



BOARD OF DIRECTORS REPORT – 2020

Individual and consolidated financial statements



A word from the president

Dear shareholders,

We provide you with the Annual Report of the Board of Directors together with the individual and consolidated financial statements for 2020, and we are pleased to provide results that exceed the budget projection approved in April 2020. After a difficult start to the year, with losses in the first two quarters (largely in the context of market volatility with a direct impact on the market value of our own portfolio), in the third and fourth quarters the results exceeded our most optimistic expectations.

The Covid-19 pandemic has also affected BRK. Covid-19 was a challenge for BRK, taking care primarily of the health of our employees, to ensure that the relationship with investors is not affected during this period on one hand and that the level of service quality for our customers is not affected on the other. We implemented working from home very quickly and safely for most colleagues at headquarters and agencies. Volatility brought significant revenues from brokerage activity, and the market fall had an impact on our own portfolio, especially in the first 6 months, which recovered by the end of the year.

Reviewing the major achievements of 2020, we begin by emphasizing the doubling of our turnover in the intermediation segment - to which the volatile climate that attracted both new customers and growing turnover of existing customers contributed significantly, but at the same time represents a natural organic growth as a result of changes started in 2018-2019, which aimed to improve the quality of services provided to customers with emphasis on their digital experience, but also the use of know-how acquired in the field of services addressed to issuers, as evidenced by the 5 significant corporate operations brokered by BRK.

On the other hand, market making operations contributed significantly to the results obtained, both sectors of this segment having remarkable increases in 2020. In terms of the quality of issuer of structured products and provider of liquidity on its own products, BRK reconfirmed its solid positioning in the market, and the turnover recorded in this segment in the year ended, means a tripling of the volume compared to 2019 and exceeding the previous record turnover, which dates back to 2013. In 2020, we managed to translate the expertise of over 10 years in market making operations, by developing market making services for domestic issuers and with visible results for the actions for which we have assumed the objective of supporting liquidity. At the end of 2020, we had a portfolio of 6 issuers for which we provide liquidity, and we still intend to expand our client portfolio. It is the third consecutive year in which the Stock Exchange rewards us for the achievements in the area of market making operations and we can say that time has proved us right, because this year marks 10 years since BRK started to carry out the first such operations. For the year 2021, we intend to complete a project started 2 years ago, through which we set out to list our products on several regional exchanges, among the target countries being Austria, Poland and Hungary.

Last but not least, the end of 2020 brought remarkable progress in terms of the evolution of the 3 subsidiaries in which BRK holds stakes, and the first of these (Firebyte Games) reached an adequate level, so that at the beginning of 2021 they took the steps regarding the listing on the Stock Exchange, and the first major step was reached on 15.02.2021 when a private placement of shares issued by Firebyte Games was successfully concluded. For 2021, we focus our efforts on listing at least one of the other 2 subsidiaries, and developing the new subsidiary (REIT Capital SA) which manages a REIT (Star Residence Invest) company, newly admitted to trading.

Robert Iulian Dănilă,
Chairman of the Board

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Individual financial statements

Individual statement of financial position as of December 31 2020

As of December 31 2020

In RON

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Assets | | |
| Intangible asses | 600.354 | 1.213.729 |
| Tangible assets | 8.019.937 | 5.887.007 |
| Real estate investments | - | 669.959 |
| Financial assets at fair value through profit and loss | 48.761.259 | 44.644.883 |
| Financial assets at amortized cost | - | - |
| Loans granted | 7.772.861 | 12.111.428 |
| Receivables | 914.854 | 662.686 |
| Other financial assets | 72.450.030 | 24.773.064 |
| Client accounts | 51.746.125 | 53.626.771 |
| Cash and equivalents | 4.931.596 | 781.635 |
| Assets held for sale | - | 303.389 |
| Prepayments | | |
| Total assets | 195.197.016 | 144.674.551 |
| Equity | | |
| Share capital | 54.039.987 | 54.039.987 |
| Share capital adjustment | 4.071.591 | 4.071.591 |
| Treasury shares | (24.047) | (24.047) |
| Share premiums | 5.355 | 5.355 |
| Other reserves | 13.621.430 | 11.268.338 |
| Current result | 1.879.074 | 7.745.366 |
| Reported result | (4.947.866) | (12.693.166) |
| Total shareholders' equity | 68.645.523 | 64.413.423 |
| Non-controlling interests | | |
| Total equity | 68.645.523 | 64.413.423 |
| Liabilities | | |
| Long-term liabilities | - | - |
| Financial leasing | - | - |
| Income in advance | - | - |
| Deferred taxes | - | - |
| Total long-term liabilities | - | - |
| Short-term liabilities | 2.443.700 | 4.187.543 |
| Current portion of financial leasing | - | 28.639 |
| Liabilities to clients | 111.752.738 | 60.945.094 |
| Payables | 12.109.024 | 12.297.303 |
| Income in advance | - | - |
| Provisions | 246.033 | 2.802.547 |
| Total current liabilities | 126.551.495 | 80.261.126 |
| Total liabilities | 126.551.493 | 80.261.126 |
| Total equity and liabilities | 195.197.016 | 144.674.550 |

Individual statement of profit and loss as of December 31 2020

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Income from continuing operations | | |
| Intermediation | 8.305.226 | 3.868.350 |
| Fee and commission income | 6.399.427 | 3.065.675 |
| Corporate income | 1.041.523 | 356.522 |
| Other intermediation income | 864.276 | 446.153 |
| Market making | 3.947.487 | 1.190.869 |
| Net transaction income | 3.362.768 | 1.122.551 |
| Other MM income | 584.720 | 68.318 |
| Other income from continuing operations | 44.680 | 8.442 |
| Salaries and employee benefits | (4.098.965) | (4.545.176) |
| Expenses with fees and commissions | (2.550.132) | (1.134.423) |
| Expenses related to external benefits | (2.236.385) | (2.174.789) |
| Third party expenses | (526.979) | (316.490) |
| Other operating expenses | (837.194) | (934.745) |
| Adjustments | (917.313) | (994.922) |
| Profit / (loss) from continuing operations | 1.130.425 | (5.032.884) |
| Income / (loss) from financial instruments | (2.618.570) | 9.115.558 |
| Dividend income | 2.249.099 | 1.422.354 |
| Trading income | 4.285.779 | 10.301.174 |
| Trading loss | (9.153.448) | (2.607.970) |
| Income / (loss) from financial assets at fair value | (243.874) | 7.598.271 |
| Income from financial assets at fair value | 13.441.681 | 14.984.233 |
| Loss from financial assets at fair value | (13.685.556) | (7.385.962) |
| Income / (loss) from provisions | 3.146.502 | (2.889.875) |
| Income from cancelling provisions | 5.349.752 | 196.606 |
| Expenses related to provisions | (2.203.250) | (3.086.481) |
| Other income / (expenses) from interest and exchange rate differences | 383.077 | 1.632.074 |
| Interest income | 481.917 | 1.137.057 |
| Interest income from margin accounts | 232.752 | 299.586 |
| Other interest income | 106.642 | 427.780 |
| Interest expense | (205.946) | (374.117) |
| (Expenses)/Income from exchange rate differences | (232.287) | 141.768 |
| Income/(loss) related to provisions and risks | (161.433) | (2.677.963) |
| Expenses related to provisions | (2.885.324) | (2.758.452) |
| Income from cancelling provisions | 2.807.845 | 67.824 |
| Other net provisions | (83.954) | 12.665 |
| Other income /(expenses) net | 242.911 | 407.835 |
| Income/(loss) from the sale of assets | 190.009 | 110.393 |
| Other operating expenses | (30.243) | (73.109) |
| Other operating income | 83.145 | 370.551 |
| Operating income | 1.879.037 | 8.153.017 |
| EBT | 1.879.037 | 8.153.017 |
| Taxes | - | - |
| Operating income | 1.879.037 | 8.153.017 |
| Discontinued operations | - | - |
| Losses from discontinued operations (after depreciation) | - | - |
| Profit for the period | 1.879.037 | 8.153.017 |

As of December 31 2020

| In RON | 2020 | 2019 |
|--|------------------|------------------|
| Other elements of comprehensive income | - | - |
| Net change in fair value of available for sale assets | - | - |
| Elements which can be reclassified through profit and loss | | |
| Net change in fair value of financial assets held for sale | - | - |
| Free shares classified as held for sale | - | - |
| Net changes in assets held for sale | - | - |
| Elements which cannot be reclassified through profit or loss | | |
| Changes in the values of used assets | 2.353.092 | - |
| Changes in the value of real estate investments | - | - |
| Constitution / Cancellation of income held for granting free shares to employees | - | - |
| Tax related to other elements of comprehensive income | - | - |
| Total other elements of comprehensive income | 2.353.092 | - |
| Total comprehensive income | 4.232.129 | 8.153.017 |
| Profit attributable to: | 1.879.037 | 8.153.017 |
| Shareholders | | |
| Non-controlling interests | | |
| Profit for the period | 1.879.037 | 8.153.017 |
| Total comprehensive income attributable to: | | |
| Shareholders | 2.353.092 | |
| Non-controlling interests | | |
| Total comprehensive income | 2.353.092 | 8.153.017 |
| EPS | | |
| Basic EPS (RON) | 0,0056 | 0,0241 |
| Diluted EPS (RON) | | |
| Continuing operations | | |
| Basic EPS (RON) | | |
| Diluted EPS (RON) | | |
| 31.12.2020 | | |
| Weighted average number of shares: | 337.749.919 | 337.749.919 |

Chairman of the Board,
Robert Dănilă

CEO,
Monica Ivan

Economic Director,
Sandu Pali

About BRK

SSIF BRK Financial Group S.A. was founded as a joint stock company on October 26th 1994, under the initial name of SIVM Broker S.A., and subsequently SSIF Broker S.A. up to the end of 2015. As a result of expanding the operational activities through strategic acquisitions, and internal development as well, the company rebranded itself into SSIF BRK Financial Group S.A. Thus, on March 3rd 2016, the rebranding was carried out successfully, after publishing the EGSM decision on December 16th 2015 in Romania's Official Gazette no. 226, part four, on January 15th 2016. The FSA authorization was granted on February 24th 2016.

BRK Financial Group became the first publicly listed domestic investment company in 2005. BRK is the only listed company in its category on the main market, and it is traded as a premium security. BRK Financial Group's shares were admitted for trading on BVB on February 5th 2005 under the BRK ticker. BRK's shares are included in the BETPlus index. BRK is headquartered in Cluj-Napoca and offers a nationwide presence through offices in Bucharest, Timisoara, Iasi and Suceava.

BRK Financial Group's fundamental activity is made up of two business directions, namely, asset management and intermediation. Furthermore, BRK trades both shares and structured products in its own account, and carries out market making activities while the intermediation segment is constituted of customer transactions and corporate operations.

BRK Financial Group mainly relies on its' own capital for operational financing, this source weighting over 90% of the company's financing sources. The company has contracted a credit line with a ceiling of RON 3.5 million.

SSIF BRK Financial Group S.A. is a founding member of the Bucharest Stock Exchange (BVB), SIBEX and Romanian Investors Compensation Fund. In 2019, BRK became a founding member of the Romanian Central Counterparty (CCP.RO Bucharest S.A.).

The company also offers a range of specialized services to issuers and potential issuers. In the past, BRK was involved in listing some of the most prestigious companies in Romania on the Bucharest Stock Exchange, and listed 11 of the 12 initially listed companies, preparing and listing a number of 45 companies for trading. Among them we mention: Antibiotice Iași, Azomureș Târgu-Mureș, Terapia Cluj-Napoca, Artrom Slatina, Astra Vagoane Arad and others. Over time, the company has gained a broad experience in corporate operations: consulting services on primary or secondary public offerings, purchase offers, takeovers, delisting, consulting on admission to trading on a regulated market, issues and offers public bond sales, mandatory purchase offers, share repurchase operations, company divisions, etc.

Presentation of our core business

BRK Financial Group's fundamental activity is made up of two business directions, namely, asset management and intermediation. Furthermore, BRK trades both shares and structured products in its own account, and carries out market making activities while the intermediation segment is constituted of customer transactions and corporate operations.

Intermediation segment

Financial intermediation activity refers to the totality of the intermediation services of the transactions offered to the individual investors and to the companies, as well as to the specialized services offered to the institutional clients. Intermediation services include the following:

(A) Investor brokerage services:

- Intermediation of transactions for sale and purchase of securities traded on the Bucharest Stock Exchange (BVB). For this type of services, clients can choose to be assisted by a broker in performing transactions, respectively they can choose the option of trading on their own online. Within this segment, BRK also offers the possibility to trade on a margin (based on a credit line granted by the company), liquid shares listed on the Bucharest Stock Exchange.
- Intermediation of transactions on international markets, the company's customers having access to over 100 foreign markets in Europe, North America and Asia. The range of financial instruments is very varied (stocks, bonds, structured products, ETFs, CFDs, futures, etc.), and the costs involved in trading on international markets through BRK Financial Group are among the most attractive on the market.
- Intermediation of transactions with corporate, municipal and state bonds at BVB and OTC and intermediation of transactions with structured products on the dedicated market segment on the Bucharest Stock Exchange.
- Intermediation of transactions on the domestic and international market for institutional clients.

(B) Specialized services for issuers and potential issuers:

- Financing on the capital market through public issues of shares and bonds.
- Intermediation of public offers for the purchase or takeover of companies listed on BVB.
- Listing of companies and investment funds on the capital market through initial public offerings or on the basis of admission to trading prospectuses.
- Consulting for financing through issues of shares and bonds or promotion on the capital market.

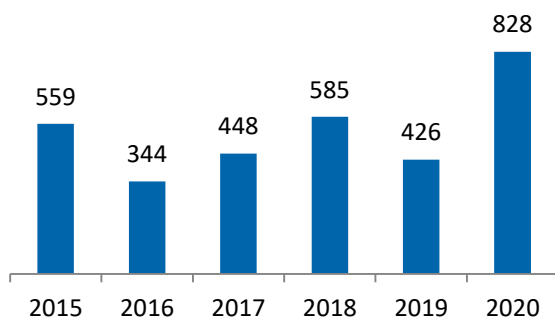
During the last 5 years, BRK Financial Group has been placed annually in the top of SSIFs from BVB, the transactions carried out by customers and those in its own name generating a market share of 1.5 - 5% of the annual value of total transactions per year.

In 2020, BRK Financial Group brokered transactions totaling 1.38 billion lei to BVB (vs. RON 616M in 2019, + 124%). As a market positioning, BRK climbs to 7th place in the top of intermediaries at BVB, the market share increasing from 2.53% in 2019 to 3.70% in 2020.

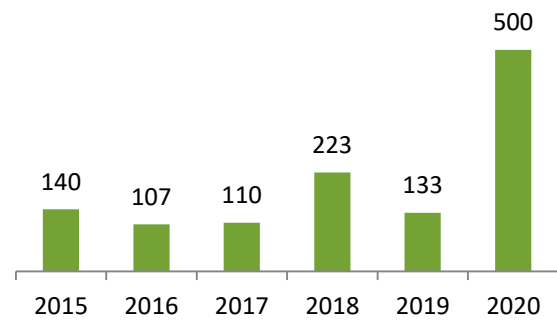
Trading on international markets was an important source of commission income in 2020, given the increased interest of customers in transactions on international markets, as well as the attraction of new customers who have accessed this service.

Regarding the services addressed to issuers, in 2020 BRK brokered 2 private equity placements (Holde Agri Invest and Star Residence Invest), 3 private bond placements (Golden Foods Snacks and Chronostyle International, member of the private placement brokerage syndicate bonds initiated by Alive Capital), as well as other specific services provided to issuers (share repurchases, takeover bids, etc.).

Client transactions (RON million)



House transactions (RON million)



Asset management

Along with the intermediation segment, the management of its own portfolio of financial assets is another important chain of BRK Financial Group's activity, which contributes a significant proportion to the company's results. On the other hand, this is also a risk factor given that BRK Financial Group is required to revalue all positions in its portfolio at the end of each year, and the value adjustments of the securities affect the result for the year and may change the image. The financial performance of the company. At the end of each month, the company adjusts the value of the companies listed in the portfolio by marking them on the market.

Within our own portfolio we find the following types of investments:

- Trading portfolio (shares and bonds listed on BVB - usually short or medium term investments, portfolio of financial instruments listed on international markets - usually speculative investments)
- Fund units
- Investments in private companies and loans to subsidiaries
- Capital allocated to the business segment - "Margin loans"
- Capital allocated to the business segment "Issuance of Structured products and market making operations"

We mention that the operations of issuing structured products as well as the provision of liquidity on our own structured products is performed in conditions of full coverage through hedging operations on the market of the underlying asset and as such we consider it the nature of the core business. Other self-employed operations (including domestic market making operations where there are no hedging instruments) are not included in what we call "core business", as they are exposed and correlated with market risk, being included in the business. Operating and presented as a separate segment.

Market making

Since 2010, the company has been carrying out market-making activities (establishing and maintaining bid / ask quotes) for various financial instruments. The benefit of this type of transaction is the spread between the bids and asks.

The market-making operations have a continuous character and are specific to international brokerage firms, so it is justified to consider that these operations belong to the operational chain of the BRK Financial Group's activity.

In 2019, BRK obtained the quality of market-maker within the regulated spot market within BVB, signing a first contract within the Issuer's Market Maker program, through which an intermediary concludes a contract with an issuer in order to support its liquidity. An important feature of this program is that the market maker assumes much improved values of listing parameters (minimum volume, maximum spread, and market presence) compared to the classic market making activity. During the first half of 2020, BRK concluded 3 new such contracts with the issuers Teraplast, Medlife, Nuclearelectrica, Purcari, Romcarbon and Impact, to which is added the partnership with AAGES from 2019.

For the Market Making operations from 2020, BRK Financial Group received the award for "The most active intermediary for increasing liquidity in 2020" within the "Performers of the Year 2020" event, organized by the Bucharest Stock Exchange.

Issuance of structured products and liquidity

Starting with May 2012, the first structured products were launched, in the form of Turbo certificates having the American Dow Jones Industrial Average index as an underlying asset. Over time, BRK has diversified its types of issued structured products (Structured products with protected capital), as well as the range of instruments that constitute the underlying assets of the issued products (international shares, domestic shares or commodities).

In 2020, BRK Financial Group intermediated RON 347M in the Structured products segment, increasing by 228% compared to 2019 (RON 87M in 2019) holding a market share of 20.92%, occupying the third position in the top prepared by BVB regarding the most active intermediaries on the Structured products segment, very close to the main competitor - Erste Group Bank (with a market share of 27.55%).

In 2020, BRK issued 55 structured products, as follows: 45 Turbo Long and Turbo Short certificates with support asset Dow Jones Industrial Average Index, 3 with Gold support asset, and 7 with oil futures contract support asset.

Activity in 2020

On January 23, 2020, the Company's Board of Directors approved the basic prospectus in connection with the structured product issuance program that includes the range of products that could be subject to future issues of turbo certificates and protected capital certificates. On 20 May 2020, the Financial Supervisory Authority approved the Basic Prospectus in connection with the Structured Products Issue Program and the issuance of the Certificate certifying the approval of the Basic Prospectus for notification to the competent authorities of Austria, Hungary and Poland.

BRK expands the “Issuer's Market Making” business line started in 2019, increasing the service's addressability among several issuers, and becomes a Market Maker for the shares of Teraplast, Medlife, Nuclearelectrica, Purcari, Romcarbon and Impact issuers.

The Covid-19 pandemic also felt its effect on BRK. Covid-19 was also a challenge for BRK, taking care first of all of the health of our employees, to make sure that the relationship with investors is not affected during this period on the one hand and that the level of service quality for our customers is not affected. We implemented the remote work mode very quickly and safely for most colleagues at headquarters and agencies. Volatility brought significant income from brokerage activity, and the fall of the market had an impact on its own portfolio, especially in the first 6 months, partially recovered by the end of the year.

The steps regarding the lifting of the insurance seizure instituted by the D.I.I.C.O.T. on 25.09.2015, so that on 13.03.2020 the company was informed about the lifting of the insurance seizure for the amount of 4,980,779.61 lei.

During the OGMS of 27.04.2020, the articles of incorporation of the company are amended and the composition of the Board of Directors is changed by electing two new members. They are authorized by the FSA on 2 October 2020.

In accordance with the corporate and group strategy, approved in the OGMS 2019, BRK continued to invest in the 3 subsidiaries in the field of technology (Firebyte Games SA, Romlogic Technology SA and Gocab Software SA.).

Dynamic and structure of revenue streams

Capital market trading services are offered by BRK Financial Group nationally and internationally, both to individuals and legal entities classified as retail, professional or institutional clients. BRK had 2142 active customers in 2020, and in terms of their dispersion, retail customers own 85% of turnover, and institutional customers have a share of about 15%. We register a significant increase in the turnover of institutional clients, from RON 42M to over RON 100M.

| 8.1. Dynamic and structure of revenue streams | 31-Dec-20 | 31-Dec-19 | Abs val | Var % |
|--|------------------|------------------|------------------|--------------|
| Intermediation activity | 8.305.226 | 3.868.350 | 4.436.876 | 115% |
| Intermediation income | 6.399.427 | 3.065.675 | 3.333.751 | 109% |
| Domestic fee and commission income | 3.064.557 | 1.959.981 | 1.104.576 | 56% |
| International fee and commission income | 2.639.233 | 535.604 | 2.103.628 | 393% |
| Income from related activities | 695.637 | 570.090 | 125.547 | 22% |
| Corporate income | 1.041.523 | 356.522 | 685.001 | 192% |
| Other intermediation income | 864.276 | 446.153 | 418.123 | 94% |

Each of the 3 segments of the intermediation business (domestic market trading, international market trading, services addressed to issuers) generated an income at least double compared to the previous year, so that all total revenues of the intermediation segment reached the level of 8.3M (vs 3.8M / 2019), increasing by 114% compared to the previous year. Among the growth catalysts we mention the ascending evolution of the number of newly opened accounts, but also the increase of the value of transactions made by existing customers, BRK intermediating transactions totaling 1.38 billion lei at BVB in 2020 (vs. RON 616M in 2019, + 124%) . As a positioning on the market, BRK rises to the 7th place in the top of intermediaries at BVB, the market share increasing from 2.53% in 2019 to 3.70% in 2020. The exponential growth of fees related to transactions on international markets as well as the quantitative increase of primary market operations offered to issuers.

| | 31-Dec-20 | 31-Dec-19 | Abs val | Var % |
|-------------------------------|------------------|------------------|------------------|-------------|
| Market making activity | 3.947.487 | 1.190.869 | 2.756.619 | 231% |
| Net transaction income | 3.362.768 | 1.122.551 | 2.240.217 | 200% |
| Other MM income | 584.720 | 68.318 | 516.402 | 756% |

We report a net result of 3.94M RON from market making operations (vs 1.2M RON / 2019) increasing by 228% compared to 2019, in line with the evolution of turnovers with structured products (347M RON in 2020 compared to 87M RON in year 2019). We appreciate that the volatility that characterized the stock market context in 2020 contributed to the increase in turnovers with structured products, as well as the diversification of the product range by including the main goods (gold, silver, oil) in the range of underlying assets. The results of contracts with issuers on the issuer's market making service also contributed to this result, which became more and more consistent in the second half of the year, with a maximum in December, when BRK's client portfolio reached six customers for this service.

| | 31-Dec-20 | 31-Dec-19 | Abs val | Var % |
|---|----------------|-------------------|---------------------|-------------|
| Asset management activities | 667.135 | 15.456.028 | (14.788.893) | -96% |
| Dividend income | 2.249.099 | 1.422.354 | 826.745 | 58% |
| Income/(losses) from trading shares and bonds | (4.867.669) | 7.693.204 | (12.560.873) | 163% |
| Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss | (243.874) | 7.598.271 | (7.842.145) | 103% |
| Net income / (expenses) provisions for fixed financial assets | 3.146.502 | (2.889.875) | 6.036.377 | NA |
| Net interest income / (expenses) and exchange rate differences | 383.077 | 1.632.074 | (1.248.997) | -77% |

The business includes two segments: brokerage activities and portfolio management.

| | 31-Dec-20 | 31-Dec-19 | Abs val | Var % |
|--|--------------------|--------------------|--------------------|-------------|
| Income from intermediation | 8.305.226 | 3.511.828 | 4.793.398 | 136% |
| Salaries and employee benefits | (1.623.758) | (789.377) | (834.381) | 106% |
| Expenses related to commissions | (1.257.152) | (197.427) | (1.059.725) | 537% |
| Expenses related to external benefits | (371.562) | (120.179) | (251.382) | 209% |
| Third party expenses | (526.979) | (316.490) | (210.489) | 67% |
| Other expenses from continuing operations | (190.578) | (87.429) | (103.149) | 118% |
| Total expenses related to continuing operations | (3.970.028) | (1.510.903) | (2.459.126) | 163% |
| Marginal segment contribution | 4.335.198 | 2.000.926 | 2.334.272 | 117% |
| <i>Weight</i> | 52% | 57% | -5% | -8% |

The result of the intermediation segment increased from RON 2M in 2019 to RON 4.33M in 2019, amid the increase in business volume. In line with the increase in revenues, some direct expenses increased (commissions paid to stock exchanges and capital market institutions in line with the increase in turnover, salary expenses due to the recruitment of productive staff, allocation of marketing and promoter expenses to the intermediation segment).

The contribution of the intermediation segment to the overheads increased approximately in line with the increase in revenues, with a slight decrease in the contribution rate from 57% to 52% amid the focus of growth efforts and market share capture.

Asset management results

| | 31-Dec-20 | 31-Dec-19 | Var Abs | Var % |
|--|--------------------|--------------------|---------------------|-------------|
| Net income from trading | 4.614.622 | 17.003.419 | (12.388.796) | -73% |
| Salaries and employee benefits | (1.190.515) | (1.484.995) | 294.480 | -20% |
| Expenses related to commissions | (776.041) | (524.362) | (251.679) | 48% |
| Expenses related to external benefits | (743.557) | (406.005) | (337.552) | 83% |
| Third party expenses | - | - | - | 100% |
| Other expenses from continuing operations | (255.047) | (161.178) | (93.869) | 58% |
| Total expenses related to continuing operations | (2.965.160) | (2.576.539) | (388.621) | 15% |
| Marginal segment contribution | 1.649.462 | 14.426.879 | (12.777.417) | -89% |
| <i>Weight</i> | no. 36% | no. 85% | -49% | -58% |

Own portfolio management activity Dividend income: out of the total dividend income, the amount of RON 1.5 million (2019: RON 1.1 million) refers to the dividends paid by the subsidiary SAI Broker. Excluding the amounts received from related parties, the variation of dividend income is 137%, from RON 315k in 2019 to RON 750k million, due to the fact that during March-July when stock quotes had decreased, for certain positions in its portfolio decided to keep them on the date of registration. Profit / (loss) realized from transactions in shares and bonds: In the first 2 quarters of 2020, certain losses were marked on some positions in the portfolio, in the climate of excessive volatility that characterized that period. Also, in 2019, the main contribution to the value of RON 7.69M was represented by the full exit from Facos. Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss: We report a loss of RON -243k resulting from the marking of market positions in portfolio positions, especially in the area of historical holdings, which have higher volatility in the context of lower liquidity.

Net income / (expenses) net fixed assets financial provisions: the main contribution to the amounts recorded in 2020 is the cancellation of the provisions related to the loans granted to the subsidiaries. Other net interest income / (expenses) and exchange rate differences: This category of income (expenses) includes interest receivable on cash, interest expenses related to the credit line, as well as exchange rate differences - the latter mainly from hedging operations related to structured products. This result has a volatility appears, being influenced on the one hand by the variations of the RON in relation to the dollar (in particular) and other European currencies (in the subsidiary), respectively the level of interest rates as well as the level of liquidity and / or level of credit line usage.

Trading on own account

Evolution of results from the management of the own portfolio of financial assets

The result of the activity of managing its own portfolio registered a cumulative net result of + 1.65M RON, the revenues being net being of 4.61M RON, and the operating expenses being of 2.96M RON. By net income we mean the result of all investments in which the capital of BRK Financial Group was involved (investments in shares, bonds, units of units, participations in closed companies, market making operations related to issued structural products, interest received and paid, dividends and coupons, interest related to margin trading, exchange rate differences, etc.). The result also includes the effect of the marking on the market (i.e. the revaluation of participations in the case of unlisted companies) of all the instruments held, as well as the provisions (constituted or canceled).

Analysis of the structure of the financial assets portfolio

In accordance with the objectives mentioned in the investment strategy approved by the Board of Directors, in 2019 (for 2019 and 2020), the management strategy was aimed at continuing the process of restructuring its own portfolio of financial assets aimed at the following: quantitative adjustment and portfolio quality and portfolio diversification across several classes of financial assets, the alienation of holdings, either due to their small size or lack of growth prospects, and the use of proceeds from other investments with more attractive potential returns.

| | Number of issuers | | Market value | |
|------------------------|-------------------|-----------|-------------------|-------------------|
| | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| Listed companies | 21 | 15 | 16,861,751 | 25,052,428 |
| Unlisted shares | 16 | 15 | 24,898,238 | 10,780,983 |
| Fund units | 7 | 9 | 7,001,270 | 8,811,471 |
| Total portfolio | 44 | 39 | 48,761,259 | 44,644,882 |

As of December 31, 2020, BRK's listed share portfolio was valued at RON 16.86 million, consisting of both the stock of shares held for the purpose of market making operations and the stock of shares held for speculative purposes / portfolio investments. Short-term (but due to the special dynamics of operations on its own portfolio), on 31.12.2020, the value of the equity portfolio is lower, BRK having a more significant cash position.

The value of participations in unlisted companies increased significantly (from 10.78 to 24.9 M RON) as a result of the interest / increase of participations in the capital of these companies, respectively by increasing the value of unlisted companies, where BRK holds participations. Regarding BRK's portfolio of fund units, they decreased both in number and value, as a result of the sale of fund units to 2 investment funds.

In addition to financial investments in listed companies, closed companies, fund units or other securities, the company's financial assets portfolio also includes cash, loans, financial assets related to market making and structured products and the marketable portfolio on international markets.

| | Absolute values | | Weight in total | |
|--|-------------------|-------------------|-----------------|----------------|
| | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| Cash | 4,931,488 | 781,635 | 6.2% | 9.90% |
| Loans granted of which: | 7,884,733 | 14,710,553 | 13.5% | 23.13% |
| <i>Customer lending - margin trading</i> | <i>4,004,733</i> | <i>4,445,003</i> | <i>7.5%</i> | <i>6.99%</i> |
| <i>Loans to other companies</i> | <i>3,880,000</i> | <i>10,265,550</i> | <i>6.0%</i> | <i>16.14%</i> |
| International financial instruments | 3,959,848 | 5,500,288 | 6.2% | 8.65% |
| Domestic market financial instruments | 46,948,048 | 37,084,273 | 74.1% | 58.32% |
| TOTAL PORTFOLIO | 63,724,225 | 58,076,749 | 100.0% | 100.00% |

The loans granted by BRK Financial Group, in the total amount of RON 7.88 million, include both loans granted to customers for margin trading on BVB, and loans granted to companies in which BRK holds shares. Loans to customers for margin transactions amounted to almost RON 4 million at the end of 2020, a slight decrease compared to 2019. Loans to third parties by BRK Financial Group decreased in 2020 to 3.88 M Ron, from 10.26 M Ron in 2019, amid the conversion of some debts in contribution to the share capital of some subsidiaries.

The staff

In 2020, the average number of employees was 36. At the end of 2020, the actual number of employees of the company was 39, hiring staff in the productive area (stockbrokers) and in the analysis department in accordance with the strategy to provide clients analysis reports on as many issuers as possible and with an appropriate frequency.

The company's development strategy involves expanding the activity and increasing the number of employees in the future, both in administrative and support roles, and in directly productive segments (expanding the sales force), in correlation with business volume. The company constantly encourages and supports the professional development and specialization of the staff employed in the area of competence specific to each one, by participating in the professional training programs, respectively continuous professional training.

Objectives for 2021

Our medium- and long-term strategic objectives were to capitalize on the full potential of business opportunities, improve competitiveness, ensure quality services at competitive costs, focus on customer needs and digitize its experience. Punctually, for the year 2021, we appreciate that the following points could be reached:

Building intelligent operating systems, simplifying processes and improving the digital customer experience;

Development of the research department and offering coverage with analysis on as large a number of issuers as possible;

Increasing the market share to at least 5% in terms of turnovers at BVB and maintaining the market share on the structured products segment (BVB);

Listing of structured products on other exchanges in the region (Austria, Poland and Hungary)

- Exponential increase in revenues related to services provided to issuers, whether we are talking about consulting and intermediation services for listing, or we are talking about market making services;
- BRK Financial Group will continue to seek to support, both financial-investment and through managerial know-how, startups or ambitious entrepreneurial teams, analyzing the opportunities offered by them and coordinating their activity and initiating the governance system. The concrete objectives for 2021 focus on listing at least one other subsidiary in the technology field, as well as developing the new REIT Capital subsidiary by expanding the scope of operations and assets under management.

Important events after the reporting period

On February 15, 2021, the private placement of the subsidiary Firebyte Games SA was completed. The investment was brokered by BRK Financial Group. Investors were allocated 8,800,000 new shares with a nominal value of 0.1 RON / share and a subscription price of 0.56 RON / share.

On March 3, 2021, BRK Financial Group announced the expansion of the addressability of the products and services offered, developing and launching in this regard the product "Investment account for children" through which parents (or legal representatives) can open a trading account for minors.

Corporate governance

The company operates according to solid principles of corporate governance. These principles underlie the management framework. BRK Financial Group operates according to internal procedures that determine the effectiveness of control mechanisms, in order to protect and harmonize the interests of all categories of participants in the activity carried out within the company. In December 2020, BRK Financial Group obtained a grade of 9 according to the VEKTOR methodology - a progress of 3 points compared to the beginning of the year and a progress of 4.5 points compared to 2019. This methodology considers communication and transparency towards investors.

Relationship with investors

BRK Financial Group respects the rights of its shareholders in carrying out the activities undertaken by the company in their interest. The company is constantly concerned with improving communication and relations with its shareholders, aiming to ensure fair treatment. The articles of association of the company regulate the rights of the shareholders regarding the shares held and their exercise through the participation in the General and Extraordinary Meeting of Shareholders. Also, the constitutive act regulates the management body of the company and the manner of its administration. The relationship with the shareholders is ensured at the level of the executive directors and of the Board of Directors. The BRK Financial Group website provides concise information on the organization and conduct of business, products and services offered, financial statements, Ordinary and Extraordinary General Meetings, disputes involving the company and other elements that may be of interest to shareholders, employees or customers. The company's website also contains information about the members of the Board of Directors and audit reports.

All information for shareholders is available in the "Investor Relations" and "About Us" sections, both in Romanian and in English. Regarding the potential questions, opinions or suggestions that shareholders may have, the company provides the e-mail address actionariat@brk.ro to facilitate an easy and appropriate communication. Along with the information available on the company's website, shareholders can consult the reports and communiqués submitted by BRK Financial Group. These can be consulted on the website of the

Bucharest Stock Exchange (BVB). The Company provides annually the financial reporting calendar, the OGMS and EGMS notices, their decisions and current reports.

Board of Directors

BRK Financial Group was managed in 2020, for the most part, by a Board of Directors consisting of five members elected at the General Meeting of Shareholders and subsequently at the General Meeting of Shareholders in April 2020, the company has a board of directors. The administration is consisting of three members, authorized in October 2020.

Following the elections held at the OGMS in April 2020, a new Board of Directors was elected, consisting of three members: Mr. Robert Dănilă, Mr. Gabriel Goia and Mr. Sorin Constantin. Mr. Dănilă and Mr. Goia received the ASF approval in October 2020, Mr. Constantin being previously authorized.

During 2020, the Board of Directors of BRK Financial Group SA met 18 times, either by participating at the company's headquarters or by means of distance communication and its activity complied with legal and statutory provisions. Important topics and projects were debated, relevant to the company's activity, and decisions were issued regarding the multiple functional aspects of the company. Among the topics that were found in the agenda of the Board of Directors, having a special impact on the current activity, were the approvals of some internal policies and procedures that were updated to correspond to the changes made at the company level.

The Board of Directors operates on the basis of its own operating regulations, which establish the effective working of the Board, the manner of convening and convening it, the company's staff to submit activity reports (executives, CCI representatives, risk manager, internal auditor, Economic Director, House Operations Director).

In order to avoid any potential conflicts of interest, the members of the Board of Directors through the submitted and published CV, inform both the Board and the shareholders and potential investors about any professional commitments, including about the executive and non-executive positions in the Board of companies. and / or non-profit institutions, and through the statements provided to the Financial Supervisory Authority, all information regarding direct or indirect participations, individual participations or as a result of the concerted action with third parties is revealed.

The remuneration of the members of the Board of Directors is approved by the General Meeting of Shareholders. The members of the Board of Directors do not carry out related activities that are directly or indirectly influenced by the activity of BRK Financial Group SA.

The board's councils

There are four committees on the Board of Directors of BRK Financial Group: the Nomination Committee, the Audit Committee, the Risk Committee and the Remuneration Committee.

The committees set up at the level of the Board of Directors function as working groups of the Board, their role being determined and established in accordance with the applicable legal provisions and to meet the needs of the company. The establishment of the composition of the committees of the Council was based on the expertise of its members and the need to make the most of the experience gained by them in various fields of activity.

The three directors are members of all committees.

Risk Committee-The role of this committee is mainly to monitor the risks that may have an impact on the company and to analyze and evaluate the reports submitted by the designated person with risk management at the company level. The risk committee is informed monthly by the person appointed with risk management through a full activity report, on the company's situation in terms of liquidity indicators and other risk indicators that are calculated in accordance with the regulations of the Financial Supervisory Authority.

The Audit Committee-Its role is to analyze and audit the financial statements of the company. The audit committee evaluates the company's periodic financial statements, the correctness of their preparation and the auditors' opinions on the financial statements.

Remuneration Committee-Having the task of evaluating the remuneration policies within the company and proposes for approval to the Board of Directors their modification and updating.

The Nomination Committee has the role of evaluating the persons proposed for the management positions and key functions within the company and also of analyzing the proposals for the persons who may represent the company in the Boards of Directors of other entities.

Internal auditing

During 2020, the internal audit was provided by Asconcor SRL, which operates independently, in accordance with the recommendations of corporate governance. The internal audit reports were presented to the Board of Directors of the company, and the measures proposed in the audit reports were implemented by decisions of the Board of Directors. The internal audit reports aim at verifying the correlation of the clients' balances with the analytical records, the verification of the capital adequacy reports, the verification by sampling of the clients' cash availabilities and other relevant aspects of the company's activity.

External auditing

According to the legal provisions, the financial-accounting statements and the operations of BRK Financial Group are audited by an independent financial auditor, who meets both the criteria established by the Financial Supervisory Authority and those of the Romanian Chamber of Financial Auditors.

During the OGMS held on 29.07.2019, the election of the financial auditor JPA Audit & Consultancy SRL for the years 2019, 2020 and 2021 was approved.

Internal compliance

In accordance with the legal provisions in force, the company has organized an Internal Control and Compliance Department (CCI) composed, during 2020, of personnel authorized by the FSA and in the process of authorization.

The main role of the Internal Control and Compliance Department is to verify the compliance by BRK Financial Group and its staff with the regulations in force in the field of capital market and internal procedures related to customer relations, in order to limit the risk to which the company is exposed and the development of honest business practices.

The Internal Control and Compliance Department reports monthly to the Board of Directors of the company, the executive management and the internal auditor on the activity carried out and the issues notified, if applicable. CCI proposes to the company's management measures to remedy the problematic issues, following that the decision on the application of the proposed measures will be

taken by the members of the Board of Directors and / or the executive management. The decision is to be brought to the attention of those involved by the representatives of the executive management.

Also, CCI verifies the transmission to the capital market institutions of the mandatory reports according to the legislation in force, including the current reports deriving from the obligations assumed as an issuer traded on the Bucharest Stock Exchange - Premium category. During 2020, the Internal Control and Compliance Department prepared 67 control reports, which were carried out in accordance with the Annual Control and Compliance Plan or at the request of management. The control reports were brought to the attention of the Board of Directors, the executive management and the internal auditor. Following the proposals made in the control reports prepared during 2020, the company's management took remedial measures by amending certain procedures, adopting decisions.

Risk management

Within BRK Financial Group, in accordance with the legal provisions in force, a risk manager has been appointed, an employee with specific responsibilities for monitoring the risk at company level. The monitoring of the risks specific to the activity carried out is done in accordance with the Policies on risk management - Rules and mechanisms for risk assessment and management, approved by the Board of Directors. In the process of identifying and assessing financial risks, as well as the indicators used in risk management, EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment companies, as provided by the European legislator, but also the regulations and legislation of the Financial Supervisory Authority.

Regarding the assessment of operational risks generated by IT systems, the aspects provided by Norm no. 4/2018 on the management of operational risks generated by information systems used by regulated entities, authorized / endorsed and / or supervised by the Financial Supervisory Authority.

The risk management system, built according to the regulations presented above, includes a set of appropriate risk management mechanisms and procedures, analyzes, as well as the presentation of the results of the activity of identification and assessment of financial risks, as well as proposals for proper management; of diminishing the effects of the risks related to the investment and general activity of the company.

In this regard, the following categories of potential or existing risks to which SSIF BRK Financial Group SA is exposed were analyzed and assessed:

1. Liquidity risks, with the following sub-categories: risk of not covering current liquidity needs, risk of financing long-term assets from non-permanent resources and liquidity risk of the financial assets portfolio held by SSIF BRK Financial Group SA;
2. Market risks, with the following subcategories: position risk, currency risk, commodity risk and long-term interest rate risk;
3. Credit risks, with the following sub-categories: credit risk (related to the dynamics of the financial solvency of the issuers of financial assets held by SSIF BRK Financial Group SA and of participations and debt securities), the counterparty credit risk arising from the loans granted by the company, as a creditor, to the companies in which it holds qualified participations, the legal risk.

4. Operational risks, analyzed from the perspective of the quantitative approach. Within this category are analyzed all the operational risks generated by the processes, systems and human resources that SSIF BRK Financial Group SA uses in its current activity;
5. Concentration risk, with the following sub-categories: high exposures to a debtor / issuer and high exposures to a sector of economic activity. At the same time, within the concentration risk, the exposures registered by BRK Financial Group to different categories of financial assets and operations are analyzed from the perspective of the requirements provided by the legislation in force;
6. Currency risks, which deal with the positions held by BRK Financial Group in cash and foreign currency deposits, financial instruments denominated in foreign currency, derivative financial instruments with foreign exchange assets;
7. Valuation of positions and inclusion of instruments in the portfolio of BRK Financial Group.

At the level of SSIF BRK Financial Group SA, the financial, investment and operational risks were evaluated / quantified, monitored and treated in order to reduce their impact according to the classification presented above. When establishing this risk classification structure, the magnitude of the impact of that risk was taken into account in the event that it would materialize on the levels of own funds held by SSIF BRK Financial Group SA.

The following principles and aspects have been taken into account when setting the quantitative limits for financial risks:

Principles:

As a general principle, when establishing the current quantitative levels of financial risks, the risk profile of SSIF BRK Financial Group SA was taken into account, the current structure of the portfolio, the possible dynamics of assets, as well as ensuring prudent levels of liquidity and adequacy capital so as to include shock absorbers for possible crisis situations established by the European regulator.

Issues to consider:

The level of liquidity required has been set so that it is prudent and able to cope at any time with any net cash outflow in the event of a crisis.

The level of liquidity of the assets in the portfolio was established according to the characteristics of the portfolio, as well as ensuring a minimum level of liquidity to meet any need to reorient the business policy.

When establishing the levels for market, credit, counterparty, operational risks, it was taken into account that the solvency level determined as a ratio between the capital requirements related to these financial risks and the own funds (financial resources) of SSIF BRK Financial Group SA should be at least three times the minimum required (existence of reserves), as provided for in EU Regulation no. 575/2013.

When setting the current quantitative limits, the level of leverage was taken into account.

Thus, on 31.12.2020, the level of own funds of SSIF BRK Financial Group registered the value of RON 50,310,624.16. Also, the value of risk-weighted exposures on 31.12.2020 was RON 134,005,407.71.

Transparency and reporting

In order to ensure transparency on the activity carried out and on the financial statements, SSIF BRK Financial Group makes available to all interested parties, through communications sent to BVB and through its website, the annual, half-yearly and quarterly reports prepared in accordance with applicable accounting standards. (IFRS). The annual financial statements are presented both individually and consolidated, both preliminary and audited, along with the explanatory notes. Quarterly and half-yearly results are presented only in individual and unaudited reports. The company also publishes other current reports on all important events that have or could have an impact on the company's image and activity. The company published on its website the articles of incorporation of the company as well as the names of the members of the Board of Directors.

Following the evaluation of VEKTOR (indicator of communication with investors for listed companies) conducted by the Association for Investor Relations on the Romanian Stock Exchange (ARIR), BRK Financial Group obtained a grade of 9/10 for communication and investor relations.

Avoidance of conflicts of interest

In order to avoid conflicts of interest, the company applies clear procedures that establish the necessary methods, operations and controls.

BRK Financial Group has taken steps to avoid conflicts of interest and operational segregation. Information flows are managed through the application of information barriers, which have been established procedurally.

Social responsibility

Social responsibility is an integral part of the company's business strategy. Involvement in the community, supporting the common development values of society as a whole, has been a constant concern for BRK Financial Group throughout 2020. Financial education is perhaps the most important direction of involvement in the community, due to a pressing need to increase the level of financial education among the active population or young people. It was the first year in which BRK Financial Group specialists participated, as mentors, in the non-banking financial education program developed in partnership with ASF for the 7th and 11th grade students. The teaching activity intensified at the beginning of 2020, but later, the context created by the health crisis led to the suspension of the program. BRK has in place procedures that regulate the methods of recovery and recycling of waste resulting from the current activity. As a result of the internal procedures implemented, paper consumption has decreased significantly.

Financial calendar

| | |
|-------------------------|---|
| April 19 2021 | Publication of financial results for the first quarter |
| April 26 2021 | General Meeting of Shareholders for the approval of the 2020 annual financial results |
| April 27 2021 | Publication of the 2020 Annual Report |
| August 13 2021 | Publication of half-yearly financial results |
| November 12 2021 | Publication of financial results for the third quarter |

BRK Share

BRK Financial Group shares are issued in dematerialized, ordinary, indivisible and freely negotiable form from the date of admission to trading on the Bucharest Stock Exchange (BVB). The shares of BRK Financial Group were admitted to trading on the main market administered by the Bucharest Stock Exchange on February 5,

2005 under the symbol BRK. BRK shares are listed on the Premium category of the Bucharest Stock Exchange and are included in the BETPlus index basket.

The company is under the incidence of the capital market legislation, respectively Law no. 297/2004 on the capital market, Law 24/2017 on issuers of financial instruments and market operations as well as secondary regulations issued by the Financial Supervisory Authority (FSA) and BVB.

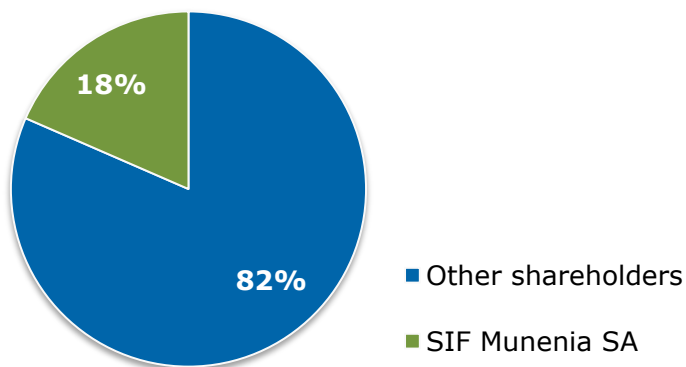
The records of the shares are kept by the Central Depository, an independent registry company, authorized by the Financial Supervisory Authority. The total number of shares issued by BRK is 337,749,919, and the nominal value of one share is RON 0.16.

During 2020, the average price of the BRK share was RON 0.0754 / share, decreasing by 4.55% compared to the average price recorded in 2019 (0.079 RON / share). The closing price of the BRK share on December 31, 2020, the last trading day of the year, was 0.082 RON / share, decreasing by 3.3% compared to the closing of the previous year.



Shareholders

At 31 December 2020, the shareholding structure of BRK Financial Group was as follows:



Stock market context

In the first quarter of 2020, stock market indices around the world recorded substantial losses, triggered by the onset of the pandemic. The most dramatic period was from March 6 to 18, when most indices marked decreases of over 20%. The widespread panic felt in the capital markets was determined by the economic uncertainty created by the health crisis. Also, the restrictions imposed by the authorities in several states, in order to slow down the spread of the virus, have created impediments in the normal conduct of business.

| Indices | Countries | % 20/19 | % 19/18 | % 18/17 |
|--------------------|-----------|---------|---------|---------|
| S&P 500 | USA | 16.26% | 28.9% | -6.2% |
| NIKKEI-225 | Japan | 16.01% | 18.2% | -12.1% |
| Shanghai Composite | China | 13.87% | 22.3% | -24.6% |
| Dow Jones | USA | 7.25% | 22.3% | -5.6% |
| DAX-30 | Germany | 2.49% | 25.1% | -18.3% |
| WIG-20 | Poland | -3.43% | -5.6% | -7.5% |
| CAC-40 | France | -7.14% | 26.4% | -11.0% |
| PX | Czechia | -8.61% | 13.1% | -8.5% |
| BUX | Hungary | -8.92% | 17.7% | -0.6% |
| RTS | Russia | -10.42% | 44.9% | -7.4% |
| ATX | Austria | -13.90% | 16.1% | -19.7% |
| FTSE-100 | UK | -14.34% | 12.1% | -12.5% |
| SOFIX | Bulgaria | -21.24% | -4.4% | -12.3% |

Among the most important indices at the international level, the S&P 500 recorded the most spectacular return during 2020, exceeding the maximum value recorded in March and reaching new all-time highs. Stock markets in Japan and China also saw substantial increases of 16% and 13.9%, respectively. In contrast, most European stock indices fell from the end of 2019 to the end of 2020. The only exception in this regard was the DAX-30, which grew by 2.5% during the year.

The Federal Reserve (FED) reduced the reference interest rate twice during 2020. The first reduction, of 0.5%, took place on 3 March, and subsequently, on 15 March, a second reduction of 1%, which reduced the reference rate to 0.25%.

The Romanian capital market registered significant decreases in the first quarter of 2020. The value of the BET index decreased by the end of March by 23.6%, but these decreases was recovered in the following quarters, especially in the second quarter. In the first quarter, the most significant decrease was registered by the BET-NG index, of -26.2%. In Q2, the fastest return was the BET-TR index, with an increase of 17.7%. In the third quarter, the only indices that did not show an appreciation were BET-FI and BET-NG, which decreased by 1.8% and 0.8%, respectively.

The Bucharest Stock Exchange (BVB) officially became an emerging market starting with September 21, 2020, and Banca Transilvania (TLV) and the energy producer Nuclearelectrica (SNN) were the first companies in Romania included in the FTSE Global All Cap index and in three other international stock market indices.

The year 2020 was characterized by a high volatility, the total number of transactions on the main segment of the Bucharest Stock Exchange increasing by 59%. The traded volume was 9.8 billion, marking an increase of

38%, and the total traded value was RON 12.2 billion, increasing by 26%. Also, due to the events caused by the Covid-19 pandemic, the total capitalization of the main segment decreased by 14%, reaching RON 154.3 billion. This trend was similar on the AeRo market, where the number of transactions almost doubled, from 44,482 to 89,466. On the AeRo market, the traded volume increased by 24%, and the total traded value was of RON 339 million, increasing by 45%. The market capitalization of AeRo increased by 9%, reaching RON 9.7 billion.

| Indices | T1 | T2 | T3 | T4 | 2020/2019 |
|-----------|--------|-------|-------|-------|-----------|
| BET | -23.6% | 13.6% | 4.0% | 8.9% | -1.7% |
| BET-TR | -23.6% | 17.7% | 4.5% | 10.0% | 3.4% |
| BET-BK | -23.3% | 15.1% | 1.9% | 9.7% | -1.3% |
| BET-FI | -17.0% | 8.6% | -1.8% | 2.4% | -9.4% |
| BET-XT-TR | -23.2% | 16.2% | 3.2% | 8.7% | 0.0% |
| BET-NG | -26.2% | 14.3% | -0.8% | 5.3% | -11.8% |
| BET-XT | -23.2% | 12.4% | 2.7% | 7.6% | -4.7% |
| BETPlus | -23.4% | 13.6% | 4.0% | 8.6% | -1.7% |

The EUR / RON exchange rate increased during 2020. In the first quarter, the average value of the exchange rate was 4,7959, and in the second quarter of 4,8367. The increase continued in Q3, with an average of 4,8446, and in the last quarter the average was 4.8713 lei for one euro. The closing value at the end of the year was 4.8694, marking an appreciation of 1.95%.

Consolidated performance

The direct participations of BRK Financial Group in the group's subsidiaries refer to the participation in SAI Broker S.A. No changes in the share capital of SAI Broker S.A. took place during 2020.

| Company within group | Field of activity | Number of financial instruments held | Nominal value of the instrument | Stake 2020 (%) | Stake 2019 (%) |
|----------------------|-------------------|--------------------------------------|---------------------------------|----------------|----------------|
| SAI BROKER SA | Asset management | 220.581 | 10.00 | 99,98% | 99.98% |

In accordance with the requirements of IFRS 10, reporting entities must consolidate their financial statements with those of the entities in which they have invested and which they control. The amendment to investment companies provides an exception to the consolidation requirements of IFRS 10 and requires investment companies to measure certain subsidiaries at fair value through profit or loss, rather than consolidating them. The term "investment entity" refers to an entity whose object of activity is to make investments in order to obtain a return on capital appreciation, investment income or both.

According to the internal evaluation carried out at the beginning of 2020, the management of BRK Financial Group S.A. concluded that it meets the criteria required by IFRS 10 in order to be able to be defined as an investment entity and thus to value certain subsidiaries at fair value without the need to consolidate them. Thus, in the consolidation perimeter for 2020 were kept only two companies, namely: SSIF BRK Financial Group S.A. and SAI Broker S.A.

General information about SAI Broker

SAI Broker SA was established in the second half of 2012, and wants to offer investors viable investment alternatives through the products it intends to launch, so that through an adequate management of the financial asset portfolio it tends to optimize the ratio between the potential return and the investment risk assumed. The company has the dynamism and tenacity necessary for such a challenge as well as the experience gained over the years which, together, are the prerequisites for the success of a policy focused on customer needs.

The main field of activity of the company consists in fund management activities. (The object of activity was revised according to the requirements of the A.S.F., after authorization). The main object of activity of the company classified according to the Classification of Activities in the National Economy (C.A.E.N.) is:

663 - „ Fund management activities”;

6630 - „Asset management activities”: management of collective investment undertakings (UCIs) and collective investment undertakings (UCITS) In addition to the management of UCITS, the company may manage alternative investment funds (AIF), for which it is subject to prudential supervision, in particular those established as investment funds, as defined and regulated by the GEO no. 32/2012 or registered according to the legal provisions.

The activity of managing the collective portfolio refers at least to:

- a. Investment management;
- b. Carrying out activities regarding:
 1. legal and accounting services related to portfolio management;
 2. customer information requests;
 3. portfolio evaluation and determination of the value of participation titles, including fiscal aspects;
 4. monitoring compliance with current regulations;
 5. maintaining a register of shareholders;
 6. income distribution;
 7. issuance and redemption of participation titles;
 8. record keeping;
- c. Marketing and distribution.

In the case of administering a F.I.A., the main activities carried out are:

- portfolio management;
- risk management;

The company may also carry out, within the collective administration of an F.I.A. and other activities such as:

i) management of the entity: legal and accounting services of the fund, requests for information from customers, evaluation and pricing, including tax refunds; monitoring compliance with applicable law; keeping the register of holders of participation titles; income distribution; issues and redemptions of participation titles; settlement of contracts, including issuance of certificates; record keeping;

ii) distribution;

iii) activities related to the assets of the AIF, namely services required for the performance of administrative tasks, infrastructure management, real estate management, advice to entities on capital structure, industrial strategy and related issues, consultancy and services on mergers and acquisitions of entities, such as and other services related to the management of the AIF and the companies and other assets in which it has invested.

SAI Broker SA obtained the operating authorization from the National Securities Commission, currently the Financial Supervisory Authority (A.S.F) at the beginning of 2013. By the ASF certificate no. 24 / 05.07.2017, the registration of SAI Broker SA as administrator of alternative investment funds (AIFM) was certified.

The company does not have open branches or agencies, the activity being carried out only at the headquarters.

The special relationship with SSIF BRK Financial Group SA - the company which is the main shareholder and the most important business partner of the company - is an asset in achieving the proposed objectives. Through the services it offers, SAI Broker SA will complete the range of financial services offered by SSIF BRK Financial Group SA in an attempt to meet the most demanding requirements of its clients.

Having active and passive investment policies depending on the profile of each fund, SAI Broker offers specific financial services for investment management, with responsibility and professionalism, aiming to manage risks and take advantage of opportunities in the Romanian market or in other markets abroad. .

The short-term goal is to promote the funds launched and expand the distribution of fund units in the system

Main achievements of SAI Broker

At the end of 2020, the value of assets under the company's management was 179 million lei compared to 214 million lei at the end of 2019. The financial performances obtained in 2020 were lower than the initial projections due to the decrease of assets under management. In 2020, SAI Broker SA did not authorize new investment funds.

In 2020, the company financially supported by contributing to the share capital and granting loans the development of the companies GoCab Software and Firebyte Games S.A., the latter being in the process of listing on the Bucharest Stock Exchange.

The capital investments made by SAI Broker SA in 2020 were 1.48 million lei, increasing from 0.1 million to 1.58 million lei, and the balance of loans increased by 0.25 million lei from 0.37 million lei to 0.62 million lei.

Financial information of SAI Broker

From the administration activity of the 9 funds: FII BET-FI Index Invest, FDI FIX Invest, FDI PROSPER Invest, FDI Fortuna Classic, FDI Fortuna Gold, FPI Smart Money and FPI OPTIM Invest, FPI H.Y.B. Invest, Alpha Invest, SAI In 2020, Broker SA registered revenues from current activity in the total amount of 3.24 million lei, increasing by

2% compared to those obtained in 2019, representing management fees, subscription fees and successful commissions.

In 2020, the net financial gains other than dividends amounted to 800 thousand lei compared to about 549 thousand lei in the previous year. The year 2020 represented a new year of growth and improvement of the company's financial performance, the global result registering a positive value, of 2.23 million lei compared to 2.18 million lei in 2019. This significant improvement was due to the increase of the values of the managed assets, especially in the first part of 2020, in the category of private funds, as well as the positive returns of all funds under management.

| Indicators (in RON) | 2020 | 2019 | Evolution '20/'19 |
|--|------------------|------------------|-------------------|
| The overall result situation | | | |
| Income from current activity | 3,243,134 | 3,180,649 | 1.96% |
| Total income from continuous activities | 4,057,503 | 3,752,226 | 8.14% |
| Expenses | -1,542,682 | -1,292,180 | 19.39% |
| Result of operating activities | 2,260,319 | 2,212,646 | 2.15% |
| The result of the period | 2,230,168 | 2,177,536 | 2.42% |

Strategy of SAI Broker

The management and team of SAI Broker SA is aware of the trust placed by investors in the managed funds, so that the transposition of the investment strategies defined for each fund is done professionally and in compliance with all legal provisions. The performance targets defined by benchmarks for each managed public fund were exceeded each year in the vast majority of cases. The team engaged in the investment process carried out on behalf of the managed funds also paid special attention to the investment risks, keeping the general risk in the risk class specified in the fund's documentation or in a lower risk class.

SAI Broker SA aims for the year 2021 to carry out on behalf of the funds, profitable investment operations that will keep the funds managed in the top of funds in Romania in terms of the yield obtained. 2021 to take the step towards the distribution of fund units in the online system.

Infernal audit of SAI Broker

At the level of companies in which SSIF BRK FINANCIAL GROUP holds participations, the internal audit and the financial audit are not subject to integrated processes, the companies having different objects of activity. At the level of each company, the internal audit operations are differentiated according to the specifics of the market on which each company operates. At the level of SSIF BRK FINANCIAL GROUP and SAI BROKER SA, the internal audit is outsourced to ensure its development efficiently and independently. The audit missions performed in 2020 at SSIF BRK FINANCIAL GROUP SA and SAI BROKER SA aimed at following the reports related to risk management and evaluating the internal control system at the level of the two companies, according to the legislation applicable to the capital market. The reports on the completion of the audit engagements were submitted to the management of the entities in order to apply the recommendations made by the auditors.

Regarding the financial audit, the companies in which SSIF BRK FINANCIAL GROUP SA holds participations audited the financial statements for 2020. The audit of the financial statements was performed within the deadline provided by law, and the audited financial statements were submitted to the General Meetings of Shareholders of the companies concerned. .

Environmental concerns of SAI Broker

SAI Broker SA is aware that any economic, legal activity that produces an economic benefit can have social and environmental disadvantages. SAI Broker SA considers that a sustainable development is possible only in the conditions of achieving responsible business. For this reason, SAI Broker SA considers, for the sustainability of the financial services sector, the following principles:

- sustainable progress is what enables current needs to be met without compromising the ability of future generations to do the same.
- respect for human rights and national and international standards regarding work and working conditions.
- environment protection.
- developing partnerships and businesses with collaborators and economic entities that embrace the same vision on sustainability / sustainability risk.

SAI Broker SA considers that it is important that the social and environmental impact that the investment management activity can have, can be foreseen, be approached from an ethical point of view and responsible for the entire duration of an investment.

Consolidated financial statements

Consolidated statement of financial position as of Dec 31 2020

| <i>In RON</i> | 2020 | 2019 |
|--|--------------------|--------------------|
| Assets | | |
| Intangible asses | 1.681.040 | 2.308.808 |
| Tangible assets | 8.035.979 | 5.914.801 |
| Real estate investments | - | 669.959 |
| Financial assets at fair value through profit and loss | 45.510.488 | 41.468.492 |
| Financial assets at amortized cost | - | - |
| Loans granted | 7.772.861 | 12.111.428 |
| Receivables | 1.184.648 | 1.065.958 |
| Other financial assets | 72.450.110 | 24.773.144 |
| Client accounts | 51.746.125 | 53.626.771 |
| Cash and equivalents | 5.350.843 | 1.240.115 |
| Assets held for sale | - | 303.389 |
| Prepayments | - | - |
| Total assets | 193.732.095 | 143.482.865 |
| Equity | | |
| Share capital | 54.039.987 | 54.039.987 |
| Share capital adjustment | 4.071.591 | 4.071.591 |
| Treasury shares | (24.047) | (24.047) |
| Share premiums | 5.355 | 5.355 |
| Other reserves | 14.604.757 | 11.163.983 |
| Current result | 1.493.317 | 7.283.070 |
| Reported result | (7.368.801) | (13.564.158) |
| Total shareholders' equity | 66.822.158 | 62.976.641 |
| Non-controlling interests | 608 | 407 |
| Total equity | 66.822.767 | 62.977.048 |
| Liabilities | | |
| Long-term liabilities | - | - |
| Financial leasing | - | - |
| Income in advance | - | - |
| Deferred taxes | - | - |
| Total long-term liabilities | 126.909.329 | 80.505.817 |
| Short-term liabilities | 2.443.700 | 4.187.543 |
| Current portion of financial leasing | - | 28.640 |
| Liabilities to clients | 111.693.643 | 60.770.151 |
| Payables | 12.278.953 | 12.475.036 |
| Income in advance | - | - |
| Provisions | 493.033 | 3.044.447 |
| Total current liabilities | 126.909.329 | 80.505.817 |
| Total liabilities | 126.909.329 | 80.505.817 |
| Total equity and liabilities | 193.732.095 | 143.482.865 |

Consolidated statement of profit and loss as of December 31 2020

| | 31-Dec-20 | 31-Dec-19 |
|--|--------------------|--------------------|
| Income from continuing operations | | |
| Intermediation | 11.542.292 | 7.043.227 |
| Fee and commission income | 9.636.492 | 6.240.552 |
| Corporate income | 1.041.523 | 356.522 |
| Other intermediation income | 864.276 | 446.153 |
| Market making | 3.947.487 | 1.190.869 |
| Trading income | 3.362.768 | 1.122.551 |
| Other MM income | 584.720 | 68.318 |
| Other operating income | 286.580 | 254.072 |
| Expenses with employees and benefits | (5.320.149) | (5.562.816) |
| Fee and commission expenses | (2.550.132) | (1.134.423) |
| External benefits | (2.392.814) | (2.274.970) |
| Third party expenses | (526.979) | (316.490) |
| Other operating expenses | (923.755) | (1.033.285) |
| Adjustments | (955.553) | (1.031.670) |
| Income / (loss) from operating activities | 3.106.976 | (2.865.486) |
| Net gains / (losses) on financial instruments | (3.682.930) | 8.208.882 |
| Dividend income | 763.788 | 337.433 |
| Revenue from transactions in shares and bonds performed | 4.706.730 | 10.479.419 |
| Losses from transactions with shares and bonds performed | (9.153.448) | (2.607.970) |
| Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss | (1.360.014) | 5.658.464 |
| Revenue from the measurement of financial assets measured at fair value through profit or loss | 12.325.541 | 13.044.426 |
| Losses from the measurement of financial assets measured at fair value through profit or loss | (13.685.556) | (7.385.962) |
| Net income / (expenses) provisions for fixed financial assets | 3.146.502 | (2.906.103) |
| Revenue from the provision of fixed assets and financial assets | 5.349.752 | 196.606 |
| Provisions for fixed assets, financial assets | (2.203.250) | (3.102.709) |
| Other net interest income / (expenses) and exchange rate differences | 520.158 | 1.757.461 |
| Interest income, loans and bonds | 481.917 | 1.137.057 |
| Interest income margin loans | 232.752 | 299.586 |
| Other interest income | 243.723 | 553.167 |
| Interest expenses | (205.946) | (374.117) |
| Interest expenses | (232.287) | 141.768 |
| Net income / (expenses) provisions for risks and expenses | (408.433) | (2.919.859) |
| Expenses with provisions for risks and expenses | (3.132.324) | (3.000.352) |
| Provisional cancellation income for risks and expenses | 2.807.845 | 67.828 |
| Other net provisions | (83.954) | 12.665 |
| Other net income / (expenses) | 201.209 | 385.265 |
| Net gains / (losses) on the sale of assets | 190.009 | 110.393 |
| Other operating expenses | (37.745) | (78.609) |
| Other operating income | 48.945 | 353.481 |
| Result of operating activities | 1.523.468 | 7.318.624 |
| EBT | 1.523.468 | 7.318.624 |
| Income tax expense | (30.151) | (35.110) |
| Income tax expense | 1.493.317 | 7.283.514 |

| | | |
|---|------------------|------------------|
| Discontinued operations | | |
| Loss of discontinued operations (after tax) | | |
| Profit of the period | 1.493.317 | 7.283.514 |

Statement of comprehensive income - continued

Reported as of 31.12.2019

In RON

| | | |
|--|------------------|------------------|
| Other elements of the overall result | - | - |
| The net change in the fair value of available-for-sale financial assets transferred to profit or loss | - | - |
| The net change in the fair value of available-for-sale financial assets transferred to profit or loss | | |
| Net change in the fair value of available-for-sale financial assets | - | - |
| Free shares received classified as available for sale | - | - |
| Changes in the value of fixed assets available for sale | - | - |
| Positions that cannot be reclassified to profit and loss | | |
| Changes in the value of fixed assets used | 2.353.092 | - |
| Changes in the value of real estate investments | - | - |
| Establishment / cancellation of profit reserves for granting free shares to employees | - | - |
| Tax related to other elements of the overall result | - | - |
| Total other elements of the overall result for the period | 2.353.092 | - |
| Total profit and loss account and other comprehensive income for the period | 1.493.317 | 7.283.514 |
| Attributable profit: | 1.493.317 | 7.283.514 |
| Shareholders of the Company | 1.493.018 | 7.282.057 |
| Non-controlling interests | 299 | 1.457 |
| Profit for the period | | |
| Comprehensive income attributable to: | - | - |
| Shareholders | 2.352.621 | - |
| Non-controlling interests | 471 | - |
| Total comprehensive income for the period | 2.353.092 | 7.283.514 |
| EPS | | |
| Basic EPS (RON) | 0,0044 | 0,0216 |
| Diluted EPS (RON) | | |
| Continuing operations | | |
| Basic EPS (RON) | | |
| Diluted EPS (RON) | | |
| 31.12.2020 | | |
| Weighted average number of shares: | 337.749.919 | 337.749.919 |

Chairman of the Board,
Robert Dănilă

CEO,
Monica Ivan

Economic Director,
Sandu Pali



SSIF BRK FINANCIAL GROUP S.A.

📍 Cluj-Napoca, Calea Moșilor 119

☎ (+4) 0364 401 709

✉ office@brk.ro

    BRK FINANCIAL GROUP

www.brk.ro

