** of the company within the reporting period, **which is maintained significantly under the maximum comfort threshold (50%)**. This is translated into a low financial risk, a high capacity to meet financial obligations and an appropriate risk management. The global indebtedness indicator and the structure of permanent capital point at easy access to financing on monetary markets.

Taking into account the characteristics of the insurance brokerage activity, where in-cashing terms for receivables from insurers and due term for payables to the brokerage agents are legally and procedurally regulated, the "Rotation speed of clients' receivables" indicator is not very relevant.

The rotation speed of fixed assets - with limited direct role in generating revenues from brokerage activity - is lower, as compared to the 1st quarter of previous year. This is a result of the increase by 2,082 th. lei (+11.9%) in the revenues related to the insurance distribution activity, and with 162.7 th. lei (+17.06%) in the accounting value of non-current assets.

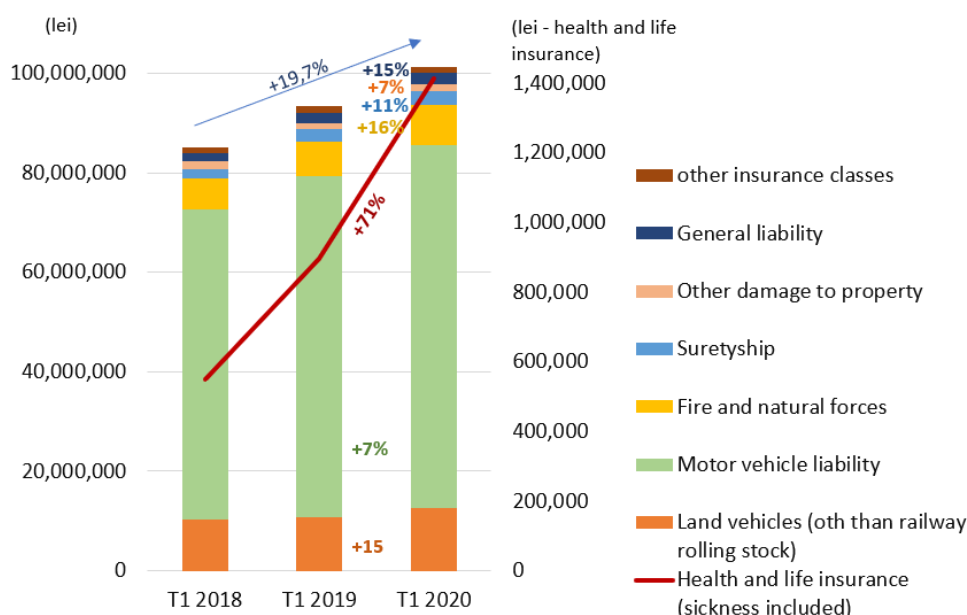
Indicator	Calculation formula	31.03.2019	31.03.2020
Margin and profitability ratios			
Operating profit margin	Operating result/ Turnover x 100	10.71%	10.6%
Net profit margin	Net profit/ Turnover x 100	9.25%	9.24%
Return on equity	Net profit / Equity x 100	26.0%	23%
Return on long-term capital	Net profit/ (Equity + Long-term debt) x 100	22.4%	20.6%

The profitability indicators are kept at similar levels as compared to the 1st quarter of last year.

2. IMPORTANT EVENTS DURING THE REPORTING PERIOD

The first three months of year 2020 continue to **build on the development trends** outlined within the previous financial year. Compared to 2019 Q1, the volume of intermediated life and health insurance premiums kept progressing in a fast pace (+71%), while, out of the general insurances, all categories with significant share quotas recorded positive evolution. Overall, **the volume of intermediated insurance premiums outran, already as of Q1, the threshold of 100,000 th lei, thus reaching an increase by 9%, up to 102,621.7 th lei.**

Intermediated insurance premiums, split by insurance categories



As of 2020 Q1 **the first step of the strategy embraced for online sales' development was accomplished** in the form of a new website and locations platform – which is an important project both in terms of financial resources invested in 2019, as well as of its function and functionality to attract new clients to the brokerage agents' network while serving as a vector for the online projects to come. **The e-commerce platform for insurances' online issuing was launched within 2020 Q1**, as a strategic reaction for tackling the change in behaviour of Romanian clients: more trust in e-commerce and payments, as well as higher taste for online accessing the services they need. This service shall render a more optimal approach in concluding insurance premiums on the platform by Transilvania Broker Insurance' s agents and shall contribute to increasing the online clients' portfolio by a *referral marketing* system that generates individual links.

With impact on both operational and strategic management levels, the decision of **Mr. Sorin Baltasiu joining the management team of Transilvania Broker**, which would therefore benefit from his vast expertise in insurance after a 19-year period spent at Allianz Tiriac in several managerial positions, marks the month of March as an important event. Starting with April 2020, Mr Baltasiu shall be the Head of Corporate Service department.

The Corporate Social Responsibility initiatives were maintained in 2020 Q1 also: Transilvania Broker de Asigurare granted 150,000 lei to local educational projects managed by ACS Transilvania Football School for juniors and children and REBIS parents' association etc.; in April a 50,000 lei support to Colentina Hospital in Bucharest is offered as contribution in the fight against COVID 19.

3. FINANCIAL POSITION AND RESULTS OF THE ISSUER WITHIN THE REPORTED PERIOD

3.1. Analysis of financial position

ASSETS				
Financial position indicators (lei)	2020 1 January	2019 31 March	2020 31 March	Evolution (%) Q12020/ Q1 2019
Fixed assets	2,040,516	1,882,170	2,203,238	+17.06%
Intangible assets	8,636	14,517	8,450	-41.79%
Tangible assets	2,019,710	1,855,687	2,182,618	+17.61%
Financial assets	12,170	11,966	12,170	0%
Current assets	9,887,408	11,002,204	10,964,277	-0.35%
Inventories	0	0	0	0%
Receivables, wherefrom:	4,554,869	4,891,636	4,405,826	-9.93%
brokerage activity	920,990	870,670	1,070,687	+22.97%
others	3,633,879	4,020,966	3,335,139	-17.06%
Cash and cash equivalents	5,332,539	6,110,568	6,558,451	+7.33%
Pre-payments	9,103	4,373	8,547	-6.11%
TOTAL ASSETS	11,937,027	12,888,747	13,176,062	+2.23%

Current assets continue to be the main asset category (83.2% of total assets), where receivables represent 40.2% and cash and cash equivalents have 59.8%, while the inventories value is null. The receivables from distribution activity for insurance premiums is higher by 23% as compared to the same period of previous year, the value of other receivables decreased by 17.1% as compared to 31.03.2019 and by 8.22% as compared to January 2020. Taking into account that 71.5% of “other receivables” refer to receivables also related to the same distribution activity and that these are lower by 31.7% as compared to 2019 Q1, we may conclude that the receivables’ dynamics overall reflects, by way of %, the higher intensity of the brokerage activity as compared to the 1st quarter of previous year.

The cash and cash equivalents as 49.8% of total assets and by 7.3% higher than the same period of previous year includes the net result of the previous year before distribution of dividends to shareholders.

Fixed assets, as 16.7% of total assets, increased by 7.97% as compared to beginning of the reporting period, and by 17.06% as compared to the same period in 2019.

By reference to January 1st, 2020, the decrease in the accounting value of non-current assets on grounds of amortisation was compensated by acquisitions and investment in fixed assets summing up to 195.5 th lei, wherefrom 88.6% headed to purchase of transportation means.

EQUITY and DEBT				
Financial position indicators (lei)	2020 1 January	2019 31 March	2020 31 March	Evolution (%) Q12020/ Q1 2019
Current debt	4,905,127	5,479,862	4,388,239	-19.9%
Bank loans	200,400	150,300	200,400	+33.3%
Debt incurring from brokerage activity	4,116,732	4,704,284	3,428,951	-27.1%
Other short-term debt	587,995	625,278	758,888	+21.4%
Non- current debt	999,200	1,199,600	949,100	-20.9%
Long-term debt	999,200	1,199,600	949,100	-20.9%
TOTAL DEBT	5,904,327	6,679,462	5,337,339	-20.1%
Share capital	500,000	500,000	500,000	-
Reserves, wherefrom:	100,000	100,000	100,000	-
Legal reserves	100,000	100,000	100,000	-
Retained earnings	792,926	3,992,926	5,432,700	+36.1%
Result of the period	4,639,774	1,616,359	1,806,023	+11.7%
EQUITY	6,032,700	6,209,285	7,838,723	+26.2%
Total Equity and Debt	11,937,027	12,888,747	13,176,062	+2.23%

For the reporting period, total debt and consequently the indebtedness level of the company decreased significantly as compared to the reference period ended March 31st, 2019. Long-term debt, as 17.8% of

total debts and 10.8% of ongoing capital, got reduced by way of reimbursing due instalments in the bank loan. Current debt diminished as well, on the grounds of debt related to brokerage activity, which represents 78.1% of current debt. Other short-term debt, representing 17.3% of current debt, increased by 21.4% (+133.6 th lei), mainly due to the lease contracts concluded for purchase of transportation means.

Equity, as of March 31st, 2020 is higher by 26.2% as compared to end of 2019 Q1. The difference adding up to 1,629.4 th lei is a consequence of the increase of retained earnings (88.4%) and increase of the result of the period to 189.7 th lei (+11.7%) as compared to the reference period.

3.2. Analysis of economic- financial performance

Within the 1st quarter of 2020, there was a higher volume of intermediated insurance premiums by 9% (8,412.5 th lei) as compared to the reference period, summing up to 102,621.7 th lei, while the average brokerage commission for the first 3 months reached 19.1%, by 0.5 pp higher than in the 1st quarter of previous year. The revenues generated by the brokerage activity increased by 11.92% and, therefore, Transilvania Broker recorded an increasing level of net profit, (+11.73%), outrunning the growth rate reported as of March 31st, 2019 (+10.11%).

PROFIT AND LOSS ACCOUNT

Financial performance indicators (lei)	2019 31 March	2020 31 March	Evolution (%) QI 2020 / Q I 2019	Share in the corresponding revenues/ expenditure category (%) 2020
Operating revenues, wherefrom:	17,470,341	19,552,286	+11.92%	100%
Revenues out of distribution activity (sale) of insurance premiums	17,462,295	19,547,559	+11.94%	99,98%
Revenues from other activities related to distribution of insurance premiums	8,046	4,727	-41.25%	0,02%
Operating expenditure, wherefrom:	15,599,264	17,477,289	+12.04%	100%
Expenses with fees for brokerage agents	14,413,860	16,054,755	+11.38%	91,86%
Expenses with third party services' providers	434,268	521,288	+20.04%	2,98%
Expenses with disposable and inventory materials	106,073	43,349	-59.13%	0,25%
Expenses with other taxes, fees and similar payments	50,298	42,695	-15.12%	0,24%
Expenses with personnel	563,928	638,226	+13.18%	3,65%
Other operating expenses	30,837	176,976	+473.9%	1,01%
OPERATING RESULT	1,871,077	2,074,997	+10.90%	-

Financial revenues	1,405	3,013	+114.45%	-
Financial expenditure	13,499	14,260	+9.94%	-
FINANCIAL RESULT	(12,094)	(11,828)	n.a.	-
TOTAL REVENUES	17,471,746	19,555,299	+11.93%	-
TOTAL EXPENDITURE	15,612,763	17,492,130	+12.04%	-
GROSS RESULT	1,858,983	2,063,169	+10.98%	-
Tax on profit	242,624	257,146	+5.99%	-
NET RESULT	1,616,359	1,806,023	+11.73%	-

The operating expenditure increased at a fairly accelerated pace as compared to operating revenues. Though at a lower growth rate as compared to that of the revenues out of brokerage activities, the increase in expenses with fees owed to Transilvania Broker's agents – which is the main expenditure category, representing 91.9% of total operating expenditure and 82.1% of revenues – contributed by 87.4% to the increase of the operating expenditure.

The increase of the expenses with personnel gets in line with the company's development strategy focused on online tools for contacting, approaching and attracting new clients, and for optimising the clients relationship management function. This is the context for the marketing and advertising expenses increasing by 4.6 times (from 27.7 th lei to 128.3 th lei), as well as for the software expenses with 24Broker and with other services provided for by third parties increasing by 28.2% (up to 217.5 th lei).

In 2020, Transilvania Broker holds priority on CSR projects, which incurred in expenses of 150 th lei in the 1st quarter.

The gross operating result on March 31st 2020 summed up to 2,075 th lei, by 10.9% higher than the reference period in the previous year. The financial revenues and expenses were generated exclusively by interests, and the financial loss recorded closely to that of 2019 Q1. The positive net result in the amount of 1,806 th lei is with 189.7 th lei higher (by 11.73%) respectively as compared to the level reported on March 31st, 2019.

The financial statements this quarterly report is grounded on are not audited.

Chairman of the Board of Directors

Dan Niculae

Annex 1. Financial statements, as of 31 March 2020, non-audited

FINANCIAL POSITION

(lei)	31 March 2019	01 January 2020	31 March 2020
Fixed assets, wherefrom	1,882,170	2,040,516	2,203,238
Intangible assets	14,517	8,636	8,450
Tangible assets	1,855,687	2,019,710	2,182,618
Financial assets	11,966	12,170	12,170
Current assets, wherefrom	11,002,204	9,887,408	10,964,277
Inventories	0	0	0
Receivables, wherefrom :	4,891,636	4,554,869	4,405,826
<i>Receivables related to brokerage activity and other receivables</i>	<i>870,670</i>	<i>920,990</i>	<i>1,070,687</i>
<i>Other receivables</i>	<i>4,020,966</i>	<i>3,633,879</i>	<i>3,335,139</i>
Cash and bank accounts	6,110,568	5,332,539	6,558,451
Prepayments	4,373	9,103	8,547
ASSETS	12,888,747	11,937,027	13,176,062
Current debts, wherefrom	5,479,862	4,905,127	4,388,239
Debts related to brokerage activity	4,704,284	4,116,732	3,428,951
Amounts owed to credit institutions	150,300	200,400	200,400
Commercial liabilities and other debts	625,278	587,995	758,888
Net current assets/ Net current debt	5,526,715	4,991,384	6,584,585
Total assets minus Current debts	7,408,885	7,031,900	8,787,823
Non- current Debts	1,199,600	999,200	949,100
TOTAL DEBTS	6,679,462	5,904,327	5,337,339
Paid and subscribed share capital	500,000	500,000	500,000
Unpaid and subscribed share capital	-	-	-
Reserves	100,000	100,000	100,000
Retained earnings	3,992,926	792,926	5,432,700
Result of the period	1,616,359	4,639,774	1,806,023
EQUITY	6,209,285	6,032,700	7,838,723
EQUITY and DEBT	12,888,747	11,937,027	13,176,062

PROFIT AND LOSS ACCOUNT

(lei)	31 March 2019	31 March 2020
Operating revenues	17,470,341	19,552,286
Revenues from brokerage activity	17,462,295	19,547,559
Revenues from other activities related to brokerage activity	8,046	4,727
Operating expenditure	15,599,264	17,477,289
Expenses with commission fees for brokerage agents	14,413,860	16,054,755
Expenses with third- party service providers	434,268	521,288
Expenses with disposable and inventory materials	106,073	43,349
Expenses with other taxes, fees and similar payments	50,298	42,695
Expenses with personnel	563,928	638,226
Other operating expenses	30,837	176,976
Operating Profit or Loss	1,871,077	2,074,997
Financial revenues	1,405	3,013
Financial expenditure	13,499	14,260
Financial Profit or Loss	(12,094)	(11,828)
Gross Profit or Loss	1,858,983	2,063,169
Tax on profit	242,624	257,146
Net Profit or Loss for the financial year	1,616,359	1,806,023

**CEO,
Mr. Niculae Dan**

**Chief Accountant,
Ms. Pârțiu-Vasilichi Oana**