

To:
Financial Supervisory Authority
Financial Instruments and Investments Sector

Bucharest Stock Exchange

CURRENT REPORT

In compliance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations and Regulation no. 5/2018 on issuers of financial instruments and market operations

Date of the report: February 28th, 2023

Name of issuer: SSIF BRK Financial Group SA

Headquarters: Cluj-Napoca, 119 Moșilor Street, Cluj County

Telephone/fax no: 0364-401.709/0364-401.710

Tax Identification Code: 6738423

Trade Register no/date: J12/3038/1994

Subscribed and paid share capital: RON 50,614,492.80

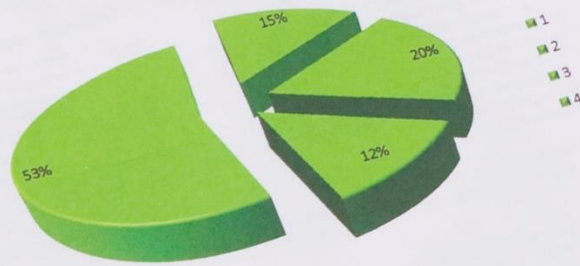
Regulated market where issued securities are traded: Bucharest Stock Exchange, - Premium Tier, market symbol: BRK

Important events to be reported: Preliminary Financial Results as of December 31st, 2022

SSIF BRK Financial Group S.A. informs the investors and the general public that the **Preliminary Annual Financial Report as of December 31st, 2022**, is available starting February 28th, 2023, at 8:00 (local time) in printed version, at the headquarters of BRK Financial Group SA from Cluj-Napoca, 119 Moșilor Street, as well as in electronic form on the official website, www.brk.ro, in the section "Investor Relations / Financial Results", as well as in the link below.

We mention that the financial statements as of December 31st, 2022, are not audited by the financial auditor of the company.

Monica Ivan
General Manager



100,57	30,35	37,29	0,52	0,2	38,46	7,13	1,94	69,93
3,79	30,35	37,29	1,93	1,4	72,54	7,13	1,94	27,18
71,73	26	36,2	1,94	1,52	78,35	37,03	19,49	16,93
25,05	26	38,84	6,2	1,75	86,63	37,03	19,49	66,67
169,88	284,56	55,7	2,02	3,97	64,03	52,37	8,81	85,64
16,74	9,33	31,85	6,2	3,97	64,03	16,76	1,19	1,06
3,8	86,89	6,82	100,57	38,89	38,67	0,2	38,46	69,78
69,94	127,51	4,42	20,27	1,95	51,45	1,4	72,54	14,8
57,35	1,2	4,42	38,4	25,9	36,11	1,52	78,35	48,35
48,4	0,84	-1,92	-8,63	11,04	44,07	1,75	86,63	48,35
8,95	58,68	-1,92	-15,08	45,22	26,62	3,97	64,03	3,47
43,91	0,11			1,17	6,99	3,97	64,03	



BRK Financial Group

31.12.2022

Preliminary Financial Statements

Individual and Consolidated

1. MANAGEMENT MESSAGE



Dear shareholders,

BRK Financial Group publishes today the preliminary financial results for the year 2022 and reports **a profit from the core activity in the amount of 2.57 million lei** (2021: 7.94 million lei), a negative result from the investment activity in the amount of -16.1 million lei (2021: +15.5 million lei), recording a **total loss of 15.1 million lei** (2021: +22 million lei). In the following, we will briefly explain the main developments at each business segment level.

The total revenues of the core activity in the amount of 19.1 million lei are down 31% compared to 2021 revenues (27.7 million lei), and at segment level we report a 46% decrease in total revenues from intermediation activity (from 20.5 million in 2021 to 11 million in 2022) and a **13% increase** (from 7.2 million lei in 2021 to 8.1 million lei in 2022) **in revenues from market making activity** (structured products and issuer market making).

This overall decrease in revenue is massively influenced by the corporate segment revenue, where we report revenue of 475 thousand RON, down 95% from the same segment revenue in 2021. BRK Financial Group remained competitive in this segment, being the market leader of this segment (**8 listings out of the 17 conducted** in 2022, were intermediated by BRK), but the value of the transactions concluded is incomparably lower than the similar amounts intermediated in 2021. Moreover, the market positioning was recently recognized at the BVB Awards, where BRK Financial Group received the **"Intermediary of Entrepreneurial Companies on the AeRO Market in 2022"** award.

Regarding the traditional business segment - transaction brokerage, **in 2022 we brokered transactions worth 1.9 billion lei**, with a market share of 7%, above the organic target set at 5%. Brokered volumes are down compared to those recorded in 2021 (2.8 billion lei), but it should be taken into account in the 2021 figures, a few significant corporate transactions brokered (~70 mil euro) had a high incidence in the total brokered volumes. The decrease in intermediated volumes also led to a 33% decrease in commission income, from 10.7 million lei in 2021 to 7.2 million lei in 2022.

On the market **making segment of the issuer** (shares listed on the BVB) we report revenues of 4.8 million lei, up 50% compared to 2021, an evolution explained by a combination of factors:

- (i) new contracts concluded during 2021 and which in 2022 generated revenues every month, and in 2021 they generated revenues only after the moment of conclusion;
- (ii) BRK's commercial policies towards this segment.

In terms of market positioning in this segment, **we have a 70% market share**, with BRK being the undisputed leader in this segment since its development in 2019. We would like to mention that BRK received for the fourth consecutive year in the BVB Awards **"Most Active Intermediary for Liquidity Growth in 2022"**.

Regarding the structured products issuance and liquidity provision segment, we report revenues of 3.37 million lei, down 16% compared to 2021 (4.03 million lei) against the background of the slight decrease in turnover (2022: 635 million lei and 2021: 699 million lei), but also on the profit margin (spread) required to maintain the competitiveness of the products. In terms of market positioning, we maintained our leading position with a market share of 38.66%, slightly down from 2021 (market share: 40.14%).

As regards core activity expenses, they amounted to 14 million lei, down 12% compared to 2021 (15.8 million lei), and at the level of types of expenses, salaries increased by 6%, while the others (with the market, external services, suppliers, etc.) recorded relative decreases of between 10 and 35%, in line with the contraction of the volume of activity in some segments.

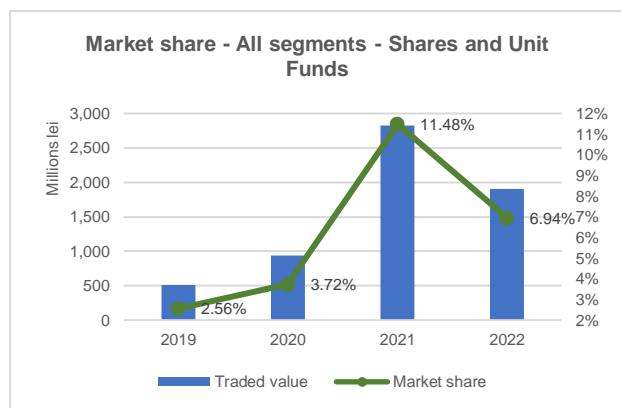
The result of the investment activity consists of a loss of 16.1 million lei (2021: +15.5 million lei) mainly composed of the result of the revaluation (marking to market) of portfolio holdings in the amount of -10.68 million lei (2021: +11.41 million lei), interest expenses and exchange rate differences in the amount of 3.38 million lei (2021: +686 thousand lei), marked result (-640 thousand lei in 2022 vs +4.9 million lei in 2021).

Monica IVAN, Chief Executive Officer

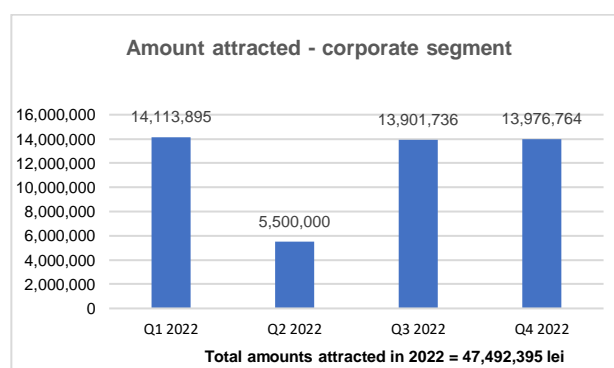
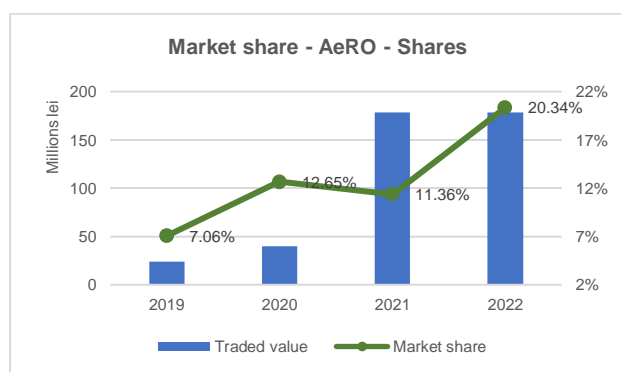
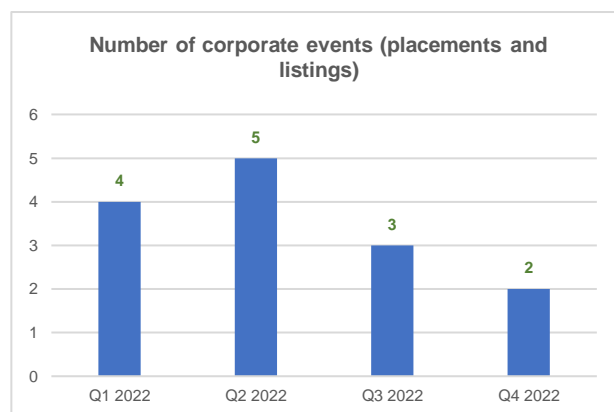
2. BRK - OVERVIEW

2.1. INTERMEDIATION ACTIVITY

MARKET SHARE



CORPORATE EVENTS



CLIENT ASSETS UNDER MANAGEMENT

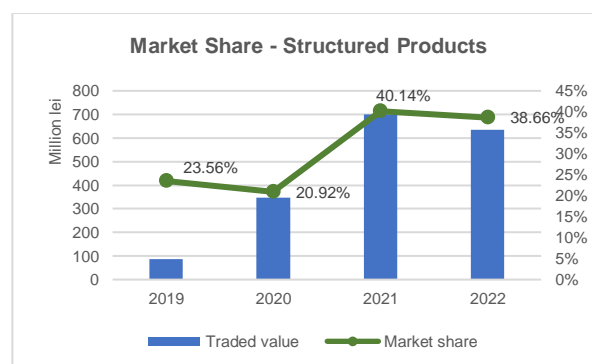
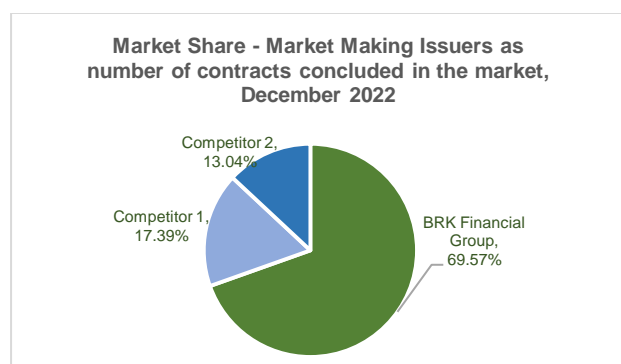


THE RESULT OF THE INTERMEDIATION ACTIVITY

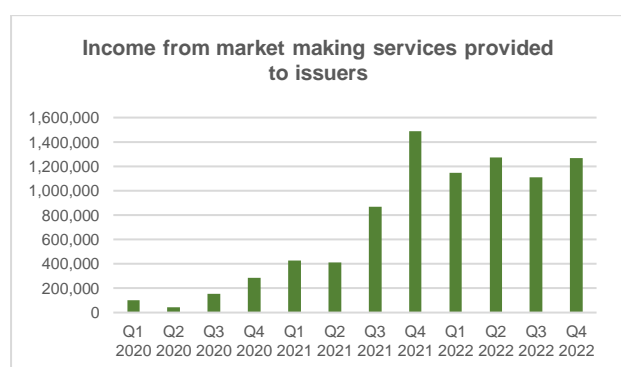
	31.12.2022	31.12.2021
Commission income on the local market	5,471,767	7,451,599
Commission income on the external market	955,393	2,610,778
Income from related activities	799,968	716,048
Intermediation commission income	7,227,128	10,778,426
Corporate income	475,849	8,424,707
Other intermediation income	3,306,174	1,314,236
Total intermediation income	11,009,151	20,517,369
Salaries and employee benefits	(2,658,067)	(2,359,869)
Market and intermediary commission expenses	(2,168,419)	(4,077,028)
External benefits expenses	(311,158)	(1,129,256)
Expenses with collaborators	(215,802)	(585,097)
Other expenses core business	(790,111)	(983,006)
Total intermediation expenses	(6,143,557)	(9,134,256)
Result of intermediation activity	4,865,594	11,383,113

2.2. MARKET MAKING AND PORTFOLIO MANAGEMENT ACTIVITIES

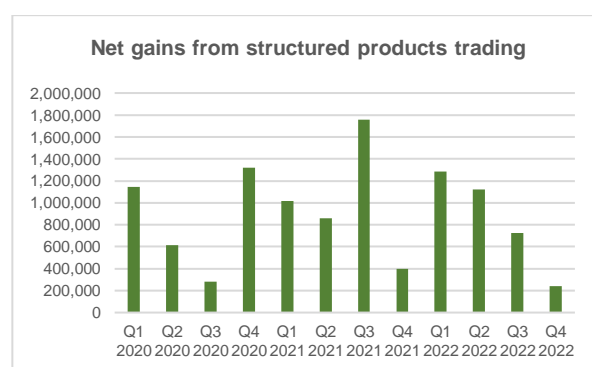
MARKET SHARE



INCOME FROM MARKET MAKING SERVICES



NET GAINS FROM STRUCTURED PRODUCTS TRADING



THE RESULT OF MARKET MAKING ACTIVITY

	31.12.2022	31.12.2021
Net gains from structured products trading	3,373,723	4,035,266
Income from market making services provided to issuers	4,801,010	3,195,688
Total income from market making activity	8,174,733	7,230,954
Salaries and employee benefits	(1,021,280)	(1,857,235)
Expenses - market commissions and intermediaries	(1,023,857)	(933,012)
External services expenses	(233,751)	(328,866)
Other expenses - core activity	(297,975)	(409,345)
Total expenses from Market Making activity	(2,576,864)	(3,528,458)
Result of Market Making activity	5,597,869	3,702,496

THE RESULT OF OWN PORTFOLIO MANAGEMENT ACTIVITY

	31.12.2022	31.12.2021
Dividend income	1,732,562	863,006
Realised gains/(losses) on equity and bond transactions	(2,372,805)	4,057,781
Net gains/(losses) on valuation of financial assets measured at fair value through profit or loss	(10,689,111)	11,418,981
Net income/(expenses) on provisions for non-current financial assets	(1,733,375)	(800,000)
Other net interest and exchange rate income/(expense)	(3,382,474)	686,527
Other net income/(expenses)	(195,056)	73,737
Net income/(expense) from provisions for risks and charges	500,186	(762,368)
Result of portfolio management activity	(16,140,073)	15,537,665

3. INDIVIDUAL STATEMENT OF PRELIMINARY FINANCIAL POSITION ON 31.12.2022

RON	31.12.2022	31.12.2021
Assets		
Intangible assets	351.065	304.263
Tangible fixed assets	8.658.073	9.062.918
Real estate investments	-	-
Financial assets measured at fair value through other comprehensive income	44.770.110	42.044.539
Financial assets measured at fair value through profit or loss	47.098.012	59.659.013
Financial assets at amortized cost	-	-
Loans and advances granted	4.143.848	8.588.612
Trade and other receivables	11.660.382	1.390.340
Other financial assets	58.483.263	63.751.161
Client bank accounts	50.505.061	63.316.765
Cash and cash equivalents	1.424.003	881.285
Assets classified as held for sale	567.862	-
Total assets	227.661.679	248.998.896
Liabilities		
Bond liabilities	25.000.000	24.303.570
Financial leasing liabilities	457.273	515.978
Provisions	-	-
Total non-current liabilities	25.457.273	24.819.548
Interest on bonds	322.708	221.666
Deferred income tax liabilities	978.691	978.691
Current income tax liabilities	-	558.690
Dividends payable	365.271	-
Short-term bank debts	20.329.411	5.041.915
Current portion of finance leasing liabilities	166.637	161.953
Amounts due to customers (customer cash)	104.770.215	115.962.249
Trade and other payables	14.003.511	10.693.599
Provisions	521.882	1.022.068
Total current liabilities	141.458.326	134.751.748
Total liabilities	166.915.599	159.571.296
Equity		
Share capital	50.614.493	54.039.987
Share capital adjustment	4.071.591	4.071.591
Treasury shares	(1.285.077)	(24.047)
Benefits to be granted to employees, directors and officers in the form of equity instruments	697.762	-
Share premiums	5.355	5.355
Reserves from revaluation of financial assets at fair value through other comprehensive income	(6.820.240)	(239.980)
Other reserves	13.501.013	14.634.947
Total reserves	6.680.773	14.394.966
Current result	(15.161.073)	22.000.682
Retained earnings	15.122.256	(4.082.244)
Total equity attributable to equity holders of the Company	60.746.080	89.427.600
Total equity and liabilities	227.661.679	248.998.896

4. INDIVIDUAL STATEMENT OF PRELIMINARY COMPREHENSIVE INCOME ON 31.12.2022

	31.12.2022	31.12.2021
RON		
Income from core activity	19.183.884	27.782.933
Intermediary activity	11.009.151	20.551.978
Intermediation commission income	7.227.128	10.778.426
Corporate income	475.849	8.424.707
Other intermediation income	3.306.174	1.348.846
Commissions expenses Intermediation	(2.168.419)	(3.777.726)
Net commission income	8.840.732	16.774.252
Market making activity	8.174.733	7.230.954
Net trading income from structured products	3.373.723	4.035.266
Income from market making services provided to issuers	4.801.010	3.195.688
Expenses with licence and issuance of structured products	(483.478)	(259.642)
Net income from market making activity	7.691.255	6.971.312
Total Expenditure Core activity of which:	(13.957.858)	(15.799.424)
Salaries expenses and employee benefits	(7.100.102)	(6.705.252)
Market commissions and intermediary expenses	(1.157.887)	(1.825.549)
Expenditure on external services	(2.581.734)	(3.037.173)
Expenses with collaborators	(215.802)	(585.097)
Other expenses	(1.974.302)	(2.505.950)
Depreciation and amortization	(928.031)	(1.140.403)
Profit / (loss) from core activities	2.574.129	7.946.139
Net gains / (losses) realized from financial instruments	(640.243)	4.920.787
Dividend income	1.732.562	863.006
Income from transactions with shares and bonds	2.408.907	7.435.192
Losses from transactions with shares and bonds	(4.781.712)	(3.377.411)
Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss	(10.689.111)	11.418.981
Income from the valuation of financial assets measured at fair value through profit or loss	8.631.294	21.279.497
Losses from the measurement of financial assets measured at fair value through profit or loss	(19.320.405)	(9.860.517)
Net income / (expenses) provisions for financial assets	(1.733.375)	(800.000)
Revenue cancellation of provisions for fixed financial assets	-	300.000
Provisions for fixed assets. financial assets	(1.733.375)	(1.100.000)
Other net income / (expenses) from interest and exchange rate differences	(3.382.474)	686.527
Interest income on loans and bonds	331.351	589.559
Interest income on margin loans	241.238	289.102
Other interest income	71.336	31.997
Interest expenses	(3.753.316)	(919.267)
(Expenses) / Income from exchange rate differences	(273.083)	695.136
Net income / (expenses) provisions for risks and expenses	500.186	(762.368)
Expenses with provisions for risks and expenses	-	-
Provisional cancellation income for risks and expenses	931.521	169.153
Other net provisions	(431.335)	(931.521)
Other net income / (expenses)	(195.056)	73.737
Net gains / (losses) from the sale of assets	23.500	169.405
Other operating expenses	(402.951)	(153.281)
Other operating income	184.395	57.613
Result from investment activities	(16.140.073)	15.537.664
Result from operation activities	(13.565.944)	23.483.803

Expenditure on other long-term employee benefits	(1.595.131)	
Profit before tax	(15.161.073)	23.483.803
Income tax expense	-	(1.483.121)
Profit from continuing operations	(15.161.073)	22.000.682
Discontinued operations	-	-
Loss from discontinued operations (after tax)	-	-
Profit of the period	(15.161.073)	22.000.682
Other comprehensive income	-	-
Net change in fair value of financial assets measured at fair value through other comprehensive income (FVTOCI) not transferred to profit or loss	(6.580.260)	(239.980)
Positions that can be reclassified to profit and loss	-	-
Net change in fair value of available-for-sale financial assets	-	-
Free shares received classified as available for sale	-	-
Changes in value of fixed assets available for sale	-	-
Positions that cannot be reclassified to profit and loss	-	-
Changes in value of fixed assets used	-	-
Changes in value of investment property	-	-
Creation/renewal of reserves from profit for granting free shares to employees	-	-
Tax relating to other items of comprehensive income	-	-
Total other elements of comprehensive income for the period	(6.580.260)	(239.980)
Total profit and loss account and other elements of comprehensive income for the period	(21.741.335)	21.760.702
Profit attributable to:	(15.161.073)	22.000.682
Shareholders of the Company	(15.161.073)	22.000.682
Non-controlling interests	-	-
Profit for the period	(15.161.073)	22.000.682
Total comprehensive income attributable to:	-	-
Shareholders of the Company	-	-
Non-controlling interests	-	-
Total comprehensive income attributable to:	(21.741.335)	21.760.702
Earnings per share	-	-
Basic earnings per share (RON)	(0,0449)	0,0651
Diluted earnings per share (RON)	(0,0449)	0,0651
Continuing operations	-	-
Basic earnings per share (RON)	(0,0449)	0,0651
Diluted earnings per share (RON)	(0,0449)	0,0651
31.12.2022	-	-
Weighted average number of shares in the balance:	337.429.952	337.749.919

5. CONSOLIDATED STATEMENT OF PRELIMINARY FINANCIAL POSITION ON 31.12.2022

RON	31.12.2022	31.12.2021
Assets		
Intangible assets	9.593.319	9.663.665
Tangible fixed assets	8.870.763	8.664.213
Real estate investments		-
Financial assets measured at fair value through other comprehensive income	49.974.942	65.702.528
Financial assets measured at fair value through profit or loss	17.864.619	9.536.911
Goodwill	11.928.432	11.928.432
Loans and advances granted	187.182	1.277.642
Trade and other receivables	14.312.623	9.897.568
Other financial assets	58.483.263	66.110.130
Client bank accounts	50.505.061	43.999.952
Cash and cash equivalents	2.750.760	27.327.712
Assets classified as held for sale	245.154	-
Inventories	8.792.673	5.848.981
Total assets	233.508.791	259.957.734
Liabilities		
Non-current liabilities		
Financial leasing liabilities	84.843	648.179
Provisions	-	-
Bond liabilities	28.000.000	28.000.000
Total non-current liabilities	28.084.843	28.648.179
Current liabilities		
Trade and other payables	16.303.604	13.303.501
Deferred tax liabilities	917.638	9.865
Amounts due to customers	104.894.047	116.083.554
Current portion of financial leasing liabilities	746.742	184.103
Current bank liabilities	20.329.411	4.567.151
Provisions	50.314	647.400
Total current liabilities	144.069.686	134.795.574
Total liabilities	172.154.529	163.443.753
Equity		
Share capital	50.364.493	54.039.987
Share capital adjustments	4.769.353	4.071.591
Share premiums	13.682.722	13.682.722
Treasury shares	(1.945.308)	(130.414)
Earnings from equity instruments	-	-
Reserves from the revaluation of financial assets valued at fair value through other elements of comprehensive income	(4.363.505)	(2.514.578)
Other reserves	19.197.552	17.643.276
Retained earnings	(6.026.787)	(11.237.397)
Current result	(19.774.574)	16.277.265
Total shareholders' equity	61.354.262	91.832.452
Non-controlling interests	5.450.316	4.681.529
Total equity	55.903.946	96.513.981
Total equity and liabilities	233.508.791	259.957.734

6. CONSOLIDATED STATEMENT OF PRELIMINARY COMPREHENSIVE INCOME ON 31.12.2022

<i>RON</i>	31.12.2022	31.12.2021
Income from core activity		
Intermediation activity	<u>11.766.515</u>	<u>19.163.880</u>
Income from intermediation and fund management commissions	10.152.910	13.202.663
Corporate income	475.849	8.424.707
Other intermediation income	3.306.174	1.314.236
Commission expenses from intermediation	(2.168.419)	(3.777.726)
Market making activity	<u>7.691.255</u>	<u>6.971.312</u>
Net gains from transactions with structured products	3.373.723	4.035.266
Revenues from market making services provided to issuers	4.801.010	3.195.688
Expenses with licenses and issuance of structured products	(483.478)	(259.642)
Other operating income	<u>10.856.988</u>	<u>6.860.928</u>
Revenue from services rendered	7.372.853	1.745.503
Revenues from the sale of finished products and goods	36.078	2.025.497
Changes in inventories	(693.029)	2.050.106
Other income from core activities	4.141.086	1.039.822
Salary expenses and employee benefits	(12.885.747)	(11.665.843)
Market commissions and intermediary expenses	(1.175.414)	(6.757.492)
Expenditures on external services	(8.323.255)	(4.844.835)
Expenses with collaborators	(418.064)	(963.710)
Raw materials	-	(5.209.250)
Other expenses related to core activities	(5.895.311)	(5.929.119)
Depreciation and amortization	(2.346.304)	(2.083.514)
Profit / (loss) from core activities	<u>(729.338)</u>	<u>(420.275)</u>
Net gains / (losses) realized from financial instruments	<u>(628.156)</u>	<u>5.808.698</u>
Dividend income	1.732.562	1.396.216
Income from transactions with shares and bonds	3.477.661	7.131.328
Losses from transactions with shares and bonds	(5.838.379)	(2.718.846)
Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss	<u>(10.632.729)</u>	<u>11.800.719</u>
Income from the valuation of financial assets measured at fair value through profit or loss	8.687.676	21.691.309
Losses from the measurement of financial assets measured at fair value through profit or loss	(19.320.405)	(9.890.590)
Net income / (expenses) provisions for financial assets	<u>(1.733.375)</u>	<u>(803.196)</u>
Revenue cancellation of provisions for fixed financial assets	-	300.000
Provisions for fixed assets. financial assets	(1.733.375)	(1.103.196)
Other net income / (expenses) from interest and exchange rate differences	<u>(3.715.025)</u>	<u>1.511.718</u>
Interest income on loans and bonds	381.309	635.646
Interest income on margin loans	241.238	289.102
Other interest income	(114.021)	900.994
Interest expenses	(3.919.888)	(1.244.631)
(Expenses) / Income from exchange rate differences	(913.501)	930.607
Net income / (expenses) provisions for risks and expenses	<u>598.696</u>	<u>(86.812)</u>
Expenses with provisions for risks and expenses	(551.937)	-

Provisional cancellation income for risks and expenses	1.682.888	432.178
Other net provisions	(532.255)	(518.990)
Other net income / (expenses)	(1.100.149)	(538.782)
Net gains / (losses) from the sale of assets	23.500	(313.197)
Other operating expenses	(1.649.183)	(248.708)
Other operating income	525.534	23.123
Operating profit	(17.940.076)	17.272.070
Expenses on other long-term employee benefits	(1.595.131)	
Profit before tax	(19.535.207)	17.272.070
Income tax expense	(239.367)	(994.805)
Profit from continuing operations	(19.774.574)	16.277.265
Discontinued operations	-	-
Loss from discontinued operations (after tax)	-	-
Profit of the period	(19.774.574)	16.277.265

Statement of comprehensive income (continued)

Reported on 31.12.2022

RON

Other elements of comprehensive income

Net change in fair value of financial assets measured at fair value through other comprehensive income not transferred to profit or loss		(2.514.578)
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Positions that can be reclassified to profit and 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		
Net change in the fair value of available-for-sale financial assets		

Positions that cannot be reclassified to profit and loss

Changes in the value of fixed assets used		
Changes in the value of real estate investments		
Establishment / cancellation of profit reserves for granting free shares to employees		
The tax related to other elements of comprehensive income		

Total other elements of comprehensive income for the period	-	-
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Total profit and loss account and other elements of comprehensive income for the period

Profit attributable to:

Shareholders of the Company	(17.366.919)	18.799.838
Non-controlling interests	(2.407.656)	(2.522.573)

Profit for the period	(19.774.574)	16.277.265
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Total comprehensive income attributable to:	(19.774.574)	16.277.265
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Shareholders of the Company		
Non-controlling interests		

Total comprehensive income attributable to:	(19.774.574)	16.277.265
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Earnings per share

Basic earnings per share (RON)	(0.0586)	0.04819
Diluted earnings per share (RON)	(0.0586)	0.04819

Continuing operations

Basic earnings per share (RON)	(0.0586)	0.04819
Diluted earnings per share (RON)	(0.0586)	0.04819

31.12.2022

Weighted average number of shares in the balance:	337.429.952	337.749.919
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