

Reg. No. 389 /25.11.2020

To,
Bursa de Valori București S.A.
The Financial Supervision Authority

CURRENT REPORT
According to Annex 12a of the ASF 5/2008 Regulation
on the issuers of securities and market operations

Date of the report	November 25 th , 2020
Name of the issuer	TRANSILVANIA BROKER DE ASIGURARE S.A.
Registered office:	Bistrita, Calea Moldovei no. 13, Bistrița-Nasaud County
Phone / Fax number	0263-235900/ 0263-235910
Unique code registered with the Office of the Trade Register	19044296
Registration no. with the Trade Register	J06/674/2006
Subscribed and paid up capital	500.000 RON
Regulated market	Sight regulated market, Main Segment, Standard Category

I. Important event to be reported

- a) *Changes for the control on the issuer - **not applicable;***
- b) *Substantial acquisitions or disposals of assets - **not applicable;***
- c) *Insolvency procedure, respectively legal reorganization or bankruptcy - **not applicable;***
- d) *Transactions as listed in art. 82 of Law no. 24 / 2007- **not applicable;***
- e) ***Other events: Completion of the report of the third quarter of 2020, with Explanatory Notes, in accordance with the provisions of Article 96 of the BVB Code.***

TRANSILVANIA BROKER DE ASIGURARE S.A. as issuer of securities on the regulated market, according to the provisions of article art.96 of the BVB Code, completes the Q3, 2020 Report with the Explanatory notes to the third quarter accounting reports drafted on September 2020.

**Annex: EXPLANATORY NOTES TO THE THIRD QUARTER ACCOUNTING REPORTS
DRAFTED ON 30 SEPTEMBER 2020**

Trading company TRANSILVANIA BROKER DE ASIGURARE S.A.

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Chairman of the Board of Directors

EXPLANATORY NOTES TO THE THIRD QUARTER ACCOUNTING REPORTS

DRAFTED ON 30 SEPTEMBER 2020

1. Intangible Assets

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

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

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

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

2. Tangible assets

Cost / Evaluation

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

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

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

Depreciation

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that replaces the cost. Depreciation is recognized in profit or loss using the straight-line

method for the estimated useful life of each component of an item of the tangible assets. The useful life for the reporting period are as follows:

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

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

Tangible assets held under financial leasing or purchased in installments

On 30.09.2010, the Company has registered tangible assets held based on a financial leasing contract representing transport means amounting to 157,082 RON.

Derecognition

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

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

3. Financial assets

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

Resumption of adjustments for depreciation

The loss by depreciation related to an investment made by the Company in securities or a receivable is resumed when the subsequent increase in the recoverable amount may be related to an event that occurred after the loss from depreciation was recognized.

In the case of other assets, an adjustment for depreciation is resumed in the case there is a change in the estimates used to determine the recoverable value.

4. Commercial receivables

Trade receivables are recognized and recorded at the initial amount to be received less the adjustments for depreciation for the non-collectible amounts. The adjustments are made when

there is evidence that the Company will not be able to collect receivables on the initially agreed maturity. Non-collectible receivables are recorded as expenses when they are identified.

5. Cash and equivalent in cash

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

6. Financial debts

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

7. Provisions

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

8. Share capital

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

9. Legal reserves

Legal reserves represent 5% of the gross profit at the end of the financial year until the total legal reserves reach 20% of the paid-up share capital in accordance with the legal provisions. On 30.09.2020, the Company has a legal reserve at the level required by the regulatory documents, respectively 20% of the share capital.

10. Securities

The securities used by the Company are made mainly of cash, receivables, debts. This kind of instruments are evaluated according to the accounting policies specifically presented above in Note 2.

11. Income recognition

Operating incomes

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

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

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

Incomes from the sale of goods

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

Incomes from royalties, rents and interests

These are recognized as follows:

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

12. Taxes and duties

The company has tax on the current profit, according to the Romanian legislation in force on the date of the financial situations. The debts related to taxes and duties are recorded in the period to which they relate.

13. Accounting errors

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

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

14. Currency conversions

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

The RON / EUR exchange rates on 1 December 2019 and 30 September 2020 were as follows:

Currency	31 December 2019	30 September 2020
RON / EUR	4.7793	4.8698

15. INTANGIBLE ASSETS

GROSS VALUE / Assets elements	Initial balance 1 January 2020	Increases	Decreases		Final balance 30 September 2020
			Total	Of which: receipts	
Licenses and other intangible assets	75,612	7,107			82,719
TOTAL	75,612	7,107	0	0	82,719

DEPRECIATION/ Assets elements	Initial balance 1 January 2020	Depreciation during the year	Depreciation for the assets taken out of evidence	Final balance 30 September 2020
Licenses and other intangible assets	66,976	6,972		73,948
TOTAL	66,976	6,972	0	73,948

Book value	8,636			8,771
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The total value of the acquisitions of intangible assets achieved in the first nine months of 2020 was of 6,972 RON. The depreciation related to the intangible assets recognized by the Company in the first nine months of 2020 is 6,972 RON.

16. TANGIBLE ASSETS

GROSS VALUE / Assets elements	Initial balance 1 January 2020	Increases	Decreases		Final balance September 2020
			Total	Of which: Dismantling and scrapping	
Lands and buildings	1,910,011	1,899,313	0	0	3,809,324
Technical installations and machines	782,680	187,342	0	0	970,022
Other installations, devices and fixtures	90,430	0	0	0	90,430
Advance money and pending tangible assets	0	0	0	0	0
TOTAL	2,783,121	2,086,655	0	0	4,869,776

DEPRECIATION Assets elements	Initial balance 1 January 2020	Depreciation during the year	Depreciation for the assets taken out of evidence	Final balance 30 September 2020
Landscaping	1,287	1,449	0	2,736
Buildings	37,765	31,974	0	69,739
Technical installations and machines	650,158	45,285	0	695,443
Other installations, devices and fixtures	74,201	8,703	0	82,904
TOTAL	763,411	87,411	0	850,822
Book value	2,019,710			4,018,954

In the first three quarters of 2020, the investments in land and construction are of 1,899,313 RON; the investments in equipment, technical installations and means of transport made in the first nine months of 2020 were of 187,342 RON.

The value of depreciation recognized by the Company in the first three quarters of 2020 for tangible fixed assets is of 87,411 RON.

17. FINANCIAL ASSETS

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

GROSS AMOUNT	Initial balance 1 January 2020	Increases	Decreases	Final balance 30 September 2020
Guarantees and long-term receivables	12,170	0	0	12,170
TOTAL	12,170	0	0	12,170

DEPRECIATION ADJUSTMENTS	Initial balance 1 January 2019	Increases	Decreases	Final balance 30 September 2020
Guarantees and long-term receivables	0	0	0	0
TOTAL	0	0	0	0

Book value	12,170			12,170
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18. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

Receivables elements	Row no.	Balance on 1 January 2020	Balance on 30 September 2020	Liquidity term		
				Below 1 year	1 - 5 years	Over 5 year
0	1	2	3 = 4 + 5 + 6	4	5	6
TOTAL RECEIVABLES (rows 1 - 8 - row 9+row 10+row 11), of which:		4,567,039	4,923,319	4,923,319	0	0
Receivables related to the distribution activity	1	920,990	806,319	806,319	0	0
Amounts to receive from affiliated entities	2	0	0	0	0	0
Advance money for services rendered	3	1,083,200	487,342	487,342	0	0
Advance money granted to the personnel and assimilated receivables	4	0	0	0	0	0
Receivables to the state budget	5	0	0	0	0	0
Receivables to the social insurance budget	6	97,286	74,798	74,798	0	0
Receivables related to the subscribed and unpaid share capital	7	0	0	0	0	0
Receivables from various debtors	8	2,514,373	3,615,840	3,615,840	0	0
Adjustments for the depreciation of receivables from various debtors	9	-60,980	-60,980	-60,980	0	0
Settlement from operations pending to be clarified	10	0	0	0	0	0

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

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

19. CASH AND CASH EQUIVALENTS

Indicator	31 December 2019	30 September 2020
Current and collector accounts at banks (RON)	2,501,336	4,536,996
Deposit accounts (RON)	2,830,493	2,000,000
Cash in the cashier's office (RON)	711	553
Other values (RON)	0	0
Treasury advance money	0	0
TOTAL	5,332,539	6,537,549

20. TRADE DEBTS AND OTHER DEBTS

Debts elements	Row no.	Balance on 1 January 2020	Balance on 30 September 2020	Maturity date		
				Below 1 year	1 - 5 years	Over 5 year
0	1	2	3 + 4 + 5 + 6	4	5	6
TOTAL DEBTS (rows 1 - 15), of which:		5,904,327	9,246,825	8,309,745	937,080	0
Bond issue loans	1	0	0	0	0	0
Amounts owed to credit institutions	2	1,199,600	1,049,300	200,400	848,900	0
Receivables related to the distribution activity	3	4,116,732	5,896,783	5,896,783	0	0
Amounts owed to affiliated entities	4		0	0	0	0
Debts from leasing contracts	5	0	110,680	22,500	88,180	0
Debts to the suppliers and various creditors	6	25,148	1,622,581	1,622,581	0	0
Debts to personnel	7	176,815	196,400	196,400	0	0
Amounts owed to assistants and auxiliary assistants	8	31,989	47,298	47,298	0	0
Debts to the social insurance budget	9	75,555	88,303	88,303	0	0
Debts to the state budget	10	213,887	173,772	173,772	0	0
Debts to special funds in the distribution activity	11	17,880	19,409	19,409	0	0
Debts with other taxes, fees and assimilated payments	12	0	0	0	0	0
Debts with the amounts to be refunded to the shareholders	13	0	0	0	0	0
Debts with the dividends due to the shareholders	14	1,610	1,610	1,610	0	0
Settlement from operations pending to be clarified	15	45,111	40,689	40,689	0	0

The Company's debts on 30 September 2020 relate mainly to debts to insurance companies, amounts settled in October 2020.

The debts to financial-banking institutions are represented by a long-term loan in the amount of 1.400.000 RON contracted by the Company in 2018, of which the amount remaining to be repaid on 30 September 2020 is 1,049,300 RON. The loan is repaid in equal installments for 84-month period, the final maturity being on 01.12.2025. The interest rate is set based on the 6-month ROBOR index and the bank's margin. This loan was contracted to finance the acquisition of a building (the current headquarters of the Company) and 2 plots of land, totaling 1.698.272 RON. The company provided the following guarantees for the loan received: security on bank accounts opened with the bank; real estate mortgage on the construction and the 2 plots of land.

The debts to the state budget, representing taxes and fees due, refer to amounts paid at the due dates for these obligations.

The obligations towards personnel and social security budgets are presented according to their purpose.

21. PROVISIONS

The Company did not deem necessary to set up provisions on 30 September 2020.

22. SHARE CAPITAL

Indicator	31 December 2020	30 September 2020
Value of the subscribed and paid share capital (RON)	500,000	500,000
Number of ordinary shares	2,500,000	2,500,000
Nominal value (RON/share)	0,20	0,20

23. RESERVES

Reserves	31 December 2019	30 September 2020
Legal reserves	100,000	100,000

24. NET TURNOVER

Nature of the achieved incomes	30 September 2019	30 September 2020
Incomes from the distribution activity, of which:	52,664,461	57,226,201
Incomes from counseling and proposal of insurance and/or reinsurance contracts	52,643,853	57,212,154
Other activities related to the distribution activity	20,608	14,047

Incomes from the creation of insurance products in association with insurers	0	0
Incomes from the organization of professional training courses in insurance and re-insurance	0	0
Commercial discounts granted	0	0
Incomes from royalty, commercial leasing and rentals	0	0

25. EXPENSES WITH PERSONNEL

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

Indicator	Value on 30 September 2019	Value on 30 September 2020
Expenses with the employees' remuneration	1,739,183	2,018,734
Expenses related to lunch vouchers granted to employees	44,558	48,281
Expenses with insurance and social insurance	14,892	11,675
Labor insurance contribution	39,264	45,472
Expenses with personnel training	789	2083
TOTAL	1,838,686	2,126,245

26. ANALYSIS OF OTHER EXPENSES AND OF THE OPERATING OUTCOME

a) Operating outcome

Indicator	Accounting reporting on 30 September 2019	Accounting reporting on 30 September 2020
1. Net turnover	52,664,461	57,226,201
2. Cost of the goods sold and services rendered (3+4)	46,918,918	50,491,583
3. Costs related to the core activity	44,755,454	48,594,188
4. Costs related to auxiliary activities	2,163,464	1,897,395
5. Gross outcome related to the net turnover (1-2)	5,745,543	6,734,618
6. General administrative expenses	1,837,897	2,124,162
7. Other operating income	0	612
8. Operating outcome (5-6+7)	3,907,646	4,611,068

b) Other operating expenses

Indicators	Value in the three quarters of 2019	Value in the three quarters of 2020
Energy and water expenses	33,469	33,693
Expenses on maintenance and repairs	178,437	23,557
Royalties, commercial leasing and rental expenses	126,998	95,985
Insurance premiums expenses	59,093	73,384
Expenses with personnel training	789	2,083
Expenses with collaborators	0	0
Expenses on royalties and fees	0	0
Protocol, advertising and publicity expenses	458,897	326,902
Transport of goods and personnel expenses	2,100	0
Expenses with travels, assignments and transfers	10,003	2,141
Postage and telecommunications expenses	134,611	134,727
Expenses with bank services and assimilated services	87,186	88,788
Other expenses with third party services	524,379	572,367
TOTAL	1,615,962	1,353,627

27. Tax on profit

Indicator	Value in the three quarters of 2019	Value in the three quarters of 2020
1. Gross profit or loss (a)	3,352,471	4,038,503
2. Elements similar to incomes	0	
3. Legal reserves	0	
4. Non-taxable incomes	0	0
5. Non-deductible expenditure	809,640	815,570
6. Difference of financially non-deductible depreciation	3,039	4,659
7. Taxable profit / fiscal loss for the reporting year (row 1+2-3-4+5+6)	4,165,150	4,858,732
8. Fiscal loss from the previous years	0	0
9. Taxable profit/ fiscal loss to be recovered from the previous years (row 7-8)	4,165,150	4,858,732
10. Current tax on profit (row 9+16%)	666,424	777,397
11. Tax related to reinvested profit	0	0
12. Tax on due profit (row 10-11)	666,424	777,397
13. Tax on profit due for 1st and 2nd quarters	533,139	621,918
14. Expenses with sponsorship	133,285	155,479
15. Bonus 10%	0	62,192
15. Bonus 10%		
16. Tax on profit due at the end of the period	533,139	559,726

28. FURTHER INFORMATION:

Information on the relation with affiliated entities and other related parties

The Company does not have contributions in other entities.

Expenses with rentals and leasing

The Company has a financial leasing contract. On 30 September 2020, the balance of the loan is of 110.680 RON.

The expenses with rentals are of 95.985 RON. The rentals are related to the locations used by the Company as secondary offices.

29. Aspects related to the environment

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

30. Commitments - Guarantees granted to third parties

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

- Movable guarantee on the bank accounts opened with the bank;
- Real estate guarantee on the land with an area of 100 sqm, cadastral no. 8452, registered in the Land Book no. 61938 of Bistrita Municipality;
- Real estate guarantee on the urban land with an area of 500 sqm, cadastral no. 56884 and the construction built on it, cadastral no.56884-C1, building registered in the Land Book no. 56884 of Bistrita Municipality.

Chairman of the Board of Directors
Mr. Dan Niculae

Prepared by
Mrs. Pârțiu Vasilichi Oana
Head of the Accounting Department