



Transilvania Broker[®]
B R O K E R D E A S I G U R A R E

2022 Q1 REPORT

Issue Date	May 10th, 2022
Issuer	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	Regulated Spot Market, Main Segment
Trading Symbol	TBK





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1. SIGNIFICANT DEVELOPMENTS WITHIN THE REPORTED PERIOD

Transilvania Broker de Asigurare S.A. („the Company”, „the Issuer”, „Transilvania Broker”) reports record growth for the first quarter of 2022 (the reporting period) for all financial and performance indicators.

This dynamic, fueled by the developments on the insurance market along the last year, the results of the campaigns for awareness and promotion brings forth a **89% growth of the value of insurance contracts intermediated**, as compared to the first quarter of the 2021 (the reference period), **which dragged along an increase of 66.5% of the revenues from the insurance distribution activity**.

Nevertheless, beyond growth in volume, the optimizing of the operational expenditure structure has led to a **steep improvement of the profit margin, which augmented from 9.16% in the reference period, to 14.3%** in the reporting period. The **resulting profit net was, thus, 2.5 times** higher than the figures reported at 31.03.2021, fully compensating the consequences of diminishing average gross distribution commission from 18.5%, to 17% in the same timeframe.



Boosted by the developments in the Romanian insurance market, the MTPL (RCA) Class contributed most of all classes to the growth in value of the volume of the intermediated insurance contracts in the first quarter of 2022, as compared to the first quarter of 2021.

At the same time, **all important insurance classes – as regards their weight in the total volume of intermediated contracts – presented significant relative growth in the reporting period**. MTPL Class reported a 115% growth as compared to the reference period, while the A14 class (general civil liability) registered a 103% growth, Class A8 (fire and natural calamities) increased by 22%, A9 by 19%, while land vehicle insurance contracts value increased by 14% in the same period.

Moreover, **C1 and C3 life insurance classes presented important increases, of +41% and, respectively, +907%**, the total value of the distributed contracts reaching 1,448 thous. lei, 3.4 times the level of the first quarter of the last year.

At 22.03.2022, the Ordinary and Extraordinary General Shareholders' Assemblies were convened for the 28th of April 2022, when they decided on distributing a **dividend of 7.500.000 lei, which is by 74.4% more** than the dividend of the previous financial year, on the 2022 budget, the composition of the corporate governance structures and on the completion of the secondary object activities of the Company.

Along the reporting period, Transilvania Broker offered **sponsorship in value of 150.000 lei to UNICEF Romania**, for the assistance of Ukrainian children inflicted by war and to **the ACS Transilvania Sport Club**, the educational project that the Company has consistently supported along the last 5 years.



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

2.1. Analysis of economic-financial performance

The dynamic of the performance indicators for Transilvania Broker de Asigurare S.A. along the first quarter of 2022 year depicted equally the general increase of the insurance premiums value, and the payoff of the business development strategy. That reinforced and validated the favourable competitive position on the insurance intermediaries' market. It also confirms the strategic development directions that the Management of the Company is pursuing with innovation, flexibility and determination.

Fueled by the increase of 89% in the value of insurance contracts intermediated in the reporting period – of almost 217 mio. Lei, the Company's **operational revenue** at 31.03.2022 was by 66.4% higher than the figures reported for the first quarter of the 2021 year.

Due to the management pursuit for expenditure structure betterment and for business efficiency, the net profit margin displayed a high growth, from 9.2% in the reference period, to 14.3% in the reporting period. Consequently, **operational result** increased by 158% against the reference period, while the net profit at 31.03.2022 was 2.6 times the level at the end of the first quarter of 2021.

PROFIT AND LOSS ACCOUNT

Financial performance indicators (lei)	2021 31 March	2022 31 March	Evolution (%) Q1 2022 / Q1 2021	Share in the corresponding revenues/ expenditure category (%) 2022
Operating revenues, wherefrom:	21,956,940	36,516,593	+66.3%	100%
Net Turnover, wherefrom:	21,956,940	36,511,027		
Revenues out of distribution activity	21,956,940	36,511,027	+66.3%	
Other operational revenues		5,566		
Operating expenditure, wherefrom:	19,609,085	30,462,843	+55.4%	100%
Expenses with fees for brokerage agents and auxiliary assistants	17,724,075	27,998,264	+58%	92%
Expenses with third party services' providers	785,812	942,729	+20%	3.1%
Expenses with personnel	832,592	1,116,129	+34%	3.7%
Expenses with disposable and inventory materials	62,277	51,835	-16.8%	0.2%
Expenses with other taxes, fees and similar payments	58,226	59,715	+2.6%	0.2%
Other operating expenses	146,103	294,171	+130%	0.7%
OPERATING RESULT	2,347,855	6,053,750	+158%	
Financial revenues	2,192	5,636	+157%	-
Financial expenditure	24,920	23,814	-4.44%	-
FINANCIAL RESULT	(22,728)	(18,178)	n,a	-
TOTAL REVENUES	21,959,132	36,522,229	+66.3%	-
TOTAL EXPENDITURE	19,634,005	30,486,657	+55.3%	-
GROSS RESULT	2,325,127	6,035,572	+159.6%	-
Tax on profit	312,887	811,861	+159.5%	-
NET RESULT	2,012,240	5,223,711	+159.6%	-

The most important **operational expenses** category, which is the expenditure on fees due to brokerage agents, increased by 58%, respectively by 10,274.2 thous lei, thus reflecting the increase of the intermediation activity of the Company in the reporting period as compared to the reference period.

The implementation of the development strategy involved qualitative and quantitative investments in the human resources of Transilvania Broker. General wage increases related to the motivation and remuneration HR policy of the Company, and the employment of fresh highly qualified human resources which increased by 10.5 between the two quarters, led to an increase in personnel expenditure by 34%. As the overall operational expenditure increased at a somewhat higher pace, the weight of this category of expenditure slightly decreased, from 4.3% in the reference period to 3.7% in the reporting period.

The third most significant operating expenses category, namely expenditure with third party services' providers, with a share of 3.1% in total operating expenditure, also increased by 156.9 thous lei, respectively by 20% as compared to the first quarter of 2021. This dynamic is mainly justified by the intensification of software development activity, especially in the context of the digitalization of the intermediation activity. Marketing and advertising expenses remained close to the reference level, i.e. 175 thous lei.



Steadily involved in society, both in a proactive way but also sensitive to the emerging needs of the least advantaged people, in the first quarter of 2022, Transilvania Broker increased the resources allotted to social-educational projects by 67%, as compared to the same period of the previous year. Sponsorships in value of 150,000 lei, at 31.03.2022, were directed to UNICEF Romania for tending to the needs of Ukrainian children afflicted by war, and to the Company's 'of the heart' educational project *Transilvania ACS Sports Club*.



The increase of the operational expenditure by 10,853.8 thous lei together with the growth of 14,559.7 thous lei for the operational revenues led to an **operational gross result** of 6,053.8 thous lei, which is 2.6 times higher than the same indicator at 31.03.2021. **EBITDA**, the operational result indicator which disregards the expenditure with interest, tax, depreciation and amortization, is of 6,146.5 thous lei, by 155.6% higher than in the reference period.

Financial revenues and expenditure, of which 95.8% and, respectively, 98.1% represent interest revenues and expenditure, remain on a low level. The increase of financial revenues by 3.4 thous lei together with the decrease of the financial expenditure by 1.1 thous lei brouth forth a financial loss of 18.8 thous lei, by 4.5 thous lei less than the reference period.

Consequently, the first quarter of 2022 reports a **gross profit** of 6,035.6 thous lei and a **net profit** of 5,223.7 thous lei, by 159.6% higher than the level reported at 31.03.2021.



2.2. Analysis of financial position

ASSETS				
Financial position indicators (lei)	2022 January 1st	2021 March 31st	2022 March 31st	Evolution (%) Q1 2022/ Q1 2021
Fixed assets	4,879,670	4,528,047	4,827,225	+6.6%
Intangible assets	16,246	9,919	19,923	+101%
Tangible assets	4,845,340	4,497,429	4,787,734	+6.45%
Financial assets	18,084	20,699	19,568	-5.46%
Current assets	19,219,957	12,778,883	27,522,928	+115.4%
Inventories	0	3,116	0	-
Receivables, wherefrom:	8,641,665	5,832,306	9,405,633	+61.3%
Brokerage activity receivables	2,476,445	1,456,127	2,005,956	+37.8%
Other receivables	6,165,220	4,376,179	7,399,677	+69.1%
Short-term investments	0	2,000,000	0	-
Cash and cash equivalents	10,578,292	4,943,461	18,117,295	-266.5%
Pre-payments	49,546	39,547	57,066	+44.3%
TOTAL ASSETS	24,149,173	17,346,477	32,407,219	+86.8%

Current assets maintain their dominant position in the total assets of Transilvania Broker, their weight increasing from 73.7% at 31.03.2021, to 85% at the end of the reporting period due to an increase of 43% of their value as compared to 01.01.2022 and of 115.4% as compared to the first quarter of 2021.

In total current assets, cash and cash equivalents represent 65.8%, the most important subclass followed by receivables, with 34.2% share of total assets.

The Company's treasury increased 3.7 times as compared to the same period of the previous year, given the accrual of collector accounts – mediating the fund transfer between insured and insurers – with 6,797.8 thous lei (+325.3%), but also of own cash with 7,989.7 thous lei (+239%). While the variation in collector accounts depicts a moment-wise image of the amounts which, at the end of reporting period, were in the process of being transferred towards insurers, the dynamic of the company's own available cash incorporates the cumulated and yet undistributed profit of previous reporting periods.

From a structural point of view, own cash available to the company at the end of the first quarter, of 11,333.9 thous lei, represents 41.4% of all cash and cash equivalents.

Receivables increased their value by 61.3% as compared to 31.03.2021, and by 8.8% as compared to the beginning of 2022. Of all receivables registered at the end of the reporting period, the receivables stemming from the insurance distribution activity sum up the value of this balance sheet position (2,006 thous lei), together with 85.8% of the 'Various debtors' balance sheet category, that is 6,346.8 thous lei, representing amounts in process of being collected from distribution assistants within the sales structure of Transilvania Broker. The payment terms of this category of receivables are strictly imposed and monitored by internal procedures, contractual terms as well as regulatory provisions.

Given the fact that the value of all receivables related to the insurance distribution activity represent 88.8% of all receivables, one may conclude that the variation in receivables portrays the variation in intensity of the distribution activity itself in the reporting period as compared to the reference period.

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.

In the reporting period, the balance sheet value of **fixed assets** diminished by 1.1% (-52.5 thous lei), given the expenditure with amortization that was partially compensated by 26.7 thous lei investment in equipment and by the registration of IP rights as intangible assets in the amount of 6.9 thous lei. The share of fixed assets in total assets decreased, consequently, from 26% at 31.03.2021, and, respectively, from to 20.2% at 01.01.2022, to 14.9% by 31.03.2022.

EQUITY and DEBT				
Financial position indicators (lei)	2022 January 1st	2021 March 31st	2022 March 31st	Evolution (%) Q1 2022/ Q1 2021
Current debt	10.405.840	5.666.936	13.611.971	+140,2%
Bank loans	433.419	433.419	433.419	-
Debts incurring from brokerage activity	8.565.862	3.934.353	10.855.646	+175,9%
Other short-term debt	1.406.559	1.299.164	2.322.906	+78,8%
Non-current debt	2.363.268	2.107.610	2.191.472	+4%
Long-term bank loans	1.705.239	2.030.303	1.596.884	-21,4%
Other long-term debt	658.029	77.307	594.588	+669,1%
Total debt	12.769.108	7.774.546	15.803.443	+103,3%
Provisions	1.236.391	-	1.236.391	-
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	2.659.691	6.959.691	9.543.674	+37,1%
Result of the period	6.883.983	2.012.240	5.223.711	+159,6%
Equity	10.143.674	9.571.931	15.367.385	+60,6%
TOTAL EQUITY AND DEBT	24.149.173	17.346.477	32.407.219	+86,8%

The Company's **total debt**, higher by 23.8% compared to the beginning of the year and by 103.3% as compared to Q1 2020, contribute by 48.8% to the Assets financing, by 3.9 pp. more than in the reference period. This dynamic was determined mainly by the increase in current debt by 140.2% as compared to the reference period and by 31% as compared to 01.01.2022.

Current debt, which is 86.1% of total debt and 42% of total liabilities, is constituted of debt related to the distribution activity (79.8%), with payment and maturity is, also, strictly regulated by law and internal procedures, according to the specific of insurance intermediation. As for receivables related to distribution, the variation in current debt incurring from the brokerage activity (+176% than the reference period) illustrates the variation in the activity intensity in the last settlement cycle of the reporting period.

Long-term debt, with over 1 year maturity, consists of the bank loans (72.9%) contracted by the Company along the last two financial years fo co-funding the acquisition of property for the headquarters relocation and the establishment and development of the secondary office in Bucharest. Their balance sheet value decreased by

21.4 in the reporting period as compared to the reference period. Other long-term debt represents mainly leasing contracts.

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.

The **Company's equity** represents 47.4% of the balance sheet liability at 31.03.2022. The growth of 60.6% in the equity value as compared to the reference period depicts, primarily, the higher value of the retained results, of 9,543.7 thous lei, by 2,548 thous lei above the level reported at 31.03.2021, but also the reporting period results (5,223.7 thous lei), by 160% higher than the profit in the first quarter of 2021.

3. ANALYSIS OF THE ECONOMIC AND FINANCIAL INDICATORS

Indicator	Calculation formula	March 31, 2021	March 31, 2022	Benchmark
Liquidity and solvency indicators				
Current ratio	Current assets / Current debt	2.25	2.02	>2
Cash ratio	Cash/ Current debt	0.87	1.33	>0.5
Solvency ratios	Total assets / Total debt	2.23	2.05	>1
	Equity/ (Equity + Total Debt)	55.2%	47.4%	>30%
Debt ratios				
Long-term debt ratio	Long-term debt / (Equity + Long-term debt) x 100	18%	12.4%	<50%
Total debt ratio	Total debt / Total assets x 100	44.8%	48.8%	<80%
Rotation speed of fixed assets	Turnover / Intangible assets	4.88	7.62	-

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.

Other categories of economic-financial indicators reflect also a sound financial position and a particularly comfortable risk level for a company with an accelerated investment policy.

In the reporting period, the increase in the value of total assets was higher then the increment in total debt, due especially to the growth of the value of cash available to the company, and, thus, to the dynamic of current assets. For that reason, the general solvency rate decreases, yet remaining over the minimum reference threshold.

Profitability ratios	Calculation formula	March 31, 2021	March 31, 2022
Operating profit margin	Operating result / Turnover *100	10.7%	16.6%
Net profit margin	Net profit / Turnover *100	9.16%	14.3%
Return on equity	Net profit / Equity *100	21%	34%
Return on long-term capital	Net profit / (Equity + Long-term debt) *100	16.8%	29.7%

Profitability and margin ratios paint, without exception, important growth rates, as a direct result of the optimizing of the expenditure structure and of a better capitalization on the capital available to the Company, to the direct benefit of shareholders and for the sustainably accelerated progress in development strategy implementation.

This Report was drawn based on the financial statements as of 31.03.2022, which have not been audited.

Chairman of the Board of Directors

Dan Niculae

4. Annex 1 – Financial Statements as of March 31, 2022, non-audited

4.1. FINANCIAL POSITION

(lei)	31 martie 2021	01 ianuarie 2022	31 martie 2022
Fixed Assets, wherefrom:	4,528,047	4,879,670	4,827,225
Intangible assets	9,919	16,246	19,923
Tangible assets	4,497,429	4,845,340	4,787,734
Financial assets	20,699	18,084	19,568
Current assets, wherefrom:	12,778,883	19,219,957	27,522,928
Inventories	3,116	-	-
Receivables, wherefrom:	5,832,306	8,641,665	9,405,633
<i>Receivables related to the distribution activity</i>	1,456,127	2,476,445	2,005,956
<i>Other receivables</i>	4,376,179	6,165,220	7,399,677
Short term investment	2,000,000	-	-
Cash and cash equivalents	4,943,461	10,578,292	18,117,295
Pre-payments	39,547	49,546	57,066
TOTAL ASSETS	17,346,477	24,149,173	32,407,219
Current Debt, wherefrom:	5,666,936	10,405,840	13,611,971
Debt related to the distribution activity	433,419	433,419	433,419
Amounts owed to credit institutions	3,934,353	8,565,862	10,855,646
Commercial liabilities and other debts	1,299,164	1,406,559	2,322,906
Net current assets/ Net current debt	7,111,947	8,863,663	13,968,023
Total assets minus Current debts	11,679,541	13,743,333	18,795,248
Non-current Debt, wherefrom:	2,107,610	2,363,268	2,191,472
Long-term bank loans	2,030,303	1,705,239	1,596,884
Other long-term debt	77,307	658,029	594,588
TOTAL DEBTS	7,774,546	12,769,108	15,803,443
Provisioning	0	1,236,391	1,236,391
Paid and subscribed share capital	500,000	500,000	500,000
Reserves	100,000	100,000	100,000
Retained earnings	6,959,691	2,659,691	9,543,674
Result of the period	2,012,240	6,883,983	5,223,711
EQUITY	9,571,931	10,143,674	15,367,385
TOTAL EQUITY AND DEBT	17,346,477	24,149,173	32,407,219

CEO,
Mr. Dan Niculae

CFO,
Mrs. Oana Pârțiu-Vasilichi



4.2. PROFIT AND LOSS ACCOUNT

(lei)	March 31, 2021	March 31, 2020
Operating Revenues	21,956,940	36,516,593
Net Turnover, from which:	21,956,940	36,511,027
Revenues from distribution activity	21,956,940	36,511,027
Other revenues	-	5,566
Operating Expenditure	19,609,085	30,462,843
Expenses with commission fees for brokerage agents	17,724,075	27,998,264
Expenses with third party service providers	785,812	942,729
Expenses with disposable and inventory materials	62,277	51,835
Expenses with other taxes, fees and similar payments	58,226	59,715
Expenses with personnel	832,592	1,116,129
Other operating expenses	146,103	294,171
Operating Profit or Loss	2,347,855	6,053,750
Financial Revenues	2,192	5,636
Financial Expenditure	24,920	23,814
Financial Profit or Loss	(22,728)	(18,178)
Gross Profit or Loss	2,325,127	6,035,572
Tax on profit	312,887	811,861
Net Profit or Loss for the reported period	2,012,240	5,223,711

CEO,
Mr. Dan Niculae

CFO,
Mrs. Oana Pârțiu-Vasilichi



4.3. CASH-FLOW STATEMENT

<i>Indicators</i>	<i>Results of the reported period</i>	
	<i>January 1, 2022</i>	<i>March 31, 2022</i>
CASHFLOW FROM OPERATIONAL ACTIVITY		
1. Cash received from distribution activity	563,042,147	240,370,954
2. Cash paid pertaining to the distribution activity	545,365,974	224,285,170
3. Other cash received from various debtors	0	673
4. Cash paid to suppliers and different creditors	2,629,214	921,801
5. Cash paid to and on behalf of employees	3,665,144	1,091,185
6. Payments pertaining to special funds in the distribution activity	88,903	30,189
7. Other cash payments afferent to operational activity	1,320,643	351,176
8. Cash paid as dividends transferred to shareholders	4,085,662	0
9. Cash paid as interests pertaining to the loan	92,202	23,359
10. Paid tax on profits	1,022,640	0
NET CASH GENERATED FROM (PAID IN) OPERATIONAL ACTIVITY	4,771,765	13,668,747
CASHFLOWS OUT OF INVESTMENT ACTIVITY		
1. Cash paid for purchase of tangible and intangible assets	231,816	0
2. Cash received from reimbursement of loans granted to third parties	2,615	0
3. Cash received from transfer of other short term investments	2,000,000	0
4. Cash received as bank interest	38,573	5,399
NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY	1,809,372	5,399
CASHFLOWS RELATED TO FINANCING ACTIVITY		
1. Cash paid to reimburse borrowed amounts	433,419	108,355
2. Cash received from funds borrowed from shareholders	17,050	8,100
3. Cash paid for reimbursement of amounts borrowed from shareholders	20,450	8,100
4. Cash paid for financial lease contracts	162,456	24,925
5. Cash paid related to governmental programmes	20,000	0
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	-579,275	-133,280
CASH AND CASH EQUIVALENTS on January 1st, 2021	4,576,429	4,576,429
NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS	6,001,862	13,540,866
CASH AND CASH EQUIVALENTS ON MARCH 31, 2021	10,578,291	18,117,295

CEO,
Mr. Dan Niculae

CFO,
Mrs. Oana Pârțiu-Vasilichi



5. CHANGES IN COMPANY'S EQUITY AS OF 31.03.2022

Item		2021 January 1 st balance	Increases		Decreases		2021 September 30 th balance
			Total, of which:	by transfer	Total, of which:	by transfer	
Share capital		500,000	0	0	0	0	500,000
Capital issue premiums		0	0	0	0	0	0
Re-evaluation reserves		0	0	0	0	0	0
Legal reserves		100,000	0	0	0	0	100,000
Retained earnings – non-allocated profit or uncovered loss	C Balance	2,659,691	6,883,983	6,883,983	0	0	9,543,674
	D Bal.	0	0	0	0	0	0
Reporting period result	C Bal.	6,883,983	5,223,711	0	6,883,983	6,883,983	5,223,711
	D Bal.	0	0	0	0	0	0
Total Equity		10,143,674	12,107,694	6,883,983	6,883,983	6,883,983	15,367,385

CEO,

Login Gabriel

Prepared by, CFO,
Oana Partiu-
Vasilichi

EXPLANATORY NOTES TO THE HALF YEARLY ACCOUNTING REPORTS

DRAFTED ON MARCH 31, 2022

1. Intangible Assets

The intangible assets that meet the recognition criteria provided by Standard 36/2015 are presented at cost, less accumulated depreciation.

The costs for the purchase of software are capitalized and paid off on a straight-line method basis over its useful life.

Concessions, patents, licenses, trademarks, rights and similar assets are recorded in the accounts for intangible assets at their acquisition cost.

Licenses and other intangible assets are depreciated using the straight-line method over an estimated period of 3 years.

2. Tangible Assets

Cost / Evaluation

Tangible fixed assets recognized as assets are initially measured at cost by the company, and subsequently at cost less accumulated depreciation and losses accumulated from depreciation. The cost of an item of tangible assets is made of the purchase price, including non-recoverable taxes and any costs that may be directly attributed to bringing the asset to its location and under the condition necessary for it to be used for its intended management purpose, such as: initial delivery and handling costs, installation and packaging costs, professional fees, after deducting any commercial price reductions.

The expenditures with maintenance and repairs of tangible assets are recorded by the Company in the profit and loss account when incurred, while the significant improvements brought to tangible assets, which increase the value or duration of their useful life, or which increase significantly their capacity to generate economic benefits by the Company, are capitalized.

The tangible fixed assets in progress are included in the category of fixed assets completed after their acceptance, commissioning or start-up, as appropriate.



Depreciation

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that replaces the cost. Depreciation is recognized in profit or loss using the straight-line method for the estimated useful life of each component of an item of the tangible assets. The useful life for the reporting period are as follows:

- Landscaping 10 years;
- Construction 40 years;
- Technical installations 3 - 6 years;
- Means of transport 5 - 6 years;
- Office furniture and equipment 3 - 5 years.

The depreciation periods in the accounting are not different from the depreciation periods used by the Company for tax purposes.

Tangible assets held under financial leasing or purchased in installments

On March 31, 2022, the company has three ongoing financial leasing contracts for means of transportation:

- Lease contract signed in 2020 for a period of 5 years, with an entry value of 163,912 lei. As of March 31, 2022, the book value of this tangible fixed asset held under financial leasing is 109,274 lei;
- Lease contract signed in 2021 for a period of 5 years, with an entry value of 141,913 lei. As of March 31, 2022, the book value of this tangible fixed asset held under financial leasing is 124,174 lei;
- Lease contract signed in 2021 for a period of 5 years, with an entry value of 163,912 lei. As of March 31, 2022, the book value of this tangible fixed asset held under financial leasing is 324,095 lei.

Derecognition

Tangible assets that have been transferred or disposed of are eliminated from the Balance Sheet together with the corresponding accumulated depreciation.

Any gain or loss arising from the transfer of an asset is determined by comparing the transfer incomes with the accounting value of the tangible assets and it is recognized at the net value in the profit or loss for the period.

3. Financial Assets

Financial assets are initially recorded at the acquisition cost or value determined in the contract for their acquisition. Further, the financial assets are recorded at the entry value less the adjustments accumulated for the value loss.

4. Commercial Receivables

Trade receivables are recognized and recorded at the initial amount to be received less the adjustments for depreciation for the non-collectible amounts. The adjustments are made when there is evidence that the Company will not be able to collect receivables on the initially agreed maturity. Non-collectible receivables are recorded as expenses when they are identified.

5. Cash and Cash Equivalent

Liquid assets consist of cash at the cashier's office and bank accounts. For the Cash Flow Statement, cash and cash equivalents include cash at the cashier's office and bank accounts.

6. Financial Debts

Trade obligations are recorded at cost, which represents the amount of the obligation that will be paid in the future for the goods and services received, whether or not they have been invoiced to the Company. For the debts in RON, the settlement of which is made according to the exchange rate of a currency, any favorable or unfavorable differences resulting from their valuation are recorded in financial income or expenses, as appropriate.

7. Leasing Contracts

The financial leasing contracts, which transfer to the Company all the risks and benefits pertaining to leased tangible fixed assets, are capitalized at the start of the lease in 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 income statement.

Assets capitalized under a finance lease are depreciated on a basis consistent with the normal depreciation policy for similar assets.

8. Provisions

Provisions are recognized when the Company has a current obligation (legal or implied) generated by a previous event. It is likely that an outflow of resources will be required to meet the obligation, and the debt can be estimated reliably. The value of a provision is the best estimate of the probable expenses, or, in the case of an obligation, the amount required to settle the obligation.

9. Share Capital

The share capital, made of general shares, is registered at the value established based on the articles of incorporation. The company acknowledges the changes in the share capital only after their approval in the General Assembly of the Shareholders.



10. Legal Reserves

Legal reserves represent 5% of the gross profit at the end of the financial year until the total legal reserves reach 20% of the paid-up share capital in accordance with the legal provisions. On 31.03.2022, the Company has a legal reserve at the level required by the regulatory documents, respectively 20% of the share capital.

11. Securities

The securities used by the Company consist mainly of cash, receivables, debts. This kind of instruments are evaluated according to the accounting policies.

12. Income Recognition

Operating incomes

The amounts or values received or to be received on own behalf from current activities, as well as gains from any other sources are included in the category of incomes. The operating incomes of the Company include incomes from the distribution activity, as well as from other operating incomes.

The turnover of the Company is made of incomes that come from counseling and proposal of insurance and/or reinsurance contracts and incomes from other activities related to the distribution activity.

The Company's incomes are recorded as the services are provided based on the invoice or under other conditions provided for in the contracts signed by the Company.

Incomes from the sale of goods

Incomes from the sale of goods are recorded when the goods are delivered to the buyers, when they are delivered based on invoice or in other conditions provided for in the contract, which certifies the transfer of the property right on the said goods to the clients.

Incomes from royalties, rents and interests

These are recognized as follows:

- interest shall be recognized periodically, on a pro rata basis, as the income is generated, based on the accrual accounting;
- royalties and rents are recognized based on accrual accounting, according to the contract.

13. Taxes and Duties

The company pays tax on the realised profit, according to the Romanian legislation in force on the date of the financial situations. The debt related to taxes and duties is recorded in the period to which they relate.

14. Accounting Errors

The errors found in the accounts may relate either to the current financial year or to the previous financial years. The corrections of errors are made on the date of their finding.

The correction of errors related to the current financial year is made at the expense of the profit and loss account. The correction of significant errors related to the previous financial years is made at the expense of the retained earnings.

15. Currency conversions

Transactions made in foreign currency are converted into RON at the exchange rate valid on the date of the transaction.

The RON/EUR exchange rates on December 31, 2021 and March 31, 2022 were as follows:

Currency	December 31, 2021	March 31, 2022
RON/EUR	4.9481	4.9466

16. INTANGIBLE ASSETS

GROSS VALUE / Assets elements	Initial balance January 1, 2022	Increases	Decreases		Final balance March 31, 2022
			Total	Of which: scrapping	
Licenses and other intangible assets	101,298	6,900	0	0	108,198
TOTAL	101,298	6,900	0	0	108,198



DEPRECIATION/ Assets elements	Initial balance January 1, 2022	Depreciation during the year	Depreciation for the assets taken out of evidence	Final balance March 31, 2022
Licenses and other intangible assets	85,052	3,223		88,275
TOTAL	85,052	3,223	0	88,275

Book value	16,246			19,923
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5. Along the first three months of 2022, the acquired intangible assets were in value of 6,900 lei. The depreciation related to intangible assets recognized by the Company in the first 3 months of 2022 is of 3,223 lei.

17. TANGIBLE ASSETS

GROSS VALUE / Assets elements	Initial balance January 1, 2022	Increases	Decreases		Final balance March 31, 2022
			Total	Of which: Dismantling and scrapping	
Lands and buildings	3,819,033	0	0	0	3,819,033
Technical installations and machines	2,063,258	26,740	0	0	2,089,998
Other installations, devices and fixtures	126,384	0	0	0	126,384
Advance money and pending tangible assets	0	0	0	0	0
TOTAL	6,008,676	26,740	0	0	6,035,415



DEPRECIATION / Assets elements	Initial balance January 1, 2022	Depreciation during the year	Depreciation for the assets taken out of evidence	Final balance March 31, 2022
Landscaping	5,150	483	0	5,633
Buildings	150,336	16,132	0	166,468
Technical installations and machines	906,563	64,655	0	97,1218
Other installations, devices and fixtures	101,287	3,076	0	104,363
TOTAL	1,163,336	84,346	0	1,247,682
Book value	4,845,340			4,787,733

During the first 3 months of 2022, there were no investments for landscaping and buildings; the investments in equipment during the first 3 months of 2022 amounted to 26,740 lei.

The value of the depreciation recognized by the Company in the first 3 months of 2022 for tangible fixed assets is 84,346 lei.

18. FINANCIAL ASSETS

The financial assets presented in the Balance Sheet refer to guarantees paid for the rental contracts for spaces used for the performance of current activities, including guarantees for utility contracts.

GROSS AMOUNT	Initial balance January 1, 2022	Increases	Decreases	Final balance March 31, 2022
Guarantees and long-term receivables	18,084	1,485	0	19,568
TOTAL	18084	1,485	0	19,568

DEPRECIATION ADJUSTMENTS	Initial balance January 1, 2022	Increases	Decreases	Final balance March 31, 2022
Guarantees and long-term receivables	0	0	0	0
TOTAL	0	0	0	0



Book value	18,084	1,485	0	19,568
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19. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

Receivables elements	Row No.	Balance on January 1, 2021	Balance on March 31, 2021	Liquidity term		
				Under 1 year	1 - 5 years	Over 5 years
0	1	2	3 = 4 + 5 + 6	4	5	6
TOTAL RECEIVABLES (rows 1 to 8 – row 9+row 10+row 11), of which:		8,641,664	9,405,632	9,405,632	0	0
Receivables related to the distribution activity	1	2,520,339	2,049,851	2,049,851	0	0
Adjustments for the depreciation of receivables related to the distribution activity	2	-43,895	-43,895	-43,895	0	0
Pre-payments for provision of services	3	989,435	89,4085	89,4085	0	0
Pre-payments for personnel and other related receivables	4	0	0	0	0	0
Receivables related to the state budget	5	0	0	0	0	0
Receivables related to the social insurance budget	6	119,043	120,985	120,985	0	0
Receivables related to the subscribed and unpaid share capital	7	0	0	0	0	0
Receivables from various debtors	8	5,100,263	6,428,127	6,428,127	0	0
Adjustments for the depreciation of receivables from various debtors	9	-43,521	-43,521	-43,521	0	0
Settlement from operations pending to be clarified	10	0	0	0	0	0

Receivables related to the distribution activity are not interest-bearing and generally have a collection period of less than 30 days.

Uncertain receivables are recorded separately in the accounting books. When it is estimated that a receivable will not be collected entirely, adjustments for value losses are recorded in the accounting books at the level of the amount which can no longer be recovered.

20. CASH AND CASH EQUIVALENTS

Indicator	December 31, 2021	March 31, 2022
Current and collector accounts at banks (RON)	4,547,991	7,658,628
Deposit accounts (RON)	6,030,249	10,472,985
Cash in the cashier's office (RON)	52	982
Other values (RON)	0	-15,300
Treasury advance money	0	0
TOTAL	10,578,292	18,117,295

21. COMMERCIAL DEBT AND OTHER DEBT

Debt elements	Row no.	Balance on Jan 1, 2021	Balance on March 31, 2021	Maturity date		
				Under 1 year	1 - 5 years	Over 5 years
0	1	2	3 = 4 + 5 + 6	4	5	6
TOTAL DEBT (rows 1 to 15), of which:		12,769,108	15,803,442	13,611,970	2,191,472	0
Bond issue loans	1	0	0	0	0	0
Amounts owed to credit institutions	2	2,138,658	2,030,303	433,419	1,596,884	0
Receivables related to the distribution activity	3	8,565,862	10,855,646	10,855,646	0	0
Amounts owed to affiliated entities	4	388,900	364,600	97,200	267,400	0
Debt from leasing contracts	5	452,156	427,348	100,160	327,188	0
Debt to the suppliers and various creditors	6	260,404	206,281	206,281	0	0
Debt to personnel	7	289,878	337,834	337,834	0	0
Amounts owed to assistants and auxiliary assistants	8	18,393	15,033	15,033	0	0
Debt to the social insurance budget	9	112,779	139,790	139,790	0	0



Debt to the state budget	10	465,445	1,283,743	1,283,743	0	0
Debt to special funds in the distribution activity	11	30,189	36,511	36,511	0	0
Debt with other taxes, fees and assimilated payments	12	0	0	0	0	0
Debt with the amounts to be refunded to the shareholders	13	0	0	0	0	0
Debt with the dividends due to the shareholders	14	1,610	1,610	1,610	0	0
Settlement from operations to be clarified	15	44,883	104,743	104,743	0	0

The Company's debt as of March 31, 2022 mostly relate to debt towards insurance companies, amounts settled in April 2022.

Debts to financial-banking institutions are represented by two investment loans. 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 Bistrita (the current headquarters of the Company) and two land lots related to the construction, in a total amount of 1,698,272 lei. The loan is reimbursed in equal installments set for a period of 84 months, the final maturity being on December 1, 2025. The amount remaining to be reimbursed on March 31, 2022 is 748,700 lei. The Company constituted the following guarantees for the received loan: security on bank accounts opened with the bank; real estate mortgage on the construction and the two land lots. The second loan, amounting to 1,611,713 lei, was contracted in 2020 to finance the acquisition of a building and related land in Bucharest; the reimbursement of this loan is made in 83 equal monthly installments, with the final maturity on September 29, 2027. As of March 31, 2022, the balance of this loan is 1,281,603 lei. The building and land lots 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 the bank's margin.

Debt to state budget, representing taxes and fees due, refer to amounts paid on maturity date that refer to these obligations.

Debt to personnel and social security budgets are presented according to their purpose.

22. PROVISIONS

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.

Regarding this litigation, the Company presented in the explanatory notes for the 2020 financial statements a contingent liability at the level of financial claims – 2,117,833 lei

23. SHARE CAPITAL

Indicator	December 31, 2021	March 31, 2022
Value of the subscribed and paid share capital (RON)	500,000	500,000
Number of ordinary shares	2,500,000	5,000,000
Nominal value (RON/share)	0.20	0.10

24. RESERVES

Reserves	December 31, 2021	March 31, 2022
Legal reserves	100,000	100,000

25. NET TURNOVER

Nature of achieved incomes	31 martie 2021	31 martie 2022
Incomes from the distribution activity, of which:	21.956.940	36.511.027
Incomes from advisory services regarding insurance and/or reinsurance contracts	0	0
Assistance providing for contract management and execution, including claims for compensation	2.890	48.822
Other activities related to the distribution activity		
Incomes from the development of insurance products in association with insurers	21.954.050	36.462.205
Incomes from the organization of professional training courses in insurance and re-insurance	0	0
Commercial discounts granted	0	0

26. EXPENSES WITH PERSONNEL

Expenses with salaries and related contributions, other expenses related to the employees and the board of directors

Indicator	March 31, 2021	March 31, 2022
Expenses with the employees' remuneration	790,003	1,044,550
Expenses related to lunch vouchers granted to employees	19,867	22,212
Expenses with insurance and social insurance	4,924	25,830
Labor insurance contribution	17,795	23,538
Expenses with personnel training	0	0
TOTAL:	832,589	1,116,130

27. ANALYSIS OF OTHER EXPENSES AND OF THE OPERATING RESULT

a) OPERATING RESULT

Indicator	Accounting reporting on March 31, 2020	Accounting reporting on March 31, 2021
1. Net turnover	21,956,940	36,511,027
2. Cost of the goods sold and services rendered (3+4+5)	19,609,085	30,462,843
3. Costs related to the main activity	18,578,624	29,052,543
4. Costs related to auxiliary activities	62,777	294,171
5. General administrative expenses	967,684	1,116,129
6. Other operating income	0	5,566
7. Operating result (1-2+6)	2,347,855	6,053,750

b) OTHER OPERATING EXPENSES

Indicators	Value on	Value on
	March 31, 2021	March 31, 2022
Energy and water expenses	22,798	26,483
Expenses on maintenance and repairs	39,064	7,340
Royalties, commercial leasing and rental expenses	49,452	49,215
Insurance premiums expenses	27,880	29,344
Expenses with personnel training	0	0
Expenses with collaborators	0	0
Expenses on commissions and fees	0	0
Protocol, advertising and publicity expenses	181,766	180,606
Transport of goods and of personnel expenses	0	0
Expenses with travels, assignments and transfers	1,405	1,261
Postage and telecommunications expenses	46,161	40,104
Expenses with bank services and assimilated services	37,850	92,026
Other expenses with third party services	379,436	516,350
TOTAL	785,812	942,729

28. TAX ON PROFIT

Indicator	Value on	Value on
	March 31, 2021	March 31, 2022
1. Gross profit or loss	2,325,127	6,036,075
2. Elements similar to incomes	0	0
3. Legal reserves	0	0
4. Non-taxable incomes	0	0
5. Non-deductible expenditure	106,446	175,822

6. Difference of financially non-deductible depreciation	12,860	30,230
7. Taxable profit / fiscal loss for the reporting year (row 1+2-3-4+5+6)	2,444,433	6,242,127
8. Fiscal loss from the previous years	0	0
9. Taxable profit/ fiscal loss to be recovered from the previous years (row 7-8)	2,444,433	6,242,127
10. Current tax on profit (row 9*16%)	391,109	998,740
11. Tax related to reinvested profit	0	0
12. Tax on due profit (row 10-11)	391,109	998,740
13. Tax on profit due for 1st quarter	391,109	998,740
14. Expenses with sponsorships	78,222	186,879
15. Impozit pe profit datorat la sfarsitul perioadei	312,887	811,861

29. OTHER INFORMATION

Information on the relation with affiliated entities and other related parties

The Company does not have contributions in other entities.

Expenses with rentals and leasing

The company has an ongoing financial leasing contract, whose balance on March 31, 2022 is of 427,348 lei.

The expenses with the rentals are in the amount of 49,215 lei. The rentals are related to the locations employed by the Company as secondary offices.

30. Aspects related to the environment

The company is not aware of any possible adverse effects on the environment as a result of its operations, which should be quantified. The result of such possible effects is uncertain and the Company's management does not consider it necessary to provide such debts for the environment.



31. Commitments - Guarantees granted to third parties

For the long-term contracted loans, the Company has set up the following guarantees in the favor of the bank:

- Movable guarantee on the bank accounts opened with the bank;
- Real estate guarantee on the land with an area of 100 sqm, cadastral no. 8452, registered in the Land Registry no. 61938 of Bistrita Municipality;
- Real estate guarantee on the urban land with an area of 500 sqm, cadastral no. 56884 and the construction built on it, cadastral no.56884-C1, building registered in the Land Registry no. 56884 of Bistrita Municipality;
- Real estate guarantee over an apartment located in Bucharest, cadastral no. 253777-C1-U1, registered in the Land Registry no. 253777-C1-U1 pertaining to the Municipality of Bucharest, 1st District, together with the share of corresponding parts of 3126/10000 out of the common parts and dependencies, as well as on the share of 9000/100 of the urban land with an area of 270 sqm, having cadastral no.253777, registered in the Land Registry no. 253777-C1-U1 pertaining to the Municipality of Bucharest, 1st District.

CEO,

Mr. Gabriel Login

Signature_____

Prepared by,

Mrs. Pârțiu Vasilichi Oana

CFO,

Signature_____