

PRELIMINARY REPORT¹
on the financial results of *Transilvania Broker de Asigurare S.A.*
as of 31st of December 2021

TRANSILVANIA BROKER DE ASIGURARE S.A.

Issuer on the Main Regulated Market operated by
Bucharest Stock Exchange (Bursa de Valori București S.A.)

In accordance with the provisions of the Romanian Law 24/2017 and the FSA Regulation no. 5/2018 on issuers of financial instruments and market operations,

The Issuer **TRANSILVANIA BROKER DE ASIGURARE S.A.** presents to all interested parties the preliminary financial results for the end-of-year 2021

Report date: February 17, 2022

Issuer: TRANSILVANIA BROKER DE ASIGURARE S.A.

Headquarters: 13 Calea Moldovei, Bistrița

Phone: +0263-235900, Fax: +0263-235910

Fiscal code: 19044296

Trade Registry no: J06/674/2006

Subscribed and paid share capital: 500.000 lei

The market on which the issued securities are traded: The regulated market, Main Segment, Standard Category

¹¹ This Report is a convenience translation of the Romanian version `Raport privind rezultatele financiare anuale preliminare aferente perioadei de raportare încheiate la 31 decembrie 2021` which is to be regarded as the official document.

Important events, 2021



4 years
of floating
on BVB



+41.4%
Intermediated premiums
2021/2020



+27.7%
revenues
2021/2020



+21%
operational profit
reported/targeted

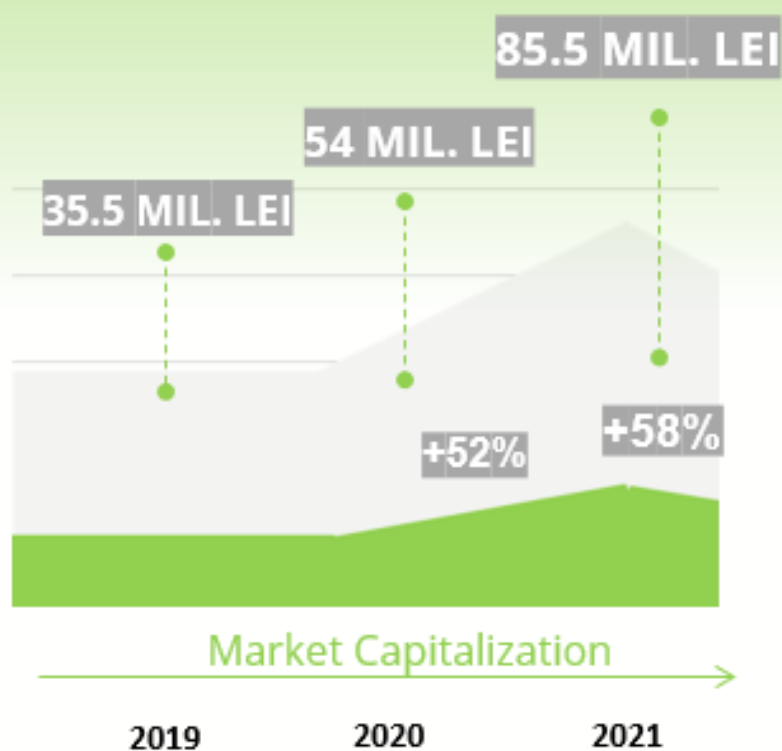


+29.2%
Net profit
2021/2020



+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

1. RETROSPECTIVE AND PERSPECTIVES

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.

2. THE ISSUER'S FINANCIAL POSITION AND PERFORMANCE

2.1. FINANCIAL PERFORMANCE EVOLUTION

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.

2.2. 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, growth adjusted by amortization.

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.

In the reporting period, the company management decided on creating a **provision for litigations** in amount of 1,236.4 thous. lei, as the conditions for its registration have been met. Previously, potential losses associated with the litigation with Asirom Vienna Insurance Group S.A. were acknowledged and reported as contingent debt.

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.

3. ANALYSIS OF THE ECONOMIC AND FINANCIAL INDICATORS

3.1. Liquidity and solvency indicators

Indicators	Calculation formula	31.12.2020	31.12.2021	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 (solvency ratio)	Total Asset /Total debts	2.041	1.891	>1
Equity to capitalization ratio	Equity / (Long term debt + Equity) *100	77.3%	81.1%	>30%

The company’s liquidity ratios highlight the positioning within the comfort range. It is nevertheless worth mentioning that these liquidity measures mirror the peculiarities of the insurance distribution activity, where the settlement terms for receivables and payables related to insurers and brokerage assistants are strictly – legally and procedurally – regulated. Thus, their relevance is relatively low, with the cash ratio confirming that the Company possesses more cash than needed for covering current debt.

In 2021, the increase of total asset value was higher than that of total debt, a gap fueled by the increase in cash and, thus, of current assets. For that reason, general solvency rate diminishes to some extent, but stays considerably above the minimum reference threshold.

Likewise, the share of equity in total permanent capital increases from 77.3% to 81.1%, proving a high capacity for self-financing and of payment of due liabilities.

3.2. Debt ratios

Risk indicators	Calculation formula	31.12.2020	31.12.2021	Benchmark
Long-term debt to capitalization ratio	Borrowed capital/ Long-term capital *100	14.21%	22.7%	<50%
Debt to equity ratio	Total debt / Total assets*100	49.5%	49%	<80%

In the reporting period, the value of equity increased by 2,584 thous. lei, significantly more than the absolute value of long-term debt growth (+142.8 thous. lei). Consequently, the long-term debt to capitalization ratio, that is the ratio between the long-term debt and permanent capital, decreases its value, revealing low exposure to the financial risk and high financial equilibrium. Moreover, the debt-to-equity ratio stays well below the maximum reference threshold, confirming the high capacity for payment of due liability, together with excellent management of the credit risk and easy access to business financing with banks.

3.3. Margin and performance ratios

Indicators	Calculation formula	2020	2021
		December 31	December 31
Operating profit margin	Operating profit / Sales *100	7.90%	8.30%
Net profit margin	Net profit / Sales *100	6.88%	6.96%
Profit to equity ratio	Net profit / Equity *100	70.5%	67.9%
Profit to long-term capital ratio	Net profit / Long-term capital *100	54.5%	55%

As the equity value increased significantly more than the net profit, due to incorporated retained profit, the profit to equity ratio presented a slight decrease, while staying favourable for the company and its shareholders.

However, higher growth in revenues as compared to expenditures in the reporting period against the reference period, triggered the improvement of profit margins, reflecting the efficiency of the business management and the optimization of the capitalization on the Company's available resources.

THE PRESENT REPORT HAS BEEN PREPARED BASED ON THE PRELIMINARY FINANCIAL STATEMENTS THAT ARE PRESENTLY BEING AUDITED.

The President of the Board
NICULAE DAN

Balance sheet, Transilvania Broker de Asigurare S.A.

As of December 31, 2021 (lei)

	January 1, 2021	December 31, 2021
Fixed assets, total of which	4,060,086	4,879,670
Intangible assets	11,886	16,246
Tangible assets	4,027,501	4,845,340
Financial assets	20,699	18,084
Current assets, total of which	10,733,049	19,219,957
Inventories	3,116	0
Receivables related to brokerage activity and other receivables	4,153,504	8,641,665
Other short-term investments	2,000,000	0
Cash and bank accounts	4,576,429	10,578,292
Prepayments	26,895	49,546
TOTAL ASSETS	14,820,030	24,149,173
Current debt, total of which	5,039,881	10,405,840
Debts related to brokerage activity	3,939,878	8,565,862
Amounts due to credit institutions	433,419	433,419
Trade and other debt	666,584	1,406,559
Provisions	0	1,236,391
Net current assets / Net current liabilities	5,720,063	8,863,663
Total assets minus current debt	9,780,149	13,743,333
Non - current debt	2,220,458	2,363,268
TOTAL DEBT	7,260,339	12,769,108
Subscribed and paid share capital	500,000	500,000
Reserves	100,000	100,000
Reported result	1,632,700	2,659,691
Reference result	5,326,991	6,883,983
TOTAL EQUITY	7,559,691	10,143,674
TOTAL EQUITY AND DEBT	14,820,030	24,149,173

CEO
Mr. Gabriel Login

Chief Accountant,
Ms. Pârțiu-Vasilichi Oana

Income statement, Transilvania Broker de Asigurare S.A.
as of December 31, 2021 (lei)

	December 31, 2020	December 31, 2021
Operating income	77,411,931	98,907,452
Income from brokerage activity	77,411,931	98,905,785
Other operating income	0	1,667
Operating Expenses	71,296,051	90,690,200
Expenditure with fees due to brokerage assistants	65,510,256	81,280,994
Expenditure for services rendered by third parties	2,059,280	3,395,513
Expenditure on consumables and materials as inventory items	252,600	223,433
Expenses with other taxes, duties and similar charges	101,278	158,572
Personnel costs	2,975,915	3,825,594
Other operating expenses	396,722	569,703
Expenditures with provisioning	-	1,236,391
<i>Operating profit or loss</i>	6,115,880	8,217,252
Financial income	34,140	39,532
Financial expenses	65,267	102,962
<i>Profit or financial loss</i>	(31,127)	(63,430)
<i>Gross profit or loss</i>	6,084,753	8,153,822
Tax on profit	757,762	1,269,839
<i>Net profit or loss for the financial year</i>	5,326,991	6,883,983

CEO
Mr. Gabriel Login

Chief Accountant,
Ms. Pârțiu-Vasilichi Oana