



Transilvania Broker[®]
BROKER DE ASIGURARE

2020 ANNUAL REPORT

Issue Date	April 28th, 2021
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



Contents

2020 RETROSPECTIVE	1
1. Analysis of the Company's activities.....	4
1.1. General assessment.....	6
1.2. Assessment of the technical operations of the Company	9
1.3. Assessment of sales activity.....	12
1.4. Assessment of the Company's personnel.....	14
1.5. Perspective approach	14
1.6. Assessment of the impact of Issuer's activity on the environment.....	16
1.7. Assessment of research and development activity.....	16
1.8. Assessment of the Company's risk management.....	16
2. Tangible assets of the Company	18
3. The market for the securities issued by the Company	19
4. Corporate Governance	21
4.1. Issuer's management – Corporate Governance Structures	21
4.2. The Statement of the Company regarding the compliance with the Corporate Governance Code, Bucharest Stock Exchange	23
5. Analysis of the economic financial position of the Company.....	28
5.1. Financial position analysis	28
5.2. Financial performance evolution.....	30
6. Litigations.....	31

TRANSILVANIA BROKER, 2020

+ 10

years' experience

39

counties

+1,700

collaborating agents

+ 1,000,000

clients

+77,400,000

turnover

+420,000,000

volume of
intermediated premiums

+ 9.7%

turnover increase (vs. 2019)

+ 14.8%

profit increase (vs. 2019)

2020 RETROSPECTIVE

Transilvania Broker de Asigurare crosses the finish line of the year among the winners of the COVID19 pandemic year challenge. Along with maintaining the growing trend for economic and financial performance indicators in recent years, the Company continued to invest in the strategic direction of digitization and optimization of intermediation activity infrastructure, completing some of the complex projects in this area and initiating new ones.

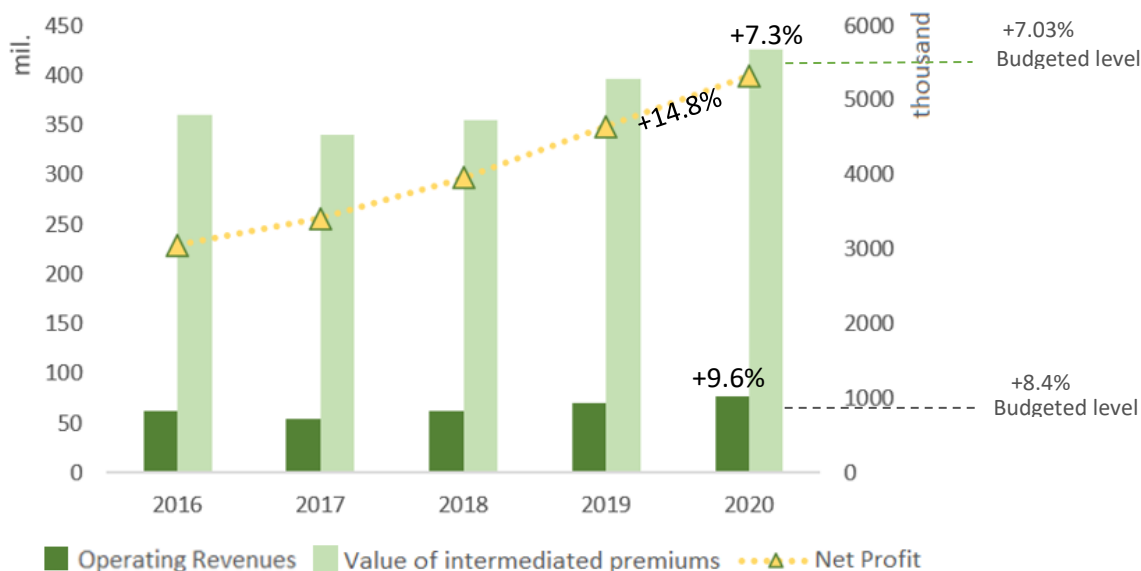
For the fourth consecutive year after the listing of the Company on the Bucharest Stock Exchange (BSE), the net profit and the profit margin increased, reaching 74.6% and, respectively, 41% higher than the 2016 reference level.

The net positive result, amounting to 5,327 thous. lei, higher by 14.8% than the 2019 net result, was supported by a profit margin of 6.88%, an average brokerage commission of over 18%, by 0.42 p.p. higher than 2019 and by 0.26 p.p. above the average brokerage commission on the entire insurance intermediation 2020 market, as well as by the increase in the volume of intermediated premiums by 29,021 thous. lei (+ 7.3%). The value of the intermediated premiums also exceeds, for the first time, the threshold of 400 million lei, reaching 425,621.5 thousand lei.

The revenues generated by the brokerage activity are by 9.7% (+6,827.7 thous. lei) above the level reported on 31.12.2019, while the gross operating result exceeds the same reference level by 13.1%.

Transilvania Broker reports a turnover by 8.4% higher than the budgeted levels for 2020, while the operating result and the net profit register values by 15.2% and, respectively, by 7.03% above the forecast.

Fig.no.1 Performance indicators development, 2016-2020



Also, the financial position indicators – i.e. current ratio, financial solvency and debt ratios - are positioned outside the stress intervals and on a confirmed favorable trend.



Transilvania Broker reported increases in the volumes of intermediated premiums on most insurance classes. The champions of increase in absolute value are A10 class (vehicle liability insurance) with an increase of 19.251,4 thous. lei and A3 class (+5,172.7 thous. lei), while the highest percentage increases were recorded for the credit insurance (+ 324%), health insurance (+ 31%), railway rolling stock (+ 29%) and accidents (+ 21%) in the general insurance class. Also, the volume of the intermediated life insurance premiums continued to increase (+ 21.3%).

In an uncertain economic and social environment marked by multiple and interdependent risks and new challenges, Transilvania Broker demonstrates resilience and agility, turning threats into opportunities, while continuing, with determination and tenacity, the pursuit of its long-term growth objectives.

In terms of marketing strategy and optimization of the brokerage infrastructure, the management of Transilvania Broker has successfully completed projects such as:

- ✓ **The new website and location platform**, where the Transilvania Broker clients can find their nearest representative, request insurance offers, contact the company on *livechat* etc. Also, *any collaborator can activate their own contact page*, wherefrom potential and current clients can find their contact details, a short characterization, photos with the location premises and contact forms;
- ✓ **The Collaborator Dashboard** - a "control panel" available to each collaborator registered on the website, where they can add their location in order to appear on the map of the Transilvania Broker representatives, set their account details and where all the other future features of the marketing platform will be added;
- ✓ **The marketing standardization**, with the purpose of ensuring a unitary customer experience in all Transilvania Broker locations;
- ✓ **Online card payment facility**, very much welcome especially in the context of the pandemic; the online policy payment was implemented in partnership with the payment processor Netopia World Payments.

In addition to the above completed projects, the company's management has initiated multiple new developments to be implemented in the first half of 2021, of which we will mention the following:

- **The online issuing platform** - the online sales platform currently active for vehicle liability insurance, will gradually include more and more types of policies, a tool through which the network of collaborators will be able to expand their customer portfolio in the online area; it is planned to become fully operational by March 2021;
- **The Brandkit project (in dashboard)** - on the one hand, it will allow collaborators to request and use free promotional materials and, on the other hand, it will provide them access to complex promotional materials (planners, banners, etc.) which they will be able to customize and use for a fee. This is also due to be launched March 2021;
- **The training platform** - this will provide collaborators with information and training materials, from basic courses to training in complex insurance products, live courses and conferences with specialists in complex insurance;
- **Optimizing the investor relations**, to which transparency, consistency and continuity of communication are key elements, on which the company's management will mainly focus in 2021. In this regard, the aim is to diversify communication channels by introducing newsletters and periodic communications in video format, that will focus on the company's news and

developments. At the same time, events will be organized through which shareholders and potential investors will be able to learn the activity, vision, culture, opportunities and challenges of Transilvania Broker, beyond the results and the financial reports.

In addition to the above projects, Transilvania Broker announces the resolute penetration of the Bucharest market, an ongoing investment effort in favor of important future expansion. In order to develop a new office in Bucharest, based on the decision of the Extraordinary General Meeting of the Shareholders of Transilvania Broker (EGMS) no. 11 / 29.07.2020, a 1.8 million lei building was purchased in the 1st District of Bucharest, the Aviation area. The acquisition is financed by contracting an investment credit in the form of a mortgage loan in the amount of 1.61 million lei, approved by the same EGMS, as well as with own disposable funds. Given the favorable levels of the Company's indebtedness and liquidity, this acquisition does not significantly alter the financial position of the company.

The year 2020 naturally marked the transition to a new stage of development, against the background of a sustained trend of intensive and extensive growth over the last 4 years, through the decision to inaugurate new corporate governance structures. The EGMS meeting on 29.07.2020 voted in favor of amending the Articles of Association in the sense of increasing the number of members of the board, from 3 to 5. The decision is presently being implemented.

Transilvania Broker's CSR pursuits have continued, focusing on the specific challenges of 2020. The amount directed to **project sponsorships in the social, health or educational area amounted to 210 thous. lei, by 17.8% higher than the previous year.**

To its shareholders, Transilvania Broker distributed dividends in gross value of 1.52 lei / share, in accordance with the OGMS Resolution no. 10 / 28.04.2020, **which is 81.9% of the net profit related to the financial year ended 31.12.2019 and by 0.24 lei / share more than the previously distributed gross dividend.**



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 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: starting 2015, Transilvania Broker de Asigurare S.A. is among the top four insurance brokerage companies out of the 286 active companies, according to the report prepared and published annually by the Financial Supervisory Authority (FSA)¹.

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)”. Close to the main activity, the Company also performs “Activities of assessment of insurance and damages’ risk (NACE code 6621)”, which, following the resolution no. 11 of the Extraordinary General Meeting of Shareholders of the Company (EGMS) convened on July 29th, 2020, were completed with:

6499 – Other financial intermediation

6612 - Financial transactions intermediation activities;

6619 - Activities auxiliary to financial intermediation, excluding insurance and pension funding activities;

6621 - Assessment activities of risk and damages’ insurance;

¹ [FSA, 2021, Evolution of Insurance Market in Romania, year 2020](#), Bucharest, as well as further editions.



6629 - Other activities auxiliary to insurance and pension funding;

8559 - Other forms of education.

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, as subsequently



amended and supplemented, FSA Regulation no. 5/2018 regarding issuers of financial instruments and market operations, EU Regulation 596/2014 with regards to market abuse etc.).

Significant reorganizations

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

Purchase / sale of assets

In 2020, the value of fixed assets doubled (+ 99%) mainly due to the acquisition of real estate assets amounting to 1,901.8 th lei, representing land and construction building for the expansion of the activity and the establishment of a secondary office in Bucharest, 1st district, according to the EGMS resolution no. 11 / July 29th, 2020. Other investments in equipment, technical installations and furniture amounted to 230.1 th lei, while the value of 12 th lei associated with the licenses purchased during the reporting period increased the book value of intangible assets by 38%.

tangible increased on account of investments in land and construction, in the amount of 211,739 lei and on account of purchases of equipment, technical installations and furniture, in the amount of 88,196 lei.

During the reporting period, there were no sales or scrappings of tangible assets, neither adjustments for them.

Main results

On December 31st, 2020, Transilvania Broker de Asigurare S.A. ("Transilvania Broker") reported an increased operating income, by 9.6% compared to the 2019 reference period, sustained by the increase in the volume of intermediated premiums from 396,600.7 th lei to 425,621.5 th lei (+ 7.3%). The average commission calculated as a ratio between the value of intermediated premiums and the value of income from brokerage activity, increased from 17.8% in 2019 to 18.2% for 2020.

The operating result also increased by 13.1% compared to the reference period, reaching 6,115.9 th lei.

The net profit, amounting to 5,327 th lei, registered an increase of 14.8% compared to the value reported on December 31st, 2019.

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.

The individual annual financial statements were approved by the Board of Directors in the meeting dated March 24th, 2021, 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, 2020, 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: 5,326,991 lei;

b) Net turnover: 77,411,931 lei;

c) Liquidity and solvency indicators:

Liquidity and solvency indicators	Calculation formula	Dec.31st, 2019	Dec.31st, 2020	Benchmark
Current ratio / Quick ratio	Current assets/Current debts	2.016	2.130	>2
Cash ratio	Cash/Current debts	1.087	0.91	>0.8
Leverage ratio	Total Assets /Total debts	2.022	2.041	>1
Equity to capitalization ratio	Equity /(Long term debt + Equity) *100	85.8	77.3	>30%

Liquidity ratios

The company's liquidity ratios highlight the positioning of their values inside the comfort range and the positive evolution compared to the previous year, especially considering the establishment of the short-term bank deposit which, although expressing a good management of cash, slightly decreases the cash ratio. We also emphasize 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 brokerage agents, on the other hand, are regulated by law and methodologies. This tight control and monitoring of the cash flows characteristic to the insurance brokerage activity – between the insurers, Transilvania Broker and brokerage agents – together with a judicious internal management of the available cash and cash equivalents, have led to a high level of financial liquidity for the Insurer, as the current assets' value doubles the value of the debts to be paid within one year.

For end of 2020 financial year, as the Company's total assets increased similarly in absolute value compared to the Company's total debts, the leverage ratio stays at a relatively constant level, significantly above the comfort threshold. Also, although the share of equity in total permanent capital decreases from 85.8% to 77.3%, its positioning well above the comfort threshold of a healthy business strengthens the Issuer's high capacity of self-financing and debt payment.

d) Debt level

Risk indicators	Calculation formula	Dec.31st, 2019	Dec.31st, 2020	Bechmark
Long-term debt to capitalisation ratio	Borrowed capital/ Long-term capital *100	14.21%	22.7%	<50%
Debt to equity ratio	Total debt / Total assets*100	49.5%	48.99%	<80%



Risk indicators

Although the borrowed capital increases in the reporting period, compared to previous year, by 1,221.3 th lei (+ 122.2%), the increase of equity by 1,527 th lei keeps the share of long-term debts in total permanent capital significantly below the maximum comfort threshold, 50%. At the same time, the debt to equity ratio stays at the same level as in the reference period, considerably below the alert level. This reflects a low level of financial risk, a high capacity to pay committed debts and proper credit risk management. Also, the global debt to equity ratio and the structure of permanent capital indicate a continued easy access to financing on the money markets.

e) Margin and profitability ratios

Profitability indicators

The higher growth pace of the revenues as compared to expenditures, during the reporting period compared to the reference period, allowed for the slight increase of the profit margins. At the same time, the financial profitability and the return on long-term capital describe an increasing evolution, favorable in relation to the levels registered on December 31st, 2019. This aspect reflects the efficiency of the activity and the optimization of making the most of the Company's capitals, even in a challenging financial year, due to external conditions doubled by the continuation of implementation of the development strategy.

Profitability indicators	Calculation formula	2019	2020
		December 31 st	December 31 st
Operating profit margin	Operating profit / Sales *100	7.67%	7.90%
Net profit margin	Net profit / Sales *100	6.58%	6.88%
Return on equity ratio	Net profit / Equity *100	76.91%	88.30%
Return on long-term capital ratio	Net profit / Long-term capital *100	65.98%	75.75%

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 , 2019	December 31 st , 2020
Net cash from operating activities	1.863.202	1.882.781
Net cash from investment activities	-221.912	-3.955.235
Net cash from financing activities	-200.400	1.316.344
Cash and cash equivalents on January 1st	3.891.649	5.332.539
Net increase/ decrease of cash and cash equivalents	1.440.889	-756.110
Cash and cash equivalents on December 31st	5.332.539	4.576.429

Cash-flows

The available cash flow supports the economic development and the financial capacity to support the equity and borrowed capital as well. The cash and cash equivalents of the Company on December 31st, 2020 decreased by 14.18% compared to the previous reporting period.

Out of the *Operating activities*, the Company registered a positive cash flow of 1,882,781 lei, which highlights on 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.



Out of the *Investment activities* a negative cash flow of 3,955,235 is registered as a result of the payments made for purchase of tangible assets in a total amount of 1,980,094 lei, and the establishment of a bank deposit in the amount of 2,000,000 lei. The Company collected bank interest in the amount of 33,386 lei in the reporting period.

The financial activities of the Company generated a positive cash flow of 1,316,344 lei, due to the bank loan granted for the financing of tangible fixed assets acquisition, in the amount of 1,611,713. The payments made for the reimbursement of the borrowed funds amount to a total of 317,589 lei.

g) Market share

Market share

The Romanian insurance market portrays an increasing degree of intermediation in the last 3 years. According to the FSA report on the evolution of the insurance market in 2020 and over the previous years, the value of intermediated premiums increased by 9.1% compared to 2019, and the degree of intermediation reached 68.34%, with 5.44 pp higher than 2018. Also, for the first time in the last 5 years, the volume of gross premiums underwritten by intermediaries in the category of general insurance exceeded 80% of the total volume related to this class.

On this increasingly competitive market, Transilvania Broker de Asigurare S.A. holds 5.37% and maintains its fourth position in the ranking of the top 10 insurance brokers by the volume of intermediated premiums, at 0.35 p.p. distance from the competitor immediately ahead of him and by 0.20 p.p. in advance from the next insurance brokerage firm.

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:



- 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.

Sales network

The Company created a vast network of over 1,800 brokerage agents (both natural and legal persons) and 4 registered offices covering 38 counties at national level, besides Bucharest. The four registered offices are in:

- Sibiu, 10, Justiției street, Sibiu County;
- Bucharest, District 1, 59, Buzești street (A5/Ap.66);
- Pitești, 3, Intrarea Rozelor street, Arges County;
- Cluj Napoca, 22, Sarmisegetusa street, Cluj County.

Structure of Turnover

The volume of intermediated premiums in 2020 stayed on the upward trend set by the previous years. The 7.3% increase was supported mainly by the dynamics of classes A10 (motor vehicle liability insurance), A3 (insurance of land vehicles, excluding rolling stock) and A 8 (fire and natural disaster insurance) that exceeded by up to 3 p.p. the average market growth rates.

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

Premiums intermediated on insurance categories	2018	2019	2020	Variation 2020/2019 (%)
TOTAL, wherefrom:	349,708,971	393,284,515	421,875,528	+7.27%
Life insurance	2,465,091	4,025,699	5,159,487	+28.16%
General insurance, wherefrom:	347,243,880	389,258,816	416,716,041	+7.05%
Third-party vehicle liability insurance (ie RCA) (A X)	249,831,421	275,122,743	294,374,100	+7.00%
Land vehicle insurance (ie CASCO) (A III)	43,720,492	50,324,316	55,497,055	10.28%
Fire and natural calamities (A VIII)	24,818,035	28,748,321	32,074,045	11.57%
Damages of real estate (A IX)	7,079,207	8,274,314	9,134,082	10.39%
General third-party liability (A XIII)	6,481,311	7,967,219	8,636,902	8.41%
<i>Other categories of general insurance</i>	<i>15,313,414</i>	<i>18,821,903</i>	<i>18,821,903</i>	22.91%

Source: Transilvania Broker

Life insurance premiums kept the increasing trend both as volume and as share of the total of intermediated premiums. For the past three years, the share of life insurance in the total of intermediated insurance policies raised from 0.3% in 2017 to 1.22% in 2020. For Transilvania Broker, life insurance policies remain a segment that has an extremely generous potential and constitute as a priority for the Company's management.



Out of the general insurance policies, all main categories recorded increasing trends: the vehicle third liability insurances (RCA) increased by 7% as compared to year 2019, with 2 p.p. ahead of the market average, and contributed with 70% to the increase of lei 27.5 mil of the volume of intermediated insurance premiums in general insurance category. At the same time, the categories of optional insurance showed significant increases: the value of general civil third-party liability insurance premiums increased by 8.41%, compared to the average market growth rate of 5.38%, followed by insurance against real estate damages (+ 10.4%), insurance against fire and natural calamities (+ 11.6%) and land vehicle insurance i.e. CASCO, (+ 10.3%).

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 2020 the Company completed the process of implementation and development of the new Customer Relationship Management (CRM) system, as well as the improvement of the online intermediation platform facilitating online sales - a segment that has a tremendous development potential on the Romanian insurance intermediation market.

1.3. Assessment of sales activity

Evolution as
compared to
the market

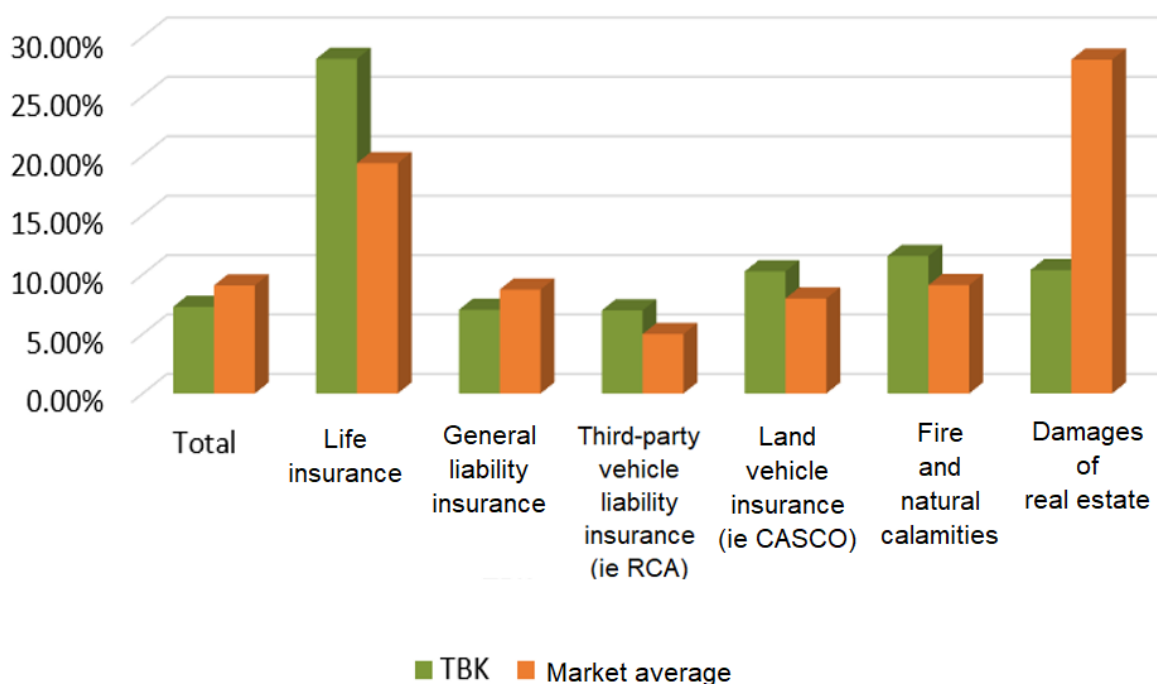
According to the annual report issued by FSA- [The Evolution of insurance market in Romania](#)², the level of total subscribed volume of intermediated insurance premiums was of 68.3% in 2020, with 2.79 p.p higher than the previous year. This led to a total volume of intermediated premiums by 9.1% higher than in 2019, while the average commission fees level remained at 17.75%, very close to the level calculated for 2019 (17.74%).

The volume of intermediated premiums increased significantly for the life insurance category (+ 19.4%) and by (+ 8.7%) for the general insurance category, while the degree of intermediation reached 12.93% in the life insurance category and 81.6% for the general insurance category.

The average commission fee applied by Transilvania Broker in 2020 was 18.2%, higher than previous year (17.78%), and superior as compared to the average commission fee of the whole brokerage market (17.75%), while increases in the volume of intermediated premiums on most of the main classes of insurance exceed the rates registered on the market (fig.2)

Fig. 2. Variation of intermediated insurance by categories, 2020 / 2019, Transilvania Broker de Asigurare S.A. vs average of corresponding market

² ASF, 2021, [Raport privind evoluția pieței asigurărilor, anul 2020](#), București,



Source: Transilvania Broker, FSA Report

Split by categories, the vehicle third-party liability insurance (RCA) class retains its share of 70% of the total volume of intermediated premiums, followed by insurance for land vehicles excluding rolling stock (13.15%) and the class of insurance for fire and natural calamities (7.6 %). The comparative analysis of the structure of sales of general insurance premiums and of the dynamics of categories as compared to the industry reveals a competitive advantage for the mandatory vehicle third- party liability insurance. Also, obvious tendencies of accelerated increase are visible in the case of insurance against fire and other natural calamities, real estate damages and other niche insurance, for the aim of reaching new competitive advantages.

Market shares.
Competition

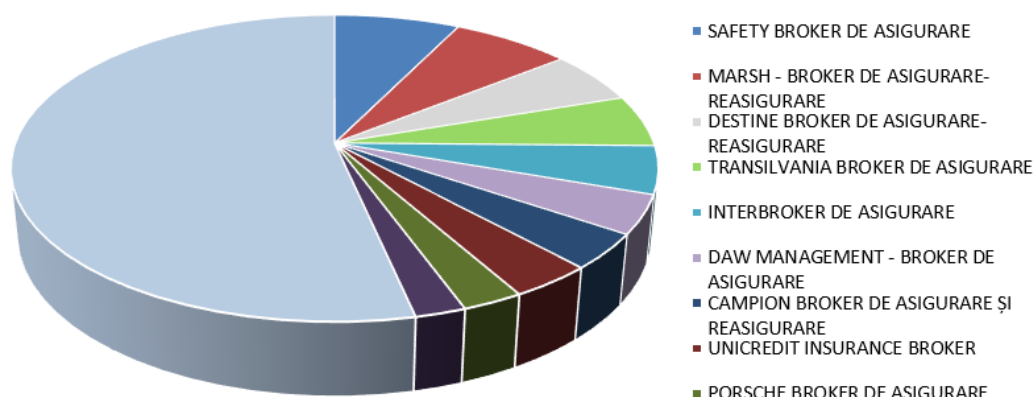
According to the FSA report mentioned above, Transilvania Broker de Asigurare S.A. maintains its fourth position in the ranking of the top 10 insurance brokers by the value of intermediated premiums, with a market share of 5.37%. In the category of general liability insurance classes, the market share is 5.56%. The best position, from a competitive point of view, is the vehicle third-party liability insurance class, where the market share is 7.67%. With respect to life insurance (C1 and C3 classes), Transilvania Broker contributed, in 2020, by 0.37%.

Insurance category / Market share	2019 (%)	2020 (%)
Total	5.46%	5.37%
General insurance	5.59%	5.56%
Vehicle third-party liability (ie RCA)	7.52%	7.67%
Land vehicle insurance (ie CASCO)	2.96%	2.99%
Fire and natural calamities	4.97%	5.08%
Real estate damages (other)	3.68%	3.18%

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 premiums intermediated, 2020



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 2019 – 2020 is contained in the table below:

Number of employees (end of year)	2019	2020
Economists	19	20
IT Experts	1	1
Legal advisors	3	4
Others - long-term higher education	7	10
Others - short- term higher education	2	2
Secondary education (technical profile)	0	1
TOTAL	32	38

Within 2020 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 Company's management intends to develop the presence on the Bucharest market of insurance intermediaries, investing in personnel and promotion in this regard. At the level of operational processes and interactions between clients and the Company, on the one hand, but also between brokerage agents and back office function, Transilvania Broker will continue to implement the digitalization and the development of projects of the online sales / intermediation segment, for the direct benefit of its collaborators and customers.

Among the most important targeted projects are the following:

- **The online issuing platform** - the online sales platform currently active for vehicle liability insurance, will gradually include more and more types of policies, a tool through which the network of collaborators will be able to expand their customer portfolio in the online area; it is planned to become fully operational by March 2021;
- **The Brandkit project (in dashboard)** - on the one hand, it will allow collaborators to request and use free promotional materials and, on the other hand, it will provide them access to complex promotional materials (planners, banners, etc.) which they will be able to customize and use for a fee. This is also due to be launched March 2021;
- **The training platform** - this will provide collaborators with information and training materials, from basic courses to training in complex insurance products, live courses and conferences with specialists in complex insurance;
- **Optimizing the investor relations**, to which transparency, consistency and continuity of communication are key elements, on which the company's management will mainly focus in 2021.

1.5.2. Trends and factors from the external environment

In the context of global developments associated with the COVID-19 pandemic, the management of the Company and those responsible for governance analyzed the expected impact over the projected operational performance during 2021, using scenarios similar to those considered in the first part of the previous year. The evaluations made were the basis for the projection of the income and expenditure budget for the current year, which will be submitted to the approval of the General Meeting of Shareholders.

According to these assessments, the management of the Company does not expect a substantial reduction of income from the distribution activity, during 2021, as a result of the pandemic evolution. This statement is supported by: (i) an increase in net profit of approx. 15% in 2020, compared to the previous reporting period, respectively (ii) an exceedance of over 8% of the total estimated revenues for 2020, according to the Income and Expenditure Budget approved by the Ordinary General Assembly Resolution no. 10 / April 28th, 2020.

These developments confirm the value judgments issued in the first part of 2020, according to which a significant adjustment in the Company's profitability level was not anticipated, in the context of the pandemic evolution. At the same time, in the context of an improvement in financial performance in 2020 compared with the previous reporting period, the position of management and those responsible for governance is maintained, according to which the expected impact of the adverse economic consequences generated by the COVID-19 pandemic does not affect the Company's ability to distribute dividends, in accordance with the stated policy.



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, 2020 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 the the Company accomplishes its targets:

- *Code of Business Conduct and Ethics* with insights on the business scope of the Company as well as with provisions for compliance with legislation in force and specific methodologies;
- *Mechanisms created for personnel to be able to alert the Executive Management or the Board of Directors* regarding violation of the business conduct and other defaults, with no reservations due to potential consequence;
- *A set of operational policies and procedures* to ensure functional working of all departments of the Company;
- *A risk management system* covering also the necessary and sufficient resources for permanent identification, assessment, checking and supervision of risks;
- *Internal controlling procedures* that ensure the implementation of a risk management system which covers significant risks and thus 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 book keeping and provision in due time of trustful and reliable data with regards to financial and management divisions.

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

The management of financial risk is part of the financial planning and controlling activity and is always the subject of strategical decisions to continuous aligning to the internal and external conditions, both consistently changing. The very nature of financial decisions involves lack of certainty. Financial



decisions are taken depending on future cash flows that are uncertain by default. Risk is consequently inherent to financial decisions.

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

a) Market risk (currency, interest, 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:

➤ Currency exchange risk

The Company is not exposed to this risk, as the company's activities are carried out almost entirely on the internal market. The closed economic relations, liable to record losses due to the change in the exchange rate of the currency in 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 ongoing financial leasing contract).

➤ Interest rate risk

The company is exposed to the risk of interest rate fluctuations along with the contracting, at the end of 2018, respectively in 2020, of loans for investments with a variable interest rate. The Company's exposure to the risk of changes in the interest rate on cash flows is partially offset by the cash placed in overnight bank deposits, for which the interest rate is also variable. The level of interest rate coverage out of the gross profits indicator, as per 2020, 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.

	2019	2020
Current Assets / Current Debt	2.016	2.130

There are no concerns about the Company's ability to meet future payment obligations, as current liquidity is on an increasing trend.

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 resources that are enough to pay liabilities when they are due, as well as to ensure a balance between payables and receivables.

The liquidity indicators are within the comfort interval and in a positive evolution as compared to the previous reporting period; this is inherent to the peculiarities of the insurance brokerage activity,



namely where there are legal and methodological provisions that regulate the compensation terms of liabilities to the insurers and of revenues from the brokerage agents.

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 risk of amounts not to be received. the guarantees offered ensure maximum security and the credit risk is minimal.

The Management analyses all debtors when setting for the credit thresholds, supervise on the former's conduct along with performing the contract and follows that due dates for payment of liabilities be complied with. In case of default of payment receipt, they take action in order to secure immediate in-cashing..

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 book value is 3,722,800 lei.

These buildings and land lots serving as registered office have a positive impact in terms of efficient organisation and performance of activities, on operational costs with rent fees, as well as with regards to the image of the company for the large audience. The Company owns also technical equipment, vehicles, appliances and furniture in the amount of lei 94,435 lei, by 49.5% higher than on 31.12.2017 and other appliances, equipment and furniture in the amount of lei 23,374, by 34.5% lower than previous year.

At cost value, the goods registered as technical equipment and vehicles increased with lei 216,765 lei reaching a total balance of lei 999,445, while the "Other appliances, machinery and furniture" increased with acquisitions amounting to 13,338 lei.

Amortisation

Within the reporting period the Company registered amortisation costs for the land and buildings in the amount of lei 49,988. The tangible assets of 'technical equipment and vehicles' type were amortised in the proportion of 71.3%, while the wear and tear level of appliances, machinery and furniture reached 82.7%. The management of the Company considers investment in the facilities but does not consider that the wear and tear level implies significant issues on the activity.

Consequently, the degree of wear and tear of the tangible assets owned by the Company does not raise significant problems on the performance of its activity. We also specify that there are no problems regarding the property right over the tangible assets owned by the Company.



3. The market for the securities issued by the Company

The 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 symbol.



TBK shares were on a positive ground for most of 2020, providing shareholders with an increase in the market value of their holdings of 50.4% on 31.12.2020, compared to the beginning of the period.

The price of a share varied between the minimum level reached on March 16th, 2020, at the level of 12.09 lei / share and the maximum pertaining to the December 29th, 2020 trading session, when the share was valued at 21.66 lei, 79% above the minimum.

Between January 1st, 2020 and December 31st, 2020, the average volume traded per session was 1,106 shares, 40% above that calculated for 2019, and the weighted average trading price was 15.28 lei / share.

Table no. 9. Evolution of price and liquidity of TBK shares within 01.01.2020 – 31.12.2020

Trading TBK shares	Min.	Max.	Average
Traded volume (shares)	3	10,256	791.5
Traded value (lei)	43	158,193	16,893.31
Closing price (lei / share)	12.09	21.66	12.71

Source: www.bvb.ro

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. 10 Rating multiples for the public listed Company – Transilvania Broker de Asigurare S.A.

Indicator	Calculation formula	January 3rd, 2020	January 4th, 2021	Variation
PER (price earning ratio)	Price per share / net profit per share	7.65	10.04	+31.2%
P/BV (price to book value)	Stock capitalisation / equities	5.88	7.08	+20.4%
EPS (earnings per share)	Net profits / no. of shares	1.86 (lei)	2.13	+14.5%
P/S (price to sales)	Stock capitalisation/ Turnover	0.50	0.69	+38%
DY (dividend yield)	Annual dividend per share/ Price of share	10.7%	8.03%	-24.9%

The rating multiples have values that reflect a favourable trend from the Investor's perspective. The price earning ratio (PER)- the period of time needed for a return on the investment in TBK shares increased to 10, a level considered attractive for the capital market.

The increase in the value of equities by 25.31% on 31.12.2020 compared to 31.12.2019 was exceeded by the positive evolution of the stock capitalization (+77%), indicating an important premium for an investor, in relation to the book value of the share (3 .02 lei).

The net profit/ share increased by 14.5%

At the time this report was drawn up, the TBK share was quoted on the Bucharest Stock Exchange at 28.8 lei, at a value of stock capitalisation of 72,000,000 lei, by 33% above the level registered in the beginning of 2021.

Dividends policy

Characteristic to the Company's dividends policy, the value of the dividend/share ratio continued to increase, from 1.28 lei for the financial year 2018, to 1.52 lei for the financial year ended 31st December 2019 and, respectively, to 1.72 lei/share for 2020 (+ 13.16%). Taking into account the relatively similar increase of this share price, the dividend yield (DY) staid slightly constant.

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

Table no.11. Dividends granted in the past 3 years

Corresponding financial year:	2018	2019	Proposal for 2020
Dividends' value (lei)	3,200,000	3,800,000	4,300,000

The Company commits to unconditionally comply to 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 found 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.

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 Assemblu (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

As a natural consequence of the Issuer's development and in view of an even better alignment with the good corporate governance practices, by the EGSA Resolution no. 11 / July 29th, 2020, the number of members of the Board of Directors increased from three to five. By December 31st, 2020, the members of the Board of Directors were:

- Dan Niculae – **Chairman and General Manager**. With an over 13 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 the date of this report he owned 768,606 shares, representing 30.74% 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 – **non-executive member** of the Board and main shareholder, with over 22 years of experience in the insurance industry whereof more than 13 years with Transilvania Broker. At the date of the report, Mr. Login held solely the position of member of the Board. Mr. Login owns 1,159,059 shares, representing 46.36% 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](#).

A total amount of lei 304,716 was granted to the members of the Board in 2020 related to their activities for the Issuer, in compliance with the [Remuneration Policy](#), as it is posted on the Company's website.

During the financial year 2020, the Board of Directors met in a number of ____ 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.

Audit Committee

According to the legal provisions in force, an Audit Committee is organised 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;
- 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 .2020.

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 Dan Niculae, also Chairman of the Board of Directors and
- The Executive Manager- Mr Ioan Cotiac. He is a shareholder of Transilvania Broker, owning a number of 1.063 shares at the date of drafting the report.

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 336,040 was granted to the executive management in 2020 related to their activities for the Issuer, in compliance with the Remuneration Policy, as it is posted 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 Directors has not been assessed withing financial year ended 31.12.2020. The Board of Directors (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.



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 BoD (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 BoD 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	x			



	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.				
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 BoD 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	x			



	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.				
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,	x			



	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.				
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)	2019 December 31 st	2020 December 31 st	Variation (%) 2020/2019	Share in Total Assets Dec.31st,2020
Fixed assets	2,040,516	4,060,086	+98.97%	27.4%
Intangible assets	8,636	11,886	+37.6%	0.08%
Tangible assets	2,019,710	4,027,501	+99.4%	27.2%
Financial assets	12,170	20,699	+70.1%	0.14%
Current assets	9,887,408	10,733,049	+8.6%	72.4%
Inventories	0	3,116	-	0.02%
Receivables, of which:	4,554,869	4,153,504	-8.81%	28.03%
Brokerage related receivables	920,990	843,018	-8.5%	5.69%
Other receivables	3,633,879	3,310,486	-8.9%	22.34%
Short-term investments	0	2,000,000	-	
Cash and bank accounts	5,332,539	4,576,429	-14.2%	30.9%
Prepayments	9,103	26,895	+195.5%	0.18%
TOTAL ASSETS	11,937,027	14,820,030	+24.2%	100%
DEBTS AND EQUITIES				
Financial position indicators (lei)	2019 December 31 st	2020 December 31 st	Variation (%) 2020/2019	Share in Total Liabilities Dec.31st,2020
Current debts	4,905,127	5,039,881	+2.8	34%
Bank loans	200,400	433,419	+116.3%	2.92%
Debts related to brokerage activity	4,116,732	3,939,878	-4.3%	26.6%
Other short-term debts	587,995	666,584	+13.2%	4.5%
Non-current debts	999,200	2,220,458	+122.2%	15%
Long-term loans	999,200	2,138,658	+114%	14.4%
Other long-term loans	0	81,800	-	
Total debts	5,904,327	7,260,339	+23%	49%
Share capital	500,000	500,000		3.37%
Reserves, wherefrom:	100,000	100,000		0.67%
Legal reserves	100,000	100,000		0.67%
Reported result	792,926	1,632,700	+2205.1%	11.02%
Result for the period	4,639,774	5,326,991	+17.2%	35.9%
Total equities	6,032,700	7,559,691	+31.3%	51%
TOTAL EQUITIES AND DEBTS	11,937,027	14,820,030	+20.9%	100%

End of year 2020, the current assets, which make up for the most part of total assets (72.4%), consist of cash and cash equivalents (representing 42.6% of current assets and 30.9% of total assets) and receivables (representing 38.7% of current assets and 28% of total assets).

The variation in cash and cash equivalents' values end of year 2020 as compared to the end of previous year (-14.2%) was mainly due to setting up of a short-term bank deposit in the amount of 2,000 th lei, a liquid asset, but with an investment component. Out of the total amounts in cash and bank accounts, the company's own cash represents 53.4%, while the amounts in transit to be settled with the insurers in a very short time, represent 46.6%. Out of the total own cash, 1,649.7 th lei represent the investment mortgage loan accessed for the purpose of purchasing the office in Bucharest.

In the Receivables assets category, the value of receivables pertaining to the brokerage activity in relation to both insurers and brokerage agents represent 98% of all receivables. The decrease of receivables by (-8.47%), as compared to the previous year, reflects the variation of the intensity of intermediation activity over the last settlement cycle.

The value of tangible assets, representing 99.2% of fixed assets and 27.2% of total assets, doubled due to the acquisition of the real estate in Bucharest, which led to an increase in the value of land by 918.1 th lei and of buildings, by 983.7 th lei. The Company also invested 163.9 th lei in means of transport and 59.2 th lei in other equipment. As per the amortisation adjustment, the value of fixed assets increases by 2,019.6 th lei, respectively by 99%.

In the Issuer's liabilities on the balance sheet, the debts, increasing by 23% compared to the previous year, contribute by 48.99% to the financing of the Company's assets. Against the background of equity increase, the share of debts in the total value of liabilities remains relatively constant, compared to 2019 (49.5%).

The Issuer's current debts, representing 69.4% of total debts and 34% of total liabilities, consist of 78.2% debts generated by brokerage activity, whose due payment terms are legally regulated by the specific insurance brokerage industry. As in the case of receivables generated by brokerage activity, the dynamics of current debts related to brokerage activity (-4.3%) reflect the variation of the intermediation activity over the last settlement cycle.

The amount of debts owed to credit institutions increased 2.1 times amid the increase in due date installments related to long-term bank loans, compared to the previous year, to which were added, in 2020, the obligations with a maturity of less than 1 year related to leasing contracts, amounting to 104.9 th lei on 31.12.2020. Debts to various creditors amount to 113.9 th lei, representing 2.26% of total current debts, while other tax debt owed to personnel and the public budget amount to 552.7 th lei, respectively 11% of total current debts.

Debt with due date greater than one year consists exclusively of the bank credits contracted over the last two financial years for the co-financing of the acquisition of tangible assets. The contracted credits were made for the purpose of changing the Company's registered office and for developing the business office in Bucharest. The contracting of the mortgage loan for investments made for the purpose of acquiring the real estate in Bucharest increased the value of long-term debts by 114% compared to 31.12.2019.

The Issuer's equity represents 51% of the Company's liabilities on 31.12.2020. It is by 25.3% higher as compared to 2019 and is generated by 1,632.7 th lei as retained earnings in 2020 (by 839.8 th lei more than in 2019), as well as by the result of the reporting period (5,327 th lei), by 14.8% higher than in 2019.

5.2. Financial performance evolution

Financial performance indicators				
(lei)	2019 December 31 st	2020 December 31 st	Variation (%) 2020/2019	Share in corresponding income / expense category (%), 2020
Operating revenues, wherefrom:	70,625,675	77,411,931	+9.6%	100%
Revenues from insurance brokerage activity	70,544,204	77,411,931	+9.6%	100%
Other operating revenues	81,471	0	0	0%
Operating expenditure, wherefrom:	65,218,384	71,296,051	+9.3%	100%
Expenses with commission fees for brokerage agents	60,045,230	65,510,256	+9.1%	91.9%
Expenses with third party service providers, wherefrom:	2,006,669	2,059,280	+2.6%	2.98%
<i>Advertising and marketing expenditure</i>	526,465	472,679	-10.2%	
<i>Other expenses with third party providers</i>	1,480,204	1,586,601	+7.2%	
Expenses with disposable and inventory materials	228,543	252,600	+10.5%	0.35%
Expenses with other taxes, fees and similar payments	104,302	101,278	-2.9%	0.14%
Expenses with personnel	2,542,601	2,975,915	+17%	4.17%
Expenses with amortisation	108,593	132,964	+22.4%	0.19%
Expenses with impairment of current assets	0	43,895	-	0.06%
Other operating expenses	182,446	219,863	+20.5%	0.31%
OPERATING RESULT	5,407,291	6,115,880	+13.1 %	-
Financial revenues	28,034	34,140	+21.8%	-
Financial expenditure	61,780	65,267	+5.6%	-
FINANCIAL RESULT	(33,746)	(31,127)	-	-
GROSS RESULT	5,373,545	6,084,753	+13.2%	-
Tax on profit	733,771	757,762	+3.3%	-
NET RESULT	4,639,774	5,326,991	+14.8%	-

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.

The operating expenditures increased in a slower pace than the revenues (+9.3%), which led to a positive gross operating result of 6,115.9 th lei, by 13.1% higher than the year before. The gross profit margin increased also from 7.67% last year, to 7.9% in 2020.

The expenditure with commission fees granted to brokerage agents, which concentrate 91.9% of total operating expenditure, increased, compared to 2019, at a slightly lower pace than the increase in revenues generated by the brokerage activity (+ 9.1% pp).

The Company's personnel attracted 4.2% of total operating expenses, respectively, 2,975.9 th lei, by 17% more than in 2019. This evolution reflects the intensive and extensive growth of the activity of Transilvania Broker.

The advertising and marketing costs represent the main category (23%) of the “expenditures with services provided by third parties”. Their value, amounting to 472.7 th lei, reflects the attention paid to the promotion of Transilvania Broker services. They are followed by IT development expenses (21%) amounting to 431.1 th lei, increasing by 11.6% compared to the previous year.

The value of the sponsorships oriented towards the needs of the health system and also for the social-educational projects supported by the Issuer increased by 17.8% in 2020 compared to 2019, reaching up to 210 thous. lei. Along with the funds allocated to Colentina Hospital as a solidarity gesture in the fight against COVID-19, Transilvania Broker was close to the Innocenti Foundation for Children with Disabilities, being the main sponsor of the St. Nicholas Gala. It also continued to support the children and youth’s football club, ACS Transylvania.

The financial incomes and expenditures which represent, in proportion of 97.8% and 94.9%, respectively, interest income and expenses, generated a negative financial result of (-31.127 th) lei.

The gross profit of 6,084.8 th lei, adjusted by the profit tax of 757.8 th lei has led to a positive net result of 5,327 th lei, by 14.8% higher than the reported profit by the end of 2019.

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.

The management of the Company acknowledges that the litigations in which the Company is involved at the date of the financial reporting shall not have a significant impact on the operations and financial position of the Company. However, there is an amount that needs to be considered as contingent liability: the amount claimed by Asirom Vienna Insurance Group S.A., in the form of compensation incurred as result of an erroneous issuance of an insurance policy. The financial claims are estimated at the amount of 2,117,833 lei, to which are added the related interests, which are not specified.

The Company Transilvania Broker de Asigurare S.A. won at first instance at the Court of Bistrița Năsăud. The appeal declared by Asirom Vienna Insurance Group S.A. was rejected in 2019, and Asirom Vienna Insurance Group S.A. declared an appeal to the High Court of Cassation and Justice.

During 2020, the High Court of Cassation and Justice admitted the appeal and annulled both the Decision of the Cluj Court of Appeal and the Resolution of the Court of Bistrița Năsăud, sending the case for retrial on the merits

to the competent court. At the date of authorization of the annual financial statements, the management of the Company considers that it is not necessary to recognize a provision for this litigation.

Chairman of Board of Directors

Dan Niculae



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

INDIVIDUAL FINANCIAL STATEMENTS

**on and for the financial year
ended on December 31st, 2020**

**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*

CONTENTS:

Page No.

Annual financial individual statements

Financial statement	3 - 5
Profit and Loss Account	6 - 8
Statement of changes in Equity	9 - 10
Cashflows Statement	11 - 12
Notes to annual financial individual statements	13 - 35

TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

FINANCIAL STATEMENT on
December 31st, 2020

Name	No. line	Balance on:	
		01.01.2020	31.12.2020
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	8,636	11,886
4. Commercial fund	4	0	0
5. Pending advance payment for intangible assets	5	0	0
TOTAL (lines 01 to 05)	6	8,636	11,886
II. TANGIBLE ASSETS			
1. Land and buildings	7	1,870,959	3,722,800
2. Technical equipment and machines	8	132,522	286,740
3. Other devices, equipment and furniture	9	16,229	17,961
4. Pending advance payment and intangible assets	10	0	0
TOTAL (lines 07 to 10)	11	2,019,710	4,027,501
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	12,170	20,699
TOTAL (lines 12 to 17)	18	12,170	20,699
INTANGIBLE ASSETS- TOTAL (lines 06 + 11 + 18)	19	2,040,516	4,060,086
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	0	3,116
TOTAL (lines 20 + 21)	22	0	3,116
II. ACCOUNTS RECEIVABLE			
1. Receivables as a result of distribution activity	23	920,990	843,018
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	3,633,879	3,310,486
6. Receivables related to unpaid subscribed share capital	27	0	0
7. Receivables related to dividends granted within the financial year	27a	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

TOTAL (lines 23 to 27+23a+27a)	28	4,554,869	4,153,504
III. SHORT TERM INVESTMENT			
1. Shares owned with affiliated companies	29	0	0
2. Other short term investment	30	0	2,000,000
TOTAL (line 29 to 30)	31	0	2,000,000
IV. CASH AND BALANCES WITH BANKING INSTITUTIONS	32	5,332,539	4,576,429
CURRENT ASSETS - TOTAL (lines 22 + 28 + 31 + 32)	33	9,887,408	10,733,049
C. EXPENSES IN ADVANCE	34	9,103	26,895
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	200,400	433,419
3. Debt related to distribution activity	37	4,116,732	3,939,878
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	587,995	666,584
TOTAL (lines 35 to 40)	41	4,905,127	5,039,881
E. NET CURRENT ASSETS/ NET CURRENT DEBT (lines 33 + 34-41-56)	42	4,991,384	5,720,063
F. TOTAL ASSETS MINUS TOTAL CURRENT DEBT (lines 19 + 42-55)	43	7,031,900	9,780,149
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	999,200	2,138,658
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	0	81,800
TOTAL (lines 44 to 49)	50	999,200	2,220,458
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	0
TOTAL (lines 51 to 53)	54	0	0
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, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

J. CAPITAL NAD 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	792,926
REPORTED	BALANCE D	74	0
VI. PROFIT OR LOSS	BALANCE C	75	4,639,774
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	6,032,700	7,559,691

The financial statements were endorsed on March 24th, 2021, 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, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

PROFIT AND LOSS ACCOUNT
on December 31st, 2020

Indicator	No. ln	Results of financial year	
		previous 31.12.2019	current 31.12.2020
1. Net turnover (lines 02+09+10-11+12)	01	70,544,204	77,411,931
1.1. Revenues from distribution activity (lines 03+08)	02	70,544,204	77,411,931
a) revenues from distribution of insurance and re-insurance contracts (lines 04+05+06+07)	03	70,544,204	77,411,931
a.1) consultancy services and proposal of insurance and re-insurance contracts	04	70,515,427	77,395,091
a.2) performance of preliminary actions for concluding contracts, negotiation with insurance and re-insurance companies for conclusion of contracts	05	0	0
a.3) assistance for management and execution of contracts, including claims for compensation	06	0	0
a.4) other actions related to distribution activities	07	28,777	16,840
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	81,471	0
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	70,625,675	77,411,931
6. a) Expenses with services supplied by third parties	19	2,006,669	2,059,281
wherefrom, expenses with collaborators	20	0	0
b) Expenses with consumable materials and inventory items	21	228,543	252,600
7. Commercial discounts received	22	0	0
8. Expenses with other taxes and assimilated duties	23	104,302	101,278
wherefrom, authorisation to function	24	70,550	75,385
9. Expenses with personnel (line 26+27)	25	2,542,601	2,975,915
a) Salaries and compensations	26	2,466,764	2,894,876
b) Expenses with social security and protection	27	75,837	81,039
10. Expenses with amounts to be paid to agents and auxiliary	28	60,045,230	65,510,256

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

agents			
11. Other operating expenses (lines 30 la 34)	29	182,446	219,863
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	178,466	219,863
11.5. Other operating expenses	34	3,980	0
12. Adjustment of values related to tangible and intangible assets (lines 36-37)	35	108,593	132,964
a) Expenses	36	108,593	132,964
b) Revenues	37	0	0
13. Adjustment of values related to current assets (lines 39-40)	38	0	43,895
a) Expenses	39	70,028	43,895
b) Revenues	40	70,028	0
14. Adjustment related to provisions (lines 42-43)	41	0	0
a) Expenses	42	0	0
b) revenues	43	0	0
OPERATING EXPENSES - TOTAL	44	65,218,384	71,296,051
(lines 19+21-22+23+25+28+29+35+38+41)			
OPERATING PROFITS OR LOSS			
Profit (lines 18-44)	45	5,407,291	6,115,880
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	28,034	33,386
wherefrom: earnings from affiliated companies	50	0	0
17. Other financial revenues	51	0	754
wherefrom: revenues from other financial assets	52	0	0
FINANCIAL REVENUES - TOTAL (lines 47+49+51)	53	28,034	34,140
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	61,780	61,932
wherefrom: expenses related to affiliated companies	58	0	0
20. Other financial expenses	59	0	3,335
FINANCIAL EXPENSES - TOTAL (lines 54+57+59)	60	61,780	65,267
FINANCIAL PROFITS OR LOSS			
Profit (lines 53-60)	61		
Loss (lines 60-53)	62	33,746	31,127
CURRENT PROFITS OR LOSS			
Profit (lines 18+53-44-60)	63	5,373,545	6,084,753
Loss (lines 44+60-18-53)	64	0	0
TOTAL REVENUES (lines 18+53)	65	70,653,709	77,446,071
TOTAL EXPENSES (lines 44+60)	66	65,280,164	71,361,318
21. GROSS PROFIT OR LOSS			
Profit (lines 65-66)	67	5,373,545	6,084,753

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

Loss (lines 66-65)	68	0	0
22. Tax on profit	69	733,771	757,762
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	4,639,774	5,326,991
Loss (lines 66-65+69+70)	72	0	0

The financial statements were endorsed on March 24th, 2021, 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, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

2019

Indicator		Balance on January 1st, 2019	Increase		Reduction		Balance on December 31 st , 2019
			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	34,399	3,958,526	3,958,526	3,200,000		792,926
	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	3,958,526	4,639,774		3,958,526	3,958,526	4,639,774
	Balance D	0					0
Distribution of profit		0					0
Total equity		4,592,925	8,598,300	3,958,526	7,158,526	3,958,526	6,032,700

The financial statements were endorsed on March 24th, 2021 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, 2020
(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 24th, 2021 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, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

Indicator	No. ln	Results of the reporting period	
		previous 31.12.2019	current 31.12.2020
CASHFLOW FROM OPERATIONAL ACTIVITY			
1. Cash received from distribution activity	1	364,014,252	389,996,712
2. Cash paid pertaining to the distribution activity	2	353,077,092	377,837,236
3. Cash received from different debtors	3	0	0
4. Cash paid to suppliers and different creditors	4	1,986,955	1,907,526
5. Cash paid to and on behalf of employees	5	2,546,140	2,973,609
6. Payments pertaining to special funds in the distribution activity	6	69,738	73,079
7. Other cash payments afferent to operational activity	7	623,158	861,342
8. Cash paid as dividends transferred to shareholders	8	3,043,975	3,610,585
9. Cash paid as interests pertaining to the loan	9	61,781	61,920
10. Paid tax on profits	10	742,212	788,636
NET CASH GENERATED FROM (PAID IN) OPERATIONAL ACTIVITY (lines 01-02+03-04-05-06-07-08-09-10)	11	1,863,202	1,882,781
CASHFLOWS OUT OF INVESTMENT ACTIVITY			
1. Cash paid for purchase of tangible and intangible assets	12	299,934	1,980,094
2. Cash received from sale of tangible and intangible assets	13	47,576	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	0	8,529
8. Cash received from reimbursement of loans granted to third parties	19	2,411	0
9. Cash paid for other short-term investments	20	0	2,000,000
10. Cash received from dividends generated by equity based financial instruments	21	0	0
11. Cash received from interests generated by debt instruments	22	0	0
12. Cash received from banking interests	23	28,034	33,386
NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY (lines 12-11-13+14-15+16-17+18+19+20+21)	24	-221,912	-3,955,235
CASHFLOWS RELATED TO FINANCING ACTIVITY			
1. Cash received from issue of shares or other equity	25	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
CASHFLOWS STATEMENT
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

based financial instruments			
2. Cash paid to owners in order to redeem the company's shares	26	0	0
3. Cash received from issue of bonds, debt securities or other loans	27	0	1,611,713
4. Cash paid to reimburse borrowed amounts	28	200,400	239,236
5. Cash received from funds borrowed from shareholders	29	9,260	22,220
6. Cash paid for reimbursement of amounts borrowed from shareholders	30	9,260	18,820
7. Cash paid for financial lease contracts	31	0	59,533
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	32	-200,400	1,316,344
(lines 23-24+25-26+27-28-29)			
CASH AND CASH EQUIVALENTS ON JANUARY 1ST	33	3,891,649	5,332,539
NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS (rd.10+22+30)	34	1,440,889	-756,110
CASH AND CASH EQUIVALENTS ON DECEMBER 31ST (rd. 31+32)	35	5,332,539	4,576,429

The financial statements were endorsed on March 24th, 2021, 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, 2020, 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, 2020 is as follows:

Shareholder Name	No. Shares	Nominal Value (lei)	Ownership quota (%)
GABRIEL LOGIN	1,158,064	231,612,80	46.3225
DAN NICULAE	768,526	153,705,20	30.7410
Natural persons	446,704	89,340,80	17.8681
Legal persons	126,706	25,341,20	5.0682
TOTAL	2,500,000	500,000,00	100.0000

² By the EGMS Resolution no. 13 / 21.12.2020, the amendment of the Articles of Association of the Company was approved by mentioning a new business location for the office (Bucharest, 1st District, 21D Elena Caragiani Street, Apt.1). The approval of the Financial Supervisory Authority (FSA), requested according to the applicable regulations (Norm 2018/19), regarding the new office headquarters, was not issued until the date of authorization of the annual financial statements as of 31.12.2020.

1.2. Corporate Governance

The members of the Board of Directors of Transilvania Broker de Asigurare S.A. for the period January 1st- December 31st, 2020, are as follows:

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

By the OGMS Resolution no. 12 / 29.07.2020, two more members were elected in the composition of the Company's Board of Directors, as follows:

- Gabriel LOGIN– Member;
- Erik BARNA – Member.

The increase in the number of Directors was decided for a better compliance with the relevant principles of corporate governance prescribed by the Bucharest Stock Exchange Code. Until the date of authorization of the annual financial statements, the approval of the Financial Supervisory Authority (FSA) regarding the new extended composition of the Company's Board of Directors has not yet been issued.

On December 31st, 2020, the management team of the company was comprised 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 undetermined 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 24th, 2021.

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, 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, 2020, 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, especially in the current context caused by the evolution of the COVID-19 pandemic. 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, 2020, the Company registered **net profits** in the amount of **5,326,991 lei**, with **net current assets** in the amount of **5,720,063 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, 2019 and December 31st, 2020 were :

Currency	December 31st, 2019		December 31st, 2020
LEU/EUR	4.7793		4.8694

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, 2020
(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, 2020, the company has a financial leasing contract underway, that was concluded in 2020 for a period of 5 years, having as object a means of transport with an entry value of 163,912 lei. As of December 31, 2020, the book value of this tangible fixed asset held under financial lease is 143,423 lei.

The company does not have any registered tangible assets purchased with installments payment.

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, 2019 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

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

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.

4. INTANGIBLE ASSETS

GROSS VALUE / Assets categories	Initial balance January 1st, 2020	Increase	Reduction		Final balance December 31st, 2020
			Total	wherefrom: scrapping	
Licenses and other intangible assets	75,612	12,074			87,686
TOTAL	75,612	12,074	0	0	87,686

AMORTISATION / Assets categories	Initial balance January 1st, 2020	Amortisation during the year	Amortisation of assets that were removed	Final balance December 31st, 2020
Licenses and other intangible assets	66,976	8,824		75,800
TOTAL	66,976	8,824	0	75,800

Accounting value	8,636			11,886
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Within 2020, the accounting value of elements of intangible assets' type (licenses and information technology softwares) increased by 38%, mainly as a result of licenses acquisitions. The total value of purchase of intangible assets in 2020 was 12,074 lei. The amortisation afferent to intangible assets was recognised by the Company at a level of 8.824 lei in 2020.

5. TANGIBLE ASSETS

GROSS VALUE / Assets categories	Initial balance January 1st, 2020	Increase	Reduction		Final balance December 31st, 2020
			Total	wherefrom: dismemberment and scrapping	

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

Land and buildings	1,910,011	1,901,829		0	3,811,840
Technical appliances and machines	782,680	216,765		0	999,445
Other appliances, equipment and furniture	90,429	13,338		0	103,767
Advance and under process tangible assets	0			0	0
TOTAL	2,783,120	2,131,932	0	0	4,915,052

AMORTISATION / Assets categories	Initial balance January 1st, 2020	Amortisation during the year	Amortisation of assets that were removed	Final balance December 31st, 2020
Land improvement workings	1,287	1,932		3,219
Buildings	37,765	48,056		85,821
Technical appliances and machines	650,158	62,547		712,705
Other appliances, equipment and furniture	74,201	11,605		85,806
TOTAL	763,411	124,140	0	887,551

Accounting value	2,019,710			4,027,501
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Within 2020, the accounting value of the tangible assets in the form of land and buildings doubled, as a result of the purchase of a land lot and a building in Bucharest, with a purchase cost of 1,901,829 lei. Investments in equipment, technical appliances and furniture implemented over the course of 2020 amounted to 230,103 lei. In 2020, no sales or scrappings of tangible assets took place.

The Company recognised as amortisation afferent to tangible assets the amount of 124,140 lei in 2020.

On December 31st, 2020 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, 2020	Increase	Reduction	Final balance December 31st, 2020
Guarantees and current receivables	12,170	8,529		20,699
TOTAL	12,170	8,529	0	20,699

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

ADJUSTMENT FOR DEPRECIATION	Initial balance January 1st, 2020	Increase	Reduction	Final balance December 31st, 2020
Guarantees and current receivables	0	0	0	0
TOTAL	0	0	0	0
Accounting value	12,170			20,699

7. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

Receivables categories	No. ln.	Balance on January 1st, 2020	Balance on December 31st, 2020	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:		4,554,869	4,153,504	4,153,504	0	0
Receivables related to distribution activity	1	920,990	886,913	886,913		0
<i>Adjustments for depreciation of receivables related to distribution activity</i>	2	0	-43,895	-43,895		
Receivables from affiliated companies	3	0	0	0		0
Advance payments for services provision	4	1,083,200	978,757	978,757		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	97,286	83,294	83,294		0
Receivables related to unpaid subscribed share capital	8	0	0	0		0
Receivables in relation to different debtors	9	2,514,373	2,309,414	2,309,414		0
<i>Adjustments for depreciation of receivables from different debtors</i>	10	-60,980	-60,980	-60,980		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.

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

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

registered in book keeping in the amount that cannot be recovered. On December 31st, 2020, 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 978,757 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 2021, namely 2,309,414 lei. Out of this, 98,439 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, 2020, and so adjustments for value depreciation of receivables in relation with other debtors are made in the amount of 60,980 lei.

Adjustments for depreciation of receivables	December 31st, 2019	December 31st, 2020
Beginning of reported period	131,007	60,980
Accrued during the year	0	43,895
Removed during the year	70,027	0
End of reported period	60,980	104,875

8. SHORT TERM INVESTMENTS

On December 31st, 2020, the short term investments in the amount of 2,000,000 lei are represented by a bank deposit established by the Company, which meets criteria of recognition in the category of short-term financial investments.

9. CASH AND CASH EQUIVALENTS

Indicator	December 31st, 2019	December 31st, 2020
Current balance with bank accounts (lei)	2,501,336	2,926,761
Deposit balance with bank accounts (lei)	2,830,493	1,649,662
Cash in the Company' treasury (lei)	711	7
Other titles(lei)	0	0
Cash advance payments (lei)	0	0
TOTAL	5,332,539	4,576,429

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

10. COMMERCIAL DEBT AND OTHER DEBT

Debt category	No. In.	Balance on January 1st, 2020	Balance on December 31st, 2020	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:		5,904,327	7,260,339	5,039,881	1,812,675	407,783
Loan out of bonds issue	1	0	0	0	0	0
Amounts owed to credit institutions	2	1,199,600	2,572,077	433,419	1,730,875	407,783
Debt related to distribution activity	3	4,116,732	3,939,878	3,939,878	0	0
Debt to affiliated companies	4	0			0	0
Debt related to lease contracts	5	0	104,937	23,137	81,800	0
Debt to suppliers and creditors	6	25,148	113,909	113,909	0	0
Debt to personnel	7	176,815	115,516	115,516	0	0
Debt to agents and auxiliary agents	8	31,989	34,425	34,425	0	0
Debt to social insurance budget	9	75,555	93,384	93,384	0	0
Debt to State Budget	10	213,887	214,804	214,804	0	0
Debt to special funds in the distribution activity	11	17,880	20,186	20,186	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	0	3,400	3,400	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	45,111	46,212	46,212	0	0

The liabilities of the Company on December 31st, 2020 mainly refer to debt towards insurance companies and were paid in January 2021, namely 3,939,878 lei (4,116,732 lei in 2019).

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 2020 is 999,200 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.

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

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, 2020, the balance of this loan is 1,572,877 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 2020, there is a financial leasing contract underway with a total debt of 104,937 lei, the maturity of which is as follows:

Financial Leasing Obligations	December 31st, 2019	December 31st, 2020
With maturity of over one year	0	23,137
With maturity up to one year	0	81,800
Total	0	104,937

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 46,212 lei on December 31st, 2020, 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

The Company did not consider it necessary to make any provisions for 2020.

12. SHARE CAPITAL

Indicator	December 31st, 2019	December 31st, 2020
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

13. RESERVES

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

Reserves	December 31, 2019	December 31, 2020
Legal reserves	100,000	100,000

14. DISTRIBUTION OF PROFITS

Indicator	Financial year ended on December 31st, 2019	Financial year ended on December 31st, 2020
Net profit to be distributed	4,639,774	5,326,991
Legal reserve	0	0
Other reserves	0	0
Compensation for reported loss	0	0
Dividends to be paid	3,800,000	4,300,000
Profit that is not distributed	839,774	1,026,991

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 1.026.991 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 GSA's Resolution.

15. NET TURNOVER

Type of revenues	December 31st, 2019	December 31st, 2020
Revenues from distribution activity, wherefrom:	70,544,204	77,411,931
Consultancy and proposal of insurance and/ or re-insurance contracts	70,515,427	77,395,091
Other distribution related activities	28,777	16,840
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

16. EXPENSES WITH PERSONNEL

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

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

Indicator	On December 31st, 2019	On December 31st, 2020
Expenses with personnel salaries	2,406,779	2,828,364
Expenses with meal vouchers granted to employees	59,985	66,512
Expenses with social insurance and security	22,226	17,975
Insurance contribution for employees	53,611	63,064
Expenses with training of employees	1,109	2,489
TOTAL, wherefrom:	2,543,710	2,978,404
Expenses with personnel in executive management	302,152	304,716

b) Board of Directors:

Name	Position	Gross payments during 2020
DAN NICULAE	Chairman	169,332
GABRIEL ALEXANDRU TUICA	Member	15,384
DANIELA TASIA DENES	Independent member	120,000
TOTAL		304,716

17. ANALYSIS OF OTHER EXPENSES AND OF OPERATING RESULT

a) OPERATING RESULT

Indicator	Financial year ended on December 31st, 2019	Financial year ended on December 31st, 2020
1. Net turnover	70,544,204	77,411,931
2. Costs of services performed (3+4)	62,888,033	68,816,645
3. Expenses related to main activity	62,659,490	68,564,045
4. Expenses related to auxiliary activities	228,543	252,600
5. Gross result afferent to net turnover (1-2)	7,656,171	8,595,286
6. Selling costs	1,306,387	1,331,054
7. General administrative expenses	1,023,964	1,148,353
8. Other operating revenues	81,471	0
9. Operating result(5-6-7+8)	5,407,291	6,115,880

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

b) OTHER OPERATING EXPENSES

Indicators	Year 2019	Year 2020
Expenses with energy and water	44,175	45,915
Expenses with maintenance and repairing workings	182,409	154,808
Expenses with royalties, lease and rents	157,291	122,525
Expenses with insurance premiums	83,724	96,700
Expenses with personnel's training	1,109	2,489
Expenses with third parties collaborators	0	0
Expenses with fees and commissions	0	0
Expenses with protocol, promotion and advertising	526,465	472,679
Expenses with transportation of goods and personnel	2,100	0
Expenses with travel and transfers	16,686	3,564
Expenses with post and telecommunication	181,060	176,181
Expenses with banking services and related	120,540	129,609
Other expenses with services provided by third parties	691,108	854,810
TOTAL	2,006,669	2,059,281

18. TAX ON PROFIT

Indicator	Year 2019	Year 2020
1. Accounting profit or loss	5,373,545	6,084,753
2. Items similar to income		
3. Legal reserve		
4. Income that is not taxable	70,028	0
5. Expenses that are not deductible	426,032	486,056
6. Difference in amortisation that is not fiscally deductible	3,039	6,989
7. Taxable profit / Fiscal loss for the reporting year (ln. 1+2-3-4+5+6)	5,732,588	6,577,798
8. Fiscal loss from previous years	0	0
9. taxable profit / Fiscal loss to be recovered in the next years(ln. 7-8)	5,732,588	6,577,798
10. Tax on current profit (ln. 9*16%)	917,214	1,052,448
11. Tax on the reinvested profit	0	0
12. Owed tax on profit (ln. 10-11)	917,214	1,052,448
13. Tax discount	0	84,196
14. Tax on profit owed for Q I + II + III	533,139	559,726
15. Expenses with sponsorships	183,443	210,490
16. Tax on profit owed at the end of reported period (ln. 12-13-14-15)	200,632	198,036

19. MISCELLANEOUS

Insight on relations with affiliated companies and other related parties

The Company does not own shares in other entities.

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 rents are in the amount of 122,525 lei, registering a decrease of 34,766 lei compared to 2019, due to the fact that the Company no longer pays rent for the business office in Bucharest, after purchasing buildings amid 2020. The expenses with rents refer to the business offices of the Company.

For the year 2020, the interest expenses related to the leasing contract are in the amount of 3,206 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.

Legal claims (contingencies)

The management of the Company considers that the litigations that are open at the date of the financial statements shall not have a major impact on the Company' operations and financial position. Yet, it is necessary to mention as contingency the amount claimed by Asirom Vienna Insurance Group S.A. in the form of compensation incurred as a result of an erroneous issuance of an insurance policy. The financial claims are estimated at the amount of 2,117,833 lei, to which will be added related interests, which are not specified. Transilvania Broker de Asigurare S.A. won in first instance at Bistrita Nasaud Court, the appeal endorsed by Asirom Vienna Insurance Group S.A. was rejected in 2019 and the latter filed for a new appeal to the High Court of Cassation and Justice. During 2020, the High Court of Cassation and Justice admitted the appeal and annulled both the Decision of the Cluj Court of Appeal and the Resolution of the Bistrița Năsăud Court, sending the case for retrial on the merits to the competent court. At the date of authorization of the annual financial statements, the management of the Company considers that it is not necessary to recognize a provision for this litigation.

Environmental Aspects

The Company is not aware of any potential negative impact of its activities on the environment which should be measured. The result of such potential effects is doubtful and the management of the Company does not consider necessary to make provisions for such potential expenses related to the environment.

Commitments- Guarantees granted to third parties

The Company offered 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

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO ANNUAL INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2020
(all amounts are in lei ("RON"), if not otherwise specified)

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 24th, 2020, 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 art.30 of the Accounting Law no. 82/1991

The annual financial statements were prepared on 31.12.2020 for:

Entity : Transilvania Broker de Asigurare S.A.

County : Bistrita-Nasaud

Adress : Bistrita, Calea Moldovei Street, no.13

Property form : 34 - joint stock company

Trade register number : J06/674/2006

Main activity (CAEN code and name): 6622- Activities of insurance agents and brokers

Fiscal identification code : 19044296

The undersigned Partiu-Vasilichi Oana Ancuta, assumes the responsibility for the preparation of the annual financial statements on 31.12.2020 and confirms that:

- a) The accounting policies used in preparing the annual statements are in accordance with the applicable accounting regulations ;
- b) The annual financial statements provide a true and fair view of the financial position, financial performance and other information relating to the business.;
- c) The legal person carries out its activity in conditions of continuity

Signature,
Mrs. Partiu-Vasilichi Oana Ancuta
Head of Accounting Department

INDEPENDENT AUDITOR'S REPORT

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

Report on auditing the annual individual financial statements

Opinion

- 1 We audited the enclosed individual financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. ("the Company"), with its registered headquarters in Bistrița, 13 Calea Moldovei St., Bistrița-Năsăud County, postal code 420096, Romania, identified by the unique fiscal registration code 190044296, namely: Financial Statement on December 31st, 2020, Profit and Loss Account, Statement of Changed in Equity and Cashflow statement pertaining to financial year ended December 31st, 2020 as well as a summary of the significant accounting policies and other notes to the financial statements.
- 2 The annual individual financial statements on December 31st, 2020 show:
 - Net assets/Total equity: 7,559,691 lei
 - Net profits of the financial year: 5,326,991 lei
- 3 We consider that the annual individual financial statements enclosed offer an "as it is" image of the financial position of the Company on December 31st, 2019, as well as of its financial performance and cashflows for the financial year ended, in compliance with the accounting regulations in force, namely the FSA Norm 36/2015 for the approval of accounting regulations regarding annual individual financial statements and annual consolidated financial statements applicable to insurance and/or re-insurance brokerage companies ("FSA Norm 36/2015").

Grounds for the opinion

We performed our audit proceedings in accordance with the International Standards on Auditing (ISA”), EU Regulation no. 537 of European Parliament and the Council (the “Regulation”) and Law 162/2017 (the “Law”). Our responsibilities on the basis of these standards are described in details under section “The auditor’s responsibilities in an audit on financial statements” of our report. We are independent with no connection to the Company, according to the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA Code”). We believe the audit proofs we have obtained are sufficient and adequate to supply us with a basis for our opinion.

Main audit aspects

4 The key audit aspects are those aspects which, on the basis of our professional reasoning, had the most important relevance for the audit on the financial statements of current period. These aspects were approached in the context of auditing the financial statement overall and we do not offer a separate opinion related to these aspects.

i) Revenue from insurance brokerage

Revenues from the distribution of insurance contracts represent the majority share (99.93%) in the total revenues generated by the Company during the reporting period. The selection, design and application of our audit procedures related to these revenues were the result of professional reasoning exercised in the context of a significant volume of transactions, relatively evenly distributed over the reporting period. Our attention was focused on the aspects regarding the completeness, the correct recognition and evaluation of these revenues. The audit procedures considered as appropriate responses in the circumstances of our audit included:

- examining the adequacy of the accounting policy used by the Company for the recognition and evaluation of revenues, in accordance with Norm 36/2015. A summary of the accounting policy is presented in paragraph 2.20 of Notes;
- detailed tests on the value of the commissions due to the Company from the distribution activity, by reconciliation with the percentages agreed with the insurers. In collecting our audit evidence we took into account the operational controls established by the Company to validate the amounts settled with the insurers;
- examining the proceeds from the insurance distribution activity, including after the balance sheet date in order to support the collection of receivables from insurers;

- obtaining written confirmations for the amounts due to the Company at the balance sheet date, representing commissions to be recovered from insurers.

ii) Expenditure with brokerage agents

The expenses regarding the amounts owed by the Company to the brokerage agents represent a significant component of the operational expenses registered during the reporting period (91.88%), with a major impact on the gross profit margin in the distribution activity. In testing these expenses, we had in mind prioritarily the compliance with the contractual clauses for the remuneration of brokerage agents, assumed by the Company's Management. Also, the existence and exhaustiveness, correct recognition and evaluation were criteria considered appropriate in addressing the expenses with brokerage assistants. Our responses included audit procedures such as:

- understanding the nature of the expenses with brokerage agents, by reference to the specifics of insurance distribution activities;
- reconciling the amounts due to the brokerage agents, in accordance with the contractual provisions in force;
- testing the effectiveness of internal control procedures regarding the authorization of payment amounts due to brokerage agents;
- examination of payments made to brokerage agents, including after the balance sheet date;
- obtaining written confirmations regarding the amounts recorded at the date of the balance sheet as a debt to brokerage agents, as well as for the annual rollings in relation to these entities.

iii) Litigations and disputes

In carrying out its activities, the Company is exposed to potential loss as a result of administrative procedures or Court resolutions. As well mentioned under article 19 "Miscellaneous" in the Notes on financial statements, the Company is part of a series of litigations with business partners or third parties.

Recognition of debts in the financial statements or their presentation as contingent debt in the explanatory noted to the financial statement inherently involve making professional reasoning and are based on a series of hypotheses, statement and assessments with significant impact.

The amounts referred to may be significant. Settlement of certain amounts in order to be recognised or presented as they are in the financial statements is a subjective process.

Our feedback pinpointed to good understanding of the risks of major distortion related to the assumptions the management of the Company make with regards to litigations and disputes. Our audit procedures aimed at, among others:

- receipt and assessment of the lawyers' opinion and the latter's approach together with the management and the internal legal advisor, with reference to the nature and progress of the litigation, as well as of potential exposures. We paid special attention to the litigation under progress with Asirom (action claim for the amount of 2,117,833 lei as compensation and interests), as it is mentioned under pages 34-35 in the notes to financial statements on December 31st, 2020;
- critical assessment of hypotheses and estimates of the Company related to litigations and disputes, debts or provisions that are recognised and the contingent debts presented in the financial statements;
- assessment of the degree in which the insight in the notes on the individual financial statements regarding litigations and disputes adequately present potential debt of the Company.

Other aspects

- 5 This report is exclusively addressed to the shareholders of the Company. Our audit was executed in order to be able to report to the shareholders of the Company on those aspects that must be reported on in a financial audit and not to any other respects. According to the law, we do not accept and do not take responsibility but to the Company and its shareholders for our audit, this report and our opinion.
- 6 The enclosed financial statement are not meant to present the financial position and operations' result in accordance with accounting regulations and principles accepted by countries or jurisdictions other than Romania. hence, the enclosed financial statements are not drawn out for the use of people that are not aware of the accounting and legal regulations in force in Romania, FSA Norm 36/2015 included.
- 7 This report was issued under the context of the Company's shares being admitted for transaction on the Bucharest Stock Exchange.

Other information – The Report of the Board of Directors

- 8 The administrators members of the Board of Directors are responsible with drawing up and presenting other information items. These comprise the report of the Board of Directors but do not include the financial statements and the auditor's report related to the financial statements. The administrators are responsible with preparing and presenting their report in accordance with provisions 427- 429 of FSA Norm 36/2015 and for the internal control proceedings that they deem necessary in order to get a report of the Board of Directors that would not have significant distortions as a result of fraud or error.

Our opinion on the financial statements does not include these pieces of information and, except for cases when it is otherwise expressly mentioned in our report, we do not issue any type of conclusion related to them.

With regards to the audit on financial statements as of December 31st, 2020, our responsibility is to read the information pieces rendered by the report of the Board of directors and appreciate if they are significantly inconsistent to the financial statements or to the knowledge we acquired during audit proceedings or if they seem to be in major distortion.

With regards to the report of the Board of Directors, we read it and we report if it is prepared in all its major sections in accordance to the FSA Norm 36/2015, articles 427- 429.

Exclusively on the basis of activities that must be undergone during auditing on financial statements, we conclude that:

- a) The information rendered in the Report for the financial year whose financial statements were prepared are in accordance, in all major aspects, to the financial statements;
- b) The Report of the Board of Directors was prepared, in all major aspects, in compliance with FSA Norm 36/2015, articles 427- 429.

Moreover, on the basis of our knowledge and understanding regarding the Company and its business field, acquired while executing the audit, we are bound to report if we identified any significant distortion in the Report of the Board of Directors also with regards to those pieces of information obtained before the date of this auditor's report. We have nothing to declare in this respect.

Responsibilities of the management and other people in charge with corporate governance with regard s to the financial statements

- 9 The management of the Company is responsible with drawing up the financial statements that would offer an "as it is" image of the Company, in compliance with FSA Norm 36/2015 and with having the internal control proceedings that they deem necessary to render financial statements with no major distortion, caused by either fraud or errors.
- 10 In preparing the financial statements the management is responsible with assessment of the Company capacity to continue its activity, with the presentation, if the case, of

the aspects pertaining to business continuity and with applying accounting practices according to this continuity principle, unless they either intend to wind up the Company or stop its operations or do not have any other realistic alternative.

- 11 The people in charge with corporate governance are responsible with supervision of the financial reporting performed by the Company.

Auditor's responsibilities in an audit on financial statements

- 12 Our objectives refer to obtaining a reasonable assurance related to the manner in which the financial statements, on the whole, are free of major distortions, caused by either fraud or error, as well as to issuing an auditor's report to contain our opinion. The reasonable assurance represents a high level of assurance but does not constitute a guarantee of the fact that an audit executed in accordance with ISA shall always detect a major distortion, if there is one. Distortions may be caused by either fraud or error and are considered significant if one can reasonably estimate that they would, by individual or consolidated manner, influence the economic decisions of the recipients.

- 13 As part of an audit in accordance with ISA, we follow a professional reasoning and maintain skepticism while performing the audit. We also:

- Identify and assess the risks of distortion of financial statements caused by either fraud or error, project audit procedures as a counteract to these risks and obtain enough and adequate audit grounds/ proofs in order to issue a sound base for our opinion. The risk of not detecting a major distortion caused by fraud is higher than of not detecting a distortion caused by error, as fraud may imply secret agreements, fake, intended omissions, false statements and avoidance of internal control proceedings.
- Understand the relevance of internal control proceedings for the audit in order to organise audit procedures that are adequate to the circumstances, but without setting as target to issue an opinion on the efficiency of the internal control proceedings for the Company.
- Assess the adequacy level of accounting practices used and the reasonable character of the accounting estimates and of corresponding presentations of information made by the management.
- Conclude on the adequacy level of utilisation by the management of the Company of accounting continuity principle and determine, on the basis of audit proofs obtained, if there is any major doubt with regards to the Company's capacity to continue its activity. If we identify a major doubt we have to point at it in the auditor's report related to the presentations contained in the financial statements or, if the very presentations are not adequate, we must change our

opinion. Our conclusions are grounded on the audit proofs acquired before the auditor's report. However, subsequent events or conditions may determine the Company not to continue its activity on the basis of continuity principle.

- Assess the presentation, structure and contents of financial statements, including information items disclosed and the way in which the financial statements reflect transactions and events contained in an "as it is" manner.
- 14 We inform the personnel in charge with corporate governance on the scope and timing of the audit, as well as on the main findings, including any major deficiencies of the internal control proceedings which we encounter while making the audit.
- 15 Also, we submit to the personnel in charge with corporate governance a statement related to our conformity to the code of ethics pertaining to independence and inform them on all relations and other aspects that might reasonably be considered as affecting our independence and, when it is the case, the corresponding measures taken.
- 16 Out of the aspects communicated to the personnel in charge with corporate governance we are the ones to conclude on the ones that had the greatest relevance in auditing the financial statements afferent to the current period and which are considered key aspects of the audit. These aspects are described in our audit report except for cases when law forbids disclosure or, extremely rarely, in case we consider that an aspect should not be contained in our report as its adverse consequences might reasonably exceed the benefits of public interests of such disclosure.

Report related to other legal and regulatory provisions

- 17 18. We were appointed by the Ordinary General Assembly of the Shareholders on June 8th, 2017 to audit the financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. for the financial year ended December 31st, 2019. Our audit mandate was renewed by the Resolution of General Assembly of Shareholders no.7 of April 23rd, 2019 for a period of 4 years, until July 25th, 2022 respectively. The total uninterrupted period of our mandate has been of 3 years, covering the financial years ended on December 31st, 2017 up until December 31st, 2020.

We herein confirm that:

- Our audit opinion is in accordance with the additional report submitted to the Audit Committee of the Company, which we issued on the same date with this very report. We kept our independence towards the Company while executing our audit.

- We did not provide the Company with forbidden non-audit services as they are described under article 5, paragraph (1) of the Regulation EU no. 537/ 2014.

The audit mission partner for whom this independent auditor's report was prepared is Ramona Neag.

On behalf of RAO AUDIT OFFICE S.R.L.:

registered in the Electronic Public Register with no. FA1237

Dr. Ramona Neag, Partner auditor

registered in the Electronic Public Register with no. AF2600

Tg. Mureş, March 25th, 2021