

Individual Financial Statements

FOR THE NINE MONTHS ENDED ON
SEPTEMBER 30, 2022

Message from the CEO

Dear shareholders,

BRK Financial Group publishes today the financial results for the first 9 months of 2022 and reports **profit from the core activity in the amount of +3.75M RON**, a **negative result of the investment activity in value of 12.1M RON**, **value adjustments of intangible and tangible assets (expenses with depreciation) in the amount of -0.7M RON** and **expenses with other long-term employee benefits in the amount of -1.3M**, these elements leading to a total loss of **10.39M RON**. In what follows, we will briefly explain the main developments at the business segment level

The total operating revenues activities decreased by 27% from 20.77M RON (Q3 2021) to 15.2M RON, the **evolution being influenced exclusively by the revenues of the corporate segment**, where we have a relative decrease in revenues of 89%, and in absolute terms a decrease of 6.42M RON. BRK remained competitive in this segment, being the market leader (6 listings out of 15 in the first 9 months at the BVB were carried out by BRK), but the value of the concluded transactions is incomparably lower than the similar values brokered in 2021. In fact, this contraction of the segment is in line with the global market, where in the first 9 months of the year we could see a 57% decrease in revenues, according to a public press release of the consulting company Ernst & Young. The same source indicates that the intermediate volumes in 2022 globally are below those recorded in any of the last 18 years.

The other three operating segments had a generally good development and in line with expectations:

- **Intermediation segment: intermediation of 1.54 billion RON (market share 7.34%)** lower compared to the same period last year (market share 11.87%, intermediation of 2.04 billion lei), but it should be taken into account that in the figures of 2021, a significant intermediated corporate transaction (~60 million euros) has had a high incidence in the figures of the previous year. To remove from the discussion the favorable context of the year 2021, we can take the year 2020 as a basis for comparison, where in the first months we brokered transactions worth 630M RON and had a market share of 3.21%. We thus appreciate that we are on the desired trajectory through the lens of the strategic objective of organic growth.
- In the segment of transactions with structured products, we have a **12% increase in intermediated volumes** (from 469M RON in Q3 2021 to 529M RON in Q3 2022), a **stable market share (38%)** and a **decrease in revenues by 13.4%** explained by the fact that we found an appetite of investors for more expensive products correlated with the business policy of maintaining trading spreads (expressed in absolute values) at a constant level in order to maintain the competitiveness of our products. In fact, BRK Financial Group issues different series of products, some are more expensive, others are cheaper (due to the different leverage effect), quoted with fixed spreads, and BRK positions itself neutrally in relation to investors' appetite for the structured products issued.
- On the issuer's market making segment (shares listed on the BVB), we report a **doubling of revenues** compared to the same period last year (from 1.7M to 3.5M RON) explained by a number of factors: (i) new contracts concluded during of 2021 and which in 2022 generated income every month, whereas in 2021 they generated income only after the conclusion of the contract (ii) BRK's commercial policies towards this segment.

The operating expenses decreased by 13.4%, especially due to the fact that some expenses are directly tied to the intermediated volume (for example the commissions paid to the Stock Exchange) or the fact that in 2021 external resources were contracted (suppliers, legal services) related to the Corporate segment. Salary expenses increased by 7.92%, but we would like to underline the fact that in the previous report (S1 2022) in salary expenses were also included the expenses related to the non-cash allocation of the Stock Option Plan programs approved by AGEA Decisions no. 5/ 26.04.2021 and 2/26.04.2022. On the occasion of this report, we decided to segregate the salary expenses on 2 separate lines, namely Salary expenses and employee benefits represent the usual salary expenses, and in the section Expenses with other long-term employee benefits represent the expenses incurred with the redemption of shares to implement the effects of the 2 decisions mentioned above. A second change that we want to highlight on the presentation of the financial statements (compared to the previous reporting, S1 2022) consists in moving the expenses with Value Adjustments of intangible and tangible assets (in other words Depreciation Expenses) outside of operating expenses.

The result of the investment activity consists of a loss of 12.1M RON (Q3 2021: +13.5M RON) composed of the marked profit (-615k RON), revaluation of holdings (-9M RON) and interest paid (-2.25M RON). The approximate value of financial assets measured at fair value through profit and loss is 50M RON, but we emphasize that the structure of the portfolio does not have the same composition as that of the local indices; the tradable portfolio is composed predominantly (over 2/3) of the issuers' shares for which BRK provides the issuer's market making services.

Monica IVAN

CEO

Individual Statement of Financial Position on 30.09.2022

RON	30.09.2022	31.12.2021
Assets		
Intangible assets	372.272	304.263
Tangible assets	8.837.908	9.062.918
Real estate investments	-	-
Financial assets valued at fair value through other elements of retained earnings	51.253.615	42.044.539
Financial assets are assessed at fair value through the profit and loss account	46.539.495	59.659.013
Loans and advances granted	4.665.746	8.588.612
Trade receivables and other receivables	3.812.220	1.390.340
Other financial assets	52.777.513	63.751.161
Customer accounts	62.477.068	63.316.765
Cash and cash equivalents	4.370.210	881.285
Bond premiums	600.004	-
Total assets	235.706.052	248.998.896
Liabilities		
Bond liabilities	25.000.000	24.303.570
Financial leasing liabilities	493.587	515.978
Provisions	-	-
Total non-current liabilities	25.493.587	24.819.548
Interest on bonds	287.647	221.666
Deferred taxes	978.691	978.691
Tax liabilities	-	558.690
Dividends payable	365.271	-
Short-term loan liabilities	21.624.019	5.041.915
Current part of financial leasing liabilities	165.402	161.953
Customer amounts	108.840.137	115.962.249
Trade and other payables	11.172.443	10.804.516
Provisions	416.394	1.022.068
Total current liabilities	143.850.004	134.751.748
Total liabilities	169.343.591	159.571.296
Equity		
Share capital	50.614.493	54.039.987
Share capital adjustments	4.071.591	4.071.591
Treasury shares	(2.182.446)	(24.047)
Benefits to be granted to employees, directors and administrators	1.297.091	-
Share premiums	5.355	5.355
Reserves from the revaluation of financial assets valued at fair value through other elements of comprehensive income	(5.461.103)	(239.980)
Other reserves	8.095.932	13.368.340
Total reserves	8.095.932	13.368.340
Current result	(10.395.088)	22.000.682
Retained earnings	14.855.534	(4.034.307)
Total shareholders' equity	66.362.461	89.427.600
Total liabilities and equity	235.706.052	248.998.896

CEO,
Monica Ivan

Economic director,
Sandu Pali

Individual Statement of Comprehensive Income on 30.09.2022

RON	30.09.2022	30.09.2021
Operating revenues	15.168.119	20.804.626
Intermediation	8.472.962	15.437.048
Commission income	5.595.172	7.437.020
Corporate income	845.949	7.272.162
Other income	2.031.841	727.865
Market making	6.666.072	5.339.616
Net gains from transactions with structured products	3.133.486	3.634.344
Income from market making services	3.532.586	1.705.271
Other operating income	29.084	27.962
		(13.179.489)
Operating expenses	(11.408.459)	
Employee benefits	(5.142.774)	(4.765.167)
Expenses with commissions	(2.839.700)	(4.434.202)
External benefits	(1.939.152)	(2.470.809)
Expenses with collaborators	(177.103)	(509.069)
Other operating expenses	(1.309.730)	(1.000.243)
Operating profit / (loss)	3.759.660	7.625.137
Result from the investment activity	(12.148.288)	13.495.960
Net gains/(losses) realized from financial instruments	(615.984)	4.433.170
Dividend income	1.636.535	859.514
Income from transactions with shares and bonds	1.728.195	5.640.602
Losses from transactions with shares and bonds realized	(3.980.714)	(2.066.945)
Net gains/(losses) from the valuation of financial assets measured at fair value through profit and loss	(9.092.360)	8.259.816
Income from the valuation of financial assets measured at fair value through profit and loss	6.732.965	15.322.537
Losses from the valuation of financial assets measured at fair value through profit and loss	(15.825.325)	(7.062.722)
Net income/(expenses) provisions fixed financial assets	(510.714)	(200.000)
Revenues cancellation provisions fixed financial assets	-	300.000
Expenses provisions fixed financial assets	(510.714)	(500.000)
Other net income/(expenses) from interest and exchange rate differences	(2.255.919)	821.886
Interest income, loans and bonds	235.097	468.676
Income from margin loans	190.412	161.621
Other interest income	55.153	13.076
Interest expense	(2.571.046)	(330.443)
(Expenses)/Revenues from FX differences	(165.534)	508.956
Net income/(expenses) provisions for risks and expenses	605.674	76.918
Expenses with provisions for risks and expenses	-	-
Revenue cancellation provisions for risks and expenses	605.674	76.918
Other net provisions	-	-

RON

Individual statement of comprehensive income (continued)	30.09.2022	30.09.2021
Other net income/(expenses).	(278.986)	104.170
Net gains/(losses) from the sale of assets	23.500	156.405
Other operational expenses	(392.309)	(96.995)
Other operating income	89.823	44.759
Net gains/(losses) from the sale of assets	-	-
Income tax expense	-	-
Depreciation and amortization	(709.369)	(833.095)
Expenses with other long-term employee benefits	(1.297.091)	-
Income before taxes	(10.395.088)	20.288.002
Income tax expense	-	(924.431)
Profit from continuing operations	(10.395.088)	19.363.571
Discontinued operations	-	-
Loss from discontinued operations (after tax)	-	-
Loss for the period	(10.395.088)	19.363.571
Other elements of comprehensive income		
The net change in the fair value of financial assets valued at fair value through other comprehensive income elements (FVTOCI) transferred to the profit or loss account	(5.221.123)	18.529.992
Positions that can be reclassified to profit and loss	-	-
Net change in the fair value of financial assets valued at fair value through other comprehensive income elements (FVTOCI)	-	-
Free shares received classified as financial assets valued at fair value through other comprehensive income (FVTOCI)	-	-
Changes in the value of fixed assets available for sale	-	-
Net change in the fair value of financial assets valued at fair value through other comprehensive income elements (FVTOCI)	-	-
Free shares received classified as financial assets valued at fair value through other comprehensive income (FVTOCI)	-	-
Positions that cannot be reclassified to profit and loss		
Changes in the value of used fixed assets	-	-
Value changes of real estate investments	-	-
Establishment/cancellation of profit reserves for granting free shares to employees	-	-
The tax related to other elements of the global result	(5.221.123)	18.529.992
Total other elements of comprehensive income	(5.221.123)	18.529.992
Total comprehensive income	(15.616.211)	37.893.563
Loss attributable to:	30.09.2022	30.09.2021
Shareholders	(10.395.088)	19.363.571
Non-controlling interests	-	-
Loss for the period	(10.395.088)	19.363.571
Total comprehensive income attributable to:		
Shareholders	(10.395.088)	19.363.571
Non-controlling interests	0	0
Total comprehensive income for the period	(10.395.088)	19.363.571
Earnings per share		
Basic earnings per share (lei)	(0,0308)	0,0573
Diluted earnings per share (lei)	(0,0308)	0,0573
Continuing operations		
Basic earnings per share (lei)	(0,0308)	0,0573
Diluted earnings per share (lei)	(0,0308)	0,0573
30.09.2022		
Weighted average number of shares in the balance:	337.429.952	337.749.919

These financial statements were approved today, 08.11.2022

CEO,
Monica Ivan

Economic director,
Sandu Pali

Individual Statement of Changes in Equity on 30.09.2022

RON	Share capital	Treasury shares	Difference from revaluation	Legal reserves	Other reserves	Reserves from the revaluation of FVTOCI financial assets	Retained earnings	Total equity	Other elements of comprehensive income	Total equity
Balance on January 1 2022	54.039.986	(24.048)	5.742.690	6.095.560	2.748.759	(239.980)	14.754.318	88.208.929	(978.691)	89.427.600
Profit for the period	-	-	-	-	-	-	(10.395.088)	(10.395.088)	-	(10.395.088)
Other elements of comprehensive income	-	-	-	-	-	-	0	-	-	-
Profit transferred to the profit or loss account	-	-	-	-	-	-	-	-	-	-
Changes in the value of fixed assets available for sale	-	-	(78.431)	-	-	-	78.431	-	-	-
Changes in the value of used fixed assets	-	-	-	-	-	-	-	-	-	-
Value changes of real estate investments	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	1.297.091	1.297.091
Deferred profit tax related to fixed assets	-	-	-	-	-	-	-	-	-	-
Reserves from the revaluation of financial assets valued at fair value through other elements of the global result	-	-	-	-	-	(4.862.787)	-	(4.862.787)	-	(4.862.787)
Decreases in share capital	(3.425.493)	-	-	-	-	-	3.374.297	(51.196)	-	(51.196)
Transfer differences from revaluation for assets sold to reserves	-	-	-	-	-	(358.336)	358.336	-	-	-
Transfer in retained earnings	(3.425.493)	-	(78.431)	-	-	(5.221.123)	(6.584.024)	(15.309.071)	1.297.091	(14.011.980)
Total other elements of comprehensive income	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders recognized in equity	-	-	-	-	-	-	-	-	-	-
Operations with own shares	-	24.047	-	-	27.148	-	-	51.195	-	51.195
Redemption of own shares	-	(2.182.446)	-	-	-	-	-	(2.182.446)	-	(2.182.446)
Dividends payable for 2021	-	-	-	-	-	-	(6.921.908)	(6.921.908)	-	(6.921.908)
Total operations with own shares	-	(2.158.399)	-	-	27.148	-	(9.053.159)	-	-	(9.053.159)
Balance on September 30 2022	50.614.493	(2.182.446)	5.664.259	6.095.560	2.748.759	(5.461.103)	1.248.386	63.846.699	318.399	66.362.461

These financial statements were approved today, 08.11.2022

CEO,
Monica Ivan

Economic director,
Sandu Pali



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