



2020 QIII REPORT

TRANSILVANIA BROKER DE ASIGURARE S.A.

Issuer on the Spot Regulated Market managed by Bucharest Stock Exchange (BVB S.A.)

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

The quarterly report is drawn out in compliance with the provisions of article 130 of ASF Regulation no. 5/2018

Date of report: November 12th, 2020

Name of the Issuer: TRANSILVANIA BROKER DE ASIGURARE S.A.

Registered office: 13, Calea Moldovei St., Bistrita, Bistrita-Nasaud county

Phone number/Fax: T: 0263-235900/, F: +0263-235910

Taxpayer Identification Number: 19044296

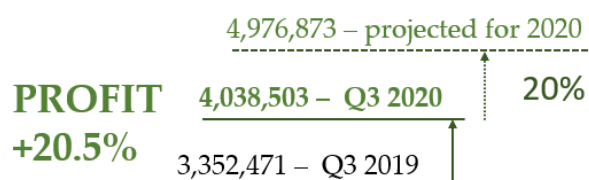
Trade Register Number: J06/674/2006

Share capital: 500,000 LEI

The market on which the issued securities are traded: The Spot Regulated Market, Main Segment, Standard Category

1. Important events in the course of reporting period

Along the reporting period strongly impacted by the economic crisis brought forth by the prolonged pandemic COVID 19, Transilvania Broker de Asigurare S.A. („Transilvania Broker”, „Company”) **achieved increases in most performance indicators, while carrying forward the business**



development strategy implementation. At 30.09.2020, the **net profit exceeded by 20.5%** the values reported for the same period of the last year (the reference period), the **volume of intermediated premiums increased by 9.2% and the revenues by 8.7%.**

During the first nine months of 2020 the Company accomplished **87% of the profit of the whole last year and 80% of the revenues projected at the beginning of the year.**

With regard to important **corporate events**, in the third term of the 2020 year, the Extraordinary General Shareholders Assembly (EGSM), statutorily and legally convened on the 29th of July 2020, approved the *change of the Administrative Board structure*, increasing the number of its members from 3 to 5, a decision that would bring added value and effectiveness for the Transilvania Broker’s corporate governance system. Furthermore, in compliance with the provisions of the FSA Norm no. 19/2018, the shareholders agreed on changing the Articles of Incorporation by adding *other activities in the financial intermediation sector and auxiliary to insurance distribution, to the secondary object of activity*, with the view of undertaking new services in the Company’s portfolio in the new future.

The same EGSM voted for the *acquisition of a real estate property* that will be the Company’s office in Bucharest, as part of the strategy of business development through strengthening activity in the regions with high potential, and the financing of this acquisition by means of a bank loan, with the provision of collaterals. Under the EGSM resolution, the property has been acquired for 1,790.8 th lei.

The Company kept pursuing its social responsibility programs, the value of sponsorships and donations for educational and health projects in reporting period reaching 200 th lei, that is by 13.2% above the figures reported in the same period last year.

At operational level, the e-commerce platform has been undergoing a testing period for proof of full functionality of the online selling system. At the same time, in the view of optimisation of the Company’s communication and relationship with investors, and of an easy and real time access to relevant information, in the forthcoming period, Transilvania Broker will shortly upload on its website the real time stock quote on BVB, and a first Sustainability Report.

2. Financial Position and Performance of the Issuer within the Reporting Period

2.1 Analysis of Financial Position

ASSETS				
Financial position indicators (RON)	2019 30 September	2020 1 January	2020 30 September	Evolution (%) Q III 2020 / Q III 2019
Fixed assets	2,066,849	2,040,516	4,039,894	+95.5%
Intangible assets	11,313	8,636	8,771	-22.5%
Tangible assets	2,043,570	2,019,710	4,018,953	+96.7%
Financial assets	11,966	12,170	12,170	+1.7%
Current assets	9,364,330	9,887,408	11,460,869	+22.4%
Inventories	0	0	0	-
Receivables, wherefrom:	5,549,859	4,554,869	4,923,319	-11.3%
brokerage activity	1,136,633	920,990	806,319	-29.1%
others	4,413,226	3,633,879	4,117,000	-6.7%
Cash and cash equivalents	3,814,471	5,332,539	6,537,550	+71.4%
Pre-payments	11,672	9,103	17,264	+47.9%
TOTAL ASSETS	11,442,851	11,937,027	15,518,027	+35.6%

On September 30th 2020, the current assets, higher by 22.4% as compared to the same period in 2019, consist of cash and cash equivalents in proportion of 57%, alongside receivables whose value decrease by 11.3%. The value of cash and cash equivalents is higher by 22.6% (1,205 th RON) as compared to the beginning of reporting period, mainly due to the incorporation of profit corresponding to the first 9 months of 2020.

The balance sheet item “other receivables” consists, in proportion of 85.4%, of receivables from secondary intermediaries (secondary intermediaries, agents of Transilvania Broker), so that the value of receivables directly derived from the insurance distribution activity, whose collection term is regulated and continuously monitored by internal procedures and legal provisions, reaches 87.8% of the total value of receivables. Consequently, the decrease in the amount of receivables by 11.3% as compared to the reference period and by 8.1% as compared to the beginning of the current financial year largely reflects the change in the intensity of activity over the last settlement cycles of the reporting period.

The share of current assets in total assets (73.9%) has decreased by almost 10 percentage points (p.p.) as compared to the beginning of the reporting period, given the increased value of fixed assets due to the purchase of a real estate property appraised at 1,790.8 th lei with the intention of opening an office in Bucharest. The purchase was based on the EGSM resolution dated July 29th, 2020. Consequently, the balance sheet value of fixed assets on September 30th 2020 doubled as compared to the beginning of 2020 QIII, reaching 26% of total assets. We mention that, during the reporting period, the Company invested 187.3 th lei in equipment and means of transportation.

EQUITY and DEBT	2019 30 September	2020 1 January	2020 30 September	Evolution (%) Q III 2020 / Q III 2019
Current debt	5,648,154	4,905,127	8,397,925	+48.7%
Bank loans	200,400	200,400	200,400	-
Debt incurring from distribution activity	4,890,836	4,116,732	5,896,783	+20.6%
Other short-term debt	556,918	587,995	2,300,742	+313.1%
Non-current debt	1,049,300	999,200	848,900	-19.1%
Long-term debt	1,049,300	999,200	848,900	-19.1%
Total Debt	6,697,454	5,904,327	9,246,825	+38.1%
Share capital	500,000	500,000	500,000	-
Reserves, wherefrom:	100,000	100,000	100,000	-
Legal reserves	100,000	100,000	100,000	-
Retained earnings	792,926	792,926	1,632,699	+105.9%
Result of the period	3,352,471	4,639,774	4,038,503	+20.5%
Equity	4,745,397	6,032,700	6,271,202	+32.2%
TOTAL EQUITY AND DEBT	11,442,851	11,937,027	15,518,027	+35.6%

The changes in the dynamics and structure of the Company's debt capture the moment of acquisition of the real estate property, prior to its payment by means of contracting a long-term bank loan in the amount of 1,612.8 th RON and of own funds (179.1 th lei). Consequently, compared to the beginning of 2020 year, the Company's short-term debt increases by 1,611.7 th RON corresponding to the payment owed to the fixed assets' supplier, an amount that will be translated, within the coming period, into the category of long-term debt.

The difference of 1,881 th RON from the change in the value of short-term debt in the period January 1st - September 30th, 2020 derives, in proportion of 94.6%, from the brokerage activity, thus reflecting the specific dynamics of the activity over the course of the last settlement cycles.

At the end of the reporting period, long-term debt includes only installments with a maturity of over one year, related to the bank loan contracted in 2018.

As a result of the increase of retained earnings and increase of the result of the reporting period, the equity increased by 1,525.8 th RON as compared to 2019 QIII, and by 238.5 th RON as compared to the beginning of 2020. Equity represents 40.4% in the financing structure of the Company.

1.2. Analysis of Economic-Financial Performance

Within the first nine months of 2020, the company continues to report increasing result and performance indicators, as compared to the reference period. The positive net result increased by 20.5%, reaching 87% of the value of profit earned throughout 2019, while revenues increased by 8.7% and the volume of the intermediated insurance premiums of the distribution activity, by 9,2%. The average gross value of the brokerage commission was 18.1%.

PROFIT AND LOSS ACCOUNT

Financial performance indicators (RON)	2019 30 September	2020 30 September	Evolution (%) Q III 2020 / QIII 2019	Share in the corresponding revenues/expenditure category (%) QIII 2020
Operating revenues, wherefrom:	52,664,461	57,226,813	+8.7%	100%
Revenues related to the distribution activity (sale) of insurance premiums	52,643,853	57,226,201	+8.7%	99.98%
Revenues from other activities related to distribution of insurance premiums	20,608	14,047	-31.8%	0.02%
Other operating revenues	-	-	-	-
Operating expenditure, wherefrom:	48,756,815	52,615,745	+7.9%	100%
Expenses with fees for brokerage agents	44,755,454	48,594,188	+8.6%	92.36%
Expenses with personnel	1,837,897	2,124,162	+15.6%	4.04%
Expenses with third party services' providers	1,615,962	1,353,627	-16.2%	2.57%
Expenses with disposable and inventory materials	200,161	160,931	-19.6%	0.31%
Expenses with other taxes, fees and similar payments	85,879	78,592	-8.5%	0.15%
Other operating expenses	179,407	209,863	+17.0%	0.40%
Value adjustments on fixed assets	82,055	94,382	+15.0%	0.18%
OPERATING RESULT	3,907,646	4,611,068	+18.0%	-
Financial revenues	24,415	31,387	+28.6%	-
Financial expenditure	46,451	44,226	-4.8%	-
FINANCIAL RESULT	(22,036)	(12,839)	-	-
GROSS RESULT	3,885,610	4,598,229	+18.3%	-
Tax on profit	533,139	559,726	+5%	-
NET RESULT	3,352,471	4,038,503	+20.5%	-

The growth rate of operating expenditure in the reporting period, as compared to the reference period was by 0.8 p.p. lower to that of operating revenues. This difference determined the increase of the operating result by 18% as compared to September 30th 2019.

The expenditure augmentation was driven by the most important expenditure category in the total operating expenses, namely expenses with fees owed to brokerage agents. These increased by 8.6% as compared to QIII 2019 but slightly slower than the revenues from the distribution activity. Personnel expenses also increased during the same period, as a natural result of the activity development and the implementation of the development strategy.

Expenses with third party services' providers decreased by 16.2% as compared to the reference period, mainly due to maintenance and rent (-185.9 th lei) and protocol expenses (-132 th lei). The company continued to allocate significant amounts to promotion and advertising campaigns, particularly online, which reached 317.8 th lei, but slightly lower than those of the same period in 2019 (-7.8%).

Financial revenues and expenditure are assimilated to interest revenues and expenses, which varied in opposite directions, but in less significant absolute value. The financial loss, on September 30th 2020, was 9.2 th RON, which is lower than that of the reference period.

The gross result, amounting to 4,598.2 th RON, exceeded by 18.3% the level correspondig to the first three quarters of 2019, and the net result increased by 686 th RON (+ 20.5%) as compared to the same reference period.

3. Analysis of Economic Financial Indicators

3.1. Liquidity and Solvency Indicators

Liquidity and solvency ratios	Calculation formula	Sept.30,2019	Dec.31,2019	Sept.30, 2020	Benchmark
Current ratio	Current assets / Current debt	1.658	2.016	1.365	>2
Cash ratio	Cash / Current debt	0.675	1.087	0.778	>0.5
Solvency ratios	Total assets / Total debt	1.709	2.022	1.678	>1
	Equity / Ongoing capital*100	81.9%	85.8%	88.1%	>30%

The dynamics of current liquidity ratio is mainly determined by the evolution of short-term debt. This captures the moment of debt settled towards the supplier of fixed assets, before the contracting of the bank loan wherewith this debt will be extinguished over the next period. The increase of current debt related to distribution activity is temporary, being intrinsically determined by the cash flows dynamics related to the last settlement cycles between Transilvania Broker and insurers, on one hand, and with its intermediary agents, on the other. At the same time, receivables decrease during the reporting period.

The cash liquidity ratio highlights the Company's high capacity to cover current debt at the expense of cash and cash equivalents. The cash balance covers debt with a maturity of less than one year in the proportion of 77.8%, significantly above the minimum reference threshold (50%).

For the 3rd quarter of the financial year 2020, solvency ratios indicate high levels both in terms of the extent to which the company's assets can finance total debt as well as the company's self-financing capacity and the capacity to meet its payment obligations.

3.2. Debt Indicators

Debt ratios	Calculation formula	Sept.30,2019	Dec.31,2019	Sept.30,2020	Benchmark
Long-term debt ratio	Long-term debt / Ongoing capital*100	18.11%	14.21%	11.9%	<50%
Total debt ratio	Total debt / Total assets*100	58.52%	49.46%	59.6%	<80%

The indicators calculated regarding the Company's indebtedness level point to values which are significantly lower than the maximum comfort threshold, revealing the low-risk profile of the Company.

On September 30th 2020, the long-term debt level decreased as compared to the end of the previous year as a consequence of equity ad decrease of the bank loan still to be reimbursed, after the payment of the due installments. At the same time, the increase of the short-term debt following the purchase of real estate determined a higher value of the total debt ration as compared to both the reference period and the end of the preceding year.

3.3. Performance and Profitability Indicators

Performance ratios	Calculation formula	Sept.30,2019	Sept.30,2020
Operating profit margin	Operating result / Turnover *100	7.42%	8.06%
Net profit margin	Net profit / Turnover *100	6.37%	7.06%
Return on equity	Net profit / Equity *100	55.57%	64.40%
Return on long-term capital	Net profit / (Equity + Long-term debt) *100	47.68%	56.72%

On September 30th 2020, the Company reported an operating profit margin of 8.06%, with 0.63 p.p. higher than that of the reference period, and a net profit margin of 7.06%, also augmented by 0.7 percent. The return on equity ratio increased from 55.6% to 64.4%, while the return on long-term capital increased from 47.68% to 56.72%, affirming and confirming the upward trend of Transilvania Broker business profitability.

THE FINANCIAL STATEMENTS THIS QUARTERLY REPORT IS BASED ON ARE NOT AUDITED.

Chairman of the Board
Transilvania Broker de Asigurare S.A.,
Mr. DAN NICULAE

[signature]

Stamp Place

Signed in Bistrița, on
November 12th, 2020

Transilvania Broker de Asigurare S.A. Balance Sheet
As of September 30th, 2020 (RON)

	January 1st, 2020	September 30th, 2020
Fixed assets, wherefrom	2,040,516	4,039,894
Intangible assets	8,636	8,771
Tangible assets	2,019,710	4,018,953
Financial assets	12,170	12,170
Current assets, wherefrom	9,887,408	11,460,869
Inventories	0	0
Receivables related to brokerage activity and other receivables	4,554,869	4,923,319
Cash and bank accounts	5,332,539	6,537,550
Prepayments	9,103	17,264
TOTAL ASSETS	11,937,027	15,518,027
Current debts, wherefrom	4,905,127	8,397,925
Debts related to brokerage activity	4,116,732	5,896,783
Amounts owed to credit institutions	200,400	200,400
Other short term debts	587,995	2,300,742
Net current assets / Net current debts	5,497,854	3,080,208
Total assets minus Current debts	5,794,697	7,120,102
Non-current debts	1,049,300	848,900
TOTAL DEBTS	5,904,327	9,246,825
Paid and subscribed share capital	500,000	500,000
Unpaid and subscribed share capital	-	-
Reserves	100,000	100,000
Retained earnings	792,926	1,632,699
Result of the period	4,639,774	4,038,503
EQUITY	6,032,700	6,271,202
EQUITY and DEBT	11,937,027	15,518,027

Transilvania Broker de Asigurare S.A. Profit And Loss Account
As of September 30th, 2020 (RON)

	September 30th, 2019	September 30th, 2020
Operating revenues	52,664,461	57,226,813
Revenues related to the distribution activity	52,643,853	57,226,201
Revenues from other activities related to distribution activity	20,608	14,047
Other operating revenues	-	-
Operating expenditure	48,756,815	52,615,745
Expenses with commission fees for intermediaries	44,755,454	48,594,188
Expenses with third-party service providers	1,615,962	1,353,627
Expenses with personnel	1,837,897	2,124,162
Expenses with disposable and inventory materials	200,161	160,931
Expenses with other taxes, fees and similar payments	85,879	78,592
Value adjustments on fixed assets	82,055	94,382
Other operating expenses	179,407	209,863
Operating Profit or Loss	3,907,646	4,611,068
Financial revenues	24,415	31,387
Financial expenditure	46,451	44,226
Financial Profit or Loss	(22,036)	(12,839)
Gross Profit or Loss	3,885,610	4,598,229
Tax on profit	533,139	559,726
Net Profit or Loss for the financial year	3,352,471	4,038,503

CEO,
Mr. Dan Niculae

Chief Accountant,
Ms. Pârțiu-Vasilichi Oana

11. Cash received from banking interests	22	28,034	31,387
NUMERAR NET GENERAT DIN (UTILIZAT IN) ACTIVITATI DEINVESTITII (rd.13-12-14+15-16+17-18+19+20+21+22)	23	-221,912	31,387
FLUXUL DE NUMERAR DIN ACTIVITATEA DE FINANTARE			
1. Cash received from issue of shares or other equity based financial instruments	24	0	0
2. Cash paid to owners in order to redeem the company's shares	25	0	0
3. Cash received from issue of bonds, debt securities or other loans	26	0	0
4. Cash paid to reimburse borrowed amounts	27	200,400	150,300
5. Cash received from funds borrowed from shareholders	28	9,260	16,020
6. Cash paid for reimbursement of amounts borrowed from shareholders	29	9,260	15,020
7. Cash paid for financial lease contracts	30	0	54,497
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES (lines 24-25+26-27+28-29-30)	31	-200,400	-203,797
CASH AND CASH EQUIVALENTS ON JANUARY 1ST	32	3,891,649	5,332,539
NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS (lines 11+23+31)	33	1,440,890	1,205,011
CASH AND CASH EQUIVALENTS ON SEPTEMBER 30ST (lines 32+33)	34	5,332,539	6,537,550

Director general,
Dan Niculae



CASHFLOW for the ended September 30st, 2020

Indicator	No in	Results of the reporting period	
		01.01.2020	30.09.2020
CASHFLOW FROM OPERATIONAL ACTIVITY			
1. Cash received from distribution activity	1	364,014,252	319,166,576
2. Cash paid pertaining to the distribution activity	2	353,077,092	309,094,835
3. Cash received from different debtors	3	0	22,488
4. Cash paid to suppliers and different creditors	4	1,986,955	1,698,229
5. Cash paid to and on behalf of employees	5	2,546,140	2,097,736
6. Payments pertaining to special funds in the distribution activity	6	69,738	53,670
7. Other cash payments afferent to operational activity	7	623,158	584,843
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	61,780	41,021
10. Paid tax on profits	10	742,212	630,724
NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY (lines13-12-14+15-16+17-18+19+20+21+22)	11	1,863,202	1,377,421
CASHFLOWS RELATED TO FINANCING ACTIVITY			
1. Cash paid for purchase of tangible and intangible assets	12	299,934	0
2. Cash received from sale of tangible and intangible assets	13	47,577	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	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	0
8. Cash received from reimbursement of loans granted to third parties	19	2,411	0
9. Cash received from dividends generated by equity based financial instruments	20	0	0
10. Cash received from interests generated by debt instruments	21	0	0

STATEMENT OF CHANGES IN EQUITY
for the ended September 30st, 2020

Indicator		Balance on	Increase		Reduction		Balance on
		January 1st, 2020	Total, wherefrom	Through transfer	Total, wherefrom	Through transfer	September 30st, 2020
Subscribed capital		500,000	0	0	0	0	500,000
Capital premiums		0	0	0	0	0	0
Reserves pertaining to re valuation		0	0	0	0	0	0
Legal reserves		100,000	0	0	0	0	100,000
Reserves representing the additional resulted from reserves from re valuation		0	0	0	0	0	0
Other reserves		0	0	0	0	0	0
Reported result representing retained earnings or not covered loss	Balance C	792,926	4,639,774	4,639,774	3,800,000	0	1,632,700
	Balance D	0	0	0	0	0	0
Reported result of correcting book keeping errors	Balance C	0	0	0	0	0	0
	Balance D	0	0	0	0	0	0
Result of financial year	Balance C	4,639,774	4038503	0	3800000	0	4,038,503
	Balance D	0	0	0	0	0	0
Total equity		6,032,700	8,678,277	4,639,774	7,600,000	0	6,271,203

Director general,
Dan Niculae

